Chapter – III

Review of Literature
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3.0 REVIEW OF LITERATURE

3.1 INTRODUCTION

The Indian retail market is facing competition from all sectors, shopper and customer. The shoppers expect outstanding service and quality from their operators. The operators have realized that just marketing mix will not help in making business. The expectation of customer and shoppers in term of assortment, atmosphere, attributes, and loyalty program has a significant role in developing patronage towards retail outlets. The chapter attempts to review the literature as the area identifies the gap to be filled.

Retailing in Madurai and II Tier cites of south India are gaining global attention, The increasing income, higher level of education and increasing dual income families create an immense potential for all modern retail operators. As consumer expectation is changing demanding a better environment, convenience and shopping all under one roof is gaining more attention. Consumer’s taste and preference are changing rapidly, leading to radical alteration in lifestyle and spending pattern which in turn gives rise to new business opportunities. Forcing all retailers to rethink and redesign the retail environment to attract and retain customers. The review highlights the growth drivers in retailing, explaining the various expectation of customers and links associated with it.
3.2 INDIAN CONSUMER EXPECTATION -OVERVIEW

Consumer’s expectation and attitude towards shopping had been changing very rapidly and in a phased manner in a fast growing economy, like India. There are ample promises and opportunities for new categories of consumers as well as for new durables and commodities. The options and choices had increased due to an increase in the disposable incomes of the consumers and well as due to the changing aspirations and the growing needs of the consumers. The modern Indian consumer is seeking more value in terms of improved availability and quality, pleasant shopping environment, financing option, trial rooms for clothing products, return and exchange policies and competitive prices. This has created a rapid growing opportunity for organized, modern retail formats to emerge in recent years and grow at a fast pace.

3.3 KEY DRIVERS OF RETAILING IN INDIA

The favorable demographic and psychographic changes in the Indian consumer class, rising income, international exposure, availability of quality retail space, wider brand choice and better marketing communication are some of the factors driving Indian retail. But these are key drivers for Tier II & Tier III cites.

3.3.1 PROSPECTS OF EMERGING CONSUMER BASE

Madurai, popularly called as temple city, categorized as Tier II city is having a population of 14,62,420 persons as per Census 2011. Madurai has a very high number of middle income households which constitute almost 50% of city’s population.
Shopping mall is one of the most visible faces of the Indian retail scene not only in big cities but also in smaller cities and has attracted many towards its operation.

3.3.2 ENHANCED SPENDING POWER OF CONSUMER

As the city is basically a tourist destination, and hub for various other key destinations attracting large number of tourist increasing the floating population around the year, there is considerable increase in spending power attracting many more retail outlets.

3.3.3 REFORMED GOVERNMENT POLICIES

As consumer expectation are changing and demanding better product and service. Modern retail sector is at the crossroads where the growth of the organized retailing and growth in the consumption needs to be taken care and slowly government opening its door to Foreign Direct Investment with Single Brand Retail, Multi-Brand retail, Cash & Carry flaming the growth of modern retail outlets.

3.3.4 ROLE OF EMERGING DUAL INCOME FAMILIES

Development of service sector and Business Process Outsourcing [BPO], have provide many opportunity for graduates, housewife and others. Since majority of Indian population are under 40 years, there is a considerable increase in dual income families.
3.3.5 INDIAN CONSUMER IMPROVING LIFE STYLE

The city has grown up to have its own lifestyle, with above all and attracting more number of modern retail formats paving way for new customers and new opportunities.

3.4 CUSTOMER EXPERIENCE AND CUSTOMER EXPECTATION FROM MODERN RETAILING

The growing Tier II & Tier III cites are next target of modern retail operators, the key challenges for Indian retailers are the preparedness of Indian retailers in terms of having suitable formats, scalable business model, appropriate technology and relevant organization capability for the success, so the modern retailers need to study these factors to be successful and to give better consumer shopping experience. Which include clues, social environment, service interface, Customers has different and more sophisticated expectation towards, service value and environment. Through modern retailing the boundaries between virtual and physical space are becoming blurred and operators are forced to change environment in relevance to connect the customers.

Piyali Ghosh, Vibhuti Tripathi and Anil Kumar (2010)\(^1\) has studied on store attributes as store atmosphere and store location and how these influence in decision making. Where retailers may adopt cross merchandising, exclusivity, value and fun and entertainment, effective sales personal avoiding unnecessary waiting may have positive impact on consumer expectation.

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\(^1\) Piyali Ghosh, Vibhuti Tripathi and Anil Kumar (2010), Customer Expectation of store attributes: A study of organized retail outlets in India.
Ishwar Kumar, Ruchi Garg and Zillur Rahman (2010)\(^2\) worked on how atmosphere influences customer value, store image and patronage intention in emerging market condition has concluded that our customer give more importance to air conditioned ambience, scents and smoothing atmosphere further design factors should also be considered further conveying a challenging task yet we need to satisfy them with cost effective measure

Chiara Gentile Nicola Spiller and Giuliano Noci (2007)\(^3\) explained on value concepts for company to customers where utilitarian values (functional values) and hedonic values (experimental values) are very important and balance between these two is adequate in sustaining a customers experience

Gillian Naylor, Susan Bardi Kleiser, Julie Baker, Eric Yorkston (2007)\(^4\), worked on how persuasive message may affect future retail experience and concluded that transformational appeal has an significant influence in customer expectation and experience.

