Chapter-II

Review of Literature

Review of literature is the effective evaluation of selected literature on a research topic. It is an essential part of the research process. It provides a background to the study being proposed.

Review of literature describes, compares, contrasts and evaluates the major theories, arguments, themes, methodologies, and approaches in the scholarly literature on a research subject. It also connects compares and contrasts these arguments, themes and methodologies etc., with the concerns of a proposed piece of research. The literature review is not an annotated bibliography or a summary of the sources listed one by one or just a descriptive summary of the historical background to the research subject.

In a literature review, the central focus is on examining and evaluating what has been said before, on the research subject, and establishing the relevance of this information to the present research. It enables the researcher to identify what has not been said in the literature on a subject (this is called ‘a gap in the literature’). It also permits the researcher to discuss the methodologies that have been used in the literature and how these relate to the chosen method.

The review of literature for the present study is divided in three sections:

- The first strand of the literature examines the attributes affecting consumer evaluation of retail store formats.
- The second strand of the literature examines the growth of organized retail formats domestically and globally.
- The third strand examines the association between consumer demographics and their preference for retail format.
2.1 Attributes affecting consumer evaluation of retail store formats

Attributes affecting consumer evaluation of retail store formats has been a subject of wide research and has been studied from various perspectives. Some of the related studies are:

Verma and Madan (2011) in a study conducted in Indian context highlighted that retailers are offering newer service dimensions to create unique shopping experiences for the customers. However, whether consumers are able to perceive newer service dimensions and getting affected for store patronage in new store formats or not, remains to be found out. They emphasized the fact that Indian retail environment is going through a sea change due to the introduction of new formats and opening up of retail industry, it becomes important to understand the store image perceptions of consumers here. The study attempted to find out the key factors that are perceived as important to Indian consumer in evaluation of a retail format.

Jayawardhena (2011) in a study conducted in Central India, tested a conceptual model of the effects of customer and service orientation (SO) behaviours of individual retail employees on individual customers’ perceptions of service encounter quality (SEQ), service quality (SQ), value, satisfaction, and behavioural intentions (BI). The sample was customers of a supermarket in central India, and they completed questionnaires following mall intercept. To test the hypotheses, structural equation modelling was employed. They found that service and customer orientation (CO) behaviours are positively related to SEQ and SQ; SEQ is positively related to SQ and customer satisfaction; SQ is positively related to value perceptions and customer satisfaction; and customer satisfaction is positively related to retail customers’ BI. However the study found that value is not related to customer satisfaction.

Ghosh, Tripathi and Kumar (2010) in their study conducted in Indian context, attempted to address issues related to store attributes and their relevance in the store format selection. Eleven variables (store attributes) had been identified based on theory and judgment. Factor analysis had yielded three factors: Convenience and Merchandise Mix, Store Atmospherics, and Services. The factors identified and recommendations made 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.
Ali, Kapoor and Janakiraman (2010) in a study conducted on households of Gomtinagar area of Lucknow city analyzed a marketing strategy for a modern Food and Grocery market based on consumer preferences and behaviour. The researchers personally surveyed a total of 101 households having sufficient purchasing power using structured questionnaire. The results indicated that preferences of the consumers were their priority for cleanliness and freshness of food products followed by price, quality, variety, packaging, and availability of non-seasonal fruits and vegetables. It was found that the consumers' preferences of marketplace largely depend on the convenience in purchasing at the marketplace along with the availability of additional services, attraction for children, basic amenities, and affordability. Results also suggested that most of the Food and Grocery items are purchased in loose form from the nearby outlets, whereas fruits and vegetables are mostly purchased daily or twice a week due to their perishable nature. However, grocery items are less frequently purchased.

Hemalatha, Ravichandran and Lakshmi (2010) found that there is a dearth of tested instruments which could measure customer-perceived service quality of a retail store in the Indian context. In order to understand the driving factors of a typical Indian retail customer, the key objective of their study was to empirically test the service quality dimensions. The study also carried out the gap analysis and identified the areas for improvements in retail service quality.

Chakraborty (2010) in a study conducted in Hyderabad, India identified the driving shopping motives of Indian consumer for Discount store formats. Factor analysis extracted three shopping motives, two of which related to hedonic shopping motive and one to utilitarian. The factors were named as diversion, socialization and utilitarian. Other three dimensions of the study were store attributes, shopping outcomes, and shopping perceived cost. Under each dimension, factors related to Discount store were identified. The identified factors could be the key for discount stores for understanding their shoppers.

