

"A STUDY OF CUSTOMERS' PERCEPTION AND SATISFACTION IN ORGANIZED RETAIL SECTOR IN INDIA"

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Abstract:

Retailing, both as a consumer pastime and as an organizational activity, has changed significantly during recent years. It is one of the world's largest and most diverse industries. The Indian retail industry is no more nascent today. There has been a significant change in retail trading over the years, from small kiranawalas in the vicinity to big super markets; a transition is happening from the traditional retail sector to organized retailing. This study aims to provide some insights on factors that could be important in managing customer satisfaction. One of the major factors that

attract the customers to shopping malls is availability of all necessarily goods under the same roof along with experience and quality of shopping. The merchandise strategy employed at organized retail outlets in terms of quality of products, value for money, variety of products, unique and trendy products, branded products, and good packaging results in higher satisfaction with the merchandise of organized retail industry. Besides these variables customer care activities, Entertainment, food joints, child care facilities are also becoming significant issue which influences the behavior of consumers. Business

firms must consider these factors while designing the marketing strategies especially related to displays, advertisements within and outside the outlets and strategic location of products etc. to increase the sales and profits.

Key Words: Organized, Unorganized, Perception, Satisfaction, Retail, Merchandise, Customer Care

Introduction :

What is retailing?

Retailing is the set of business activities that adds value to the products and services sold to consumers for their personal or family use. Often people think of retailing only lodging in a motel, a doctor's examination, a haircut, a DVD rental or a home delivered pizza. Not all retailing is done in store. Examples of non store retailing include internet sales of hot sauces (www.firehotsauces.com), the direct sales of cosmetics by Avons the sale of products in stores, but retailing also involves the sale of services. A retailer is a person who specializes in selling certain type of goods and/or services to consumers for their personal use. There are many kinds of retail stores including grocery stores, department stores, specialty stores, convenience stores, chemist stores and fast food outlets, among other. Retailing is the business of buying goods in large quantities from a manufacturer or a wholesaler and then selling these products and services to consumers for fulfilling their personal or family needs. A retailer is, in fact,

the final links in the distribution channel connecting the manufacturers with the consumers. The word retail is derived from the French word "Retailer" which means to cut off a piece or to break bulk. A retailer may be defined as a 'dealer or trader who sells goods in small quantities'. In an attempt to understand the scope of the term retail, various definitions of the term have been examined. According to Philip Kotler (1960) "Retailing includes all activities involved in selling goods or services to the final consumers for personal, non-business use. A retailer or retail store is any business enterprise whose sale volume comes primarily from retailing. Any organization selling to final consumers whether it is manufacturer, wholesaler, and retailer is doing retailing. It does not matter how the goods or services are sold (by person, mail, telephone, vending machine or internet or in the consumer home)".

Evolution of Indian modern Retail
Traditionally, retail sector comprised of small retailers (kirana stores), with their shops being in the front and house at the back, where they would run their business to earn their families livelihood. The emergence of organized retail in India dates back to the pre-independence era when the countries established business houses, mostly textile majors, ventured into the retail arena

through company-owned or franchise outlets.

As such the on-going journey of organized retail in India can be broadly classified into

four main phases (Cushman & Wakefield, 2010)

" Initiation (Pre 1990s)

" Conceptualization (1990-2005)

" Expansion (2005-2010)

" Consolidation (2010 onwards)

Retail Initiation:

The initial evolution of modern retail in India primarily transpired through established textile majors' forward integration in retail. The key players during this era include Bombay Dyeing, the Raymond Group, the S Kumars Group and Bata to name a few. Central and State Government departments and co-operative bodies such as the Public Distribution System, Mother Dairy, Kendriya Bhandar, Super Bazaar, etc., played a key role as prominent retailers in the Indian Market. These early years also saw the emergence of regional chains, like Nilgiri's and foodworld, primarily in the southern region and some of these chains later established a nationwide presence. These remained the only organized retailers in the country for quite a long period, till the post 1990 period saw a fresh wave of entrants in the retailing business.

Retail Conceptualization:

This phase saw the entry of pure-play retailers, and not the manufacturers, expanding pan-India rather than oper-

ate regionally. It is interesting to note that most new retailers like Pantaloons, Shoper's Stop and Lifestyle, of this era focused mainly on apparel and other related fashion categories. With the opening of Indian economy during this phase, first generation international brands like Nike, Reebok, Adidas, and McDonalds to name a few, made the Indian entry.