Berry Carbone and Haeckel (2002)\(^5\) explained on clues and signals its sending to customers, clues related to functionality or interpreted primarily and emotion clues are smells sound sights taste and textures of the goods or services as well as the environment in which it is offered should be considered in managing total customer experience

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\(^2\) Ishwar Kumar, Ruchi Garg and Zillur Rahman (2010) Influence of Retail Atmospherics on customer value in an Emerging Market condition, Great Lakes Herald Vol 4, No1, March 2010

\(^3\) Chiara Gentile Nicola Spiller and Giuliano Noci 2007 How to sustain the customer Experience – An overview of Experience components that co-create value with the customer, European Management journal vol 25 No 5 pp 395-410.

\(^4\) Gillian Naylor, Susan Bardi Kleiser, Julie Baker, Eric Yorkston, Using transformational appeal to enhance the retail experience, journal of Retailing 84(1,2008) pp 49-57.

\(^5\) Berry Carbone and Haeckel managing the total customer Experience (MIT SLOAN MANAGEMENT REVIEW ) Spring 2002 volume 43 number 3.
Holbrook Morris. B. and Elizabeth C. Hirschman (1982)\textsuperscript{6} Christopher Meyer and Andre Schwager (1993)\textsuperscript{7} has worked on understanding customer experience where experience encompasses all aspects of a company offering – the quality of customer care, advertising, packaging product and service offered, ease of use and reliability has influence in customer experience.

Julie Baker, A. Parasuraman, Dhruv Grewal, & Glenn B. Voss (2002)\textsuperscript{8} studied on how store environment cues influence consumer store choice decision criteria and a store patronage decision, store environment criteria and store choice criteria has significant impact, merchandise value perception and influence store patronage intention.

Diana L. Haytko, Julie Baker (2004)\textsuperscript{9} worked on, in depth about the mall shopping experience of young girls, considering mall atmosphere and utilitarian and hedonic shopping motives, further woman specific factors as education, cohort trend, conscious comfort, safety mall companion and freedom on malls patronage motives and concluded that young girls experience was influenced by both hedonic and utilitarian motives, where hedonic motive is social feeling of freedom, fantasy, utilitarian specific and general knowledge.

Katherine White, Darren W. Dahl (2006)\textsuperscript{10}, studied the influence of social group and the impact of dissociative reference group on consumer preference where

\textsuperscript{7} Christopher Meyer and Andre Schwager (1993) Understanding customer experience – HBR, February 117-26
\textsuperscript{10} Katherine White, Darren W. Dahl (2006) To Be or Not Be? The influence of dissociative reference group on consumer preferences.
group literature typically distinguishes between two types of reference groups, membership reference groups are groups to which an individual currently belong where all groups are positive oriented. Dissociative groups are negative groups which has great impact on environment.

Antony D. Cox, Dena Cox, Ronald D, Anderson, (2005)\textsuperscript{11} worked on pleasure of the store shopping and factors that influence it. The potential sources of shopping pleasure are mingling with others shoppers, bargain hunting, browsing sensory stimulation, being pampered where customer enjoy hunting for bargain, recreational browsing, window shopping and growing adoption to self service formats has concluded as shopping enjoyment vary mostly among different demographic groups.

Sridhar Balasubbramanian, Rajagopal Raghunathan and Vijay Mahajan (2005)\textsuperscript{12} Study focused on consumer behavior and channel choice through product utility and process utility, Identified five goals in purchase process and channel choice as pure, economic goals, self affirmation, guest for symbolic meaning, socialization and excremental, schema scripts and concluded that people use a channel because of shopping schemes or scripts, high lighting the economic benefits of alternative channels may not change their choice.

Richard Michon Jean Charles Chebat L.W. Turley (2005)\textsuperscript{13} worked an ambient orders being part of retail atmosphere and shopper behavior on human density and concluded that all variable should be equally considered, maximum retail


\textsuperscript{12} Sridhar Balasubbramanian, Rajagopal Raghunathan and Vijay Mahajan (2005), Consumers in a multichannel environment product utility process utility and channel choice, Journal of Interactive Marketing, Volume 19/Number 2/Spring 2005

\textsuperscript{13} Richard Michon Jean Charles Chebat L.W. Turley (2005), Mall atmospherics the interaction effects of the mall environment on shopping behavior, Journal of Business Research, 58(2005) 576-583
effectiveness would be achieved when all environment cues ambient, design and social are congruent with the retailers images

Mall shopping behavior of Indian small town consumers (2011)\textsuperscript{14} studied on the shopers behavior towards malls is driven by convenience, entertainment and assortment. The smaller cities are attractive due to low rental and operating cost. The consumer are attracted to the malls because of the ambience, superior facilities and variety in the stores but they be willing to purchase products from malls ,further targeting each consumer segments can improve the profitability and viability of malls in the small cities.

Velitchka D. Kaltcheva & Barton A Weitz (2006),\textsuperscript{15} has worked on environment creating pleasantness and arousal and haw retailers should work to it by dividing consumer under two category as recreational and motivational oriented and task motivation oriented. Has conclude that task oriented consumers view shopping primarily as a Mean for obtaining needed outcome and they found high risk arousal retail environment to be unpleasant. Recreational consumer deserves inherent satisfaction from the shopping activities’ itself and therefore like high arousal retail environment creating rich shopping experience, where arousal is energy obtained hence retailers can use different elements of the store entertainment to influence customer arousal level to have customer.

