CHAPTER-8

RESEARCH METHODOLOGY:

"All progress is born out of inquiry, doubt is often better than overconfidence, for it leads to invention".

Above maxim by Hudson indicates the significance of research. Research inculcates scientific and inductive thinking and it promotes the development of logical habits of thinking. Research is the systematic gathering, recording and analysis of data relating to any situation or problem, designing an research plan calls for decision on sources of data research approaches and research instruments. Sampling plan.

Research Design ................. Exploratory

The Indian retail industry is witnessing vast changes and organized retailing market is projected to grow at 25-30 percent annually. Today consumers has an option of buying the same product from a traditional store or supermarket or hypermarket. The environment in a large organized retail store is significantly different from that in traditional store. In this new retail environment he is able to see various brands, compare them, look at option in term of price and offers and then make a
purchase decision. This phenomenon gains more importance in the Indian context with the introduction of larger and diverse retail formats by the organized players. These formats provide new experiences and shopping options to the customers. Exploratory research with the help of primary and secondary data on the subject is done to identify the major preference among shoppers for organized stores.

**Research Approach .................. Field Survey**

The study is done through a field survey conducted across different stores in the city of Kanpur and Lucknow. The respondent were approached at the shop after they had finished shopping and were leaving the store.

**Data Source ................... Primary and Secondary**

The data source for the research is primary and secondary. At first instance some customers were approached through a structured questionnaires (s) to get a preliminary knowledge and expectation about the organized stores. The primary motivation behind this research to identify the changes in the Indian economy which are having an important bearing on the growth of potential customers for modern retail, to crystallize and confirm many types of secondary sources were used. These sources were taken from.
Research Instrument:

Collection of information for this report has been done with the help of secondary data taken from the newspaper magazine and leading literature as well as primary data with the help of questionnaire (s) responded by the customer.

Statistical Tools:

Percentage analysis, percentage score were collected in order to present the facts regarding changing customer attitude towards organized retail stores.

Sampling Plan:

Sampling plan used for study is divided under the following heads.
a. **Sampling Units:**

Respondents from various income group who purchase from the organized store. Store characteristics that influence the shopping behaviour have been searched.

b. **Sample Size:**

Total No. of respondent 300.

c. **Sampling Procedure:**

Simple random sampling

d. **Contact Methods:**

Personal interview. The researcher used the personal contact in the responded as the question needed little bit of explanation about their shopping behavior.

e. **Area Covered:**

Kanour and Lucknow The researcher selected two cities in the Uttar Pradesh on the basis of following reasons.

1. Big retailers like Pantaloon, Shoper's stop, Globus, Salarar Vishal mega Mart, SGM, RPG, Spenser, Fun Republic have opened their stores in these cities of U.P.
2. Cities with higher per capita income.

3. Cities well connected by air, road and railways.

4. Cities with higher population (socio economic classification).

5. Cities having higher media audiences.

**Location for Conducting the survey:**

<table>
<thead>
<tr>
<th>City</th>
<th>Area</th>
<th>Organized Stores</th>
<th>Number of Respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kanpur</td>
<td>Govind Nagar, Civil Lines, Mall Road, Barachauraha, Pared, Arya Nagar, Swaroop Nagar, Nawabganj, Rawatpur, Gumti-5,</td>
<td>Pantaloon, Big Bazar, Globus, Salarar, Vishal Mega Mart, SGM, Spencer,</td>
<td>200</td>
</tr>
<tr>
<td>Lucknow</td>
<td>Hazratganj, Gomti Nagar, Indra Nagar, Aminabad, Aliganj, Kapoorthala, Rajajipuram,</td>
<td>Big Bazar, Saharaganj, Fun Republic, Shopper Stop Spencer, Wave</td>
<td>100</td>
</tr>
</tbody>
</table>
LIMITATIONS OF THE STUDY:

1. Since the method used is direct survey of customers, the customers some times felt uncomfortable in replying due to non familiarly with the type of questions and method.

2. Since the area of research is limited it may not be fully applicable because customers preference and behaviour varies from place to place depending upon socio-economic conditions, educational and cultural back ground.

3. Numbers of questions being more, respondents may suffer from fatigue and thus responses may not be accurate.

4. Respondents gave misleading answers to the questions asked by the researchers, they did so either to finished the interview quickly or not to reveal the actual personal details.

