CHAPTER II
LITERATURE REVIEW

2. INTRODUCTION

This chapter deals with various empirical studies related to the topic of current research. It evaluates and summarizes scholarly materials, concepts and literatures related to the research topic. The researcher refers to only a portion of the most relevant reviews. It will be very helpful to identify the gaps in these researches to understand the scope for the current research.

2.1. STUDIES IN RETAILING

An article entitled, ‘A study of consumer buying behaviour in organized retail apparel sector’, attempts to reveal the consumers’ buying behaviour and to identify the key factors that influence their buying decision of branded clothing. The study was conducted in Indian textile and apparel industry. Multi-branded apparel retail outlets in Vidharbha, Nagpur, namely Madura Garments, Provogue India Ltd, Raymondls, Pantaloons (India) Ltd., Levi Strauss & Co were considered for the study. The study reveals that the consumers were attracted by marketing strategies such as advertisement, innovation, technology, celebrity promotion and store display. The study adds that shoppers become more compulsive shoppers, as their intention to purchase gets stronger with these marketing strategies. (Aniruddha et al.2012).

A micro level study analyzes the correlation between the growth in rural retail and its infrastructure development. Infrastructure ensures speedier flow of information and reduces transaction costs in doing businesses. Social infrastructure facilities like health and education infrastructure ensure a better quality of life for the people both in rural and urban area. Poor infrastructure results in fragmentation of rural markets. This in turn results in high costs of transactions and high information asymmetry. The study concludes by stating that since vast majority of the population resides in rural areas, provisioning of infrastructure facilities in rural areas will enable market led growth. (Amir, 2010).

A paper aims to find out whether in-store environment cues influence customers’ evaluation of utilitarian value and hedonic benefits of products. The study also reveals
how the environment cues affect what a customer perceives will be the overall shopping value, how they affect his evaluation of actual benefits and what in reality is the consequence of overall shopping. The paper points out that environmental cues influence the perception of interpersonal service quality, merchandise value, visual appeal and entertainment. It emphasizes that positive value perception leads to positive customer behaviour such as, extra time spent in store, impulse buying and re-purchase intension. The paper recommends that segmentation of customers based on their experiences will provide retailers with a unique tool to provide customized service to them. (Avinash and Chinmaya, 2010).

A study aims to investigate the customers’ rating of several attributes associated with supermarket shopping on the basis of order of importance given by them. The results emphasize that retail format has become standardized. So corporate reputation was rated high and might be acting as a source of sustainable competitive advantage. The study reveals that customer rate accessibility, quality of service, friendliness and efficiency of checkout personnel the most important attributes for customer satisfaction. (Binta and Val, 2002).

A study titled ‘effect of shopper attributes on retail format choice behaviour for food and grocery retailing in India’, makes a detailed study on the effect of demographic, geographic and psychographic dimensions of customers’ attributes on format choice in Indian food and grocery retailing. The study was conducted in Andhra Pradesh among consumers of neighbor-hood kirana store, convenience stores, supermarkets and hyper markets. The findings highlight that customers’ age, gender, occupation, education, monthly household income, family size and distance travelled to store influence his choice of retail format. The shoppers’ psychographic dimensions such as values, lifestyle factors and shopping orientations resulted in segmentation of food and grocery retail consumers into hedonic, utilitarian, autonomous, conventional and socialization type. This study recommends, food and grocery retailers to understand the shopper behaviour in the context of changing consumers’ demographic and psychographic characteristics as it will help the retailer to segment and target the food and grocery retail consumers and frame more effective retail marketing strategies for competitive advantage. (Cherukuri and Ankisett, 2011).
A study identifies structural and relational factors influencing the upstream channel management of organized retailers in India. This study concentrates on business to business exchange structure in India. It was conducted among fifteen organized retailers and two manufacturers. The finding of the study emphasizes the need for understanding complex regulatory and social institutions in India, as they are unique. So, the study recommends retailers to identify adaptive channel management strategies for better channel management. In addition it provides several marketing implications for multinational retailers who are planning to enter the Indian market. (Chitra, Brenda and Humaira, 2012).

A study aims at exploring the influence of three online retailer communication practices namely evoking vividness through pictures, allowing consumers to control information presentation and presenting information from third-party sources. The study points out that successful communication on a retail website is specific to the merchandise sold and hence suggests that online retailers must consider their communication practices on a product-by-product basis as there is empirical evidence that, the effectiveness of these practices differs across search and experience goods. This study emphasizes the fact that if multi-channel retailers hope to generate substantial sales through remote channels, they must either focus on product or channel by carefully selecting the products that are sold through these channels or focus on the strengths, while improving the weaknesses of remote channels. (Danny et.al., 2007).

An article makes an empirical analysis of the extreme cherry picking behavior of consumers in frequently purchased goods market. The aim of the study was to provide insights into the determinants, prevalence and impact on profit. The Study results indicate that developing creative promotional activities will help cherry picker consumers view the store as their primary store. (Debabrata et al., 2010).

A research paper investigates the in-store display effectiveness of online grocery stores. Two main issues concentrated in the study were, whether online in-store displays produce a similar boost in sales as they do in offline stores and if different display types have different effect on online store performances. The study points out that online in-store displays can substantially increase brand sales and help stores manage competition. (Els and Katia, 2011).
An article on marketing strategies for retailing attempted to analyze various interactive marketing strategies and their benefits for retailing. The study explains the five interactive marketing strategies namely, social media marketing, mobile marketing, neuro marketing, loyalty marketing and behaviour marketing. The study concludes that each consumer is different and expects customized information. These interactive marketing strategies will help retailer to provide customized information to their consumers. It also adds that these strategies are helpful in implementing CRM (Girija, 2012).