\textsuperscript{14} Mall shopping behavior of Indian small town consumers (2011) Journal of Retailing and consumer services

\textsuperscript{15} Velitchka D. Kaltcheva & Barton A Weitz(2006), When should a retailer create an exciting store environment ,American Marketing Association,Vol 70,107-119
Kirk L. Wakefield, Julie Baker (1998)\textsuperscript{16} worked on methods to build excitement with customers and studied on relationship between tenant variety, mall environment and shopping involvement its influence on excitement and desire to stay at malls has concluded that management should pay close attention to all aspects of the malls environment and tenants variety like food service store and entertainment influence, desire to stay in mall is additionally influence by variety in the malls. Excitement is more likely to generate repeat patronage and then become part of the consumer shopping routine, low excitement level may lead to lower repatronage and less likelihood, further measure the effects of the environment on the exact length of the time spent in the malls should be studied.

Changjo Yoo, Yonghee Park, Deborah J. Macinnis (1998)\textsuperscript{17} worked on how retail environment affect consumer emotional and influence store evolution and choice. Where store characterizes are product assortment value, service, after sales service, location facilities atmosphere contributes to emotional value, where these store characterizes induce shoppers in store emotions. Store that offer wide products assortment, good value will create positive emotions like pleasure, excellent, pride and satisfaction, emotion may be more salient or extreme when they deviate strongly from consumer expectations. Hence better understanding of expectation on variables that moderate the relationship between store characterizes and store emotion is warranted.


\textsuperscript{17} Changjo yoo, Yonghee park, Deborah J. Macinnis(1998),Effects of store characteristics and In-store Emotional Experiences on Store Attitude, Journal of Business Research 42,
Tony Kent (2007)\textsuperscript{18} Worked on creativity in store retail environment where the store or brand relates appearance and identifies to core brands, brand values. Where creativity will have positive emotions about home and leisure, personal identity and branding, Creative space provides new insight into the ways in which retail development can be traced and for development of new retail strategy

Haiyan Hu, Cynthia R.Jasper (2006)\textsuperscript{19} studied on social elements or cues often found in store environment and their effects on consumer perception of store images. Has shown positive effects for social cues.

Samridhi Tanwar, Dr.Neeraj Kaushik, Dr. V.K. Kaushik (2011)\textsuperscript{20} worked on customer expectation and challenges faced by mall operators in India, identified that rising real estate values, lack of market research, long gestation period, poor infrastructure and parking facilities are major hindrance and concluded that government intervention in good supply chain management can solve all the above. Further malls should communicate a feeling of comfort with retaining the individuality of each store they should adjust to customer sensitiveness and preference.

L. W. Turley,Ronald E. Milliman(2000)\textsuperscript{21} worked on effects of facilities based environment cues that is if consumer are influenced by physical stimuli experienced at the point of purchase than the practice of creating influential atmosphere to attract customer. They have identified many variables that the retail environment can exert a

\textsuperscript{18} Tony Kent (2007)creative space design and the retail environment International journal of retail &distribution management vol 35 no 9 2007 pp734-745
\textsuperscript{19} Haiyan Hu, Cynthia R.Jasper (2006), social cues in the store environment and their impact on store image , internation journal of retail and distribution management vol 34 no 1 2006 pp25-48
strong influence on sales and consumer purchase behavior, Hence environment cues need to be maintained properly.

3.5 ASSORTMENT FACTOR & ATMOSPHERE FACTOR

EXPECTED FROM MODERN RETAILING

In Indian retailing, to be successful one need to understand that implementing western format directly into Indian aspiring groups will have a adverse effect. Hence, it’s important that retailers should understand local condition and study the buying behavior before finalizing location and assortment. However, limited attention has been paid to these factors in developing countries

Richard A. Briesch, Pradeep K. Chintagunta and Edward J Fox (2009), explained the importance of various assortment on how product assortment convenience, price and advertising help in the choice decision. It’s found that convenience has a greater effect on store choice that price and products assortment. The effect of price on store choice is much smaller than that of convenience. Has concluded a further study needed on role of pricing and assortment on store choice and other store characterizes such as service level, quality of perishable and out of stock effect on store choice should be studied, Hence change in assortment, price influence both future and current patronage decision, having a substantial impact on the life time value of retail customer and optimal retail assortment and price level.

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Julie Baker, Dhuv Grewal, A.Parasuraman(1994)\textsuperscript{23} Expressed the role of specific elements in the retail store environment influence store environment, retailers differentiate store by merchandise, price, promotion and location, further in store elements such as color, lighting, style and music and concluded as combination of specific atmosphere elements influence consumer inference about merchandise and service quality and store environment, further research needed in the above mentioned area.

Peter C. Venhoef, Scott A Neslin Bjorn Veooman (2007)\textsuperscript{24} has worked on research shoppers phenomenon of how shoppers evaluate and make purchase decision, attributes in channel search and purchase decision with channel attractive features, where benefits pertain to search cost include and benefits are considered with various channel attractive features

L. W. Turley,Ronald E. Milliman(2000),\textsuperscript{25} reviewed on effects of facilities based environment cues that is, if consumer are influenced by physical stimuli experienced at the point of purchase than the practice of creating influential atmosphere to attract customer is the most important. They have identified many variables that the retail environment can exert a strong influence on sales and consumer purchase behavior, Hence environment cues need to be maintained properly.


