

Stop-Overs Retailing: An emerging option

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ABSTRACT

As a result of the changing economic and social order, more and more people are traveling and commuting over larger distances. Consequently they are hard-pressed for time. On the other hand, they are relatively free, open and relaxed during the course of their journey. Such state of mind is most suitable for retailers and can be put to actual use by exploiting Stop-Over retailing options. Stop-overs are unavoidable halts or stoppages during the course of travel and they vary considerably in terms of size, composition and customer segments. It is advisable for retailers to understand the basic categorization, identify different types and design suitable strategies to effectively milk this opportunity.

Introduction

Modern Indian society is characterized by the emergence of people who are engaged in highly competitive, high profile jobs generating astronomical incomes, longer working hours, double-career families and shifting of residence towards suburbs resulting in traffic jams and greater commuting time. People now have higher incomes but lesser time for personal life. The aim of a customer in such a scenario is to extract maximum out of every possible moment that one can get during one's busy schedule. From retailer's point of view, emphasis is on approaching customers when they are relatively free, relaxed, open and have nothing else to do. One such opportunity exists in the form of stop-over retailing. Stop-over retailing has been in vogue since ages but was never taken seriously; maybe because time was not such a big constraining factor previously. Consequently, the concept remained confined to unorganized players engaged in retailing low-valued items. Stop-overs are highly suitable for impulse purchases, travel-value products, snacks & foods, essential services and/or daily need items.

The term "Stop-over" in the present context refers to the compulsory halts or stop-overs that one has to make while carrying out some routine activity. It is more of an add-on activity that one has to carry out as an integral part of the major act. E.g.:- getting the fuel tank filled while commuting between office and workplace. Stop-overs are significant because people spend considerable time in traveling between 2 places. Such travels have different dimensions depending upon the duration and frequency of these travels. At a routine level, people commute for longer hours between their home and workplace because decent and affordable accommodations are available at a considerable distance from the core business area (Central Business District). At a seasonal and a bit infrequent level, immigrants commute between their workplace and the native place.

Literature Review

Global experience has been that with development, the increasingly urbanized economies result in growth of cities in a particular pattern. Though Indian cities have much larger population than most of the cities in the world,

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India's urbanization patterns do not seem unusual and the trends and rates of change are typical of the patterns that have characterized urbanization around the world. (Mohan & Pant 1982, Bertaud & Brueckner 2004).

With the advent of modern era, distinct changes took place in the urbanization pattern. Level of industrial activity became large and complex and population of cities started growing. With the advent of automobiles, situation changed further. In the cities that were originally designed for a horse-and-buggy age, resulting traffic became a traveler's nightmare (Feinberg & Meoli, 1991). People had the option of shifting residences away from the heart of the city, the central Business District (CBD) and move towards the fringes. As land values are highest in the centre of a town or city, the quality of accommodation improves as one moves away from the core (CBD) as there are low-density, sparse developments on the fringes. (Parke & Burgess, 1925). In this scenario people wish to maximize with respect to location and commuting costs. People opt for a location where they can trade-off the gains from how much time they spend commuting and how much housing they consume. This has led to the development of "The monocentric model of urban structure" (Alonzo, 1964; Muth, 1969; Mills, 1972). Thus, in a monocentric model, city centers are densely populated with density declining exponentially as we move away.

For many decades, even centuries, cities have been spreading out. But recently this process of decentralization has taken a more polycentric form, with a number of concentrated employment centers making their mark on both employment and population distributions. Most of these centers are subsidiary to an older CBD, hence are called 'subcentres'. Some subcentres are older towns that gradually became incorporated into an expanded but coherent urban area. Others are newly spawned at the nodes of a transportation network, often so far from the urban core as to earn the appellation

"edge cities", (Garreau 1991, Anas, Arnott & Small, 1997). An edge city is characterized by the large concentration of office and retail space, often in conjunction with other types of development, including residential. Edge cities are made by ubiquitous automobile access. (Anas, Arnott & Small, 1997). Despite all the elements of independence, these subcentres have not eliminated the need of main centre (Anas, Arnott & Small, 1997). People continue to commute between the main centre and the sub centers. As a result commuting becomes an integral part of an urbanite's life.

