CHAPTER – 2

LITERATURE REVIEW

“The biggest mistake anyone can make is to focus on competitor. You focus on the consumer and you will get it right.” – KB Dadiseth, Former CMD HUL.

2.1 Introduction

A number of studies are available in the area of customer choice behaviour with regard to various retail formats. A critical review of available literature from research papers, books, Government reports, and internet sources has been made to understand the theory and practice relating to the retail format choice behaviour of the customer. In this study, an effort has been made to identify different sources of well researched information on various factors influencing customers store format choice decision with a specific focus on evolving markets. Special emphasis has been given to the studies related to different product classes like food and grocery, apparels and consumer durables.

2.2 Utility as the Basis of Format Choice - A Theoretical Model

A consumer notion of value depends not only on the value of goods and services available relative to the respective prices, but also on the perception of the quality of financial deal. Later the concept of transaction utility was modeled depending on the difference between the selling price and reference price. To explain the reference price was postulated and is described as the amount of money that customers expect to pay for a good or service. It is suggested that any purchase occasion is associated with two utilities: acquisition utility and transaction utility. Acquisition utility represents the economic gain or loss from transaction. Whereas transaction utility is associated with purchase or sale and difference between the selling price \( p \) and reference price \( q \). The situation where \( p > q \), the transaction utility is negative (rip-off situation); conversely if \( p < q \), the transaction utility is positive (bargain situation). The total utility of purchase is sum of acquisition utility and transaction utility (Thaler, 1983) as reviewed by Sinha (2005). The implication is that an individual may not buy a product if acquisition utility is offset by loss in transaction utility when the price is sufficiently larger than the
reference price. It is felt that acquisition utility and transaction utility can be used to explain the shopper’s format choice.

The theory also suggests that two utilities are not mutually exclusive. It is imperative that any format decision would have to take holistic view and incorporate both sets of utilities.

Figure 2.1
2.3 Empirical Models for Understanding What Drives a Shoppers’ Choice of Formats

IBM (2006), conducted a study for understanding the needs that drive shoppers’ choices, can enable retailers to identify new opportunities for formats and tailor their format offer helping them to avoid spending time, money and resources that have little meaning for consumers. Shopper drivers include demographic considerations – age, household size, home size, car ownership and annual spending on consumer goods as well as behavioural considerations, such as the ways shoppers commute to shop, and the amount of time they allow themselves. The study uncovers that shoppers have certain “likes” and “dislikes” about specific aspects of the major retail formats under consideration (Figure 2.4)

The research also reveals a decision map that shoppers use to determine which format customers choose to shop in. This decision map helps them make tradeoffs across arrange of attributes associated with different retail formats as depicted following (Figure 2.5).

**Figure 2.4**

*Shopper likes and dislikes by format*

**HYPERMARKETS**
- Likes: Space, Choice, Value, Range, Exploration
- Dislikes: Large and overwhelming, Budgets goes away, Not for urgent needs, Choice overshadows convenience

**SUPERMARKETS**
- Likes: Reliable, Acceptable variety, High quality, Fixed prices, Convenience: Location, Time, Effort, Choices
- Dislikes: Limited choice, Limited product line up, Higher priced as compared to hypermarkets

**CONVENIENCE STORES**
- Likes: 24 hours operation for urgent needs, Daily necessities in small packages, Quick free services for utilities, Quicker introduction of new items, Prepare your own snacks (microwave oven, etc)
- Dislikes: Very limited choice, No price advantage, Limited fresh food, Frequently change items
Another key finding of this study is that each of a shopper’s various needs is weighed uniquely for each occasion. Therefore, the effectiveness of a specific format largely depends upon the overall value proposition sought after by shoppers for a specific occasion. Moreover these attributes form a hierarchy or pyramid and influences shoppers’ acceptance of and preferences for different retail formats. The study was conducted for food retail segments in Asia and the findings could also be evaluated for the other segments of retail market. Figure 2.6 given below expresses Asian Shopper’s attribute pyramid from “basic” to “value-added”.
2.4 Literature Review Relating to Factors affecting Store Choice Decision by Customers and Customer Loyalty among Different Retail Store Formats

**Dodge and Summer (1969)**\(^3\) found that store choice has also been dependent on socio-economic background of the consumers, their personality and past purchase experience.