An article entitled, ‘A study on customer relationship management practices by retailers’ enables to find out the benefits of CRM and also the areas the retailers in Chennai hold up in obtaining the maximum benefits of CRM. The study attempts to analyze CRM practices followed by retailers abroad, CRM practices followed by retailers in India and based on that suggest areas of concentration for improvement of CRM practices in India. The study emphasizes that if CRM is applied in efficient way it will enable the retailer to obtain maximum share in individual business that will induce the individual retail growth and retail growth of India. (Girija and Gopu, 2012).

An article entitled, ‘A study on consumer attitude towards departmental stores in Coimbatore city’, attempts to reveal the consumers’ awareness, attitude and satisfaction. The study was conducted in Coimbatore city among consumers of four departmental stores. The study reveals that the consumers gave importance to price, door delivery service, shopping environment and sales personnel. The study adds that departmental stores to be successful should concentrate on advertisement, additional facilities, and handling complaints regarding defective goods and to maintain data bank of consumers (Gopu and Girija, 2012).

The objectives of a study were to understand the private label strategies and the private label pricing strategies specifically for grocery products of various retailers in Pune city. The study concludes that more consumers are quality sensitive rather than price sensitive and therefore, a small quality gap can have a greater influence on the consumers than a large price gap. The study brings out that private label strategies adopted by retailers include both price and non-price aspects. But the importance is given to non-price aspects like quality and brand image. It is especially attractive for store brands to
compete by improving quality, by reducing quality gaps through copy cats and by creating brand image. It is found out that there is remarkable variation in the prices of grocery products across various outlets. This is due to the prevalence of various business models and their pricing strategies. (Hemant, 2010).

An article attempts to ascertain the key store attributes that affect consumers’ perceived image of apparel stores. It identifies five key store attributes namely, product and operational quality of the store, its overall visual appeal, its promotional effectiveness, customer convenience and perceived product price and past satisfaction. The findings of the study indicates that out of the five key attributes product and operational quality of the store plays the most significant role in creating image. (Hemraj and Pankaj, 2011).

A paper traces the evolution and the growth of retailing industry in India. It examines the growing awareness and brand consciousness among people athwart different socio-economic classes in India and the significant growth of urban and semi-urban retail markets. The study attempts to investigate the role of the Government in the growth of the industry and the need for further reforms. The author enumerates in the article the growth of retail sector in India, its strategies, the strength, opportunities and challenges of retail stores, retail formats and the recent trends in India. This paper concludes by stating the likely impact of the entry of global players into the Indian retailing industry. It also highlights the challenges that will be faced by the industry in the near future. (Handa and Grover, 2012).

A dissertation studies the impact of sales strategies and change in retail sales situation on customer purchase behaviour. The eight influential strategies considered in the study are bargaining, compliments, consultation, expert information, negative information, pressure, referent information and reward. The findings indicate that consumer perceptions on different influential strategies have varied effects on consumer behaviors. (Hartman, 2005).

An article traces the transformation of traditional formats of fairs and melas into contemporary and modern retailing in India. The study explains unorganized retail in India, the evolution of organized retail in India, the turn from melas to malls and shopper entertainments. The article finds out the information that the retail revolution is still to
come when the malls will sell branded and up to the minute goods at affordable prices, to suit the budgets of the middle class Indians. In order to do this, the study suggests that the organized retailing goes back and take lessons from the roots of retailing in India that lies in rural melas, traditional shopping streets, co-operative stores and exclusive branded outlets of yesteryears. (Hitesh, 2010).

A study attempts to develop a marketing strategy for a modern food or grocery market based on consumer preferences and behaviour. The study finds out that the food consumption patterns in India are rapidly changing from cereal-based food products to high-value food products and slowly from fresh, unprocessed, unbranded food products to processed, packaged and branded products. A strong economic growth has brought with it a new set of consumers with sufficient disposable income. They are more conscious of the latest trends in health and hygiene particularly in the fast growing cities. The study concludes that, to reap the benefits of the changing buying behaviour of the consumers and their capability for buying quality food and grocery items, modern organized retail formats should grow at a phenomenal pace. (Jabir Ali et al., 2010).

An article on prospective luxury retailing in India seeks to elaborate on the scope and future prospects of luxury retailing. The study explains that understanding consumer psychology in a diversified market with a huge potential of growth is challenging. It further adds that luxury is still in its introductory stages in India and there is vast scope for research, especially in the evolving marketing practices with special reference to culturally distinguished consumer groups. (Jagrit, 2010).

A study narrates Customer Relationship Management (CRM), its benefits for retailing and the current scenario of application of CRM by big retailers. It emphasizes that big retailers utilize CRM only to identify and to track customer purchase and to take appropriate management decisions for managing customer relationships. The study details prospective areas of application of CRM. The organized retailers like Big Bazaar, Westside, Shoppers Shop, etc., have started concentrating on providing more value to their customers using targeted promotions and services, to increase their share of wallet and CRM is the right tool for this purpose. It also brings out benefits of implementation of CRM and suggests appropriate strategy for its effective implementation. (Jawahar and Meena, 2012).
A paper attempts to find out the importance of store atmospheric factors to the customer while visiting a store. The factors identified for the study are display, entrance, illumination, aesthetics, space, smell, quality of fellow shoppers, air condition facility and store staff behaviour. The study brings out the fact that factors identified in the study affect customers emotionally, physically and psychologically leading them to behave in a particular manner. The study concludes that store atmospherics is a very important strategic tool in influencing the customer shopping experience. (Jayant and Vijay, 2012).

