Chapter 8

Conclusion

8.1 Findings

The principal objective of this study is to understand the retail assortment planning of small retailers and also to identify the dimensions that effect the retail assortment planning of the small retailers in India. The behavior of customers towards the assortment at small retail stores was also studied. The retail industry is highly competitive, with often thin margins and highly responsive competitors. The retail density of India is the highest in the world (Kalhan & Franz 2009), with about 12 million retail outlets in all. More than 95 percent of these 12 million outlets are smaller than 500 square feet in area. So the scope of retailing among these small retailers is high in India. The most basic and the important strategy of a retailer are to decide the appropriate product assortments for the store. The previous researches on assortment planning tend to focus on analytical solutions that deal with the product selection and inventory management decisions. But such solutions cannot be applied in the environment of small retailers. In context to small retailers, the issues associated with assortment planning are more intense. The current study focused on identification of the factors that are associated with the small retailers assortment planning and how these retailers manage assortments. In addition, small retail stores are resource constrained in terms of money, space and salesperson. So these retailers must allocate resources wisely in order to compete effectively, and therefore want to understand where to place efforts to most effectively improve performance.

The result of qualitative analysis, which was done through unstructured in-depth interviews, provided eight assortment planning constructs, namely Customer Demand, Retail Profitability, Customer Brand Awareness, Relationship Management, Retail Facilities, Store Attributes, Catchment Area and Customer Profile. All these constructs emerged out of the behavior of small retailers that they exhibit while planning the assortments for their store. These attributes were checked for a quantitative relationship with assortment planning using Structural Equation Modeling. Based on the literature, the construct of Assortment Planning was divided into two
sub dimensions: Retail Shelf Space and Product Selection. The findings are well explained below.

8.1.1 Retail Assortment Planning

Assortment planning at the retailer end refers to select certain products from the various product lines being offered in the market and then setting the appropriate inventory levels of each product category (Kok, Fisher & Vaidhanathan 2009). The product assortment planning decision is the most critical decisions to be taken by the retailer irrespective of all the problems he faces. This decision has several aspects. Retailers have to decide what categories to carry, how much space to allocate for each category. Product selection is the most critical decision among all. Selecting appropriate product for the retail store has an overall impact on the sales of the stores and thus affects the gross profits. So, context of assortment planning has always been the focus of study for numerous industry related studies. The retailers increase the overall products within each product category for a numerous reasons like heterogeneous customer preferences, consumers seeking variety behavior and competition between brands (Quelch & Kenny 1994).

Another important decision in assortment planning is allocating space to each product. It is very critical to analyze how much shelf space to be provided to each product within a product category or to the whole product category. In case of FMCG products, where the demand is high enough to ensure the levels of inventory managed at the store, the context of shelf space allocation is on high priority (Kok, Fisher & Vaidhanathan 2009). Corstjens and Doyle (1981) suggest a method for allocating shelf space to product categories in a retail store. The study was based on a mathematical model for large retail chain stores. As in any retail store the space is limited, there is always a problem of shelf space distribution among different brands and products. In a very early work, Lee (2008) investigated the variables affecting the shelf- space allocation decision in agricultural based products.

With fixed shelf space, increasing variety means less store space for each product, which translates to higher operational costs due to either lower availability or higher replenishment costs. As a result of the excessive levels of variety, many retailers are switching to a strategy
called “efficient assortments”, which primarily seeks to find profit maximizing level of variety by eliminating low-selling products (Kurt Salmon Associates 1993). Limited shelf space creates a tradeoff between breadths of assortment and in-stock rates of products in the assortment. So the decisions across different categories affect the attractiveness of the stores to the customers, and as a result of the decreased number of customers visiting the store, the demand for the retailer’s products decreases.