**Hisrich et. al. (1972)**\(^4\) has studied the store choice problem using the framework of diffusion of innovation propounded by Cunningham. This application of Cunningham’s model highlighted that the perceived risk attached to the product is also transferred to the store and such transfer is more likely for the product categories that are not dominated by strong brands. In such cases, the store becomes a product of sorts and apparently is susceptible to the same kind of risk handling analysis technique accorded to products.

**Kotler (1973)**\(^5\) has proposed atmospherics as an important part of retail marketing strategy. The role of ambience has been found to be significant in store choice.

**Dash et. al. (1976)**\(^6\) in a study of store choice behaviour among audio equipment shoppers, found that the level of pre-purchase information regarding the brand
determined the type of store chosen. Shoppers who have higher levels of pre-purchase information generally shopped at the specialty stores. This is mainly attributed to customers adopting a risk reduction policy with regard to their impending purchase. A store is chosen based on the self-confidence that the customer has regarding the store; about the nature and quality of the product and service he will receive. The importance placed on the customer’s familiarity with the store will depend upon the perceived risk in making an erroneous purchase and importance of the product category to the shopper.

**Mattson (1982)** found that situational attributes, such as time pressure and gift verses self-shopping, can influence store choice and attribute salience. It is also indicated that the situational influence needs to be evaluated for every visit and hence some shoppers may change their choice because of situation specific drivers. These situational influences may be classified as the competitive setting, the individual’s situation set and the shopping occasion. The shopper may also evaluate each of the situations in the light of cost incurred and the utilities derived out of shopping.

**Malhotra (1983)** proposed a concept of preference threshold. It was suggested that the shoppers tend to show a preference for store depending on the threshold value allotted by the shopper. It is assumed that if the perceived value is less than the threshold, the shopper may not choose the store, the threshold value for an individual customer is affected to a large extent by the image characteristics of the store.

**Laurant and Kapferer (1985)** defined involvement as a multifaceted construct having five dimensions of perceived importance and risk of the product class, subjective probability of making a mis-purchase, symbolic or sign value attributed by the consumer to a product class, hedonic value of the product class, and interest.

**Lumpkin et. al. (1985)** found that as compared to young shoppers, elderly shoppers were less price conscious and proximity of residence to store was not an important factor to them. They considered shopping as a recreational activity and thus chose a store that is perceived to be high on “entertainment” value.

**Berry & Martineau (1988)** found displays and layout have more significant role in high-fashion appeal than in a broad appeal store.
Zeithaml (1988)\textsuperscript{12} found that the shoppers determine the value of the merchandise based on monetary as well as non-monetary costs.

Kahn and Schmittlein (1989)\textsuperscript{13} found store choice dependent on the timing of shopping trips as consumers may go to a local store for short “fill-in” trips and to a more distant grocery store for regular shopping trips (Leszczyc et al., 1979).

Woodside et al. (1992)\textsuperscript{14} captured the concept of positioning of store. This study found that shoppers looked for and developed “hot buttons” that help in choosing among stores. The shoppers could quickly name the store that provides them with these buttons, such as most convenient or lowest prices, hence reducing the cognitive dimension in the decision problem.

Donovan, Rossiter, Marcoolyn and Nesdale (1994)\textsuperscript{15} concluded that in some cases it was to be leading to patronizing the shop a higher store loyalty was shown by shoppers who perceive congruence between self-image and image of the store. The store image is created by the several factors. The important factors that constitute image of the store include quality and assortment of merchandised, sales persons and store atmosphere.

