CHAPTER I

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1.1 INTRODUCTION

The word ‘retail’ is derived from the French word ‘retaillier’, which means ‘to cut off a piece’ or to ‘break bulk’. It implies a firsthand transaction with the customer. Retailing involves a direct interface with the customer and the co-ordination of business activities from end-to-end, right from the concept or design stage of a product, or offering to its delivery and post-delivery service to the customer. The origin of retail is traced back to barter system. As the development of human civilization took place, the direct business transaction from producer to consumer gave way to direct marketing. In the modern business world, an activity which remained under the shadow of its big brothers that is manufacturing and wholesaling since a long time is finally being recognised for the role it plays in delighting consumers.

A retailer or retail store is any business enterprise whose sales volume comes from retailing. He or She is considered as one of the channel members in distribution. In this case, he or she is serving as a postman delivering the products and services of the manufacturer. The role of him or her is simply executing the requirements of the marketer. Any organisation selling to final consumer is retailing which is the final step in the distribution of merchandise for consumption by the end consumers. Thus, he or she is the last link to consumer in the channel of distribution from manufacturer to consumer. As he or she is working close to consumers, they are able to understand the changing taste and preferences of consumers. His or her feedback about consumers helps the manufacturers to convert the needs and wants of consumers into a real product in hand. Thus, retailing is the most dynamic business.

Retailing is a business activity dealing with buying and selling of goods and services in a small level to the ultimate consumers. It includes subordinated services, such as delivery. Purchasers of this business are individuals who are not business buyers but they buy it for their personal or family consumption. Such retail establishments are often called Shops or Stores. In fact under distribution process, retailers are at the end of the supply chain and provide the final link between producer
and consumer. They purchase in bulk from wholesalers and resell in small quantities to consumers and usually keep more variety of products. The important aspects in retailing activities are Product Display and Self-Management. The retail is classified as organised and unorganised retailers. Though the organised retailers like the chain stores and supermarkets operate in many places, the unorganised retailers, that is traditional formats of low cost retailing like local kirana shops, owner manned general stores, pawnshops and convenience stores and the like operate in a specific area and their area of operation is small. Both organised and unorganised retail sectors are prevailing in Indian market. In fact, Indian retail sector is highly unorganised. The first challenge facing the organised retail industry in India is competition from the unorganised sector. The traditional retailing was established in India a few centuries ago. It is a low cost structure, mostly owner-operated, having lower labour cost and little or no taxes to pay. The traditional retailing sector is run by generation after generation.

In India, retail is a large industry, accounting for over 10% of the country’s GDP (Gross Domestic Product). Since independence, retail in India has evolved to support the unique needs of our country. The Indian government set up the Public Distribution System to supply the food grains to the mass population, which is one of the oldest retail chains in the country. Example of state run retail store is the Khadi and Village Industries Commission stores (KVIC). Today, there are more than 7000 KVIC stores across the country. Indian retailing industry has seen phenomenal growth in the last five years at the rate of 30% p.a. Retailing is emerging as a vital industry providing largest employability, next to agriculture to youngsters. It is one of the dynamic and fast growing industries with several players of both private and public entering the market. Favourable government policies and emerging technologies lead to the quickest development of this market.

Historically, Madurai is known for its trade centre. In Tamil, it is named as ‘Thoonganagaram’. It means the city is busy 24 hours a day as all petty shop meant for necessity being kept open. Further, it shows the active participation of businessmen in trading activities. The city plays a pivotal role in the retail trading activities of south Tamil Nadu. It serves as a hub from where agricultural produce and other commodities from the southern hinterlands are brought and dispatched to
various markets. At present, it remains largely a traditional business run by families of different generations.

1.2 STATEMENT OF THE PROBLEM

In India after 1991, due to reforms, the nation entered into new phenomenon of LPG (Liberalisation, Privatisation and Globalisation). In this line of action, retail marketing gets a new outlook and vast changes have been attained. At present, due to the influence of western culture, the Indian working community prefers modernized and hygienic-packed products. Such products are mostly available in organised retail market. On other side, a group of non-working community likes to avail service at corner store due to their economic condition. However these two different types of retail system follow different methods of attracting customers. In fact, both types of retail systems are growing very fast in spite of global economic crisis.

Next to China, India is having the second largest population. In order to satisfy the basic needs of this large population, retailing becomes very essential. Nowadays, the number of vehicle is more, leading to strict and less parking space. If the buyers want to buy the goods and services from shops which are far away from their home, it will take long time to buy the products. In order to avoid all these problems, consumers buy goods from the shops which are situated nearer to their homes. But the hygienic and branded products are available in organised retail shops only. People cannot buy goods and services from organised sector every time. In fact, the low and middle income groups prefer unorganised sector for their purchase. The day-to-day needs of the consumers, their immediate needs and the change of needs have to be satisfied. To attract the customers, it becomes necessary for the unorganised retailers to carry out their own method of the promotional activity rigorously. Though a large number of business houses open up their outlets in India, they face certain hurdles like – government restrictions on foreign direct investment, lack of trained work force, low skill level for retailing management, rapid price changes, threat of product obsolescence, high cost of business operation, lack of adequate infrastructure, dominance of the unorganised sector, lack of uniform tax, and the like. To make it a world class trading centre, it is necessary to overcome these challenges.
In Madurai District, the unorganised retail outlets enjoy their own privileges in running their business. It is growing very fast everywhere meeting the needs of 53 per cent of total population who are living in below multi-dimensional poverty. Further, most of the people do not buy anything in bulk as well as on monthly basis. Whenever, the necessity arises, they approach shops located nearby their residence and buy in small units, at cheap prices for both cash and credit. Despite a big role of modern retail outlets such as reliance, gmart, spencer and the like render for society in providing various facilities such as discount, variety of branded products, heavy promotional activities and so on, the retail outlets is very alive in this society.

In this context, the issues listed below become relevant to the study:

1. Buying and handling of merchandise by the unorganised retailers in Madurai District.
2. Retail strategy adopted by the retailers for the selection of the store sites, financial operation, to bear the risk and the management of human resources.
3. Pricing strategy adopted by the retailers in fixing the prices.
5. Distribution strategy adopted by the retailers to distribute the products.
6. Problems and difficulties faced by the unorganised retailers in the marketing of their products and services.

1.3 REVIEW OF LITERATURE

In the pages that follow, a brief attempt is made to review the existing literature in relation to the issues.

According to Aaker (1992) the firm’s competitive advantage is the notion of “who you are” in terms of competencies. Having the right distinctive marketing competencies for choosing an appropriate strategy enables the firm to successfully create a sustainable competitive advantage because either the skills of the firm, its set of value adding assets and/or its core competencies are difficult to copy. Aaker (1997)
stated that the increased store loyalty can also help lower marketing costs, solicit more customers and effectively operate trading leverage.

K. Abdus Samad (2008)² evaluated the service quality of food retailers and the impact of the various dimensions on the retail service quality. The GAP in the service quality dimensions and overall retail service quality was also examined. The best service quality dimensions which discriminate the level of service quality were identified. An effort was made to develop a multidimensional model of the service quality of food retailers.

Aditya P. Tripathi³ concluded that the retailers need to create new delivery formats that can cater to the huge mass of consumers. Retailers must understand the needs of the customer rather than try to fix them into the retailer's scheme of offerings. Understanding the consumer can be a source of redefining business and gaining sustainable advantage. This showed that upgraded kirana stores are growing at the same rate as organised retailers. Moreover Indian consumers are still family-driven entities. Shopping, entertainment and eating out are family events. Since these decisions are normally group decisions, hence a marketer has to address family sensibilities more rigorously to woo Indian customers. It was also stated that the Indian customers have become more sensitive to quality, customer service and status. He or she is ready to pay, exorbitant price provided their needs are satisfied.

Aijo (1996)⁴ proposed that it is of great importance for a firm to research whether or not a customer would believe the establishment of a relationship to be beneficial as a situation may arise where a firm has used a significant amount of resources, such as time and money, to develop a relationship with a consumer that was going to purchase the product or service regardless of the relationship. Bank performance was found to vary with size, time, loan portfolio-mix and location. Small banks were identified as best at lending to small local business. The results showed that the small banks are better at CRM than large banks due to superior information and greater discretion in applying information.
Amisha Gupta (2010)\(^5\) dealt with strategic issues concerning retail sector in India, challenges of retailing in India, and strategic implications of FDI in retail. She concluded that FDI in the buzzing Indian retail sector should not just be freely allowed but per contra, should be significantly encouraged.

Anderson et al. (2004)\(^6\) found a positive association between customer satisfaction at the company level and a long-run measure of financial performance for department stores and supermarkets.