At the structural level, there are five items in the construct of Retail Shelf Space and one item in Product Selection. All five items loaded high estimates ranging from 0.719 to 0.839, showing the strong correlation of all items with the construct of Retail Shelf Space. The construct of Product Selection had a single item, which showed a Standard estimate of 0.824, reflecting a strong correlation with the construct. The standardized factor loading of the Retail Store Space items showed a strong and significant relationship with the Retail Product Assortment Construct. This reflected that the construct of Retail Shelf Space is directly related to Product Assortment Planning. This has been justified by many earlier researchers (Kok & Fisher 1997). The standard estimate value of Product Selection Construct and Retail Assortment Planning was 0.79, showing a direct and strong relationship between the two constructs. The findings depict that the construct of Retail Assortment Planning can be divided into two sub dimensions: Retail Shelf Space and Product Selection. The further constructs are checked for relationships with the sub-dimensions of the Assortment Planning.

8.1.2 Store Attributes and Retail Assortment Planning

The construct of Store Attributes was an important aspect to study as the store features are important in the Indian retail scenario. The construct of Store Attributes included the items being emerged from the qualitative study. The impact of Store Attributes was studied on both the dimensions of Retail Assortment Planning (Retail Shelf Space and Product Selection). Home (2002) in his study on small retailers found that consumers give importance to friendly personnel, location convenience, likelihood of meeting acquaintances at local store, and quick easy purchase. Location convenience and accessibility make small stores attractive to the customers.
At the measurement level, the construct of Store Attributes had four items, and the estimate values ranged from 0.808 to 0.527, showing a strong impact of all the items on the construct Store Attributes. At the structural level, the standard regression weight of Store Attributes on Retail Shelf Space was 0.87 and on Product Selection was 0.52, which showed high and significant positive relationship between the independent variable Store Attribute and the dependent variables Retail Shelf Space and Product Selection. The positive coefficient indicates that in Small Retail Assortment Planning, the impact of store attributes is significant, and thus it effects the retailer’s decision of assortment planning. It also reflects that when store attributes of the retail store are managed well, it will lead to a better Assortment Planning for a retailer.

For a small retail store, the space of the store is very limited and it is difficult for the retailer to expand the physical dimensions of the store. So the total floor of the store remains fixed. Hence, the retailers need to manage their assortments in the given limited dimensions. One of the findings of the study emphasizes that the small retailers plan the space requirements for their stores by first choosing the number of categories (variety or breadth), then the space each category requires based on the number of SKUs within the category (depth), and finally the number of units within each SKU (desired service level). As the physical space is limited with the retailers, the retailers make less optimal decisions which get complicated with the change in the space requirements of products within each category. It was observed that the small retailers arrange products of similar category together in order to let the customers shopping experience more comfortable. In some settings complementary are kept together in order to attract customers for unplanned purchases. Similar results were given by Mantrala et al. (2009) in his study of assortment planning by small retailers where he mentioned that the physical space of the store is directly related to the number of products a retailer will carry.

8.1.3 Customer Demand and Retail Assortment Planning

In retail assortment selection for a store, retailer must be aware of the products to be kept in each category. According to Kahn (1998), large assortments can be perceived negatively by consumers if the preferred and desired products are not offered by the retailer. Too large an
assortment can be irritating to consumers, who may then resort to simplistic decision rules to make a decision quickly. So retailers need to consider the customer demand and preferences before planning the assortment. Customer demand is defined as the type and quantity of products and services that people will buy, or would buy if they were available (Corstjens & Doyle 1981, 1983). There have been many studies that have a mention of demand and substitution of the products at the retail store. In the current study, the direct effect of customer demand has been evaluated on the retail shelf space allocation and the product selection by the retailers. In the measurement model, the construct of Customer Demand had seven items, whose standard estimates varied from 0.589 to 0.811, showing a strong and positive impact of all the items on the construct. At the structural level, the standard regression weight of the Customer Demand on Retail Shelf Space is 0.81, showing the significant relationship between the independent variable Customer Demand and the dependent variable Retail Shelf Space. The standard regression estimate of Customer Demand on Product Selection is 0.79, which reflects a direct and the positive relationship between Customer Demand and Product Selection. The results indicate that the higher the customer demand for the product, the higher will the retailer give space the product on the retail shelf. Also, the results reflect that the retailer’s decision for selecting the product for the assortment to be carried at the store is directly affected by the demand of the product by the customers. Similar results have been quoted by Mantrala et al., (2009). According to him, both average demand and variability of demand affect shelf space requirements.

