Chapter 2

REVIEW OF EARLIER STUDIES

2.1. Studies Relating to Creating Customers in Retailing.
2.2. Studies on Public Distribution System and Food Retailing.
2.3. Studies on the Role of Consumer Co-operatives

A literature review is a body of text that is aimed at evaluating the level of current knowledge and/or methodological approaches on a particular topic. As secondary sources of knowledge, these are helpful to researchers in understanding the gap of knowledge to be filled by them. It brings the reader to update the knowledge of a topic and forms the basis for other goals. A well-structured literature review is characterized by a logical flow of ideas: current and relevant references with proper use of terminology and an unbiased and comprehensive view of previous research on the topic.

An attempt is made here to review the available literature on related studies. Only limited studies have been made on the working of consumer cooperatives in India and abroad. Public distribution system and consumer goods distribution system managed by co-operatives are directly linked. In many countries consumer co-operatives have been part and parcel of their public distribution system. In India, since the inception of the third five year plan, the central government intentionally included consumer cooperatives in the public trade mechanism. The role performed by consumer cooperatives is not just confined to be a part of PDS but in the modern era, they compete with supermarkets run by organized retailers as well. Therefore, 1) Studies on Creating Customers in Retailing, 2) Studies on Public Distribution System
and 3) Studies on Role of Consumer Co-operatives are the three areas significantly reviewed in the study.

2.1 Studies on Creating Customers in Retailing.

Oliver (1980), in his research work had specified that to retain customers with a retailing store it has to satisfy its existing customers, those who bring new customers to the outlet. He defines customer satisfaction as a function of the level of product/service performance in relation to customer expectations. It also depends on the locus of attribution that customers make about the success or failures in product/service performance. In his opinion customer satisfaction is a function of the perceived locus of responsibility for product or service performance and if the perceived locus of responsibility can be shifted by states of self awareness, it should be possible to influence customer satisfaction by merely varying their level of self awareness. He suggests that the quality and performance of the product creates customers1.

Michel Porter, E (1985), clearly stated in his article on ‘Competitive Advantage; Creating and Sustaining Superior Performance’ that retailing process includes sourcing materials, designing products, manufacturing, transporting, fixing selling physical products and services from multiple or linked suppliers. According to him different sequences in the retailing are

a) Locating the merchandise or raw materials
b) Designing products
c) Manufacturing products
d) Transportation
e) Fixing the price of the product and
f) The process of sale
He identified that competitive advantage is at the heart of a firm’s performance in the competitive market. Low-cost and differentiation strategies are the two categories of strategies that a firm can follow when there is competition. A company deciding to adopt a cost leadership strategy strives to perform important value chain activities at a lower cost than the competitors, while a company following differentiation strategy strives to creative and market unique products for varied customer groups.2

**Raut** (1987) pointed out in his study on ‘Consumer attitudes towards advertising’ that 89 percentage of the respondents believed that advertising was useful to the consumers for getting convenient information about the products and helps to compare products. It makes shopping easier to the consumers. The paper provides an insight to the need for promotion in retailing process.3

**Gummensson** (1987) argued that to be successful a retailer must practice relationship marketing. Service imperatives and solutions will further strengthen the orientation of marketers towards relationship marketing.4

**Dwyer & Schurr** (1987) had the opinion that buyer-seller relationships are bilateral relationships and evolve through five phases, viz. awareness, exploration, expansion, commitment and consistency. If any of these phases are distorted, customers may not remain with the seller and the seller should listen keenly the needs of customers.5

**Agarwal** (1989) explained in his study ‘How are good the Indian Supermarkets’ the origin, growth and present condition of supermarkets in India. Here remarked that the success was because of clean and packed assortment of household goods mainly under one roof. He concluded that customers’ preferences are at the base of innovations and not profits.6
Reicheld, F. F and Schiefter, P (1990) have recognized that profits are enhanced when strategies focus on retaining current customers. They also argued that dedication-based relationships contribute to enhanced profit to a firm.  

