

**SCRAMBLED RETAILING: A STUDY ON HOME APPLIANCE RETAILERS IN SMALL TOWNS & CITIES**

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**Abstract:**

*Retail business in India has undergone significant changes in recent years. The retail customers have changed: they are more affluent, more selective than ever before. Even the methods retailers use to promote, distribute, and control merchandise have changed with the introduction of new technology, especially in communications and data processing, has out-dated former methods. There is one more change which is quite apparent and that is retailers holding and selling wide range of unrelated merchandise which is no way related to their original business. With this research article researcher has made an enquiry to uncover the rationales behind following this strategy.*

**Evolution Indian Retailing:**

Retailing in India has radically evolved from dominance of 'Mom and Pop Kirana stores' to the ubiquitous presence of Convenient stores and Supermarkets in small towns, big cities and Metros alike, especially in last three decades. From being un-organized and fragmented in the initial stage, it is adopting newer formats of Malls, Supermarkets and hypermarkets. The main drivers of the retail evolution in India are buying behavior of the customer, increase in disposable income of middle class, infrastructure development and changing customer choice. The target segments of retailers are the younger middleclass earners belonging to more than 20% of total population. The growth in retail sector also comes through innovative ideas. These changes have occurred over a period fashioning it an evolution rather than revolution.

**Core retailing**

Retailing is a business practice where trader sells their offerings to the end user for personal or household use, but not for resale. It is said that India is a county of retailers and life will not be that easy without their presence. Core retailing with respect to this topic, is a selling practice that focuses all its efforts and resources on selling merchandise that are closely related. It simply means if a retailer for an instance sells Home Appliance, you are likely to get all kitchen appliances and tools in this store. Thus, the retailer would be selling food processor, gas stove, and all other kitchen tools but if ask for a helmet, or perfume or grocery items, it is most likely that you would not get any of these.

**Traditional Retailing Vs. Scrambled Retailing**

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Scrambled Retailing refers to a practice by wholesalers and retailers that carry an increasingly wider assortment of merchandise. It occurs when a retailer adds goods and services that are unrelated to each other and to the firm's original business. It's like we go to a drug store for drugs, hardware store for hardware, a cloth store for cloths and a grocery store for groceries. Now we should not get surprised if we buy groceries at a hardware store, find drugs at the grocery store.

### **Purpose of the Study**

This study was initiated to identify certain questions that researcher often encountered being a retailer. Retail business environment has become highly competitive with entry of large, organized retailers and discount stores. Most Home Appliance' retail stores in Baramati are a legacy of ancestors. Most retailers found to be running their stores since ages with no apparent change in product assortment or selling diverse kinds of product categories. But some retailers had revamped the store interior and store layout, holding wide variety of different kinds of products which were surprisingly unrelated to their original business. Researcher's inquisitive mind drove her to further investigate about it.

### **Research questions**

The study figures out as to how a Home Appliance retailer shift his focus from Traditional retailing to scrambled practice. This is exploratory study which tried to find out answers to following questions.

1. Do core retailing practitioners of Home Appliance' had any plans at the back of their mind to sell merchandise that was unrelated to original business?
2. How long Home Appliance' scrambled merchandisers have been involved in selling unrelated products?
3. What are all unrelated products stocked and sold by Home Appliance' scrambled merchandisers?
4. What kinds of stores are adjacent to Home Appliance' scrambled merchandisers?
5. Which social class do Home Appliance' scrambled merchandisers serve to?

### **Scope of the study**

The topical scope of this study was limited to exploring human behavior and its various facets. Geographical scope was confined to Home Appliance scrambled merchandisers operating in Baramati Municipal Corporation of Maharashtra, India. Analytical scope focused on attainment of objectives set at the outset of this study. Hypothesis was tested by using appropriate statistical techniques by working over collected data.

### **Review of literature / previous findings**

#### **Review article 1: *Small stores and big, organized retail can co-exist for now***

The article underlines the fact that small stores called kirana stores, will continue to grow alongside organized retail, though at a slower rate. The author says that organized retail is a growing source of taxes to the government, which can be ploughed back to modernize traditional retail and build infrastructure to modernize the food supply chain.

