

## Ideal Store Locations for Indian Retailers – An Empirical Study

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### ABSTRACT

Majority of brick-and-mortar retailers in India assume that; (a) stores in locations where there is higher consumer walk-ins/traffic generate higher revenue and profit, (b) consumers spend is higher in premium locations, (c) it is easier to attract consumers if the store is located in malls, (d) stores in premium locations helps in building premium perceptions about the retail brand in consumers and competitors mind, (e) it is difficult to attract and acquire consumers for high street stores, (f) institutional stores are not long-term and most importantly, (g) magnitude of revenue that would be generated by a store is important while considering a location. Such assumptions and misconceptions have resulted in increasing challenges with respect to maintaining consistent growth and sustainable store profits. Brick-and-mortar retailers need to understand the importance of store location in relation to retailer's overall brand image, target consumer group and its implications on the overall store profitability and consumer perceptions rather applying standard thumb rules, assumptions and misconceptions followed by competitors or even short-term lucrative deals offered by site owners/managers. In this research, we have analysed twelve months actual sales data across high street stores, mall stores and institutional stores of a select retailer and drawn insights to recommend brick-and-mortar retailers the right strategy of store locations choice and store locations mix to gain long-term strategic and competitive advantage.

**Keywords:** Brick-and-mortar store; Offline store; Physical store; Store Image; Store Choice; Store Locations; High Street Store; Pedestrian Store; Mall Store; Institutional Store.

### 1. INTRODUCTION :

In India, the real estate sector is growing exponentially in recent years. The sector could possibly be thirteen percent of Indian GDP by the year 2025 and by the year 2030 the sector is expected to reach one trillion USD mark which was at 120 billion USD in the year 2017 (IBEF 2020 [1]). Store location determines most of the store operating costs, be it fixed or variable in nature viz., rent, common area maintenance (CAM) costs, number of sales personnel, house-

keeping charges, maintenance costs, security related costs, etc. Rental component of this cost structure contributes to the largest part of the fixed cost structure of a store and the same varies by store location; be it high street, mall and institutional along with steady increase year-on-year on pre-agreed terms. Rent is one of the most important costs in retailing which holds a significant share of overall retailing cost structure and most importantly due to its fixed cost nature store rent becomes even more important aspect of

retailing which has a direct impact on overall store revenue and retailing profitability. One could argue that a brick-and-mortar retailer must open stores in locations which attracts a larger number of consumers who are willing to spend more, but unfortunately, it is not that simple, store location choice for retailers is truly complex task and the majority of the time more attractive the location more expensive it is for the retailer. Every retailer needs to have their store presence in different locations to have a strategic and competitive advantage as far as retailer brand image in consumers and competitors minds is concerned and hence it is inevitable for retailers to open few stores in premium locations. The consumer store choice angle to store location is the one which puts many brick-and-mortar retailers in a quandary while considering the store location for their specific retailing formats. By its nature, this decision is capital intensive and requires the retailer to commit long-term lock-ins with the property owners. Every retailer thus, expects the store location to attract many relevant consumers, generate higher revenue and profits failing which could lead retailers to spend additional money to attract and acquire consumers to the store. The store location becomes even more important for retailers offering multi-category and multi-branded offering in their stores, catering to multiple life-stage needs of a consumer and comprises of many products/categories which are designed to serve specific needs of consumers. Store location is also one of the most important determinants for retailers as far as retail expansion is concerned. The popular location choices available for a brick-and-mortar retailer in India are (a) central/residential market areas which are also known as high-streets, (b) large commercial complexes and malls, (c) designated shopping area in larger campuses, tech parks, resorts, hospitals and apartments which are also known as institutional. It is inevitable for national retailers to have a store presence in as many different locations as possible to have a competitive advantage over competitors and unorganized local favourites. But, all the stores, all the locations and all the cities in a particular country behave differently in terms of revenue and profits

they generate for the retailer.