The results indicate the importance of customer demand for assortment planning of the small retailers. As consumers demand more units per period on average, more shelf inventory is necessary; moreover, as demand varies from period to period, the retailer must stock additional inventory on the shelf to satisfy demand in excess of the average. Retailers and their suppliers can mitigate these additional shelf inventory requirements by shortening reorder and delivery times. For example, if the retailer orders fewer units of an SKU more frequently, he can allocate less space to that SKU without running out of stock. This will help the small retailer manage assortment in low cost and low space requirements. The increase in consumer demand for the product increases the retailer’s willingness to carry the product at the store (Rao & McLaughlin 1989; Reibstein & Farris 1995; White, Troy & Gerlich 2000). Moreover, the level of consumer
marketing support signals the willingness of suppliers to send these products to the markets. So this may therefore positively influence a retailer’s product adoption decision. According to Corstjens and Doyle (1983), the amount of space allocated to each product determines the demand for that product. The model developed in the study seeks to maximize the profits of a retailer subject to a capacity limit on total shelf. So the results depict the importance of Customer demand on directly affecting the Retail Assortment Planning.

8.1.4 Retailer Profitability and Retail Assortment Planning

Small retailers adopt ancient assortment strategies, which primarily seek to attain profitability. The main focus of the retailers in terms of profitability is to maximize the variety of products in the store by eliminating the low selling products (Kurt Salmon Associates 1993), and category management that attempts to maximize profits within a category (AC Nielsen 1998). Keeping high number of variety of goods at the store is not always a profitable venture for the retailer. There are empirical evidences that retailers keep so much variety of goods in a store that even reducing the variety does not affect the overall sales (Boatwright & Nunes 2001; Broniarcyzk et al. 1998; Dreze et al. 1991). From the perspective of operations within the store and across the supply chain, it is clear that variety is costly - a broader assortment implies less demand and inventory per product, which can lead to slow selling inventory, poor product availability, higher handling costs and greater markdown costs. So the retailers need to manage the assortment while keeping the overall cost in mind. The retailer’s profitability in this study is defined as the difference between cost price and retail price the retailer bears. Retail Profitability is considered as an important determinant of a retailer’s expected profit (Corstjens & Corstjens 1995).

At the measurement level, the construct of Retailer Profitability had three items with standard estimates ranging from 0.56 to 0.78, which reflects positively strong relationship of all items with the construct. At the structural level, the impact of Retailer Profitability on Retail shelf Space and Product selection were direct and significant. The standardized estimate of Retailer Profitability on Retail shelf space is 0.79, which reflects a strong and significant relationship. Since attaining profits for any business is the utmost aim, it is reasonable to think that the higher the retailer will gain from any product, the more likely it is that he will place the product on the
shelf. So a direct and strong relationship lies between the profit of the retailer and the space a retailer provides on the shelf. The standardized estimate of the Retailer Profitability on the Product selection was 0.81, which shows a strong relationship between the dependent and the independent variable. One of the key findings of the study is that the retailer selects products for the store on the basis of the profit he attains from the product. The higher the retailer’s profitability, the better is the chance of the product to be selected for the store.

The statistical evidence for a positive and a strong association between Retailer Profitability and Retail Assortment Planning is an interesting finding, since it contradicts some of the findings of previous retail assortment planning researches. Rao and McLaughlin (1989) reported an unexpected, significant negative effect of margin on product adoption by retailers, while Montgomery (1975) and White, Troy and Gerlich (2000) found no significant relationship between the two variables. Some of the studies have focused on the importance of profit related variables on retail product adoption and shelf allocation of the products (Chaing & Wilcox 1997). Chaing and Wilcox (1997) found out a strong relationship between varieties of products being offered, the space provided to these varieties and the retail margin gained by the retailer.

