

CHAPTER - 1

INTRODUCTION AND METHODOLOGY

1.1 Introduction

The shopping pattern and the retailing practices across different geographies and customers segments across the country during last one decade have changed drastically. Shopping in modern retail stores has become extension of social self. Also there is a great deal of convergence of global teen values such as consumerism, materialism, self-expression, openness to new ideas and cultures, flexibility, mobility and enjoyment of life¹. The retail culture has also transformed from Hattis and haats to haute couture and from mela culture to mall culture. We all know that retailing as the traditional form of exchange process is practiced in India right from the days of barter system, it provided extensive reach in the country in the form of village level kirana shops, weekly haats, gathering and village fair/ melas. After that mom & pop stores sold multiple goods at convenient places and timings, most of the retail stores in India then were family owned business.

Times have changed radically, the corner grocery shop that was the only choice available to the women who slipped her shopping bag over her arm & set out for her daily food purchases, where the stores then were stacked with barrel, bins & sacks filled with everything from soaps to pickles is now changing, giving away a new look and form of retailing. Now shoppers look for brands which speak about their personalities, attitudes and the value that they spend on their purchases. In an emerging economy like that of India, progress in the retail

sector is logical extension of ongoing economic and market reforms, and consumerism is becoming a way of life.

Trade and commerce have always been the hallmark of Indian society. In the last decade there been fast growth of organized retailing in India. The main features of current retail scenario in India are that smaller cities are participating, global giants are entering, there is proliferation of local players, and rise in online shopping². The retail scenario in India started changing, after the wave of liberalization, privatization and globalization of 1991. New retail formats from neighbour hood kirana stores to hyper markets, from discount stores to super markets, departmental stores, specialty shops and franchising have emerged in a new way showing attractive ambience, display and variety of product mix. Earlier the retailers were unorganized and used to cater to the needs of all income groups.

According to Image India report 2006³, India is experiencing a total change in the National Social Structure. There is improvement in national income, consumerism & urbanization. The emergence of upper middle class, increase in the number of nuclear families, growing size of working women, great work pressure and increase in commuting time, convenience has become a priority for Indian consumers and they want everything under one roof. It is the organized retail markets that provided them with every shopping experience.

1.2 Reasons for choosing the specific topic

1) A pilot study of some articles and reports showed that, since the last decade the field of retailing is changing.

- 2) Organized retailing has increased from 5% of total retail sales in 2006 to 8% in 2007 & to 25 % of total sales in 2011. Organized retailing is thus the sunrise industry contributing 10% to GDP and 8% to employment after agriculture.
- 3) In the past few years new retail formats are seen in important cities of the country viz; NCR, Mumbai, Hyderabad, Kolkata, Chennai, Bangalore and Pune.
- 4) In Pune, there has been a drastic transformation in the retail occupier typology. The number of retail outlets is increasing day by day with newer forms and attractive schemes because of which there is gradual shift in the purchasing, customers are now purchasing from organized retail stores for variety, brands, more discounts and offers. The customers are looking for quality, price, convenience and one stop shopping experience in the organized retail stores.
- 5) It is also observed that on one hand new stores are coming up while on the other hand some stores are getting closed. (Subhiksha, Trumart Spencer's and few of Aditya Birla More).
- 6) Also there was criticism that ORMs would affect the kirana stores.

So the researcher was interested in understanding the working of organized retailing, customers' changing habits, factors leading to their satisfaction, customer's preferences for the ORMs, reasons for closure of some stores, and impact of ORMs on small stores with special reference to Food and Grocery and Apparel and Clothing.

1.3 Objective of the study

- 1) To study the working of organized retail markets i.e. organizational structure, stores layout, supply chain management, HR and employment, use of technology and other aspects of organized retail markets in and around Pune.

- 2) To study the customers profile and their satisfaction level.
- 3) To study the employees satisfaction level.
- 4) To suggest measures to improve the working of organized retail markets.
- 5) To study the impact of organized retail outlets on small stores.