Edward J.Fox, Alan I.Montgomery, Leonard M.Lodish (2004) studied on assessing competition between formats and explores the assortment, pricing and promotion policies. The result suggest that price, travel time is the weakest predictor of shopping and spending behavior, where as promotion, assortment variables has a positive effect on patronage and mass merchandise are least sensitive to shoppers travel time. Hence these variables needed to be worked and maintained properly for enhancing more money spent inside the stores.

Loren V.Gristfeld and rosemary J.avery(1991) attempted to developing a stores image based on the attributes one must recognize that consumers are not willing to pay for all attributes. Further, stores image should change in a manner consistent with the pricing and inventory strategies of the store. In addition, consumer with certain demographic characteristics, value search and risk characteristics differently. The study address the relative importance of the components comprising the search and risk dimensions would greatly contribute to an understanding of consumer stores patronage decision and would facilitate a fine tuning of marketing risk.

Deepika Jhamb, Dr(Ms) Ravi kiran (2012) worked on modern retail format attributes types and demographic and choice of emerging retail formats. The finding suggest that consumer prefer modern retail formats due to quality, variety of brands, parking facilities, trained sales personnel and for security purpose. Further higher

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28 Deepika Jhamb,Dr(Ms) Ravi kiran (2012),Emerging Retail formats and its attributes: An Insight to convenient shopping, Global journal of management and business research, volume 12 issue 2 version 1.0 February 2012
income consumer and younger generation visit modern retail formats more as compared to older once with low income.

YuePan, George M. Zinkhan(2006), The meta analysis suggest that various predictors as to product selection and quality are strongly related to shopping retail choice. Than store attributes and images, selection has the highest average correlation with store choice, followed by service, quality, store atmosphere, low price levels, convenient location, fast check out, convenient opening hours, friendliness of salespeople, and convenient parking facilities are important predictors of shopping frequencies, personal factors (e.g., demographics, attitude toward a store) seem to be the dominant predictors of shopping frequencies, whereas market- and product-relevant variables are more likely to influence shoppers’ decisions to patronize a particular store, in addition retailers have various tools at hand as greater assortment, low prices to influence shoppers’ intention to patronize their stores. Traditional retailers, factors such as physical location, parking facilities, checkout speed, and store atmosphere can make or break a store but they attach more importance to service, quality, selection, return policy, reputation, forcing all retailers to use these variables in their retail operations.

Barry J. Babin, Jill S. Attaway(2000) the paper works on positive and negative effects of assortment with ambient environmental condition. The result proved that ambient atmosphere contributing positive effect help build customer share and negative ambient atmospheric condition contributing to negative affect reducing customer share.

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3.6 CONVENIENCE AND ACCESSIBILITY FACTORS IN MODERN RETAILING

They modern retail formats are viewed as a social place of congregate with our friends, entertain our self, eat and also buy things. Everybody seems to love the convenience and accessibility of it and consumer no longer have to run around to different shops to buy different things. Now its retail operations to create this convenience and accessibility to all consumers.

G.Ramesh, Simmiprasad, Sonia Goyal (2011) \(^{31}\) studied on retail location strategies and problem associated with the choice of location of an organized retail outlet. Where choice of location depends on population size and traits, market competition transportation access, parking availability, nature of nearby store property cost length of agreement and other to be considered. Has concluded that considering catchment areas, competitors income, profile of the people living in the trade area then life style and demographic factors to be considered before conforming location.

Peter T.L.popkowski, Leszczyc Harry, Timmerrmans (2001) \(^{32}\) Study examines the prevalence of different shopping strategies and the impact of managerial decision related to pricing, promotions, services and assortment as the choice of shopping strategies. The study works on how consumer organizes their daily shopping trips and concluded that a single stop trip to a combination store was the least preferred lower price and travel time and a larger assortment, however increase the like hood that

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\(^{31}\) G.Ramesh, Simmiprasad, Sonia Goyal (2011), A pilot study of organized retail formats and their location strategy in Mumbai: A study covering western suburbs from Bandra to Borivali, Journal of Retail and Leisure Property vol 9

\(^{32}\) Peter T.L. Popkowski Leszczyc Harry Timmerrmans (2001), Experimental choice analysis of shopping strategies, European Institute of Retailing and Services Studies,
consumer will shop, at combination stores. Retailers should consider assortment as important for both specialty and combination stores.

Jean-Charles Chebata,b,*, Claire Ge’linas-Chebatc, Karina Therrien,(2005),\textsuperscript{33} aims at understanding the extent to which three characteristics of shoppers, i.e., gender, familiarity with the mall, and shopping values, affect the processes and the information sources, shoppers use to find a store within a mall. Men use more landmarks, while women use more people as information sources although adventure shoppers, social shoppers, idea shoppers, role shoppers, and value shoppers have in common hedonic motivations, their way finding behavior may be significantly different

\textbf{3.7 DESIGN AND MERCHANDISE FACTORS IN RETAILING}

Increasing awareness and growing life style has made retailers design their stores as expected by demographic consumers and plan their merchandise activities as consumer are not willing to pay for all attributes, Since when a new center opens most of the visitors are window shoppers, checking out price and stuff out of curiosity so retailers need to have innovative design and best merchandise policy to attract customers.

