CHAPTER 2

REVIEW OF LITERATURE

2.1 INTRODUCTION

Review of literature is an indispensable part of any research as it enables the researchers to carry out their research in various dimensions. By reviewing the earlier studies related to a relevant area in which the research is intended to be carried on, the researcher comes across the various ways in which it was initiated, the path through which such research explored and how it reached its destination. Hence, this study is the upshot of the earlier studies related to consumer behaviour in organized retail stores which could be found in various international and national journals and magazines. The review has led the present study to be meaningful and thought provoking. The various reviews collected were grouped into four sections as reviews related to retail industry, retailers’ strategies, consumer behaviour and retail service quality for better understanding.

2.2 REVIEWS RELATED TO RETAIL INDUSTRY

Sparks (1995) in his article focused his attention on the Japanese market. Sparks has made a valuable contribution to the body of knowledge through a detailed study of the Seven-Eleven company in Japan. He stated that the common explanation for the success of Seven-Eleven, Japan is that it is an exceptionally efficient retail store which harnesses technology, systems and relationships with manufacturers and franchisees constantly to reinforce
its knowledge of, and its primary mission, manages on a store-by-store and item by item basis. In delivering this focus, Seven-Eleven have had to redefine convenience store systems and operations and also effectively transform components of the Japanese distribution system.

Dixon (2005) delineated that the recent best practice research and guidance has emphasised the important role that can be played by retail-led urban regeneration projects, particularly in ‘under-served markets’ in the UK. His paper critically examined the role of retailing in urban regeneration focusing on in-town shopping centres located in inner city areas of the UK. The paper is based on the case study research in these centres, and was completed during 2003 for the office of science and technology. The paper examined how employment impact in retail-led regeneration is commonly measured and calls for more research to determine the real impact of retail in deprived communities using other relevant measures.

Hutchinson et al (2005) asserted that internationalization of large multinational retailers is well documented and much research attention has been given to the processes, motives and strategies for expansion. However, a successful international retailer does not necessarily have to be a large retailer. Dynamic smaller retailers with strong concepts, formats and products have shown themselves capable of rapid international growth. Till date there has been a distinct lack of research on the internationalization of small to medium-sized companies (SMEs) operating in the retail sector. Any discussion of SME internationalization within the retail industry should recognise that research on large multinational corporations is not directly transferable to small and medium-sized firms who by their very nature and characteristics embrace a very different set of opportunities in the international market. To address this gap in research, they have drawn upon broader established international SMEs and entrepreneurship literatures to
provide a framework for examining some of the key aspects of the internationalization of retail SMEs.

Ligthelm (2005) signified that the informal trade sector constitutes an important part of the South African economy, with estimated sales of Rs.32 billion in 2002. Its emergence is largely attributed to the divergence between the growth in population, especially the urban population and employment growth in the formal economy. Growth of informal enterprises, especially in the retail sector, is also thriving on the demand of less affluent households, whose needs for unsophisticated and affordable products are aptly supplied by the informal sector. The aim is to focus on one of the prominent sub-sectors of informal retailing, namely spaza or tuck shops, defined as small retail businesses which operate from a residential stand or home.

Prasad & Reddy (2007) elucidated that Indian food and grocery retail sector is in the transformation mode for various reasons like strong macro-economic fundamentals. The changing socio-economic scene drives the traditional and the small scale retail outlets into organised retail formats which are aimed at catering to the evolving tastes and needs of the discerning consumers. But the very fast changing trends in food and eating habits of consumers have contributed immensely to the growth of ‘Western’ format typologies such as convenience stores, departmental stores, supermarkets, specialty stores and hypermarkets. This has happened for various conspicuous reasons namely demand and supply, socio-cultural, demographic, psychographic, economic and technology advancements like a large segment of young population, a rapidly expanding middle class, rising income levels, growing literacy, increasing number of working women and nuclear family structures which in turn have created an enormous demand for consumer goods and paved the way for modern retail formats. The ever changing
consumer’s psychographic variables like activities, interests, opinions, values and lifestyles have also completely changed the formats as convenience stores, supermarkets and hypermarkets etc. which are the crystal clear reflections of tectonic shifts in demographic and psychographic changes of consumers. However, little is known about its actual influence and contribution to the organized retailing in food and grocery sector from an empirical analysis. Thus, understanding the demo-psychographic dynamics has become imperative in designing modern food and grocery retail formats based on the purchase patterns.

Sinha & Kar (2007) enumerated in their analysis that the Indian retail sector is going through a transformation and this emerging market is witnessing a significant change in its growth and investment pattern. Both existing and new players are experimenting with new retail formats. Currently, two popular formats hypermarkets and supermarkets are growing very fast. Apart from the brick -mortar formats, brick -click and click-click formats are also increasingly visible on the Indian retail landscape. Consumer dynamics in India is changing and the retailers need to take note of this and formulate their strategies and tactics to deliver value to the consumer. Their analysis also investigated the modern retail developments and the growth of modern formats in India.

Sreejith & Jagathy Raj (2007) in their study discussed that IT and related services played a major role for India’s current 9.2. GDP growth. Organized retailing in India is one more example for its open economy. The IT industries were able to develop a demand for Indian talents all over the world and improved their living standards. It directly impacts only a small minority of Indian population while organized retail affects every single Indian and every sector of Indian society. Their study gives a glimpse of the slow evolution of retail markets over the years in India and its contribution for
economic growth. The likely positive impact of this revolution in different sectors is enumerated. The study also reveals the consumption pattern of society, increased customer satisfaction and likely change in the market shares of the different types of sellers. It also discusses the flip sides like increasing social tension among families below poverty line and greater loss of self employment opportunities by this revolution.