1.4 Hypotheses of the study

- 1) Working of organized retailing leads to satisfied customers.
- 2) Working of organized retailing leads to satisfied employees.
- 3) The working, marketing and promotional strategies used by different organized retail outlets are less distinctive.
- 4) Working of organized retailing is technology intensive.

1.5 Period and Scope of the Study

In the past decade there has been drastic transformation in the retail occupier typology of Pune. Many well known brands have not only entered the city but expanded with multiple outlets. Hence the period from year 2004 to 2011 is selected. The scope of this study is limited to players in food & apparel segment only & the focus is on operating practices, customers & employees satisfaction. The scope does not cover other product category dealt by the organized retail, and also FDI in retail its pros and cons.

1.6 Area of the Study

The area of this study is in and around Pune and PCMC. Pune is a growing city as regards to industrialization, educational activity & employment opportunities. With the entry of the IT companies and call centers, Pune has

become a centre of attraction for many companies. Due to changing demographic structure of the city, rise in income and with 26 % of the population spending between 50,000 to Rs.1,00,000 on various goods & services, the rise in real estate growth, the city has shown tremendous potential for the growth & development of retail markets⁴.

In the fast developing PCMC area also well known brands like Pantaloons, Mega mart, Big Mega mart, More, Spencer's, Star Bazaar, & D'mart have started their retail outlets. So there is enough scope for studying the changing buying habits of customers, their satisfaction and their preference for organized markets in both the areas. Thus Pune is a representative city from all aspects & hence Pune is selected.

1.7 Research Methodology

1.7.1 Type of Research: The research is descriptive as well as exploratory in nature. It is also a combination of qualitative and quantitative research.

a) Descriptive Research: Descriptive research means surveys and fact finding inquiries of different kinds. It describes the data and characteristics about population or phenomenon being studied⁵. The main purpose of descriptive research is description of the state of affairs as it exists at present. The descriptive research answers the questions who, what, where when and how. In descriptive research the researcher has no control over the variables but can only report on the state of affairs, on the basis of primary and secondary data collected. The research is descriptive as it shows details about operating practices, customers' satisfaction, employees' satisfaction, extent of technology.

b) Exploratory Research: In social science exploratory research is useful in development of hypothesis rather than testing it. Exploratory research is a type of research conducted for a problem that has not been clearly defined. Exploratory research helps determine the best research design, data collection method and selection of subjects. Given its fundamental nature, exploratory research often concludes that a perceived problem does not actually exist.

Exploratory research often relies on secondary data such as reviewing available literature and/or data, or qualitative approaches such as informal discussions with consumers, employees, management or competitors, and more formal approaches through in-depth interviews, focus groups, projective methods, case studies or pilot studies.

The research is exploratory research as the researcher collected, and analyzed qualitative data, conducted interviews of customers, employees and small store owners. Interviews and Focus group discussions were also conducted to explore the responses of the respondents. Variety of secondary data is used to get insight into the subject.

c) Quantitative Research: his research is quantitative in nature as it relates to collection, analysis and interpretation of quantitative data i.e. secondary data collected through reports articles and other available literature.

d) Qualitative Research: This research is qualitative in nature as it studies the perception of customers about the product, price, quality, physical facilities, ambience, and schemes of the outlets. Qualitative data also includes secondary data in the form of published papers and newspaper articles. The advertisements

in the newspaper were also studied to find out the USP and the offer/discount price which was the main attraction of customers to buy food and grocery and apparel and clothing from organized retail outlets.

1.7.2 Methodology of the Research

The research is based on primary and secondary data.