Consumer's travel cost is an integral component of the total cost of procuring a product/service. (Bell, Ho & Tang, 1998). The travel cost is in part, attributable to the customer's commuting route and not to the purchase of a good (Claycombe, 1991). Generally, the relevant consumers live at one location and are working at another. The consumer has to commute between these locations regardless of any purchase but will normally try to combine shopping with commuting in order to save transport cost. Thus, effective distance between consumer home and the shop become zero (Raith, 1994). Such multipurpose trips provide economies of scale and are also discussed as chaining trips (Eaton & Lipsey, 1982, Thill & Thomas, 1987). Trip-chaining is the foundation of Stop-over retailing as Stop-over Retailing aims at maximizing the output/benefit from a normal, routine visit and converting it into Trip Chaining.

Nature

As journeys undertaken by people vary in terms of duration and frequency, the nature of these halts (Stop-overs) during these visits also differ. Stop-over may range from being purely unplanned and circumstantial from the traveler's point of view, like a traffic signal to a duly planned halt on a 'dhaba' or restaurant while driving on highway, for the purpose of taking food, refueling and relaxation. The difference in nature has its

manifestation in the difference in nature of retailing activities undertaken at these halts. The retailing at Stop-overs ranges from sale of unbranded, low-valued, low-involvement goods like incense sticks, newspapers and sun-screens to the formal retail outlets selling established, national brands. These stop-overs are also the nodal points for offering myriad services ranging from manual dusting of a car at a traffic light to full-fledged servicing of automobiles at a highway halt. The salesperson offering products and services at such locations also come under various categories. These range from the ones working purely on commission basis to the ones working on a proper salary/wage. Thus the concept that seems so simple and elementary at the very outset is, in reality, very complex and requires systematic study. One aspect of such studies is the present attempt to classify the stop-overs on certain parameters and throw some light on the retailing implications for the same.

Classification

Stop-overs may be classified into various categories on different basis. The present study classifies these into 4 categories on the basis of 2 parameters, Predictability and Control. Predictability is a factor of the customer's state of expectation of a halt and refers to his/her ability to judge or predict the existence or occurrence of such halts. Predictability as a factor is relevant as it determines the psychological and material preparedness/readiness of the customer towards retailing offer. The more predictable a halt, more are the chances of a customer balancing his needs and resources so as to derive maximum out of the halt. Retailers also try to offer a diverse range of products/services to entice the customer in case of a predictable halt. In the absence of predictability, neither the customer nor the retailers are engaged in a serious transaction and retailing is more of a coincidental activity, governed by other external factors.

In the given context, control refers to the ability of customer/traveler to decide the timing,

duration and location of the halt. The ability to control these parameters is vital as the amount spend at the stop-over depends primarily over these factors. The more control a person has over the timing, location and duration of stay, more is the inducement for the retailer to pamper the customer by offering a better deal. In case the customer doesn't have much control, the retailers find it advisable to identify the individuals/institutions controlling these parameters and extend benefits to them at the cost of the customer. The customer groups with low control end up being the captive clientele for the retailers, and are normally exploited.

On this basis, stop-overs can be classified into following 4 categories: -

		CONTROL	
		Yes	No
PREDICTABILITY	Yes		
	No		

1. Controlled & Predictable

As mentioned earlier, in this case the traveler/customer has control over the location timing and duration of the halt. He/She is also aware of the existence/location of the halt. Because of this, he/she decides when and where to stop, for how long to stay and what is the likely amount to be spent. In fact, these elements are decided in advance. Because of these reasons, customer ends up being the most relevant person for the retailers who try their level best to woo him/her. This is the case of a self-driven/directed vehicle being driven on a familiar route. Such a customer has adequate planned budget at his disposal. The situation is peculiar to highway dhabas, midway eating joints, refueling stations and relaxation points. Many such points are landmarks or

destinations in themselves, provide ample space, improved ambience, elaborate infrastructure and display a large number of add-on products/services. A large number of reputed, national brands are available here. As the duration of stay is also decided by the customer, the retailers try to prolong this stay by offering the widest possible range of products and services at attractive terms and conditions, by having shops in shops and/or complimentary outlets in close proximity. Another feature of such locations is the clustering of similar shops in close proximity leading to intensified competition, eventually leading to more benefits to the visiting customers. For smaller hauls, a petrol pump on the way to one's workplace/residence, having an ATM, repair-centre and a convenience store, is a suitable example.