Fornel (1992) identified that customer satisfaction is an important indicator for the assessment of the performance of a retailer. He said that there is a positive correlation between customer satisfaction and customer loyalty for a retail firm. While customer satisfaction acts as a double-edged sword in confirming customer loyalty and profitability for a supermarket retailer, adoption of a customer-centric retail strategy is also said to have a positive impact on the firm’s ability to acquire a greater market share.

Shanmugasundaram and John, Gunaseelan (1993) spoke in their article ‘Consumer Satisfaction-A Study on Consumer Supermarkets’ about the attitude of the consumers of Karpagom Co-operative supermarket, Vellore. Consumers of the supermarket were satisfied with the location of the store and the quality of the goods. The consumers were moderately satisfied with customer services provided by the salesmen. Advertisements and customer information provided by the store gave moderate satisfaction to the customers.

Reichheld (1996) has the opinion that relationship marketing is the only way to stand out in the crowed by the marketers and to build up a healthy and long term relationship with customers. He pointed out that empirical studies had proved that the cost of acquiring a new customer was four or five times more than retaining an existing customer.

Knights and McCabe (1997) have carried out research which illustrates that a management often does not understand either the weaknesses or the underlying philosophy of quality maintenance. They remind us that the quality
of retailing should be controlled, especially in relation to the process of service quality. They stated that quality relatively has linkages with the market share and profitability of a retailer.\textsuperscript{11}

\textbf{Zikmund, \textit{d'Amico, and Michael}} (1998) identified in their publication ‘Creating and Keeping Customers in Effective Marketing’ that a successful retailer has to do three things viz. he must identify a niche for offerings among all available market segments and determine a target market with an opportunity for growth. Secondly, he must design and develop an appropriate retail format. Finally, the retailer must figure out how to establish a sustainable competitive advantage.\textsuperscript{12}

\textbf{Barry Berman, Joel. R. Evans} (2002) found that retailing today is at an interesting crossroad. Retail sales are at their highest point in history. WALMART is the first $150 billion retailer (1999). New technologies are improving retail productivity. There are ample opportunities to start a new retail business or work for an existing one and to join a retail franchise.\textsuperscript{13}

\textbf{Marn, Michael V, Roegner, Eric, V and Zawada} (2003) identified different factors which affect the profitability of a retailing enterprise. They are the following:

\begin{itemize}
  \item [a)] Online order discounts
  \item [b)] Delivery to the customer without appropriate charges,
  \item [c)] Discounts that do not encourage rapid repayment or are given without fast payments.
  \item [d)] Co-operative advertising with the manufacturer is ineffective.
  \item [e)] Market development incentives on brands or sales to customer groups that do not work.\textsuperscript{14}
\end{itemize}
Kumar (2003) revealed in his thesis that the majority of the consumers were highly enlightened and were concerned about the quality of products. He found that there is no difference in quality consciousness between customers in rural and urban areas; they desire to avail of products at reasonable prices and trust more the advice of the retailer.\(^\text{15}\)

Jyothikumar (2003) had the opinion that the process of buying starts internally in the minds of a consumer, which leads to the search for alternatives that can be acquired with their relative importance, advantages and disadvantages. All the marketing plans embody myriad assumptions about the retailer. Whether the marketers are trying to retain customers, to convert buyers from rivals to friends, or simply to increase sales with existing customers, the marketing strategy certainly influences the buyer.\(^\text{16}\)

Levy (2004) in his book ‘Retailing Management’ identified three components of a successful strategy; the target market, the nature of the retail offering, and nature of competitive advantage. According to him the retail strategy must be well planned in respect of merchandise, location and service. A retail firm should set the niche for offering his product.\(^\text{17}\)

Ferine and Sparks (2004) mentioned that the role of retailers in merchandise transfer has taken part in coordinating transportation logistics, where products are interdependently transferred from the point of production (manufacturers) to the point of consumption.\(^\text{18}\) They also pointed out that the supply of products to retail outlets has been initiated by manufacturers. Recently, the domain has shifted to retailers to gauge customers’ needs and wants with the market intelligence disseminated to suppliers for their responsive actions.

