Chapter 3: METHODOLOGY

3.0 Introduction:

In this chapter, the methodology used in the study is discussed. The chapter is organized in such a way that the first section discusses the research purpose and motivations, the second section deals with the research questions, the third section discusses the hypotheses, the fourth section enumerates the specific objectives of the study, the fifth section describes the tools and techniques used in the analysis in addition to the data sources.

3.1 Research Purpose:

The study has begun with the broad objective of understanding and analyzing the patterns of the evolution and growth of apparel retail firms with origin in developed economies and in India so that many new organizations can benefit from this research and plan their future courses of action. The organized apparel retail industry in India is yet in its nascent stages and the various influences and factors that govern the evolution and growth of the same can provide definitive pointers to many retail organizations in working out their future expansion and format strategies for growth. For the purpose of analyzing the global retail organizations it has been decided to study firms with origin in countries where apparel retailing has evolved in an organized manner – USA and UK. Both USA and UK have more than fifty percent of their retailing as organized and modern and organized retailing in these countries is more than fifty years old. Retailing firms that have their origin from Asian countries have been found worthwhile to understand the factors that have contributed to the evolution of organized apparel retailing in developing economies, as they are understood to be very similar to India. In India organized retailing is growing fast though the share of organized retailing is yet a paltry 5% (Source: India Retail Report 2008) and if the managerial implications are understood our Indian organized apparel retailing can grow faster and retailers will be able to scale up their growth plans. They can also enter into new formats of retailing. The study will be useful to those new and upcoming retailing organizations to know, understand and implement what the
existing players in the organized retail sector have done in the apparel industry so that they do not have to repeat mistakes or go through the process of learning once again.

3.1.1 Research Motivations:

The study has begun from the following motivations:

Research work done earlier on the evolution and growth of organized retailing relate largely to the context of other categories of retailers than apparel retailers and pertain to the retail evolution in other countries than India. This study seeks to overcome such limitations of previous studies. It has been attempted to study the evolution of organized retailing in India and explore whether there are any patterns emerging in the course of its evolution. The emergence of retail formats and a multi-channel strategy are significant to driving profitable growth in retail. J.C. Penney (a mid-range popular chain of American department stores based in Plano, Texas.), for example has a department store chain, a dot-com and a catalogue operation (Achabal, Dale, et al, 2006). Earlier studies do not cover such evolution of retail formats in India nor have they focused on any regional and geographic influences impacting the evolution and growth of organized retailing in India. They also neglect the strategies that retailers adopt to evolve their retail channels and formats. It has been attempted to study and find if any regional and geographic influences impact the evolution of retail formats in India and also to explore the patterns and means of the evolution of retail formats and channels.

Previous researches do not show any study on the factors that may contribute to the evolution of organized retailing and their relationship to the future development in the context of organized apparel retailing in India. It has been tried to study and explore those factors and their impact on the evolution and growth of apparel retailing in India. In the absence of the study of any factors influencing retail evolution and growth in India in the earlier researches, it has been found to be imperative to study in depth those factors that may be repetitive in nature or that may occur in common, that may cause a relationship to the evolution of organized apparel retailing in India.
The study seeks to understand the strategies deployed by apparel retailers in the developed economies in the context of organized apparel retailing in countries like USA, UK, and in countries in Asia in addition to a study of such strategies adopted by organized apparel retailers in India. A comparative study of these strategies has been attempted to understand the commonalities and differences in the strategies adopted that may cause the growth and expansion of organized apparel retailers.

There may be many managerial implications for the future growth of organized apparel retailing in India and the same have been studied for a detailed understanding.

3.2 Research Questions:

The literature review and the general aims of the study mentioned above have given rise to a number of specific research questions and issues that emerged and they were further refined while developing the research design. The key research questions arising are summarized below:

1. What are the patterns seen in the context of retail evolution in the developed economies of organized retailing in the countries of USA, UK and in some developing economies in Asia? Is the Indian organized retailing following any such patterns of retail evolution?

2. What are the various regional and geographic influences causing the evolution of various retail formats in these developed economies? What are the regional or geographic influences that may cause the evolution of organized retail formats in India and how organized apparel retailers in India are developing their various retail formats and channels?

3. How those factors that contribute to the evolution of organized retailing may contribute to a relationship to the future development of organized apparel retailing in India? Are any of those factors found common in apparel retail firms?

4. What are the strategic and managerial implications for the future growth of organized apparel retailing in India?
The answer to these research questions may address the greater issue of finding proven patterns, influences and factors responsible for the evolution and growth of organized apparel retailing in addition to providing deeper insights into those managerial and strategic implications pertaining to charting the right course for the future evolution and growth of organized apparel retailers in India.