An article examines the customers’ experience with retail brands. The study focuses on the experience of customer and its effect on their behaviour. The paper identifies brand, price, promotion, supply chain management, location, advertising, packaging and labelling, service mix and atmosphere as factors that affect customers’ experiences and thus their behaviour. It suggests that concentration on these factors will result in higher customer satisfaction and so higher profits. (Kamaladevi, 2010).

An article studies the relationship between category management practices and their impact on customer satisfaction of normal and loyal customers within Kuwaiti grocery retail sector. A six variable framework namely product assortment, product pricing, product presentation, product promotion, product availability and customer services was formulated to conduct the outlined investigation. There are mixed feelings as far as pricing, promotion and service are concerned. Loyal customers are indifferent to pricing whereas normal customers are dissatisfied with pricing. The study suggests that in order to establish strong and close relationship with customers, deployment of suitable CRM techniques is a must. Emphasis should be placed on in store service by adding customer driven initiatives like kids club, home delivery, Internet shopping, valet parking etc. (Khurram, 2009).

A study outlines characteristic features of next generation retailing. This study discusses the story of organized retail, evolution of Indian organized retailing and the four phases of retailing. The study findings emphasize technology, innovative format, decisions and customer centricity as important characteristics of next generation retailing. The study predicts that next generation retailing in India has a long and promising future and technology is going to be the crucial factor in the development of retail in India.
It also adds that attractive and comfortable ambience will help exceed customer expectations through better service delivery. (Krishna, 2009).

A study analyzes the impact of grocery store image, travel distance, customer satisfaction and behavioural intentions on undergraduate college students. The study brings out the fact that store image has a strong impact on behavioural intention. But, the indirect effect of the store image on customer satisfaction is found to be substantially greater than the direct effect of store image on behavioural intention. It also adds that shorter the distance of the store from the college campus, greater is the satisfaction. (Maxwell, et al. 2010).

A study titled ‘The spread of malls in India with special reference to Bangalore City’, discusses changing consumer group, changing retail formats, technology development, FDI trends and private brand trends that are favourable to emergence of food and grocery retailing in India. The problem and challenges namely, large geographical area, real estate, infrastructure constraint, supply chain, manpower availability, technology and traditional formats related to food and grocery retailing are also discussed in the study. The study brings out that some initiatives like providing wide range of customer service, adopting new technology and developing skilled staff are the required to meet high competition from the big corporates in the long run. (Noor and Lalitha, 2010).

A paper on Indian retail in grocery sector maps the performance of various retail formats in food and grocery segment in selected cities of Punjab on the basis of parameters that are governed by consumer perception and operational efficiency. The study was conducted with the objective of studying various retail formats, to analyze its performance evaluation by consumers and to analyze the consumer perception in organize food retailing. It also tries to explain the growth pattern and development trends in Punjab State of organized food retailing formats and to analyze organized food retailing formats. Six factors namely consumer service, variety and value, pricing, displays, promotion and store loyalty were extracted. The study finds out that the hypermarkets and supermarkets are rated better than convenience stores. Consumers’ rated price levels of supermarkets are more reasonable than hypermarkets. It is concluded from the study that the retail
format may not influence the operational efficiency of retailers to a great extent. It suggests that if the retail store utilizes their space rationally they have higher efficiency. (Mittal et al., 2010).

A paper on employee branding in the Indian organized retailing sector was conducted with objective of understanding the concept, practices of employee branding and its contribution to the success of retail sector. The study emphasizes the importance of employee branding by concluding that the business organizations are identified not much by their products and services but by people working in them and also that organizations do not need employees but they require brand ambassadors. (Mohit ,2009).

An article examines retailer understanding of customers to enhance customer satisfaction and retail performance. The study also provides an overview of existing customer behaviour literature and suggests that specific elements of consumer behaviour such as goals, schemes, information processing, memory, involvement, attitudes, and consumer attributes play an important role during various stages of consumer decision making process. The study concludes by stating that the way a firm behaves or response affects all stages of consumer decision making from need identification to post purchase satisfaction. The authors have suggested ways for the retailers to understand the consumer behaviour. (Nancy et.al., 2009).

A study reviews the choice of format that the consumer has, when he or she decides to buy a particular product. It forecasts the development of organized retail in the future focusing on purchasing behaviour among the consumers. The result of the study reveal that, for a consumer, shopping malls or variants of organized retail formats are the preferred type of retail store because of the convenience and variety they offer. The study brings out the fact that, those stores with a clear understanding of their customers’ thinking and the changes that are occurring within the market place can hope to survive by identifying and then satisfying some of those needs more effectively than their competitors. The study states that for fresh products, frozen food, groceries and beverages, hypermarkets are preferred by consumers. The study concludes that the consumer primarily focuses on the convenience factor while shopping and selects a store based on the convenience it offers. (Mridula and Umakant , 2008).
An article develops and tests comprehensive model of customer trust in a retail service setting. Three levels of the customer-to-store relationship are taken into account simultaneously. They are customer to sales associates, customer to store branded products and customer to the store itself. Using partial least square, a model linking customer trust to overall perceived value and store loyalty intentions and behaviour, is tested. Subsequently an expanded model is used to determine the influence of managerially controlled antecedent variables: sales-people’s trust worthiness, store environment, store assortment and communication are estimated on various trust levels. The study finds out that trust in the sales person and trust in store branded products have positive effects on overall store trust. Store trust increases perceived value and loyalty intentions. Store environment has positive impact only on overall trust in the store. Store communication fosters all three levels of customer trust, while store assortment increases both overall trust and trust in store branded products. The study suggests that to promote store patronage, retailers have to typically invest in price cuts, promotions and loyalty schemes. Store management may rather use sales associates, the store environment, store assortment, store branded products and communication to foster customer trust and increase customer loyalty. The potential relevance of inter personal trust has suggested retailers to devote more resources to selection, recruitment and training of sales associates. (Paolo et. al. 2009).