According to Levy and Weitz (2005), retailers have to carry out four major activities among them the first and most important one is the retailer providing
an assortment of goods from which one can choose. Secondly, the retailer buys at larger quantities and breaks them down in to more consumable sizes. Third, retailers hold an inventory close by with a view to provide convenience to the consumers. Finally, retailers provide services to enhance the value of the product to the consumer. 19

According to Rundh (2005) packaging helps in attracting consumer attention to a particular brand and influences the consumer’s perception or buying behaviour about a product. Food product brands make use of packing attributes, combining colors, designs, shapes, symbols, and messages20.

Shah and Metha (2006) have identified that with the Indian retail sector getting increasingly competitive there appears to be an urgent need for developing an effective competitive strategy. Companies should be customer-centric and adopt strategies which will attract new customers21.

Vijayaraghavan (2007) opined in his report that the entry of many huge retail formats in India created large level competition in the retail sector. The entry of the huge grocery format of Reliance and the proposed venture of Bharti-Wal Mart are expected to further hike the level of competition in the sector and put pressure on margins. 22

Levy & Weitz (2007) described retailing can be viewed in a value chain as “the set of business activities that add value to the products and services sold to the consumers for their personal or family use”23

James. B. Ayers and Mary Ann Odegaard (2008) defined the Term `retail’ as final sales to mostly non-business customers and end users, generally called consumers. However, it is also important to remember that most businesses also purchase at retail stores. Transactions in this trend also can be regarded
retailing. They also defined Customer segments as homogeneous blocks of end users. A segment consists of customers who share buying habits and product performance and have common needs for supply chain performance. This performance includes features like cost quality and responsiveness that are built in to the supply chain design\textsuperscript{24}.

Barry Schwartz (2008) has suggested that too many consumption choices make customers confused, unsatisfied, less happy, psychologically drained, and more likely to experience negative emotions. Some customers confess to feeling ‘paralysed’ by the vast array of choices in retail aisles, and tend to defensively cling to their old brands, or to buy nothing at all \textsuperscript{25}.

Prahalad, C.K. (2008), defined organized retailing in his article ‘Art of outsourcing ‘as chain store penetration. Lower level of penetration, as in India (3\%) and China (20\%), hold promise for future growth unavailable in mature economies. This paper prophesies successful future retailers who are trying to penetrate in the retail market of the country. \textsuperscript{26}

Sehgal (2008) opined that food and grocery enjoys the dominant market share of 75 per cent of Indian retail but has only one percent penetration in organized retail. The author critically assessed the market share of organized and unorganized food retailers in India and found that unorganized food retail enjoys the lion share. \textsuperscript{27}

Jelveh (2008) assessed that one way of differentiating individual behaviour was taking the locations of the stores into the decision making process. Other attributes include the size of the stores, price, location, level of service and quality of products. The paper analyzed various attributes which lead to the influence of purchase behaviour and found that in addition to the above
attributes, post purchase experience and the satisfaction that consumers enjoyed through the product too were significant. 28

James and Mary Ann Odegaard (2008) described that retail strategic segmentation of a market can be based on a number of factors including the following.

- Geography or location
- Income level
- Demographics such as age and gender
- Frequency of usage
- Benefits of value to the customer or end-user, such as convenience, cost and prestige
- Preference for distribution channels
- Family life cycle stage29

Schiffman, Kanuk & Leslie. (2008) ‘The term consumer behavior is defined as the behavior that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs’30.