## **2. LITERATURE REVIEW :**

Lindquist (1974) [2], was the first to list the key components of the store image construct. Based on past studies Lindquist listed eight components of store image construct viz., (i) merchandise, (ii) clientele, (iii) physical facilities, (iv) convenience, (v) promotion, (vi) store atmosphere, (vii) institutional factors, and (viii) post-transactional satisfaction. Hirschman et. al. (1978) [3] have later confirmed that the basic attributes of store image construct as listed by Lindquist in 1974 remain unchanged. Ghosh (1994) [4], through his studies, was able to add few more attributes to store image constructs such as (ix) customer service, (x) personal selling, and (xi) sales incentive programs. Omar (1999) [5], argues that these factors together influence the overall store image in consumers' minds only when the consumers have experienced these factors through actual shopping. There have been many studies confirming the positive correlation between store layout and consumer loyalty (Mazursky and Jacoby (1986) [6], Osman (1993) [7] and Lassk (2000) [8]. As per Newman and Cullen (2002) [9], consumers perception of store image varies with store layout. Consumers shopping at different store formats having different store layouts create their own perception of store image in their minds. Newman (2003) [10], extends this study and recommends bricks-and-mortar retailers to align their store layout design keeping their target consumers in mind rather than adopting standard layout designs. Lilien et al. (1995) [11], argues that retailers need to consider various location specific factors while planning for expansion such as (a) attractiveness of the market, (b) number of stores to be opened per market, (c) store locations, and (d) ideal store size for each of these stores. In this study, they clearly indicate that every store needs to have size optimal for the location and market it is present rather a standard size being adopted across all the stores of a particular retailing format. In all these studies nowhere, researchers recommend retailers to adopt different price level of merchandise for different locations of stores.

Rosenbloom (1983) [12], argues that a retailer having a unique store image and using this unique store image as one of the key promotional and marketing/advertising propositions can possibly yield competitive advantage and it is important to note that copying a store image which is complex in its nature is a difficult task for competitors. Supporting Rosenbloom's study, Amirani and Gates (1993) [13] in their research have concluded that one of the most important determinants of retailer success is store image. Backer et. al. (1992) [14] recommend retailers to clearly understand various environmental factors relating to store the image influencing their target consumers. It is very important to design strategies relating to store image in a specific location in relation to retailers target consumers in that particular environment. As per Sinha and Banerjee (2004) [15], the majority of retailers design strategies relating to specific locations based on the consumer behaviour pattern and knowledge available in the general market in the specific location which is also based on general consumer population. These strategies lead retailers to align most of the store image attributes to the general consumer population and hence they might possibly fail to maintain their principal brand/store image standard across various locations or geographies. Retailer's store success and consumer loyalty is majorly influenced by store image along with store positioning and product-price differentiation in relation to the market. Retailers could possibly use such store image attributes to promote and advertise their positioning in the consumers mind (Day and Wensley (1988) [16], Ellis, and Kelly (1992) [17]).

Mendes and Themindo (2004) [18], argue that the store location is not just about the physical space which has been occupied by a store, it is actually a catchment area of a store which witnesses heavy commercial and economic activities. Store size and location are the most important components of retailing as far as enhancing consumer experience is concerned. Few reputed retail brands like Zara have increased their store sizes exponentially along with changing the type of locations in the past, few retail brands such as Debenhams and Mother Care have downsized

their existing store sizes to incorporate improved operating efficiencies, few retail brands such as Tesco entered city centre locations with smaller sized stores, few continually kept rationalizing their store sizes and few still believe that larger the store size higher the consumer walk-ins (Reynolds .J. et. al. (2007)) [19]. One of the biggest challenges faced by brick-and-mortar retailers is the higher cost involved in expanding store sizes even though it helps them in enhancing the overall consumer shopping experience. Retailers are finding it extremely difficult to find relevant spaces in right locations owing to higher rentals and lesser spaces available in key retail locations (Krishen, S.A. et. al. (2010) [20]), proposes retailers to consider mall kiosks as one possible retailing format which can be cost effective as far as expensive rentals are concerned. As per Levy et. al. (2012) [21], It is true that store location plays an influential role in consumer store choice decisions, at the same time store location being a long-term capital lock-in decision plays an important role for retailer's overall strategic planning. Any location which has inherent properties of attracting consumers is the best location for any retailer and having a store in such locations brings both strategic and competitive advantages to the retailer, whereas, it will take longer time and huge store losses for any retailer to come out of a bad store location. Good store location could also be analysed by; (a) the amount of relevant consumer traffic flow be it, pedestrian traffic or vehicular traffic; (b) parking facilities; (c) store composition; (d) specific site; (e) terms of occupancy, (f) accessibility, (g) travelling time, (h) location convenience, (i) other complimentary stores present in the catchment. Majority of empirical, theoretical and descriptive literature available on overall store location choice focusses on the consumer for a store choice, we were not able to find significant literature which guides retailers with respect to store locations choice and store locations mix with which we could answer our research questions such as (a) should we believe that the existing store locations spread across the high street, mall and institutional locations is an appropriate retailing strategy?,(b) should we believe that the existing store location mix is