Gupta et al (2008) unravelled that in India there have been almost forty two thousand sales units. The average number of sales unit per hectare is three hundred, standard trade per unit is Rs. 900 and average number of shoppers entering the mall (foot fall) is approximately four thousand five hundred. As the potential of the rural markets is getting increased it makes the retailers to shift their market from the cities to the rural areas. It is also said that the industries should concentrate on the purchasing ability of the customers instead of their residential location.

Rakesh et al (2008) detailed that the improving farm productivity and competitiveness and diversification of agriculture towards production and marketing of high value crops have been conceived as major policy instruments for India’s agricultural development. Involvement of private sector in agribusiness and marketing of agricultural produce have been initiated through model act on agricultural marketing 2003. The retail sector contributes about 10 per cent of Gross Domestic Product (GDP) and employs 67 per cent of the labour force in the country, second only to agriculture. Under the changing scenario its share in GDP is expected to increase at a very high rate. Therefore, it becomes necessary for state governments to exploit the opportunities of changing business environment and demand patterns in order to achieve rural prosperity and better standards of living to the people. Their study tried to highlight the issues related to agri-retailing and suggests a framework to provide an enabling environment in order to attract private
investment in agricultural sector. This will not only help in increasing rural prosperity but also reduce the high prices of food by eliminating inefficiencies through reduction in post harvest losses, value addition and reduction in price fluctuations in the market.

Srivastava (2008) provided an explanation that organized retailing, globally, has played a major role in nations’ GDP and employment. According to him, the ratio (composition) of organized versus traditional retailing is increasing in countries such as USA (85:15), Taiwan (81:19), Malaysia (55:45), Thailand (40:60), Indonesia (30:70), China (20:80), and India (3:97). The data in parenthesis describes the ratio of organized versus traditional retailing for each country.

Venkatesh (2008) in his paper probed into the antecedents of farm produce distribution and consumption in India, the evolving organized retailing and the ensuing movement against such moves in various states of India. The term farm produce includes agricultural and horticultural produce and its retailing is referred to as agri-retail. The paper, based on socio-economic parameters, critically looks at the arguments for and against the organized farm produce retail in India.

Gupta et al (2009) signified that organized retailing is growing at a rapid pace in India. Although the Indian market is very large and seems very promising, organized retailers are finding it tough to be profitable while traversing the unknown territories of India. One of the marketing strategies is to focus on retaining the existing customers as they are five times more profitable than the new ones. They also, identified the factors that influence customers' intention to continue purchasing from an organized retailer.

Cao & Dupuis (2010) in their article focused on the relationship between international retailers’ core competences, resources and strategy in
the Chinese context. The authors first reviewed the key concepts and dimensions of core competences, then analyzed the field data generated by in-depth interviews with key managers of the main international retail subsidiaries in China. They then pointed out the impact of the competitive structure of distribution, which is the most important environmental factor in China. Finally, they described how an international retail subsidiary in China can create and maintain a sustainable competitive advantage.

Chakraborty (2010) stated that Indian retail is a booming sector and most importantly organizing retail sector is witnessing a radical change. Indian consumers are looking for product variety as well as different retail chains resulting in an increase in retail chain. One of the internationalized retail formats is discount store format. Managing this particular retail format in Indian culture needs an understanding of Indian customers’ perception towards the discount store format. Shopping motive is an important functional element to lead the shopper to market place. Shopping motives change based on culture, retail format, economic and social environment. The study also identified the driving shopping motives of Indian discount store shoppers. Factor analysis extracted three shopping motives, two of which relate to hedonic shopping motive and one to utilitarian. The factors are named as diversion, socialization and utilitarian. Other three dimensions of the study are store attributes, shopping outcomes and shopping perceived cost. Under each dimension factors related to discount store are identified. The identified factors can be the key for discount stores to understand their shoppers.

Ghosh et al (2010) presented that the retail industry in India is acknowledged as a sunshine sector and is driven by factors like strong income growth, changing lifestyles and favourable demographic patterns. Having cemented its presence in metros and tier-I cities, retailers are allured by opportunities in tier-II and tier-III cities like low-cost real estate and shifting
consumption patterns of consumers who are graduating to affluence and lifestyle purchases. Their study explored the shopping and purchase behaviour patterns of consumers within organised retail outlets of Allahabad, a tier-II city in India. Variables identified for shopping orientation were treated with Factor Analysis. Motivating factors for store selection and purchase patterns on each shopping trip have also been analysed. The findings may offer an opportunity for retailers to formulate effective retail strategies for tier-II and tier-III cities.

Mierdorf et al (2010) remarked that at the end of 2007, Germany’s METRO Group had over 280,000 employees and an annual turnover of 66 billion Euro making it the fourth largest retailer in the world behind Wal-Mart (a turnover of 271 billion Euro), Carrefour (82 billion Euro) and Tesco (68 billion Euro). Further, nearly 60% of METRO Group’s revenues came from outside Germany. The story of the growth and transformation of METRO Group from its humble beginnings in the Ruhr valley of Germany just 45 years ago to its present size and scope as a global retailing group is an interesting and important case study, particularly from the viewpoint of providing insights into successful international retailing and global expansion.

Reddy et al (2010) in their study on retailing undertaken in Andhra Pradesh examined the growth and the performance of modern retailing and its impact on traditional retailers. The study indicates that the number of players is less in modern retailing than in the traditional retailing. Vertical analysis between the two chains has also indicated the same results. For instance, in case of vertical distribution in the traditional value chain, 19.8 per cent of the gross value goes to farmers, 11.3 per cent goes to village merchants, 14.3 per cent goes to middlemen, 15.3 per cent goes to wholesalers, 12.0 per cent goes to commission agent, 16.8 per cent goes to rythu bazaar and the remaining 10.8 per cent goes to traditional retailers. Thus, the farmers rank first, and
middlemen and wholesalers rank second, whereas in modern retailing, supermarkets receive 38 per cent of the total gross value. The study also reveals that there are both demand and supply side factors that contribute to the emergence of traditional and modern retailing. Hence, efficient, value chain management will certainly add value and help in bringing the products to the market.