Levy and Weitz (1995)\textsuperscript{16} analyzed that customers see a store as a collection of characteristics and benefits sought. The model is designed to predict a customer’s evaluation of store based on store’s performance on several attributes, and the attributes importance to the customer. Thus three types of stores: Convenience, Variety and Experiential are based on the performance benefits they provide to the customers. These benefits are derived out of several variables like price, discounts offered, travel time, assortment range, quality, atmospherics/ ambience and service. It is possible that a particular store may offer several benefits. But for the suggested model, the primary motive of choosing a store has been considered. Hence, a corner store may offer a variety or may also be patronized, but the main benefit is convenience that the shoppers derive out of location. Similarly, a store exclusively dealing in a product or brand may be conveniently located and may also offer other merchandise, but the choice of store is influenced more by its product line or the brand and hence the exclusivity becomes the primary motive of the choice of store. A store may also be chosen for the primary reason
that it provides a range of merchandise not offered by any other store. These two dimensions need to be measured differently. Although ‘Purchase Involvement’ is measured on a continuum, for the sake of simplification it has been categorized as High, Medium and Low. It can be measured using an interval scale. Store type is a categorical variable described as Convenience, Variety Experiential.

**Schiffman and Kanuk (1997)**\(^{17}\) opened that purchase involvement for the suggested framework is indicated by the extent of information search at the store. The intention is to exclude the impact of other efforts that would have been made to arrive at the store and focus only on the efforts at the store. Store type has been defined based on the benefit that the shoppers would draw from the store. It could also be taken as the positioning/image platform used by the store.

**Bell et al. (1998)**\(^ {18}\) suggested that these costs can be classified as fixed and variable costs of shopping. The variable cost is related to the basket size or the list and hence is likely to change with every trip. The fixed costs, such as location of the store or price format, would remain unchanged over list size. They suggest that these costs can be converted into utilities for the shoppers by the stores. In a study of two price formats, EDLP and HILO, they found that the store can influence the choice of shoppers by enhancing the perceived utilities (Tang et al., 2001).

**Hutcheson and Mutinho (1998)**\(^ {19}\) found that shoppers used a combination of the quality of staff and “the occurrence of low prices and the frequency of promotions” in choosing a store.

**Connolly and Firth (1999)**\(^ {20}\) explained that information recall is enhanced when the context in which people attempt to retrieve information the same to the context in which they originally coded the information. Such information activates consumer’s memories pertaining to brand and its features and helps the consumer in making a purchase decision in favour of the displayed brand. This gains importance in the light of fact that brand name is considered the most influential factor in purchasing. They also observed that consumers’ shopping behaviour cannot be fully understood outside the context in which it occurs: neither consumers nor brands exist in isolation. A shopper goes through the
process of “See-Touch-Sense-Select” in order to buy a product. The degree to which a consumer follows the whole or part of this process varies with brand, product category, and other elements of the product mix.

Kenhove et al. (1999)\textsuperscript{21} found that store choice is differentiated by the nature of the task. A task is defined by the goals set by the shopper to resolve the needs derived out of a specific situation. They studied the store choice decision across various tasks as described by the respondents, such as urgent purchase, large quantities, difficult jobs, regular purchase and get ideas. The chosen store differed in their salience rating depending on the task shopper intended to perform. The salience stores have also been found to be affected by the situational factors.

Treblanche (1999)\textsuperscript{22} found that recreation (a non-monetary value) was the major driver for visiting a regional shopping center. The shopping experience, as created by the store environment, has been found to play an important role in building store patronage. Along with the merchandise, it triggered affective reaction among shoppers. It also contributes to create store patronage intentions.