So the observation of the current study matches with some of the previous researches in this context.

**8.1.5 Customer Brand Awareness and Retail Assortment Planning**

Customer Brand Awareness emerged as one of the constructs from the qualitative analysis of the study. The construct of customer brand awareness had three items. The Indian retail scenario has seen a tremendous shift and also the consumers have started experimenting with new brands.

Webster (2000) pointed out that brands offer retailers many benefits including increased consumer demand, a favorable attitude towards branded products in their stores, and credibility. Between 2001 and 2010, the size of the rich consumer class in India has increased by 21.4 per cent, while the middle class increased by 12.9 per cent (Shukla 2010). Branded products are now sold in India through both traditional and modern retail outlets, using different retail formats.
such as exclusive brand outlets and multi-brand department stores. Brand visibility has increased through multiple advertising channels such as television, newspapers, radio and lifestyle magazines (Aneja 1996). So, due to the increased customer brand awareness, the retailers have to put in great efforts to offer products that satisfy customer demands, and hence attract customers towards the store.

At the measurement level, the three items of the Customer Brand Awareness were loaded strong with estimates ranging from 0.59 to 0.76. This reflected the strong relationship of the items with the construct. At the structural level, the standardized estimate value of Customer Brand Awareness on Product Selection was -0.08, which showed a negative and a weak relationship with the dependent variable. This is a result of the realization that the customer brand awareness is not considered as a factor in retailer’s product selection. This is because of the fact that the retailers do not add products to the store according to the customers brand knowledge; rather, the other factors are more dominating. This is because the brand knowledge of all the customers may not be high, and thus keeping products for few customers is a costly and a risky affair. Although the standardized estimate for Customer Brand Awareness and Retail Shelf Space was significant with the value of 0.69. This reflected a strong and direct relationship between the independent factor Customer Brand Awareness and the dependent factor Retail Shelf Space. This result emphasized the importance of customer brand awareness as a factor while allocating space to the products at the store. The retailers consider the awareness factor among the customers when they place the products at the store. The products with high awareness are kept in front display rather than the less known products. The result of the study is a point of consideration that while selecting the goods for the store, the retailer does not consider brand awareness among the customers as an important factor but in providing the shelf space at the store, it is considered as an important factor.

### 8.1.6 Relationship Management and Retail Assortment Planning

Relationship management has emerged as an important variable in the context of retail assortment planning. Earlier researches in this domain have shown that good personal relationships of retailers with the customers positively influence buying decisions, such as
partner selection (Wathne, Biong & Heide 2001; Wuyts, Verhoef & Prins 2009), and retail adoption decisions (Kaufman, Jayachandran & Rose 2006). Researchers generally assume linear relationships between relationship quality and retail performance (De Wulf, Odekerken-Schröder & Iacobucci 2001; Palmatier et al. 2007a). According to Adjei, Griffith and Noble (2009), the relationships with specific targets (i.e., customers and suppliers) enhance a retailer’s market responsiveness (i.e., the ability to identify and match customer demand shifts in a speedy manner) and ultimately retail performance. The construct of Relationship Management in this study deals with the relationship of retailer with the customers and the suppliers.

Relationship Management is conceptualized as a second-order construct comprised of several dimensions but there is no consensus on the dimensions of the construct (Palmatier et al. 2006). So the construct of Relationship Management had five items, which mainly depicted the relationship trust and commitment of retailer-supplier and retailer-customer relationship. The items in the construct are strongly correlated and the factor loadings are strong ranging from 0.631 to 0.832. At the structural level, the standardized estimate value of the Relationship Management on retail shelf space was 0.81, which reflected a strong direct relationship between the dependent and the independent variables. The standardized estimate value of Relationship Management and the Product Selection was significantly strong with the value of 0.76. The results depict the strong impact of relationship management on retail assortment planning. This view is supported by many of the earlier researchers in the context of large retail stores. Empathy and relationship with consumers has been found to be an important variable in customer patronizing the store (Mittal & Lassar 1996). Baron et al. (2001) posit that small retailers’ competitive strength lies in the social shopping experience they offer to consumers. The social and economic function increases patronage and store loyalty.