Primary Data: It is the data that does not exist in the form of records, and is collected for the first time. The data is collected through primary sources like questionnaire method, personal interview, and group discussions.

a) Questionnaire Method:

To collect the primary data, questionnaires were prepared. The objective of the questionnaire was to study buyers' changing behavior, factors leading to their satisfaction, employees satisfaction and the impact on unorganized retailers, and also to get knowledge about:-

- 1) Working of organized retailing.
- 2) Marketing and promotional strategies adopted by organized retailers.
- 3) Technology used by organized retailing.
- 4) Customers preference for organized retail stores.
- 5) Customers spending and savings etc.

Four types of questionnaires were designed. Two for the customer (325 for Food and 325 for Apparel) third for the employees (160) working in the organized retail outlet and the fourth for the unorganized retail stores (50). For all customers structured questions were used, the objective was to make all respondents reply the same set of questions, this created ease and provided base

for statistical analysis. Multiple choice questions helped in comparison of the data.

5 point scale was used to measure satisfaction in case of customers.

The details of questionnaire are as follows:

For Customer- (650 questionnaires were distributed- 600 were usable)

The **1st questionnaire** for Food Segment customers 325(300 were usable):

(A) Details of the respondents: Name, Sex, Age, Income, Marital status, Family background, Education and Occupation.

(B) Questions related to Food and Grocery - 8

(C) Questions on opinion about product - 6

(D) Customers general opinion about the outlets - 5

(E) and Customers general opinion about the employees - 6

The **2nd questionnaire** for Apparel Segment customers 325 (300 were usable):

(A) Details of the respondents: Name, Sex, Age, Income, Marital status, Family background, Education and Occupation.

(B) Questions related to Apparel and Clothing - 8

(C) Questions on opinion about product - 6

(D) Customers general opinion about the outlets - 5

(E) Customers general opinion about the employees - 6

For Employees: 3rd questionnaire (160 questionnaires were distributed- 152 were usable).

It included details about the employee like name, sex, age, income and education. The questions on occupational details were useful in gathering

information about their satisfaction level as regards job, working hours, salary, facilities and benefits, training etc.

The study of organized retailing would have been incomplete without the study of impact if any on unorganized retailing. Hence the **4th questionnaire (50)** was given to small stores (Kirana) and small apparel shops. This data helped to find out whether there was any direct impact of the organized retail stores on the working of unorganized stores or not.

b) Interview Method:

This method was used to get the responses from customers and the employees. Questions were asked to collect information about choice of outlets; reasons for purchasing, complaints and grievances if any. Since the research was exploratory detailed interview was also taken. Personal interview of the employees and customers were taken, by fixing appointments in advance. The place was decided on the basis of convenience. Some interviews were at their residence, while some were outside the outlet. To be more comfortable during interview English, Marathi and Hindi languages were used. The researcher has conducted interviews of the personnel in their respective outlets. Questions were also asked to the employees working in the selected retail outlets.

- 1) Mr. Vinayak Bivere - Big Bazaar
- 2) Mr. Shardul Kulkarni - Spencer's Daily
- 3) Ms. Roseline Fernandis - D'mart
- 4) Mr. Ashish Taware - Big MegaMart
- 5) Ms. Sweta Verma - Shoppers Stop

The excerpts of interviews and observations and conclusions are further given in the chapter.

c) Observation Method:

During the period of study regular visits were made to the selected retail outlets. Observation method was used to view the demographic pattern of customers visiting the outlets at different timings, their behavior and attitude while selecting the product, viewing offers and discount, communicating with the employees at each section, at the billing counter, selecting fruits and vegetables etc. was keenly observed. The customers were closely observed even while entering and leaving the outlet. Their facial expressions (though not very accurate) also gave the glimpse of satisfaction or dissatisfaction.

The researcher also observed the stores layout, display of products, technology used, staff behavior, ambience, parking, and other aspects of the organized retail outlets.

d) Focus group discussion:

To get more insight into the customer's satisfaction and employee's satisfaction and other related aspects, 2 focus group discussions were arranged in the month of October 2012 and January 2013. 20 customers from different areas were interviewed. The duration of discussion was 20-30 minutes.