Seock and Lin (2010) examined the cultural influences on young consumers’ loyalty tendency and evaluations of the relative importance of apparel retail store attributes in Taiwan and the USA. A structured questionnaire was developed to collect the data. Factor
analysis was employed to identify dimensions of apparel retail store image attributes. Multivariate analysis of variance and hierarchical multiple regression analysis were used to examine the hypotheses. Results of the study showed that American consumers have significantly greater collectivistic characteristics than Taiwanese. The study also found that country of residence is a significant and stronger indicator in predicting loyalty tendency than individualism and collectivism dimensions. The results of the study showed that evaluation of the relative importance of retail store attributes is influenced by culture. Among the five apparel retail store attribute dimensions identified in the study, Taiwanese and US respondents’ evaluation of the importance of “convenience”, “product” and “information communication” factors of retail store image attributes differed significantly.

Paswan, Pineda and Ramirez (2010) in a study conducted in Mexico investigated whether influx of large stores is inevitable, by focusing on consumers' motivation for selecting a retail store, and the association between these motivation dimensions and the shopping patronage. The results indicated that consumer's preference for small stores is positively motivated by functional benefits and familiarity with small stores; and negatively associated with the functional benefits offered by large stores. These motivational dimensions were also found to be positively associated with the share of wallet spent at small stores. It was found that gender exhibited mixed effect on preference for small stores and the share of wallet. The study revealed that women feel that large stores provide better functional benefits and support for the local economy.

Huddleston, Whipple, Mattick, and Lee (2009) in their study conducted on US households, compared and contrasted customer perceptions related to satisfaction with conventional grocery stores as compared to specialty grocery stores. Their study examined store attributes of product assortment, price, quality and service in order to determine which attributes had the greatest impact on store satisfaction for each store format. The results showed that perception of satisfaction were higher among specialty grocery store customers compared to conventional grocery store customers. For both store formats, the study found that store price, product assortment, service and quality positively influenced satisfaction. Stepwise regression indicated that each store attribute contributed differently to store satisfaction for conventional and specialty store formats.
Mittal (2009) compared the consumer evaluation of store attributes for grocery and apparel retail segment. The author emphasized that the retail format which represents the right mix of various store dimensions, will eventually depend upon the interplay between various store attributes. This study used a research instrument developed by the author in an earlier study for the comparative analysis. A very significant pointer from this research was that while there is some commonality of attributes between retail sectors, the precise importance and mix is, arguably, determined more by the motivation of the customer behind each specific shopping excursion. The grocery and apparel store attributes dimensions that had emerged from this study proved that the factors were different in terms of their composition and importance.

Martínez-Ruiz, Jiménez-Zarco, Barba-Sánchez, and Izquierdo-Yusta (2009) in a study on Spanish consumers, identified the factors whose perception had the greatest influence on customer satisfaction. The authors analyzed a database of 422 Spanish consumers who purchased from different types of self service grocery stores in a representative Spanish city. The findings revealed that among consumers who exhibited a low propensity to buy store brands, perceptions of the quality image, as well as perceptions of service and convenience, had positive and significant influences on the maximum level of customer satisfaction. However, for those consumers who were not prone to buying store brands, only the perception of services and convenience influenced their maximum level of satisfaction. This research found the features which could help retailers focus their strategies on appropriate consumer targets and thus attain a sustainable competitive advantage through their differentiation.

Theodoridis, and Chatzipanagiotou (2009) studied the functional relationship between store image attributes and customer satisfaction in the market environment of Greece and investigated the stability of the structural relationships between store image attributes and customer satisfaction across different customer groups. They identified four specific types of buyers, namely, the Typical, the Unstable, the Social, and the Occasional. While four of the six considered store attributes appeared to be significant determinants of customer satisfaction, when examined for the degree of invariance between the four groups only pricing and products-related attributes were found to be equally significant in all four groups.
Kamath (2009) in a study conducted in context of Mangalore city of India, found that consumer satisfaction and loyalty being closely related, the marketing strategies of retailers must focus on customer retention. The authors emphasized that working out strategies in this direction required a thorough understanding of the preferences of the consumers on the attributes that are considered of much significance. They attempted to analyze the consumer’s preferences of the specific attributes of retail store in Mangalore city. Factor analysis had been used in identifying the main factors. These factors included shopping experience and ease, entertainment and gaming facilities, promotion, discounts and low prices, add-on facilities and services, variety of products, and other factors for shopping convenience.

