

# Next-Generation Organized Retailing sector in India - An Empirical Study Supply Chain Analysis

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## Abstract

The retail sector and its environment have experienced radical changes in the last decade. Most of the changes are due to changing demographics, and changes in the retail sector including the addition of This is focusing on the relative importance of the various products purchased at organized retail outlets and the choice of format, choice for Private Label brand and the acceptance level as well. The research paper is focusing on the descriptive variables viz. consumer perception and consumer loyalty and the process of estimating variables on brands. Retailing has emerged as one of the vibrant sectors globally. The retail landscape in India is shifting rapidly due to the entry of many foreign and domestic players. The changing consumer behaviour has led to retail transformation of this magnitude. The country is witnessing a paradigm shift in the pattern of retailing from traditional to the most vibrant organized sectors in almost all categories of retails business in Indian cities.

**Keywords:** Consumer Behaviour, Retailing, Organized Retail, Marketing, Empirical, traditional.

## 1. Introduction

Indian Retail Industry is one of the fast growing and the world's fifth-largest global destination in the retail space. It accounts for over 10% of the country's Gross Domestic Product (GDP) with employment generation of about 8%. With growing urbanization and affluent middle class population Indian Retail sector has immense growth potential. Retail Sector in India is expected to the total Retail sector where as the Unorganized Retail Market constitutes the Organized retailing is a trading activity of variety of goods or merchandise under one roof in a fixed location like departmental store, hypermarket, supermarket or a convenience store by a licensed retailer who is registered for sales tax, income tax, etc. [1] It also includes online trading of goods and services. The Indian organized sector is overshadowing the unorganized sector with its blistering growth. This is mainly because of the number of players entering this segment with various retail formats. Cities like

Mangalore are witnessing a shift in the pattern of retailing from traditional to the most vibrant organized sectors in almost all categories of retails like Clothing, Fashion Accessories, Footwear, Food and Grocery and Consumer Durables. The Indian retail industry is undergoing a paradigm shift and 'Next Generation Retailing' has evolved with new standards and benchmarks set for the sector, with higher and sophisticated technology at one end and increasing customer focus on the other. This article defines 'Next-Generation Retailing' and describes its characteristic features by using factor analysis and focuses on the advantages of Next Generation Retailers in the Indian context. Next-Generation Retailing is defined as the newer and younger generation of organized retail industry evolution which is multidimensional and far more advanced when compared to its previous generations. 'Next-Generation Retailing' has evolved finally, and its important characteristic features are: High-end technology, experimenting with innovative formats and enhanced customer centricity for building a loyal clientele. According to a report by Ernst and Young, currently, the Indian organized retail sector is in its third phase of evolution wherein the retailers are focusing on end-to-end supply chain management, backend operation, and technology and process improvements. And finally, the Next-Generation is challenging the older and much stronger unorganized retail.

## 2. Review of Literature

Aaker, D.J. & Joachimsthaler, E (2000) in their study titled, "The Brand Relationship Spectrum: The Key to the Brand Architecture Challenge" opined that consumer behavior can be influenced by visual appeal in the retail outlet and feels that customers preference for a particular brand aids them in defining their personality, social status and mostly their psychological needs. Helman, D. & De Chernatony, L. (1999) in their paper titled, "Exploring the development of lifestyle retail brands" give an insight into the assumptions that retailers make when developing a lifestyle retail brand. It is also felt that lifestyle retail brand (LRB's) can be viewed as a