An article on leveraging relationship marketing for enhancing customer loyalty in organized retail throws light on the importance of relationship marketing in organized retailing. The article explains strategies for customer loyalty enhancement. Customer loyalty programmes in organized retail leverage of customer loyalty in retail. The study concludes that an intelligent packaging of a slew of customer loyalty programs help the retail stores win over a widening segment of loyal customers and thus enhance profitability. The study interprets that a satisfied customer of retail store will influence and rope in his friends, peer group and family members, thus increasing the number of loyal customers. (Pradip, 2008).

A study conducted on the role of consumerism in modern retailing in India reveals changing trends of consumerism, the impact of the state of economy on consumerism, the impact of demography and psychography on consumerism. It also gives the overview of
present retailing in India, the impact of consumerism on food and grocery retailing sector, on apparel retail sector, on entertainment retail sector and on the future prospects of retail sector. The authors observe that rapidly evolving Indian consumers are now seeking a different shopping experience with increasing awareness of information and technology. India is now ready to leap into the next stage of evolution where a large number of Indian and international retailers build sizeable scale models across the country. They say that opportunities are abundant, across all formats and segments such as the new Indian consumers have clearly demonstrated a readiness for all organized retailing segments. It will make domestic players grow bigger and more innovative in the face of enhanced competitive pressure. (Prasad and Aryasri, 2010).

A study aims at highlights strategies that can assist the retailers in improving their internal efficiencies there by satisfying the consumers. The study lists cost management, merchandising, an integrated supply chain network, consumer satisfaction through multi-format retailing, store design, ambience and forming alliance as seven steps for success in Indian retail. The article further adds that organized retail in India had witnessed tremendous growth in the past and with these customer centric strategies, it is all set to flourish in the future. (Priyank, 2010).

A research was conducted on consumer’s view of departmental store service in Erode town. The study was conducted with the objectives of knowing the consumer awareness levels and opinions about the departmental stores services, studying the consumers’ buying behaviour and to suggest measures to retain the existing consumers and attract new ones. The study points out that majority of respondents were aware of the departmental stores for six to ten years and majority of respondents knew three to five departmental stores in the study area. Consumers expected cheap and best quality products first, followed by efficient display, fastest service and discount offers in order. (Raghu Nathan, 2010).

A study was carried out on the delight of the customer’s sense emphasizes that there is lack of store differentiation in India. It has been found out in the study that vision, smell, hearing, touch and visual merchandising affect shoppers’ sense and create impact on service elements. The authors suggest that in-depth analysis of the Indian consumer
psyche is required. They also add that extrinsic or the non-functional aspects should be
given due importance and retailers should take proper care of store design, ambience,
colour and music played at the store. (Sadaf and Shyama, 2010).

An article focusing on the grocery retail trends in Indian scenario emphasizes its
growth pattern, challenges faced by the sector, opportunities available and strategies for
retailers to reap the maximum benefits. The authors conclude that, format of retailing is
undergoing a change from small shops of food retailing to independent stores like Food
Bazaar, Reliance Fresh, Sabka Bazaar which offer food and grocery. They also forecast
that with the relaxation of FDI laws in retailing, more and more international food retail
giants will open up their businesses in India. The study suggests that it is right time for
firms in India and abroad to enter into the retailing sector but with a lot of passion to get
the desired result. (Sanjiv and Akanksha, 2009).

A study focuses on the buying behaviour of Indian shoppers in the organized
market. The study was conducted with an objective of examining the changes in
consumer behaviour with the changes in the Indian retail trends. Out of different formats
available in Indian conventional stores, supermarkets and hyper markets were considered
for the study. The results of the study indicate that, price and location policy is the most
important factor for the buyers, followed by price and availability to select the point of
purchase. It also reveals that people prefer dealer stores for electronics and electrical
products, while organized retail stores are their choice for apparels and they prefer kirana
stores to organized retail store for food products such as vegetables. (Sharif, 2006).

A paper investigates direct and indirect relationship between brand equity
constructs (i.e, brand awareness, brand association, perceived quality) and brand loyalty.
The findings indicate that there is a significant and positive direct correlation between
brand awareness toward brand associations, and brand association toward perceived
quality and brand loyalty. The study identifies brand association as a very important
variable that mediates the relationship between brand awareness toward brand loyalty.
(Shu-Hsinet, al., 2008).

A study that examines developments of retailing in India discusses the shift in
Indian consumer market. It reveals two faces of retail sector namely, promising face and
Chapter II

A study on Consumer Perception of Organized Retail Outlets

The gloomy face. The author throws light on relevant concepts like shifting demographic profile, expansion in middle class consumption, promising rural market, changing life styles and empowered Indian consumer. The study forecasts that India will experience tremendous consumption growth in its booming middle and upper classes and that will provide significant opportunities for both Indian and multinational companies. It also adds that India must capitalize on this ever escalating consumerism and streamline the spending towards healthy consumption for overall development of the country. (Sita, 2009).