Two secondary questions that formed part of the motivation for this study but not examined in this research thesis are the following:

a) What are the retail format and channel choices of customers in the context of organized apparel retailing in India? A consumer study of the influences and factors responsible for the choice of retail formats by customers is not done as part of this research study as a result of the very small percentage of contribution by organized retailing to total retailing in India. Further, many studies have found the preferences and influences impacting the choice of retail stores in India. Studies have also found the same trends in the acceptance of retail stores by age, gender, income, etc. being important influencers of attitudes towards adoption of organized retailing. Assumptions are made that there is a huge demand for organized retail formats in all categories of merchandise and services as a result of the huge consumption boom in India.

b) This study does not include the government policy imperatives in detail as there is no retail policy yet in India and organized retailing is yet not considered to be an industry by including it officially as part of any ministry under the Government of India until the time when this study is undertaken.

3.3 Objectives of the Study:

The objectives of the study are as follows:

• To study the evolution of organized apparel retailing in India and explore the patterns and trends of its evolution
• To study the commonalities and differences in the strategies adopted by apparel retailers with origin in developed and developing countries and compare them
with those that may cause the growth and expansion of organized apparel retailers in India.

- To study in depth those organizational factors that may be repetitive/common in nature across firms that may contribute to a relationship to the evolution of organized apparel retailing in India
- To identify the regional and geographic influences of retail growth in apparel retailing in India.

### 3.4 Research Hypotheses:

Hypotheses are proposed regarding the evolution of organized apparel retailing in India. It is hypothesized that organized apparel retail evolution in India is following the patterns of retail evolution in developed economies and in a developing economy similar to that of India. That is, the evolution of organized apparel retail organizations in India follows the same patterns of evolution of organized apparel retail organizations that occurred in developed countries, especially USA and UK and in some developing economies in Asia similar to India.

Null hypotheses are formulated for testing statistical significance, since this form is convenient for statistical analysis. Null hypotheses are more exact and it is easier to reject the contrary of a hypothesis than confirm it with complete certainty. Hence the concept of null hypothesis is very useful (Shahjahan, 2004). It is not an attempt to test a hypothesis that has been assumed to be true. An attempt has been made to conform to the qualities of detachment and objectivity and thus the study has proceeded to formulate null hypotheses for testing statistical significance.

Thus the following hypotheses have been formed:

**Hypothesis 1:** *The evolution of organized apparel retailing in India is not affected by social, economic, technological, political and environmental factors.*
Social and economic factors may include the demographic transition with a young and large working population, the growth of nuclear families in urban areas, the increase in awareness among consumers, the availability of higher household disposable incomes, etc. Political and environmental factors may include the regulations, licenses and laws governing the retail environment and it is necessary to study whether or not they influence the evolution and growth of organized apparel retail firms. The other factors like technology also may impact the growth of firms and there is a need to explore such influences. Hence, the case for the above hypothesis.

**Hypothesis 2:** *The organizational factors responsible for the evolution and growth of organized apparel retailing in India are dissimilar across the firms.*

Organizational factors that may be people and management related, marketing related, customer related, capital and investments related may influence the evolution and growth of firms and a need is felt to study such organizational factors and find whether or not they contribute to the growth of apparel firms in India. It is also felt relevant to find whether such organizational occur commonly in firms either singularly or in multiples showing any patterns and trends of evolution or whether they are unique and exclusive to each firm. Hence the above hypothesis.

**Hypothesis 3:** *The Evolution of organized apparel retail organizations in India is not dependent on the patterns of evolution of organized apparel retailers in developed economies.*

The evolution and growth patterns occurring in the apparel retail firms in India may either be unique and exclusive to them or they may follow the patterns of growth of firms operating in developed economies. As the evolution and growth of retail firms abroad are ahead in time in the developed economies as compared to those in India, there is an opportunity to study whether firms in India follow similar patterns or whether they will depend on such patterns for growth. The above hypothesis would
lead to discerning a comparative picture of the patterns and influences found in the firms in developed countries and those in India.