Kotler (2008) stated that segmenting the markets is essential to discover a firm for the customer groups that it will serve. Without knowing the customer groups, ‘positioning’ also is not possible. Therefore, identifying the customer groups to serve is the first in the function of a marketer. 31

Geethakumary. K.P (2009) in her study on ‘Margin-Free Markets in Kerala: An Evaluation study ‘about the working of Margin Free Markets in Kerala and their consumer satisfaction level. She found that Consumers of Margin Free
Markets are satisfied with the self service, dealings of the staff and the quality of commodities. Most of the customers of MFM replied that selling goods below MRP is the major reason for their shift to the MFM from private traders. Private Traders were of opinion that the arrival of MFN has very much affected their sales. She recommended that Margin Free Market must store more varieties of goods to be offered at reasonable prices. 32

Sami Finne and Hanna Sivonen (2009) stated in their book – `Retail Value Chain – How to gain Competitive Advantage Through Efficient Response Strategies’ as convergence continues new entrants enter retailing, and many retailers also expand to new business areas such as banking, insurance, healthcare, telecommunications and travel. Retail infrastructure is also affected by many external factors such as technology and product trends, forcing the players to rethink their conventional models. 33

Surajith and Bilab (2009) have observed in their study that education has no significant influence on a consumer’s exploratory tendencies of brand switching, innovativeness in shopping. They found that one’s education does not justify appropriately one’s psychological set up. Again they found that the income level of the customers has no influence on shopping exploratory tendencies such as brand switching and innovativeness. 34

Renuka Moorthy T.R and Devaraju (2010), in their article ‘ Customer Satisfaction; A comparative Study in Retail Marketing’, measured the current level of customer satisfaction with the existing provisions of services provided by various retail outlets in Mysore city. To analyze customer satisfaction, they have evaluated variables such as the quality of products supplied, service and information provided, customer support facilities, after sales services, discount, and customer delight. According to the analysis Retailer ‘MORE’s
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customers are more satisfied than those of retailers such as `Spencer’s and’ Loyal World.’ They suggested that the retail outlet can specialize in certain varieties of products rather than carrying a broad array of merchandise category. They recommended that customers would be satisfied if the price matches the quality of the products and they would continue to purchase. 35

Frank. Q. Fu, Keith A. Richard, Douglas E. Hughes & Eli Jones (2010) stated in their research the relative influence of sales personnel’s attitudes towards selling a new product, perceptions of subjective norms, and efficacy on the development of selling intentions and ultimately, the success of a new product launch. By examining sales person-level variance on a new product performance, the authors suggest that managers should focus on increasing sales person’s self-efficacy and positive attitudes towards selling the products to build selling intentions and quickly grow new product performance. They also suggest that sales managers should resist the temptation to relay on normative pressure during new product introduction. 36

Glenn. B. Voss, Andrea Godfrey & Kathleen Seiders (2010) have described that customer satisfaction has no effect under certain circumstances. In their study the authors developed a framework for understanding the complex relationships among satisfaction, moderating variables, and repurchases. They propose that the satisfaction-repurchase link is subject to complementary and substitute effect and present satiation and inertia as key theoretical mechanisms that explain and predict those effects. Telyhe findings offer new theoretical insights and substantive guidance for managers to effectively allocate resources to initiatives that complement or substitute for customer satisfaction. 37
Andez George (2010) revealed that studying consumer behavior enables marketing firms and manufacturing firms to realize more about the consumer decision making process and helps to design marketing strategies and promotional messages that will influence consumers effectively.  

Dr. Shekhar and Shantanu (2011) evaluated products, price, store location, promotion, quality of staff, process and environment to understand the retail strategy implemented by an apparel chain store at Bangalore. They concluded that humorous commercials help customers remember a product. However, no evidence has been found that humorous advertisements necessarily lead to the purchase of a product.  

Md. Sanuwar Rashid (2011) in his article ‘the Structured frame of Category Management for Optimisation of Retail Business’, stated that technological improvement and the frequently changing fashion trends reduce the product life cycle. In this new environment, a regular basis of supply of products in the market is mandatory to retain sales opportunities at all times. Category Management opens the door of opportunity for retailers to link up to suppliers to improve their service level. From the customers’ point of view, at retailing shops having category management, a customer can easily compare the prices of different brands of the same category. It encourages customers to buy their required product as they are confident about the price and quality of the same product of another brand.  