Murugavel (2011) expressed that the retail scenario is one of the fastest growing industries in India over the last couple of years. Indian retail sector comprises of organized retail and unorganized retail sector. Traditionally the retail market in India was largely unorganized however, with the changing consumer preferences organized retail is gradually becoming popular. More than 90% of retailing in India falls into the unorganized sector whereas the organized sector is largely concentrated in big cities. Also, organized retail in India is expected to grow around 25-30 per cent yearly and it increased from Rs.35,000 crore in 2004-05 to Rs.109,000 crore ($24 billion) by 2010.

Rahman (2012) remarked that the Retail bazaar in India is booming beyond everyone’s expectation. The Indian Retail sector has caught the world’s imagination in the last few years. India’s retail growth is largely driven by increasing disposable incomes, favorable demographics, changing lifestyles, growth of the middle class segment and a high potential for penetration into urban and rural markets. The organized retail sector accounts for 5% which has grown to 10% by the end of 2011. A number of large corporate houses like Aditya, Bharti, Reliance, Pantaloons, Vishal, Tata’s, RPG, Raheja's and Piramals's have diversified to add retail to their sector portfolio. His study revolves around the opportunities and the challenges faced by the organized retail players in India. It was found that organized retailers face competition from the unorganized sector as their biggest
challenge, followed by the competition between the organized retailers and the inefficiency of distribution channels, internal logistical problems and retail shrinkage.

2.3 REVIEWS RELATED TO RETAILERS’ STRATEGIES

Thomas & Garland (1996) expounded that written shopping lists significantly reduce the average expenditure, where as the presence of children accompanying the shoppers significantly increases the expenditure and the time spent in store. Hence the retailers must encourage customers to spend more time in store by providing facilities and entertainment to the customers and the persons who accompany them.

Arbuthnot (1997) stated that his research was designed to develop an inventory of vendor-related problems experienced by buyers for small retail apparel stores during the merchandise buying process, determine how frequently each difficulty occurs and identify the experiences perceived to be unethical. Among the 22 vendor-related difficulties examined minimum order requirements, 6 month advance purchase, incomplete orders, late shipments, and shipping overcharges were identified most frequently. Analysis of results suggested that one factor, that is misleading vendor practices, and eight background variables (annual sales, price line, full- and part-time employees, retail and buying experience, and shopping large or small markets) were associated with unethical experiences. Ethically troublesome experiences most frequently mentioned were padded orders, selling same merchandise sold by the competitor, withholding return authorization and credit, shipping overcharges, and dealing with vendor's factor.

Howe (1998) has given a valid point by suggesting that the retailing environment is undergoing constant changes, however, when the market is relatively static and highly competitive, retailers are likely to implement a
different strategy. This is understandable as senior managers in retail organizations need to formulate and implement a strategy that repositions the organization and this happens from time to time in order that the corporate objectives set are indeed realized and the various stakeholders are satisfied.

Reynolds (1998) articulated that the internationalising activities of retailers have tended to precede the theoretical contributions of academics. This is particularly the case for the cultural context within which retail internationalisation takes place. Following an examination of the growth of international retailing activity, the article reviews generic difficulties in studying inter-cultural differences before considering the specific steps which retail practitioners have taken to understand the comparative characteristics of retail and consumer markets through the growth of geo-demographic and lifestyle analysis. It was found that significant insights into retailer behaviour and strategy can be gained from an understanding of the culturally-specific characteristics of the activity.

Dawson (2000) aimed to take stock of the key issues facing retail executives and researchers. The synthesis presented is the result of an extended series of interviews and discussions with retailers, their advisors and academics across Europe. The objective is to generate discussion of the issues rather than considering a particular issue in depth. The in-depth analysis of specific issues is the subject of further work. Six challenges have been identified for managers as: i) the need to grow continually and the consequent pressures associated with ‘bigness’, ii) the changing nature of brands in retailing, iii) impending over-capacity of retail space, iv) the turbulent nature of environmental, including consumer, change, v) the balance between externalization and internalization of functions and vi) the unknown impact of e-retail. For the researchers, it was suggested that the research should move from current descriptive paradigms to more explanatory ones with a stronger
theoretical base. The six areas of retail research suggested as important are i) considerations of the nature of the retail management, ii) risk assessment and evaluation, iii) modelling the organization, establishment and channel relationships, iv) the role of corporate culture and organizational learning, v) understanding the economics of competition and vi) the role of retailing as a catalyst for economic growth in transitional economies. The challenges identified may help to frame strategic thoughts in the sector and the creation of an agenda for further research.

Lord (2000) signified that the retail saturation has become a prevalent theme of discussions within the retailing and shopping center development sectors. The concept also has recently begun to attract the attention of the academic community. Causes of the rapid growth in retail supply are discussed including the availability of capital, the competitiveness of key players, and the dynamic nature of the retailing and the shopping center development sectors. Indicators of saturation are reviewed and a number of escape mechanisms are noted. He concludes his study by considering avenues for further research, the impact of internet retailing, public policy issues related to saturation and the appropriateness of the saturation concept for describing the retail environment.

Nathan (2001) recognised that the traditional formats like hawkers, grocers and paan shops co-exist with the modern formats like supermarkets and non-store retailing channels such as multi-level marketing and teleshopping. Example of modern formats include department stores like Akbarallys, supermarkets like Food World, franchise stores like Van Heusen and Lee, discount stores like Subhiksha, shop-in-shops, factory outlets and service retailers.

Bell & Lal (2002) stated that frequent shopper programs are becoming ubiquitous in retailing. However, retailers seem unsure whether
these programs are leading to higher loyalty, or to higher profits. An analysis is done with the data from a US supermarket chain that used a number of frequent shopper rewards to improve sales and profitability. It was found, these programs were profitable because of the substantial incremental sales. Also a solution was proposed that retains the benefits of the frequent shopper programs and yet continues to let supermarkets benefit from price discrimination.