S. Arich Goldman, et al. (1995)\(^7\) presented a framework to analyse limitations to market share growth of retail formats based on diffusion across consumer segments and by product category. The author proposed a measurement approach, based on consumer surveys, that quantifies the impact of these processes on supermarkets’ market share. Food retail modernization was then examined in Hongkong by this approach for two points in time. In a 1995 diagnostic study, it was found that geographic and economic segment diffusion of supermarkets was complete, but that product category-dependent diffusion (specifically perishables) was not. The latter, thereby, became the major restriction on supermarket share gain. In 1999, a second study measured the impact of the introduction of superstores, a large modern format on the perishable restriction to modern format share growth. Consumers perceived superstore, perishables to be superior to supermarkets, but these views had little impact on the ability of modern format to wrest additional share from traditional markets. The discussions were also been made on diagnostic and monitoring applications and extensions of the approach to other retail contexts.

Arshad et al. (2008) and Ghosh et al. (2010)\(^8\) highlighted the prospects of retailing in India and opined that 47% of India’s population is under the age of 20 and this will further increase to 55% by 2015 and this young population will immensely contribute to the growth of the retail sector in the country.

A study by the ASSOCHAM (2007)\(^9\) exhibited that organised retail players occupied a space of only one million Sq. ft. in 2002 and nearly 16 million Sq. ft. in 2008. The study estimated that the organised retail segment would witness an additional investment of US $70 by 2010. The study also estimated that rural retail would continue to be driven by the unorganised sector for some time. As far as
employment is concerned, the organised and unorganised retail sector employs 40 million people and there are around 200 million people dependent on this sector.

Babakus et al. (2004)\(^\text{10}\) linked customer satisfaction to product and service quality within retail stores and found that product quality has a six significant impact on store-level profits. Research on customer satisfaction usually views employees as facilitators of the sales process who are critical to improving the conversion ratio, by providing information to the customers on prices, brands, and product features and by helping customers to navigate store aisles, finding the product and even cross-selling other products. The unique feature of the retail store execution problem was that it combines the factory and the sales components, but this stream of literature focuses only on the latter. Baker, Dhruv, and Parasuraman (1994) found that the store appearance is important to retail stores. Baker et al., (2002) found that store environmental factors, particularly physical design perceptions, significantly affect consumer’s perception of merchandise price, merchandise quality, and employees’ service quality. Bell, Ho and Tang (1998) found that location no longer explains most of the variance in store choice decisions. Rather, store choice seem to be consistent with the model where consumers optimize their total shopping costs, effort to access the store location being one component of their fixed cost of shopping.

According to Benito et al. (2006)\(^\text{11}\) the households that patronize supermarkets are more advanced in the cycle of their family life, have higher educational levels, and work in more professional activities. Discount stores are preferred by older households, those with less education, and those employed in less qualified professional activities and finally, the hypermarket seems to attract the grocery spending of the youngest households with small children, lower educational levels, and more basic professional activities.

Bharat Jhunjhunwala (2010)\(^\text{12}\) lamented that Government should consider taxing foreign multi-brand retailers to help local operators face the competition. Organised retailers provide jobs to a handful of workers while large numbers involved in Kirana stores lost their livelihood. The problem is that the negative impact of foreign retailers is likely to take place in some measure as they make available cheap goods to our customers. Indian organised and unorganised retailers do not have adequate capital, technology and global linkages. Thus the entry of foreign players
means loss of livelihood for crores of our people engaged in retailing. Not allowing entry to them means that Indian customers will not get goods of international quality at lower prices. The solution to this predicament may lie in taxing the foreign players and providing cross-subsidy to Kirana stores.

Bhardwaj and Makkar (2007)\textsuperscript{13} highlighted the emergence of organized retailing in India and view the catalytic effects of retail on Indian economy. Employment generation, growth of real estate, increase in disposable income and development of retail ancillary market are the various catalytic effects on Indian economy. The changing Indian retail scenario with the intervention of organized retail in the form of modern retail formats has also seen remarkable shift in the preferences of consumers.

Bloch et al. (1994)\textsuperscript{14} identified seven dimensions of shopping malls that collectively explain consumer’s motives for visiting malls. These dimensions are: aesthetics, escape, flow, exploration, role enactment, social and convenience.

J. Brent McKenzie (2005)\textsuperscript{15} investigated service-related marketing phenomena such as service quality and it has been extensively researched in developed markets, the extension of this research to countries in transition is limited. Furthermore, there appears to be no thorough investigation of the service quality construct within a transition economy. The objective of this publication was to examine the Estonian situation in Republic of Estonia. It focused on retail marketing strategy. Retail service quality, pricing and location, personal services to retain the customer were the major focus of this publication.

Bridson et al. (2003)\textsuperscript{16} found that both hard and soft attributes are significant predictors of satisfaction with the merchandise, trading format, customer service and customer communication of the store. It was also found that there was a significant impact of the two types of attributes – satisfaction with the trading format; customer services and customers’ communication are better predicted by hard attributes; whereas merchandise satisfaction is better predicted by soft attributes.
Chaudhuri and Holbrook (2001)\textsuperscript{17} mentioned that, higher customer loyalty implies a higher market share and an ability to demand relatively higher prices as compared to competitors.

Clark (2000)\textsuperscript{18} concluded that the main motivation to visit discount store channels lay with low price and convenience of the location, as the meaning of discount store implies. Service factor was relatively less important than the merchandise factor. Dabholkar (1996) stated that the retail environment today is changing more rapidly than ever before. It is characterized by intensifying competition from both sophisticated and demanding customers who have great expectations related to their consumption experience. Consequently retailers today must differentiate themselves by meeting the needs of their customers better than their competitors.

Darshan Parikh (2006)\textsuperscript{19} studied the application of retail service quality scale in measuring the gap between the customers’ expectations and their perceptions about the service quality of retail stores in India. Statistical analysis were performed to test the dimensionality of service quality and to examine the reliability of the scale. The analysis of the gap scores was used to suggest relevant improvements in the retail store service quality. Although the instrument was found to be quite reliable, the gap scores did not merge into five dimensions of service quality as proposed by the scale developers; rather, the gap scores roughly merged into nine dimensions. The instrument and the five dimensions of service quality need considerable restructuring. A few statements which showed considerable reliability problems should be restated or substituted by more relevant statements. The instruments may not be applicable to the retail sector in India without further restructuring. Further research is necessary to understand retail store service quality in India. The analysis of the gap scores indicates that the highest perceived service gap lies in the policies of the retail stores, particularly, parking facilities provided by them. Apart from this, all other statements also show a negative gap implying the need for considerable improvements in retail service quality. Therefore, as organised retailing develops in India, retail stores in India will have to improve the quality of their services significantly in order to compete successfully in the global market place.
Dash et al (2009)\textsuperscript{20} and CII (2008)\textsuperscript{21} depicted that growing middle class, large number of earning youth customers, increase in spending, and improvement in infrastructure, liberalization of Indian economy and India’s booming economy are the various opportunities for organized retailing in India. The consumer has multiple options to choose ranging from the shopkeeper to the most sophisticated supermarkets, departmental stores, plazas and malls which provide the latest and better quality products and it made India the top spot among the favoured retail destination as observed by Gupta (2004), Jasola (2007) and India Retail Report (2009).

David Smith, (2006)\textsuperscript{22} examined the role of the retailer as a channel captain, a concept from an earlier marketing era, whose origins it reveals. It takes that learning together with contemporary supply chain thinking, and examines real retail supply chain events in Tesco. The results of matching the new and old academic theory with practitioner events confirm that the channel captain is the retailer. It demonstrates that retailers can make the transition into that leadership position and apply supply chain management skills to competitive advantage. This can become a strategic tool both at national and international levels. The principles of this thesis could be used or applied in research in three areas; in depth with Tesco; in breadth, exporting expertise to other retailers; globally with retailers extending the operations internationally and suppliers seeking to trade with European Retailers.

Debajani Sahoo and Hari Govind Mishra (2008)\textsuperscript{23} stated that several changes would drive the growth of retail industry in the future. The government will permit FDI and MNCs in the retail phase. Retail industry will gradually transform and be dominated by modern formats. Modern retailing in India is growing rapidly, although it commands just 2 per cent of the overall retail market share, compared to 85 per cent in the US. Rising incomes, favourable demographics and changing consumer tastes are driving the growth of retail industry in India. The sector is highly fragmented and is dominated by small “mom and pop” stores. There are about 15 million retail outlets in India, and majority of these are operating from shops less than 500 sq. ft. in size. Local players will compete aggressively and may even beat foreign competition.
Deepika Jhamp and Ravi Kiran (2012)\textsuperscript{24} examined the emergence of modern retail formats in India. The major emphasizes of the study is on consumers preferences of shopping goods and convenience goods from modern retail formats. The findings of the paper revealed that consumers prefer modern retail formats due to quality, variety of brands, parking facility, trained sales personnel and for security purpose. Consumers prefer malls and specialty store to purchase various shopping goods like clothing, footwear and jewellery more as compared to convenience goods. It further explored that higher income consumers and younger generation visit modern retail formats more as compared to older ones with low interest.