Bell and Ho (2000)\textsuperscript{23} took close look at shopping behaviour of consumers to determine what makes shoppers choose one place over another and how retail managers can drive traffic to their stores. The authors identified and suggested that in order to improve store performance, retailer must begin to think like shoppers. “Every Day Low Price” (EDLP) store, often has a large number of items but a smaller selection of brands, less convenient format and very small fluctuations in prices. The researchers characterize EDLP stores as mostly having a low fixed utility (less assortment, less convenient) but a high variable utility (lower prices). EDLP generally appeals to the cost conscious buyer. People who shop at EDLP stores often buy a large number of items in each trip and shop less often than their counterparts at the HILO stores, the study found. On the other hand promotional pricing or HILO format has been associated with a high fixed utility, that is, convenient format, high quality service, good assortment of products but low variable utility because these stores tend to have higher prices. The consumers who like to make small and frequent shopping trips are more likely to go to HILO store for two reasons. Firstly, if the price of an item is high on one day, the person can just defer his or her
purchase until the price drops. Second these are the consumers for whom shopping convenience, good service and large assortments are appealing.

**Jarratt (2000)**\(^{24}\) has studied the outshopping behaviour of consumers. Outshopping is defined as the purchase of goods by consumers outside their local shopping area. As observed in this study, outshopping activity is directly influenced by variance in local trading area commitment, shopping enjoyment, income and socialization.

**Leszczyc and Sinha (2000)**\(^{25}\) indicated that store choice was a dynamic decision and could be conceptualised as a problem of deciding when and where to shop. The first decision being the traditional store location choice problem and second the second shopping trip incidence problem relating to the timing of shopping trips. The two decision processes were correlated.

**Sinha and Uniyal (2000)**\(^{26}\) studied on consumer shopping behaviour shows that high proportion of all purchases in super markets and other retail outlets are unplanned and many product and brand choices are made while the consumer is in the store. POP plays a major role in influencing such unplanned purchases; POP communication also induces to stay at the retail outlet for a longer duration increased spending.

**Arrondo et al (2002)**\(^{27}\) in their research have attempted to determine implications for managing the loyalty towards a retail food company. After the empirical analysis, authors report that as regards the usual customers of large hypermarkets, their structural loyalty and behavioural loyalty shows the effects, indirect and direct respectively, of their total consumption level at the company. As regard the usual, small hypermarket customers, their consumption level at the company store is determined only partially by whether or not they possess the purchase card, and not by their structural or behavioural loyalty.

**Sinha et al (2002)**\(^{28}\) attempted to understand store choice behaviour of shoppers. The study identifies major drivers behind choice of stores for various shopping needs as exhibited by a typical Indian consumer. Major findings of this study indicate, convenience and merchandise, store ambience and service are primary reasons for choosing a store. The gender and age of the shoppers drive the choice of store. Men give more prominence to proximity. Women are more regular buyers. Ambience and facilities
are more important in cases where the shopper spends more time with in the store. On the overall basis, shoppers give prominence to proximity of the store, merchandise, and service provided by the store. The importance of these factors is influenced by the type of product, age, and gender of the shopper. Other demographic variables do not influence significantly. The study conducted was exploratory in nature however a detailed descriptive study may be conducted to study different store choice variables and their impact on shoppers’ attitude towards store choice.

Sinha (2003)\textsuperscript{29} revealed and 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 some indication of shopping being considered as task and should be finished as soon as possible, the orientation is overshadowed by the entertainment value derived by the shoppers. The study also indicates that Indian shopper’s other distinct aspects are; post purchase information and bargaining and convenience which is proximity to home, work place as well as the places that shoppers frequent. More men are work shoppers as compared to women who are fun shoppers. The new formats attract more fun shoppers than work shoppers. In this study, it was found that orientation of the Indian shopper is based largely on entertainment derived out of shopping. The stores were chosen on the basis of products that they handle and hence the products were primary consideration and subdued the importance of other store variables. The findings of this study have implications for store format decision but are not giving any indication of other aspects such as location and assortment planning for each of the stores.