#### **Review article 2: *Retail Food Sector in India.4***

'Organized retailing' is now in full swing in India with several large Indian corporate entering & expanding their operations. The researcher, in this paper declares that the optimism in the food retail sector stems from a vibrant & growing economy, increasing purchasing power, and an increasing number of urban consumers demanding a totally different shopping experience.

#### **Review article 3: *Impact of Malls on Small Shops and Hawkers***

The outcomes of this study showed that growing malls have had an adverse effects on sales of small shops in Mumbai thereby decline in sales of groceries, food items, garments, shoes etc.

#### **Review Paper 4: *Impact of Organized Retailing on Unorganized Sector***

This article proclaims that the unorganized retail has seen a decline after the entry of the organized retailers. The study has indicated how consumers and farmers benefit from organized retailers and has also examined the impact on intermediaries and manufacturers.

### **Objectives and Hypothesis**

The researcher is trying to address one predominant question which is ‘what caused retailers stock and sell unrelated product categories to original business’? This study also explores the general environment in which scrambled merchandisers operate their business. Researchers have enlisted all the possible reasons here in this article. The researcher has proposed a temporary solution this problem which is ‘Intention of scrambled merchandisers to meet seasonal and festive demands of existing and prospective buyers is positively correlated to turning core retailing practice to scrambled’.

- a) To probe the causes of Home Appliance’ retailers following scrambled strategy from core retailing.
- b) To assess the general set-up of scrambled merchandisers from Baramati

**H<sub>0</sub>:** Intention of scrambled merchandisers to meet seasonal and festive demands of existing and prospective buyers is not positively correlated to turning core retailing practice into scrambled.

**H<sub>1</sub>:** Intention of scrambled merchandisers to meet seasonal and festive demands of existing and prospective buyers is positively correlated to turning core retailing practice into scrambled.

## **1. Research Design / Methodology**

### **Pretest**

The questionnaire is pretested on seven Home Appliance’ scrambled merchandisers just to evaluate precision of contents of questionnaire. Selected retailers were approached with the help of structured questionnaire and requested to fill it out.

### **Questionnaire Development**

The researcher employed both Marathi and English questionnaires to address respondents’ ability to understand and answer. Respondents were left with the choice of responding either in Marathi language or in English. The questionnaire had two parts, first part collects demographic information, and second part collects responses of Home Appliance’ scrambled merchandisers against different questions. This study had disregarded all those scrambled merchandisers who were participated in the pre-test to avoid bias.

### **Population**

As per the information received from the president of Home Appliance’ stores association Baramati, there are 87 Home Appliance’ stores as on May 2022 operating in Baramati municipal area.

### **Sampling frame & sample size determination**

As the proposed study is predominantly based on Home Appliance scrambled merchandisers, through personal visit researcher found that there were only 57 Home Appliance scrambled merchandisers in Baramati city. This number further narrowed down to 42 respondents when the researcher used following quantitative criteria to qualify sample.

- a. Home Appliance’ stores must have at least ten different product categories unrelated to original business.
- b. Store must be at least five years old.
- c. Floor space of the store must be more than 250 square feet.
- d. Average monthly turnover should exceed Rs. 50,000/-
- e. There should at least be one laborer working in the shop.

Thus at the end of the day, qualified samples were only 42 respondents. Owing to time constraint researcher decided to study only fifty percent of it for the proposed study. Thus the total sample size constitutes 21 respondents.

### **Sampling technique**

Random Sampling technique was employed so as to draw samples from the sampling frame. Each element of the sampling frame is assigned a serial number followed by selection of a random starting point. Thus, by using table of random numbers researcher has drawn all 20 samples.

### **Data Collection:**

#### **Primary data**

The present study has used primary data predominantly. This data are collected by meeting Home Appliance' scrambled merchandisers in person. These retailers were found free in the afternoon as a result they all had been met in the afternoon. Findings of previous research are also studied to get better insights of the subject.

#### **Data collection period:**

The data for the proposed study are collected during **20 May – 30 May 2022**.