M. Dhurup (2002)\textsuperscript{25} stated that the supermarkets are the major sellers and buyers of food items not only in developed but also in developing countries. Urbanisation and the liberalisation of the services sector have been important facilitators of this process. Supermarkets have a significant impact on both producers and consumers. They provide relatively cheaper and better quality products, at least to some groups of urban consumers (the relatively better-off consumers in developing countries and the poor inner-city dwellers in more developed ones), thus contributing positively to their food security. Their global procurement networks, stringent quality requirements and financial muscle make this possible. The same factors, however, impact differently on producers. The suppliers can abide by the quality standards and the quantity requirements.

Dick and Basu (1994)\textsuperscript{26} stated that with the retail sector getting more organised, it is important for the retailers to explore the possibility of roping the customers to stores and retaining them by increasing customer loyalty. As store loyalty is very vital for any store, it becomes necessary to study the possibilities of relationship variables with the stores. This gives scope for researches to explore the association of variables likewise brand image, perceived value, with store loyalty. To develop, maintain and enhance store loyalty towards a store is generally seen as the central thrust of marketing activities. According to him, loyal customers foster positive word-of-mouth promotion and defy competitors strategies and generate higher corporate profits. The product features, quality, and appearance become increasingly similar, customers increasingly showing an erratic and non-loyal purchasing behaviour. The retail promotions in any one category do not directly
influence customers’ store choice decisions, but they indirectly affect where the category is purchased.

Dineshkumar and Vikraman (2012)\textsuperscript{27} identified that the customers are satisfied with the quality of service, price and product range of the goods provided by organised retail outlets. The establishment of such organised retail outlets in tier-1 and tier-2 cities has proved to be successful, as it fulfills the needs of the customers. As an expansion, such outlets are being established in tier-3 cities like Erode and other places. Hence, it is significant for such outlets to cater to the needs of the customers for its long run.

Donthu and Gilliland (1996)\textsuperscript{28} carried out a study to profile the Informational shoppers and found that those who purchased using informational advertisements were more convenience seekers, brand and price conscious persons and variety seeking persons.

The Economic Survey Report (2005-06)\textsuperscript{29} showed that street vendors are in a predicament. They are struggling harder for subsistence in Santakur station area (Mumbai), whose sales have witnessed dramatic decline over the past one and a half years with the opening up of the food bazaar.

Erdem et al. (1999)\textsuperscript{30} examined the linkage between consumer values and the importance of some salient store attributes. The study indicated that the important judgments for store attributes were influenced by the set of terminal and instrumental values viewed as important by the shoppers.

Ernst and Young (2006)\textsuperscript{31} told that the domestic organised food and grocery retail chains of large companies including corporate giants like Big bazaar, Food bazaar, Reliance Fresh, Subiksha, More, Spinach etc. are trying to gradually capture the Indian food and grocery industry with huge investments considering its vast potential. As a matter of fact, food and grocery contribute about 41 per cent (USD 154 billion) of private consumption expenditure and about 77 per cent of total retail sales. They opined that traditionally small retail shops have been the source of income for family and the limited employment opportunities in formal segment of the economy which comprising only 7 per cent of the workforce as against 93 per cent.
workers in the informal sector. It is a well acknowledged fact that the spurt in the
growth of the modern format of retailing will be at the expense of unorganised retail
shops snatching away their already meagre bread and butter. The share of
unorganised retail which is currently 96 per cent of the total trade will decline to 84
per cent in 2011-12.

Fullerton, Gordon, et al. (2005)\textsuperscript{32} examined the extent to which affective and
continuance commitment serve as mediators of brand satisfaction and loyalty
intensions relationship.

Good (1984)\textsuperscript{33} provided a list of possible measures of retail output and inputs.
Outputs are usually measured as the number of transactions, physical units sold, value
added services and sales. Inputs are measured as the hours of labour employed,
number of employees, wages, salaries and benefits paid, area of selling place,
inventory and advertising. To measure its output and input there is a need for micro
tools for use at the individual store level was advocated.

V.V. Gopal and A. Suryanarayana (2011)\textsuperscript{34} concluded that there are a great
many challenges that need to be addressed by the retailers as well as the Government.
Unlike FDI that requires policy changes, there are other major issues that need to be
addressed on a war footing. Retailers have to invest heavily in technology to monitor
stocks and their movement, both in-stores as well as enroute. This will enable them to
adopt concepts such as QRDS (Quick Response Delivery System) and ECR (Efficient
Customer Response). Another focus area is the supply chain. The entire supply chain
in the country is dominated by unorganised players with several layers of
intermediaries, thereby adding to wastage and pilferage at each level. The country
loses more than Rs.580 billion worth of agricultural food items due to lack of post
harvesting infrastructure such as cold chains, transportation and storage facilities.
The only way is to focus on creation of road, rail and air links and connect the same to
cold storage facilities in different parts of the country.

Gounairs, Spiros, et al. (2005)\textsuperscript{35} investigated the antecedents of perceived
service quality in the internet environment for the trust in a retail store. This study
focussed on the reasons for shopping online. The results indicated the perceived e-
service quality comprised of four key dimensions.
Goyal and Aggarwal (2009)\textsuperscript{36}, and Ali and Kapoor (2010)\textsuperscript{37} opined that in India, a consuming class is emerging as a result of increasing income levels and dual career families with high disposable incomes. With retailers eyeing their presence in the market, it is important to identify the target shoppers as well as the prime factors of enjoyment in shopping.

Gremler and Brown (1996)\textsuperscript{38} stated that, research into customer loyalty has primarily focused on products, whereas loyalty towards service organizations like retail still remains under exposed.

Gupta (2004)\textsuperscript{39} studied the changing Indian consumer behaviour in the past decade due to availability of large assortment of major products leaving an impact on their consumption and consumption structure. The consumer is no longer shopping for clothes/household products from the local market; rather the place of shopping has shifted to the stores in malls.

According to Halepete et al. (2008)\textsuperscript{40}, India is expanding internationally due to saturation of markets and challenges faced by international retailers. Partnership between Bharti and Wal-Mart is one of the successful expansions of international retail in India.

Heim, Gregory Raymond, (2000)\textsuperscript{41} scrutinised that the electronic consumer services pose questions for managers and researchers about typical configurations of products and process technologies used to design and deliver electronic services, and how these configurations relate to service quality and customer value. Thus, the research question underlying this study was: What are the dimensions of operations used to deliver electronic consumer service products, and how do these dimensions relate to the service quality and customer value delivered in electronic consumer services? The results showed that many retailers were positioned away from the diagonal and suggested that further analysis should examine the relation between matrix positions and service quality. Using service quality data for a subset of the study sample, the researcher explored whether service quality is associated with product and process configurations and their interactions, with distances of individual retailers from ideal configuration profiles, and with positions on or off of the matrix diagonal. The result suggested that service quality levels tend to improve along the
process configurations and tend to be higher along the product – process matrix diagonal.

Hino (2010)\textsuperscript{42} shared his observation about the emergence and expansion of supermarkets that gradually decreased the market share of the traditional formats by displacing them and the factors that helped supermarkets in gaining consumers’ favours over the traditional stores are the ‘consumers economic ability’ and the ‘format output’.

Hutcheson and Mutinho (1998)\textsuperscript{43} found that shoppers used a combination of the quality of the stuff and the occurrence of low prices and the frequency of promotion in choosing a store.

Iacobucci et al. (1994)\textsuperscript{44} (1995)\textsuperscript{45} provided precise definitions of service quality versus customer satisfaction. They contend that service quality should not be confused with customer satisfaction, but that satisfaction is a positive outcome of providing good service.

The study by the ICRIER, Indian Council for Research on International Economic Relations (2007)\textsuperscript{46} suggested an inclusive model for organised retail, with big stores co-options several Kirana stores and Hawkers drawn from the pool of traditional retailers and upgrading them with adequate infusion of capital and training. The report further states that the emerging structural transformation in retail trade would benefit society as a whole, but noted, “The gains will accrue early to customers and a little later to farmers”. To ensure that traditional retailers do not become losers in this revolution, efforts are needed from the government, and cooperation might be required from the modern organised retail sector. Moreover traditional retailers have to follow innovative ways to stay alive in the market.

Ingene, et al. (1984)\textsuperscript{47} stated that understanding and measuring the efficiency of retailers are important issues in retailing research. Retail productivity has been considered important for society and for the individual retail firm.

Ittner and Larcker (1998)\textsuperscript{48} provided empirical evidence at the customer, business-unit and firm-level that various measures of financial performance (including revenue, revenue change, margins, return on sales, market value of equity
and current earnings) are positively associated with customer satisfaction. However, in the retail industry they find a negative relationship between satisfaction and profitability which may be because benefits from increased satisfaction can be exceeded by the incremental cost in retail.

A study by Jackson et al. (2011)\(^{49}\) investigated the extent to which attitudes toward mall and shopping value derived from a mall visit differ across gender and generational cohorts. Analysis of results show that there are no differences in hedonic and utilitarian shopping values by generational cohort, but generational differences in attitude toward mall hygiene factors, location, convenience and entertainment features did exist.