Rajagopal(2010)\textsuperscript{34}, worked on problem between organized and unorganized sectors and how consumers make decision regarding purchase the study hints at consumer preference of buying in traditional market around the malls is high due to

\textsuperscript{33} Jean-Charles Chebata,b,* , Claire Ge’linas-Chebatc, Karina Therrien,(2005), Lost in a mall, the effects of gender, familiarity with the shopping mall and the shopping values on shoppers’ way finding processes, Journal of Business Research 58 (2005) 1590–1598

\textsuperscript{34} Rajagopal(2010), Coexistence and conflicts between shopping malls and street markets in growing cities Analysis of shoppers behavior, Journal of Retail and Leisure property vol 9
low price, user friendly technology and easy product service. In addition, it is observed that shopper spend more money in each visit to the larger shopping malls owing to the planned shopping agenda without higher risk when compared to street shopping other factors that affect the preference of a market place among urban shoppers include recreational facilities location of the malls ambient and store attractiveness in reference to product and service brand value and price.

Arpita Khare, Sapna Rakesh (2010)\(^{35}\) stressed the factor that should be considered in generating profit. The operator should factor influencing the mall retailers tries to understand the factors which play critical role in generating consumer traffic and consequently sales. The absence of emotional or tangible elements in a shopping centre directly affects its performance while planning the layout design and ambience of malls space should be allocated to variety of activities and stores, so that consumer have varied option at one place. Hence the shopping centre should thus transmit an image of providing parking facilities, easy accessibility, elevators, clean ambience with lot of space for walking spacious dining area and recreational facilities. The malls manager should take steps to ensure that the malls communicate the appropriate images.

Julie Baker, A. Parasuraman, Dhruv Greval, & Glenn B. Voss (2002)\(^{36}\) stated that design cues have stronger and more pervasive influence on customer perception of the various store choice criteria. When considering music cues and employee cues, design cues in a store environment may evoke more vivid mental images. Regarding store patronage intention interpersonal, service quality, merchandise value, time effort

\(^{35}\) Arpita Khare, Sapna Rakesh (2010), Retailers in malls Retailers preferences for store space in Indian malls, 2010 Macmillan publishers Ltd, Journal of Retail and Leisure property vol 9.2

cost and psycho cost significantly influence patronage intention. Has concluded that merchandise quality inference triggered by store environment cues strongly influence perceived values, perception of monetary price stemming from those cues have an even stronger impact comparing to merchandise value these shopping experience cost directly and strongly influence store patronage intention.

Susan M. Broniaarczyk, Wayne D. Hoyer and Leigh McAlister (1998)\(^{37}\) studied the perception of shoppers with reference to stock keeping units with two cues on availability of favorite products and amount of shelf space devoted to the category. By maintaining the most favored brand and allocating more space has a positive impact and further reduce operating cost increasing profit and shoppers feel easy in identifying these needed goods with range of products. This may facilitate the retail operation to work in line with the expectation of the products and consumer perception

Narayan Janakiraman, Robert J. Meyer and Andrea C. Morales (2006)\(^{38}\) reacted on how consumer react to frequent changes in marketing mix as to unexpected change in price and quality, as spillover effects found that consumers respond to retail surprises not just by altering total spending also by changing the nature of the product purchased or the store from which they buy. This spillover effect has both positive and negative effects


Susan Spiggle and Murphy A. Sewall (April 1987) worked on choice set model of retail selection. Where shoppers often visit stores to get information about images characteristics, price level and merchandise assortment. Hence Retail operation must provide adequate information to facilitate channel choice easy and acceptable. Where demographic and attributes importance is weak other psychological variables as perception, image attributes are likely to be transformed during and result from the consumer decision process.

Umut Konus, a, Peter C. Verhoef a, Scott A. Neslin (2008) worked on dynamic process that consists of search and purchase phases, and segmented consumers as – multichannel enthusiasts, uninvolved shoppers, and store-focused consumers psychographic and demographic. Therefore, managers should maintain well coordinated channels that provide similar prices and products; otherwise, the multichannel enthusiasts segment may become confused and frustrated with the retailer. The different segments also suggest the need for firms to develop specific strategies for each. Marketers should create retail formats that provide multichannel enthusiasts with an enjoyable shopping experience in which they can be innovative. Firms pursuing the store-focused segment should improve the store experience by enhancing shopping enjoyment.

Nusser A. Raajpoot a, Arun Sharma b, Jean-Charles, Chebat c (2008) researcher examined the effect of gender and work status on social influence and role expectations within the context of shopping center patronage. The results have

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40 Umut Konus, a, Peter C. Verhoef a, Scott A. Neslin (2008), Multichannel Shopper Segments and Their Covariates. Journal of Retailing 84 (4, 2008) 398-413
implications for a shopping mall model, targeting specific gender and work status. The general model suggests that factors such as employee behaviors, design, customer compatibility, and product assortments affect the choice of shopping malls. The mall design has a significant impact on customer patronage. In addition, the mall can attract specific types of customers through design cues such as music. These findings would suggest that there are some differences between the shopping patterns of working women and women who do not work outside the home. These differences may be due to the fact that women who do not work outside the home regard shopping as a role, but working women conduct shopping as a recreational activity.

Julie Baker, Dhuruv Grewal, A Parasuraman (1994), Impact of specific elements in the retail store environment influence store environment, retailers differentiate store by merchandise, price, promotion and location, further in store elements such as color, lighting, style and music and concluded as combination of specific atmosphere elements influence consumer inference about merchandise and service quality and store environment, further research needed in this area.