5. Some people responded in a very indecent manner and started asking unnecessary questions which lead to wastage of time.

6. Last but not least, time and budgetary constraints.
ANALYSIS AND INTERPRETATION (FOR CONSUMER SURVEY):

The objective of the analysis is an attempt to get the knowledge about the customers visiting in the organized retail stores. In this study respondents were approached at the store after they had finished shopping and were leaving the store, it is because contact the shopper away from the store might bring only visualized perception and not the real experienced.
Graph No. 8.1

Age Group of Customer visiting organized retail outlets.

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Number of Respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-25</td>
<td>36</td>
</tr>
<tr>
<td>26-35</td>
<td>112</td>
</tr>
<tr>
<td>36-45</td>
<td>94</td>
</tr>
<tr>
<td>Above-46</td>
<td>58</td>
</tr>
</tbody>
</table>

Among 300 respondents who visited organized stores maximum number is from age group 26-35. A growing urban youth population who are aware of quality of the merchandise visited these outlets in search of variety value and convenience.
16% of respondents were student and majority of them were graduate, 32% of the respondents doing their own business, 27% of housewife were purchasing with their children and 25% of respondent was salaried employee of Govt. /Pvt. organizations.
According to table customer visiting stores were largely from the income group Rs. 21000-30000. It quite apparently break the myth that big stores are usually meant for higher income group. A sizeable proportion of respondents belongs to all income class visit the organized stores because it offers a significant price advantage to consumers via sourcing and private label prices being lower as compared to manufacturer brands.
Graph No. 8.4

Spending Pattern

<table>
<thead>
<tr>
<th>Money spent in the purchase</th>
<th>Number of respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than Rs. 1000</td>
<td>36</td>
</tr>
<tr>
<td>Rs. 1001-2000</td>
<td>108</td>
</tr>
<tr>
<td>Rs. 2001-3000</td>
<td>96</td>
</tr>
<tr>
<td>Above - Rs. 3000</td>
<td>60</td>
</tr>
</tbody>
</table>

It was found that 60% shoppers spend in the range of Rs. 1000 to Rs. 3000 at the stores. Biggest chunk of consumers spending was on apparels.
The above table clearly indicates that an average customer travelled 2 to 10 km to come in the store.
Graph No. 8.6

Frequency of visit to store

<table>
<thead>
<tr>
<th>Frequency of visit</th>
<th>Respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-3 Times in week</td>
<td>33</td>
</tr>
<tr>
<td>1 time in week</td>
<td>48</td>
</tr>
<tr>
<td>Once in Month</td>
<td>156</td>
</tr>
<tr>
<td>Once in Two Month</td>
<td>63</td>
</tr>
</tbody>
</table>

Frequency of visit to organized store is maximum 52% for those who have visited once in the month. For salaried people the store is actually projected as a place to look for variety in products. For 11% of respondent who visit 2-3 times in week location of store is very nearer to their residence.
Graph No. 8.7

Mode of Transportation to come in the store

<table>
<thead>
<tr>
<th>Mode of Transport</th>
<th>Number of Respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Vehicle Two Wheeler</td>
<td>101</td>
</tr>
<tr>
<td>Four Wheeler</td>
<td>84</td>
</tr>
<tr>
<td>Public Transport</td>
<td>115</td>
</tr>
</tbody>
</table>

According to the survey it has been observed that respondent have visited the store through all the mode of transport possible in almost every category.
Graph No. 8.8

Time spent by shoppers in Retail outlets

<table>
<thead>
<tr>
<th>Time spent</th>
<th>Number of Respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 30 minute</td>
<td>54</td>
</tr>
<tr>
<td>30-45 Minute</td>
<td>114</td>
</tr>
<tr>
<td>46-60 minute</td>
<td>93</td>
</tr>
<tr>
<td>More than 60 minute</td>
<td>39</td>
</tr>
</tbody>
</table>

According to the survey, it has been observed that nearly 70% of respondent have completed their shopping in one hour. Several methods like computerization of billing desk, strategic product display, arrows indicating the products categories minimize the time spent in the stores.
Graph No. 8.9