According to Jain and Bagdare (2009)\(^{50}\), Jacobs et al. (2010)\(^{51}\) quoted that layout, ambience, display, self-service, value-added services, technology based operations and many more dimensions with modern outlook and practices are the major determinants of modern retail formats. Cross merchandise, private-label brands, fun and entertainment, effective sales personnel and technology adoption are the various strategies recommended for retailers.

A. Jeyapragash (2001)\(^{52}\) compared the special features of self-service retailing with those of conventional shops and analysed the customers’ opinions on the features of the self-service system. The factors influencing customers’ satisfaction and the reasons for the customers preferring the self-service system was identified. With the help of the operating results, the performance of the self-service stores was evaluated. The various problems faced in the self-service stores by the customers were also analysed. It was identified that the form of display of goods should be changed from horizontal display to vertical display that too be placed on shelves at the eye level; dust-free look, and proper replenishment of stock should be ensured for the improvement of self-service stores.

Jinfeng and Zhilong (2009)\(^{53}\) indicated the positive effects of store image dimensions such as convenience, perceived price, physical facilities, employee service and institutional factors on retailer equity dimensions as antecedents of retailer equity.
Kalia and Kalia (2011)\textsuperscript{54} opined that the share of the unorganised ‘Kiranas’ will come down in the future, and the share of the organised sector will go up because of its efficiency in buying and distributing, but retailers must find the USP of these sectors because this is an extremely low margin business, and ultimately, everybody has to sell within the cost.

Karnal Sharma (2010)\textsuperscript{55} suggested that the national commission on retail trade should evolve a clear set of conditionalities on giant foreign retailers on the procurement of farm produce, domestically manufactured merchandize and imported goods. These conditionalities must be aimed at encouraging the purchase of goods in the domestic market, stating the minimum space and size, and specifying details like construction and storage standards, the ratio of floor space to parking space, etc.

Kaur et al. (2007)\textsuperscript{56} emphasised that the young consumer seeks more and more information about the new products available and retailers need to communicate them more effectively.

Kevin P. Gwinner, Dwayne D.Gremler and Mary jo Bitner(1998)\textsuperscript{57} examined the benefits that customers received as a result of engaging in long term relational exchanges with service firms. They categorized consumer relationship benefits under three categories: confidence, social, and special treatment benefits. Among these confidence benefits were rated as more important than the other relationship benefits. It was followed by social and special treatment benefits.

Kim and Park (1997)\textsuperscript{58} found differences in customers classified by shopping trip regularity. Lichtenstein (1997) concluded the effect of sales promotions on the shopping behaviour of both customers and sellers.

S. Kim and B. Jin (2002)\textsuperscript{59} conducted an exploratory study designed to determine whether the retail service quality scale could be validated in a discount retail setting in the USA and Korea. Two convenience samples of US and Korean college students provided the data for the study. A multi sample analysis supported that the same three dimensions of service quality existed in both samples, but the measurement model was not equivalent. Confirmatory factor analysis suggested that consumers in both cultures did not make a distinction between the personal attention
and the problem solving dimensions. In addition, the policy dimension was not observed in either sample. Examination of the means of the dimensions indicated differences between the USA and Korea in the way consumers perceived the service quality of discount stores.

Kuruvilla and Joshi (2010)\textsuperscript{60} opined that mall development is expected to grow at a frantic pace in metros and mini metros driven by the organized retail sector. Malls comprise of 90\% of the total future retail development. The basic reason behind the growth of malls is that it offers an experience and not just goods. There is a wide range of shopping experience bargains and discounts, high-end brands for couples, gaming and other amusement facilities for kids and the multiplex theatres etc.

Lather et al. (2006)\textsuperscript{61} studied the uncovered six main indicators: viz., price, sales personnel, quality of merchandise, assortment of merchandise, advertising services and convenience services that play key role for retailers in choosing the type of retail formats that may help them to cope with the changing preferences of consumers.

Lisa Philips Fairbairn (1997)\textsuperscript{62} studied about the “Quick response and global sourcing, organisational and performance implication for US Retailers”. A retailer’s competitive strategy is to a large extent realised through the deployment of its overall assortment. And while the consumer of “today” and “tomorrow” wants it all that is price, quality, quick delivery and response, and global sourcing, each provide different faces of the overall assortment. Global sourcing offers a low-cost alternative to domestic sourcing, and quick response yields timely domestic merchandise. These two strategies are among the most visible advances in retail sourcing practices in recent years. Because of their substantial impact on the retailer’s competitive position, these practices have changed the way from firms’ view of sourcing that is from elevating sourcing to a position of strategic importance.

Long, Mary McMellon, et al. (2004)\textsuperscript{63}, organised a multi-dimensional research study and it measured the perceived online service quality. It was developed based on consumers’ comments about their experiences with online retailers. These comments were organised and compared to the SERVQUAL scale. A survey was administered to adults who had made online purchases or role-played the experience. While
reflective of the SERVQUAL dimensions, the new measures became less reliant on interpersonal interactions and more technologically relevant. A new dimension also emerged that reflected consumers’ concerns for the geographic distance and facelessness of their experience. The study pointed to areas of improvement for online service quality.

Malik (2012) found that the organised retailers need to enhance customer satisfaction in terms of ensuring product quality, store convenience, after-sales services, and availability of new products and lure buyers with attractive promotional schemes.

Martin and Turley (2004) studied the attitudes of the young segment (19-20 years old) towards malls, and factors motivating consumption. They found that they were more likely to be objectively rather than socially motivated to patronize.

Martin Christopher, Adrian Payne and David Ballantyne (1991) described a new synthesis between quality, customer satisfaction and marketing. They argued that quality was also a key linkage in the exchange relationship between the organization and customer. They brought these activities together with new forms of collaboration and cross-functional coordination; there could be no sustainable competitive advantage. Relationship marketing has been seen as a focal point for integrating customer satisfaction and quality with a marketing orientation.

Mehmet Arda, (2006) studied the importance of supermarkets in the world food economy and how they have increased radically since the early 1990s. They are now major sellers and buyers of food items not only in developed but also in developing countries. Urbanisation and liberalisation of the services sector have been important facilitators of this process. Supermarkets have a significant impact on both producers and consumers. They provide relatively cheaper and better quality products at least to some groups of urban consumers (the relatively better-off consumers in developing countries and the poor inner-city dwellers in more developed ones), thus contributing positively to their food security. Their global procurement networks, stringent quality requirements and financial muscle make this possible. The same factors, however impact differently on producers. The suppliers can abide by the quality standards, quantity requirements.
Mehta, et al. (2000) investigated the usefulness of service performance, the perceptions component of SERVQUAL in measuring the service quality of electronic goods retailers, where service is an important component. Attention given by marketers to service quality; failure of measures of service quality to capture customers’ perceptions of service quality.

Mihir Dash and Sam Chandy stated that both organised and unorganised sector see each other as their biggest threat. Mitigating the challenges and leveraging on the opportunities could benefit both the sectors. It is not possible to deal with all the challenge and opportunity factors all at once. The most popular product segment in the Indian retailing scenario is the food and beverage segment which contribute to about 74% of the entire retailing revenue. Therefore, dealing with the most critical challenge and opportunity factors of those two segments would definitely give a face lift to the entire organised retailing sector. They have to make substantial investments in technology to ensure zero wastage of goods, time, effort, etc. and in particular they have to invest in supply chain infrastructure.

According to Mishra (2007) and (2008), consumers buy essentially convenience goods with low level of risk from organised outlets and essential products of more involvement from traditional retailers. Further he explores that India is currently in the second phase of evaluation, i.e., consumer demand organised formats. Retailers need to customise retail models as per taste and preferences of Indian consumer.

Mittal et al. (2008) suggested that the retailers marketing strategy will have to take into account two sets of attributes: (1) loyalty drivers and (2) shopping experience enhancers. These attributes will have to be integrated into the retail format. For apparel shopping the loyalty drivers are merchandise mix, sales promotions, price, and recommendation/relationship whereas the shopping experience enhancers are store reputation/advertisements, temperature (air-conditioning), return/guarantee, and ambient conditions. Enjoyable pleasant and attractive in store shopping environment increases the chances of impulsive buying among consumers.

Mohan Guruswamy et al. ascertained that the organised trade employs roughly 5 lakh people, whereas the unorganized retail trade employs nearly
3.95 crores. That about 4% of India’s population is in the retail trade says a lot about how vital this business is to the socio-economic equilibrium in India.

Morgan Stanley (2007)\textsuperscript{74} told that the retail sector is the largest source of employment after agriculture, has deep penetration into rural India and generating around 10 per cent of India’s gross domestic product. The key drivers of the rapid growth of the sector includes (i) the growing consumer base which is estimated at 217 billion people, (ii) the growing disposable incomes and increasing urbanization, (iii) the new technological innovations that increase the demand for consumption and (iv) the growing popularity of one stop shopping.

Mukherjee et al. (2005)\textsuperscript{75} suggested that an organised retail sector will ensure better quality, prices and service quality to the consumer. It will encourage investment in the supply chain, link local suppliers to large global markets and improve the quality of employment.