delivering optimal store revenue and profit?, (c) should we believe that the existing store location mix strategy is aligned to retailer's target consumers? or (d) is it a misconception among retailers that consumers are attracted to stores located in premium locations and in turn they tend to spend more?. Thus, we decided to select a national retailer, understand their existing store locations choice and store locations mix strategy among their stores spread across different type of locations in a country, empirically evaluate the actual sales and consumer data in relation to location thereby drawing insights to recommend brick-and-mortar retailers the right strategy of store location choice and mix to gain long-term strategic and competitive advantage.

### 3. OBJECTIVES :

Key objectives of this research were to;

- (a) understand the variance in performance among high street stores, mall stores and institutional stores across;
  - a. consumer walk-ins/bills
  - b. revenue
  - c. earning
  - d. operating costs
  - e. store profitability
- (b) draw insights from the analysis.

### 4. METHODOLOGY :

**Stage I:** One of the organized brick-and-mortar retailers in India was selected who is having stores all over India across a) high street stores, b) mall stores, c) institutional stores, d) tier 1, 2 and 3 cities, offering multiple-categories and multiple-brands serving different consumer life-stage needs at mid to high price positioning and catering to pregnant women, new moms, babies, infants and kids up to 8 years.

**Stage II:** Store wise and location wise actual sales data of twelve months was collected.

**Stage III:** Exploratory open-ended direct interview was conducted with randomly selected (convenience sampling) employees belonging to select retailers representing all the departments and functions to understand their perspective and attitude towards variance in performance among their stores spread across high street locations, neighbourhood locations, mall locations and institutional locations.

**Stage IV:** Secondary data collected from previous sales records were analysed using appropriate statistical methods.

**Stage V:** In this stage, insights and inferences from the research findings were used to propose a way forward for brick-and-mortar retailers to enable them to design an ideal strategy for retail store locations.

### 5. KEY FINDINGS AND INSIGHTS :

Prior to the empirical study, we were able to collect qualitative insights through mystery shopping and conduct open-ended direct interviews with employees representing all the departments and functions of the select retailer. Key insights from the qualitative survey indicate that, the retailer strongly believed in; (a) it is very difficult to attract new consumers to high street stores, (b) lot of marketing money has to be spent to acquire new consumers to high street stores, (c) high street stores need to have additional security cost, (d) high street stores maintenance becomes additional work for the store sales personnel, (e) rent is higher in high street stores, (f) mall stores help us create premium brand image in consumers mind, (g) mall stores attract lot of new consumers, (h) marketing money spent for consumer acquisition is much lesser in mall stores, (i) malls get huge consumer walk-ins/traffic, (j) common area maintenance is taken care by the mall management, (k) mall stores have greater security systems, (l) institutional stores do not generate significant revenue, (m) institutional stores run only to acquire new consumers for other stores in the city, (n) consumers treat institutional stores for one-time purchases and most importantly, (o) consumers in the mall stores are premium consumers and they tend to buy more compared to high street and institutional stores.

