CHAPTER-V

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5.1 INTRODUCTION

Retailing is one of the biggest contributors to the Gross Domestic Product (GDP) of most countries and also one of the biggest employers. Retailing, one of the largest sectors in the global economy, has been going through a period of major and dramatic changes. The corner grocery store has evolved into an international business. McDonald's has over 8000 outlets in 87 countries - over 1500 in Japan alone. Wal-Mart is operating stores from Brazil to China. Some of the largest food retailers in the United States, such as A&P, Food Lion, Stop & Shop, Shaw’s, and 7-Eleven, are owned by retail companies with headquarters in Europe and Japan (Top Global Retail Companies). “Retailing consists of those business activities, which are involved, in the sale of goods or services to consumers for their personal, family or household use.” It is the final stage in the distribution process for goods and services from manufacturers to final consumers. Retailing in India is undergoing dramatic changes post liberalisation even though there was a lot of political and social resistance as opening up of retail sector meant crating competition to the unorganised retail sector of India which comprised of almost 97% of the market in 1996. The trademark of Indian retail sector, a small shop with a highly personalised service is under threat from the new formats (Sinha and Banerjee, 2004). India has often been referred to as a nation of shopkeepers where there is one shop per 96 individuals. But all this is fast changing owing to the entry of various national and international players in the retail sector and the increasingly sophisticated consumer. We are witnessing a revolution where a typical general store, stacked with barrels, bins, and sacks filled with everything from soaps to pickles is fast losing its customers to the new formats such as departmental stores, hypermarkets, supermarkets and specialty store. Also advances in information technology and as a result of retailing focusing on needs of particular consumer groups by segmenting them has brought widespread changes in the retailing sector. The attitudinal shift of the Indian consumer in terms of
"Choice Preference", "Value for Money" and the emergence of organised retail formats have transformed the face of Retailing (Sivasankar and Bineeth, 2007).

Organised retail first appeared in the early 1990s, but it took time to catch on. We have, however, seen rapid strides in the last decade. India is expected to show similar trends as Indian consumers in the past have shown an ability to leapfrog evolution cycles as has happened in the case of various consumer products such as mobile phones. The Indian customers showed a lot of interest and enthusiasm as the modernisation of retail stores began but slowly the new entrants’ national as well as international players realised that keeping the interest alive and competing with the unorganised sector which provides the benefit of convenience requires well designed strategies. These strategies will help the retailers to understand and zero on its target market or segments, towards which the retailer will be able to direct its efforts and resources. The retailers will have to align its merchandise assortment and the service quality according to the satisfaction of the identified segment. By doing this retailers will be able to build a long term advantage over their competitors. The increasing competition in the Indian retail sector is a great challenge for the strategic managers. The retail managers taking the help of strategic management will be able to compete better and position themselves better. The study uses the generic strategic model to understand the North Indian retail sectors strategies.

5.2 NEED AND SIGNIFICANCE OF THE STUDY

The Indian retail sector is attracting corporate giants. A good talent pool, unlimited opportunities, huge markets, and availability of quality raw material at cheaper costs are expected to make India overtake the world’s best retail economies by 2042. While the concept of retail is not new in India, modern retail concepts are fairly new, which would need the industry to share knowledge and great exposure to international retail brands. A number of large corporate houses — Tata’s, Raheja’s, Piramals’s, Goenka’s — have already made their foray into this arena, with beauty and health stores, supermarkets, self-service music stores, new age book stores, every-day-low-price stores, computers and peripherals stores, office equipment stores and home/building construction stores. Every retail category has been attacked, by the organised players today. The Indian retail scene has witnessed too many players in too short a time,
crowding several categories without looking at their core competencies, or having a well thought out branding strategy.

The review of literature brings to light the fact that India’s organised retail is still at its embryonic stage and demands a careful control so as to develop it and sustain growth. So it becomes essential that the organised players develop efficient and effective strategies to be able to unleash retail potential of the Indian market. The need and significance of the study can be summarized as following:

- This study identifies the factors important to the customers while choosing a retail outlet and strategies being adopted by the major retail outlet players in the organized sector. There has been a complete change in the concept of shopping with the consumer becoming highly demanding for better services and information.