Nageswara Rao and Bramhanandan (2003)\textsuperscript{76} in their empirical study pointed out that retailing occupies a pre-eminent position in the economies of all modern societies as it is often stated that the only constant in retailing is change and it is certainly true that the pace of development within retailing appears to be accelerating. More than ever before, in the opening of the 21\textsuperscript{st} century, there is evidence of new forms of retailing, in part in response to demand from increasingly sophisticated consumers. The retail market is becoming more segmented with retail formats focusing on the needs of particular consumer groups. The result is the development of a more complex retail environment. The traditional forms of independently owned small business and co-operative have lost significant market share. In developed economies the retail sector is now characterised by large scale multiple chains run by powerful and sophisticated organisations.

Navneet Sharma and Gordhan K. Saini (2008)\textsuperscript{77} opined that the opening up of a fast emerging market presents great challenges and opportunities to local corporations as well as MNCs. Faced with a turbulent socio-political environment, legal and regulatory framework, at the same time they have to target consumers who are rapidly changing in their expectations, incomes and levels of knowledge. The business conditions are difficult to operate in but also provide opportunities for
market winning innovation. The characteristics of emerging markets are sufficiently distinct from developed markets, and yet have enough in common with each other to justify developing an alternative business model. The traditional business models that rely on our innovation, segmentation, high margin and finely tuned global brands need to be redefined for emerging markets.

Nor khalidah Abu (2004)\textsuperscript{78}, identified the slow growth of grocery products in Malaysia since the Asian Financial Crisis and the influx of multinational and large scale retailers since early 1990s that allowed Malaysian consumers to be more selective of their choice of grocery stores. A need to look in to service quality dimensions for each country is called for, as each country is believed to have its own unique set of quality dimensions. This conceptual study identified the service quality dimensions critical to urban grocery shoppers for small, medium and large-sized grocery stores. It identified the critical quality dimension of Malaysian urban grocery shoppers based on the Retail Service Quality Scale that takes in to account the retail setting.

Popkowski et al. (2001)\textsuperscript{79} observed that the changing retail structure has provided the consumers with more options in the form of formats and services such as less travel time, large variety of products and quality products etc.

Prasad Begde (2008)\textsuperscript{80} concluded that as for the high-decibel price wars and the usual battle over market shares, Coca-Cola and Pepsi have been in a quiet behind the scenes to reach the rural mass. After an almost stagnant growth in this segment for the last two years, both Coke and Pepsi made efforts this year to penetrate deep into the rural markets by substantially increasing their retailers and distribution networks and with innovative pricing and marketing strategies. They found that the rural markets are still largely untapped and a lot need to be done and there is scope for further increase in the contribution of the rural markets to the overall sites. Therefore, it is not just right pricing and packaging, but it is the ability to establish the right connection with the consumers which helps the brands to make it big in rural India.

Pratibha A. Dabholkar, et al. (1996)\textsuperscript{81} proposed to capture dimension, important to retail customers based on the retail and service quality literatures as well as three separate qualitative studies. Confirmatory factor analysis based on the partial
disaggregation technique and cross validation using a second sample supports the validity of the scale as a measure of retail service quality. The implication of this retail service quality scale for practitioners, as well as for future research, was discussed.

Reichheld et al. (2000)\textsuperscript{82} found that, the retained customers produce higher returns and margins that of new customers.

Robinson (1998)\textsuperscript{83} mentioned a need for consumer orientation rather than product orientation for future developments in retailing.

According to research reports of the RNCOS (2006)\textsuperscript{84} the retail sector is highly fragmented in India, with 98 per cent of the business run under unorganised retailing. The sectors grew at the rate of 25-28 per cent in 2009. The size of both the organised and the unorganised retail segment in 2009 was estimated at US $330 billion. The retail industry is expected to swell up to US $365 billion at the end of 2008 and might reach US $440 billion by 2010.

Romeo Ionesco (2008)\textsuperscript{85} highlighted that MNCs are the most flexible actors supporting globalization. They found two distinct points; the first, which says that the MNCs are a real support for developing in their host states, and the second, which considers that the national states have to defeat their interests against MNCs. He concluded that MNCs have the most important trade transactions and sales. They become an important pole of power for the economic world.

Ruessell Abratt and Joy Ruesell (1999)\textsuperscript{86} dealt with the success of relationship marketing in private banking sector. The results showed that relationship are an important criterion in the selection a private bank. A comprehensive analysis of the various stages, a client has in a relationship with a bank been made.

Ruiz, et al. (2004)\textsuperscript{87} used the activities that shoppers perform in the mall as a basis of segmentation. They identified four segments namely, recreational shoppers, full experience shoppers, traditional shoppers and mission shoppers.
Sacha Joseph (2006)\textsuperscript{88} ascertained the variables that contributed to the retailing revolution. Specifically, the role of demographic variables, personality, situational variable, self-congruency and value were investigated. A nomological network that incorporates value demonstration and the specific personality variable of self-monitoring is explored with an aim of better explaining why consumers left the long standing departmental store and what can be done to bring them back to this retailing format.

Sanjay Manocha and Anoop Pandey (2012)\textsuperscript{89} focused their study to check the growth and development of Indian retail industry, the impact of organized retailing in India, the challenges of modern retailing in India and the future of modern retailing in India. The growth of modern formats has been much slower in India as compared to other countries and the development of this sector is restricted by the presence of regulatory and structural constraints. They concluded that the modern retailing is not threat to independent Mom and Pop stores as most of the consumers said that they never stopped visiting kirana stores. They strongly agreed on co-existence of both is requirement of the day. Their frequency of going to kirana stores is reduced but it’s a kind of opportunities for re-orienting Mom and Pop stores for attracting more customers.

The study by Satish and Raju (2010)\textsuperscript{90} threw light on the major Indian retailers which highly contribute to the retail sector in India. Pantaloon, Tata Group, RPG Group, Reliance Group and A.V. Birla group are some of the major Indian retailers.

W.B. Seal (1998)\textsuperscript{91} analysed the personal trust and behavioural bases of trust in banking relationship. He argued that banks should pay attention to intra as well as inter firm policies for developing trust and assessing trustworthiness. He concluded that marketing strategy could analyse the trust character of customers as well as proactively pursue those relationship forms of marketing that could generate long term competitive advantage.

Shahid Akhter and Iftekhar Equbal (2012)\textsuperscript{92} stated that there is a very huge potential for the growth of organised retailing in India. By following some of the strategies, it can rise tremendously and can reach each and every nook and corner. Open communication should be established between functional departments.
A balance should be maintained between brand building and promotion. Non-marketing factors like gas prices, weather, etc. should be avoided and new schemes should always be launched.

Shaoni Shabnam and Binopaul (2008) brought out the fact that a huge portion of the current labour employed in unorganised retail is unfit for employment in organised retail. Organised retail evidently needs the supply of higher end labour that has better education and skills. In view of the mismatch between the demand and supply of labour force in organised retail, any initiatives for instituting courses aimed to cater to retail specific skill requirements would immensely help to reduce the burden and cost of in-house training to the retail industry.

Sheetal B. Sachdev et al. (2004) scrutinised the three forces dominating the prevailing marketing environment in the service sector. They are increasing competition from private players, changing and improving technologies and continuous shifts in the regulatory environment, which has led to the growing customer sophistication. Customers have become more and more aware of their requirements and demand higher standards of services. Their perceptions and expectations are continually evolving, making it difficult for the service providers to measure and manage services effectively. The study explored relative importance of service quality dimensions across a selected service context. The results suggested that, all the service quality dimensions are equally important as no proper order of their importance could be established, the service performance in relation to the ‘expectations’ is poor in respect to nearly all the dimensions and in all the selected services and the nature of service does not seem to have a role in establishing an order of importance of the dimensions.

Shukla et al. (2007) described that food and grocery, health and beauty, apparel, jewellery, and consumer durables are the fastest growing categories of organized retail and fashion sector in India commands lion’s share in the organized retail pie. The most appropriate retail formats for various items are: Food and grocery-Supermarket; Health and beauty care services- Supermarket; Clothing and Apparels’-Mall; Entertainment-Mall; Watches-Hypermarket; Pharmaceuticals-Hypermarket; Mobile, accessories & Services- Hypermarket; Foot wares-Departmental store.
According to Singh (2007)\textsuperscript{96} the degree of brand awareness of various food products among urban respondents is more in comparison to rural households. Postgraduate rural and urban respondents have high degree of brand awareness for many food products in comparison to other educational levels of the households.

Singhal and Arvind (2010)\textsuperscript{97} pointed out that the retail industry in India is one of the sunrise sectors in the economy. They identified India as the second most attractive retail destination globally from among thirty emergent markets. It has made India the cause of a good deal of excitement and the cynosure of many foreign eyes. With a contribution of 10 per cent to the national GDP and employing eight per cent of the total work force the retail industry is certainly one of the pillars of Indian Economy.