Planned or Unplanned purchase

<table>
<thead>
<tr>
<th>Purchase Decision</th>
<th>Number of Respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned Purchase</td>
<td>234</td>
</tr>
<tr>
<td>Unplanned Purchase</td>
<td>66</td>
</tr>
</tbody>
</table>

The 78 percentage of respondent visited organized stores, have made their purchasing intentionally 22% of respondent have not thought about buying and they purchased due to store display or some special scheme, keeping in mind the fact that this purchase item will be needed for use in the future.
Graph No. 8.10

Mode of Payment

<table>
<thead>
<tr>
<th>Mode of Payment</th>
<th>Number of respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>252</td>
</tr>
<tr>
<td>Credit Card</td>
<td>48</td>
</tr>
</tbody>
</table>

Majority of respondent 84% have given cash rupee for their purchase and 16% have made their payment through credit cards.
The table brings that the most preferred company to visit a
organized store is with family 48% or with friend 36%. In urban
areas such as Lucknow and Kanpur whole family is going for
shopping together in the organizes stores like in big bazaar,
Globus and Vishal Mega Mart.
Graph No. 8.12

Source of Information About Store

<table>
<thead>
<tr>
<th>Source</th>
<th>Respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audio Visual</td>
<td>33</td>
</tr>
<tr>
<td>News Papers / Magazine</td>
<td>156</td>
</tr>
<tr>
<td>Friends – Family</td>
<td>11</td>
</tr>
</tbody>
</table>

Awareness about the organized stores spread through newspaper is very effective and other means of awareness 37% mentioned were word of mouth through family and friends. Print media was found to be the most effective media as the shoppers can see repeatedly.
Graph No. 8.13

Respondents attractions about store promotion

It was found that price discount is primarily responsible for popularizing stores. 54 percent of shopper visited the store for availing discount offered by the stores. 21% respondent were attracted by the stores offer. Store loyalty programme through which stores offer discount on future purchase for the regular customers have attracted 7% of the respondent.
Graph No. 8.14

Categories of products purchased from stores

<table>
<thead>
<tr>
<th>Products</th>
<th>Number of respondent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apparel</td>
<td>108</td>
</tr>
<tr>
<td>Consumer durable</td>
<td>12</td>
</tr>
<tr>
<td>Personal Care / Cosmetics</td>
<td>84</td>
</tr>
<tr>
<td>Liesure and Jewellery</td>
<td>27</td>
</tr>
<tr>
<td>More than one of the above</td>
<td>69</td>
</tr>
<tr>
<td>categories</td>
<td></td>
</tr>
</tbody>
</table>

Ready made garments are becoming popular category which has attracted high footfall in the stores 36% of the respondents purchased the apparel 28% of customer have purchased personal care products and very less number 4% of sale of consumer durable.
Graph No. 8.15

Respondents preference criteria towards store

<table>
<thead>
<tr>
<th>Preference Criteria</th>
<th>Number of Respondent</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Varieties of Merchandise</td>
<td>96</td>
<td>1</td>
</tr>
<tr>
<td>Quality</td>
<td>63</td>
<td>2</td>
</tr>
<tr>
<td>Convenience</td>
<td>24</td>
<td>6</td>
</tr>
<tr>
<td>Discount</td>
<td>42</td>
<td>3</td>
</tr>
<tr>
<td>Price</td>
<td>39</td>
<td>4</td>
</tr>
<tr>
<td>Location</td>
<td>36</td>
<td>5</td>
</tr>
</tbody>
</table>

The ranking is done on the basis of result obtained after adding up the respective ranks. Highest value is given rank 1 and subsequently smaller values are given rank 2,3,4,5 and 6.
Graph No. 8.16

Stores advantage

<table>
<thead>
<tr>
<th>Store Advantage Factors</th>
<th>Number of Respondent</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shopping under one roof</td>
<td>96</td>
<td>1</td>
</tr>
<tr>
<td>It save time</td>
<td>54</td>
<td>4</td>
</tr>
<tr>
<td>Store Facilities</td>
<td>84</td>
<td>2</td>
</tr>
<tr>
<td>Opens seven days in week</td>
<td>66</td>
<td>3</td>
</tr>
</tbody>
</table>