3.8 CHANNEL CHOICE DECISION IN MODERN RETAILING

Consumer are fully educated and have all updates and they evaluate the collected information before making a channel choice, since in India many formats are operating, considering the diversity in taste and preference that exists in India and other town retailers need to experiment and develop an winning format that may suit to different geographic segments by considering the following attributes.

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Walter van water schoot piyush kumar sinha partick van kenhove kristof de wulf (2008) worked on format choice as information processing behavior. They consumer learning process is linking to product familiarity, product information search and decision making, has concluded that studying product and store learning not in isolation, its complex and indeed becoming more typical of modern market places, product and store life cycle evolution, market saturation and fragmentation increasingly lead to multiple channel strategies. In environment with limited growth and profit opportunities, competitive advantages and even survival relies more and more on fine tuning of marketing channel strategies.

Thomas Reutterer, Christoph Teller (2009) worked on store format choice and shopping trip type. Where consumer may patronize different stores formats depending on the respective shopping trip type. It also turn out to be important for retail managers to learn more about there customers mix and to understand in more detail for which shopping trip are done. Its important to notice that competition in grocery retail business format is rather local and county specific.

Katri koistinen raija jarvinen (2009) consumer expectation in grocery retailing on channel choice based o competitive advantages the study based on easy of shopping, risk reduction, product value and experiment seeking, consumer expect from retail channel as one stop shopping for routine needs with expected assortment, convenience and post sales service. Has concluded that they as frequently visit are

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44 Thomas Reutterer, Christoph Teller (2009), Store format choice and shopping trip types, international journal of retail and distribution management vol 37 no 8 2009 pp 695-710
45 Katri koistinen raija jarvinen (2009), consumer observations on channel choices competitive strategies in finnish grocery retailing, Journal of retailing and consumer services 16 (2009) pp 260-270
neighborhood stores and convenience store close to home, where criteria for grocery stores are price, quality selection, and assortment, environment. Hence store location decision should be considered as serious as possible.

Jason M Carpenter and Marguerite Moore (2006)\(^{46}\) Channel choice is influencing by the following factors cleanliness, price, competitiveness, product selection, courtesy of personal are important but price and operating efficiency dominate to be high and different shopping needs influence different format choice.

Werner Reinartz a, Benedict Dellaert, Manfred Krafft V. Kumard, Rajan Varadarajan e (2011),\(^{47}\) worked on retail formats have been investigated as an important dimension of innovations in retailing. Among others, formats such as Supermarkets were considered as innovations when they were first introduced in markets that are currently viewed as mature retail markets. Thus, the development of new retail formats based on the circumstances especially in emerging markets and less developed markets represents a promising source of retailing innovations and scope.

Piyush kumar sinha,Arindam Banerjee and dwarika Prasad uniyal (2002)\(^{48}\) Worked on store choice behavior and helping retailers to develop effective marketing strategies. They studied on location and store trip type and proved that convenience and merchandise are the primary reason in store choice decision making, where travelling has a negative effort.

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\(^{48}\) Piyush kumar sinha,Arindam Banerjee and dwarika Prasad uniyal (2002),deciding where to by store choice behavior of Indian shoppers ,vikalpa,vol 27,no2,april –June.
Amit Bhatnagara,* Brian T. Ratchfordb(2004)\textsuperscript{49} reviewed in developing retail model for different shoppers based on their shopping baskets. Developing a general model of retail format choice for non-durable goods. The model is based on the assumption that a consumer will choose the format that provides the most attractive combination of price, inventory cost and travel cost. Identified that supermarkets would be preferred by consumers when they have to buy more than a threshold number of categories and therefore the supermarkets should carry extremely broad assortments. Convenience stores are expected to carry perishables, goods that are stored in the refrigerator, and emergency goods. A consumer’s choice of a retail format to patronize on any given shopping trip is the output of a complex dynamic problem, where the consumer has to decide upon (1) how much to consume from each category, (2) how to organize the purchases into shopping trips over time, and (3) how to choose different store formats as a result of shared shopping costs, income, and space constraints. That operator should provide to make a better shopping experience.

\textbf{3.9 LOYALTY AND PATRONAGE IN MODERN RETAILING}

Today drawing crowd is not the same as drawing profits though its easy. Creating and converting all as loyal leading to patronage is a billion dollar question for all modern retailers. They must understand what values shoppers are looking for and how they can deliver that desired values to the customer is a urgent need to all operators.

Niren Sirohi, Edward W McLaughlin and Dick R Wittink (1998), worked on consumer perception and store loyalty, where store loyalty is measured on intention to continue shopping and intention to increase purchase and recommend to others. Result highlights the importance of service quality as an extrinsic cue in the formation of perception overall merchandise quality, this has direct impact on overall customer store loyalty intention.

Wolfgang Weitzl and Robert Zniva, (2010) highlighted on the relationship between store images, shopping value. He has classified shopping experience as in store elements (Environment) as atmospheric cues, Social cues, Merchandise cues. Where these cue influence value, perception of the shopping experience to varying degree of store images which has a further impact on customer satisfaction and store loyalty.

M. Joseph Sirgy, Dhruv Grewal and Tamara Mangleburg (2000), worked on self congruity and retail patronage, where self congruity is a process of matching self concept and retail patronage images, greater the match the greater favorable attitude towards the store, hence if retailer can position their shop to enhance the likelihood of self congruity with target shoppers, they are likely to succeed in attracting these shoppers to their stores leading to enhance profitability.