Bhardwaj (2009) measured the links between attribute perceptions and consumer satisfaction, and between consumer satisfaction and sales performance, in the food retail sector of India. The study relied upon an extensive data set of consumer satisfaction and sales information from approximately 180 consumers. Hypothesis constructed addressed the inherent nonlinearities and asymmetries in these links. The author also provided an example of how firms could use the estimated linkages to develop satisfaction policies that are predicted to increase store revenues. First, the author examined nonlinearities and asymmetries in the satisfaction-sales performance links based on an empirical study. Second, the study advanced the measurement of behavioural links between consumer satisfaction and performance in the food retail sector with firm-specific data. Third, the study showed how firms can employ such results to develop appropriate consumer satisfaction policies. In the case of the cooperating retail company in this study, the results suggested that managers should focus on consumer service, quality and value to affect overall consumer satisfaction and its ultimate impact on sales.

Chaubey (2009) in his study conducted in Garhwal Region of Uttrakhand state of India, identified the consumer perception and their behaviour toward store image, store patronage and store loyalty. The findings of research indicated that originality of the product is given highest preference by the respondents and they believe that retail showroom offers original product. It was followed by the availability of the product in large variety. The relationship and services offered by the retailer had emerged as another important issue which was given due consideration and scored better in consumer’s preference list. The importance of
recognition of consumers’ value system and the discount offered by the retailer were found to be other important factors which respondent had considered in selecting the retail showroom.

**Goyal and Aggarwal (2009)** examined the relative importance of the various products purchased at organized retail outlets and the choice of format the consumer had, when purchasing a product. The results showed that not all items are equally important for retail outlets and various products need specific retail formats.

**Choudhary and Sharma (2009)** conducted a study in Chandigarh Tricity (Chandigarh and its satellite cities of Mohali and Panchkula), keeping in view the dynamically growing organized retail in the region. The data of 200 retailers for the study covered time frame from the year 2007 to 2008. After an extensive literature review it was pertinent that size of retail stores and their location played a significant role in measuring the operational efficiency of retail stores. An empirical analysis was conducted using chi-square test of independence to understand the role and contribution of type of retail formats on operational efficiency and to examine the impact of location on the same. It was concluded from the data analysis that there was significant influence of format of retail stores and location on the operational efficiency. However, the degree of association was found to be low.

**Reuttere and Teller (2009)** in a study conducted in Central Europe, identified store format attributes that impact the store format choice when consumers conduct fill-in or major trips to buy groceries. Their study found that consumers patronise multiple (store based) formats depending on the shopping situation operationalized by the type of shopping trip. The study adopted the conceptual framework of random utility theory via application of a multinomial logit modelling framework. The analysis was based on a survey of 408 consumers representing households. The results revealed a considerable moderating effect of the shopping situation on the relationship between perceived store format attributes and store format choice. It was found that consumers’ utilities are significantly higher for Discount stores and Hypermarkets when conducting major trips. To the contrary, it found that Supermarkets are preferred for fill-in trips in the focussed retail market.

**Alhemoud (2008)** studied the product selection processes of Kuwaiti nationals based on their shopping habits in the Co-operative Supermarkets (Government owned grocery stores). This
study attempted to explore the determinant attributes that influence the patronage decisions of Supermarket consumers in Kuwait. Based on a descriptive analysis of data collected via an accidental sampling procedure, fourteen store attributes were identified. These attributes were factor analyzed, generating four image dimensions intuitively labelled as merchandise, personnel, accessibility, and promotion. A stepwise regression showed that merchandise image was the most salient in determining the frequency of Supermarket shopping. The results of study also showed that none of the demographic characteristics of consumers have an impact on the perceived importance of the promotion image. Most of the differences among the categories of the consumers' demographic characteristics were found in the accessibility image, providing possible explanation for why the rank of the importance of accessibility elements varies considerably from one study to another.

Kaul (2007) in a study conducted in the city of Bangalore, examined the applicability of Retail Service Quality Scale (RSQS) developed in the US in India. RSQS has five dimensions and six sub-dimensions and has been found appropriate in a variety of settings — across different countries such as South Africa and Singapore and across a variety of store types such as Supermarkets, Department stores, and Hyper stores. The five dimensions — Physical Aspects, Reliability, Personal Interaction, Problem Solving, and Policy are believed to capture distinct though correlated aspects of retail service. Each of the first three dimensions has two sub-dimensions. These six sub-dimensions, also called the first-order factors, are labelled as Appearance, Convenience, Promises, Doing it-Right, Inspiring Confidence, and Courteousness/Helpfulness. Data using a survey questionnaire from 144 adult shoppers at large format apparel stores indicated that the RSQS dimensions and sub-dimensions were not clearly identifiable. The study found that the dimension of ‘Physical Appearance’ is the only one that is relatively clear. All other dimensions were found to be ill-defined. The dimension of ‘Problem-Solving’ was found to be hazy and all the remaining dimensions of RSQS comprised one factor. The study concluded that RSQS has limited diagnostic application and is inappropriate for application in Indian retail. Pre-test interviews of shoppers indicated that several service aspects mentioned by shoppers during interviews are not included in RSQS.