32% of the respondent ranked (1st) to the categories of merchandise offered by the store which facilitate one stop purchasing. 28% ranked (2nd) to store facilities while 22% ranked (3rd) that store opens all the days in the week. 18% of responded ranked (4th) for reducing the purchasing time.
ANALYSIS AND INTERPRETATION SECONDARY DATA:

Behavioural Patterns of the Indian Consumers:

The cyclical and structural changes in the economy are important because these changes have impact on the consumption patterns. Structural shift from agrarian economy to service economy has increased the disposable income in the hands of consumers and lead to an increase in conspicuous consumption and self indulgence. Now day's one major factor which is pushing the growth in retail is the behavioural pattern of the Indian consumers.

A. Demographic Changes  B. Changes in Life Style.

1. Young population
2. Increase in nuclear families
3. Increase in working woman population
4. Growth in urban population
5. Higher income level in urban population.

1. Young Population:

India is one of the youngest nation in the world and more than half of its population is young (54%). Research indicates
that 15-25 years old generally have more time to shop and they do not have the responsibility, young shopper spend more time in viewing the merchandise in the store, the major areas in which retailers are paying attention to see the consumer insights of young consumers are:

a. The decision making process in term of brand, price, emerging fashion / trends.

b. Analysis of spending patterns on the sports and leisure products.

c. Young consumers access to product information analysis of all these consumer insight about the young consumers provide the major insight to Indian retailers so that they target this segment by offering products which satisfy young consumers in a better way.

2. Increase in Nuclear Families:

In India family system is in transition phase from joint family system to nuclear family. There is increase in per capita consumption of nuclear family as a percentage of total household population has increased. The average household size has fallen to 5.36 in 2001 from 5.57 in 1991. The average urban household size is expected to fall to 5.02. This would further drive consumption and in turn growth of the retail industry.
3. Growth in Urban Population:

Urbanization has increased at a rate of 2.7% over the last 10 years (1998-2000). In 2000 urban population is 27.7% of the total population. This trend is likely to continue and urbanization is expected to grow at 2.4% during 2000 to 2015. In 2015 urban population is expected to be 401 million constituting 32.2% of the total population. Organized retailing sector is concentrated in urban areas so urban population is the target market for organized retail players.

4. Increase in Working Women Population:

According to the census 2001 there is an increase in the working women population to 26% as compared to 1991 when it was 22%. Consumer outlook survey 2004, indicates that the propensity to spend in case of working women is higher by 1.3 times as compared with housewife. So, this will lead to higher retail spend as the buying behaviour of a working women is different from a housewife due to the low availability of time.

5. Higher Income Levels in Urban Population:

The market information survey of Household (MISH) conducted by National Council of Applied Economic Research NCAER. The great Indian middle class, 2004) showed that the buying power of the Indian urban household has increased
substantially during 2001-02 and is expected to increase further by 2009-10. The share of the consuming class in the urban region increased at a higher rate and reached 51% and 2001-02 from 45% in 1998-2000, and expected to reach 63% by 2010, consumer researchers are discussing about multiple income families. Young professionals in new generation services like (IT, insurance, finance), are in age profile of 20-30 and are typically still staying with parents. The population of this category represents a huge market for the evolving retail outlets.

The demographic change in the Indian consumers like double income families, diminishing time availability, convenience sought in shopping practices, all pointed towards the growth of new format retail shopping outlets.

B. Changes in the Life Style:

In India life style changes can be noted across the different age groups. These lifestyle changes in metros, tier I and tier II cities are having new opportunities for retailers in term of new products and services. The way Indian consumers are spending their money on various items has changed in recent years. The share being spent on the basics / food and beverages has fallen from 54.07 per cent in 1992-93 to 44.8 per cent in 2003-04, other items have increased in importance for example.
1. Medical and health care spending has increased from 3.5 per cent to 8.5 per cent.

2. Spending on transport and communication has grown at 13.2 per cent.

3. The number of credit cards issued has grown at a CAGR of 28% in the last 6 years to touch 16.6 million by 2006 while debit cards have grown by whopping 40% to touch 53.7 million by 2006. Usage of plastic money as a status symbol has significantly increased in the last 4-5 years this will further provide a fillip to the retail sector by increase in the total spending and easy payment with the help of plastic money. New value propositions in term of fashion, convenience, reliability, quality etc rather than merely price are considered by the consumers while evaluating various alternatives for a purchase. As the market is changing fast with growth in disposable incomes the KPMG report reveals that the Indian consumers is emerging to being more trend conscious with the development of modern urban lifestyles.

