Chapter – I

Introduction
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INTRODUCTION

1.1 INTRODUCTION

The word retail originated in 1365 as a derivative of the French word retailer which means to “cut a piece off” or “to break the bulk” with over 300 million middle class emerging organized retailing seems to have become the perfect mantra to make money in India.

Globalization and improved higher education swept through the country, resulting in increasing living standard of all segments in all parts of the country flamed by emerging consumer base enhanced spending power, government reforms and policies, emerging dual income families and global awareness changed their expectation in form of product and service.

The increasing expectation of consumer in term of store attributes, store assortments, value for money, time has left all retailers to think and redesign the concept of shopping into pleasure and joyful by providing all this to attract shoppers and to be successful in Indian markets.

The changing consumer behavior is increasingly shaping organized retailing and in turn evolving with new found options and opportunities. This has led to an increasing number of customers availing of convenience option such as modern retail formats. Today’s customer are not ready to pay for all attributes and run around to buy there needed products they want their needs and desire to be satisfied at one place. Satisfied customers are loyalist, it’s possible only by offering and satisfying there expectation is the only way for modern retail operation.
1.2 DOMAIN OF THE STUDY

The Indian retailing industry is changing. India is passing through a retail boom today. A number of changes have taken place on the Indian retail front such as increasing availability of international brands, number of malls, and other formats.

The Indian consumer has come a long way from the traditional kirana stores and is on its way to becoming a mall country. The customer emphasis has shifted from reasonable pricing to convenience, efficiency, and ambience. The modern Indian consumer is seeking more value in terms of improved availability and quality, pleasant shopping environment, finance options, trial rooms, and return policy with competitive prices. This has created a rapid growth opportunity for the organized modern retail formats to emerge in recent years and grow at a fast pace.

The dynamic changes in consumer behavior have necessitated and made it imperative for markets to have in-depth knowledge of various dimensions which link retailing and consumer behavior. The retailers should understand the values of their shoppers that the consumer looks for and the retailer should deliver that desired value to the customer. The work attempts to forecast and focus the expectation of the customer for better understanding and effective operations. As retail outlets and shopping malls are the changing face of Indian retail scene not only in big cities but also in smaller cities.

The study aims at bridging the gap between service offered and service expected and what are the key attributes of importance for the demographic which is taken into consideration. This study revolves around stores operating in and around Madurai. A historic town well known for tradition, temples, and heritage, and a hub

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for many more destinations attracting more number of tourists and visitors to its population. This is a high growing and next big town in this region with immense potential. The retail operators should change and adopt these technologies to match their customers’ expectation.

1.3 PROBLEM STATEMENT

The Indian retail sector can today be segregated into local kirana stores, modern organized retailing as (Un organized & organized) experiential retailing and luxury retailing. Today the changing consumer behavior is increasingly shaping organized retailing and is turn evolve with new opportunities, enhanced shopping experience, better packaging, hygiene environment and value added service rendered by organized retail store have raised the expectation of the customers. The emergence of catalogue shopping, online shopping and raising consumer expectation are the major problems faced by modern retail operators.

Today getting crowd is easy than satisfying them and generating revenue from them. Therefore understanding shopping dynamics is the key to success in the retail business. Retailers must understand what value shoppers are looking for and how they can deliver that desired value to the customer which have necessitated made it imperative for marketers to have in depth knowledge about various dimensions which link retailing and consumer behavior.

Therefore this study is vital in bringing about the expectation of the customers, understanding the business model that would drive profit in long run sustainability, despite all the challenges the Indian retailing poses helping the modern retail operators to serve better and effective.
1.4 AIM OF THE STUDY

A comprehensive study is required to understand the behavior pattern of shoppers and their expectations towards organized retail outlets. This study attempts to unearth the expectation of the demographic group shoppers, since the retail operators are attempting to experiment the western formats in India, where there is a problem of adoption to the westernized formats in the study area.