The better the relationship of retailer with its customers and suppliers, the higher is the chance that the retailer includes the products suggested by them. If the supplier offers a new product to be kept at the store the retailer keeps it only when the relationship between them is healthy (Everdingen et al. 2011). In similar way, when the customer recommends certain goods to the retailer to keep in the store, the retailer keeps the product only for maintaining the relationship with the customer, and thus retaining the customer. The construct of Assortment Planning of
retailers in relation to Relationship Management has not been studied earlier. This relationship is new to the dimension of assortment planning, especially in the context of small retailers.

8.1.7 Retail Facilities and Retail Assortment Planning

The construct of Retail Facilities was based purely on the findings of the qualitative interviews. With reference to the earlier researches in the context of small retailers, the retailer facilities have been considered as an important variable in terms of store patronage in small retail. The customers visit the store again if the retailer provides certain extra facilities to them. Traditional retail stores have been providing certain extra facilities to the customers in order to have an increased level of satisfaction, and thus retention of the customers. These facilities may be providing goods on credit, home delivery of goods or providing gap for bargaining. According to Khare (2012), a very interesting feature of a traditional store is the bargaining facility. Bargaining facility is the scope for negotiating the price of an item at a retail store. This is available more in unbranded grocery shops where there is no printed Maximum Retail Price (MRP) or the MRP seems to have no significance. All these features together set up a unique feature for the unorganized retail scenario. In the current study, the construct of Retailer Facilities had five items, which showed a strong relation with the construct. The standardized factor loadings ranged from 0.631 to 0.832, depicting a strong relation with the construct of Retailer Facilities.

At structural level, the standardized estimate value of Retailer Facilities on Retail Shelf Space was 0.02, depicting a very weak relationship between the dependent and independent variables. The results depicted that the retail facilities provided by the retailer to the customer had no impact on the allocation of the space of that product on the shelves. If the retailer provides the facility of credit or home delivery to the customer for a specific product, this will not affect the retailer’s shelf space being provided to that product. The standardized estimate of the Retail Facilities on Product Selection was 0.23, showing a weak but significant direct relationship between the dependent and the independent variables. The results depicted that the impact of retail facilities on customer’s product adoption for the store is weak. In support of this result, we found a similar finding during the qualitative data interpretation. The retailers mentioned that the
suppliers deliver certain products at the store and even provide the products of credit. Supplier provides facilities like buyback and replacement due to which the retailer gets attracted towards the product and keeps it in the store. The results clearly indicate that retail facilities do not have an impact in retail shelf space allocation but have a weak and significant impact on product selection at the retail store.

8.1.8 Catchment Area and Retail Assortment Planning

Catchment areas defined as the agglomeration of stores selling more or less similar product categories (Kaluzny, Nitsche & Roller 2011). Retailers located outside an agglomeration will also attract some population. The size and geographic scope of the catchment area of an individual retailer is likely to depend on a number of characteristics like the brand penetration. For small retailers, the catchment area will be small because the brand recognition of small retail stores is less and is restricted to a smaller area. The main element that dominates the catchment area is the level of competition among the retailers lying within the catchment area and also outside the catchment area. Montgomery (1997) shows, for example, that retailers can increase their profits by carefully setting the price of their products depending on the socio-demographic composition of their customer catchment area. Campo et al. (2000) have also emphasized that sales in each given store aisle can be differently affected by the characteristics of the stores' catchment area.