**RETAILING AND EMPLOYMENT:**

The retail sector is expected to generate employment in excess of 20 Lakh by 2010 of which 5-6 lakh employees will be
needed in the organized sector. Organized retail, insurance and telecom are three sunrise sectors, enjoying high double digit growth rate, covering at least 70 per cent of the country population. A study on the domestic retail sector by Enam estimates that 5 lakh employee will be needed in the organized retail sector with an average space of 275 sq ft per employee and total operational retail space of 150-160 million Sq ft by 2010. Due to the increasing demand for manpower at the junior management level a number of schools and institutions have started offering retail specific syllabus. Retail management has come up as a separate course in many business school.

**Leading Job Generating Sectors**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Services</td>
<td>100000.00</td>
</tr>
<tr>
<td>BPO</td>
<td>200000.00</td>
</tr>
<tr>
<td>Telecom</td>
<td>200000.00</td>
</tr>
<tr>
<td>Retail</td>
<td>550000.00</td>
</tr>
<tr>
<td>Financial Services</td>
<td>50000.00</td>
</tr>
<tr>
<td>Hotels</td>
<td>10000.00</td>
</tr>
<tr>
<td>Health Care</td>
<td>10000.00</td>
</tr>
</tbody>
</table>

*Source, Job Mania Business Today March 2004*
TALENT HUNT

Expected Retail Head Count

<table>
<thead>
<tr>
<th>Company</th>
<th>Head Count 2010 (in Lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliance</td>
<td>2.0</td>
</tr>
<tr>
<td>Pantaloon</td>
<td>1.0</td>
</tr>
<tr>
<td>Bharti Wal-Mart</td>
<td>0.6</td>
</tr>
<tr>
<td>A.B. Group</td>
<td>0.5</td>
</tr>
<tr>
<td>Shoppers stop</td>
<td>0.2</td>
</tr>
<tr>
<td>Trent</td>
<td>0.1</td>
</tr>
<tr>
<td>Total Organized Sector Jobs</td>
<td>6.0</td>
</tr>
</tbody>
</table>

Source: Enam Securities ET Jan 2007

The retail industry is going to emerge as a major hirer in the coming years and approximately about Eight percent of the country work force working in this sector. Retailers are coming with more and more stores in India. As long as people by product, thus exists retail employment this sector has vacancies from entry level to senior management level. As per India Retail report 2007 organized retail in India has the potential to generate 2.5 million direct jobs through retail operation and over at least 10 million additional jobs in retail support activities.
Entry of Large Business Houses:

In the early 1990s leading Indian business House started taking a keen interest in retailing sector, several business houses like, Tatas .Reliance, RPG Group, Piramals, A.V. Birla Group, Bharti Group, Rajejas forayed into this sector.

1. Shoppers Stop:

Shoppers stop Ltd is the pioneer in India's retail revolution. SSL redefined the concept of shopping by trying to provide Indian consumers with international shopping experience. SSL was promoted by K Rajeja group of companies in 1991. SSL established its stores in all major cities in India with store space ranging from 18000 to 60, 000 sq ft.

- Number of large department stores: 39 by 2007.
- Retail space covered : 7.50 Lakh sq. ft.
- Number of cities covered : 14
- Footfalls 30,000 energy day
- Employee strength 6400.

2. Trent (Tata Group):

The Tata Group and Westside is one of the India's largest business houses. The group started its retail business in 1998
with the purchase of the Little Woods retail stores originally owned by U.K. based firm. The company was renamed Trent and the little woods store was called Westside. By mid 2007 Trent had 27 and Westside has 16 stores across India, Trent Launched a hypermarket Start Indian Bazaar in Ahmedabad, Mumbai and Banglore. Besides Trent and Westside Tata another company Titan Industries Limited sell watch and Jewellery under the brand name Titan and Tanishqe.