3.5 Methodology:

3.5.1 Research Methods:

Efforts have been made to find the best solutions to the research problems chosen to approach the issues by a combination of scientific, exploratory and diagnostic research among the other methods available. As the purpose is to discover and better understand the underlying processes related to the research problem in a systematic way the scientific research method has been chosen. The study has been made with an in-depth investigation of retail organizations within the context of their evolution and growth. An exploratory study is a valuable means of finding out deeper insights. Emory and Cooper express that time on exploratory research is well spent and exploratory research renders itself flexible and adaptable to change. Exploratory research goes further than descriptive research in examining a problem since it is undertaken to ascertain and describe the characteristics of the issue. Often exploratory research is done when there are no earlier studies to which references can be made for obtaining information. The focus of the study may be initially broad but exploratory study will help the focus become progressively narrower as the study may progress (Adams and Schvaneveldt, 1991). As very appropriately mentioned, the focus of the study has been initially broad but the study has become progressively narrower as it progressed. An exploratory research study would not try to acquire a representative sample but rather seek to interview those respondents who are knowledgeable and those who might be able to provide insight concerning the relationship among variables and the respondents aimed for this study have been retailers who will have specific knowledge about their own evolution and growth. Hence the study has been undertaken to research the problem following the systematic steps of suggesting the problem for the study and defining the hypotheses to be tested, selecting the variables and classes of data to be collected. There has been a need to use multivariate analysis, sample survey and statistical models in this research as such a scientific approach is
considered to be important for the adoption of the right techniques for acquiring and interpreting data.

Hence the research method chosen for the study is three-pronged.

a) The research is based on well-defined hypotheses. Statistical tests are used for analyzing the results. The cause and effect relationship between variables pertaining to influences and impacting factors of evolution of apparel retailers have been examined by an experimental study.

b) The next method chosen for the study is exploratory research. Many researches are based on consumer studies and an attempt has been made to study retail organizations. An attempt has been made to study the issues by directly undertaking to have a dialogue with the heads of retail organizations so that the evolution and growth of the organizations chosen for the study have been recorded on a first hand basis. An observational study method following the types of cross-sectional and cohort studies have been done.

c) The other method that has been found suitable for the study is diagnostic research and the case study method for an in-depth approach to study the issues has been followed. One sample apparel retail organization in India has been chosen for a detailed study to observe the issues, causes and effects and patterns in its evolution.

3.5.2 Data Sources:

The use of primary source of data has been considered for the study. Primary data provides the first hand information of the situation. The responses can be studied instantaneously and primary data is an assured way of finding out opinions and views of the respondents in addition to being reliable, even though it may be time consuming and expensive. Secondary data sources also have been used with reference to the respondent companies’ published reports.
A combination of data collection methods has been used, which are as follows:

- A questionnaire to collect the relevant information from the respondents. The questionnaire is structured in nature and questionnaires were emailed to respondents abroad. Telephonic survey too was administered wherever needed and the responses have been recorded.
- Interviews to get more in-depth information from certain respondents to the questionnaires have been made. The advantage of the interview method of data collection is that it is more personal and it achieves better response rates.
- Case study has also been used by for more in-depth analysis of one unique and notable case of Shoppers Stop.

A sampling plan and a survey instrument have been designed to study the foregoing hypotheses. The data collection part of the study is discussed first and then the survey instrument is discussed under each research method. The research is qualitative research carried out in these survey methods - 1) Questionnaire Method, 2) Personal Interview Method and 3) Case Study Method:

Survey is a ‘fact finding’ and measurement oriented method, which involves collection of data from respondents directly. The survey method is an ideal one for the study and responses have been sought directly from respondents. The survey has formed enquiries, the function of which is to test hypotheses, to explain relationships between variables and assess the various influences on the retail evolution phenomenon. Further, the survey designed has helped make comparisons among retailers as the study of their evolution progressed.

3.5.3 Tools and Techniques Used:

3.5.3.1 Questionnaire Method:

The respondents at the retail organization level have been approached and the data has been collected directly by administering questionnaires to retail store authorities to determine the store format evolution factors and the characteristic differentiations that they strategically employ.
3.5.3.1.1 Pilot Questionnaire Design:

A pilot questionnaire was administered for each segment of respondents that contains a format for ranking the factors and the set of attributes based on the degree of importance. The final questionnaire was decided considering the experience gained from the preliminary study.

3.5.3.1.2 The Sampling Plan:

The target population for the study has been the apparel retail organizations operating for more than ten years with origin in the countries of USA and UK, which are retail developed economies. In the case of firms with origin from developing retail economies in Asia and India, the random samples from the existing different categories of apparel retail organizations must have been in operation for more than five years. The other common classification parameters have been based on the following criteria:

a) Classification based on Turnover: The retail firm has an annual turnover of more than USD 10 million (INR 50 Crores) per annum

b) Classification based on retailing space: It has more than 25,000 square feet of retailing space

c) Classification based on the number of stores: It has more than 5 stores, thus qualifying to be a retail chain.

d) Classification based on the minimum number of employees: The firm has more than 100 employees.

e) Classification based on ownership / registration: The retail firm may be a privately owned or a public limited one but it has to be registered under the Companies Act in India and for the samples drawn from abroad they should be appropriately registered or incorporated as a company.

f) Must sell apparel categories of merchandise as the core product offering.