Sumedhu Kalia & Rishi Kalia (2011) in ‘Subhiksha; A Battle for Survival’ found that Subikshas being small in size though in prime localities in a city with no air conditioning and fancy shelves and designer things went against them. Customers could not get all brands they wanted making choice very limited. Low assortment was another reason for the failure of Subhiksha.
Another major problem they faced was expansion without sufficient funds in hand. They concluded that for the success of chain stores, the retail stores would have to identify with different life styles.  

**Nilesh Neelmani** (2011) has studied consumer attitude towards FMCGs and compared private labels with National brands. He found that consumers still believe that national brands have better quality compared to private labels. At the same time consumers tend to believe that private labels have higher value for money compared to national brands. It is also believed that national brands are less risky to buy compared to private labels. The comparison means value indicates that the National Brands hold higher prestige compared to Private Labels as far as consumers’ attitude is concerned.  

**Pratibha Goyal and Adithya Sharma** (2011) described that the trend of retailing has changed from kirana stores/grocers/provision stores to attractive air-conditioned retail outlets. The present day Indian consumer seeks more values in terms of improved availability and quality of goods and a pleasant shopping environment.  

**Ramanathan and Hari** (2011) have studied retail variables distinguishing the selection of organized and unorganized retail formats by the customers. They found that customer income is the basic variable that determines selection where the low income group selects unorganized retailers while the high income group selects organized retailers. They reported that there was no association between the respondent’s age and the shopping experience at organized and unorganized retail formats. It was also found that buyers perceived a difference among services offered by organized and unorganized retailers.  

**Manju Malik** (2012) conducted a study on customer satisfaction towards the service quality of organized retail stores in Haryana and found that the
majority of people visiting the organized retail outlets were male and most of them belonged to the younger age group as well as to the middle income group. She further found that dimensions of service quality were positively related to customer satisfaction. Product quality, physical aspects and promotional schemes were the most important variables that determined customer satisfaction. No gender bias was found in the case of variables mentioned above for choosing products.  

Praveenkumar and Asha (2012), stated in their article ‘Effectiveness of FMCG distribution with respect to satisfaction of consumers in rural markets’ that at least one product should be made available under all categories by the retailer, which will solve the purpose without brand and sometimes customers were least bothered about good or bad. Many of the customers have their own methods to identify products, rural customers, especially people who have an agrarian background do not buy branded products. They found that customer dissatisfaction would be the result if the product length was too short in retail stores.

2.2 Studies on Public Distribution System and Food Retailing.

Mirchandani, R.T (1960) studied food retailing and indicated that an efficient system of marketing food items would aim at balancing conflicting interests such as consumers preferring to get their required quantities of food in pure quality at the least possible cost and middlemen aiming at realizing the maximum possible profits from the deal. Therefore, quality and price are the most important elements in the food retailing.  

Sheo Narain Singh (1972) clearly stated that the Central government has got sufficient powers in relation to the fixation of prices of essential communities under the Essential Commodities Act, 1955. He recommended the extension of fair price
shops to rural areas for easy availability of essential goods at low prices. It is also important that state governments should take fresh measures to strengthen the PDS, for the protection of the vulnerable section of the community. 48

Gopalakrishnan, P.K (1978) observed that a rational food policy for India should aim at the twin objectives of increase in production and equitable distribution, in conformity with the recommended National Minimum Nutritional Standard. He also stated that the per capita regional production of food grains and calorie intake are highly co-related. 49

Prabha, T (1982) observed that there is a significant relation between per-capita production of food grains and per-capita calorie intake of food grains, but the influence of income on this factor is found to be significant. He believes that a huge number of our population has insufficient income to consume food grains at levels mentioned for getting sufficient calorie. Therefore, he suggested that the present Public distribution system has to be revised so as to ensure the supply of food grains to all. 50

Chattopadhya, P (1982) stated that essential commodities such as food grains and pulses supplied through the public distribution system are of low quality due to deterioration during storage and due to infestation. Careless handling, and outdated storage facilities are also other major causes for low quality. 51

Balram Dogra (1987) revealed the shortcomings of the PDS and pointed out that the system functions in a very lethargic manner and the private sector takes the fruits of this weakness. This can be eradicated by proper reorganization of PDS through a thorough monitoring process 52.