Ramaswamy & Namakumari (2002) stressed that in recent years, there has been a slow spread of retail chains in the formats like supermarkets, department stores, malls and discount stores. Factors facilitating the spread of chains are availability of quality products at lower prices, improved shopping standards, convenient shopping and display, blending of shopping with entertainment and the entry of industrial houses like Goenkas, Rahejas, Piramals and Tatas into retailing.

Bandyopadhyay (2004) reflected in his study the patterns and the consequences of suppliers' strategies to influence dealers in marketing channels in India. Suppliers in India are found to use indirect influence strategies more frequently than direct influence strategies towards their dealers. Of two possible indirect influence strategies, recommendations are used more often than information exchange. When direct influence strategies are applied by suppliers, promises are used most often followed by requests, legal pleas and threats. The effect of various influence strategies on dealer satisfaction is also investigated. It is found that recommendations and legal pleas have a positive impact on dealer satisfaction.

Prater et al (2005) aimed to study the radio frequency identification (RFID) usage in supply chains within a specific business and market context especially in the grocery industry. Their paper considered RFID research within the context of the grocery industry and outlined the market drivers that
affect the way the grocery industry approaches RFID and also specific areas of research on RFID that should be undertaken to provide the grocery industry with better managerial insights into this technology’s application. By examining market drivers that lead to RFID implementation in the grocery industry, their article provided a theoretical framework for future applied research on RFID implementation.

Vaccaro & Iyer (2005) affirmed while the internet holds several benefits for current catalogue and store retailers to pursue multichannel strategies, many firms have not achieved high levels of success in the integration of the internet channel in multichannel retailing. They took stock of the benefits of the internet in multichannel retailing, identified the problems and strategic options that affect the success of multichannel retail strategies using the internet and offered a decision making framework that identifies critical issues in pursuing a multichannel retail strategy.

Warnaby et al (2005) outlined that the role of town centre management (TCM) schemes in UK has expanded to incorporate an overt focus on marketing and promotion. Their paper considered the marketing / promotional activities of TCM schemes in UK. TCM schemes operate at the interface of the public and the private sectors. The implications of this were discussed, including the need for a consensual approach by a wide range of urban stakeholders and the actual activities undertaken influenced by the funding imperative under which such schemes operate (which impacts on the feasibility of certain activities and the efforts made to evaluate them). Comparisons were also drawn between specific place marketing practice by TCM schemes and wider place marketing strategies.

Giulietti (2007) analyzed the effect of upstream and downstream market concentration on retailers’ price-cost margins using bimonthly data over the period 1989–1992. In addition to horizontal concentration,
differentiation, and cost factors, the analysis includes buyer power amongst the determinants of retailers’ profitability, as a result of vertical bargaining. The analysis of price competition at the retail level also revealed some interdependence in the pricing decisions of the largest retail organisations and the price leadership by the large independent shops.

Hart et al (2007) in their paper seek to identify the skill gaps associated with retail employees in SME and multiple retail companies and to investigate the potential training and business implications that arise from these skills gaps, from the point of view of retail employers. A research was conducted within one geographical region and across five counties within UK. Telephone and face-to-face interviews and focus group workshops were conducted, resulting in responses from 52 retailers. The key issues and areas of concern to emerge were: the industry image and impact on recruitment and retention; employee and management skills gaps; and barriers to training. The findings highlighted the need for UK retail industry to raise the image of the sector, to identify the skills sets for specific roles and to clarify the retail qualifications and training required for delivering customer service.

Tractinsky & Lowengart (2007) in their study discovered the role of aesthetic design in Web-based stores. Designing Web-based stores involves the application of knowledge from diverse fields such as marketing and human-computer interaction. The research findings were integrated from different areas to propose that the role of aesthetics can be examined using a conceptual framework that takes into account the contingent nature of the consumer, the product and the shopping process. They also suggested that the two sub dimensions of web aesthetics, termed "classical" and "expressive," may aid in understanding and shaping consumer behaviour on the Internet.

Vyas & Sharma (2007) in their paper asserted that the Indian apparel retail sector poses interesting challenges to a manager as it is evolving
and closely linked to fashions. Appealing mainly to youth, the sector has typical information requirements to manage its operations. The study being exploratory in nature, adopts a case study approach to understand the practices of organized retailers in apparel sector regarding applications of various DSS (Decision Support system) tools. The benefits realized were ‘help as diagnostic tool’, ‘accuracy of records and in billing’, ‘smooth operations’. The implementation issues highlighted by the store managers were more initial teething problems rather than resistance on the part of employees of the store and need for investment of time & money in training. Majority of operational decisions like inventory management, CRM, campaign management were handled by ERP (Enterprise Resource Planning) or POS (Point of Sale). The issues of coordination, integration with other systems in case of ERP usage and training are highlighted.

Chaudhuri (2008) defined flexibility is an important concept while doing business or managing distribution channels, particularly in retailing, especially in the current era when consumer demands are challenging and competition is tense. Flexibility in retailing is an emerging research domain. But there is only limited research in flexibility in retailing. His article, led through a case study of an Indian retailer who is intended to stimulate research activity to develop new knowledge on marketing and flexibility. This may create a positive gain of developing and using resource and coordination flexibilities that create the strategic options and resulting strategic flexibilities that are most useful in managing the future uncertainties faced by the organizations.

Rubio & Jesúsyagüe (2008) expounded the extensive number of manufacturer brands that exist on the market and that the restricted number of brands that are successfully marketed on the shelves cause many producers to manufacture store brand as a way to remain in or enter a channel. Many of the
producers who have made this decision have achieved considerable market share in the store brands of their product portfolio. This competitive position in a specific asset of the distributor generates dependence on this agent, which will be affected by the product management of the manufacturer regarding the store brand and the retail management of the product and of the shelf space of these brands. Their research proposed a structural model from the manufacturer’s point of view, in which the following are analysed: (1) the direct relationship between the manufacturer’s competitive position in the store brand and its dependence on the retailer and (2) the indirect relationship between both aspects through the product management by manufacturers and their perception of the retail management of the store brand.