- The literature helped us in identifying various retailing strategies being used by retailers in the foreign developed markets and also to understand to which strategies can be adopted in the organised retailing sector in India.

- A retailer’s true success lies in understanding the demands of the consumers and formulating the success strategy based on that. There research is important as the retailing environment changes rapidly, leading to changed shopper expectations and realignment of the choice set of stores. This phenomenon gains greater significance in the Indian market, with the introduction of larger and more diverse retail formats by organised retailers. The Porter’s five force model of competition was used for understanding the current scenario of retail sector. Thus, proposed study aimed at suggesting suitable strategies for gaining and retaining market leadership in organised retail sector.

- A variety of formats are being rolled out, with mixed success. Both retailers and shoppers are currently in an evaluation phase with no clear verdict as to what may drive the choice of stores in the longer term. The newly established stores are able to attract shoppers into stores due to its ambience, but they are finding conversions into purchases to be lower than expected and hence lower profitability for retailers. Rapid evolution and adoption of new technologies present both opportunities and risks for companies seeking to innovate. Thus,
it may be worthwhile to offer recommendations for enhancing customer orientation of organised retail sector.

### 5.3 RESEARCH OBJECTIVES

The research objectives of the study are as follows:

1. To identify factors considered important by the customers while choosing an organised retail outlet for a visit.
2. To study existing customer attraction and retention strategies being pursued by organised retail outlets.
3. To examine the strategies being pursued by different formats of organised retail outlets.
4. To explore level of satisfaction of customers with the services and product offerings of the organised retail outlets.
5. To identify gaps if any in the perceived satisfaction level of customers vis a vis management of the organised retail outlets.
6. To suggest strategies for customer retention and differentiation for the organised retail outlets.

### 5.4 HYPOTHESES

**H1.1** There exists significant difference in the importance of attributes for choosing a retail store across age.

**H1.2** There exists significant difference in the importance of attributes for choosing a retail outlet across gender.

**H1.3** There exists significant difference in the importance of attributes for choosing a retail outlet across Income.

**H2.1** Retail stores in North India are pursuing Porter’s generic strategies.

**H2.2** Cost leadership strategy is being used by Retail outlets.

**H2.3** Differentiation strategy is being used by Retail outlets.

**H2.4** Focused strategy is being used by Retail outlets.
There exists significant difference in strategies being pursued by different formats i.e. department stores, hypermarkets, supermarkets, specialty stores and category stores.

Service quality dimensions and product offering of Retail store customers have significant influence on customers perceived quality.

Tangibles have a significant influence on customer’s perceived quality.

Empathy has a significant influence on customer’s perceived quality.

Reliability has a significant influence on customer’s perceived quality.

Assurance has a significant influence on customer perceived quality.

Responsiveness has a significant influence on customer perceived quality.

Product offering has a significant influence on customer perceived quality.

Retail specific attributes have a significant influence on customer perceived quality.

All the eight Service quality and product offering related dimensions of Retail store customers have significant positive influence on customer satisfaction.

All the eight service quality and product offering related dimensions have significant influence on propensity to recommend one’s most used retail outlet.

All the eight service quality and product offering related dimensions have a significant influence on Switching intensions.

There is significant difference in the quality of services as perceived by the management and the customers of the organised retail outlets

5.5 SCOPE OF THE STUDY

The study was limited to the organised retail outlets in the Northern India as it comprises of 30-35% of the total Indian market comprising of Punjab, Haryana and Uttar Pradesh. Data will be collected from retail outlets operating in Delhi, Chandigarh, Ludhiana, Gurgaon and Noida.
5.6 RESEARCH METHODOLOGY

Population
The following main populations were examined in this study to determine the store choice factors, strategies being pursued by organised retail sector and the satisfaction level from the retail service quality.

- Executives and experts of the organised retail outlets.
- Members of the general public i.e. the customers visiting the organised retail outlets.

5.6.1 Sampling Technique and Sample Size
Stratified Sampling was used to collect Data. The data was collected from 6 different formats of organised retail outlet. The sample size consisted of 605 customers and 72 executive at senior management level from the organised retail outlets. From each retail outlet 2 executives at senior management level were contacted to know about their strategy implementation. Twenty customers each visiting these organised retail outlets were also contacted for conducting a survey in North India.