Suryanarayana, M. H (1996) evaluated the trends in Public Distribution System off-take, cereal consumption and changes in the level of calorie intake
in Kerala during a few selected years. He found that inadequate access and poor quality of the rice supplied through the PDS are the two major reasons for the inadequate utilization of the system. 53

**Frontline** (1997) described that PDS is primarily a social welfare and anti-poverty programme of the Govt. of India. With a network of more than 4,00,000 Fair Price Shops (FPS), the Public Distribution System in India is perhaps the largest distribution machinery of its type in the world. The success of this huge network is dependent on its ability to translate a macro level self sufficiency to micro level, by ensuring availability of food grains for poor households. 54

According to **Dreze & Amartya Sen** (1998), the stability of food prices in India is quite remarkable. During the drought of 1987-88 which led to considerable decline in food production food grain prices increased by less than 10 per cent. This was largely due to large scale sale of food through the Public Distribution System. The contribution of price stabilization measures to the protection of entitlement during crises in India is a major one. 55

**Ajithkumar Ghose,** (1999) narrated that the history behind the introduction of Public Distribution System in India is rooted in famines and food scarcity during the entire period of British Colonial rule in India. Food Grains Procurement Commission 1950 suggested rationing in all towns with population exceeding 50000, informal rationing in all small towns and regulated supply of grains to rural areas. In response to it, the government of India officially started a Public Distribution System in our country. 56

**Krishnaji . N, Krishnan T. N** (2000) stated in their study that even poor people were purchasing food grains from the open market. So, vigorous efforts
are to be made in future to stabilize the consumption level of poor people, which is one of the aims of public distribution system.\textsuperscript{57}

\textbf{Anilkumar . B} (2002) explained in his study on ‘Impact of Targeted Public Distribution System among Rural Below Poverty Line Group, Kerala’ that PDS as an instrument of the ‘Food Management Policy’ of the government under the Essential Commodities Act, specially to the weaker sections of the society. Well targeted and properly functioning PDS is an important constituent of the strategy for poverty alleviation.\textsuperscript{58}

\textbf{Nirmala Mabel. E.R} (2006) has done a study ‘Evaluation of the Working of Kerala State Civil Supplies Corporation Limited’. The study was to evaluate the activities carried out by the Corporation and to ascertain the role performed by it in the Public Distribution System in Kerala. It was found that the Corporation had an important role in the Public Distribution system in Kerala but consumer satisfaction was at a low level. Ninety two per cent of customers interviewed was of the opinion that Supplyco was successful in offering goods at lower prices.\textsuperscript{59}

\textbf{Priyesh} (2006) suggested in his thesis that it is not necessary to extent subsidization of food grains to all people and the government should revamp the traditional functions of our Public Distribution System. He also recommended that a government controlled system should be started to deal with frequent fluctuations in the price of essential commodities.\textsuperscript{60}

\textbf{Carpenter & Moor} (2006) stated in their study ‘Consumer demographics, store attribute and retail format choice in the US grocery market industry’ that the grocery industry is strongly driven by price competitiveness, product selection, assortment and the courtesy of personnel. While determining the format choice, cleanliness is the most important attribute, regardless of the
type. Again, price level and distance from the residence of buyers also are other determining drivers for the store choice. 61

Reardon & Gulati (2008) found that retailing environment has been growing tremendously in size and market dominance of large players grows with greater store size. The food and beverages segment constitutes the largest share, at more than 70 percent of the retail pie. Food and grocery accounts for the bulk of Indian retailing and its share is about 60 per cent. Organized retailing accounts for less than 10 per cent of food retailing in India. However, the share of organized retailing in the food sector will grow to 15-20 per cent, if the current trends of expansion continue. 62

Thulseedharan Nair (2008) described the Public Distribution System as a retailing mechanism that entitles households to specified quantities of selected commodities at subsidized prices. The objectives of the Public Distribution System are maintaining price stability, rationing during times of scarcity, welfare of the poor, and keeping a check on private trade63.