A study on managing customer expectation shows that no two customers have identical likes and preferences and hence their expectations differ. Delivering value and narrowing down the zone of tolerance is a tight rope walk for marketers in any sector. An in-depth knowledge of the attributes or factors that shape the customer expectations is the only key to exceed the expectations of customers in the current scenario. (TriptiDhote, 2008).

An article entitled, ‘A study on application of business intelligence for retailing in India’ enables to study the concept of business intelligence, benefits of business intelligence to different organizations based on these information it suggests application of business intelligence for retailing in India. The study brings out that business intelligence can be applied in retailing for market basket analysis, group management, out of stock analysis, dashboard reporting, human resource management, profitability analysis and SWOT analysis. The study concludes that if business intelligence is well planned and utilized will help retailer to make best decisions (Venkatapathy and Girija, 2012).

An article briefs about various forms of retail shrinkage and the challenges faced by the retailers in this regard. It also tries to find the common methods adopted by retailers to put a check on the loss of merchandise. The study concludes that retail security is a cause for concern for retail majors and retailers need to gear up to ensure a shopping environment that is safe and secure for the shops and merchandise. (Vinitha, 2010).

IMPLICATIONS OF THE STUDY

Researches on trends in retailing in India have shown high growth prospects. They reveal that India will experience tremendous consumption growth in its booming middle
and upper classes and that will provide significant opportunities for both Indian and multinational companies. Studies emphasize the impact of the entry of global players into the Indian retailing industry and they predict that retail industry will face high challenges in the near future. To meet the stiff competition from big corporates, retailers must provide wide range of customer service, adopt new technology and develop skilled staff. Studies predict that next generation retailing in India has a long and promising future and technology is going to play a crucial role in the development of retail in India.

Consumers being the kings of the retail kingdom, various studies have been conducted to understand and serve them better. A consumer is attracted to the store by attributes such as advertisement, innovation, technology, promotion and store display. Studies reveal that environmental cues of retail outlet influence the perception of interpersonal service quality, merchandise value, visual appeal and entertainment. Positive value perception results in extra time spent in store, impulse buying and repurchase intention.

The way a firm behaves or responds affects all stages of consumer decision making, from need identification to post purchase satisfaction. Factors of the outlet namely brand, price, promotion, supply chain management, location, advertising, packaging and labelling, service mix and atmosphere affect customers’ experiences and thus their behaviour. Cost management, merchandising, an integrated supply chain network, consumer satisfaction through multi-format retailing, store design, ambience and forming alliance as seven steps for success in Indian Retail. Extrinsic or the non-functional aspects should also be given due importance and retailers should take proper care of store design, ambience, colour and music played at the store. Store management may use sales associates, improve the store environment, store assortment, store branded products and communication to foster customer trust and increase customer loyalty. To function efficiently, stores should utilize their space rationally.

Studies on employee branding bring out the fact that business organizations are identified not much by their products and services but by people working in them and organizations do not need employees but they require brand ambassadors. The potential relevance of inter personal trust has suggested retailers to devote more resources to
A study on Consumer Perception of Organized Retail Outlets

Chapter II

selection, recruitment and training of people associated with sales. Studies conducted among UG College students, the future consumers, reveal that store image has a strong impact on behavioural intension and that shorter the distance of the store from the college campus, greater is the impact on satisfaction.

Accessibility, quality of service, friendliness and efficiency of checkout personnel are identified as the most important attributes for customer satisfaction. Customer demographic attributes: age, gender, occupation, education, monthly household income, family size and distance travelled to store influence his choice of retail format. Consumers in general expect cheap and best quality products first, followed by efficient display, fastest service and discount offers in order. But, studies reveal that consumers give importance to non-price aspects compared with price aspects.

A study done among hypermarket, supermarket and convenience store finds out that the hypermarkets and supermarkets are rated better than convenience stores. For buyers to select the point of purchase, price and location policy is the most important factor followed by price and availability. Consumers prefer different format for different products. For fresh products, frozen food, groceries and beverages, hypermarkets are preferred by consumers. People prefer dealer stores for electronics and electrical products, while organized retail stores are their choice for apparels and they prefer kirana stores to organized retail store for food products such as vegetables. Consumer primarily focuses on the convenience factor while shopping and selects a store based on the convenience it offers. As a whole format of retailing in food and grocery is undergoing a change from small shops of food retailing to independent stores like Food Bazaar, Reliance Fresh, Sabka Bazaar.

Food consumption patterns in India are rapidly changing from cereal-based food products to high-value food products and slowly from fresh, unprocessed, unbranded food products to processed, packaged and branded products. To reap the benefits of the changing buying behaviour modern organized retail formats should grow at a phenomenal pace. Retailers have started concentrating on providing more value to their customers using targeted promotions and services and have identified customer relationship management as the right tool for this purpose.
Study results cannot be generalized for all customers as no two customers have identical likes and preferences and hence their expectations differ. An in-depth knowledge of the attributes or factors that shape the customer expectations is the only key to exceed the expectations of customers. An intelligent packaging of a slew of customer loyalty programs helps the retail stores win over a widening segment of loyal customers and thus enhance profitability.