5.6.2 Data Collection
Secondary data was sourced from namely, books, newspapers, journals, and white papers, industry portals, government publications, trade associations, monitoring industry news and developments, and through access to other databases. Company’s market communications in the form of literature, advertisement etc were also used.

Primary data was collected from organised retail outlets operating in the northern region with the help of questionnaire and personal interviews from the executives and the customers.

5.7 DATA ANALYSIS
Descriptive analysis, Factor analysis, regression analysis, t-test and several other appropriate tools for data analysis were used according to the requirement of the research problem.
Descriptive analysis was done for interpreting raw data. Average and percentages were used to summarise data.

An exploratory factor analysis was used to uncover the underlying dimensions of the store selection attributes which influence the store image and thereby influencing the store choice. Factor analysis is a tool used for summarising the information contained in large number of variables into a smaller number of factors (Willian, 2004). The Kaiser–Meyer-Olkin (KMO) Measure of sampling adequacy and the Bartlett’s test of sphericity were also used to check the sampling adequacy. The reliability of the questionnaire was established with the help of Cronbach Alpha.

A series of analysis of variance (ANOVA) tests were performed to explore the differences among consumers with respect to gender, age and income. The Analysis of Variance evaluates the differences among the means relative to overlap in sampling distribution (Tabachnick and Fidell, 1989).

The study has used the tool of strategic group analysis to explore whether there are any underlying patterns in the competitive strategies being used by the Retail sector. The concept of strategic group analysis is based on the assumption that firms within an industry form groups according to the strategies, which can be revealed through cluster analysis of selective strategic variables (Tang and Thomas, 1992).

Correlation analysis was used to measure the relationship between independent variables and the dependent variables. In the study the independent variables are the eight dimensions of service quality i.e Tangibility, Reliability, Assurance, Responsiveness, Empathy, product convenience, Product offering. The dependent variables are overall service quality, satisfaction level of customers, the recommending behavior and the store switching behaviour.

The multiple regression analysis was performed to determine the relative contribution of the dimensions of service quality to the: (a) overall quality (b) overall customer satisfaction (c) Propensity to recommend (d) store switching behaviour. The statistical tool of multiple regressions enables us to identify those variables simultaneously associated with a dependent variable, and to estimate the separate and distinct influence of each variable on the dependent variable (Carver and Nash, 2006).
Cross-tabulation was used for inspection and comparison of different strategic groups. When cross tabulation is done the percentages help in understanding the nature of relationship by allowing relative comparisons.

5.8 LIMITATIONS OF THE STUDY

All the research has limitations based on the scope and choice of research methods. The research design used for the study was to the best of the knowledge of researcher based on scientific methods but still limitations cannot be overruled.

The proposed study was about the sector of retailing which is at a nascent stage as a result of which there may be a possibility of difference of opinion between those surveyed and those who could not be contacted. However in order to reduce this perceptual difference, effort were made to contact substantial number of customers across different segments. The scope of study is limited to the retail outlets situated in the urban elite areas of Northern India. There may be perceptual difference in the opinion of the potential customers in other parts of India. A large section of the Indian population is still not exposed to organised retailing, especially in the rural region. 85 per cent of organised retailing is taking place in India’s urban areas while 66 per cent of it taking place in India’s 6 main cities alone. The growth is much faster in south India than in northern states (Sreekith and Raj, 2007).

- Although the study used different formats of the retail stores, the same scales were used for addressing the research issues. Different retail formats might call for different perspective, so the results are conditional. Thus the perceived dimensions related to store choice criteria, different strategies being used by retail stores and the dimensions of retail service quality, may need some adjustments when required to be implemented in a particular retail format specifically.

- The scope and choice of research methods are having limitations due to the study being confined to few areas in North India. It was an exploratory study therefore the samples used for the various part of the study was small. As a result, the generalisation of this research should be considered carefully.

- The study was conducted using six retail outlets from each of the six retail formats. There are a large number of players entering the Indian retail sector.
with new strategies. As a result consumer’s choice criteria may also undergo a change.

