ABSTRACT

The global retail industry has been growing at a rapid pace during the last few decades. Modern retail formats, such as hypermarkets, superstores, supermarkets, discount and convenience stores are widely present in the developed countries, whereas such forms of retail outlets have just begun to spread in developing countries in recent years.

The entry of global giants like Wal-Mart, Carrefour, Tesco, Target, etc., in the retail sector poses a big threat for both the organized and the unorganised retailers in India. It has become more complex, to frame unique strategies to compete these global players. Although Tamil Nadu is one of the leading states in India, it is yet to gain attention from a large number of retailers the way other states in India have been receiving. The consumers’ buying behavior becomes an integral part of the marketing strategies of the organized retail stores. In this context, it is imperative to study the consumers’ buying behavior towards organized retail stores and the present research work has tremendous relevance to the retailers in formulating their marketing strategies. This will enable the retailers to know the expectations of the consumers about the format of the retail stores they are banking upon.

To evaluate the consumers’ and the retailers’ opinion, a sample of 1000 consumers and 50 retailers were selected by multi-stage stratified
convenience sampling followed by judgment sampling method. The data were collected using the questionnaire method and the researcher personally discussed with the respondents who utilize services offered by the organized retail stores in the selected 6 corporations viz., Chennai, Coimbatore, Madurai, Tiruchirappalli, Salem and Tirunelveli of Tamil Nadu. The collected data were analyzed systematically using Percentage, Average, Range, Chi-Square, Two-way Anova, Correlation Analysis, Multiple Regression Analysis, Factor Analysis, Structural Equation Modeling and Henry Garrett Ranking Technique.

The major findings are, the variables location, age, gender, educational status, occupational status, annual income, family size, type of family, period of purchase, type of store, frequency of visit, amount spent for purchase and mode of purchase have close association with the level of satisfaction towards the organized retail stores which is confirmed by the chi-square test at 5 per cent and 1 per cent level. The 5-factor structure model has been constructed by using factor analysis (consisting of 18 factors) representing customized service, consistency of the store, corporal facet, professional relationship and cognitive processing and these five factors have a significant impact on the overall consumers’ influence towards the organized retail stores in Tamil Nadu. The analysis of the Structural Equation Model (Dinesh-Vikkraman Model) from the consumers’ perception suggests that all the measured variables are significantly associated with the product
mix variables and these variables are significantly associated with the utilization of the organized retail stores. Shortage of retail location and infrastructure is ranked first as the major problem of retail business and shortage of retail space is ranked second.

The retailers can have a consumer feedback system to provide an opportunity for the customers to lodge complaints. To support this system, the stores can think about creating toll free numbers for the customers in order to interact with them. The retail stores should provide adequate parking facilities to retain their customers. Also, it is suggested that the retailers must adopt effective supply chain management as well the operating and distribution costs should be kept low to lower down their product prices.

Thus, to wrap up, with the opening up of FDI, the global players and the emergence of many large Indian players the retail industry is undergoing several changes. Retail is a multi-faceted industry serving market segments carrying diverse business needs and service requirements. Forces of globalization, consolidation and customization have significantly changed the traditional retail model. Retailers at present are serious in analyzing these multiple challenges as they try to maximize their sales and achieve minimum profit targets.