Sinha and Banerjee (2004)\textsuperscript{30} suggested that customers in developing markets such as India do not require the service paraphernalia offered by many of the new store formats emerging in the market and notes that this may cast a serious doubt over the retail revolution, which has taken place in the Indian market. The research indicated that grocery, fruit and vegetable stores are visited based on more proximity and patronization as the shop would like to reduce travel time. There seems to be some kind of inherent loyalty to the stores in this category. In case of consumer durable stores shoppers attach more importance to merchandise, referral and ambience. Shoppers in such stores look for
variety. The stores that offer good prices and discounts are also visited without compromising on quality of the products. A good display of products becomes an important consideration in consumer durable stores. The shoppers also visit the company or branded outlets in this category. They intend to maximize the returns from the brands as well as the stores. In case of apparel stores shoppers value merchandise, ambience and other factors like exclusive or branded stores. The behaviour is similar to durable goods store. The researcher has suggested an empirical study and validation of the results as the nature of study being exploratory, indicates nascent preferences rather than a rejection of the same.

Deneen (2005)\(^{31}\) remarked that customized retailing has evolved beyond breaking a retailer’s store base into a few store types and suggested that the retailers must find ways to appeal to specific market segments. Their product mix must be relevant to the local climate and culture besides pricing. The retailers are shifting from mass marketing to target specific groups of consumers and becoming innovative increasingly.

Gladwell (2005)\(^{32}\) concluded that even though retailers seems to know more than ever about how shoppers behave, even though their efforts at intelligence gathering have rarely seemed more intrusive and more formidable, the retail business remain in crisis. The reason is that shoppers are a moving target. They become more and more complicated, and the retailers need top know more and more about them supply to keep pace.

Singh & Chowdhary (2005)\(^{33}\) concluded in their study that customer retention is the bottom line of corporate profitability and value in retail sector. As per the study it makes more business sense in investing in building loyalty rather than trying to woo new patterns. The study stressed more on the maintaining loyal base of customers in retailing. The study also suggested that it is necessary to first understand what shoppers are looking for, what motivate them to make purchases, and what drive them to shop at particular store besides understanding the types of shoppers who visit stores frequently and what they represent in terms of your overall sales volume.
Singh et al. (2005) have quoted ten secrets to successful mall operations listed as Planning, branding, marketing, promotion, leasing, maintenance, security, hospitality, and report keeping. It was also mentioned in the article that global retail giants have learnt to deal with cultural and political obstacles but India has to have India specific way to come up with high standards retailing. It was also discussed India can not follow Wal-Mart and Tesco business pattern as the applicability of such models in Indian environment is little difficult.

Singh & Dutta (2005) remarked that the retailer must follow one point strategy-differentiate or die and that level of differentiation can be achieved through strong relationship building with the customers and making them feel familiar, comfortable and beneficial. They further added that a service is another factor which adds value to the retailing. It never means “good or great services it is actually better than one could ever imagine”. They also pointed out that small retailer might have only one or two retail outlets as compared to large retailer having many stores, but small retailer must think hard about why a customer should visit their retail store. Remember that biggest retailer in the world was once a small with one store across the street from the larger retailers in the market.

Sinha (2005) concluded that store choice is recognized as a cognitive process and is as much as an information processing behaviour as any other purchase decision (Sinha & Banerjee, 2004). Many researchers on format choice behaviour amongst shoppers have acknowledged the fact that format choice decision is dynamic in nature and is tied to particular time and place (Leszczyc & Sinha, 2000; Keen et al, 2004). Also consumer perceptions change over time as a result of added information, increased competition and changing expectations (Zeithamal, 1988)

Sinha (2005) suggested that while deciding a store format customer prefers specialist store and hence in case of multi-category format like hypermart or departmental store, each section would compete with a store that is specialist. In addition to this attributes; type of merchandise, number of SKUs, number of brands, price, accessibility, type of service and ambience are important factors which need to be kept in mind while deciding a store format. Study also indicates that image and perception have significant impact on
the final decision of store choice by customer. The study has been conducted for one product, food and grocery, and for one customer segment. However similar study on number of product classes which form major chunk of the retail industry can be conducted in the other parts of the country to get a better insight of the customer to identify and generalize the factors influencing store format choice behaviour of the customers.