2. **Controlled and unpredictable**

Under this situation, customer has control over decision to take the halt but he is not aware of the exact location and therefore, timing of the halt. It happens when there is some need requiring urgent gratification but the customer is not aware of the existence or location of the outlet. It may happen on unknown or lesser familiar routes in case of low-valued, habitual consumption needs like tobacco products or beverages. Outlets catering to such needs do not have elaborate physical infrastructure and are generally smaller in size, keep a narrow product range, offer limited/selective brands and charge exorbitantly. In terms of branding, these outlets contain a mix of national, local and spurious brands. For tobacco products, a few national brands are available but the add-ons are generally local or spurious. Only related products are available in the name of add-ons. An example for this category may be a roadside kiosk selling tobacco products.

3. **Uncontrolled and predictable**

In such cases, customer is aware of the approximate time, duration and location but has no control over the choice or the exact time, location or duration. The most relevant example

in this case is the mid-way halt for long-distance buses patronized by the drivers or transport agencies. The outlets do have suitable infrastructure, though it is not as decent as in case of the first category (controlled & predictable) because the target clientele is relatively modest and has lower bargaining power. Here customer is exposed to the limited product range/brands that are available at the location. It provides an excellent opportunity for retailers as they get a captive clientele in large numbers. Range of products at such locations is diverse but normally over-priced. Brand composition is governed by the petty interests of retailer and not the customer as they don't have much bargaining power. Retailer stocks all sort of local and spurious brands that give him higher margins but select reputed/national brands are also available. These retailers give special importance to carriers who arrange the captive clientele for them. Another example for this category can be a train stoppage at a railway station though the retail operations over there are relatively more systemized and regulated.

4. **Uncontrolled and unpredictable**

This refers to a situation where the customer neither expects the occurrence of a halt nor does he/she have control over the decision to take a halt, even if he/she may be in physical control of the vehicle. This is a completely unstructured situation occurring at places like traffic lights and railway crossings or unplanned halts of public carriers. Sudden blockade of traffic due to natural calamities in the hilly regions also come under this. The places rarely have an outlet with fixed infrastructure. The dominance is of hawkers who sell purely impulse goods like beverages and snacks. A very narrow product range is the primary characteristic of this situation. The products are generally locally made / prepared though in product categories like cold drinks, bottled water and packaged snacks; regional and national players also register their presence. The hawker carrying products has a mobile shop with him. He carries a very specific product range and

it is practically impossible for an individual to add-on products/services.

Future Possibilities

It has been observed that except for controlled and predictable category, stop-over outlets are dominated by local and spurious brands. It is because of the cost, reach and margins extended by such products to the channel members. But in some product categories, national brands have done a commendable job in harnessing the potential of these outlets. E.g.: - Cold drinks (including tetra-packed beverages), newspapers and magazines, potato chips and other snacks etc. The national players in other product categories need to take a leaf out of their books and register their presence emphatically.

Emergence of organized retailing is likely to affect stop-over retailing significantly. Organized players can provide excellent ambience, product range, absorbing experience and quality service. Already some of the established brands have shown their presence in snacks and fast food category and the trend is expected to get extrapolated to a wider product/service range. The grand manifestation of this theme is the emergence of highway malls that are coming up at various locations. Almost all the retail real estate developers are coming up with highway malls on major highways. India's first highway Mall (Melange Mall) has already been completed on Delhi-Meerut Road. These highway malls shall attract customers from nearby residential clusters as a destination, apart from attracting the passers-by. Such outlets shall fall under category-I (controlled & predictable) and may eat into the market share of other categorizations, in the long run. In fact, the aim of retailers should be to bring more and more products and services into this category.

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