2.2. STUDIES ON DEMOGRAPHIC VARIABLE IN RETAILING

A study on demographic variable in retailing aims to examine the demographic profile of the shoppers of the organized retail. The study aims to understand major influences for a shopper. The authors have segmented the shoppers based on their orientation towards purchase act. They have identified two segments: grocery (purposeful) shoppers and casual shoppers. Grocery shoppers are price conscious bargain seekers, socializing in nature and do not visit the shops unplanned, that is they shop with purpose. Casual shoppers take shopping as fun and their behavioural pattern of shoppers are found to have serious implication for retail mix strategy. The study suggests that in order to provide the right kind of value sought by the shoppers in a particular retail outlet, the retailer would need to look into creating a proper mix between ambiences, services, merchandising and price according to the segment of shoppers it wishes to attract. The study suggests that the retailer can look forward for formats that appeal to the two segments in order to be successful. (Johney and Raveendran, 2009).

The objective of a study is to find the influence of changing consumer behaviour on organized retailing in India. It claims that organized retailing had so far remained confined primarily to the urban markets in the country. The study suggests that organized retail stores would have to identify with different life styles and socio economic strata and respond to their respective requirements and shopping patterns in order to appeal to all the classes of society. The authors identify that today’s consumers want a better shopping experience, recreation, friendly interaction and a wide choice of products and services. So, retail stores have to live up to these expectations in order to flourish, prosper and grow in the Indian market. (Nitu, 2009).
A study explores the role and contribution of consumers’ demo-psychographic duo in the growth and development of organized food and grocery retail formats. The study was done based on empirical analysis of retail customers’ demographic variables like age, family size, income level, occupation, education and psychographic variables like activities, interest, opinion, value and lifestyle on organized food and grocery retail formats. The study reveals that consumers’ age, family size, occupation and growing income have significant influence on his choice of food and grocery in organized retail outlets but education does not have a significant influence on it. Organized food and grocery retail outlets were preferred by consumers. It is concluded and suggested that organized retailers should exercise caution in serving the needs, wants and preferences of potential and existing consumers in order to acquire and retain them. (Prasad and Raghunath, 2007).

**IMPLICATIONS OF THE STUDY**

Studies related to demographic variable have been attempted on analyzing the profiles of shoppers and classification of consumers based on demographic variables and contribution of demo psychographic duo in the growth of organized food and grocery retail format. Studies point out that current day’s consumers want a better shopping experience, recreation, friendly interaction and a wide choice of products and services. They suggest that organized retailers should exercise caution in serving the utmost needs and wants and preferences of potential and existing consumers to attract and retain them. The study identifies purposeful and casual shoppers as two broad segments of shoppers. To provide right kind of value sought by the shoppers in a retail outlet, the retailer would need focus on creating a proper mix between ambiances, services, merchandising and price according to the segment of shoppers it wishes to attract.

**2.3. STUDIES ON VISUAL MERCHANDISING IN RETAILING**

An article on visual merchandising has proved that visual merchandising helps to draw customers towards the displayed products. It serves as a communication tool by sending the right message about the merchandising and helps in presenting them in a unique environment, thereby enhancing their attractiveness. Visual merchandising
improves the shopping experience for customer by providing comfort for comparative analysis of various products and helping them in making a choice. In her article the author explains that themes provide a situational context to the merchandise, colour creates an emotional appeal, signage serves as guides to the customers. Lighting highlights the items on the display, music helps to set the right tone for shopping, window display acts as a tool to lure customer. The article concludes that in order to fulfill the changing expectations of today’s customers, retailers need to place greater emphasis on presentation of merchandise. Retailers have to understand the importance of buyers’ expectations and provide the right environment to lure them. Visual merchandise concept is relatively new in India but has very bright future. (Pooja, 2010).

A study done in visual merchandising reviews concept, purpose, and benefits of visual merchandizing that plays a vital role in attracting customers to the store. It explains many benefits of visual merchandising. They are comfortable purchase by customer, instant display of latest trend and comfortable to locate the goods on the rack. The article also brings out the limitations of visual merchandising such as requirement of large space, higher initial investment, constant monitoring and increased staff requirements as visual merchandising is different from traditional merchandising. The paper concludes that visual merchandising enhances the overall image of the store. (Vikas, 2008).

IMPLICATIONS OF THE STUDY

Visual merchandising is called as silent salesman. Retailers have to understand the importance of buyers’ expectations and provide the right environment to lure them. The studies claim that in order to fulfill the changing expectations of today’s customer; retailers need to place greater emphasis on presentation of merchandise. Studies interpreted that visual merchandising serves as communication tool; it improves shopping experience of consumers. Scholars attempted to explain the attributes of visual merchandising like colour, signage, lighting etc., and their contribution to lure the consumers. The reviews clearly state that visual merchandising concept is new in India and requires large space and higher initial investment, but has the competence to enhance overall image of the outlet.
2.4. STUDIES ON CONSUMER PERCEPTION IN RETAILING

A study for reference in this section explores the relationship between perception of innovation, behavioural intension and satisfaction. For the purpose, data were collected from the customers of supermarket in the city of Eskisehir, Turkey one of the retailing formats of Migros Turk Co. The results of the study indicate that the firms in the retailing sector may obtain considerable competitive advantage if they allocate the necessary resources to use innovations in service. (Cevahir and Hasan, 2008).