In the current study, catchment area is studied in terms of the competition with the stores selling similar products in the same area. The construct has five items. At the measurement level, the standard estimates of all the items of the construct range from 0.049 to 0.60, reflecting a strong relationship with the construct of catchment area. At the structural level, the standard estimate of Catchment Area on Retail shelf space was 0.82, which reflected a strong and direct relationship between the dependent and the independent variable. The results indicate that small retailers consider the catchment area of their trade when they decide which products are to be kept on the shelf store. After analyzing the other retail stores in the same catchment area, they decide the product display and space allocation of the product. This result is unique in its way because the assortment planning decision of a retailer and the catchment area is studied very less often and
that too mostly in large catchment area analysis. According to Ramakrishnan (2010), small retailers should adopt focused differentiation through both customer-focused (in terms of product assortment offered) and competitor-centered approaches, which may also lead to enhanced performance.

The standardized estimate for Catchment Area on Product Selection was 0.82, which reflects a strong and direct relationship between the independent and the dependent variable. The results reflect the impact of catchment area as an important variable to be considered before product selection at a small retail store. When a retailer selects products for its stores, it focuses on the assortment kept by other retailers in the same catchment area. Both the findings reflect that the retailers, while planning their assortments, consider catchment area as an important variable of analysis.

8.1.9 Customer Profile and Retail Assortment Planning

Research posits that consumers’ decision to shop at a particular store is influenced by attributes such as convenience, facilities, store assortments, services, and store image (Baker, Levy & Grewal 1992; Kim & Kang 1995; McGee & Festervand 1998; Mehrabian & Russell 1974; Moschis, Curasi & Bellenger 2004). These factors have been examined with reference to small retail stores and consumer patronage behavior. Consumers’ reasons to shop at small retail outlets have been much researched (Klemz & Boshoff 2001; Lee, Johnson & Gahring 2008; Lu & Seock 2008). Factors such as relationship with consumers (Mittal & Lassar 1996), ability to change quickly according consumer needs (Klemz & Boshoff 2001), and personalized interaction (Lu & Seock 2008) have been identified as major reasons for consumers’ small retail store patronage.

The construct of Customer Profile in the current study had items reflecting the profile of customers that visited the retail stores. At the measurement level, the construct had three items. The standardized estimate of the items ranged between 0.667 to 0.89, reflecting a strong relationship between the items and the construct of Customer Profile.

At the structural level, the standard estimate of the Customer Profile on Retail Shelf Space was 0.80. The result reflected a positive significant and direct relation of the independent and the
dependent variables. The results showed the importance of understanding customer profile before placing the products on the shelves on the retail store. The small retailer considers the type of the customers he is catering to and then decides the shelf space of each product in the store. The structural estimate of Customer Profile on the Product Selection was 0.92, which reflected a strong and direct relationship between both the constructs. The retailer considers the customer profile to be catered before selecting the products for its store. According to Smith and Sparks (2000) state that knowledge about the local community, their shopping habits and market-centric approach are key strengths of small retailers. This enables local retailers to make products available, add diversity in assortment, offer local adaptation and provide employment. The results reflected the importance of customer profile towards assortment planning of small retail stores.

8.1.10 Customer Perception and Retail Assortment Planning

Assortments at the store are a prime driver for the customer’s perceptions about the store (Briesch, Chintagunta & Fox 2009; Kahn 1999; Kelly & Stephenson 1967; Zimmer & Golden 1988). The earlier researches in the field of customer perceptions show that the assortments kept at the store are the prime determinant of retail patronage (Arnold, Oum, Tigert 1983; Baker et al. 2002; Pan & Zinkhan 2006). The assortments kept at the store increases the customer’s attraction towards the store (Simonson 1999) but also influence the current and future choices of the customers (Van Ryzin & Mahajan 1999). Customer Perceptions has a significant impact of the store choice decisions and the customer purchasing decisions thus increasing the repeat purchase and customer loyalty. Thus, customer perceptions impact the overall sales and profit of the retail stores, hence is critical for long term success of the store. In a research by Broniarczyk, Hoyer and McAlister (1998), they resulted in saying that customer’s assortment perceptions are an important driver towards retailers assortment planning. This result is similar to that of our prepositions made for small retailers.