#### **Unit of analysis**

Each individual Home Appliance scrambled Retailer from Baramati city.

#### **Unrelated merchandise stocked and sold by scrambled merchandisers**

Researcher came across a number of product categories during her store visit, which were not closely related to one another or to the original business. The most noticeable product categories were

1. Home furnishing
2. Confectionaries, stationary items and all kinds of recharges
3. Bakery products
4. Seasonal products like mangoes, Diwali lamps, Ganesh idols, umbrellas and raincoats, sunglasses etc...
5. Hardware products, crackers etc...
6. Farm equipment
7. Milk and milk products, soft drinks, packaged drinking water and ice cream etc...
8. Tarpaulin and plastic bags
9. Paints
10. Imitation jewelry and cosmetics

#### **General information of Home Appliance' Scrambled Retailers**

The researcher tried to find out the following general information in this study.

#### **Social class:**

Researcher found, based on the response of retailers, that most stores were attracting middle, middle and lower class consumers. These stores found to be promoting their offering keeping in mind the needs and interest of middle and lower class consumers. There were only a few stores serving to upper class consumers.

#### **Nature of adjacent stores:**

Researcher found that Home Appliance stores were surrounded by different kinds of stores like grocery, readymade garments, furniture stores and the like. Here no two adjacent stores were complementing each other.

#### **Store location:**

This is a very critical factor in retail business success. If you have a store along the main road in the heart of the city or town then you naturally gain an advantage over your competitors by way of attracting more number of prospects.

**Retailers' outlook:**

When the researcher methodically analyzed the responses of Home Appliance' retailers, it was found that 16 retailers [80%] had no plan of turning their store into a supermarket to serve wider area. It all happened in due course, this was the common answer all had when asked about it, by researcher, in informal interview.

**Traffic:**

Since the majority of stores were in the heart of the market along the main roads, pedestrian and vehicle traffic was quite good. Both kinds of traffic are important for a retailer since they add up to sales in the end.

**Hypothesis Testing**

Chi-square test was used to test the null hypothesis which states that there was no significant difference between the expected and observed result. If p- value is less than or equal to the level of significance [ $\alpha=0.05$ ] then researcher may reject the null hypothesis i.e.  $H_0$ , otherwise researcher may accept the alternative hypothesis  $H_1$ . Therefore  $H_1$  is accepted here. Thus, Intention of scrambled merchandisers to meet seasonal and festive demands of existing and prospective buyers is positively correlated to turning core retailing practice into scrambled.

**Statistical Analysis**

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

Sr. No	Reasons for stocking	SA	A	N	D	SD	Total	Mean	Std. Deviation
1	To increase customer footfalls inside the store.	0	0	4	14	3	21	4.2	5.761944116
2	To increase impulse purchases.	0	12	6	2	1	21	4.2	4.91934955
3	To prominently showcase new merchandise that would increase profits.	0	14	3	4	0	21	4.2	5.761944116
4	To cater to changing demands of existing and prospective consumers.	3	7	2	1	8	21	4.2	3.1144823
5	To use the existing resources to the fullest	4	4	2	5	6	21	4.2	1.483239697
6	To meet seasonal and festive demands of existing and prospective buyers of the business.	10	9	0	1	1	21	4.2	4.868264578
7	To turn the store into a supermarket to cater to larger area of the city or town.	1	4	6	8	2	21	4.2	2.863564213
8	Limited or decreasing profit margins in original business owing to competition.	7	6	0	5	4	21	4.4	2.701851217
9	More space and efforts required in stocking and selling merchandise of original business.	2	3	4	9	3	21	4.2	2.774887385
10	Heavy capital investment required in original business.	0	2	4	10	5	21	4.2	3.768288736
11	Lesser chances of getting credit in the original business.	0	2	7	9	3	21	4.2	3.701351105
12	High level of product obsolescence in original business.	3	2	4	9	3	21	4.2	2.774887385
13	Consumers want to see certain unrelated merchandise in your store.	9	7	0	1	4	21	4.2	3.834057903
14	Original business requires a wide variety of merchandise to be stocked.	2	2	7	9	1	21	4.2	3.563705936