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Geroge Baltas, paraskevas C.Argoulidis Dionysis Skarmeas (2010)\textsuperscript{53} worked on patronage set, where patronage may be negative and positive. Its studied that inter personal and intra personal differences remain un important area for further research. Further one might consider including attitude towards shopping, price, sensitivity, shopping involvement and life style factor that may affect store patronage. In addition to consumer factors market structure, variables and special factors such as price desperation and spatial separation among store may also influence the tradeoff between benefits and cost of multiple store shopping and prove important determinants of patronage sets.

Dhruv grewal, Julie baker, Michael levy and Glem voss (2003)\textsuperscript{54} on store patronage decision integrating with waiting and environmental psychology stated that research should investigate the condition in which high customer density is positive as well the inferences customer make in a crowded situation in influencing store patronage decision making. Time pressed consumer may decline to patronize store in which they expect to wait a long and least tolerant in waiting in expensive expensive products. In addition research should examine the effects of situational such as browsing verses buying or purchase gifts vs purchasing for one self and avoid waiting time as it influences patronage decision.

Kent B Monroe and Joseph p.Guilitinan(1975)\textsuperscript{55} has studied how store choice decision is done with four variables ,general opinion, budgeting, store attributes ,perception of store and has proved , where store patronage is influenced by relatively

\textsuperscript{53} Geroge Baltas ,paraskevas C.Argoulidis Dionysis Skarmeas (2010),The role of customer factors in multiple store patronage A cost Benefit Approach , New York University 2010
\textsuperscript{54} Dhruv grewal Julie baker Michael levy and Glem voss (2003) The effects of wait expectations and store atmosphere evaluations on patronage intentions in service intensive retail stores.,Newyork University 2003
low price and helpful advertising and further brand name and variables are also helpful.

Mark J. Arnolda, Kristy E. Reynolds s b, Nicole Ponderc, Jason E. Luege, (2005), where consumer delight is of great interest to practitioners who understand that to keep customers loyal, a firm must go beyond merely satisfying to truly delighting them. While many retail firms have focused on improving quality to satisfy their customers, the changes in the retail landscape in recent years now demand much more of retailers. But while retailers have built an acute understanding of how to create satisfied customers with quality goods and services, the results presented here provide firms with specific factors to concentrate on in going beyond satisfaction and creating delighted customers.

Michael A. Jones a, Kristy E. Reynolds b, Mark J. Arnold c (2006) This study investigates the complex interrelationships between satisfaction with the retailer, hedonic and utilitarian shopping value, and important retail outcomes. Both hedonic and utilitarian shopping values are found to influence key retail outcomes. The results here suggest that critical outcome variables – satisfaction with the retailer, word of mouth, and repatronage anticipation – are influenced more by the non-product-related, hedonic aspects of shopping than traditional utilitarian orientations. On the other hand, utilitarian shopping value is more strongly related to repatronage intentions. It could well be that constructs which are thought to have an important affective component, such as satisfaction, word of mouth, loyalty, and repatronage

anticipation, play a larger role in this constructed world, and may be more closely tied to indicators of the emotional experiences we have, such as hedonic shopping value. Clearly, much work needs to be done in this area.

Stephanie M. Noble a, Diana L. Haytko b,1, Joanna Phillips c,2(2009) This study explores a narrow group of Generation Y individuals, specifically college-age individuals. College-aged Y consumers represent huge potential for retailers as a market Segment the respondents are very much oriented toward seeking value. Most often value-seeking entailed price/quality, but investment/built-to-last issues tradeoffs also occurred. As such, marketers and retailers targeting this age group should potentially focus their advertising campaigns on illustrating the value of certain products and retailers. Additionally, marketers need to learn how their college-age target market ideally sees themselves with regards to their product so that a brands' personally can demonstrate these traits and help consumers achieve their ideal selves.

Jean-Charles Chebat, M. Joseph Sirgy, Stephan Grzeskowiak (2010) Worked on generating a more traffic to build a strong mall image perceived by shoppers as delivering a unique bundle of benefits. Malls with a variety of store assortments are likely to be more favored than malls with less store assortment. Again, shoppers look for ease and convenience in shopping. Patronizing a mall with a greater store assortment is likely to satisfy shoppers' needs more so than malls with lower store assortment mall management should make a concerted effort to make the interior environment stimulating, entertaining, cheerful, and colorful.

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Kristof De Wulfa, Gaby Odekerken-Schr.oder (2003),\textsuperscript{60} This study focuses at the impact of different relationship efforts made by a retailer (direct mail, preferential treatment, and tangible rewards) on key relationship marketing outcomes (trust, relationship commitment, and behavioral loyalty).

### 3.10 RETAIL SERVICE QUALITY IN MODERN RETAILING

In retail setting, especially retail stores where there is a mix of product and service, and different demographic customer’s retailers are likely to have impact on service quality more than on product quality. As service quality plays an important role in customer expectation retailers can create such effects, service quality plays a significant strategic role in creating better perceptions among customer towards stores Retail offerings are a mix of merchandise and service, and the experience of customers in retail stores thus involves such activities as influencing customers to spend more time in the store, finding the merchandise, interacting with a variety of store personnel, and returning unsatisfactory merchandise—all of which have a direct influence on the customers’ expectation and patronage towards stores.