The researcher works and attempts to solve all these constraints in modern retailing and develop a suitable model for the small town with all affordable assortment and expectation. This study investigates the relationship between all expectation and its impacts on retail patronage decision further the shopper’s attitude towards organized and unorganized retailing.

1.5 OBJECTIVES OF THE STUDY

The following are the objectives of the present study.

1) To study the major products and store attributes influencing consumers towards modern retail outlets.
2) To study the product wise preferences of consumers towards modern retail formats.
3) To study the impact of demography factors (gender, age, and income) on consumers preferences towards modern retail outlets.
4) To identify the salient attributes of retail stores and their convenience for consumers.
1.6 HYPOTHESIS OF THE STUDY

1.6.1 ORGANIZED RETAILING

1) There is no association between the monthly income of respondents with regard to their gender classification.

2) There is no association between the monthly incomes of respondents with regard to their occupation.

3) There is no association between the family types of respondents with regard to their monthly income.

4) There is no association between the sources of information with regard to their educational qualification.

5) There is no association between the sources of information with regard to their age.

6) There is no absence of significant evidence that the individual shopping experience dimension will have a significant impact on overall satisfaction.

1.6.2 UN ORGANIZED RETAILING

1) There is no association between the monthly income of respondents with regard to their gender classification.

2) There is no association between the monthly income of respondents with regard to their occupation.

3) There is no association between the family types of respondents with regard to their monthly income.

4) There is no association between the sources of information with regard to their educational qualification.

5) There is no association between the sources of information with regard to their age.
6) There is no absence of significant evidence that the individual shopping experience dimension will have a significant impact on overall satisfaction.

1.7 RESEARCH QUESTION FOR THE STUDY

The researcher attempts to answer all the objectives and have a thorough understanding about the expectation of customers and to develop a profitable model for retail operators. The research includes retail environment, assortment, accessibility, service interface, atmosphere, price, convenience, design and merchandise, loyalty and patronage in order to evaluate the short coming.

The study attempts to answer the following question:

1) The demographic profile of the customer who shop from us and there spending pattern and income structure.

2) What are the most important retail market attributes expected and how they evolve with the changing retail environment?

3) What external forces influence the choice of consumer and how they transform over a period?

4) In what way social culture factors affecting buying behavior.

5) How service and various other attributes are influences the consumer choice in response of retail store?

These questions reflect the emerging pattern of organized retailing in India and its influences as consumer behavior.
1.8 JUSTIFICATION OF THE STUDY

A study of the customer expectation of store attributes and store patronage towards organized retail outlets in Madurai city had always been an important area of research in retail business. The young population segment is bringing about the changes in respect of consumption habits and spending patterns which form the basis for the Modern retail formats in the study area. A detail understanding regarding whether there is any relation between the demographic profile of the consumers and preferred retail format, does income and other family attributes play a role in selection of the retail formats are some of the basic questions require a study.

As the modern housewife indulge in shopping for herself, she appreciates and welcomes.

A pleasure in her shopping experiences,

Prefers the Convenience of one shop buying,

Appreciates the speed and efficiency in shopping and processing,

More and more information,

Provision of likes better quality and hygiene and feels happy,

Discounts, Deals & Bargaining.

The Indian market is fragmented and dominated by many small stores. In an estimated total potential of over 200 billion dollars only 3% falls under the organized sector and it provides ample opportunities for many players to enter into this retail sector.

Retailing in India, revolves around the value for money proposition and under such a situation, it would be prudent to introspect as to how for westernized model would be sufficient to fit in with a local business model and how far the western
The concepts of supermarkets, departmental stores and hypermarkets become fully applicable under Indian conditions.

The profitability of any business depends upon the profitability of the suitable business models in the sector, and the opportunity thrown open by the fast emerging consumer boom could be best converted into a profitable business proposition by using an affordable model and attract consumer providing the expected assortment and values.