Sckokai & Soregaroli (2008) in their paper found that in the European food sector, private labels represent a relevant and increasing share of the total sales. Focusing on price strategies, the recent theoretical papers concluded that private label development should cause a decrease in the price of national brands, while some empirical studies do not support this prediction. The aim of their study is to explore this empirical relationship for the Italian dairy sector. Using retail sales data, they have also studied how prices of national brands react to private label growth. It was found that the impact of private label development on national brand prices is product specific, i.e. a negative impact is registered by industrial products such as butter and mascarpone and by highly differentiated products such as yogurt. Positive effect is found in the case of traditional cheeses produced by strong national brands.

Zentesa et al (2008) justified that in recent years, marketing research has paid considerable attention to the symbolic meaning the consumers attribute to brands. An important symbolic brand association is brand personality. While the brand personality scale that Aaker has proposed
in her well-known article has been applied to different products and product groups in different countries, an application to retailing is rare. Based on the data of an empirical study in Germany, it was demonstrated that the scale is applicable for retail brands in Germany, that it serves well to clearly differentiate between the retailers and the dimensions of the brand personality that directly influence the store loyalty of consumers.

Belbağ et al (2009) in their study have drawn a detailed picture of supply chain inventory planning systems used in the Turkish retail sector. During the study, companies developing enterprise resource planning (ERP) software were contacted and interviewed to reveal the contribution of ERP software to supply chain management and the opportunities it offers to users in terms of inventory planning. Through these interviews, it was attempted to determine the estimation and planning capabilities of the existing ERP software. In addition, a comparison of the ERP products of national and foreign software companies producing solutions with various functionalities for the retail sector is made along with an evaluation in view of enterprise management.

Kamaladevi (2009) asserted firmly that the survival of fittest & fastest is the mantra of the present day’s business game. To compete successfully in this business era, the retailer must focus on the customer’s buying experience. To manage a customer’s experience, retailers should understand what “customer experience” actually means. Customer Experience Management is a strategy that focuses the operations and the processes of a business around the needs of the individual customer. It represents a strategy that results in a win–win value exchange between the retailer and its customers. The goal of customer experience management is to move customers from satisfied to loyal and then from loyal to advocate. Her paper focused on the role of macro factors in the retail environment and how they
can shape customer experiences and behaviours. Several ways (e.g., Brand, Price, Promotion, Supply Chain Management, Location, Advertising, Packaging & labeling, Service Mix, and Atmosphere) to deliver a superior customer experience are identified which would result in higher customer satisfaction, more frequent shopping visits, larger wallet shares, and higher profits.

Molina et al (2009) spotlighted the effects of consumer service on loyalty in retail establishments. They empirically examined the relationship between waiting time, product quality, store atmosphere and loyalty. With empirical support, they suggested that consumer service through three dimensions influences loyalty. Further, they stressed that consumer service in retail establishments can be viewed as a threshold factor in order to maintain satisfied and loyal customers.

Beneke (2010) in his exploratory study investigated the perceptions of fast moving private label brands in the South African grocery food sector. Successful positioning of these brands has been achieved globally, most notably in developed markets. However, in a South African context this does not appear to be the case. To this end, research has been undertaken in order to understand better the current position these brands occupy in the minds of South African consumers. Included in the study is the consideration of critical branding elements such as trust, availability, pricing, packaging, etc. The knowledge gained through this research should ideally facilitate the process of advancing private label brand research in an academic context and improving brand positioning, increasing market share and optimizing profit extracted from private label brands in a managerial context.

Garg (2010) exemplified that Enterprise Resource Planning (ERP) has become a key business driver in today’s world. Retailers are also trying to reap in the benefits of the ERP. In most large Indian retail industries ERP
systems have replaced non-integrated information systems with integrated and maintainable software. Retail ERP solution integrates demand and supply effectively to help improve bottom line. The implementation of ERP systems in such firms is a difficult task. So far, ERP implementations have yielded more failures than successes. Very few implementation failures are recorded in the literature because few companies wish to publicize their implementation failure. Her paper explored and validated the existing literature empirically to find out the critical success factors that lead to the success of ERP in context to Indian retail industry. The findings of the results provide valuable insights for the researchers and practitioners who are interested in implementing Enterprise Resource Planning systems in retail industry.

Garg (2010) is of the view that Enterprise resource planning (ERP) systems are increasingly being adopted by many Retail organizations in India. The implementation of ERP systems in organizations is an enormously complex undertaking and costly affair. So far, ERP implementations have yielded more failures than successes. Around 75% of the ERP projects are classified as failures. This paper explored and validated the existing literature empirically to find out the critical failure factors that lead to the failure of ERP in context to Indian retail organizations. If Retail organizations can focus and improve on their management of these failure factors, they can increase the rate of success in the implementation of the ERP system.

Ghosh et al (2010) stated that the phenomenal growth of retail in India is reflected in the rapid increase in number of supermarkets, departmental stores and hypermarkets in the country. However, this unpredicted growth trend has been challenged by the shadow of the current economic slowdown, which has raised a fear of dip in consumption and slowdown of growth for Indian organized retailers. At a time when consumer
spending is on decline, success will lie with those retailers who can drive customer loyalty by responding to the demands of the consumer. Their paper is an attempt to address issues related to store attributes and their relevance in the store selection process. Eleven variables (store attributes) have been identified in this article based on theory and judgment. Factor analysis has yielded three factors: Convenience & Merchandise Mix, Store Atmospherics and Services. The factors identified and recommendations made in the article would be of use to retailers in designing their outlets with store attributes that would meet the expectations of shoppers and thus motivate them towards store patronage decisions.