5.9 EMPIRICAL FINDINGS OF THE STUDY

1. The results of the study revealed that the respondents highly rated the dimension of “Merchandise” as a predictor of store choice. This dimension includes the variable quality of merchandise, availability of good brands, extensive assortment and range of merchandise. The dimension related to Location/Accessibility had second highest means. The sub-dimensions of this were parking space and location of the store and proximity to home. Store choice is a cognitive process, where customers process information, similarly to any other purchase decision. The decision making is similar to brand choice differentiating only with the spatial dimension. While brand choice is devoid of any geography, the choice of store is very much influenced by location. (Fortheringham, 1988; Meyer and Eagle, 1982) Location serves as a key determinant for store choice but also serves as an important area of decision making for retailer. The Location can help in developing sustainable competitive advantage.

2. The availability of required product, neat and clean public areas such as changing rooms and restrooms and layout along with fairness of the prices. Low prices were found important in store choice criteria in the empirical study by Arnold et al (1997). These features can be referred to as facilities, provision made to ease shopping process and the infrastructure that enhances the consumers’ comfort while shopping.

3. The study investigated how respondents differ in terms of their demographic characteristics – age, gender and Income across the six dimensions which have been identified with the help of Exploratory Factor analysis. To achieve this series of one way analysis of variance (ANOVA) tests were run. In these tests the six dimension produced by the factor analysis were used as dependent variables. Major findings of the results are that the importance of Service dimension differs across age. In Merchandise dimension only variable related to quality of Merchandise showed variation. The male and female consumers
had a significant different importance for the location dimensions but did not show any variation across the other dimensions of store. The results of ANOVAs test were significant across all the major dimensions including Merchandise, convenience, Price and Promotion, Store atmosphere and Service for different Income groups. But the dimension Location/Accessibility did not show any variations across the Income groups. The study found that there exists no significant difference in the importance of store choice attributes across age and gender. There exists statistically significant difference in importance of store choice attributes across income.

4. The results of the study found that there are 12.0% retail stores which are less than a year old, 38.7% retail stores which are 1-3 years old. There are 41.3% retail stores that are 4-10 years old. There are 8.0% retail stores that are more than 10 years old. Shoppers Stop started in 1991, Pantaloon’s was among the first ones to venture into organised retail, by launching its first department store in 1997. Trent started its operations in 1998 with Westside lifestyle retail stores, Vishal retail started operating in 2001.

5. The study found that 9.3% of the stores were less than 500 sq feet. Small sized single category stores dominated the organised retails in the beginning with almost two third of the total space in 2001. 10.7% retail stores were of 500-1,000 sq feet. 37.3% retail store was in the size of 1000-10,000 sq feet. A major constituent in this size are the supermarkets with average size of 3,000-10,000 sq feet. Then are 29.3% retail stores within the range of 10,000-50,000 sq feet. The average size of department stores in India is 20,000 sq feet. Then there are 13.3% stores in 50,000-100,000 sq feet size category. The average size of Hypermarkets in India is 50,000-70,000 sq feet or more.

6. The study found that 20.0% of the sample constituted of Department stores. These are large stores having a wide variety of products organised into different departments such as clothing, house ware, furniture, appliances, toys, accessories and cosmetics among others. They offer a one stop shop with different product categories, catering to varied customer needs. Major retail players in this category are Pantaloon, Shopper’s stop, Globus, Westside, Ebony. There are 16.0% Hypermarkets which combines the format of supermarket and a department store. There was no hypermarket in India in
2001 but there is an increasing focus on opening hypermarkets. The store is a large retail facility with an enormous range of products catering to a spectrum of segments such as food and grocery. The Key players are Big Bazaar, Vishal Mega mart, Hyper city, Easy Day Hypermarket. The 13.3% convenience stores which are relatively small retail store located near residential area (close to the consumer), open long hours, seven days a week and carry a staple and groceries. The big players have identified convenience as one of the important factor for consumers. Therefore new locations are now being developed in close proximity to residential areas with small size but located near to the target segment. The significant players are In & Out and 6 Ten. The supermarkets are 16.0 %, retail stores with a typical layout and large size, offering household goods as well as services. The family is the target customer. This format has been adopted by many retail players and are present in many pockets of North India catering to the daily requirement of nearby residential areas. The retail groups are especially focusing on Tier II cities such as Ludhiana, Chandigarh. The important players are Food Bazaar, Easy Day stores, More, Reliance Fresh, Spencer’s Fresh. There are 16.0 % specialty stores that are single category stores focusing on individuals and group cluster of same class, with high product loyalty. The Indian market has many product categories in this format such as Apparel, Footwear, Jewellery and time wear, Books and Stationary, Personal care, Electronics, Consumer durables and others. Key players are Shoppers Stop (Home Shop), Tata Trent (Croma), Ferns and Petals, Shoppers Stop Crossword. There are 18.7% of category killers which are similar to specialty stores but they are comparatively large in size and offer greater variety or range to the customer and are also able to offer more affordable prices.