Mishra (2007) highlighted that the rapid growth of retailing in recent years has necessitated the upcoming many new firms to benchmark. Retail firms are concerned about the available resources and their optimum utilization with respect to consumers’ need and preference. The
study compared the performance of some selected retail stores using benchmarking in retailing. The study had used Data Envelopment Analysis (DEA) to assess the relative efficiency of the retail stores. The results of data analysis showed that only sales cannot increase the efficiency of a retail store.

_Lather and Kaur (2006)_ in their study on Malls in India analysed the influence of selected attributes on store patronage for doing shopping. The authors highlighted that shopper decision on retail format depends upon store characteristics. Keeping these facts, the researchers had studied the nine characteristics of Malls to elaborate the enthralling shopping experiences. The study provided academics, Mall developers and retailers a richer understanding of various components that contribute to malls experiences.

In a study exploring the key factors influencing customer preferences as applied to the concept of ‘Amul Preferred Outlets’ (which are franchisee run food retail outlets) _Rao and Kapoor (2006)_ identified 14 variables to study the store choice criteria. These 14 factors were subject to data reduction through factor analysis that identified three factors namely: Convenience, Snacks Joint, and Value added services.

_Sinha, Mathew and Kansal (2005)_ found that format choice is a cognitive process. According to them, like any other purchasing decision, format choice is also information processing behaviour. They emphasized that a store is chosen based on the confidence that the customer has about the nature and quality of product and service the consumer will receive. In Indian scenario, formats had been found to be influencing the choice of store as well as orientation of the shoppers. Their study analyzed the various factors influencing decision making process of customers in choosing a store format. A full-profile procedure was used for the Conjoint Analysis in this study. The study also helped identifying the important factor set which affects consumer format choice decisions.

_Grace and Cass (2004)_ explored the extent to which patronage intentions of retail stores are affected by perceived value for money, customer satisfaction and consumption feelings. In addition, they examined the effect of store service provision as an antecedent to such consumer evaluations of retail stores. These relationships were modelled overall and then examined in the context of both Department stores (defined as mass-merchandisers, which
highlight quality image and high customer service) and Discount stores (defined as mass-merchandisers with an emphasis on self-service and low prices). While all paths (except one) were found to be significant in the overall model, differences were found when comparing the Department and Discount store models. The study found that perceived value for money played a much more significant role in the Discount store model, whereas consumption feelings were found to be more central to the Department store model.

In a study to determine predictors of store choice in the Indian market, Sinha and Banerjee (2004) found the following factors determining store choice: proximity, merchandise, ambience, service, and patronized store. They found that for grocery stores the most important factors are: proximity, visiting the store for many years, and relationship with retailer.

Gómez, McLaughlin and Wittink (2004) in a study on US food retail sector, measured the links between store attribute perceptions and customer satisfaction, and between customer satisfaction and sales performance. The authors constructed a statistical model to address nonlinearities and asymmetries in the satisfaction-sales performance links, and illustrated how retailers can affect store revenues by managing customer satisfaction. Contributions of the study included the analysis of behavioral consequences of customer satisfaction in the food retail sector, the accommodation of complexities in the satisfaction-sales performance links based on an empirical model of first differences, and a discussion of how managers could employ the results for customer satisfaction policies.

Grewal, Baker, Levy, and Voss (2003) emphasized that many factors, both obvious and subtle, influence customers’ store patronage intentions. They experimentally manipulated the number of visible store employees, number of customers, and music using video technology and tested the relative importance of wait expectations and store atmosphere evaluations on patronage intentions. These constructs were found to be critical antecedents of store patronage intentions in the context of the service-intensive retail store at which the model was tested. They also found support for the direct effects of gender on wait expectations and store atmosphere evaluations.
Voss and Parasuraman (2003) found that the purchase preference is primarily determined by price rather than quality during pre-purchase evaluation. Their study found that given explicit quality information, price had no effect on pre-purchase or post-consumption quality perceptions. Instead, post consumption quality evaluations had a favorable impact on price evaluations.

Solgaard and Hansen (2003) identified several store attributes that were considered important for the consumer's evaluation of stores. These attributes included merchandise, assortment, merchandise quality, personnel, store layout, accessibility, cleanliness and atmosphere.

Veerapong and Pitsuwan (2002) examined the attitude and consumer behaviour toward Supermarkets in Bangkok Metropolitan Areas by surveying 625 respondents, randomly chosen from within 50 areas in Bangkok using a self-administered questionnaire. The fundamental outcomes demonstrated that management strategies for Supermarket-retailing store businesses should be different depending on the type of Supermarkets. The study found that in case of Supermarkets in discount store format, customers typically prefer the stores that offer reasonable product price and sales promotion. In addition, store atmosphere was found to be the least significant factor in accounting for the preferences for consumers of Supermarkets in discount stores and in department stores.

