



## CUSTOMERS PERCEPTION ABOUT RETAIL FORMATS(SELF SERVICE)" ; WITH SPECIAL REFERENCE TO BHOPAL, INDIA

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### ABSTRACT

*Organized retail formats are making inroads in India. Increasing competition and entry of multinational retailers in organized retailing sector brings forth not only new store formats (Maronick and Stiff, 1985) but also raises the question of survival of traditional small retail (kirana) stores (Sengupta, 2008; Goswami and Mishra, 2009; Gopalakrishnan and Sreenivasa, 2009; Ramkrishnan, 2010). This paper identifies the customers perception about retail formats (self service) to ensure survival and generate profit.*

### KEYWORDS :

### INTRODUCTION

Organized retail formats are making inroads in India. Increasing competition and entry of multinational retailers in organized retailing sector brings forth not only new store formats (Maronick and Stiff, 1985) but also raises the question of survival of traditional small retail (kirana) stores (Sengupta, 2008; Goswami and Mishra, 2009; Gopalakrishnan and Sreenivasa, 2009; Ramkrishnan, 2010). These small stores called "kirana" stores comprise of small retail outlets, which constitute a large share of Indian retail market (Arpita khare, 2014). In India, unorganized retail includes "kirana stores" and small-sized family-owned stores (Arpita khare, 2014). The organized retailing relates to large-scale corporatized chain stores which use modern management techniques and operate on self-service model (Sengupta, 2008; Ramkrishnan, 2010). Recent liberalization initiatives by Indian government have brought multinational retailers in the country (Arpita khare, 2014).

There has been growing interest of researchers in past decade on retailing trends in India. First, India has a large consumer market driven by changing lifestyle and income levels (Sathish and Raju, 2010); second, there has been foray of investments by global retail companies in India (Halepete *et al.*, 2008; Ramkrishnan, 2010). Third, Indian retailing is growing at an annual rate of 25-40 per cent (Sathish and Raju, 2010). The organized sector though growing steadily only constitutes of 0.08 of total retail sector in India (Srivastava, 2008; Sengupta, 2008). It is expected that Indian retail industry would be "worth \$ 175-200 billion by 2016" (Sathish and Raju, 2010) and cross \$635 billion by 2015 (Moriarty *et al.*, 2007).

Business Monitor International (2011) states that total retail sales will grow from US\$ 422.09 billion in 2011 to US\$ 825.46 billion by 2015. There are a number of factors contributing to growth of organized retailing: economic development, increased disposable incomes, large middle-class consumer segment and high disposable incomes of Indian consumers (Srivastava, 2008; Sathish and Raju, 2010). Sinha and Banerjee (2004) report that consumer-retailer relationship is an important factor determining consumers' preference for retail store. The current research adds to existing research on small retailers organized/unorganised in (Bhopal), India. It explores small retail stores-related factors that can help retailers improve their competitive position. It identifies factors like store layout, ambiance, product availability, service, credit facilities and personalized interaction that may affect Indian consumers' preference to shop from small retail stores. Macintosh and Lockshin (1997) posit that relationship management is an integral part of retailing and instrumental in boosting sales and loyalty.

Different factors related to store features have been identified by earlier researchers. These factors range from assortment, customized services, personalized attention to consumers and credit facilities. Whereas an exhaustive integration of the ample diversity of store attributes into a single study would probably be more complex than useful, addressing the relative importance of various service retail attributes could provide important insights for the specification of retail differentiation strategies

### STATEMENT OF PROBLEM

Organized retail formats are making inroads in India. Increasing competition and entry of multinational retailers in organized retailing sector brings forth not only new store formats (Maronick and Stiff, 1985) but also raises the question of survival of traditional small retail (kirana) stores (Sengupta, 2008; Goswami and Mishra, 2009; Gopalakrishnan and Sreenivasa, 2009; Ramkrishnan, 2010). These small stores called "kirana" stores comprise of small retail outlets, which constitute a large share of Indian retail market (Arpita khare, 2014). In order to ensure survival in the present competitive environment, it has become obvious that the retailers, should know the customers perception about retail formats.

### RESEARCH OBJECTIVES

To study the customers perception about retail formats.

### LITERATURE REVIEW

Consumers' preference for retail stores is affected by assortment, price offers, transactional convenience, and shopping experience (Messinger and Narasimhan, 1997; Miranda *et al.*, 2005; Carpenter and Moore, 2006; Lee *et al.*, 2008). Baker *et al.* (1992) established importance of social and emotional cues in influencing the consumers' choice of retail store. Emotional factors like empathy play a significant role in bestowing service assurance to the consumers (Klemz and Bosof, 2001). Small retailers are preferred because of personal interaction and trust attributes. Baker and Cameron (1996) placed a high significance to social cues and personal interaction in store selection behaviour of consumers (Arpita khare, 2014). Lindquist (1974-1975) states that consumers' patronage to the retail stores is governed by merchandise, service, clientele, physical facilities, convenience, promotion, ambience and past experience of consumers' with the store. Consumers' are influenced by functional and experiential utility while selecting a store (Kim and Kang, 1995).

