Popularity of organized modern retail formats among consumers- an analytical study on modern indoor retailing and the customer perception with special reference to Kannur

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ABSTRACT

Modern retailing has a long history, dating back to medieval traders and merchants. With average incomes rising, markets emerged at a steady pace, and so did the consumer's craving for consumer products. This led to the rise of modern retailing with subsequent evolution of various channels of distribution, customer communication and transaction. Modern retailing has rocketed with introduction of internet and mobility leading to wide acceptance of E-Commerce platforms which in turn emerge as one of the fastest growing industries in world. This study entails to determine up to what extent the modern retail formats are preferred by customers. 100 consumers were taken as samples from Kannur city of Kerala state for the study. Percentage analysis, Diagrammatic presentation and Chi-square analysis has been used for analysis of data. The researcher on analysis finds that modern retail formats are drastically preferred by the consumers for various reasons and they fulfills the requirements of consumers in time to time.

Key Words : Modern Retail Formats, Retailing, Retail outlets

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1.1 Introduction

Retailing is one of the oldest businesses that human civilization has known. It acts as an interface between the producer and consumer, improves the flow of goods & services and raises the efficiency of distribution in economy thus, a well organized and efficient retail sector is a must. Retailing is a distribution process, in which all the activities involved in selling the merchandise directly to the final consumer (i.e. the one who intends to use the product) are included. It encompasses sale of goods and services from a point of purchase to the end user, who is going to use that product. Any business entity which sells goods to the end user and not for business use or for resale, whether it is a manufacturer, wholesaler or retailer, are said to be engaged in the process of retailing, irrespective of the manner in which goods are sold. Retailer implies any organization, whose maximum part of revenue comes from retailing. In the supply chain, retailers are the final link between the manufacturers and ultimate consumer. They occupy a middle position, receiving and gassing on products from producers and wholesalers to customers. Services carried out by retailers are different from those of wholesalers. Retail rating agency called Fitch has predicted stable growth for retail in India. Areas like Apparels, electronics, fashion and Lifestyle, E-commerce along with food and grocery are constantly expected to expand their organised market shares. 'E-tailing' i.e., retail through internet is expected to become popular in India.

1.2 Statement of the problem

Understanding consumer preferences has become imperative for the survival and success of the marketers, as buyers dominate the market. Availability of substitute products and multiple sellers have created intense competition. In the modern business world, any business to consumer interaction is retailing interaction. Retailing is the final step in the distribution of merchandise for consumption by the end consumers.

The present study has been made to anlayse the "Popularity of organized modern retail formats among consumers in Kannur area". The study mainly aims to identify the factors that tend customer to prefer modern retail outlets. It also aims to study consumer perception and satisfaction. The future of organized retail formats are also enumerated in the study.

1.3 Objectives of the study

- To analyse the influence of various factors and their influence in consumers' purchase decisions regarding the modern retail formats.
- To study consumer behaviour and satisfaction in different modern retail stores.
- To analyse the relationship between availability of wide range of trending products offered and customers traffic in modern retail outlets.   f

2. Research methodology

The research design used in this study is Descriptive research design. The sampling technique used in this study is convenient sampling method which is a Non-Probability Sampling method. For the research work the regular consumers of oreganised modern retail formats in Kannur is considered as the target population.

2.1 Population and Sample

Out of the total regular consumers of modern retail formats in the city of Kannur 100 consumers are selected as samples for the study.

2.2 Data and source of data

The study used both Primary and Secondary data for data collection. The primary data is collected through questionnaire and direct interviews. The secondary data includes information from various records, websites, journals, periodicals, magazines etc.

2.3 Theoretical Framework

Retailing as a separate branch of industry is growing worldwide and also in India. Retail started as early as when barter began i.e., exchange of goods for goods. Surplus goods with one another were exchanged for others goods. Invention of coins and currencies as medium of exchange expanded the horizon of retailing, Various forms coins (Gold, Silver, Copper) were used for exchange of goods that promoted trade of retailing not only domestic, but also international.

Growing number of middle income family who wanted variety of goods and services to spend their increasing income levels demanded change in distribution system. The first

departmental store by name 'Bon – Marche' was established in Paris in 1952. This is followed by further stores in the US and Europe. These departmental stores were catering to the needs of people living in big cities like New York, London, Paris etc. People living in remote areas and villages aspired to consume modern goods. This led to development of mail order retailing. This further led to development of Chain stores and mail order relating in Europe and America. The concept of super market to cater to the needs of Blue – Collar and Elite of people was started in 1938. Discoveries in the field of refrigeration and retail transport system led to promotion of Hyper – Markets that delivered wide variety of goods at reasonable price.

The growth in Information Technology further led to web based training. Amazon.com was promoted in 1995 that is pioneer in e-commerce with further revolution in I-T trading through Internet, mobile or e-shopping is gaining popularity. With globalization, emergence of MNC's, easy convertibility of currencies of different countries and use of Bit coins for trading, retailing is experiencing revolutionary changes that are trying to meet increasing needs of people.

Types of modern retail formats

- **Store Retailing**: Department store is the best form of store retailing, to attract a number of customers. The other types of store retailing includes, speciality store, supermarket, convenience store, catalogue showroom, drug store, super store, discount store, extreme value store. Different competitive and pricing strategy is adopted by different store retailers.

- **Non-store Retailing**: It is evident from the name itself, that when the selling of merchandise takes place outside the conventional shops or stores, it is termed as non-store retailing. Direct marketing, direct selling, automatic vending and Buying services are the main examples of non-store retailing.

- **Corporate Retailing**: It includes retail organizations such as corporate chain store, franchises, retailer and consumer cooperatives and merchandising conglomerates. There are a number of advantages that these organizations can achieve jointly, such as economies of scale, better and qualified employees, wider brand recognition, etc.