Table 1, 2, and 3 which shows the percentage deviation from national level mean of the retailer among high street stores, mall stores and institutional stores across various cost and performance indicator factors does not confirm most of the beliefs retailer has had in their mind and also commonly practice. Some of the beliefs which do match with results are mostly skewed to absolute numbers (magnitude) and that too



related to revenue generation per store per month and not the efficacy levels such as overall store profitability per store per month as well as per store per square foot. Few examples of such misconception are; (a) it is true that institutional stores do generate 67.19 percent lesser revenue, but they, in fact, generate 86.53 percent higher profits per store per month and 733.70 percent higher profits per square foot; (b) it is true that mall stores fixed rent is lesser compared to high street stores, but the overall rent which includes the common area maintenance cost (CAM) of

mall stores is in fact 87.91 percent higher and the area which is ultimately available for trading after removing the common area loading factor is 20 percent lesser compared to high street stores; (c) it is true that the mall store's consumers spend 8.21 percent higher than other stores, but in fact mall stores in spite of attracting premium consumers deliver a significantly lesser i.e., 606.88 percent lesser overall store profits as compared to national level mean profit of the retailer.

**Table 1:** Percentage deviation from retail chain national level mean among high street stores, mall stores, and institutional stores across key factors and performance indicators.

<b>Factors</b>	<b>High Street Stores</b>	<b>Mall Stores</b>	<b>Institutional Stores</b>
Average MRP	100%	104%	79%
Average Basket Size	102%	103%	78%
Average Selling Price	99%	105%	83%
Average Transaction Value	101%	108%	64%
Average Consumers - Existing	112%	111%	47%
Average Consumers - New	132%	85%	45%
Average Bills per Consumer	101%	95%	111%
Average Revenue per Consumer	102%	103%	71%

**Table2:** Percentage deviation from retail chain national level mean among high street stores, mall stores, and institutional stores across key cost factors and performance indicators (magnitude).

<b>Factors (per store per month)</b>	<b>High Street Stores</b>	<b>Mall Stores</b>	<b>Institutional Stores</b>
Bills from Existing Consumers	131%	84%	48%
Bills from New Consumers	113%	106%	56%
Total Bills	124%	92%	51%
Quantity Sale	126%	95%	40%
Discount per cent	105%	94%	80%
Revenue	126%	100%	33%
Eaming	122%	106%	31%
Area in Square Feet	121%	112%	22%
Fixed Rent	128%	98%	28%
Common Area Maintenance Cost	32%	245%	5%
Total Rent	114%	120%	24%
Employee Cost	120%	104%	39%
Store Overhead Cost	125%	106%	20%
Overall Store Operating Cost	118%	113%	27%
Store Profit	106%	-507%	187%

**Table 3:** Percentage deviation from retail chain national level mean among high street stores, mall stores and institutional stores across key cost factors and performance indicators (efficacy).

Factors ( <i>per square foot</i> )	High Street Stores	Mall Stores	Institutional Stores
Bills from Existing Consumers	110%	75%	214%
Bills from New Consumers	94%	95%	246%
Total Bills	104%	83%	226%
Quantity Sale	105%	86%	176%
Discount per cent	111%	84%	113%
Revenue	105%	90%	146%
Earning	102%	95%	139%
Area in Square Feet	121%	112%	22%
Fixed Rent	107%	88%	123%
Common Area Maintenance Cost	27%	220%	23%
Total Rent	95%	107%	109%
Employee Cost	100%	94%	174%
Store Overhead Cost	104%	95%	91%
Overall Store Operating Cost	98%	101%	122%
Store Profit	108%	-448%	834%

Contrary to these misconceptions, results indicate that; (a) high street stores attract a higher number of new consumers and also get higher repeat consumers; (b) a number of bills per consumer is the highest in institutional stores; (c) overall store operating costs per square foot is the least in high street stores; (d) average revenue generated per consumer is the highest in mall stores if we consider the sales per square foot on the actual trading area but if we consider the same on total area high street stores generate higher absolute revenue value.

The misconception of the retailer is also proven in the statistical significance t-test which captures correlations between all the independent variables and overall store profit among high street, mall and institutional stores as shown in tables 4, 5, 6, 7, 8 and 9. When we look at the correlations using per store per month values (magnitude) which is what the retailer follows for strategic decision making, most of the correlations are positive and insignificant with 0.000 2-tailed sig. value. Whereas, if we take a

look at the correlations using per square foot values (which is the most important determinant as far as store operating costs are concerned) then statistical results indicate;

- a strongly positive but insignificant correlation between bills and overall store profit in high street stores;
- a strong positive significant correlation between bills and overall store profit in mall stores;
- a weakly positive but significant correlation between discount percent and overall store profit in institutional stores;
- a weakly positive and insignificant correlation between discount percent and overall store profit in high street stores;
- a weakly positive and insignificant correlation between discount percent and overall store profit in mall stores;
- a moderately negative but insignificant correlation between discount percent and overall store profit in institutional stores.

