ABSTRACT

The purpose of this study was to explore the product assortment planning of small retailers in rural and urban areas of Jammu. This study examined the Product assortment planning from two perspectives; the retail shelf spacing and Product selection criteria of retailers. In order to explore the product assortment planning of small retailers the determinants towards retail shelf spacing and the product selection by retailers were attained. Another important aspect of the study was to explore the customer perceptions towards the assortment kept at the small stores. Finally the study suggested as model of Product Assortment Planning by small retailers. The study has adopted a mixed method approach, so both qualitative and quantitative methodologies have been applied. The topic of product assortment has generated plethora of research across various domains. Despite the voluminous research in assortment planning, the key findings still remain scattered across domains. And same is the scenario with the research domain of small retailers. The current study explains the assortment planning from the retailer’s point of view in combination to customer’s perception towards the assortment.

Qualitative and quantitative research analyses were applied in the study. In the qualitative study, the grounded theory process was adopted for development of conceptual framework for the study. Twenty four depth qualitative interviews were conducted in order to attain certain themes as the end result of the qualitative data analysis. Eight constructs emerged from the qualitative research analysis which were; retailer profitability, customer demand, customer profile, catchment area, customer brand awareness, retailer facilities, customer profile, relationship management. With the help of the eight constructs developed from the qualitative data analysis and the post literature analysis certain hypothesis were made which helped to developed a conceptual model for the study. The conceptual model of the study primarily dealt with the eight constructs developed from the grounded theory which were directly related to the two sub constructs of the assortment planning i.e. Retail Shelf Spacing and Product Selection. A sample size of 400 small retailers and 400 customers was selected based on convenience sampling.
A confirmatory factor analyses was applied in order to test the hypothesis developed. A two step approach was adopted, which first considers the measurement model and then the structural relationships. The measurement model is based on the relationship between the latent constructs and measurement variables of the conceptual model. The measurements of these constructs were tested for reliability and the validity and the overall model fit. Out of the nineteen causal relationships, sixteen causal relationships showed a direct and significant relationship with each other, thus suggesting the final model of product assortment planning of small retailers. The construct of customer perception was also checked for the direct relationship with the construct of Retail assortment planning.

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. 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. 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. 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.

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.