unique value creating entities whose effectiveness can be determined by perpetual gap between retailers and consumers. Amit Mittal & Ruchi Mittal (2008) in their study titled, "Store choice in the Emerging Indian Apparel Retail Market: An Empirical Analysis" observe that majority of the stores have merely transplanted western formats onto the Indian retail space without actually evaluating the customer perspective of various store attributes. The study has identified two dimensions, i.e., loyalty drivers and experience enhancers to create sustainable store choice and store loyalty. Kumar, S. (2015) in his study titled, "A Study on Consumer Buying Behaviour towards Organized Retail Stores in Erode District, Tamil Nadu-India" attempts to explore consumer perception, attitude and satisfaction at the retail stores in erode district. The multiple regression tools is used to analyze the relationship between dependent and independent variables related to the study. Singh, A. K., & Agarwal, P. K. (2013) in their study titled, "Consumer Behaviour in Organized Retail: An Empirical Study of Noida" have investigated the significance of demographic variables on shopping behavior and also explored various dimensions of consumer retail behavior. Kumar, P. (2016), in his study titled, "Store Decision Criteria and Patronage Behaviour of Retail Consumers" have investigated the desired store attributes related to store decision for shopping and patronizing behaviour of retail consumers. Factor analysis tool was used to identify the factors related to store decision criteria of consumers in patronizing a retail store. It was found that convenient geographical location, waiting time at shopping, at billing counters, reasonable prices of products, exchange/refund policy of store, promptness and helpfulness of sales personnel are another important attributes regarding the patronizing decision of shoppers. To examine the relationship between Promotional Schemes of the store on Customer Buying Behaviour.

- To understand the impact of Store Personnel on Consumer Buying Behaviour.
- To analyze the relationship between the Shopping Process on Consumer Buying Behaviour.
- To analyze the relationship between the Products Variety on Consumer Buying Behaviour.

Customer is an emperor of the business. Customer reliability induces the level of the customer satisfaction towards the business. Hence, every business concern is taking steps to create loyalty towards customers. Organized Retail store is also using this tool to capture the reliability of the customer. A department store is an organized retail establishment which offers a wide range of consumer goods in different product categories known as "departments". In modern major cities, the

department store made a dramatic appearance in the middle of the 19th century, and permanently reshaped shopping habits, and the definition of service and luxury. Department stores today have sections that sell the following: clothing, furniture, home appliances, toys, cosmetics, gardening, toiletries, sporting goods, do it yourself, paint, and hardware and additionally select other lines of products such as food, books, jewelry, electronics, stationery, photographic equipment, baby products, and products for pets. Customers check out near the front of the store or, alternatively, at sales counters within each department. Some are part of a retail chain of many stores, while others may be independent retailers. Organized retail stores affect their surrounding culture, both positively and negatively as do shopping malls and chain stores. However, the stores themselves have also been affected by changes in society.[2] As both the external technology and the social aspects of the retail business continue to make advances, the role of department stores, if any, in future society will be determined by how they adjust to these changes.

### History and Evolution of Retail Stores

Retail as an organized industry really began in the 18th and 19th centuries with the rise of urban covered markets, specialty shops, and department stores. Catalogs brought the opportunity to shop without leaving the home for the first time in the late 1800's. Montgomery Ward allowed shoppers to mail in written orders through their mail-order catalogs, and the invention of the telephone empowered quicker impulse shopping, as customers could call in orders when their catalogs arrived. As E-Commerce grew in the early 2000's, retail wars pitted brick and mortar shops against online retailers, but that battle has long-since ended, as most major retailers now employ cross-channel retail strategies to reach customers both online and in physical stores.[3] In fact, it's developed to the point where consumers no longer perceive a distinction between online and offline shopping. Shopping has become ubiquitous, and people are able to use mobile phones to complete transactions in the moment, whenever they're inspired to make a purchase. With product information and reviews now available online, shopper attitudes have morphed dramatically. No longer dependent on salespeople and catalog writers for information, shoppers now know as much as, or even more than retail salespeople. What's more, retailers can now customize their product offerings based on the knowledge of a customer's location and mobile device.[4] This context allows merchants to provide offers that are best suited to the customer where they are in the moment. Retailers who create cross-channel retail strategies to harness this data effectively are able to deliver relevant suggestions

and capture sales at the moment of intent. One challenge for online retailers has always been the divide between the visual experience of viewing a product online, and the full sensory immersion that a store can provide.[5] Customers still shop both in-store and online, and even if they use the internet for researching and comparing prices, they still want the experience of touching and trying on a physical product. Retail evolution is leading to an increase in the use of technologies like augmented reality, interactive video, 360 views, and gestural controls to bring products to life on shoppers' screens, and this will only grow in the future. Shoppers will now be able to scan their TV screens to access product pages and make purchases on their mobile devices. This adds a whole other layer to the Omni channel experience, with new opportunities for synergy between media and retail.