Baker, Grewal and Parasuraman (2002) proposed a comprehensive store choice model that included (1) three types of store environment cues (social, design, and ambient) as exogenous constructs, (2) various store choice criteria (including shopping experience costs that had not been included in store choice models) as mediating constructs, and (3) store patronage intentions as the endogenous construct. They empirically examined the extent to which environmental cues influence consumers’ assessments of a store on various store choice criteria and how those assessments, in turn, influence patronage intentions.

Sinha, Banerjee and Uniyal (2002) found that shoppers choose the store based on many aspects that could be classified as primary and image based. It was also found that the importance of each of these aspects changes with the kind of store the shopper wants to visit. They attempted to understand this behaviour of the shopper. The study explored the shoppers
for the primary reasons for choosing a store. Then, using a factor analysis, the several image dimensions were classified. Further, using multinomial logit regression, the store choice pattern was studied across different types of store.

**Orhan, Oumlil and Tuncalp (1999)** found that retailing business is greatly affected by the patronage behavioral orientations of shoppers. The authors emphasized that, understanding these orientations could assist retailers in developing appropriate marketing strategies toward meeting the needs and wants of consumers. Another important factor affecting consumer behavioral orientations was found to be the store image, an image shaped by store attributes. They examined the linkage between consumer values and the importance of some salient store attributes.

According to **Mittal, Ross and Baldasare (1998)**, the relationship between the attribute-level performance, overall satisfaction and repurchase intentions is of critical importance to managers and generally had been conceptualized as linear and symmetric. The authors investigated the asymmetric and nonlinear nature of the relationships among these constructs.

**Dabholkar, Dayle and Joseph (1996)** used a hierarchical factor structure to capture dimensions important to retail customers based on the retail and service quality literatures as well as three separate qualitative studies. Confirmatory factor analysis based on the partial disaggregation technique and cross-validation using a second sample supported the validity of the scale as a measure of retail service quality.

**Burton, Lichtenstein, Biswas, and Fraccastoro (1994)** examined whether information in an advertisement promoting a price discount is capable of affecting attributions made about the price reduction and whether these attributions, in turn, affect consumer perceptions and evaluations of the sale. The findings of the study showed that price image of the retail advertiser had a strong effect on attributions pertaining to the merchant and a marginal effect on product attributions. The attribution variables, in turn, explained significant amounts of variance in criterion variables measuring consumer perceptions of value, attitude toward the advertisement, and shopping intentions, beyond the variance explained by the store and discount claim variables manipulated in the study. The results of the study suggested the
importance of the role of attributions made by consumers when exposed to advertisements promoting discounts.

**Bitner (1992)** presented a typology of service organizations and a conceptual framework was advanced for exploring the impact of physical surroundings on the behaviours of both customers and employees. The ability of the physical surroundings to facilitate achievement of organizational as well as marketing goals was explored. The author highlighted key managerial and research implications by examining the multiple strategic roles that physical surroundings could exert in service organizations.

**Grewal and Sharma (1991)** found that sales force behaviour could have a significant effect on customer satisfaction. They presented a conceptual framework examining the impact of the sales force policy on customer satisfaction. Within the context of the framework, it was suggested that salespeople and sales managers could increase customer satisfaction through adaptive selling behaviour and by developing customer feedback systems. They emphasized that the determination and improvement of customer satisfaction should be essential goals of sales force management.

**Hildebrandt (1988)** concluded that the major success factor in the retail industry is store image and measurement model of store image that conceptualizes the perception of store image attribute such as price level is used to forecast marketing performance as a business success measure.

**Arnold et al. (1983)** used consumer cross-shopping data to study food store choice in developed countries. They found that the following were important food store choice determinants: Location; Price; Assortment; Fast Check-Out; Friendly and Courteous Service; Weekly Specials; and Pleasant Shopping Environment.

**Bearden (1977)** distinguished seven attributes as potentially significant for store patronage: price, quality of merchandise, assortment, atmosphere, location, parking facilities and friendly staff.
Doyle and Fenwick (1975) found that price, product variety, one-stop shopping, quality, location of the store, advertisement, general appearance of the store and convenience are some of major attributes looked upon by the consumers while evaluating a grocery store.