Heinemann & Schwarzl (2010) enunciated in their article that the online retail in the present day is taking place at a higher level of evolution than in the initial years of e-commerce. This is especially evident through the voluntary and the active inclusion of customers in the sales process in the form of feedback, friends’ recommendations and public product ratings, as well as the cultivation of social communities and social interactions on the internet.

Kalyanam et al (2010) represented that around 2002 as a participant of MIT’s Auto-ID center, the METRO Group saw the need to test, prove, observe and experience the acceptance of RFID and other new technologies in a real-life environment. The objective was to find solutions entailing real advantages for both the retail industry and the consumers. In the short run, the focus was on technologies that can increase the effectiveness of logistic processes and make shopping easier and more convenient. Longer run objectives include setting standards for retailing that can scale on an international basis.

Khare & Rakesh (2010) highlighted that organised retailing in the form of malls is poised to develop exponentially in India. Malls are
transforming the landscape of Indian retailing and consumers’ attitudes towards shopping. The upsurge of mall activity poses a question of how much malls are responsible for generating sales and consequently generating profits. The paper was directed at the retailers with their stores in the malls and describing their opinion about what generates consumer traffic and profits in malls. The retailers’ selection of malls is driven by the business potential offered by malls. The findings of the research demonstrate that an assortment of factors is responsible for mall traffic. These may be categorised under entertainment facilities, services, ambience and mall management.

Tripathi et al (2010) detailed in their article driven by real estate costs, relative purchasing power and demand-supply gap in tier-II and tier-III cities in India, organised retailers are looking at a fair share of adjustments to their retail strategies to make their presence felt in these markets. The primary objective of their study is to profile Indian shoppers in tier-II cities and analyse their shopping orientation by a survey of consumers across two such cities. Variables like store selection, amount and time spent within store, and number of items purchased on each shopping trip were identified and treated with factor analysis. As a result four shopping orientations emerged namely value, purpose, convenience and consultation. Retailers in tier-II cities may identify such shopping orientations and increase customer traffic and sales by emphasising on well-targeted strategies.

Hariprakash (2011) in his paper noted that radical changes take place in the Indian retail industry. Strong underlying economic growth, population expansion, the increasing wealth of individuals and the rapid construction of organized retail infrastructure are the factors contributing for such changes. One of the new things seen in the Indian retail Industry is the growth of Private Brands in the organized retail. His paper also discussed about the private brands in Indian retail industry. It mainly focused on the
importance of private labels to a retailer, some of the well known private brands in Indian retail Industry, the growth potential of private brands and the performance of private brands with some examples.

Betancourt et al (2012) in their paper brought together two bodies of literature. One of them is a literature on the special role of the consumer in retailing. The other one is the literature on customer satisfaction. This joining of literatures is accomplished by identifying distribution services as outputs of retail firms and fixed inputs into the production functions of consumers and relaxing the standard assumption that the demand for these services is always equal to the supply of these services. The result is a new conceptual framework for the analysis of customer satisfaction in retailing. This framework extended the basic ideas on customer satisfaction developed for manufacturing in a homogeneous single product setting to the heterogeneous multi-product setting relevant for many retailers.

Marion (2012) in his paper indicated Metropolitan areas with a significant presence of warehouse stores had lower retail food price increases during 1977 to 1992 than the areas with no warehouse stores. The negative impact occurred largely during the first half of the 15-year period. Strategic learning appears to have led to a different response from incumbent supermarkets during 1985–1992. Change in prices was positively related to change in concentration and negatively related to entry.

Vaz et al (2012) in their paper described a method for the assessment of retail store performance based on Data Envelopment Analysis (DEA). The assessment considers the stores as complex organizations that aggregate several subunits, corresponding to sections with management autonomy. This structure motivated an analysis at two different levels: the section level and the store level. The performance assessment of the sections evolves a comparison among similar sections located in different stores and
evaluates efficiency spread. This is followed by an analysis at the store level to define targets for the sections. This analysis takes into account the interdependencies of the sections composing a store, as they share limited resources such as the floor area. This is achieved using a Network DEA model, which determines the maximum store sales allowing for reallocations of area among the sections within a store. The method developed is illustrated using a case study consisting of a Portuguese chain of supermarkets.

### 2.4 REVIEWS RELATED TO CONSUMER BEHAVIOUR

Hise & Muczyk (1977) pointed out that the previous studies of the driving times of shopping center patrons have not examined the effect of limited access highways. Their study analyzed the impact of interstate highways on the driving times of 204 shoppers at three medium-sized regional shopping centers. Those shoppers indicating usage of interstate highways to reach their shopping destinations were significantly more likely to incur travel times greater than fifteen and twenty minutes than those not using the available interstate roads. In predicting the drawing power of these shopping centers, factors besides mass were found to be useful. These include square footage of shopping goods, stores, and number of parking places.

Sheth & Gross (1991) identified three antecedents for shopping preference among an evoked set of alternative outlets. They are shopping motives, shopping options and choice calculus. According to him, shopping motives are made up of consumers’ wants and needs and are influenced by personal values as well as product related characteristics.

Kim & Park (1997) described that 70 per cent of shoppers visit the grocery stores at random intervals and 30 per cent at relatively fixed intervals and there are clear differences between these random and routine intervals. The routine shoppers are identified to have higher opportunity costs which
make it difficult for them to visit grocery stores more often and/or to switch stores although they spend more dollars for a given shopping trip.

Moreau (1999) in her study observed that the problem of waiting is important in service activities, when customers are passive, often standing in a queue. Her study reviewed 18 published empirical studies to identify the groups of factors and their influence on customers. Some groups of factors reveal significant effects, such as real waiting time or expectation, others such as environmental factors are disappointing. These results altered her vision of the phenomenon, and lead to new directions for further practical or theoretical investigations, for example reintegrating the non-linear effects of time in the study of waiting, exploring the expectation phenomenon and its variations, classifying customers and situations in order to manage critical waiting circumstances better.