A paper investigates the perceptions of fast moving private label brands in the South African grocery food sector. The study found out that there is an association between quality and price but high quality and high prices are not strongly associated. Respondents with positive perceptions purchase greater quantities of these brands in most cases. Perception regarding quality, price and reliability differed remarkably between purchasers and non-purchasers of private label brands. Purchasing of groceries in a supermarket is influenced by a number of extrinsic cues. The study concludes that South African consumers seem hesitant to embrace private label brands to the full. (Justin, 2010).

A study compares and contrasts customer perceptions related to satisfaction between conventional grocery stores and specialty grocery stores. The study examines store attributes; product, price, quality, and service to determine the attribute that had the greatest impact on store satisfaction for each store format. The study found out that perception of satisfaction is higher among specialty grocery store customers compared to conventional grocery store customers. The results indicate that price, product assortment, quality, and employee service influence store satisfaction, regardless of store type (conventional stores or specialty stores). But, the degree of influence of these attributes varied by store type. (Patricia, et al. 2009).

A study examines the consumers’ perception of store and product attributes and customer loyalty in Indian context. Store attributes were assessed in the dimensions of store appearance, service quality and convenience of store. Product attributes dimensions investigated include product quality, price and availability of new products. In this study, customer loyalty is considered as repeated purchasing behaviour of consumer in a store.
The study suggests that the retail managers need to enhance product quality, store convenience, quality and availability of new products to enhance customer loyalty. (Rajesh and Margaret, 2006).

An article attempts to measure the relationship between perception on attributes of outlet with consumer satisfaction and consumer satisfaction with sales performance in the food retail sector of India. The information was collected from consumers of selected stores in Northern India. The study demonstrates linkages that exist between perception and satisfaction to develop satisfaction policies to increase store revenues. It examines the non-linearity and asymmetries in satisfaction and sales performance. Further the study brings out the link between consumer satisfaction and performance in the food retail sector. It concludes by highlighting the need for strengthening of the link to develop consumer satisfaction policies. (Rajul Bhardwaj, 2011).

**IMPLICATIONS OF THE STUDY**

Studies on perception attempted to explore the relationship between perception of innovation by consumers, behavioural intension and satisfaction. The results of the study point out that, firms in the retailing sector may obtain considerable competitive advantage if they allocate the necessary resources to realize innovations in service. The studies added, respondents with positive perceptions purchase greater quantities. The result indicates that customers’ perception is highest in the tangibles area and lowest in the competence area with regard to banking service. Perception regarding quality, price and reliability differed remarkably between purchasers and non-purchasers of private label brands. The study suggests that the retail managers need to enhance product quality, store convenience, quality and availability of new products to enhance customer loyalty.

**2.5. STUDIES ON LOYALTY IN RETAILING.**

A study reveals the relationship among store image, store loyalty and store satisfaction. A model was proposed in the study that describes the relationship between store satisfaction and store loyalty, taking into account the effect of store image on sore satisfaction and store loyalty. The article brings out the conceptual difference between different types of store loyalty and store satisfaction. Hypotheses have been tested to bring out the relationship between store image, store satisfaction and store loyalty.
The study identifies two types of store satisfaction namely manifest satisfaction and latent satisfaction as antecedents to store loyalty. It also brings out the fact that the positive impact of manifest satisfaction on store loyalty is stronger than the positive impact of latent satisfaction on store loyalty. The study states that the amount of satisfaction has a positive effect on store loyalty. (Bloemer and Ruyter, 1997).

An article attempts to find out the importance of loyalty programmes conducted by retail companies to manage relationship with consumers. The study focuses on finding out the power of loyalty programmes to retain consumers. Information was collected from a sample of loyalty card holders by conducting telephonic interview. This study brings out the information that loyalty cannot be created and supported by loyalty programmes and it shows the weakness of loyalty programmes such as point collection programmes. The findings of the study add that the effectiveness of the programmes can be achieved by continuously identifying consumers’ requirements and offering discounts and extra gain initiatives. (Elena and Sabrina, 2010).

A study identifies soft and hard loyalty program attributes and their impact on consumer store satisfaction. The study finds that loyalty program attributes are significant predictors of satisfaction. The study supports the inclusion of both hard and soft attributes in loyalty programs as they differ in their association with store satisfaction. (Kerrie and Melissa, 2003).

A study attempts to investigate the relationships among customer satisfaction, customer loyalty and market share. The four types of retail businesses considered for the study were health clubs, convenient stores, medical clinics and fast food burger outlets. The study considered buyer loyalty and consumer satisfaction as two indicators of market share. The study identifies that customer satisfaction exhibits a significant and negative relationship with buyer loyalty. Also, buyer loyalty has a significant and positive relationship with market share. Satisfaction is found to have no indirect effect on share through the mediation effect of buyer loyalty. The paper also adds that the retail store is found to be related to satisfaction and loyalty but not to market share. Thus it concludes that the level of consumer satisfaction and loyalty differ across retail categories. (Larry and Samar, 2008).
Chapter II

A study aims to obtain the determinants of customer loyalty among members of retail loyalty programs. The study tested the nature and the effect of the quality of personal interactions and perceptions of the quality of the loyalty program on customer loyalty considering customer satisfaction as a mediating variable. The findings bring out the fact quality of personal interactions has no direct influence on members’ loyalty towards the outlet, but it has a stronger influence on members’ satisfaction than the perceived quality of the loyalty program. Members’ loyalty is more influenced by mediating variable i.e. customer satisfaction than the direct members’ perceived quality of the loyalty program. This confirms the role of customer satisfaction as an important determinant of customer loyalty in the loyalty programmes. The article brings out the direct and indirect determinants influencing customer loyalty, effectiveness of loyalty programs and members responses to the quality of loyalty programs. This article provides information for implication and development of retail loyalty programs. (Patric and Vesna., 2009).