2.3 Studies on the Role of Consumer Co-operatives

Jawaharlal Nehru (1962) strongly favored the role of consumer co-operatives and he believed that the movement has an important role in maintaining price levels in the country. He observed that co-operatives can work as a checking measure against the tendency of rising prices in the country and this was vindicated in 1960, when prices of essentials had shown a rising tendency. 64

Marian Radetzki (1965) studied the role of consumer cooperatives and reported that the most important role is to check private organizations from overcharging consumers in the distribution of necessary commodities. He also opined that consumers’ co-operatives contribute to lower distribution costs through rationalization which will ultimately benefit to consumers. 65
Chakarvarti (1972) in his article ‘Role of Consumer Co-operatives in Distribution and Price Control’ opined that a strong co-operative sector should be created as a balancing sector between the public and private sectors. Consumer Co-operatives play a dominant role in our economy to increase agriculture production and consumer goods distribution. They protect consumers from rise in prices, adulteration and other unhealthy trade practices like hoarding, speculation, underweight, etc. He pointed out that consumer co-operatives are important agencies of Public Distribution System.  

Annasaheb. P. Sinde (1973) has given in his articles ‘Co-operative Reliable and Socially Motivated Machinery for Handling Distributive Trade’ that co-operation has the responsibility to make PDS successful, especially in the present situation. Co-operative societies have a great responsibility in protecting consumers and safeguarding the interests of producers. He suggested the government to try to get more and more involvement of co-operation in the Public distribution System.

Banwarilal, Bhatiya (1973) has pointed out in his study that consumer co-operatives had not been able to achieve their main objectives so far as the ‘Price Setter’ in the market by holding the price line. They had been suffering from many structural, operational and administrative weaknesses. Unattractive prices, inadequate stock of fast moving goods, poor salesmanship and absence effective sales promotion are some of the factors that contributed to their steep decline. There is a vast scope for the consumers’ co-operatives, provided they are organized on sound lines and better economic footing with active assistance from the government.

Bahl (1976) in his study ‘The Role of Consumer Co-operatives in Public Distribution System’ found that the consumer co-operatives have a great role
in the eradication of exploitation and adulteration. He strongly opined that consumer co-operative societies are able to provide remedies against higher pricing and other malpractices. They can provide commodities at fair prices maintaining purity, better quality, pure weight, etc. 69

Bhagavathyram (1985) in the report on Chinthamani Co-operative Supermarket has stated the need for fixing the sales targets systematically and scientifically 70. He recommended;

1) Provision of purchase rebate
2) Provision of welfare measures to employees
3) Self service improvement and
4) Efficient inventory management to avoid stock deficit

Misra, N.K (1988) explained that the association of the Co-operative institutions with the Public Distribution System was inevitable. It becomes clear in the light of the fact that unless the consumer himself is involved in the procurement and distribution of the consumer goods, the element of undue profit and malpractices in respect of price, quality and quantity can never be checked. 71

Report of International Cooperative Alliance (1988) stated that housewife’s involvement in consumer cooperatives in most of the developing countries is passive. They suggest that member education is necessary, and advise to redefine the objectives of consumer cooperatives and provide opportunity for social and cultural upliftment of members. 72