**Table 4:** Correlation and significance level for high street stores across variables per store per month basis.

Location	Pair	Paired Samples Correlations		T-Test		
		Variables (per store per month)	Correlation	t	df	Sig. (2-tailed)
High Street Stores	Pair 1	Bills from existing consumers & Store profit	0.261	56.667	35	0.000
	Pair 2	Bills from new consumers & Store profit	0.284	56.606	35	0.000
	Pair 3	Overall bills & Store profit	0.273	57.332	35	0.000
	Pair 4	Discount per cent & Store profit	-0.009	-4.261	35	0.000
	Pair 5	Quantity sale & Store profit	0.294	67.386	35	0.000
	Pair 6	Discount value & Store profit	0.241	23.023	35	0.000
	Pair 7	Revenue & Store profit	0.294	65.432	35	0.000
	Pair 8	Earnings & Store profit	0.302	36.208	35	0.000
	Pair 9	Fixed rent & Store profit	0.040	16.289	35	0.000
	Pair 10	Common area rent & Store profit	-0.021	-6.773	35	0.000
	Pair 11	Overall rent & Store profit	-0.725	9.745	35	0.000
	Pair 12	Store employee cost & Store profit	0.850	24.837	35	0.000
	Pair 13	Store overheads cost & Store profit	0.600	5.367	35	0.000
	Pair 14	Overall store operating cost & Store profit	-0.832	5.700	35	0.000

**Table 5:** Correlation and significance level for high street stores across variables per store per square foot basis.

Location	Pair	Paired Samples Correlations		T-Test		
		Variables (per store per square foot)	Correlation	t	df	Sig. (2-tailed)
High Street Stores	Pair 1	Bills from existing consumers & Store profit	0.845	-0.991	35	0.329
	Pair 2	Bills from new consumers & Store profit	0.865	-1.029	35	0.310
	Pair 3	Overall bills & Store profit	0.897	-0.947	35	0.350
	Pair 4	Discount per cent & Store profit	0.231	0.004	35	0.997
	Pair 5	Quantity sale & Store profit	0.887	-0.681	35	0.500
	Pair 6	Discount value & Store profit	0.758	49.972	35	0.000
	Pair 7	Revenue & Store profit	0.919	58.896	35	0.000
	Pair 8	Earnings & Store profit	0.966	110.350	35	0.000
	Pair 9	Fixed rent & Store profit	0.692	29.722	35	0.000
	Pair 10	Common area rent & Store profit	-0.116	0.057	35	0.955
	Pair 11	Overall rent & Store profit	0.616	30.544	35	0.000
	Pair 12	Store employee cost & Store profit	0.623	15.269	35	0.000
	Pair 13	Store overheads cost & Store profit	0.396	11.874	35	0.000
	Pair 14	Overall store operating cost & Store profit	0.688	71.150	35	0.000

**Table 6:** Correlation and significance level for mall stores across variables per store per month basis.

Location	Pair	Paired Samples Correlations		T-Test		
		Variables (per store per month)	Correlation	t	df	Sig. (2-tailed)
Mall Stores	Pair 1	Bills from existing consumers & Store profit	0.105	83.794	35	0.000
	Pair 2	Bills from new consumers & Store profit	0.117	71.053	35	0.000
	Pair 3	Overall bills & Store profit	0.115	79.951	35	0.000
	Pair 4	Discount per cent & Store profit	-0.618	-4.816	35	0.000
	Pair 5	Quantity sale & Store profit	0.136	94.847	35	0.000
	Pair 6	Discount value & Store profit	0.090	15.025	35	0.000
	Pair 7	Revenue & Store profit	0.145	81.847	35	0.000
	Pair 8	Earnings & Store profit	0.153	32.187	35	0.000
	Pair 9	Fixed rent & Store profit	0.002	11.758	35	0.000
	Pair 10	Common area rent & Store profit	-0.020	2.474	35	0.018
	Pair 11	Overall rent & Store profit	-0.910	9.177	35	0.000
	Pair 12	Store employee cost & Store profit	0.948	42.879	35	0.000
	Pair 13	Store overheads cost & Store profit	0.770	5.919	35	0.000
	Pair 14	Overall store operating cost & Store profit	-0.954	5.752	35	0.000