2.4 Statistical tool for analysis

The collected data were analysed using percentage analysis.

Percentage analysis

Percentage is obtained when ratios are multiplied by 100.

Percentage (%) = Number of Respondents X 100

Total number of respondents

Chi square Analysis

It is a statistical test which tests the significance of difference between observed frequencies and corresponding theoretical frequencies of a distribution. Chi-square test is calculated as;

$$\chi_c^2 = \sum \frac{(O_i - E_i)^2}{E_i}$$

Where O= Observed frequency   E= Expected frequency and

E = Row Total X Column Total

Grant Total

In the case of a contingency table degrees of freedom is worked out as follows;

DF =(c-1) * (r-1) where "c" means the number of columns and "r" means the number of rows.

HYPOTHESIS

Relationship between Observed data and Expected data

Ho : There is no relationship between observed data and expected data.

H1 : There is a relationship between observed data and expected data.

Acceptance Criteria: If the calculated value of Chi square is less than the table value then the null hypothesis is accepted.

Rejection Criteria: If the calculated value of Chi square is equal or greater than the table value then the null hypothesis is rejected.

3. Results and Discussions

Figure 3.1 Influencing factors on purchase decision

No.	Particulars	Responses in Percentage($\frac{response \times 100}{Total\ respondents}$)				
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Quality of Products	35	25	10	20	10
2	Behavior of staff	50	27	03	20	0
3	Cleanliness of stores	33	33	24	8	2
4	Fair pricing	39	40	0	13	8
5	Offers and deals	15	26	3	16	40
6	Location	30	20	10	15	25
7	Latest Trends and Fashion	20	25	25	20	10

Source: Data from survey

From analysis it is visible that Quality of products offered, behavior of staff, cleanliness of the stores, and fair pricing by the retail stores positively influence the purchase decision of consumers. Consumers pointing out that on providing offers and deals the retail stores should give more focus. The location of the stores and following of trends and fashion are satisfactory for average number of consumers.

Figure 3.2 Customers' satisfaction level on Retail stores
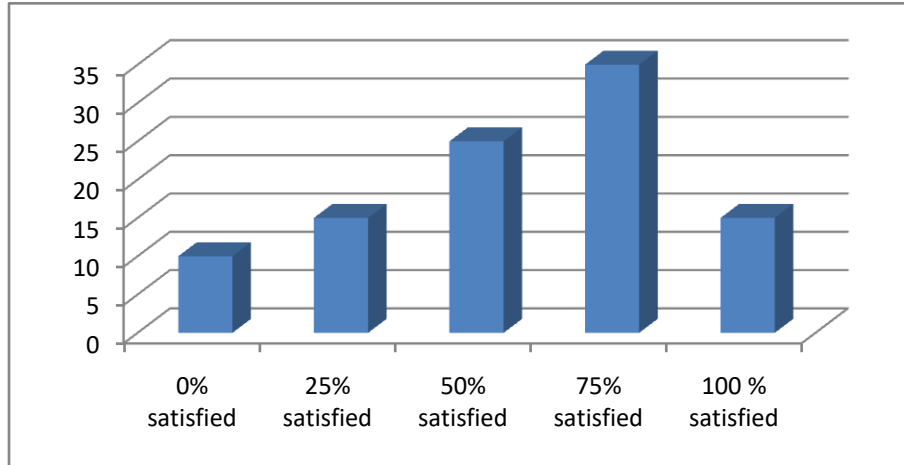
Source: Data from survey

On analysis it is seen that a majority of the consumers are satisfied with the retail outlets with an eccentric rating. Only a small portion of the consumers are dissatisfied with the retail outlets.

HYPOTHESIS TESTING

Ho: There is no significant relationship between availability of wide range of trending products offered and customer's traffic in modern retail outlets.

H1: There is significant relationship between availability of wide range of trending products offered and customer's traffic in modern retail outlets.

Degree of Freedom = 2

Level of significance = 5%

Particulars	Agree	Neutral	Disagree	Total
Male	8	24	8	40
Female	15	21	24	60
Total	23	45	32	100

Source: Data from survey

$X^2 = \Sigma (O-E)2 / E = 6.75$

Degree of Freedom = (c-1) X (r-1)

$$= (3\text{-}1) \ X \ (2\text{-}1)$$

$$= 2$$

➢ Table value of X^2 for DF 2 at 5% significant level is 5.99

➢ Calculated value of X^2 is greater than the table value. Hence reject the null hypothesis.

From the testing it is clear that availability of wide range of trending products offered at stores influencing in increasing customer's traffic in modern retail outlets.

Suggestion

- Retailers should keep in mind the needs of all hierarchy of customers time to time.
- Reasonable pricing can be ensured to attract more customers.
- Concentration on promotional efforts should be attached to retail formats as it will attract more consumers and for a steady demand in future.
- The company should know its customer satisfaction level throughout doing periodic surveys.
- Employee's behaviour towards customers should be improved a little bit. The employees should provided adequate training for this propose.
- Retailers should try not to allow the customers switch the shops frequently by understanding their needs.
- Updation should be made in technologies as well as facilities offered to customers.

Conclusion

In order to accomplish success in retailing sector, the existing players as well as new entrants need to consider a host of factors. Understanding customers' evolving needs, aspirations and life style is the underlying key to success for any retailers. The findings of the study reveals that consumers prefer modern retail formats due to wide range of selection & numerous brands, reasonable pricing, convenient store location, and infrastructure. The retail stores should concentrate mainly on consumer preference and satisfactions. To be successful, modern retail

formats have to blend the best expertise and technology that the world has to offer and synergize these with the demands and expectations of the consumers.

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