15	Original business requires large number of laborers.	0	2	5	11	3	21	4.2	4.207136794
16	Inability to offer discount and promotional schemes on the merchandise of original business.	3	2	5	10	1	21	4.2	3.563705936
17	Original business requires heavy promotion with certain frequency.	3	3	3	3	9	21	4.2	2.683281573
18	Increasing competition in original business.	7	7	1	5	1	21	4.2	3.033150178
19	To offer one stop solution to existing and prospective buyers	2	1	5	8	5	21	4.2	2.774887385
20	Any other reason (specify) _____	-	-	-	-	-	21		

Sr. No	Rationales for stocking unrelated product categories	P-Value
1	To increase customer traffic inside the store.	0.0026777
2	To increase impulse purchases by buyers.	0.0003521
3	To avail opportunities created by new merchandise that add up profits.	0.0000337
4	To cater to changing demands of existing and prospective consumers.	0.0106147
5	To use the existing resources to the fullest	0.4477815
6	To meet seasonal and festive demands of existing and prospective buyers of the business.	0.0000035
7	To turn the store into a supermarket to cater to larger area of the city or town.	0.4225911
8	Limited or decreasing profit margins in original business owing to competition.	0.0401077
9	More space and efforts required in stocking and selling merchandise of original business.	0.7491307
10	Heavy capital investment required in original business.	0.1237643
11	Lesser chances of getting credit in the original business.	0.0683998
12	High level of product obsolescence in original business.	0.6345836
13	Consumers want to see certain unrelated merchandise in your store.	0.0002028
14	Original business requires a wide variety of merchandise to be stocked.	0.1045352
15	Original business requires large number of laborers.	0.0863579
16	Inability to offer discount and promotional schemes on the merchandise of original business.	0.2336792
17	Original business requires heavy promotion with certain frequency.	0.0149307
18	Increasing competition in original business.	0.0321159
19	To offer one stop solution to existing and prospective buyers	0.2919787

### Results and Discussion

Findings of the research are very surprising. It is found that following rationales contributed to a greater extent in turning core retailing practice into scrambled. They are

1. To meet seasonal and festive demands of existing and prospective buyers of the business
2. Consumers want to see certain unrelated merchandise in your store
3. Limited or decreasing profit margins in original business owing to competition
4. Increasing competition in original business
5. To increase impulse purchases
6. To avail opportunities created by new merchandise that add up profits
7. To cater to changing demands of existing and prospective consumers

### Rationales made least contribution were...

1. To increase customer traffic inside the store

2. Heavy capital investment required in original business
3. Lesser chances of getting credit in the original business
4. Original business requires large number of laborers
5. To offer one stop solution to existing and prospective buyers
6. Original business requires a wide variety of merchandise to be stocked
7. More space and efforts required in stocking and selling merchandise of original business

### Limitations and future research

This study was carried out in Baramati city with limited sample size. Hence sweeping generalizations of the results is limited. Due to the complex nature of human decision making, the emphasis of the study was limited to exploring rationales behind turning core business practice to scrambled one with respect to Home Appliance scrambled merchandisers in Baramati city. We also had to restrict the sample size and area of research owing to limited time and resources. A significant number of ways for future research in this area remains for example one could undertake a comparative study of financial and non-financial aspects of core merchandisers and scrambled merchandisers. In future studies, researcher wish to explore a study about challenges encountered by core merchandisers and scrambled merchandisers of Home Appliance. The focal point of the study revolved around Home Appliance scrambled merchandisers running this business for more than five years in Baramati city only. There is a possibility to extend the research by covering larger area and sample size.

### Conclusion

In view of the emerging innovative retailing practices touching upon all kinds of goods and services, Home Appliances Market in India needs to pace up and adopt globally popular formats of retailing so that the customers shall get the best buying experience and wide assortment of goods. Scrambled Retailing practice offers both the retailers and consumers an opportunity to better their experience and value for money. Particularly, the modern consumer who is young, trendy and choosy would be highly appreciative of this practice and thus the retailers can thereby maximize their footfalls.

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