Group-1: Consisted of 10 customers in the area of research. The group included female customers of different age, occupation and income. Savitri Kshirsagar (bachatgat), Poonam Peswani (C.A), Shobha Shah(housewife), Noorjahan(student), SachiBapat(businesswomen), SuvarnaSapkal (maidservant),

Mrs. Geeta Counsellor and housewife), Aaisha (Doctor), Madhavi Purandare (Corporate Trainer) Rasika Nerlekar (Bank employee).

Group -2: Consisted of 10 customers in the area of research. The group included male customers of different age, occupation and income.

Anil Aras(Manager-Forbes Marshall) Pramod Deshmukh (Management Consultant), Pravin Kumar Singh (Bank employee), Satish Joshi (Manager-Kirloskar Oils Ltd.), Deep Das, Kiran and Sagar (Students), Mr. Varad (IT Engineer), Suresh Kutty (Chief Chemist), Dr. Milind Mujumdar (Scientist-IITM), Mr. Anirudha (Advertising Consultant).

The customers were asked to give their opinion about organized retail markets. Their opinions were very useful in concluding their perception about organized retail markets.

e) Seminars Attended:

During the research period the researcher participated in 3 seminars and presented paper in two. Since the seminars were related to the topic the researcher found it useful and got insight to the research topic.

1) On 25th and 26th Feb. 2010 at Asian School of Management, Pune

Retailing –The Wal-Mart Way

2)On 8th and 9th Feb. 2013 at Smt. Hiraben Nanavati Institute of Management and Research, Pune. Presented a paper on ‘A Theoretical framework of Business Excellence-A Case study of Tata Group’

3) On 15th and 16th Feb. 2013 at Symbiosis Centre for Management and Research, Viman Nagar, Pune. Presented a paper on “A study of the factors influencing Customers Satisfaction at selected retail outlets –Apparel”

4) 4th International symposium, at Arora Towers, Pune organized by Choice Group of Institutes- Pune on 21st September 2013. Presented a paper on “Employees satisfaction in organized retail”.

Secondary Data

It comprises of all references books, journals, articles, magazines, newspaper, internet and printed handouts of the outlets. The books on marketing, retail management, retail marketing, consumer behavior, book written by Indian retailer Mr. Kishore Biyani “It happened only in India” and another “World is flat” also helped in understanding the retail revolution. Professional journals in marketing, magazines, and news paper articles have also been used. The news paper advertisements of these selected retail outlets were used to prepare a comparative statement showing products, price, offers and discount policy of various retail outlets. Internet, Websites, Wikipedia have been used to develop the profiles of selected retail outlets. The researcher also used library facility available at BMCC, MCCI, British Library and MUCC. Reports published by CII, McKinsey, Chili bief, Knight Frank and IBEF were useful in preparing the secondary data for analysis. Blogs were used to study the customers’ dissatisfaction.

1.8 Population sample

The research covered the area Pune and PCMC. The number of customers though not infinite is very large and therefore for practical purpose, convenience and judgmental sampling method (non probability sample) was used. Since the population size is infinite, sample size was taken as 650(325

customers of Food and 325 customers of Apparel). The respondents from all categories, from different area, age group, income group, educational and occupational background were selected to make the sample representative.

1.9 Sampling

1.9.1 Customer Sampling

Questionnaires were distributed to customers visiting organized retail markets for food & apparel. The objective of these questionnaires was to study the customer's choice about retail outlet, frequency of purchasing, amount spent on purchases, savings, factors leading to their satisfaction, and complaints if any etc. Out of the 650 questionnaires that were distributed in all areas to cover all the retail outlets, 630 were returned and 600 were usable. Efforts were made to cover different types of customers in gender; different age and income group hence 300 in each category were selected for analysis.