**Table 7:** Correlation and significance level for mall stores across variables per store per square foot basis.



Paired Samples Correlations				T-Test		
Location	Pair	Variables (per store per square foot)	Correlation	t	df	Sig. (2-tailed)
Mall Stores	Pair 1	Bills from existing consumers & Store profit	0.627	7.386	35	0.000
	Pair 2	Bills from new consumers & Store profit	0.732	7.370	35	0.000
	Pair 3	Overall bills & Store profit	0.743	7.470	35	0.000
	Pair 4	Discount per cent & Store profit	0.224	8.909	35	0.000
	Pair 5	Quantity sale & Store profit	0.863	7.864	35	0.000
	Pair 6	Discount value & Store profit	0.572	52.088	35	0.000
	Pair 7	Revenue & Store profit	0.882	99.308	35	0.000
	Pair 8	Earnings & Store profit	0.911	133.879	35	0.000
	Pair 9	Fixed rent & Store profit	0.312	44.975	35	0.000
	Pair 10	Common area rent & Store profit	0.295	23.116	35	0.000
	Pair 11	Overall rent & Store profit	0.334	60.984	35	0.000
	Pair 12	Store employee cost & Store profit	0.344	31.382	35	0.000
	Pair 13	Store overheads cost & Store profit	0.536	27.818	35	0.000
	Pair 14	Overall store operating cost & Store profit	0.482	110.102	35	0.000

**Table 8:** Correlation and significance level for institutional stores across variables per store per month basis.

Paired Samples Correlations				T-Test		
Location	Pair	Variables (per store per month)	Correlation	t	df	Sig. (2-tailed)
Institutional Stores	Pair 1	Bills from existing consumers & Store profit	0.074	47.388	35	0.000
	Pair 2	Bills from new consumers & Store profit	0.200	40.343	35	0.000
	Pair 3	Overall bills & Store profit	0.136	45.573	35	0.000
	Pair 4	Discount per cent & Store profit	0.120	5.155	35	0.000
	Pair 5	Quantity sale & Store profit	0.248	60.850	35	0.000
	Pair 6	Discount value & Store profit	0.019	19.733	35	0.000
	Pair 7	Revenue & Store profit	0.286	63.350	35	0.000
	Pair 8	Earnings & Store profit	0.374	51.294	35	0.000
	Pair 9	Fixed rent & Store profit	0.259	30.386	35	0.000
	Pair 10	Common area rent & Store profit	-0.043	-15.504	35	0.000
	Pair 11	Overall rent & Store profit	0.402	9.995	35	0.000
	Pair 12	Store employee cost & Store profit	0.327	25.664	35	0.000
	Pair 13	Store overheads cost & Store profit	0.385	9.181	35	0.000
	Pair 14	Overall store operating cost & Store profit	0.445	36.801	35	0.000

**Table 9:** Correlation and significance level for institutional stores across variables per store per square foot basis.

Paired Samples Correlations				T-Test		
Location	Pair	Variables (per store per square foot)	Correlation	t	df	Sig. (2-tailed)
Institutional Stores	Pair 1	Bills from existing consumers & Store profit	-0.185	-10.084	35	0.000
	Pair 2	Bills from new consumers & Store profit	0.310	-10.156	35	0.000
	Pair 3	Overall bills & Store profit	0.078	-9.948	35	0.000
	Pair 4	Discount per cent & Store profit	-0.424	-9.182	35	0.000
	Pair 5	Quantity sale & Store profit	0.370	-9.496	35	0.000
	Pair 6	Discount value & Store profit	-0.210	19.679	35	0.000
	Pair 7	Revenue & Store profit	0.522	110.060	35	0.000
	Pair 8	Earnings & Store profit	0.693	91.928	35	0.000
	Pair 9	Fixed rent & Store profit	0.404	30.054	35	0.000
	Pair 10	Common area rent & Store profit	-0.502	-8.180	35	0.000
	Pair 11	Overall rent & Store profit	0.185	28.304	35	0.000
	Pair 12	Store employee cost & Store profit	-0.261	18.040	35	0.000
	Pair 13	Store overheads cost & Store profit	-0.441	2.726	35	0.010
	Pair 14	Overall store operating cost & Store profit	-0.148	50.733	35	0.000