Sinha (2003)\textsuperscript{98} brought out the shopping orientation of the Indian shoppers. The analysis indicates that the Indian shoppers seek emotional value more than the functional value of shopping. Although there is an indication of shopping being considered a task that should be finished as soon as possible, this orientation is overshadowed by the entertainment value derived by the shoppers.

Sinha and Banerjee (2004)\textsuperscript{99} attempted to correlate the distinct store features as perceived by respondents with the true motivations of various consumers in patronizing various stores. In the process they provide insight as to whether the average Indian consumer values the new store dimensions offered by retailers as a part of the new formats emerging in the market place.

Sivadas et al. (2000)\textsuperscript{100} suggested that there is a positive relationship between affective loyalty (satisfaction) and conative loyalty. If satisfied with the purchase at one particular store, consumers are likely to have a positive attitude towards that store.

R. Sorna Priya (2013)\textsuperscript{101} ascertained that the unprecedented rise of organised retailers has led to a slowdown in the growth rate of small traders. It was found from the study that the survival of the small retail traders find it difficult to run their retail business in Chennai, Coimbatore and Madurai due to the entry of organised retail
traders. These towns are self-sufficient in traditional retail business which constituted the retail hubs of our economy which needs to be protected and promoted to posterity.

Sulek et al. (1995)\textsuperscript{102} found that customer satisfaction positively affects sales per labour hour at a chain of 46 retail stores.

Sunil Sharma (2006)\textsuperscript{103} stated that in order for countries to be granted the title of a global market, they are examined from an economic and financial perspective in terms of opportunities and threats as they operate in an external environment. It is up to an individual country to assume control of the opportunities offered by the increasing prevalence of globalization, as it is manifested in the investiture of multi-national corporations and trade-governing bodies such as the World Trade Organisation. “Many countries in the Asian market have shown remarkably rapid economic growth with the expansion of business methods and corporations across national boundaries, leading to immense changes particularly in the food retail landscape.” (A budget, 2003), India, representing the world market with a population that is second only to China, offers a complicated picture as to which both opportunities and threats are assessed to the changing global market. This paper examined India from a global perspective to see what are perceived as the positive and negative effects of globalisation on the country’s fiscal and trade sectors and draw specific concentration on how the food retail industry in India is rapidly changing with the effects of globalisation.

Tauber (1972)\textsuperscript{104} identified two concepts of retail shopping motives. On the one hand, retail shopping is a leisure-based activity and second, it taps into aspects of the enjoyment of shopping for its own sake. It was argued that, in many instances, consumers may desire to obtain a higher level of experiential consumption rather than utilitarian consumption.

Tarrad and Moiz (2006)\textsuperscript{105} discovered that small enterprises give moderate importance to competitive intelligence because it basically involves finance, experts and time. The attitude of the small enterprises’ competitive intelligence is also limited based on the leader and follower stables.
N.S. Terblanche, et al. (2004)\textsuperscript{106} focused on the in-store shopping experience (ISE). ISE offers retailers an alternative means of differentiation and is achieved by providing a superior service in store shopping experience.

Thang et al. (2003)\textsuperscript{107} and Dalwadi et al. (2010)\textsuperscript{108} supported that consumers’ choice of shopping malls over traditional market stores is influenced by various factors like ambience, assortment, sales promotion schemes and in-store services. The facility of one stop-shop had a positive response from the consumers, who found it more convenient, time saving and satisfactory.

Thomas Reardon and Timmer (2008)\textsuperscript{109} showed that the retail dimension of the profound and rapid transformation of the food industry in developing countries- a key element of globalization and its relevance seen in India. In many countries, supermarkets have gone well beyond the initial middle class clientele, to penetrate the food markets of the poor. The ‘shock’ downstream in the food system has made an impact on traditional retailers; has set off ripple effects upstream in the food system, on the wholesale processing, and farm sectors and has incipient effects on trade.

L.M. Tom Jackie (2004)\textsuperscript{110}, conducted the study to signify the relationships among customer satisfaction, service quality and perceived value. These variables are increasingly recognised as being sources of competitive advantage. It was designed to develop an understanding of the relationships among these variables and their influence on post-purchase behaviour. An integrative model was developed and tested using data collected from customers in the restaurant industry. The results revealed that customer satisfaction and perceived value significantly influence post-purchase behaviour.

Tripathi et al. (2008)\textsuperscript{111} was of the view that the household size of a family has a positive effect on the likelihood of a shopping trip. Similarly high family income levels, may lead to higher consumption levels, which would imply larger aggregate shopping.

Urbonavicius et al. (2005)\textsuperscript{112} based their methodology on the three latent factors that integrate multiple retailers’ image attributes and explain interrelationships among them. These factors are additional value and image, store, and products. These
factors aggregate numerous attributes of multiple retailers, and allow comparing positions of the chain stores.

Valarie A. Zeithaml and Mary Jo Bitner (1996)\textsuperscript{113} explained how Customer Relationship could be built through segmentation and retention strategies. They focused on the benefits and strategies for developing long term relationship with customers. They stated that the basis of a good relationship strategy requires, effective market segmentation to identify those the organization wanted to have relationship with; continuous development of services that evolved to suit the needs of this relationship customers; monitoring of eminent customer relationship through relationship surveys and up-to-date customer database.

Valarie A. Zeithaml, Leonard L. Berry and A. Parasuraman (1996)\textsuperscript{114}, brought out evidence that service quality relationship to retention of customers and its impact on customers’ behavioural responses, which could be detected by a model framed by them. This model signals whether customers remain with or deviate from a company. Results from a multi-company empirical study examining a relationship from the model concerning customers’ behaviour intentions show strong evidence of their being influenced by service quality. The findings also reveal that difference in the nature of the quality intentions link different dimensions of behavioural intentions.

Vidushi Handa and Navneet Grover (2012)\textsuperscript{115} found that the unorganised sector has not lost due to entry of organised sector. It has rather gained in terms of business as the overall retail economy is growing. It has also gained in terms of quality enhancement due to competition given by organised sector. It was also found that some businesses have closed. The closure rate is 4.2% p.a which is much lower than international rate of closure of small business, out of which only 1.7% closure is due to organised sector. Small retailers have adopted the policy of extending more credit to customers to attract and retain customers. They have become competitive by adopting improved business practices and technology upgradation.

Vijay and Tarun (2004)\textsuperscript{116} stated that the entry of just one big retailer is capable of destroying the whole local economy and sending it hurtling down a spiral. One must also not forget how countries like China, Malaysia and Thailand, who
opened their retail sector to FDI in the recent past, have been forced to enact new laws to check the prolific expansion of the new foreign malls and hyper markets.

Vishnu Bagri (2006) focused in the article that allowing FDI in single brand and multi brand. Foreign brand owners would need to find an Indian partner to own the 49% of the equity in the company and, thereafter, it could spread its wings in the retail arena in the country. The arrangement between the foreign investor and the Indian partner needs careful consideration.

The Literature available cover the areas of consumers’ attitude, retail marketing, retail pricing, retail brand, promotion, retail-buyers’ behaviour, purchase decision, quality aspects, online shopping, self-service retailing and the impact of foreign direct investment in Indian retail sector. The literature on marketing of retail services are very limited; most of them are isolated, fragmentary and do not cover buying and merchandising, effective retail strategy, pricing strategy, promotional strategy, distribution strategy and various problems in general in unorganised retail outlets in the context of owners point of view. The present study covers the research gap in a holistic manner.

1.4 SIGNIFICANCE OF THE STUDY

The Retail Marketing service is a vital service satisfying the need of the consumers at a large. Though the organised retail outlets get deep rooted in India at present, certain service could be rendered by unorganised retail outlets alone. At present by and large, the consumers are reached frequently and directly by the unorganised retail outlets which is otherwise known as corner shop. The present study discourse how the owners of unorganised retail outlets adopt various marketing strategies for sustaining the steady growth of retail outlets and what are the problems normally faced by the owners in marketing of retail services. This study seeks to examine the various activities involved in the marketing of retail services and the growth of retail outlets in Madurai District by analysing the challenges faced by them and the opportunities available to them. Hopefully, this will be a guide to help retailers determine how they can face the challenges of their business and use the retail strategy effectively.
The results of this study will be an additional literature for future research. Though this study covers the marketing of unorganised retail services alone, the results can be applied to the marketing of other forms of services as well. Hopefully, this will become guidance to policy makers in helping them identify and develop retail sector, to retailers in marketing of retail services and also to potential retailers who intend to enter the market.

1.5 OBJECTIVES

The overall objective of this study is to examine the present condition of Unorganised Grocery Units and various problems associated with it. The specific objectives are:

1. To assess the buying and handling of merchandise by the retailers.
2. To analyse the effective retail strategy adopted by the retail outlets.
3. To study the pricing strategy adopted in retail outlets.
4. To assess the various promotional strategy adopted by the retailers.
5. To study the distribution strategy adopted by the retail outlets.
6. To identify the various problems encountered by the retailers.
7. To offer suggestions to the policy makers.