7. The study found that 13.3% of the retail stores had less than 10 employees in their retail store outlet, 21.3% had 11-20 employees per store, 25.3% had 21-30 employees per store, 8.0% had 31-40 employees per store and 13.3 % had 41-50 employees per retail store outlet.

8. The study found that majority of the retail players started their operations in single format or at the most used two different formats but slowly almost all the retailers have ventured into multi format presence and Hypermarket has
emerged as one of the most popular format among the organised retail players. And all the major players had major expansion plans.

9. The study found that Hypermarkets and supermarkets offer a large selection of merchandise with low prices. Convenience stores offered limited merchandise catering to basic needs but provide high level services such as home delivery, open for long hours. The Department stores offer high merchandise, and high level of service. The Specialty stores and category killers provide high level service as well as low prices. Multi brand outlets provide large selection of Merchandise as well as high services.

10. A principal component Factorial was used to identify the underlying generic strategies of the firms. This resulted in emergence of three dimensions which reflected Porters generic strategies. The strategic practices being used by retailers are Differentiation, Focus and Cost leadership strategy.

11. The study with the help of cluster analysis identified existence of four clusters. The first cluster (36.11 percent), labeled as low cost strategist appeared to be using low cost strategy. The second cluster (37.50 percent), labeled as Differentiators appear to be using differentiation strategy. The third cluster (13.89 percent) labeled as focused appear to be using focused strategy. The fourth cluster (12.50 percent) labeled as confused appear to be stuck in the middle as they are trying to differentiate although following the low coat strategy.

12. There are 26 cases which reflect the use of low cost strategy which constitute 36.11% of the sample. These retail chains have a strong presence in different markets. There are 27 cases (37.50%) which are using differentiation strategy. There are 10 cases (13.89%) of Focus strategy being used. There are also 9 cases (12.50%) where the retail stores are stuck in the middle as they are confused between the use of differentiation and cost leadership strategy.

13. A large proportion of the departmental stores (41%) follow differentiation strategy, 11% department stores are stuck in the middle. Majority of the hypermarkets (42%) follow low cost strategy, 11% are stuck in the middle. 56% convenience store are stuck in the middle, and 23% follow low cost strategy. 35% supermarkets follow low cost strategy. 4% follow
differentiation strategy and 22% supermarket stores are stuck in the middle. Specialised stores (70%) are following focused strategy, 19% follow differentiation strategy. Category stores (33%) follow the differentiation strategy and 30% are following focused strategy.

14. The study found that the first strategy dimension which help a retail store to differentiate itself from its competitor are adopting aggressive marketing strategy and have a better defined target segment. These retail stores are typically placed in prime locations of the cities. They have a large ticket size and the conversion rates are high. This dimension includes Developing Brand identification, developing a broader range of products and services keeping in mind the changing tastes and preferences of the consumers. The quality control is an important differentiator. The retailer needs to continuously coordinate and develop better relationship with its supplier to be able to have a greater flexible manufacturing.

15. The study found that the retail stores which are following focus strategy have well defined target segment. They are continuously assessing the needs and desires of this segment. These retail outlets are able to meet the needs of the target segment better than any other competitor. This strategy dimension includes variables such as identifying target market, producing products/services for high price segments, building a positive reputation within the industry.