According to Lindquist (1975), the retail outlet image is the image or personality resulting from a mix of functional and psychological attributes of the outlet as perceived by the consumer. Functional attributes included merchandise selection, price ranges, credit policies, store layout and other factors that could be measured to some degree and used to compare one outlet objectively with its competitors. The author emphasized that psychological attributes are a little more difficult to identify and compare across outlets. They included such subjective considerations as a sense of belonging, a feeling of warmth, or friendliness, or a feeling of excitement. The study concluded that consumers form an outlet image based simultaneously on functional and psychological attributes.

Martineau (1958) stated that the store’s personality draws shoppers to one store rather the other. He emphasized that not only should retailers be concerned with value and quality of merchandise, but also with a wide range of other factors. He categorized store attributes into two main categories: functional and psychological. The functional category included attributes such as location, assortment of products and store layout. The psychological category represented the feelings generated by the functional elements of the store. The results showed that the former category had gained more attention in the subsequent research into store choice than the latter.

2.2 Growth of organised retail formats domestically and globally

Some of the related research work includes:

Shenoy, Nayak and Kumar (2011) attempted to understand the competition prevalent amongst the Indian retailers and proposed a model for choice of retail format. The results showed that Hypermarkets would prove to be lucrative in the years to come.

KPMG India (2009) identified the changing contours of retail industry in India and highlighted the drivers which will likely to have impact across retail categories. The report
featured several significant developments for the Indian retail industry, including the entry of many global players, growing acceptance of the modern formats, the success of many speciality retail formats, and the growing competition in the regional markets beyond the metros and Tier I cities.

According to report on ‘Grocery Retailing in Asia Pacific’ by KPMG (2009), the outlook of retail industry in Asia had never been more promising. According to this report world’s largest retailers are jostling not only to gain but to preserve market share in the competitive landscape. This is especially true in the grocery sector, where maintaining differentiation is a constant challenge. The report found that there are significant opportunities for the retailers, and whether this growth is achieved organically, or by acquisition, joint venture or strategic alliance, thorough commercial and market analysis will be critical to help ensure that the strategy fits the business objectives and customer needs.

Minten, Reardon and Sutradhar (2009) in a detailed case study of Delhi, emphasized that modern retail is shown to emerge quickly, offering more labelled and branded food products and more choice than traditional markets. The authors highlighted that modern retail is at its mere incipience in India selling basic foods mostly at the same or lower prices than traditional retail and might thus become an important contributor to improved urban food security.

Sengupta (2008) captured the history of the evolution of modern Food and Grocery retail in India. He focused on the time period from 1971 to 2001. The research was primarily exploratory in nature. Primary research included depth interviews, focus groups and survey through questionnaire with organized retailers, unorganized retailers, consumers, fast-moving consumer goods manufacturers, channel members, and opinion-leaders. The study found that emergence of modern retail in India is not just a result of increasing consumer buying power but manufacturers and unorganized retailers also have an important role to play in this process at the macro-level. The study emphasized that at the micro-level, the trigger for growth of organized retail come from diverse angles like entrepreneurial desire to provide better service to consumers, social desire to provide relief to the masses in the form of lower prices, desire to capitalize on emerging business opportunities provided by the changing business environment etc.
Srivastava (2008) looked at the changing scene in the retail sector in view of many MNCs and large industries entering into this segment. Data were drawn from industry sources which included national and international published sources from 1993-2006. They found that malls are more developed in the North and West part of India. Another finding of the study was that food, groceries and apparel purchases by customers contributed to 52 percent. Further, study revealed that on average 75 percent of customers spend about 1-3 hours in the mall. The study also revealed that malls with multiplexes such as cinema theatres, food courts, and play places for children are becoming the centre for family outings. It was found that small retailers have improved their service to cater to Indian consumers and credit limits and home service are helping them to hold on to their customers.

According to report by Cygnus India (2008), the retail sector in India is witnessing a huge revamping exercise as traditional markets make way for new formats such as Department stores, Hypermarkets, Supermarkets, and Specialty stores. The report stated that the retail sector in India is at an inflexion point where the growth of organized retailing and growth in the consumption by the Indian population is going to take a steep trajectory.

Reynolds, Howard, Cuthbertson, and Hristov (2007) stated that a retail format is a physical embodiment of a retail business model: the framework that relates the firm’s activities to its business context and strategy. Such business model would entail the retailer’s key resource and process mix aligned with its segmentation, targeting and positioning strategies. Therefore retail formats need constant nurturing and maintenance. They stated that considering the multiplicity of consumers needs, desires and preferences, which typify the contemporary retail environment, numerous new forms of retailing are emerging. Many contemporary retailers have developed their retail formats to deliver enhanced opportunities to add-value to the shopping experience beyond the mere acquisition of sought goods. They concluded that winning retail formats emerge from an opportunistic and incremental process based more on intuition than rational analysis.