Seiders & Tigert (2000) observed in their study in a grocery shopping in Victoria (Texas, US), the most important reasons for choosing a particular store among primary shoppers are (purchasing most often from the store), convenient location, variety/assortment, low/good prices and familiarity. A similar study extended to four markets in the region after the entry of hypermarkets (supercenters), suggested that a large number of consumers changed their preference structure, setting price and assortment before convenience, in their store choice criteria. This indicates that consumer preferences may differ in different places and for different retail formats.

Baltas & Papastathopoulou (2003) discerned that although customers attach considerable importance to store location, private label is found to be a store selection criterion of low importance for grocery shoppers. The own label shopper has low socio-economic status, tends to fit the higher thrift and adventurous buyer orientation, regards in-store information sources
quite highly, shops frequently and longer, ostensibly strives for the best price and value for money.

Moschis et al (2004) discovered that consumers who are aged are very price-conscious, (with an often exacting memory for the prices of frequently purchased items necessitating food stores to use frequent price-reduction promotions), enjoy interactions and prefer to shop in a store where they can receive special assistance services (such as valet parking, delivery assistance, carry-out assistance, liberal product return and refund policies).

Sinha & Banerjee (2004) carried out a study on format choice of food and grocery retailer for one product and one customer segment with a sample of 26 respondents on five existing store formats namely kirana, upgraded kirana, supermarkets, hypermarkets and wholesalers. Respondents suggested that the type of products influence the buying patterns of customers and commented that it would be interesting to capture the utilities of each store format, given that shopping has been found to be influenced by local culture and suggested that it would be a good study to determine the format choice behaviour of many customers.

Suresh (2007) inspected in his research about the buying behaviour and promotion in Textile Retailing and concluded that increase in turnover should be achieved by reducing the margin in this competitive era to survive in the long run. To sustain in the competitive world, the retailer must be updated about the price fluctuations and new fashions in the supplier market. Also he is expected to be in a receptive mood to know the preference and taste of customers.

Hariharan & Ashokan (2008) in his study interpreted the consumers’ perception towards the retail, in Palakkad. Visiting retail outlets has become a group activity. Most of the shoppers are influenced as well as
accompanied by colleagues, friends and relatives. Majority of the people who visit do not shop at all.

Mattila & Wirtz (2008) expounded that over-stimulation has a positive impact on impulse purchases. Store managers can look at a number of environmental design variables to increase stimulation in their shops. Further, they have indicated that perceived crowding and employee friendliness jointly influence impulse buying, and hence these two factors need to be considered together in store design.

Rathore (2009) intended to analyze the consumer behaviour towards organized and unorganized retailing, their source of purchasing and the factors which influences their mall purchasing in India. She remarked that retailing in India evolved with evolutionary patterns from a Kirana store to a supermarket. This sector was unorganized in the initial stage, and after that it is carried forward and now it is growing as supermarkets and hypermarkets. The paper depicted the main drivers of the retail revolution in India and how this revolution changes the buying behaviour of the customer, increase in disposable income of the middle class, infrastructure development and changing customer choice.

Gangal & Kumar (2013) signified that the shopping habits and the purchase patterns of the Indian consumers have seen a drastic change in the past decade. Their paper aimed at identifying the profile of this new Indian consumers, how they purchase, what are the factors that influence their consumer behaviour towards shopping malls and how do they choose their shopping destination. The major limitation of this research is that it was undertaken in the geographic boundary of the city of Ahmedabad, Gujarat. Their study revealed the purchase pattern of the consumers of Big Bazaar, Thereby recommending how can Big Bazaar position itself better in the minds of its consumers and paving a way for further research. Their major finding is
Big Bazaar’s biggest client base is youngsters, who visit Big Bazaar mainly to shop cloths and food items, and prefer Big Bazaar because of its low-price pricing strategy.

2.5 REVIEWS RELATED TO RETAIL SERVICE QUALITY

Parasuraman et al (1988) defined service quality as a consumer attitude, reflecting the perceived overall superiority and excellence in the process and the outcome of a service provider. They identified a set of 22 variables/items tapping five different dimensions of service quality construct. Since they operationalized service quality as a gap between customer’s expectations and perceptions of performance on these variables, their service quality measurement scale is comprised of a total of 44 items (22 for expectations and 22 for perceptions). The SERVQUAL scale is designed to uncover the broad areas of good or bad service quality and can be used to show service quality trends over time, especially when used with the other service quality techniques. The SERVQUAL scale is based on a difference score between customers’ expectations of service and their perceptions after receiving the service.

Mehta et al (2000) explored the usefulness of SERVPERF and a retail service quality scale (the DTR scale) in measuring the service quality of different product-service retail environments. Specifically, they investigated the relative performance of two scales measuring the service quality of retailers where goods purchase is the primary focus, against another where both goods and services are equally important. Results showed that the DTR scale was superior within the context of a “more goods and less services” environment, i.e. a supermarket, while SERVPERF was better for a retailing context where the service element becomes more important, i.e. an electronic goods retailer.
Siu & Cheung (2001) studied the service quality delivery of a department store’s chain and its impact on consumption behaviour. The findings showed that the impact of physical appearance and the policy were salient on the overall perceived service quality and the future shopping behaviour respectively. Among the six service dimensions, the physical appearance and the policy had the greatest impact on the overall service quality and on the future consumption respectively.

Vazquez et al (2001) attempted to extend the conceptualization and the measurement of service quality in the retail environment. The review of the retail and service quality literatures and the findings from a qualitative study conducted by the authors revealed that service quality in retail companies adopting the commercial format of supermarkets have a four factor structure (physical aspects, reliability, personal interaction and policies).