Retail Expansion:

As the name suggests, this is perhaps the most active phase in the Indian retail industry, in terms of growth, entry of new players and development of new entrants. A growing middle class, increasing disposable incomes as well as a large and young consumer market led to rapid growth in the Indian retail industry. Having realized the vast potential of the relatively untapped domestic market, large industrial conglomerates like Mahindra and Mahindra, Reliance, Tata, Aditya Birla and Essar entered the pan-India retail arena during this period. Their success brought in global retailers such as Metro AG, Max Retail, Hypercity, etc

Retail consolidation:

Considering the challenges faced by the industry at present, retail chains are likely to focus on consolidations to cut costs and survive in the market. In the present scenario, companies are increasingly concentrating on strengthening existing operations while assessing growth options through consolidation.

ORGANISED RETAIL FORMATS IN INDIA :

Format	Description	Example
Hypemarkets	<ul style="list-style-type: none"> • Average size varies between 50,000 sq. ft. and 100,000 sq. ft. • Offers a large basket of products, ranging from grocery, fresh and processed food, beauty and household products, to clothing and appliances. 	Spencers, Big Bazaar
Cash-andCarry	<ul style="list-style-type: none"> • Average size 75,000 sq. ft. • Offers several thousand stock keeping units and generally has bulk buying requirements 	Metro, BhartiWal-Mart
Department Stores	<ul style="list-style-type: none"> • Average size varies between 10,000 sq. ft. and 60,000 sq. ft. • Offers a large layout with a wide merchandise mix, usually in cohesive categories, including fashion accessories, gifts and products for the home. 	Shoppers Stop, Lifestyle
Supermarkets	<ul style="list-style-type: none"> • Large in size and typical in layout. • Offers not only household products but also food as an integral part of their services. 	Apna Bazaar, Food Bazaar
Shop-in-shop	<ul style="list-style-type: none"> • Shops located within the premises of large shopping malls in major cities. 	Infinity (Magma Group)
Specialty Stores	<ul style="list-style-type: none"> • Single category stores. Focus on individuals and group clusters of the same class, with high product loyalty. 	Brand Factory, Food Bazaar
Category Killers	<ul style="list-style-type: none"> • Average size 8000 sq. ft. • Large specialty retailers focusing on a particular segment. • These retailers are able to provide a wide range of choice to consumers, usually at affordable prices, due to scale economies. 	The Loft (footwear mall), Central (readymade garments mall)
Discount Stores	<ul style="list-style-type: none"> • Average size 1000 sq. ft. • Offers a wide range of products, mostly branded at discounted prices. 	Subhiksha, Levis factory outlet
Convenience stores	<ul style="list-style-type: none"> • Average size 800sq.ft. Relatively small retail stores located near residential areas. 	In & Out, Safal

GROWTH DRIVERS FOR ORGANIZED RETAIL INDUSTRY

Now it is well known fact that organized retailing is buzz word in India.

Organized retailing is spreading in every part of the country i.e. urban, semi-urban and rural area also. Here some reasons are discussed which are

drivers of this growth of organized retail industry:

" Rising incomes and improvement in infrastructure are enlarging consumer markets and accelerating the convergence of consumer tastes.

" Liberalization of the Indian economy.

" Increase in spending per capita income.

" Advent of dual income families also helps in the growth of organized retail industry.

" Shift in consumer demand to foreign brands like McDonalds, Sony and Panasonic etc.

" Consumer preference for shopping in new environs. The internet revolution is making the Indian consumer more accessible to the growing influences of domestic and foreign retail chains. Reach of satellite T.V. channels is helping in creating awareness about global products for local markets.

" About 47% of India's population is under the age of 20. This young population, which is technology-savvy, watch more than 50 TV satellite channels, and display the highest propensity to spend, will immensely contribute to the growth of the organized retail industry in the country.

CHALLENGES & OPPURTUNITIES:

The challenges faced by the Indian organized retail industry are various and these are stopping the Indian

retail industry from reaching its full potential. The behavior pattern of the Indian consumer has undergone a major change. This has happened for the Indian consumer is earning more now, western influences, women working force is increasing, desire for luxury items and better quality. He now wants to eat, shop and get entertained under the same roof. All these have lead the Indian organized retail sector to give more in order to satisfy the Indian customer. The biggest challenge facing by the Indian organized retail industry is the lack of retail space. With real estate prices escalating due to increase in demand from the Indian organized retail industry, it is posing a challenge to its growth. With Indian retailers having to shell out more retail space it is effecting their overall profitability in retail. Trained manpower shortage is a challenge facing by the organized retail industry in India. The Indian retailers have difficulty in finding trained person and also have to pay more in order to retain them. This again brings down the Indian retailers profit levels.

OPPORTUNITIES AHEAD:

At the same time the retailing business sector has many opportunities:

" Government's impetus to private extension services.

" 'One stop - shops' can act as facilitators of micro finance.

" New channel evolved can be used by FMCG and consumer durables.

" Can act as accreditation agency for certifying farmer's produce.

" Customer database can serve as source readily available information.

" Rising rural incomes hence rise in sales.