A paper explores the impact of corporate store image on customer satisfaction and store loyalty in grocery retailing. The study identifies that for customer satisfaction, importance is given to store as a brand. Customer is satisfied when the store is neat and pleasant and when they feel that the store understands their needs. The study also brings out the information that satisfied customers are loyal to the retailer. Hence the study suggests that it is important for the retailer to find out the importance of store brands from a customer perspective. Retailers prosper when they have satisfied the loyal customers. (Rita Martenson, 2007).

A study seeks to elaborate various measures of loyalty with the objective of examining the relative efficacies of merchandise quality, interaction quality, price and store environment in inducing store loyalty for do-it-yourself customers and the professional customers of national automotive parts and accessories retailer in the USA. The study suggests that, to reinforce loyalty among its both do-it-yourself and professional customer, the local retailers should continue to enhance the interaction skills of current and prospective employees through careful selection, training and motivation. (Ugur Yavas and Emin Babakus., 2009).
An article examines the effects of switching costs on customer loyalty through both satisfaction and perceived value measures. The study was conducted among web-based service users. It indicates that companies that strive for customer loyalty should focus on satisfaction and perceived value. The effects of switching costs on the association of customer loyalty and customer satisfaction and perceived value are significant only when the level of customer satisfaction or perceived value is above average. (Zhilin and Robin, 2004).

**IMPLICATIONS OF THE STUDY**

Studies were attempted to find out the relationships between factors such as store image, store satisfaction, customer satisfaction, market share, loyalty program attributes with store loyalty or customer loyalty. Attempts were made to find the impact of corporate store image on customer satisfaction and store loyalty. The studies convey that the amount of satisfaction has a positive effect on store loyalty. Studies suggest that both hard and soft attributes have to be considered in loyalty programs as they differ in their association with store satisfaction.

**2.6. STUDIES ON CONSUMER SATISFACTION IN RETAILING.**

A study was conducted to compare customer satisfaction between American and Korean discount stores. The questionnaire was based on the items that were used in the Westbrook’s study. Twenty items were used to measure customers’ satisfaction with retail outlets in each country. The study found out that of twenty factors considered for the study the customers in both the countries were mainly affected by the merchandise value, location and advertising factors (John and Hojong, 2009).

A study was undertaken to gain deeper insight into components of retail customer satisfaction and relationship between retail customer satisfaction components and customers satisfaction level. The factors considered in the study are product characteristics, price factors, physical aspects, promotional schemes and personal interactions. It found out that location, variety of products and reasonable price are the major motivating factors that influence the customers to visit the retail outlets. The study
suggested to the retailers to concentrate on parking, physical aspects, making available of variety of branded and non-branded products at reasonable price to increase their revenue. (Manju, 2011).

A study highlighted the role of price and customer satisfaction at different stages on customers’ intention to return. The findings of this study indicated that after-delivery satisfaction has a much stronger influence on both overall customer satisfaction and customer loyalty than at-checkout satisfaction and price perception when measured on a comparative basis. It has a direct and positive effect on customer overall satisfaction and desire to return. (Pingjun and Bert, 2005).

A study conducted on comparison of customer satisfaction towards retail store and hypermarkets highlighted certain findings regarding retail stores. The customer of retail store expected improved, home delivery service, refund of money for dis-satisfied goods, stores ventilation, lighting and cleanliness. The study suggested extension of working hours, offering discounts, home delivery services to retail stores and hypermarkets. (Venkatesh, 2010).

**IMPLICATIONS OF THE STUDY**

Studies on customer satisfaction were done to compare customer satisfaction between different outlets, realize the components of retail customer satisfaction and relationship between the components and role of price on customer satisfaction. The studies reveal that, customers expected improved home delivery service, refund of money for dis-satisfied goods, stores ventilation, lighting and cleanliness. It revealed that customer satisfaction is affected by merchandise value, location, advertising factor, and reasonable price. The studies added that after-delivery satisfaction has a much stronger influence on both overall customer satisfaction and customer loyalty than at-checkout satisfaction and price perception. The studies suggest that retailers to concentrate on parking, physical aspects, making available of variety of branded and non-branded products at reasonable price, extended working hours, offering discounts and home delivery services.
2.7. RATIONALE FOR THE STUDY

- Review of literature reveals that studies have been carried out on different aspects of retailing. Major dimensions studied were consumer behaviour, trends, strategies, visual merchandising, consumer perception, loyalty and consumer satisfaction. Studies on consumer perception explored relationship between perception of innovation by consumers, behavioral intension and satisfaction. Studies also examine consumers’ perception of store and product attributes and customer loyalty. Given the absence of published academic literature and empirical findings relating to perception and its relation with consumer satisfaction and store loyalty in food and grocery retailing in India, the researcher has undertaken to study that area.

- Many formats of organized retailing are growing out of which corporate chain format has contributed greatly to the food and grocery segment. So same is considered in the study.

- No such study has been done in Chennai district.

To fill this gap, an attempt has been made to conduct the study titled “A Study on Consumer Perception of Organized Retail Outlets” of six corporate chain stores in food and grocery segment in Chennai district.

SUMMARY

Analyzing various articles in retailing brings out the work of existing researches. This helps in identifying the gap that exists in the research area. To fill that gap the current research is attempted. For conducting the research and to attain the objectives research design and methodology is framed and is explained in Chapter III.