The functional attributes of store relates to availability of products, low price (Arnold *et al.*, 1983; Kim and Kang, 1995; Finn and Louviere, 1996; Ramkrishnan, 2010), variety (Bearden, 1977; Finn and Louviere, 1996), convenience, prestige associated with the store (Kim

and Kang, 1995;Erdem *et al.*, 1999; Kim and Jin, 2001) and shopping efficiency. The consumers' choice of stores is affected by product variety (Bearden, 1977; Amirani and Gates, 1993; Finn and Louviere, 1996; Erdem *et al.*, 1999; Brennan and Lundsten, 2000; Solgaard and Hansen,2003) and quality (Hortman *et al.*, 1990; Seiders *et al.*, 2000).

The store ambience relates to colour, décor, furniture, design and layout and its effect on the overall store environment (Apirta khare,2014). The service attributes relate different aspects like cleanliness and neatness of stores (Home, 2002; Carpenter and Moore, 2006), good parking facilities (Home, 2002; Singh and Powell, 2002), service assistance facilities (Baker *et al.*, 2002; Moschis *et al.*, 2004; Carpenter and Balija, 2010) and retailers' involvement in community activities (Kilkenny *et al.*, 1999; Besser and Miller, 2001; Lee *et al.*, 2008). Consumers place importance to assistance services (McGee and Rubach, 1996; McGee and Festervand,1998), availability of high-quality products (McGee and Festervand, 1998; Ramkrishnan,2010) and credit facilities (Devasahayam, 1998). Personalized attention and helpful attitude of the staff are important in building relationship with consumers (Apirta khare,2014)

Social interaction and personalized attention by service personnel have been considered important in services (Beatty *et al.*, 1996; Mittal and Lassar, 1996). Home (2002) suggests consumers gave importance to friendly service personnel, locational onvenience, reliability, likelihood of meeting acquaintances at the store and quick easy purchase while selecting a store. Sinha and Banerjee (2004) have a similar opinion. Indian consumers place high importance to locational convenience and personal relationship with the shopkeeper. Retailers' social interaction and relationship with local consumers' generates loyalty,enhances service value and minimizes consumer defection (Auh *et al.*, 2008). This is improved by retailers' ability to handle consumer complaints and community involvement (Lee *et al.*, 2008).

The long-lasting relationship improves retailers'knowledge about consumers (Han *et al.*, 1998; Lee *et al.*, 2008; Adeji *et al.*, 2009) and enables information sharing. Adeji *et al.* (2009) state that relationship with the retailer increases trust, stability and loyalty. Personalized attention generates consumer satisfaction, loyalty and improves service quality (Walker, 1995; Mittal and Lassar,1996). The local retailers' have close interaction with consumers which enables them to understand their needs quickly and make changes accordingly(Apirta khare,2014). The paramount importance of service quality for customer satisfaction and loyalty is extensively documented in literature as well as its link with service providers'profitability (Cronin *et al.*, 2000). Consequently, the development of service quality models has been a key priority in the agendas of service scholars, motivating an intense debate about the definition and assessment of quality in service contexts (Parasuraman *et al.*, 1985; Cronin and Taylor, 1992; Grönroos, 1993).

Service quality influences customers' satisfaction, which has been linked to customers' intentions to repurchase and recommend a service – ultimately resulting in the provider's profitability (Reichheld and Sasser, 1990; Anderson *et al.*, 1994; Reinartz *et al.*, 2004). There is ample evidence to support the following relationships among service quality and customer behaviour: service quality is a key determinant

of customer satisfaction (Fornell *et al.*, 1996; Bagozzi, 1992), positively affecting customer intentions to repurchase the service and recommend the service provider (Anderson, 1998; Danaher and Rust, 1996). Zeithaml *et al.* (1996) empirically show that superior-quality perceptions were associated to positive customer intentions (e.g. recommending a given service provider), while inferior-quality perceptions were linked to negative behaviours (e.g. switching provider) (Malene and Bashashi,2014). Because some industries provide purely tangible products (e.g. salt) or purely intangible services (e.g. teaching), retail performance not only concerns providing purely tangible products, but also intangible service performance (Bei and Chiao, 2006).