3. **Reliance Retail:**

Reliance Industries at present runs more than 300 stores across the country in four formats.

a. Reliance fresh (convenience store selling fruits vegetable grocery).

b. **Reliance Mart** (Hyper market)

c. **Reliance Digital** (Consumer electronics)

d. **Reliance Trends** (Apparel).

- **Investment Planned:** Initial investment of Rs. 3375 crore scale up to Rs. 15000 crore by 2007-08.

- Sales Turnover – Rs. 90,000 crore by 2010.
- Stores 1575 by 2007


4. **Pantaloons Retail:**

Pantaloons Retail India Ltd (PRIL) is one of the leading retail outlets in India, the retail chains which are a part of PRIL include pantaloon, Big Bazaar, Food Bazaar Gold Bazaar and the Central Mall.

**Pantaloons Retail:**

- Investment Planned – Rs. 500 crore by 2007
- Sales Turnover – 10,000 crore by 2010.
- Retail space – 10 million Sq ft by 2008
- Store – 99 stores in 2005-06.
- Employee strength – 100000 by 2010.

5. **RPG Group:**

The Rama Prasad Goenka Group was one of the early entrants into the organize retail sector in India in 1996. They Launched the Food World Chains of grocery stores and Spencer Hyper market chains, Music world and Health and Glow a joint venture with dairy farm international. At present group is running 90 Food World Chain of grocery stores across India, making it the largest food and grocery retail chain.
6. **A.V. Birla Group:**

The Rs 40000 crore Aditya Birla Group has decided to roll out its retail business and likely to pump Rs. 5000 crore in the initial phase, the format would be a combination of large and small stores and would draw upon the expertise developed through Grasim's textile business. Retail presence exists with apparel brands like Louis Philippe and van Heusen and this could be leveraged further.

7. **Globus:**

The Rajan Raheja is among the India's largest real estate players Globus stores has 12 stores in and planned 22 store by 2008 presently it operates in 8 cities and area covered is 2.5 Lakh Sq. ft with a footfalls of 1 lakh per week. Globus is projected as fashion and life styles store for the family.

Retailing is a complex business and usually takes anywhere between 3-10 years to pay back. The three most significant advantages for corporate entering retailing business are.

i. Easier access to finance.

ii. Ability to sustain losses for sustained period

iii. Professional approach in managing the business.
Entry of large corporate would help in attracting the best talent and help in establishing retailing as a profession. There is an argument that large retailers will bring troubles for small traditional stores and other small retailers.

4. SHOPPING FOR SPACE:

New Malls are springing up in the country every other day. It is the expansion drives of new entrants. The total operational retail space will touch around 100 million Sq. ft by 2008 with 500 malls across the country. The upsurge in the organized retailing in the country the total real estate requirement of the upcoming organized retail chain will be far more than the construction industry can supply. The demand for quality real estate is to grow exponentially over the next 4-5 years fuelled by the demand from organized retailers. According to the report India retail real estate the road ahead prepared by ICICI property. The organized retail will require around 500 million sq. ft realty space in the next five year (2010 but as per the current plans of real estate developer only 143 million Sq. ft space is being planned. The main demand for the real estate in the retail sector is likely to come from the retail chains being planned by Big corporate houses like Reliance Industries. Bharti Walmart, Aditya Brila Group, Tatas. Future group (Pantaloon) and others. There are 35 operational hypermarkets in the country at present (2006). According to report prepared by Cushman and Wakefield
estimates that by the end of 2010 there may be around 650 hypermarkets operational across India. There is an increasing demand for large retail space that will house hypermarkets and superstores. Many developers have identified organized retail as a core business activity and have committed to developed retail space more than one location.

Highway Malls in the new retail mantra that has caught the fancy of developers. Big developers like Ansals, omaxe, Parsvnath TDI, have already realized the potential of modern retailing Highway malls is an international concept that is fast catching up in India because the land cost in metros is high and return on investment is low High Street retailing figures high on the agenda of most big retailers. Retailers can also have large space available at viable rate where they can display their products in a better way.

**Shopping Spree:**

- Around 70 million sq. ft of retail space is under development in India with 60% of it in seven major cities (Mumbai, Delhi, Bangalore, Chennai, Hyderabad, Pune, Ahmedabad).