1.6 SCOPE

The present study, “A Study on Retail Marketing Services” is undertaken only from the viewpoint of retailers of unorganised grocery units. The marketing strategies adopted and the difficulties faced by the retailers in marketing the products have been dealt in this study. The marketing aspect covers the merchandise buying and handling, retail strategy adopted for selecting the location, covering the risk, employing the staff and for fixing the prices. The promotional strategy and the distribution strategy adopted have also been dealt with. This study reveals the problems and challenges faced by the unorganised grocery retailers. It also throws light upon various dimensions of marketing of grocery products by the unorganised retail grocery shops in Madurai District of Tamil Nadu.
1.7 PERIOD OF THE STUDY

The present study is taken into consideration of the various strategies adopted for marketing of retail services. Accordingly, the detailed field survey was conducted in the study area during the month of January, 2014 to prepare the interview schedule. The schedules were properly pre-tested and finalised. The researcher conducted the field work for primary data collection from February 2014 to April 2014.

1.8 LIMITATIONS OF THE STUDY

The present study is based on the views, opinions and information provided by the unorganised grocery retailers. As the respondents furnished some information from their memory itself, the accuracy is subject to the recall bias. However, efforts have been taken to minimize the errors through checks and cross checks at the time of interview. To ascertain revenue and profit, the averages of the values furnished by the respondents were taken into account. As the results were arrived at, based on average values, the results may not have so much accuracy as in the case of experimental studies. The unorganised grocery retailers are not maintaining the proper books of accounts to ascertain the profitability and prices. This study has been confined to Madurai District alone. Since the study focuses on the restricted area, it is not possible to analyse all the grocery units in the state.

1.9 OPERATIONAL DEFINITIONS

The operational definitions of different concepts of this study are given as under:

1.9.1 Retail

Retail is the sale of goods and services by retailing activities to the end-user.

1.9.2 Retailing

Retailing is a kind of business activities relating with buying and selling of goods and services in a small level to the ultimate consumers.
1.9.3 Retailer

Retailer is a channel connecting wholesaler or manufacturer with ultimate consumers in Madurai District. Retailer is a seller selling goods in small units or according to the needs of the consumers.

1.9.4 Unorganised retailing

Unorganised retailing refers to the trading activities undertaken by the retail shops which are unstructured and is a traditional formats of low-cost retailing like street markets, owner manned general stores, convenience stores, kiosks and vendors, where the ownership and management rest with one person only.

1.9.5 Grocery Store

A shop where all necessities of consumers such as rice, dhals, atta, oil, pulses, spices, snacks, soap, powder, cleaning materials, dairy products and the like are sold by the grocer is known as grocery store.

1.9.6 Consumer

A consumer is a person or group of people who are the final users of products or services generated within a social system.

1.9.7 Customer

A customer (sometimes known as a client, buyer, or purchaser) is the recipient of a good, service, product, or idea, obtained from a seller, vendor, or supplier for a monetary or other valuable consideration on regular basis.

1.9.8 Marketing Strategy

Marketing Strategy is a method or plan adopted by the retailers, in order to market their products, to achieve the maximum profit potential and to sustain their business which includes merchandising, location strategy, risk-bearing strategy, strategy adopted for management of finance and human resources, pricing strategy, promotional strategy and distribution strategy.

1.10 METHODOLOGY

Methodology includes sample design, procedure for collection of data, method of analysis, and tools of analysis of the study.
1.10.1 Sample Design

The present Madurai District consists of seven taluks where six hundred and sixty four revenue villages exist. In these revenue villages, a large number of unorganised retail outlet is located. Since it is named as unorganised, there is no proper structure or association to regulate its functioning. Further, there is no proper statutory existing to regulate such unorganised retail outlets. Even more numbers of these do not have proper authentication from any regulatory body to get registered or to assess commercial tax. Therefore, it has been an uphill task for the researcher to get authenticated number of retail outlets existed in these revenue villages. Therefore, prior to identification of sample size, the universe of this is located by personal survey conducted in all these revenue villages. Based on this, it has been counted that a total of 5485 unorganised retail outlets exist in these revenue villages. Out of these, a sample of 500 has been selected at proportionate random. The size of the sample is presented in Table 1.1.

<table>
<thead>
<tr>
<th>Name of the Taluks</th>
<th>Number of Retail Outlets</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madurai North</td>
<td>1460</td>
<td>133</td>
</tr>
<tr>
<td>Madurai South</td>
<td>867</td>
<td>79</td>
</tr>
<tr>
<td>Melur</td>
<td>790</td>
<td>72</td>
</tr>
<tr>
<td>Peraiyur</td>
<td>653</td>
<td>60</td>
</tr>
<tr>
<td>Thirumangalam</td>
<td>626</td>
<td>57</td>
</tr>
<tr>
<td>Usilampatty</td>
<td>442</td>
<td>40</td>
</tr>
<tr>
<td>Vadipatty</td>
<td>647</td>
<td>59</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5485</strong></td>
<td><strong>500</strong></td>
</tr>
</tbody>
</table>

1.10.2 Collection of Data

The present study is based on both primary and secondary data. In regards to primary data, a pilot study was conducted in order to gather first-hand information. Based on such information, an interview schedule was designed consisting of questions covering merchandise buying and handling; retail strategy adopted for selecting the location, risk-bearing, fixing of prices and distributing the products; promotional strategy adopted and the problems and challenges faced by the
unorganised retailers. The interview schedule so prepared was pre-tested and finalised after making necessary changes.

The researcher approached the sample respondents; self-introduced, explained the purpose of the visit, convinced the use of data as being only for academic purpose and then solicited responses. The researcher preferred to wait patiently when the respondents were engaged in the selling process at the time of the visit. Apart from the above, the researcher elicited more information through general discussion with the shop owners. At the time of the visit, the shop environment and the activities undertaken was carefully observed.

The required secondary data were collected from the libraries of different universities, colleges and other educational institutions located at Madurai, Chennai, Tirunelveli, Bangalore and Trivandrum. Books, Journals, Magazines, Reports, Theses and Dissertations have been referred to.

1.10.3 Method of Analysis

To make the raw data fit for analysis, the researcher has scrutinized the filled-in interview schedule and enters the data in Excel Sheet. The data processing was done with the help of SPSS 11.0 Students’ version. From that a number of functional tables have been designed and the analysis was made.

Data analysis was done by employing Cross Tabulation, Percentile Analysis, Mean Scores and other such methods. Factor Analysis for analyzing retailer’s perceptions, Garrett Ranking Technique, F-test, Multiple Regression Analysis and Index Method were also employed. ANOVA tests for significance in the relationships between various factors have been applied.

1.10.4 Tools of Analysis

In order to analyse the objectives of the present study, the following tools were used.
1.10.4.1 Percentile Analysis

The study being descriptive in nature, the researcher has used percentile analysis to describe the situation in clear-cut terms. The percentages were worked out for each group as well as for the total respondents.

1.10.4.2 Garrett Ranking Technique

Garrett suggested this method for converting ranks into scores. When the number of items ranked differed from respondent to respondent, the per cent position for each rank was found by using the following formula:

\[
\text{Percent position} = \frac{100(R_j - 0.5)}{N_j}
\]

Where, \( R_j \) = Rank given to \( j^{th} \) factor by \( j^{th} \) individual

\( N_j \) = Number of factors ranked by \( j^{th} \) individual

By referring the table given by Garrett, the per cent position estimated was converted into scores. Then for each factor, the sources of various respondents were added and divided by number of respondents to arrive at the mean score. The mean scores thus obtained for each factor are arranged into a descending order. One factor with higher mean score was given the first rank, followed by second, third and so on.

In the present study, this technique is applied to analyse the reasons for preferring vendors for purchasing the products, the reasons for dealing with one brand of product by the retailers and to analyse the pricing objectives of the retailers.

1.10.4.3 Factor Analysis

Mathematically, factor analysis is somewhat similar to multiple regression analysis. Each variable is expressed as a linear combination of underlying factors. The amount of variance a variable shares with all other variables included in the analysis is referred to communality. The co-variation among the variables is described in terms of a small number of common factors plus a unique factor for each variable. These factors are not over observed. If the variables are standardised, the factor model may be represented as:
Xi = A_{ij}F_1 + A_{i2}F_2 + A_{i3}F_3 + \ldots \ldots + A_{im}F_m + V_i U_i

Where,

Xi = i^{th} standardised variable.

A_{ij} = Standardised multiple regression coefficient of variable i on common factor.

F = Common factor.

V_i = Standardised regression co-efficient of variable i.

U_i = The factor for variable i.

M = Number of common factors.

The unique factors are uncorrelated with each other and with the common factors. The common factors themselves can be expressed as linear combinations of the observed variables.