service quality refers to the customer's overall evaluation of customer service interaction (Chumpitaz and Paparoidamis, 2004) and is defined as individual attention and prompt, friendly actions when services are delivered. In the service context, trust revolves around perceptions of the other party's honesty, integrity, and confidentiality (Harridge-March, 2006). If a consumer feels that a service provider is prompt and responsive to their requests, friendly, and empathic in caring for them, the consumer has more confidence in the provider and increases perceptions of trust on that channel retailer (Chiou and Droge, 2006). The findings of prior studies also indicate that service quality creates customer trust (Eisingerich and Bell, 2008; Cho and Hu, 2009; Chenet *et al.*, 2010) (Edward and Bikun ,2012). Nowadays, with the increased competition, service quality has become a popular area of academic research and has been acknowledged as an observant competitive advantage and supporting satisfying. Relationships with customers (Zeithmal, 2000). Service quality is concepts that has aroused substantial interest and argue in research. There are difficulties defining and measuring it with no overall consensus emerging on either (Wisniewski, 2001). Service quality has been defined as the overall assessment of a service by the customers (Eshghi *et al.*, 2008), while other studies defined it as the extent to which a service meets customers needs or expectations. Service is assumed to be quality when it consistently conforms to customer expectations (Asubonteng *et al.*, 1996; Wisniewski and Donnelly, 1996) (Niveen

RESEARCH METHODOLOGY

The current research employs a mix of qualitative and quantitative techniques. Based on literature review, observations and interacting with retailers ,questionnaire was designed and used as a instrument for data collection. The variables identified to measure the consumers' attitude towards retail formats are listed in table -1. The total items in the questionnaire were 23. The sample comprised of 77 local residents who frequently shopped from retailers nearby in Bhopal city, part of North India and the sampling procedure followed was random sampling. To ensure consumer input,a pilot sample of 25 respondents were asked to list the variables they believed important in respect of retail formats and the frequency of each variable being reported in table-2. The consumers coming for their grocery and household shopping were requested to participate in the survey and fill the questionnaires. As most Indians are conversant in English, questionnaires were administered in English. The responses of the consumers were taken on a 5-point Likert scale with responses varying on the scale of 5 for very good and 1 for very poor. The data thus collected were from 77 respondents, consumers of retail stores.

TABLE-1

Ser No	Item	Ser No	Item
1.	Availability of products	13	Communication skills of employees
2.	Variety of products	14.	Dress code for employees
3.	Quantity of products	15.	Service with smile attitude of employees
4	Range and depth of products	16.	Responsiveness of employees
5.	Marking of product location	17.	Attitude of employees towards senior citizen
6.	Availability of products as per marking	18.	Strength of employees
7.	Product Layout	19.	Time spent in queue for billing
8.	Lighting	20.	Availability of drinking water during working hours of stores
9.	Price indication	21.	Availability of racks to keep customers personal bags
10	Availability of baskets /trolleys	22.	Size of present car parking
11.	Size of baskets/trolleys	23.	Working hours of stores
12.	Courtesy of employees		

**TABLE-2**

Ser No	Item	Frequency
1.	Availability of products	25
2.	Variety of products	25
3.	Quantity of products	22
4.	Range and depth of products	21
5.	Marking of product location	21
6.	Availability of products as per marking	22
7.	Product Layout	25
8.	Lighting	20
9.	Price indication	20
10.	Availability of baskets /trolleys	25
11.	Size of baskets/trolleys	25
12.	Courtesy of employees	24

Ser No	Item	Frequency
13.	Communication skills of employees	21
14.	Dress code for employees	20
15.	Service with smile attitude of employees	22
16.	Responsiveness of employees	23
17.	Attitude of employees towards senior citizen	19
18.	Strength of employees	20
19.	Time spent in queue for billing	21
20.	Availability of drinking water during working hours of stores	18
21.	Availability of racks to keep customers personal bags	19
22.	Size of present car parking	17
23.	Working hours of stores	21

### FINDINGS AND DISCUSSION

The sample consisted of 77 respondents. An Anova test was administered to understand consumers preference (Dependent variable) to shop is influenced by variables (Independent variables) as listed in table 1. The ANOVA result is given in table-3.

**TABLE -3**

Source of Variation	SS	DF	MS	F	P-Value	F Crit
Between Group	2309.20	77	29.98962	26.91029	0.00	1.286821
Within Group	2134.132	1915	1.114429	0	0	0
Total	4443.333	1992	31.104049	26.91029	0.0	1.286821

The results suggest that consumer's preference to shop is influenced by all the listed variables and hence H1 is accepted ( $P < .05$ ). This findings will help the retailers to position themselves. The retailers must increase product variety and offer a wide range of products. At the same time retailers must also concentrate on layout, services by employees, Amenities like baskets, car parking and drinking water etc to ensure profitability and survival.

It can help companies in market planning and new products launch decisions. The effectiveness of promotional programs and consumer feedback can be readily available to them through these retailers.

The retailers can be used for generating positive word of mouth about product launches and provide information about companies offerings. At the same time for retailers, a satisfied customer will visit again, will send a positive word of mouth to others and recommend this shop to others for purchase.

### CONCLUSION

The study was under taken to investigate the customer preference for retail formats across 23 dimensions. Results supported that, customers perceptions is based on these dimensions. It will also help retailers to position themselves and generate competitive advantage to ensure survival.

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