- The country is expected to have around 650 hypermarkets by 2010.
- Rental values for high street retail spaces have risen 30-70% in 2005-06.

**Source:** Cushman and Wakefield Retail Research 2006.

### Space Occupied by Retailers

<table>
<thead>
<tr>
<th>S.N.</th>
<th>Big Retail Groups</th>
<th>December 2006</th>
<th>In 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pantaloons</td>
<td>3.4</td>
<td>30</td>
</tr>
<tr>
<td>2</td>
<td>Shoppers Stop</td>
<td>1.06</td>
<td>6</td>
</tr>
<tr>
<td>3</td>
<td>Tatas Trent</td>
<td>.6</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>Reliance</td>
<td>NA</td>
<td>100</td>
</tr>
<tr>
<td>5</td>
<td>Bharti</td>
<td>NA</td>
<td>15-18</td>
</tr>
<tr>
<td>6</td>
<td>A.V. Birla Group</td>
<td>NA</td>
<td>12-15</td>
</tr>
<tr>
<td>7</td>
<td>Max Retail</td>
<td>.12</td>
<td>1</td>
</tr>
<tr>
<td>8</td>
<td>RPG Spencers</td>
<td>.5</td>
<td>1</td>
</tr>
</tbody>
</table>

*(Million Square feet), Source – E.T. Survey 2006.*
5. **RURAL RETAIL:**

Occupational changes and the expansion of media have fuelled the rise of new rural hinter-land and new rural consumers. The change in income brought about changes in the aspirations of the consumers. As the rural economy prospers retailers have begun selling everything from FMCG to consumer durable and two wheelers. Rural India accounts for over 75 percent of India's population and this in itself offers a tremendous opportunity for generating volume driven growth.

**Organized Rural Retail:**

- **Current Size**: NA
- **Expected Growth rate**: 40-50% CAGR
- **Expected size in 2010**: Rs. 20000 crore

*Source outlook business survey-2006*

The biggest chunk of the rural retail market 15 FMGC followed by farm inputs and implements consumer durables and vehicles according to KPMG FICCI retail survey in 2005 rural market accounts for 64% of food, 61% of clothing and footwear, 50% of durables, 44% of consumer services and 33% of entertainment sold in the country. Modern retailing action is in urban areas but corporate and entrepreneurs are pursuing
various experiments to tap the large rural retail potential, factoring in the size of rural population and agricultural income growth.

**ITC's Choupal Sagar** hypermarket offers almost everything from toothpaste to television, hair oil to motorcycle, mixer grinder to water pump, shirt to fertilizer.

**Tata Kishan Vikas Kendras** act as a hub or resource centre connected with various Tata Kishan Kendras offer agro input supplies, farm equipment, durables and FMCG.

**Godrej Aadhaar** Presently operating in northern and western India with 22 stores have plan to open 300 stores by 2010 at a capital expenditure of Rs. 200 crore to sell products like FMCGS, durables, Agri products.

**Kishan Seva Kendra**, Indian Oil Company to Promote the non fuel business on their oil pump in rural areas open stopping mall which offering products including seeds, fertilizer, pesticides consumables. IOC has tied up with ICICI Bank.

Industry houses like Mahindras, too are scaling up their rural retail models to push growth rates in smaller markets. The entry of big names in this sector is being welcomed as it is expected to change the paradigm of rural retailing in India.
SHOPPING MALLS (NEW FACE OF RETAILING):

The retail business in India is set for a heady growth in coming years with the number of shopping malls in Asia's third largest economy. Malls thought the country are getting bigger as they are now positioned as on step shop for shopping entertainment leisure and eating.

The Mall phenomenon is changing the way people shop and entertain. A single point destinations for good, shopping and entertainment. The malls have revolutionized retailing and have lead to significant increase in consumption spending. Malls offer consumers an International shopping experience, branded merchandise restaurant and wide array of entertainment options.

According to India Retail Report 2007 by end of 2010 there may be around 600 shopping Malls operational in India, the country has some 100 malls (in 2006) with a total build up area of 2.16 million Sq. ft. Major shopping Malls of India are Big Bazaar, R. mall Spencer plaza, mmx etc. mall concept is well on its way to changing the very face of Indian retailing industry.