Wong & Sohal (2003) examined the impact of service quality dimensions on customer loyalty, on two levels of retail relationships: person-to-person (salesperson level) and person-to-firm (store level). A total of 1,261 surveys were administered to shoppers who were leaving a large chain departmental store in Victoria, Australia. The results showed that service quality is positively associated with customer loyalty, and that the relationship between the two is stronger at the company level, rather than at the interpersonal level. Specifically, among the dimensions of service quality, the most significant predictor of customer loyalty at a company level is tangibles, while the most significant predictor of customer loyalty at an interpersonal level is empathy.

Choi et al (2004) highlighted how the web retail service quality has different effects on the perceived product quality, value, and willingness to buy according to product categories. They presented a research model on the basis of service quality, product categories on the web and marketing theories.
for consumers’ purchase behaviour. They concluded that functional web retail service quality has a direct effect on the willingness to buy and technical web retail service quality influences the consumers’ perceptions of product quality and value.

McKenzie (2006) explored how the Estonian consumers interpret and perceive retail service quality. They found retail service quality was a relevant construct for examination in Estonia. There is an expectation from the consumers to exert their own sense of shopping capabilities. There is an expectation that selling staff need to be authoritative and to show consideration to the consumers through acts of politeness and courtesy. Also there is an expectation that policies exist to make things right when a problem occurs.

Parikh (2006) empirically assessed the gap between the customers’ expectations and their perceptions about the service quality of retail stores in India. Statistical analysis showed that although the RSQS scale was found to be quite reliable, the gap scores did not merge into five dimensions of service quality as proposed by the scale developers, rather, the gap scores roughly merged into nine dimensions. RSQS may not be applicable to the retail sector in India without further restructuring.

Wong & Sohal (2006) investigated the consumer perceptions of their shopping experience in a retail environment. They found that service quality related factors such as being consistently courteous to customers, instilling confidence in customers, knowledge to answer customers’ enquires, and ability to handle customer complaints assist in the establishment of higher levels of trust. They empirically tested the effect of service quality, trust, and commitment on relationship strength. Further, they proposed a model of relationship strength which explored the impact of relationship strength on
attitudinal outcomes such as perceived relationship quality and behavioural outcomes such as customer loyalty.

Tamilarasan (2007) in his article focused to study the retail stores’ service quality dimensions in select retail stores. After an in-depth analysis of a variety of store dimensions and services quality dimensions, his study revealed that all these dimensions have to be improved to earn a competitive edge and survive in the retail business in view of the changing and emerging retail scenario in India.

Nadiri & Tumer (2009) applied RSQS among 648 customers of a large chain of retail stores in Northern Cyprus. They confirmed the applicability of the original five dimensions of the RSQS in the setting of Northern Cyprus. Retail service quality was shown to be positively related to behavioural intentions (intention to repurchase and intention to recommend). Multi-regression analyses revealed that the dimensions of physical aspects, problem solving and reliability had the greatest impact on customers’ behavioural intentions.

2.6 LITERATURE SUMMARY

To wrap up, after reviewing various literatures, it is identified that organized retailing globally plays a major role in a nation’s GDP and employment. It is evident that, Indian retail industry is in its transformation mode and it witnesses a significant change in its growth and investment pattern. The various factors that contribute to India’s retail growth are increasing disposable incomes, favourable demographics, changing lifestyles, growth of the middle class segment, penetration into urban and rural markets and emergence of new formats in retail sector.

Retailers really face a tough time as they have to adopt innovative and creative strategies in retailing which would enable them to sustain and
succeed in the competitive world. They also adopt different promotional strategies to attract new customers and activities like frequent shopper programs & loyalty programs to retain the existing customers. Introduction of private label brands minimizes the price of the national brands and increases customers’ satisfaction. Implementation of technologies like RFID and ERP packages increases the effectiveness of the logistic process and integrates demand and supply effectively to help improve bottom line. Also ERP packages prove to be helpful in supply chain management & inventory planning.

The shopping habits & purchase pattern of the Indian consumers have seen a drastic change. It is also significant that consumer behaviour is highly influenced by shopping motives which are made up of consumers’ wants and needs. The routine buying behaviour of the consumers is based on the stores’ convenient location, variety products, low price and familiarity. Compared to the youngsters & middle aged consumers, the old age consumers are very price conscious and they prefer to shop in a store where they can receive special attention services. Most of the shoppers are influenced and accompanied by their family members, friends & relatives. The store design also plays a major role consumers’ impulse purchase.

Service quality is the customers’ overall judgment of the service and actual service performed. SERVQUAL scale is widely used to measure the service quality. Among the various dimensions of service quality like personal interaction, policy, physical appearance, problem solving, promises & convenience, physical appearance & policy have the greatest impact on the overall service quality. But, all the dimensions have to be improved to earn a competitive edge and survive in the retail business.

To conclude, till date there has been a lack of research in analysing both the consumers’ expectations and the retailers’ strategies together. Hence, the present study fulfils this gap. Unlike the available researches in organised
retailing which are undertaken in limited study area, the present research covers the entire Tamil Nadu which would provide a broader dimension. Moreover, the data collection tool in this study aims at extracting the information from the retailers based on the retail mix (price, place, promotion, product, presentation, people and customer service) which would help in extracting more information from the retailers regarding services and facilities provided by them and the marketing strategies adopted by them. Even though, there is an availability of product mix (product, price, place and promotion) variables and sub criteria in earlier research studies, a model is newly developed in this research to identify the various attributes that would suit the best, the utilization of organised retail stores. Since this study has been carried out in Tamil Nadu, as extended or further research the same can be done in other states also. Also these would enable the retailers to analyse and comprehend the consumers’ buying behaviour which would facilitate the retailers to frame and implement unique and innovative marketing strategies, thereby allowing them to sustain, succeed and establish in the competitive business world.