Gaiha and Thapa (2007) in their discussion paper produced by the Asia and the Pacific Division (IFAD) confirmed through an econometric analysis that Supermarkets are likely to grow rapidly in several countries in the Asia and the Pacific region. The study prospected that
as diets and lifestyles change and incomes grow the demand for Supermarket services will increase. In parallel, capital flows and dramatic changes in food supply chains will boost the growth of Supermarkets. The study proposed that while there is considerable evidence that this would translate into lower food prices for consumers not only in major cities, but also in small towns in rural areas, as well as significant spill over effects by freeing up resources (and total factor productivity growth) and technological advancement, some concerns remain about the exclusion of smallholders. The study found that either the quality or other requirements (e.g. traceability) are much stringent for smallholders, or smallholders simply lack access to modern inputs and credit.

**KPMG (2005)** along with FICCI conducted a survey of CEOs of twenty leading retail organizations in India to gain a better insight into the retail sector. The report highlighted that the last few years have witnessed an explosion of organized retail formats like Supermarkets and Hypermarkets in an otherwise fragmented Indian retail market. The study highlighted that in order to tap this growth opportunity, Indian retail organizations need to be prepared for a quick scale up across dimensions of people, processes, and technology in addition to identifying the right formats and value proposition for the Indian consumer. The findings of retail survey indicated that Specialty and Supermarket format have the most potential for growth in India followed by Hypermarkets.

**KPMG (2005)** reported the results of survey conducted with various companies involved in retail in India. The report revealed that many of the companies surveyed believe that the potential size of this market is underestimated. They considered that there are considerable opportunities for organized retailers in the kind of rural territories that many companies had failed to address. According to the report, a critical issue was how fast and how far the consuming class will grow. This depend both on the growth of personal disposable income and the extent to which organized retailers succeed in reaching lower down the income scale to reach potential consumers towards the bottom of the consumer pyramid. Companies expected retail growth in the coming five years to be stronger than GDP growth, driven by changing lifestyles and by strong income growth, which in turn will be supported by favourable demographic patterns. The structure of retailing will also develop rapidly. According to the report, Supermarkets have been taking an increasing share of general food and grocery trade over the last two decades.
Sinha and Kar (2004) highlighted 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. The study revealed that currently two popular formats – Hypermarkets and Supermarkets are growing very fast. They emphasized that 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. They investigated modern retail developments and growth of modern formats in the country. They also discussed the challenges and opportunities available to the retailers to succeed in the country.

Mulky and Nargundkar (2003) found that stores in modern formats have emerged in the metropolitan cities but the bulk of the retail sales happen through traditional retail formats. The authors analyzed the developments in retailing in India. They carried out a literature survey of retailing in India and in some newly industrialized countries.

Davidson, Bates and Bass (1976) stated that global developments and lifestyle changes continue to affect the retail sector and force retailers to adapt their business models and strategies to these changes. By adapting to changes in the retail environment retailers would try to apply new perspectives to established ways of doing business. They proposed that these evolutionary pressures are nothing new, with each retail format being described as having a ‘life-cycle’ through which they grow in appropriateness and importance before eventually being overtaken by the changing retail environment to become obsolete.

Goldman (1974) outlined that in developing countries, the dominant form of retailing for grocery and household items has traditionally been the small neighbourhood food store. He highlighted that large Supermarkets and other modern formats of retailing as seen in the world today have their roots in 1916, when Clarence Saunders opened the first self-service store in Tennessee, Memphis called the ‘Piggly Wiggly’ store. In little over a century retailing has taken many formats. This is especially true for the food retailing business. Formats such as Convenience stores, Department stores, Hypermarkets, Supermarkets,
Specialty stores, Wholesale clubs, Discount stores, etc. have sprung up in the last half of the 20th century to make use of the growing demand for one-stop shopping solutions.

2.3 Consumer demographics and preference of retail store format

A narrower segment of the consumer preference of retail store format research has been devoted to studying individual difference variables, such as demographic, socio-economic, or psychological variables, as the key predictors of store format choice. Some of the related studies by Bellenger, Robertson, and Hirschman 1976; Douglas, 1976; Winn and Childers, 1976, found a weak association between consumer demographics and their preference for retail format. Other related studies are:

Prasad and Aryasri (2011) made a detailed study on the effect of shoppers’ demographic, geographic, and psychographic dimensions in terms of format choice behavior in the fast growing Indian Food and Grocery retailing. They adopted descriptive research design by applying mall intercept survey method using structured questionnaire for data collection. Both descriptive (mean and standard deviation) and inferential statistical tools like factor analysis and multivariate analysis was used to analyze the data collected from 1,040 food and grocery retail customers from upgraded neighbourhood kirana stores, Convenience stores, Supermarkets, and Hypermarkets in conjoint cities of Secunderabad and Hyderabad in Andhra Pradesh in India. The study found that shoppers’ age, gender, occupation, education, monthly household income, family size, and distance travelled to store have significant association with retail format choice decisions. The choice decisions were also varied among shoppers’ demographic attributes.