16. The study found that the retail stores following the Cost leadership strategy were continuously improving supply chain and improving back end operations to bring the cost down and pass over the benefits to the customers. This strategy dimension includes strategic actions which take care of the operational efficiency, competitive pricing, and attracting bigger market share to experience economies of scale.

17. The findings of the study showed that there were a large number of people who were frequently visiting the retail store at least twice a week (18.3%) or once a week (29.6%). This is in accordance with earlier studies in India which found out that Indian shoppers visit retail stores frequently.
18. A large number of respondents were very positive about purchasing and visiting a retail store that matches their needs and expectations (41.5%). The retailers can turn these customers into their loyal brigade if they have good strategies at place for offering service quality and product offering. The amount of money being spent by customers in organised retail outlets is substantial. About 32.7% are purchasing 31-50% of their needs from organised retail outlets and other 11.2% is purchasing 51% to 75%.

19. The average money being spent by 52.4% is more than Rs 1000 in organised retail outlets. The respondents had several reasons for choosing a retail outlet and most of them considered merchandise, convenience and service of the retail outlet as the most important ones for choosing a retail outlet. There were 34.82% who considered Merchandise to be the most important variable while selecting the retail store, there were 32.56 % for whom convenience played an important role and 14.5 % considered services to be the top most important.

20. The study found that 34.82% of the respondents gave merchandise as the first reason while choosing a retail store, 18.7% selected it as second reason and another 21.2% indicated it to be the third choice. 32.56% of the respondents selected Convenience as the first reason, 31.8% chose it as a second reason and 20.2% indicated it as the third choice. Services were at first choice by 14.5%, 24.6% had it as their second choice attribute and 26.3% selected it as the third choice. Price and Ambience were comparatively chosen by a fewer number of people as first reason, 7.45% and 8.22% respectively.

21. Retail stores represent a complicated retail environment that offers a mix of merchandise and services. The service quality and the product offer can play an important role in satisfying and retaining customers for profitability and growth. The North Indian customers look at the retail service quality as multi dimensional concept. The instrument developed with the help of earlier constructs served as a diagnostic tool that helps retailers in identifying the current level of service quality and product offering. In the study eight dimensions of retail service quality emerged. They are Tangibles, Reliability, Assurance, Empathy, Responsiveness, Product Offering, Retail store specific Factors and Product Convenience. These dimensions are suitable for measuring the retail business that offer a mix of services and merchandise,
such as department stores, supermarkets, hypermarkets, convenience stores etc.

22. The relationship between quality and dimensions was first investigated using Pearson's correlation. The relationship between service quality and tangibles is the strongest, followed by Product Convenience and Reliability. All the eight dimensions of retail service quality namely Reliability, Tangibles, assurance, Product offering, Empathy, Product convenience, Retail store specific, and Responsiveness influence the overall service quality. The study found Tangibility is the best predictor of quality in the Retail sector and is followed by the dimension product convenience and Assurance. Tangibles referred to the appearance of the physical facilities (i.e., the general appearance of the store and the cleanliness of its public facilities etc.)

23. The study found that all the key explanatory variables in the retail service quality domain are significant predictors of customer satisfaction. All the eight dimensions have a positive influence on customer satisfaction. Assurance has the greatest effect and influence on customer satisfaction followed by Reliability and Product Convenience. Assurance, defined as trust and confidence, continues to reflect safety of transactions. It was revealed that Assurance was the best predictor of customer satisfaction, followed by Reliability and product convenience followed next. A strong relationship also exists between retail store specific and responsiveness dimensions.

24. The relationship between retail service quality and behavioural responses are tested by multiple regression analysis with the propensity to recommend and switching behaviour as dependent variables and the combined items perceived as the independent variable.

25. It was found that the dimensions Reliability, Tangibles and product offering was strong driver in the recommending behaviour model and if there was a problem in these areas it had a negative impact on willingness to recommend the store. Reliability is viewed as the combination of doing things right and on time and keeping the promises.

26. It was found that the association between switching intention and Retail store specific dimension was significant. The significant determinant for switching
behaviour is Retail store specific. Therefore if the retailer will make significant improvement in this dimension, it will reduce the intention to switch.