F_i = W_{i1} + W_{i2}x_2 + W_{i3}x_3 + \ldots \ldots + W_{ik} + X_k

Where,

F_i = Estimated of i^{th} factor

W_i = Weight or factor score coefficient

K = Number of Variables

It is possible to select weights or factor score coefficient or factor score coefficient, so that the first factor explains the largest portion of the total variance. Then the second set of weight can be selected, so that the second factor accounts for most of the residual variance, subject to being uncorrelated with the first factor. This same principle could be applied for selecting additional weights for the additional factors. Thus, the factors can be estimated so that their factor scores, unlike the value of the original variables, are not correlated. Furthermore, the first factor accounts for the highest variance in the data, the second factor the second highest, and so on.

In the present study it is used to analyse the factors involved in starting retail business, the factors considered to purchase the product, the factors considered in selecting the area and to analyse the various expectations of the retailers for doing their business.
1.10.4.4 Multiple Regression Analysis

The Multiple Regression Analysis is applied to measure the impact of independent variables on dependent variable when both the dependent and the independent variables are in interval scale. The linear regression model has been applied by using the least square method. It takes the form of,

\[ Y = a + b_1x_1 + b_2x_2 + \ldots \ldots + b_nx_n + e \]

Where,

- \( Y \) = dependent variable
- \( x_1, x_2, \ldots, x_n \) = independent variable
- \( b_1, b_2, \ldots, b_n \) = regression coefficient of independent variables
- \( a \) = Intercept and
- \( e \) = error term

In the present study, to find out the relationships between the factors and its impact on the respondents to venture into the retail business in the study area, ‘Multiple Regression Analysis’ has been applied. It has also been used to analyse the impact of personal profile of the respondents and retail marketing problems on profit of the retail business.

1.10.4.5 One way Analysis of Variance

The one way analysis of variance is applied in the present study when the criterion variables are internal scale and numbers of sample is greater than 2 groups. The F- statistics is calculated by,

\[ F \text{ ratio} = \frac{\text{Variance between groups}}{\text{Variance Within groups}} \]

And it has to be compared with the respective table value of ‘F’. In the present study, the one way analysis of variance has been applied to analyse the retailers’ attitude towards the method of acquiring skills, sources of awareness of retail marketing services, the factors influencing the retailers to buy the products, the motivating factors in selecting the area, the reasons for markdowns, the inspiring factors in fixing the prices, the retailers’ attitude towards the media of advertisement, the inspiring sales promotional technique, the opinion of the retailers about the retail business and to identify the major problem faced by the retailers.
1.10.4.6 F-Test

The F-test is named in honour of the great statistician R.A. Fisher. The object of the F-test is to find out whether the two independent estimates of population variance differ significantly, or whether the two samples may be regarded as drawn from the normal populations having the same variance. For carrying out the test of significance, the ratio F is calculated.

\[ F = \frac{S_1^2}{S_2^2} \]

Where,

\[ S_1^2 = \frac{1}{N_1 - 1} \sum (x_1 - \overline{x}_1)^2 \quad \text{and} \quad S_2^2 = \frac{1}{N_2 - 1} \sum (x_2 - \overline{x}_2)^2 \]

It should be noted that \( S_1^2 \) is always the larger estimate of variance, that is \( S_1^2 > S_2^2 \) or

\[ F = \frac{\text{Larger estimate of variance}}{\text{Smaller estimate of variance}} \]

\[ v_1 = n - 1 \quad \text{and} \quad v_2 = n - 2 \]

\( v_1 \) = degrees of freedom for sample having larger variance.
\( v_2 \) = degrees of freedom for sample having smaller variance.

The calculated value of F is compared with the table value for \( v_1 \) and \( v_2 \) at 5% or 1% level of significance. If calculated value of F is greater than the table value then the F ratio is considered significant.

In the present study, F-test is used to analyse the retailers’ attitude towards location strategy, pricing strategy, promotional strategy, distribution strategy and their customers.

1.10.4.7 Index

The attitude index on personal problems (ATPPI) is prepared to compare the overall attitude towards the personal problems among the retailers. The ATPPI is calculated by,
\[
\text{ATPPI} = \frac{\sum_{i=1}^{n} \text{SVPP}_i}{\sum_{i=1}^{n} \text{MSVPP}_i} \times 100
\]

where, \( \text{ATPPI} \) = Attitude on Personal Problem Index
\( \text{SVPP} \) = Score on variables in Personal Problem
\( \text{MSVPP} \) = Maximum score on variables in Personal Problem
\( i = 1 \ldots n \) = Number of variables included in Personal Problem

The attitude index on marketing problems (ATMPI) is prepared to compare the overall attitude towards marketing problems among the retailers. The ATMPI is calculated by,

\[
\text{ATMPI} = \frac{\sum_{i=1}^{n} \text{SVMP}_i}{\sum_{i=1}^{n} \text{MSVMP}_i} \times 100
\]

where, \( \text{ATMPI} \) = Attitude on Marketing Problem Index
\( \text{SVMP} \) = Score on variables in Marketing Problem
\( \text{MSVMP} \) = Maximum score on variables in Marketing Problem
\( i = 1 \ldots n \) = Number of variables included in Marketing Problem

The attitude index on purchase problems (ATPPI) is prepared to compare the overall attitude towards purchase problems among the retailers. The ATPPI is calculated by,

\[
\text{ATPPI} = \frac{\sum_{i=1}^{n} \text{SVPP}_i}{\sum_{i=1}^{n} \text{MSVPP}_i} \times 100
\]

where, \( \text{ATPPI} \) = Attitude on Purchase Problem Index
\( \text{SVPP} \) = Score on variables in Purchase Problem
\( \text{MSVPP} \) = Maximum score on variables in Purchase Problem
\( i = 1 \ldots n \) = Number of variables included in Purchase Problem

The attitude index on location problems (ATLPI) is prepared to compare the overall attitude towards location problems among the retailers. The ATLPI is calculated by,
\[
\text{ATLPI} = \frac{\sum_{i=1}^{n} \text{SVLP}_i}{\sum_{i=1}^{n} \text{MSVLP}_i} \times 100
\]

where, \(\text{ATLPI}\) = Attitude on Location Problem Index
\(\text{SVLP}\) = Score on variables in Location Problem
\(\text{MSVLP}\) = Maximum score on variables in Location Problem
\(i = 1 \ldots n\) = Number of variables included in Location Problem

The attitude index on labour problems (ATLPI) is prepared to compare the overall attitude towards location problems among the retailers. The ATLPI is calculated by,

\[
\text{ATLPI} = \frac{\sum_{i=1}^{n} \text{SVLP}_i}{\sum_{i=1}^{n} \text{MSVLP}_i} \times 100
\]

where, \(\text{ATLPI}\) = Attitude on Labour Problem Index
\(\text{SVLP}\) = Score on variables in Labour Problem
\(\text{MSVLP}\) = Maximum score on variables in Labour Problem
\(i = 1 \ldots n\) = Number of variables included in Labour Problem

The attitude index on financial problems (ATFPI) is prepared to compare the overall attitude towards location problems among the retailers. The ATFPI is calculated by,

\[
\text{ATFPI} = \frac{\sum_{i=1}^{n} \text{SVFP}_i}{\sum_{i=1}^{n} \text{MSVFP}_i} \times 100
\]

where, \(\text{ATFPI}\) = Attitude on Financial Problem Index
\(\text{SVFP}\) = Score on variables in Financial Problem
\(\text{MSVFP}\) = Maximum score on variables in Financial Problem
\(i = 1 \ldots n\) = Number of variables included in Financial Problem

The attitude index on customers related problems (ATCRPI) is prepared to compare the overall attitude towards location problems among the retailers. The ATCRPI is calculated by,
where, \( \text{ATCRPI} = \frac{\sum_{i=1}^{n} \text{SVCRPi}}{\sum_{i=1}^{n} \text{MSVCRPi}} \times 100 \)

1.11 CHAPTER SCHEME

The study is divided into Six Chapters. The first chapter presents the introduction, states the problem, reviews the available literature, details its objectives, the scope of the study, limitations, operational definition of concepts, sample design, collection of data, method of analysis and tools of analysis. The second chapter presents a theoretical approach of retail marketing. This chapter includes the various retail formats and their evolution over the years. The growth and development of retail marketing services and a few theories of retail development are also presented. The third chapter portrays the functional aspects of retail marketing services which cover the analysis of operational functions like socio-economic profile of the retailers and business profile, non-operational functions like awareness on retail marketing services and the reasons for starting retail trade and the real operational function like merchandise buying and handling. While the fourth chapter includes an analysis of the strategical aspects of retail marketing services like the selection of store sites, risk-bearing strategy, human resource management, the strategies adopted in fixing the prices and the issues of retail pricing, the promotional techniques which focus on the various aspects of marketing like advertising and sales promotion adopted by the retailers and their impact on business, the channels adopted by the retailers to distribute the products, the benefits derived, the problems faced and the measures that could be taken to solve the issue. In the fifth chapter the difficulties faced by the unorganised retailers in carrying out their marketing activities and delivering the services and the measures that could be taken to solve the issues are identified. The last chapter sums up the key findings of the study. At the end of this chapter certain suggestions are given.
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