The customers expect retailers to provide the best available assortments, at right price, at right time and right promotions, irrespective of any challenges the retailer faces (Gruen & Shah 2000). The customers shopping from small retailers demand the same irrespective any economic
problems faced by the retailers. So the retailers need to keep the right variety of products within each product categories. However, what exactly is the meaning of “the right mix of products” or a “good assortment” from the consumer perspective remains unclear for most retailers. For this the retailer needs to examine the customer’s needs and perceptions to provide assortments of customer choices. The good assortment can vary for customer to customer and market to market. So the current research has an important perspective of studying the customer perceptions for assortment at the small retail store.

Customer Perception Scale was adapted from Bauer, Kotouc and Rudolph (2011). They provided a comprehensive scale (Grocery Perception Scale), which is capable of capturing not only consumers’ summary evaluations of the grocery category but also consumers’ perceptions of the main subordinate facets of grocery assortments (e.g. price, quality, variety). The Customer Quality Perception (CQP), Customer Variety Perception (CVP) and the Customer Price Perception (CPP) were the three dimensions of the constructs. At the measurement level, the CQP had three items with standard estimates lying between 0.474 and 0.747, the CPP had three items having standard estimates between 0.587 and 0.838, and CVP had four items that reflect a standard estimates between 0.0.628 and 0.830. The results depict a strong relation of items for their respective constructs.

At the structural level, the relationship of Assortment Planning construct with the Customer Perception sub-constructs was evaluated. The standard estimate for Customer Price Perception was 0.52, which depicts a direct and a strong relationship of Assortment Planning construct and the Customer Price Construct. This reflects that the customer perception for the assortment kept at the small retail store gets affected due to price of the assortment kept in the store. Similarly the standardized estimate of Customer Variety Perception on Retail Assortment was 0.69, which depicted a strong and significant relationship between the two constructs. The results reflected that the customer perception is built on the basis of the variety of the assortment kept at the store. The standard estimate of the Customer Quality Perception on Retail Assortment was -0.07, which depicted a weak and insignificant relationship between the two constructs. The results reflected that the customer perception is not affected due to the quality of the assortment kept at the store.
8.2. Research and Managerial Contributions:

There has been very limited research in the dimension of assortment planning of small retailers in Indian scenario. As the Indian retailing environment is dominated by the small retail stores so the study of small retail stores is a dominant aspect in this scenario. Recent consumer research findings reveal that the retail management’s assortment planning problem is far more complex and challenging, highlighting the continuing need for research that can help retail executives manage and allocate assortments. Recent consumer research findings reveal that the retail management’s assortment planning problem is far more complex and challenging highlighting the continuing need for research that can help retail executives manage and allocate assortments. The current study is an initiative to understand the drivers of assortment planning by the small retailers. Earlier researches have primarily focused on the profit oriented factors of retailing. The current research is a multidimensional approach to understand the concept of assortment planning by small retailers. A very important finding of the current study focuses that the small retailer’s assortment planning behavior does not get affected by the location of the store. The retailer of small stores located in the rural and urban areas behave similarly in terms of product selection and retail shelf management. So, the retailers need to understand the environment they are dealing into and the customer profile who visit their stores. Understanding customers profile and then selecting the products to be kept at the retail store will help the retailers attract more customers by satisfying the customers’ needs. Retailers’ knowledge about their regular consumers enables them to serve them efficiently and improves their ability to handle consumer complaints. The most important feature of a small retailer is the retail facilities it provides to its customers as well as the suppliers. This is a broad reason for customer’s retail patronage for small retail stores. Retailers need to focus on these facilities like credit, buy back, replacement and home delivery in order to attract customers towards them.

The aim of this study was to address the question of how do small retailers manage their assortments in the store. The context of assortment planning as reviewed in terms of two parameters which are Retail Shelf Space management and retailers Product Selection Criteria. Despite the strong research background on the topic of assortment planning, the extant literature has not explicitly focus on the context of small retailers. This research proposed and tested a
more integrated approach that explicitly articulates the role of eight key drivers of Shelf Space Management and Product Selection Criteria of retailers in small retail context. These drivers of shelf space management and Product Selection Criteria derived from the current study are a key input for the suppliers and the manufacturers which supply their goods to the small retailers.