Table 1.1: Details of selected Organized retail outlets

Name of the organized Retail outlet	No. of Retail Outlets	Selected outlets from different area	Percent selected	Questionnaire distributed
(A) Food				
1) Star Bazaar	2	Akurdi Nagar Rd.	100%	25 25
2) More	30	Pimpri Chinchwad Bhosari Chikali Mukund nagar Satara Road	20%	15 15 15 15 15 15
3) Food bazaar	7	Pimpri Kothrud Sinhgad Satara Road Baner	71.4%	15 15 15 15 15
4) D'Mart	4	Chinchwad Hinjawadi Satara Road Aundh	100%	15 15 15 15
5) Spencer's Daily	7	Kondhwa Mukund nagar Aundh Kalyani Nagar	55.55%	15 15 25 15
		Total		300
(B) APPAREL				
1) West Side	2	University Road M.G. road	100%	25 25
2) Central	3	University Road Pune Camp	66.66%	25 25
3) Shoppers Stop	2	Shivaji Nagar MG Road	100%	20 25
4) Big Mega Mart & Vishal Mega Mart	3	Fatima Nagar, Camp Dapodi Pimpri	100%	20 , 20 20 20
5) BB, Pantaloons	7	Pimpri Senapati Bapat Road Sinhgad Road Satara Road Fatima Nagar	71.4%	25 15 15 15 15
		Total		300

1.9.2 Employees Sampling

Questionnaires were distributed to the employees in the retail outlets. The objective was to study the satisfaction level of the employees. Employees in different age group, working with different retail outlets, at different locations and in different capacities were selected.

Table 1.2: Number of employees of selected organized retail outlets

Big Bazaar	D'Mart	More	Spencer's Daily	West Side	Central	Shoppers stop	Mega Mart	Total
40	25	32	11	21	08	10	05	152

1.9.3 Data Analysis

Around 650 questions for customers, 160 for the employees in retail outlets and 50 for unorganized stores were distributed. The collected data was analyzed using appropriate mathematical and statistical tools.

Following steps were taken:

- a) All responses were coded and entered into Excel software package.
- b) These responses were then transferred into SPSS package.
- c) Frequencies and percentage of the data were generated, examined and reported for each variable.
- d) Tools like Likert scale for analysis, Mean, Chi-square test and Spearman's rank correlation were used.
- e) Qualitative data consisting of articles through newspaper, journals, internet etc was analyzed and inferences were drawn.
- f) Conclusions were derived and suggestions were made on the basis of observations made during the visits.

Sample demographic and description of Customers:

Out of the 650 questionnaires distributed to customers, 630 were collected and 600 were usable. (300 for Food and 300 for Apparel were selected)

(a) Sex-wise:

Table 1.3: Respondents Gender

Gender	Frequency (Apparel & Food)	Percentage %
Males	177 + 167 = 344	56.34
Females	123 + 132 = 255	43.60
No Response	0 + 1 = 1	00.06
Total	300 + 300 = 600	100%

Analysis: Out of the 600 respondents, 344 (56.34%) are males, and 255 (43.60%) are females. 1 respondent (0.06%) did not answer.

(b) Age-wise:

Table 1.4: Respondents Age

Age	Frequency Apparel + Food = Total	Percentage %
1) Below 20 yrs	29 + 26 = 55	9.17
20 – 30	50 + 42 = 97	16.27
30 - 40	110 + 116 = 226	37.67
40 - 50	90 + 102 = 192	32.00
50 - 60	11 + 12 = 23	3.83
60 and above	5 + 2 = 7	1.16
Total	300 + 300 = 600	100

Analysis: This data revealed that out of the 600 respondents, 55 (9.17%) customers are in the age group below 20 years, 97 (16.27%) are in 20-30

years,226 (37.67%) are in the age 30-40 years,192 (32%) in the age 40-50 years, 23 (3.83%) are in the age 50-60 years and 7 (1.16)customers are above 60 years.