The retailing industry is becoming more global and modern and convenience stores seem to be an attractive format with large growth potential in emerging markets (Deloitte, 2007). However, little is known regarding preferences and expectations of consumers regarding modern retail outlet in India and other towns. What do consumers in this study area expect from convenience stores? To answer this question we need to understand better consumer’s expectations of modern stores. Hence the identification of an appropriate format to suit the local condition would make the businessmen a winners in India.

The key to the winning retail formats would be to follow a model with expected assortment that satisfy and attract Indian consumer. The Model with expected assortment should suit the India consumer. Hence all retailers need a formats for different towns and different classes and for even different geographic cultures, with expected assortment, which enhance patronage motives in this field. So there is an ample scope for carrying on research and hence more research is also being carried on.
1.9 RESEARCH METHODOLOGY

The research starts with an extensive review of literature based on the knowledge and citation with which the relevant hypotheses were developed. The hypothesis was justified with extensive field work. Being explorative, the researcher developed (a) hypothesis (b) developed questionnaire and instruments for analysis and concluded with results. Further the research in consultation with experts and review an structured questionnaire was designed and required data was collected. The study attempts to explore the relationship and influencing level of various attributes in store selection and patronage decision.

1.9.1 CONVENIENCE SAMPLING

Convenience sampling method in applied for collecting data from the customer of shoppers. In this study sampling is done with the following reason as its favors of cost, time and flexibility, quality for the study.

1.9.2 DETERMINATION OF SAMPLE SIZE

The research has used the data collected from 460 shoppers from organized retail outlets and 63 unorganized retail outlets for a thorough and comparative study.

1.9.3 ANALYSIS OF DATA

The analysis of the work is taken with full caution to get a clear understanding and idea in this study. In all possible areas, tables, charts and analysis are used to explain the expectation of shopper and factors inflecting patronage decision. The software analysis of moment structure (AMOS) and SPSS 19 package are used for
analysis and interpretation other tools as reliability test, content and construct validity of questionnaire, ANOVA and factor analysis are used. SEM is constructed to check and evaluate the conceptual model and relative weights for all variables in customer decision making.

1.10 CHAPTERIZATION OF THESIS

The first chapter “INTRODUCTION AND DESIGN OF THE STUDY” presents an introduction, explanation, the need for the study, reviews of the previous study explaining the objectives, scope of the study, the details about the period of the study, the methodology adopted, and framework of analysis and the scheme of presentation.

The second chapter “A PROFILE OF THE RETAIL INDUSTRY” deals about the growth drivers, the vibrant economy, technologies in the retail trade, key players, their profiles and such other factors that play an active part in the Indian retailing industry and a study on the existing formats focusing the attention and developing a new model that would suit the Indian markets.

The third chapter “REVIEW OF LITERATURE” studies the past research and attempts to identifies the gap and focus area for further research works. The review is done on various expectations of respondents who visit the retail stores.

The fourth chapter “CONCEPTUAL FRAME WORK” which is based on the study of literature and pilot study the researcher has developed a framework which is to be studied and tested through SEM model, a platform upon which the entire research work is done.
The Fifth chapter on “RESEARCH METHODOLOGY” comprises on the statement of the problem, Objectives of the study, Research Design, Sample procedure, Data collection, Tool of Analysis.

The Sixth chapter “ANALYSIS AND INTERPRETATION” analysis the respondent’s opinion and interprets information for useful discussion.

The Seventh Chapter discuss, deals with on DISCUSSION AND CONCLUSIONS” of the project for improving the conditions of the market to suit the respondents of the study area in their day to day activities of purchasing from the market

1.11 CONCLUSION

This chapter provides a detail view of the flow and direction of the study. This study will help the customer in effective decision making in store selection and for store operators as guide on customer expectation towards organized retail outlet. The purpose of the study is related to store choice and patronage decision in Madurai city. As the stud area is with growth potential and an upcoming town attracting many numbers of shoppers and tourists, the study is significant, researchable and feasible.