Many national and local brand manufacturers need high distribution coverage to earn back the money spent on R&D and (national) advertising. The results of the study clearly show that providing a higher margin to the retailer as compared to the average margin in the product category, and developing unique products are associated with a substantially higher retailer product acceptance. The products with high brand awareness are being offered more shelf space on the store because the customers admire those products more as compared to the low advertised products. So the manufacturers must consider over advertising their products more so that the retailers keep the products more on the retail shelves. The study clearly indicates that retailer considers relationship management as an important factor for acceptance of the product. As the previous researches also point towards the construct of relationship management as an important variable of small retail, the suppliers and the retailers must visit the stores in person which would help developing a strong bond with the retailer. Manufacturers, and suppliers therefore could better invest in improving the quality of the relation, especially if this quality is not satisfying than making a retailer more dependent upon them. Retail facilities like credit, buyback and replacement facilities must be provided by the suppliers to the retailers and the retailers to their customers in order to maintain a healthy business.

Store attributes showed a direct impact on the Retail Shelf Space and Product Selection of the retailers. So, the retailers need to develop their stores in such a manner that the maximum utilization of the space is done. The higher the number of shelves in the stores the more is the number of products being accepted by the retailer. Also the retailer displays more of the products in the stores. The results of the study clearly imply that the retailers focus on the customers, suppliers as well as the environmental factors before planning assortments for their stores. Hence the manufacturers need to establish a healthy relation with the ground realities of the small retail environment in order to establish a long term profitable business.
Another very important aspect of the study was to analyze the customer perceptions for the assortment kept at small retail stores. Consumers give importance to friendly personnel, locational convenience, likelihood of meeting acquaintances at local store, and quick easy purchase. Small retailers interact with their consumers more as compared to big stores/supermarkets, and therefore it is easy for them to stock products according to the local demand. The results of study clearly indicate that customers shopping at the small stores make the perceptions of the assortments based on the variety of the goods and the price range of the goods kept at the store. So, the retailer needs to keep a high variety of goods at the stores. Also the manufacturers need to consider and develop goods with different price ranges to satisfy needs of the customers.

So, at the last remark the retailers need to consider customer, supplier, environmental as well the profit oriented factors when deciding the assortment planning for the store.

**8.3 Limitations and Directions for Future Research:**

In the subsequent decade, there have been many contributions in the field of Product Assortment Planning that have enhanced our overall understanding in this context, but much more remains unsure specially with the context of small retailers. The current study is an initiative step towards the context of assortment planning for small retailers.

Although our findings expand the extant of knowledge on the product assortment planning by small retailers, we recognize several limitations that must be taken into account when generalizing the results. The scope of our study provides insight into the small retailers in Jammu province of J&K, India—one specific type of small stores dealing with FMCG was the studied. So it remains unclear whether findings would be similar for other small stores selling goods different from FMCG or the small retail stores proving services to the customers. The current study is conducted in Jammu region only, but the small retailers are spread throughout the country and thus the study can be elaborated further with bigger population. The sample size of the study was also restricted to 400 retailers and 400 customers based of the time and resource limitations.
As there are very few studies in context to small retailer’s assortment planning in Indian domain, the current study tends to evaluate the drivers to assortment planning by small retailers. One can expand the study in terms of large population as the number of small retailers is very large and spread throughout the country. The determinants to Assortment planning can be tested with small retailers located in other areas of the country in order to get a better insight. A comparison in terms of assortment planning by large retailers and small retailers can be an area of study in future directions. The current study results can be analyzed over single product categories. There have been earlier researches in terms of retail shelf space or product selection which specifically consider single product categories. So, current study can be studied over single category of products. The customer perceptions are studied as a bigger context ie. On the whole assortment carried by the retailer, this can be made specific to small product categories. Customer perceptions towards each category can be studied which will give better insights of the factors affecting customer’s perceptions towards assortment at small retail stores.