27. The study found that there are several variables of the retail service quality dimensions, where there exists a difference in the perception of the customers and the management employees. It was found that in twelve out of thirty five variables there was difference in the perception level.

5.10 RECOMMENDATIONS TO THE RETAILERS

1. The results of the study indicate that retailers need to understand the customer’s choices and preferences and formulate strategies accordingly. Retailers should realise that customers due to international exposure are becoming more discerning and they want better retail service quality from the retailer.

2. Merchandise has a significant impact on customer choice, therefore retailers should keep in mind the preferred brands and quality demanded by their customers to attract them to their retail stores.

3. By stressing upon dimensions such as store atmosphere, Promotion and service facilities, retailers can enhance the image of their retail stores in the mind of the customers and thereby increasing the footfall and profits.

4. Location and access to the retail store is enhancer as well as a detractor for customers. Store which are conveniently located have ample parking space will be able to attract greater number of customers. Location of the population determines what it will buy and where the initial decision whether to locate the store in a planned shopping centre and increase productivity or locate in an unplanned business district and create your own market. The size of the store will depend on the availability of land, finance and the customer response expected there. The location of a store and the distance that the consumer must travel to shop there are basic criteria in their store choice decisions. For Several Reasons, Store Location is often the most important decision made by retailer. First, location is typically the prime consideration in a customer's store choice Second;
location decisions have strategic importance because they can be used to develop a sustainable competitive advantage. The retailers can change their pricing, service, and merchandise assortments in a relatively short time. However, location decisions are harder to change because retailer frequently have to either make substantial investments to buy and develop real estate or commit to long term leases with developers. Location decisions have become even more important in recent years. First, there are more retailers opening new locations, making the better locations harder to obtain. A retailer may find a suitable location, but high rent, complicated leases, and expensive fixturing and remodeling can make it very costly.

5. Retail market segmentation is necessary and often critical to the development of effective marketing strategies in today’s competitive marketplace. The impetus for a market segmentation strategy is basic: customers exhibit heterogeneous needs and purchase patterns, and thus respond differently to different marketing stimuli. The benefits to be gained from a segmentation strategy are closely linked to the marketing concept. The process of identifying segments necessitates a thorough analysis of the entire market, not only focusing on the customer’s needs and shopping habits but also providing knowledge of changing market conditions and competitive actions. This knowledge enables the retail organization to identify those segments that offer the most promising opportunities in relation to the organization’s strengths and situational determinants. The firm can then develop strategies and implement programmes tailored to the unique needs of the targeted segments and allocate its marketing resources in the most effective and efficient manner.

5. Retail trade is developing rapidly, its influence on manufacturing companies and wholesalers increases. Retail companies take over part or even all functions of wholesalers. Finally, competition among retailers also increases. For these reasons retailing companies need to search for new ways of effective competition. One of the possible ways seems to be competition based on positioning. Development and implementation of positioning strategy enables retailing companies to compete not on price,
but on other elements of marketing mix. Positioning in retailing is defined as a preparation of strategy for developing the image of a retail company or store. Through development and implementation of the positioning strategy, a retail company is differentiated from competitors and a retail company’s strengths are revealed. Also, through development of positioning strategy proper marketing tools are selected for attracting target segment’s customers and ensuring their loyalty for a retail company.

6. Retailers should apply a balanced approach to procurement to ensure that margins remain high and operating costs stay low. Various studies have shown that there is a clear, distinct and measurable difference in the financial performance between leaders and followers in retail procurement and merchandising. Leaders use a category focus for their merchandising organisation, strive to measure profitability per SKU (stock-keeping unit), segment, leverage their supply base, and take advantage of new technologies. These organisations place more emphasis on indirect purchasing, using a central led organisational model and involve procurement in the decision making.