Taneja (2005)\textsuperscript{38} concluded that there is rapid series of change in the Retail environment and the Indian consumer is caught in the wind of change. With the evolvement of middle class and the retail sector, the needs of modern consumer have changed and the consumers are exposed to new kind of shopping experience and services. The paper has introduced a few success parameters in positioning, product, image and marketing and CRM. The parameters includes patience, compromise, adaptability, International product portfolio, International Image, customer intimacy, sense of belonging ness to name a few.

Wong and Dean (2005)\textsuperscript{39} study has identified consumer priorities in a particular retail market in China, and illustrated how those priorities may affect subsequent loyalty behaviours. Price consciousness, customer orientation and service orientation contributes to both value and loyalty. These aspects of retail therefore emerge as a potential opportunity for mangers to gain competitive advantage in China.

Hunter (2006)\textsuperscript{40} in his study concluded and suggested that desire (i.e. motivation), intention, and positive anticipated emotions intervene between shopping center image and frequency of shopping center visits. Positive anticipated emotions are not emotions felt while shopping but are the expected emotional consequences of achieving a goal

Jackson & Kirkup et. al. (2006)\textsuperscript{41} in their study on “Inequalities in Retail choice: exploring consumer experiences in suburban neighborhood” conducted in Protsmouth has identified significant differences in experiences of choice both between and with in neighborhood. They also find dissatisfaction with the small local store which shows that choice is very different from provision, and conceptualizes how consumer 's circumstances, situation and individual characteristics can significantly reduce a broad theoretical provision of food stores to a limited set of perceived real choices.
Kaul (2006) defined; store image is anything from the perception of a store in the mind of consumer to a reflection of attitude of the consumer toward the store to complex of associated meanings and symbols.

Papastathopoulou & Baltas (2006) concluded in their study on Greek grocery stores that brand image, quality of the brands sold in the store affects the choice criteria of the customers. They also concluded that location of the store and services provided by the retailers plays important role in the selection of particular store for shopping.

Tripathi and Sinha (2006) have studied and explored that there is a relationship between the various internal and external factors involved in purchase for the family and the store choice. These relationships could be based upon shopping basket, family size and composition, employment status of the family members, income level of the family, stage in life cycle and the reasons that occasion the need for consumer to buy or consume a product or service.

Dhote (2007) concluded that customer satisfaction is directly proportional to expectations management. In order to manage customer expectations it is first important to gain an insight into the choices, preferences and priorities of customers. The mantra is to fathom customers’ perceived value for different products and attract them by providing with the right kind of resources.

Inman, Park and Sinha (2007) identified and revealed that product development decisions are often made at attribute level, brand managers need to understand the attribute-level competitive structure. At the same time consumers may exhibit reinforcing behaviour i.e. high repeating on some attributes, while exhibiting varied behaviour i.e. high switching on other attributes.

Kaur and Singh (2007) have studied the changing lifestyle of Indian consumers to understand the patterns of consumption. The changing consumption patterns trigger changes in shopping style of consumers and also the factors that drive people into store. The results reveal that Indian youth primarily shop from hedonic perspective. They importantly serve as new product information seekers, and retailing firms can directly frame and communicate the requisite product information to them.
Sahani (2007)\textsuperscript{48} suggested to go in for fusion format which matches well with consumer’s needs as well as mindset. The hybrid configuration which has product assortments like in the conventional shops, but ambience, convenience and display like in modern stores should be worked upon.

Sinha and Kar (2007)\textsuperscript{49} identified that most of the organized retailers in India are harping on quality, service, convenience, satisfaction and assured benefits to lure shoppers into the store. Retailers should create value for consumer and must decide suitable vehicle to deliver desired consumer value. In growing markets it may not be difficult to pull customer into store but matching consumer requirements and better offer than the competition will lead to retailers’ profitability. The researchers conclude that consumer is the focus of retail business and the retailers should serve the consumer better, faster and at less cost.