Distribution of Mall Space Across Zones By 2007.
The concept of Malls is now growing into specialized categories like, Jewelry mall, sport mall, electronic Mall. The country is riding high on mall mania, with organized retail taking shape and big retail giants entering major metros and smaller cities retail development is moving at a fast pace in the country.

**Foreign Retailers in India:**

The retail sector is expecting a CARG (compounded average growth rate) of 35% over the next four years (2010) has attracted the interest of global retail giants from the US European Union (EU). Government allows an FDI of 51% in retailing single branded products, and 100% FDI for operation on cash and carry wholesales, franchises, and strategic licensees for multiple brand retailers, Food retailers such as Pizza hut, McDonald's.
Subway and KFC have already built a huge market of their own with franchisee operations. German giant Metro is expected to invest Rs. 1800-2000 crore to open 15-18 stores in all major cities across the country.

- South African retailer SHOPRITE will be putting in Rs. 25 crore to set up cash and carry format.
- World's biggest retailer WAL-MART also entered India with a 50:50 joint venture (JV) with the Bharti Group.
- Tata's joint venture with Australia's biggest retailer Wool Worth for creating a multi brand durable chain.
- The world's second largest retailer CARREFOUR and the largest grocery retailer TESCO are also contemplating in India presence.
- Other companies having India on their immediate horizons are:
  - J.C. Penny, 7 Eleven, Esprit (Tieup with Indian Royon) Zara, As Watson, Auchan.

Estimated FDI potential of $300 billion in the retail sector Indian government is expected to relax entry norms luring more foreign player into the Fray.
HYPOTHESIS TESTING:

1. Higher monthly income is positively co-related with frequency of visit in organized retail store.

To test the hypothesis data classification has been done as:

1 : For below Rs. 10000 monthly income
2 : For Rs. 10000- 20000 monthly income
3 : For Rs. 20001- 30000 monthly income
4 : For Rs. 30001- and above

And frequency of visit has be defined as

1 : For 2 to 3 times in a week.
2 : For Once in week
3 : For Once in month
4 : For Once in two months

H₀ - Positively co-relation of monthly income with frequent visit.

H₁ - Negatively co-relation of monthly income with frequent visit.

The paired t test has been used.
\[ t = \frac{r}{\sqrt{1 - r^2}} \times \sqrt{n - 2} \]

Where

\( r \) = correlation coefficient

\( n \) = number of respondent

\( n-2 \) = Degree of freedom

With reference to data collected from the questionnaire filled up by the respondent the correlation coefficient is found .52. By applying the paired t test with 44 degrees of freedom and 5% level of significance and correlation coefficient of .52. The two tail test is used as the data is evenly distributed. Calculated value of paired t comes out .08 by looking for tabulated value with 5% level of significance and 44 degrees of freedom the value comes out is 1.34.

Since the calculated value .08 is less than the tabulated value. Hence the hypothesis is accepted.

2. **HYPOTHESIS:**

Consumer tend to be more loyal towards those stores which offers broader product range /brands.
Parameters for analysis to test the hypothesis data classification has been done as:

**Product Range / Brands:**

1. For Food and Grocery.
2. For Food, Grocery and Apparel.
3. For Food, Grocery, Apparel and Personal care product.
4. For Food, Grocery, Apparel, Personal care product and Durables.
5. For Food, Grocery, Apparel, Personal care product, Durables and Leisure.

**Store Loyalty Factor:**

1. For quality
2. For quality and Variety
3. For quality, Variety and Price.
4. For quality, Variety, Price and Discount.
5. For quality, Variety, Price, Discount and Convenience.

The paired t test has been used for the analysis of respondent choice for the store loyalty. Store loyalty is measured in term of product range /brand availability in the organized stores. To the analysis two parameters namely product range /brand and store loyalty factor has been evaluated. The correlation coefficient has come as .38 which signifies the
positive correlation between the two parameters, by using the paired t test with 44 degree of freedom, 5% level of significance and correlation coefficient of .38. Calculated value of paired t emerges as .02. By taking the reference for the tabulated value with 5% level of significance and 44 degree of freedom the value comes out to be .73.

Since the calculated value is less than the tabulated value hence the hypothesis is accepted therefore product range / brand is positively correlated with the loyalty factor.