#### **Set up ways to communicate with your customers**

Frequent communication with your customers keeps you fresh in their minds and lets you pass along important information. Take the time to set up a database with contact information such as email addresses, mailing addresses, or phone numbers. Then you can send friendly reminders, birthday greetings, or a monthly newsletter. Social media is another great way to communicate with your customers on an almost daily basis.[6] Keep in mind that this works better if you limit how many of your communications are actually advertisements. Don't forget to throw in messages that are either fun reminders or useful information.

### **3. Statement of the Problem**

The present study has covered the title of "A Study on Customer Reliability of Organized Retail Stores in Tiruchirappalli Town" is an attempt to understand the various factors influencing to retain the customer's reliability towards organized retail stores. A perfect parity between the services offered by sellers and the services expected by the buyers is vital to make the transaction smooth and hassle-free.[7] Nowadays, the luxuries goods become necessary by the evaluation of marketing. Hence the retailers have to take necessary steps to meet out the competency level of the market. Always they have to aware about the customer's needs, wants and desires of them to retain the loyalty towards you.

### **4. Methodology**

The data from the respondents has been collected using quantitative approach. The population for the study comprises of the customers of retail stores in Mangalore city, especially from Big Bazar, Spar and More super markets. The data for the study has been gathered using

survey method from 240 customers of retail outlets in Mangalore. The data has been analysed by employing Structural Equation Modeling (SEM) technique using Smart PLS 3 and SPSS tool. The Consumer Behaviour has been measured using seven marketing mix parameters, namely Product, Price, Place, Promotion, People, Physical Evidence and Process.

#### **Scope of the Study**

This study covers the organized retail stores in Tiruchirappalli in town for knowing customer's reliability. Three organized retail stores have taken for the research study in the name of the stores Femina Shopping Mall, Kavery super market and Reliance Super market. The scope of the study has framed with 300 respondents to know the reliability of them towards retail stores. The study has concentrated on primary sources of the data[8]. It is indirectly consisted the perception, satisfaction, and various influencing factors to frame the objectives of the study.

#### **Objectives of the Study**

To find out the factors determining the preference of retail stores

To study the reasons for purchasing in retail stores

#### **Research Methodology**

Convenient sampling technique of non-probability sampling was used to select the sample from the population. The researcher used structured questionnaire for collecting the primary data. The data were collected from the 300 respondents in the selected retail stores (Femina shopping Mall, Kavery super market and D-Mart) who are coming to these stores for purchasing the products in the research area.

#### **Primary Data**

Primary data were collected through structured questionnaire. Questionnaires were distributed to the respondents directly. From the answered questionnaires, the conceptual of the respondents were ascertained.

#### **Secondary Data**

Secondary data based upon the second hand information. In this study, secondary sources of information were collected from websites, Magazines, Text books, Newspapers, Journals, and Websites etc.

#### **Limitation of the Study**

- Few respondents were reluctant to provide the answer and lack interest.
- The study was limited within selected organized retail stores only.
- The research study has concentrated on the town only.

**Research design**

Research design provides the framework and shows the schematically and appositeness of the design to conduct the research.[9] It assists the researcher to draw carefully the detailed approach of conducting research. In this study, a Descriptive Research Design has been adopted, which measures the perception of the traditional retailers towards etailing. Quantitative: A research technique in which scientific concrete and projectable numerical data that can be statistically analyzed is gathered, often from large samples. The use of quantitative approach in the collection of data has been attempted in order to give the study a concrete statistical shape. The analysis of the data, findings and interpretation part is purely descriptive in nature.