Small retailers who did not satisfy the above classification parameters have been excused from the study. Direct sellers like pure catalogue retailers and pure internet
retailers have also been excluded from this study. The target population considered for this study comprises ‘brick and mortar’ apparel retailers. The sample for the study has been determined with respect to various categories – Department Stores: Multi Brand and Private Label, Exclusive Brand Stores and Value Apparel Stores and a similar sample store categories have been attempted for the study in the multinational apparel retailing companies with origin in the countries abroad. All the sample retail organizations with origin in the countries abroad are firms either listed in the stock exchanges of the respective countries or they have been in existence for more than ten years and those in India have been drawn both from publicly listed and privately held retail organizations registered under the Companies Act. The characteristic variables such merchandise, price, service, ambience have been taken into account while deciding on samples for the study to ascertain uniformity in formats for enabling an error-free comparative study. An appropriately classified sampling plan has been adopted to deploy a cross-section of formats in the countries chosen to enable the comparative study. An attempt has been made to study a total sample size of 45 apparel retail organizations. In the multinational category 15 sample organizations with origin in countries abroad – viz. USA, UK and countries in Asia while a minimum of 30 retail organizations with origin from India have been studied, thus making a grand total of 45 apparel retail organizations.

3.5.3.2 Personal Interview Method:

An in-depth interview of respondents from firms further classified on the basis of the sample eligibility criteria has been done using the appropriately designed questionnaire in India. The respondent CEOs have been contacted personally and the data has been collected through a recorded interview method in the majority of the cases and in others, the responses were received by email and post/courier. Interviews are more personal in nature than questionnaires and tend therefore to produce better response rates. As the time taken for conducting research interviews are much longer, focus has been made on the ideal number of sample retail organizations for the study. Interviews are conversations (Kvale, 1996). Kvale defines qualitative research interviews as "attempts to understand the world from the subjects' point of view, to unfold the meaning of peoples' experiences, to uncover their lived world prior to
scientific explanations." As interviews are used after results of more standardized measures are analyzed to gain insight into interesting or unexpected findings, it has been found that a structured open-ended interview after a survey by questionnaire, administered to a smaller sample more focused in nature has done justice to the study with more accurate findings.

3.5.3.3 Interview Questionnaire Design:

A questionnaire has been designed for the structured interview for each category and the responses have been recorded in the questionnaire after administering them either personally or by email for domestic organizations and for the samples abroad the questionnaires have been administered by email and telephonic interviews have been made with the required authorities in the respondent firms, whether domestic or abroad.

3.5.3.4 Case Study Method:

A case study of one apparel retail organizations from India out of the above sample has been made in detail in respect of the background, the development, the evolution, current conditions and other factors of evolution. The occurrences in the sample firm chosen for the case study – Shoppers Stop - have been observed, studied, recorded and analyzed for finding and understanding stages of patterns of retail evolution. Single cases are used to confirm or challenge a theory, or to represent a unique or extreme case (Yin, 1994). Single-case studies are also ideal for revelatory cases where an observer may have access to a phenomenon that was previously inaccessible. Single-case designs require careful investigation to avoid misrepresentation and to maximize the investigator's access to the evidence (Tellis, 1997). It has been proposed to conduct the case study of a single retail organization from among the sample retail organizations interviewed as it has been expected that this study may throw unique insights into the patterns of retail evolution in India. Given the parameter deployed to choose a single large listed apparel retail organization, it was found that Shoppers Stop was the ideal organization for the case study.
3.5.3.5 Tools and Techniques:

The research study has generated both quantitative and qualitative data. Quantitative data is based on meanings derived out of numbers and qualitative data are based on meanings expressed. Quantitative research has drawn significantly standardized and numerical data while qualitative research has generated non-standard data requiring classification into categories. While the data analysis is by diagrams and statistics in the analysis of quantitative data, the analysis of qualitative data is through the concepts. So it has been attempted to categorize the qualitative data to comprehend and manage data, merge related data from various notes, identify patterns emerging from it for further exploration, test hypotheses based on these apparent patterns and relationships and draw and verify conclusions. Every investigation should have a general analytic strategy, so as to guide the decision regarding what will be analyzed and for what reason (Yin, 1994). Categorized responses have been analysed for meaningful and reliable interpretations by deploying the various analytical tools such as Chi square, T-test, Kolmogorov Smirnov (KS-test), Post-Hoc analysis, ANOVA, and Garrett’s ranking technique. A combination of both quantitative and qualitative approaches has been attempted to generate more convincing and reliable answers to the research questions.