(c) Income- wise:

Table 1.5 Respondents Income

Monthly Income	Frequency				Percentage %
	Apparel	+	Food	= Total	
Up to - 10,000	4	+	3	= 7	1.16
10,000 - 15,000	12	+	7	= 19	3.17
15,000 - 20,000	67	+	80	= 147	24.50
20,000 - 25,000	42	+	48	= 90	15.00
25,000 - 30,000	58	+	69	= 127	21.17
30,000 - 35,000	77	+	61	= 138	23.00
35000 & above	30	+	27	= 57	9.50
No Answer	10	+	5	= 15	2.50
	300	+	300	= 600	100

Analysis: Out of the 600 customers approached, 7(1.16%) customers income is up to Rs.10000. 19 (3.17%) are in the income groupRs.10000-15000, 147(24.50%) customers are in the income groupRs.15000-20000, 90(15%) customers are in the income groupRs.20000-25000, 127(21.17%) customers are in the income groupRs.25000-30000, 138(23%) customers are in the income groupRs.30000-35000, 57(9.50%) customers are in the income groupRs.35000 and above and 15 (2.50%) customers did not respond.

1.10 Significance of the study

- 1) This research will help in understanding the working of organized retailing (markets). It will throw light on the organizational structure, stores layout, human resource, employment, HR practices, supply chain management, marketing strategies and technology of various retail outlets.
- 2) This research will help in making suggestion to the organized retail stores for improving their working.
- 3) This research will help in making suggestion to the organized retail stores for taking measures to improve the level of customers' satisfaction.

1.11 Constraints of the Study

- 1) Many customers buy both the types of products; there was mixture of response for both.
- 2) The study is limited to operating practices of organized retailing, satisfaction level of customers purchasing from these stores and employees' satisfaction, only 2 important segments in retailing i.e. Food and grocery, Apparel and clothing are covered.
- 3) Limited secondary data related to the topic was available; hence the research is based mainly on primary data only.
- 4) Data about unorganized retailers and impact was difficult to gather.

1.12 Chapter Scheme

The study has been divided into the following 6 chapters:

1) Chapter One: Introduction and Methodology

This chapter gives a general introduction about the topic, reason for choosing the topic, objectives, hypotheses, period and scope of the study, area of the study, research methodology, population and sample, methodology of the study, data collection, data analysis, significance of the study, constraints and chapter scheme.

2) Chapter Two: Conceptual frame work, other aspects of Retailing and Literature Review:

This chapter includes theoretical frame work of market, marketing, evolution of market and marketing, marketing mix, and channel of distribution. Since the study is about retailing the chapter includes details about retail, retailing, revolution of retailing, organized and unorganized retailing, forms of retailing, and major retailers in India. The other aspects of retailing include the operating practices like; organizational structure in retailing, stores layout, supply chain management in retailing, retail marketing mix, HR and employment in retail and technology in retailing. The review of literature is also covered.

3) Chapter Three: Retailing in India and International retailing:

This chapter includes spread of retailing in India, apparel and clothing retail food and grocery retail. International retailing includes retailing worldwide and information about 5 international retailers.

4) Chapter Four: Secondary data Quantitative and Qualitative, Profiles of leading players in India:

This chapter includes Retailing scene in Pune, Organized retail stores in Pune, Apparel and Food retail in Pune, Profiles of leading players in Food and grocery and Apparel and clothing, employment in retailing, Customer satisfaction, Employee satisfaction, Customers complaints and Qualitative data from news paper.

5) Chapter Five: Primary data –Quantitative and Qualitative:

This chapter includes primary data collected by the researcher through questionnaire. The analysis, observation and conclusions. Personal interview of employees and customers. Focus group discussion and details about personal observations made during the visits.

6) Chapter Six: Conclusions and recommendation:

This chapter includes conclusions, hypothesis testing and recommendations. It also shows area for further research.

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