**Method of data collection**

Data collection is considered as heart of the research study. The data plays a vital role in any research because of its significant in the results. The data collected should be accurate to the extent possible with low or no errors. A study inaccuracy in the data so collected will leads to extremely difficult results and may prove costly to the researcher.

In this research both primary and secondary data is collected comprehensively and used to study the research problem. [10]The primary data is collected through the respondents who are the traditional retail outlet owners – both organised and unorganised retail outlets – in The questionnaire was designed as an instrument by adopting variables and items from many research studies in the field of human resource management. Sampling Unit Traditional retail outlet owners – both organised and unorganised retail outlets – in Survey Methods Personal Interviews. Hypotheses for the Study The following are the hypothesis formulated taking into consideration the objectives of this study, which have been tested with the use of the data collected from the respondents:

H1: There is no statistically significant association between longevity in running the outlet and the opinion of the respondents regarding the impact of e-tailing on organisedretailing.

H2 – There is no correlation between the opinion of the retailers on impact of etailing on organised retailing and Overall opinion that there has not been much impact of etailing on organised retailing.

H03 - There is no statistically significant association between longevity in running the outlet and the opinion of the respondents regarding the preparedness by retailers to face competition from e-tailers.

H04 - There is no correlation between the opinion of the retailers on impact of etailing on organised retailing and Overall opinion that there has not been much impact of etailing on organised retailing.

**Findings and Interpretation**

Longevity in running the outlet:

**Table – 1:  
Longevity in running the outlet**

Longevity in Years	Frequency	%
Less than 5 Years	36	36.0
5 Years - 10 Years	52	52.0
More than 10 Years	12	12.0
Total	100	100.0

The above table shows the longevity of the respondents running the outlets. 36 respondents out of 100 forming 36.0 % have been running the outlets for less than 5 years, 52 respondents forming 52.0 % have been running the outlets for more than 5 years but less than 10 years and the remaining 12 respondents forming 12.0 % have been running the outlet for more than 10 years. [6] This may be interpreted that majority of the respondents have been running the outlet for more than 5 years but less than 10 years.

Table – 2 shows the opinion of the retailers regarding the advantages of e-tailing over traditional retailing. 12 respondents forming 12.0 % of the respondents opined that Discounts offered by the e-tailers is the advantage for the customers to get attracted towards e-tailing, 7 respondents forming 7.0 % opined that Gift Vouchers is the advantage, 9 respondents forming 9.0 % opined that Easy to order is the advantage, 13 respondents forming 13.0 %

Opined[11] that Best Offers is the advantage, 12 respondents forming 12.0 % opined that Wide Range of Products is the advantage, 20 respondents forming 20.0 % opined that Home Delivery is the advantage, 14 respondents forming 14.0 % opined that Product Tracking is the advantage and finally the remaining 13 respondents forming 13.0 % opined that Order from Anywhere is the advantage.

**Table – 2:  
Type of Advantages of e-tailing over Traditional Retailing**

Various Advantages	Frequency	%
Discounts	12	12.0
Gift Vouchers	7	7.0
Easy to Order	9	9.0
Best Offers	13	13.0
Wide Range of Products	12	12.0
Home Delivery	20	20.0
Product Tracking	14	14.0
Order from Anywhere	13	13.0
Total	100	100.0

It may be interpreted that majority of the respondents opined that Home Delivery is the main advantage for customers to switch to e-tailing.

**Table – 3:  
Change in Customer Base**

Change in Customer Base	Frequency	%
YES	56	56.0
NO	44	44.0
Total	100	100.0

Table – 3 shows that 56 respondents out of 100 forming 56.0 % opined that there has been a change in the customer base after the entry of e-tailers into the market. However, the remaining 44 respondents forming 44.0 % are of the opinion that their customer base has not changed. This may be interpreted that there has been a change in the customer base after the entry of the e-tailing.