Today the retail industry is evolving into an exceedingly competitive scene, with retail players fighting for a share in the customers’ minds and hearts and has turned down to tier II and Tire III cited from metros and capitals. In light of this, service quality has long been accepted as one among the most important marketing tool for retailers to differentiate their retail offers, create competitive advantage and to enhance the customers’ shopping experience.

\textsuperscript{60} Kristof De Wulfa, Gaby Odekerken-Schr.oder (2003), Assessing the impact of a retailer’s relationship efforts on consumers’ attitudes and behavior, Journal of Retailing and Consumer Services 10 (2003) pp 95–108
Christo and Terblanche, (1997)\textsuperscript{61} worked on market forces and service quality. In the era of globalization, small retailers cannot compete with the retail giants only on price, the winning strategy will be superior service quality.

Reichheld and Sasser, 1990; Berry, (1986).\textsuperscript{62} Retailers today must differentiate themselves by meeting the needs of their customers better than their competitors. There is general agreement that a basic retailing strategy for creating competitive advantage is the delivery of high service quality.

Austin (1992)\textsuperscript{63} opined that retailers traditionally think of customer service in terms of store hours, gift wrapping, and credit options, but consumers typically viewed customer service in relative terms based on their expectations and experiences. Customer service satisfaction depends on how well the received services match their expectations.

Berman and Evans (1992)\textsuperscript{64} highlighted that not only service quality, there were also other factors which influenced the store patronage namely: merchandise, price, location, and advertising.

Dabholkar \textit{et al}. (1996)\textsuperscript{65} highlighted that current measures of service quality do not adequately capture customers’ perceptions of service quality for retail stores. In retail setting, especially retail stores where there is a mix of product and service, retailers are likely to have impact on service quality more than on product quality.


\footnotesize{\textsuperscript{63} Austin, N.K. (1992), “The Service Edge”, Working Woman, pp. 26-34.}

\footnotesize{\textsuperscript{64} Berman, B. and Evans, J.R. (1992), \textit{Retail Management: A Strategic Approach}, 5\textsuperscript{th} ed., Macmillan, New York, NY}

Using both quantitative and qualitative research methods, Dabholkar et al. (1996) developed the retail service quality scale (RSQS), a multi-item scale measuring five dimensions of retail service quality and detecting changes required in the services provided. RSQS consist of five dimensions - physical aspects, reliability, personal interaction, problem solving and policy.

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

Kim and Jin (2002) found that U.S and Korean consumers perceived service quality of discount stores differently. They concluded that in a discount store.

Chavadi and Kokatnur (2008) evaluated the most influencing factors and identified the service gap between the actual perception and expectation of fast food services. They found that product was the most important factor influencing customer perception followed by service, convenience and value pricing. Regarding service quality they explored that the highest gap exists for assurance and empathy.

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Ravichandran et al. (2008)\textsuperscript{69} identified the critical quality dimension of Chennai City food and grocery shoppers based on the Retail Service Quality Scale proposed by Dabholkar et al. (1996). As far as validation of the instrument was concerned, they found that four factors were enough to evaluate the service quality under 27 items of the food retailers in Chennai.

Torlak et al. (2010)\textsuperscript{70} observed that to meet the requirement of consumers in a retail context, retailers must emphasize the importance of product quality and service quality. They employed RSQS in grocery store of Turkey. They employed exploratory factor analysis and found four dimensions namely personal interaction, reliability, physical aspects and policy.

3.11 LITERATURE GAP

THE GAPS MODEL FOR IMPROVING RETAIL CUSTOMER EXPECTATION AND SERVICE

The GAPS Model indicates, what retailers need to provide more time in understanding and attempt to be made to satisfy the expectation of shoppers. When customers’ expectations are greater than what is delivered, they are dissatisfied and that reflect in store choice decision. Thus, for improving customers’ satisfaction with their services, retailers’ needs work and reduce the service gap.


There are four factors which affect the service gap:

- **Knowledge Gap**: The difference between customers’ expectations and the retailer’s perception of customer expectations. Most organizations would happily believe that they know what the consumers want, but they may be mistaken. For example, for customers’ at a supermarket price may be the most important factor, others may prefer quality, while yet another segment may prefer speedy checkouts, parking and convenience of one stop shopping.

- **Standards Gap**: The difference between the retailers’ perceptions of customers’ expectations and the customer service standards it sets. Service standards need to be based on the customers’ expectations. The management of the organizations needs to be committed towards providing high standards of service.

- **Delivery Gap**: The difference between the retailer’s service standards and the actual services provided to customers’. The level of service provided would vary from employee and by the same employee, over the period of time. Clarity of the role of the employee and adequate training would enable an employee to serve the customer in an efficient manner.

- **Communication Gap**: The difference between the actual service provided to customers’ and the service promised in the retailer’s promotional program. If advertising or sales promotions regarding deals and other offer is not communicated in the purpose shoppers feel disappointed and result in poor understanding.
3.12 CONCLUSION

The researcher attempts to throw new light on how to engage customer and what customer expectation from these modern retail outlets. The study addresses some of the shortcomings in the literature, such as customer expectation, environment, and service interface, more attention to be given in atmosphere, assortment expected and how to create and offer best convenience and accessibility, design and layout of the stores to investigate the influence factors in loyalty and patronage decision in small town of India. Especially small town needed to be studied, Hence there is a need for the present study