Deb (2008)\textsuperscript{50} identified an intelligent packing of a slew of customer loyalty programs help the retail stores win over a widening segment of loyal customers and thus enhance profitability. A customer, who is happy with the retail store, influences and ropes in his friends, peer group and family members, thus increasing the number of loyal customers.

Roy (2008)\textsuperscript{51} observed that playing the right kind of music at the stores helps the retailers to establish an emotional connect with the customers and position the store distinctly in the customer’s perceptual territory. An effective background music at the store results in increased sales and retaining customers at the store.

Sukhwal (2008)\textsuperscript{52} reported that the retail customer is not only buying products, but the shopping experience is too important to him. The retail store should provide a comfortable and congenial environment in terms of offering suitable facilities, conveniences and a good ambience, thereby providing the leisurely and pleasurable shopping. Researcher recommends conducting continuous research on consumer behaviour while taking purchase decisions.
Dechert-Hampe (2009)\(^{53}\) reported that winning formats will not focus on “what to sell” so much as “how to sell it.” Stocking national brands and broad assortment within category fall in the “much less important” tier of format attributes. Winning formats will focus on consumer groups and not on product groups. The single highest rated factor in importance to the future of current formats was “value for money.”

Duggal (2009)\(^{54}\) off-takes in modern retail have shown some signs of slowdown, but the fact also remains that traditional channels have shown marked improvement in sales. Everyday use products that are priced at popular price points have not shown any signs of slowdown. The retail formats have stretched themselves beyond the limits and can not support themselves.

Goswami and Mishra (2009)\(^{55}\) have concluded in their study that customer patronage to grocery stores was found to be positively related to location, helpful, trustworthy salesperson, home shopping, cleanliness, offers, quality, and negatively related to travel convenience. Kirana do well on location but poorly on cleanliness, offers, quality and helpful, trustworthy salesperson. The converse is true for organized retail.

Gupta (2009)\(^{56}\) identified that large retail formats who invested tens of crores and opened stores by the dozens in initial euphoric days of retail story, now find their business models are flawed. They have not adopted the Indian consumer, there are problems of huge overheads topped up by unrealistic rentals.

Kamboj (2010)\(^{57}\) explode unwanted expansions, formats, lack of long term strategies, expenditure planning etc. have dealt a blow to the organized retail sector. Every retail player wanted to have its influence in every segment from grocery to footwear, from medical to home furnishing and so on. Competition was talked only in terms of number of stores launched and formats – not in terms of service being offered, customer loyalty and logistics. Organize retailers thus need to adopt a healthy and flexible business model that can adapt to changing markets and consumer demands.

Krishna (2010)\(^{58}\) identified that retail business in India is complex due to diverse consumer tastes that not only vary from state to state to the other, but also within the state.


Talwar (2010)\textsuperscript{59} in an interview states that developers must evaluate different and relevant formats of retailing and mall creation. Every mall doesn’t have to be same and offer the same products and brands, but must think of the community they are entering if they are to succeed. A mall brand, that offers a unique product service experience.

Arora (2011)\textsuperscript{60} commented that India’s stellar demographic features, rapid economic growth, rising income and increasing urbanisation make it prolific retail and consumer products (RCP) market.

Chauhan (2011)\textsuperscript{61} identified that retail is gradually becoming an increasingly critical marketing playground by supporting a brand through the three key tools – Visibility, Availability and Advocacy. To explain further that the product should be available in the shop, it should be visibly available in the shop in way that the consumer can experience its value proposition. It needs to be supported by a specialist who understands customer’s needs, and can explain how a particular product meet their needs better than what the competition has to offer.

JLLM (2011)\textsuperscript{62} reported the prevalent retail landscape will undergo a sea change. Several retailers both domestic and foreign are exploring opportunities of branching out in Tier II and Tier III cities as well, which remain largely untapped inspite of their mushrooming purchasing power. The focal point is value and necessity retailing which limits the expansion of lifestyle and luxury retail to Tier II and Tier III cities.