**Table – 4:  
Change in Sales Volume**

Change in Customer Base	Frequency	%
YES	54	54.0
NO	46	46.0
Total	100	100.0

Table – 4 shows that 54 respondents out of 100 forming 54.0 % opined that there has been a change in the sales volume after the entry of e-tailers into the market. However, the remaining 46 respondents forming 46.0 % are of the opinion that their sales has not changed. This may be interpreted that there has been a change in the sales after the entry of the e-tailing.

**Table – 5:  
Longevity in running the outlet and Opinion of the Retailers on Impact of e-tailing on organised retailing**

Opinion of the retailers on impact of e-tailing on organised retailing	Longevity in running the outlet			Total
	Less than 5 Years	5 Years - 10 Years	More than 10 Years	
Strongly Disagree	1	6	7	14
Disagree	3	7	0	10
No Agree or Disagree	7	5	1	13
Agree	18	15	0	33
Strongly Agree	7	19	4	30
Total	36	52	12	100

From the above table, it can be interpreted that 14 respondents out of the total 100 Strongly Agreed that there is an impact of e-tailing on organised retailing out of which 1 has been running the outlet for less than 5 years, 6 respondents have been running the outlet for more than 5 years but less than 10 years and the remaining 7 respondents have been running the outlet for more than 10 years; 10 respondents out of the total 100 Agreed that there is an impact of e-tailing on organised retailing out of which 3 have been running the outlet for less than 5 years, and the remaining 7 respondents have been running the outlet for more than 10 years; 13 out of the total 100 neither Agreed nor disagreed that there is an impact of e-tailing on organised retailing out of which 7 have been running the outlet for less than 5 years, 5 have been running the outlet for more than 5 years but less than 10 years and the remaining 1 respondent has been running the outlet for more than 10 years; 33 out of the total 100 Agreed that there is an impact of e-tailing on organised retailing out of which 18 have been running the outlet for less than 5 years, and the remaining 15 have been running the outlet for more than 10 years and out of the remaining 30 respondents Strongly Agreed that there is an impact of e-tailing on organised retailing out of which 7 have been running the outlet for less than 5 years, 19 have been running the outlet for more than 5 years but less than 10 years and the remaining 4 respondents have been running the outlet for more than 10 years. [12] It may be interpreted that majority of the respondents who Agree that there is an impact of e-tailing on organised retailing have been running the outlet for less than 5 years.

## 5. Conclusion

With market liberalization, especially in retail sector, the global retailing is witnessing phenomenal changes. The focus has shifted from traditional retailing to organized retailing with the entry of number of players globally. With increased variety of retail formats and inclusion of many other marketing mix strategies understanding the best mix that influences consumer demand is a challenge. This paper is an attempt to explore Consumer Behaviour towards marketing mix in organized retail with specific reference to Mangalore city. Of the total sample used in the study, majority were females, graduates, salaried employees belonging to the age group of 25 to 45 years. The study reveals that Marketing Mix Parameters such as People, Physical Evidence, Price, Process and Promotion have a very significant impact on consumer behaviour in Organized Retail, whereas Place and Product parameters show a slightly lower level of significance. The study concludes that all the marketing mix parameters play a significant role in consumer behaviour but Promotional Schemes, Pricing and Process are the prominent ones. To

withstand the competition the retail stores must know the reasons behind the choice of retail stores and must provide those facilities to attract the customers. Apart from these, the purpose of visiting the retail stores varies according to age, gender and educational qualification and that has to be considered to gain the market share. The success of retail sector reveals the growth of the organized retail stores. The rapidly increasing the expectation of the customer in different manner. Everyone knows that reliability of customers is the reflection of trust. Normally if we want to get the loyalty of the customers, we have to fulfill the needs, wants, demand and expectations of the customers. The retail business also has to follow the same sense of service to obtain the reliability of the customers. The organized retail stores have need to be updated their products and services in the nature manner and also take the necessary steps to remove the outdated products. The penetration pricing strategy can be considered to attract the urban customer as well as rural customer also. If the service is followed in the right manner customer may tend to stay on the department stores themselves.

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