7. Supply Chain Management efficiencies are essential to retailers to maintain and improve margins. SCM includes vendor management and logistics management. Retailers must continuously measure, analyze, improve, and control their processes in order to respond effectively and efficiently to changes in the market. Retail supply chains are becoming more global and distributed. In order to compete effectively on price, retailers are sourcing products from all over the world. Instead, they must adopt continuous improvement methodologies such as Six Sigma that enable them to analyze performance, identify weaknesses and sources of variation, and rapidly make the necessary improvements. In India, both vendor management and logistics management are still underdeveloped. However, with growing size of operations, supply chain efficiencies will become a key differentiator of profitability in retail. Similarly, supply chain tools and techniques are still developing in India with the increase in organised retailing and entry of international brands.
8. The retailers try to differentiate from their competitor’s through the quality of its personnel and services. The aim is to place the customer at the heart of recruitment and training practices, and recognizes the motivational importance of rewarding knowledgeable, experienced staff in terms of salary and status. Truly ingraining customer service into the company culture is perhaps the most difficult differentiation strategy for competitors to copy. Employee turnover in retailing is very high and the need for trained and qualified manpower is of utmost importance thus retaining employees would gain importance in the future for retaining customers.

9. Companies that are bringing greater insights into category management process are finding that, that what began as a simple surviving strategy is providing them with san improved competitive edge. Category management insights can help companies in using price as a sole motivator in dealing with their customers.

10. Apart from these there are several other strategies which can be used by retailers to differentiate themselves like availability of payment options, cost leadership, use of retailing technology, product differentiating strategies or merchandise management, Store management involving layout, display, customer relationship etc. Managers must decide which strategies are most likely to generate a competitive advantage for their firm. Strategic choices involve multiple decisions that shape the future competitiveness of the company and have ramifications throughout the organization and society. The better the implementation of these strategies, the better would be the customer loyalty and positive buying behaviour. Armed with this understanding the retailer would be in a better position to use the limited financial resources to leverage the best customer response by gaining a competitive edge.

11. Retailing is at a starting phase in our country but it is growing at a phenomenal rate and the benefits of retailing would be visible only after an equitable scale is reached. Success at store level depend on large scale on the store size, walkthroughs, bills per customer annually, average bill size and revenue earned per square foot etc but retail strategies discussed above will play a crucial role.
5.11 DIRECTIONS FOR FUTURE RESEARCH

The Indian retail scenario is regularly going through major changes. Several regulatory changes are expected to come through with International players lobbying toward greater freedom in FDI. This will further change the dynamics of the Retail sector which has yet not been given the status of an “industry”. Although this study aimed at exploring the significant choice attributes in retail selection, identified the Strategies being used by retail outlets to attract and retain customers as well as established the importance of retail service quality which is being treated as one of the basic retailing strategy in today’s competitive retail environment. There are lot areas for future research:

1. From a strategic perspective it is important to further relate the importance ratings of the key attributes to customer satisfaction. This will help in collecting information that how well the consumers’ expectations are exceeded or met. This information will further help the retailers to align their strategies to elements which are perceived as important to the customers.

2. The present retailers are able to attract the customers but conversions are not happening. The consumer’s choice criteria can differ across different product category. Research work can be done to find out whether there exist any difference in factors while buying across product categories such as apparel, electronics,

3. The study identified Merchandise, Convenience, Price and Promotion, Location/Access, Store atmosphere and Service dimensions which influence retail store choice. The study did not establish to what extent these factors contribute to consumer loyalty. The study in this context will have relevance to mangers formulating strategies.

4. The nature of the study was exploratory as a result the findings need to be further validated, by finding out that how these strategies are performing on the profitability. Moreover, the retail revolution in India is happening at a much bigger level, the sample need to be further expanded.

5. The study did not take into consideration the size of the firms and use of different strategies. The strategies indeed are influenced by the size of the firm; this can be verified with the help of empirical research.
6. The research has investigated the retail service quality on eight dimensions. There might exist a difference in the relationship between retail service quality and its influence on consumer behaviour across different formats. This can be investigated as everyday new retail formats are being introduced in the Indian retail market. Consumers might have different expectations from different retail formats.

7. We cannot deny the existence of several other dimensions which might contribute to the satisfaction of retail store outlets. These dimensions can be identified and their relationship to customer satisfaction can be addressed.

8. All the areas of store choice behaviour, retail strategies, and retail service quality will benefit from longitudinal studies as the Indian retail sector is dynamic and changing, forcing the retailers to change the rules of the game.
REFERENCES