Marya (2011)\textsuperscript{63} concluded that retailers are bent towards creating multiple touch points and the level of attention they are currently paying to improve customer loyalty through multi channel integration and promotions. “A dollar today is worth more than a dollar tomorrow.”
Narang (2011)\textsuperscript{64} found, statistically significantly different, four psychographic clusters: “Get Going adopters”, “Disinterested Introverts”, “Confused Followers and “Independent Life Lovers”. The findings suggest that “Independent Life Lovers” consider shopping to be recreational activity, whereas “Get Going Adopters” prefer to spend less time in stores; these segments were driven by layout, ambience and availability of the latest designs and styles in apparel store selection. “Confused Followers”, who struggle to maintain their old dress style, consider convenience, entertainment and recommendations from friends/relatives to be important in store patronage, while “Disinterested Introverts”, the fashion resistant group, are lured by attractive sales promotion techniques and the availability of preferred brands.

Prasad and Aryasri (2011)\textsuperscript{65} has found that shopper’s age, gender, occupation, education, monthly household income, family size and distance travelled to the store have significant association with retail format choice decisions. The choice decisions are also varied among shoppers psychographic dimensions like values, lifestyle factors, and shopping orientation.

Reardon and Minten (2011)\textsuperscript{66} have analysed detailed sales data of retail chains in India. The article identifies three waves in Indian food retail, the first wave, government retail chains starting in the 1960s/1970s, cooperative retail chains starting in the 1970s/1980s, and private retail chains in the 1990s/2000s. All the three are substantial and coexist in 2000s as segment of modern retail. Second wave corresponds to the rise of modern private retail in India, fastest in the world, growing at 49 percent a year on an average (2007-2010). Third wave is the emergence of Indian private retail chain driven by domestic capital investment.

Mukharjee et al (2012)\textsuperscript{67} have assessed Indian consumers’ brand consciousness by examining their brand knowledge, purchase behaviour and perception of foreign brands. The study found that brand purchase in India varies across product categories. Presently consumer knowledge and use of foreign brands is low and Indian consumers are price sensitive. Indian consumers are experimenting with brands and would like more foreign brands to enter Indian market.
2.5 Gaps in Literature

Organized retailing is a very recent phenomenon to Indian consumers, therefore not much of the empirical studies have been conducted in Indian context in this area. Most of the research work has been done internationally in developed markets and Asian legend China.

The retailers have not been able to identify true drivers of store choice decision due to diversity in demographics of the shoppers which exists even within the states of the country due to different socio culture structures. The socio cultural set up of the Indian shoppers poses more challenges to understand the behaviour of Indian shopper. Moreover, most of the studies conducted in Indian context are limited to food and grocery segment of retail. However the fast emergence of various formats across different product categories calls for the better understanding of shoppers’ behaviour across different product categories.

The reviewed literature clearly indicates that whatever work has been done in the past is related to the general understanding of consumer store choice decision variables, however, the factors influencing shoppers’ store choice decision may vary for the occasion for the purchases are being made. An attempt can be made to identify the factors, which are specifically important corresponding to the buying occasion.

The past studies indicate speedy introduction of various retail formats in the Indian market but has not been able to evaluate the pattern or shift in customer footfall among various formats. It becomes an imperative point to identify that how does customer loyalty changes among various retail formats and what are the factors which can lead to make customer more loyal towards any particular format.

There is not enough literature available to understand the shoppers’ behaviour in Indian retail market particularly related to store choice decision variables and customer loyalty.
which can act as a guide map for the retailers to roll out successful formats which can result in customer delight and better profitability for them.

2.6 Concluding Remarks

This chapter has served the purpose of identifying key variables for conducting a research perataining to factors influencing shoppers’ format choice decision and loyalty. After carefully reviewing the literature, various information and data have been grouped together and the gaps in the past studies are identified. These variables identified through literature review have been analysed and tested in the subsequent chapters using various research methods and statistical techniques. The next chapter provides a brief outline of the methodology adopted for the study.
REFERENCES


Chapter 2 Literature Review