" Potential for food processing, higher-returns.

" Huge untapped rural market. -

" Vertical integration can help in fulfilling of demands generated due to changing needs of the customer

" Indian market is still largely unorganized (95%). Hence there is a huge potential to grow.

RETAIL CUSTOMER SATISFACTION:

The concept of satisfaction can be divided into four categories. First, satisfaction is viewed as a cognitive concept to be rewarded for the consumer's payment (Howard and Sheth 1969). Secondly, it is regarded as an evaluation on the accord of prior expectation with alternatives of the selection (Czepiel and Rosenberg 1997; Hunt 1977; Engel and Blackwell 1982). Third, satisfaction is defined as an effective response after purchase (Westbrook and Reilly 1983; Tse and Wilton 1988; Spreng, Mackenzie and Olshavsky 1996). Fourth, consumer satisfaction demonstrates that satisfaction judgments are influenced by both emotional responses and cognitive disconfirmation. (Oliver 1993b; Oliver 1997).

Another approach to define the con-

cept of satisfaction derives from two factors; 'outcome' and 'processes. The former approach emphasizes the results from the consuming experience. The latter one extended to the notion that satisfaction involves states that are not limited to mere satisfaction and can be described as process (Oliver I 993a). The customer satisfaction research has been performed, based on two points of view. The first view is the transaction-specific customer satisfaction, which judges satisfaction by comparing the performance and expectation of each transaction. The second view is the cumulative customer satisfaction, which determines satisfaction by the comprehensive evaluation on the cumulative experience of the specific transaction (Anderson, Fornell & Lehmanri 1994).

FACTORS TO MEASURE CUSTOMER SATISFACTION IN ORGANIZED RETAIL INDUSTRY:

(1) Merchandise: One of the main elements of retail marketing mix is the products that the store offers to the customers. Products are also termed as merchandise. To examine the customer satisfaction with merchandises offered by different organized retail outlets, six variables are explored: quality of products, good value for money, variety of products, unique and trendy products, branded products, good packaging.

(2) Price is the amount that a person has to pay for the products/service-

es, he purchased. Regarding the price, one variable is explored: reasonable price when compared with the product quality and quantity to examine the customer satisfaction.

(3) **Physical Surroundings**
:Physical surrounding is the most readily apparent feature of a situation. Store atmosphere does influence purchasing behavior in such a way that pleasant store atmosphere stimulates approach behavior, extra time spent inside the store and unplanned purchasing, while unpleasant store atmosphere leads to avoidance behavior. To examine the customer satisfaction with physical aspects six variables are explored: location, parking space, atmosphere and decoration, lighting arrangement, shelf system, product information indicators.

(4) **Promotional Schemes**:
Customer all over the world love promotions as they share a general feeling that they get more value for money during such promotions. Customers thus make it a point to specially visit to a particular outlet. To examine the customer satisfaction with promotional schemes following variables: free gifts, special discount, effective advertisement and special event are explored

(5) **Employees Interaction** The people who work at the front-end of a retail organization are very important, as they are the face of the organization for the customers. Their attitude, behavior, manners and product knowledge plays a very important role in

building long term relations with the customers. The employees interaction includes knowledge of store policies, willing to respond to customer's request, etiquette staff, helpfulness of staff, individual attention to customers, providing prompt services and sound knowledge of merchandise..

(6) **After Sales Services**: After sale services are gaining very crucial importance in these days. To differentiate themselves and to build brand image organized retailers provide after sale services. It includes refund/replacement of goods, free home delivery, repair of goods, installation of electronic goods and service of electronic goods.

(7) **Service Support** :The service support that organized retailers offer, have become very important today. It includes special order, free gift wrapping facilities, honouring credit cards, demonstration of merchandise, have sufficient stock and easy billing system.

(8) **Other miscellaneous factors**: These factors include toll free number, entertainment , child care facilities, alteration of merchandise and security arrangement.

CONCLUSION

Organized retailing in India is at present in its initial stages and experiencing high growth. High growth rate is on account of existing lower penetration of organized retail and presence of huge untapped market. Under the wake of present global slowdown,

organized retail market in India has seen some corrections in entry and growth plans by the prospective and existing players. However, most of them continue to be aggressive and plan huge investments with an intention to make early mover advantage and increase their presence pan India. In the long run, large corporate retailers can survive if they improve system wide efficiency and productivity in the distribution chain, something that the country needs and that can benefit small retailers as long as appropriate incentives and regulations are provided. The economic growth of rural areas will become a bigger concern, and policy-makers should find ways to direct investments by corporate retailers to benefit the rural economy and citizens. It is not likely that small retailers will disappear from India. Both large and small retailers can and should coexist to serve different consumer segments and needs, and to contribute in complementary ways to the economic development of the country

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