## 6. CONCLUSION :

Results clearly show that there is a significant

correlation between the type of store location and overall store profitability. Majority of stores located in a mall deliver significantly lesser overall store profits in spite of attracting consumers who spend higher than the consumers spending in the high street and institutional stores. Even though the average total area (an area which includes common area loading and considered for rent calculation by the property management) is similar between high street and mall stores and the revenue generated by mall stores is close to 17 percent higher based on the actual trading area available in comparison to high street stores, mall stores deliver significantly lower profits. It is interesting to find that the institutional stores with significantly lesser (78 percent) store area deliver the highest absolute overall store profits, but due to limitations with respect to carrying a wider range of product/brand/category assortment and consumers available in the store catchment they generate significantly lesser absolute revenue in comparison to the high street and mall stores. High street stores indeed have shown that, among all the types of store locations, they are able to acquire a higher number of new consumers, retain a higher number of existing consumers, generate higher revenue and moderate overall store profits. If retailer considers store's absolute top line value as the key indicator of judging the best location for a store, high street stores are the ideal ones. If the retailer considers the absolute store's profit value as the key indicator of judging the best location for a store, institutional stores are the ideal ones. If the retailer considers building premium store image in consumers, competitors and investors' minds as the key indicator of judging the best location for a store, mall stores are the ideal ones. And if the retailer is interested in overall retail performance with consistent growth and sustainable profits then a rational mix of each of these locations is the ideal solution.

#### **7. SUGGESTIONS TO BRICK-AND-MORTAR RETAILERS :**

Based on this research outcome, we would like to suggest Brick-and-mortar retailers that, they need to clearly understand the role of every store/location in relation to target consumers,

catchment and merchandise assortment in the offering. Brick-and-mortar retailers need to clearly understand every other retailer's key business objectives behind having stores at specific locations which are more expensive to operate compared to other stores/locations in their retail chain. Few may be trying to create a perception in consumers mind over their brand image, few may be treating such stores as experiential, anchor or destination stores, few may be opening such stores to market their retail brand to attract investors, franchisees or licensees and few online retailers may be trying to show their presence in the offline space. What is very important is, how many of such stores which bring down the overall retail profit a retailer can afford to operate in the long run and what is the magnitude of qualitative benefits delivered from such stores to the retailer strategically. There is no standard formula to arrive at the best location and thus, retailers can possibly look at the existing store performance vis-à-vis the key objective of a particular store in the overall scheme of their retailing strategy and judge the store location performance. It is imperative to note that, the understanding of the role played by a particular store location might not be the same among consumers and retailers. What is really important and of significant essence is that every retailer needs to understand key deliverables of each store which is required to create positive perceptions about the retailer in consumers, competitors, and investors' minds.

#### **8. LIMITATIONS OF RESEARCH:**

The main limitation of this research work is the coverage of various stakeholders viz., locations, consumers and retailers in this empirical study. This might limit the generalizability of the research findings to other set of locations, retailers and consumers studied. The second limitation would be the empirical validation is restricted to one retail format i.e., multi brand and multi category baby care stores in India and hence the generalizability of the findings and suggestions to other retail formats. The third limitation would be our ability to carry an experiment, at best we were able to carry out mystery shopping and open-ended direct

interviews. However, it provides significant input regarding the ways to utilise these findings as all the findings have been derived from actual secondary data spread over a period of twelve months.

### 9. SCOPE FOR FURTHER RESEARCH :

It is recommended that multiple experiments to be carried out by researchers and come up with insights if required for different retailing formats and verticals. Based on the key business objectives for a specific period and specific context, brick-and-mortar retailers can try adopting the insights from this research to experiment at select locations and finetune the same based on real-time findings which can then be implemented across the entire chain of their stores as far as store rationalization and expansion is concerned.

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