Sasikumar (1989) has done a study `The Role of Consumer Co-operatives in Public Distribution System of Kerala `to learn the role of district Wholesale Co-operative Stores in the state. He found that quality, price, correct weight and measurement are the most important aspects of Public Distribution
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System. He stressed the need for the implementation of a permanent PDS in Kerala.\\n\\nNilkanth and Sanjay Sanker Kapter (1994) suggested that consumer cooperatives should strengthen consumerism and extent protection to their consumers without entirely depending upon the government for consumer protection.\\n\\nMisra (1995) stated in his article, ‘Open Economy in Consumer Co-operatives’ that the development of consumer co-operatives in Japan, Sweden, Thailand, England and Singapore are along with other supermarkets in the private sector because these countries have always been free market economies. He opined that the small consumer co-operative stores working in India function with the financial help of states and so they cannot follow the principles of co-operation. The existence of these co-operatives will be a problem unless they grow or amalgamate with the leading consumer stores in the neighborhood.\\n\\nRavichandran and Pandmanabhan (1998) have done a study on Chinthamani Co-operative supermarket in Coimbatore city to examine the purchase behavior and constraints on consumer purchase. The various factors that influenced the consumers for the purchase at Supermarket were the quality of products, reasonable price, unadulterated commodities and the availability of full range of commodities.\\n\\nGautam .T.C (2000) observed the importance of consumer co-operatives in the national economy and found that consumer co-operatives have emerged as very strong organizations in the distributive trade. Co-operative trade in India not only distributes essential commodities but also provides all other consumer goods at reasonable price.
Dhanasekara and Tamilmani.B (2007) observed that consumer cooperatives which have been doing yeoman service to the public by providing them quality consumer goods and services at competitive prices, are witnessing a difficult situation. The complexity of the situation has grown further at an alarming level especially in the post liberalized period, as it is marked by the arrival of new players and their strategies in the retail trade.  

Gangan, Arora (2010) argued that consumer cooperatives being value based enterprises with a unique blend of economic and social responsibilities is a preferred option in the supply of consumer goods at low prices without private interest. Consumer cooperatives are worldwide models for common stands against private exploitation.

Farahnaz, Ogliabian and Nagendra Babu (2011) suggested that with the increase in education and civilized urbanization, huge populations transfer from lower social-economic classifications to higher socio-economic classifications. The consuming class predominantly comprises socio-economic classifications A&B and represents around 105 million people in 22 million families of urban population in India.

Balnave, Nikola and Patmore, Greg (2010) explained in their article named ‘Practical Utopians; Rockdale Consumer Cooperatives in Australia and New Zealand’ that Rockdale consumer cooperatives have played an integral role in the lives of many people in Australia and New Zealand in mining areas, rural regions and in metropolitan and suburban areas. In the years prior to Second World War, both the countries showed waves of interest in consumer cooperatives. In the post second world war period the survival of many of these cooperatives was not secure. As a result in the rise of chain supermarkets and shopping centers many of these cooperatives became incompetent and fell in to permanent decline.
Tamilnadu Journal of Cooperation (2011)\textsuperscript{80} in an article ‘Food Security and Cooperation’ stated that Public Distribution System is also run successfully by cooperatives in the majority of villages. At present 21000 cooperatives, 30 consumer cooperative federations with 8000 branches are providing consumer items at reasonable prices. Besides, 674 wholesale stores with 5391 branches work in the distribution of consumer goods. This structure should be developed with the support of the Government of India so that proper and adequate food grains can be accessed by every person in the country.\textsuperscript{82}

2.4 Research Gap

The review of earlier studies reveals that particularly no concrete and precise analysis has yet been made regarding the activities, performance and evaluation of Kerala State Consumers Co-operative Federation Ltd. The present study is aimed at that direction. Even though the study is confined to the state of Kerala, it obviously has relevance to the successful operation of Co-operative Distribution System in India which is also relevant to the functioning of Public Distribution System in other states of India. As cooperatives are alternatives and virtually government enterprises, critical evaluation on the performance of CONSUMERFED is indeed necessary to recommend the ways and means to improve its performance in future.
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Chapter 2


Review of Earlier Studies


.....END.....