Mortime and Clarke (2010) in a study conducted on Australian consumers identified the differences between male and female shoppers rating related to the importance of store characteristics within a Supermarket retail environment. Survey was used to gather data from two hundred and eighty male and female grocery shoppers, across four major Supermarkets. A simple-random-sample, collection methodology was employed to collect data. The study revealed significant statistical differences between male and female grocery shoppers on all ten store characteristics constructs. Significant gender differences were featured on twenty-
eight of thirty scale items tested. The study also revealed that female grocery shoppers considered Supermarket store characteristics more important than male shoppers.

**Tripathi and Sinha (2008)** in Indian context, argued for incorporating both the shopper attributes and the store formats in store choice. They found that shopper attributes can be captured through the demographic variables, as they can be objectively measured, and they also captured a considerable amount of attitudinal and behavioural variables. The study attempted to link store choice, format choice and consumer demographic variables, through a hierarchical logistic choice model in which the consumers first choose a store format and then a particular store within that format. They developed a nested logit model and the variables predicting the choice probabilities were identified.

**Carpenter and Moore (2006)** in a study conducted in US marketplace, provided a general understanding of relationship of grocery consumers' demographics with their retail format choice. A random sample of US grocery consumers (N=454) was surveyed using a self-administered questionnaire. Descriptive and inferential statistical techniques (regression, ANOVA) were used to evaluate the data. The finding identified demographic variables specific to formats (Specialty Grocers, Traditional Supermarkets, Supercenters, Warehouse Clubs, and Internet Grocers) and examined store attributes (e.g. price competitiveness, product selection, and atmosphere) as drivers of format choice.

**Bhatnagar and Ratchford (2004)** developed a general model of retail format choice for non-durable goods. They proposed that using one common model, it is possible to isolate the states under which patronizing Supermarkets, Convenience stores, and Food Warehouses would be optimal. The optimality of the different formats was found to depend on membership fees, travel costs, consumption rates, perishability of products, inventory holding costs of consumers, and cost structures of retailers. They developed several hypotheses regarding format choice by consumers. They tested the hypotheses on self-reports of shopping behaviour in hypothetical situations.

**Leszczyc, Sinha and Timmermans, (2000)** formulated and tested a model of store choice dynamics to measure the effects of consumer demographics on consumer grocery store choice and switching behavior. A dynamic hazard model was estimated to obtain an
understanding of the components influencing consumer purchase timing, store choice, and the competitive dynamics of retail competition. The hazard model was combined with an internal market structure analysis using a generalized factor analytic structure.

**Bawa and Ghosh (1999)** found that the shopping trip to the grocery store is one of the most basic elements of consumer behaviour. The authors provided an understanding of the factors that account for variations in shopping behaviour across households. They presented a model of shopping behaviour that assumes that households seek to minimize the travel cost associated with shopping and the cost of holding goods in inventory. A number of propositions derived from the model were tested using data on shopping trips made by households over a one-year period. The results supported the model and indicated that the relationship between household characteristics and shopping behaviour can be fairly complex: for some households shopping might have a recreational aspect while for others it might compete directly with wage-earning activity.

**Dholakia (1999)** examined the impact of changing social pressures on going shopping among married households. Key constructs were sex and shopping context which determine shopping responsibility among household members. Based on a large scale survey that included statistically viable numbers of male as well as female respondents, the study found a great deal of consensus regarding shopping responsibility among the sampled households. The study concluded that although men are playing a significant role in shopping activities, particularly shopping for household groceries, shopping remains a gendered activity but it is not a pleasure less activity. The study concluded that the Supermarket is likely to be the retail setting where the changing roles will make the greatest impact.

**Zeithaml (1985)** conducted a field study in US to examine the effects of five demographic variables (gender, female working status, age, income, marital status) on Supermarket shopping variables (e.g. shopping time, number of Supermarkets visited weekly, amount of money spent). The study detected major shifts in demographic characteristics of US grocery consumers and the author predicted that the traditional mass market for grocery products in the US would break into various market fragments as new retail formats emerged. In particular, the study emphasized that change in the family unit (e.g. increases in the number
of working females, male shoppers, and single, divorced, or widowed households) will drive changes in grocery patronage in the USA.

*Crask and Reynolds (1978)* dealt with frequent and non-frequent shoppers to the Department stores, and found frequent patrons tended to be younger, more educated, and had higher incomes.
References:


