



International Journal of Applied Business and Economic Research

ISSN : 0972-7302

available at <http://www.serialsjournals.com>

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Volume 15 • Number 22 • 2017

A Study on Customer Perception Towards Organised Retail Stores in Tier II Cities Tamilnadu

Jegan Krishnan¹

¹Sathyabama University. Email: jegan812@yahoo.com

ABSTRACT

The study mainly on customer perception towards organised retail stores in major cities in Tamilnadu. Organised retail sector is upcoming trend and it started booming in India. It is expected that by 2017 modern retail industry in India will be worth US\$ 175-200 billion. Due to strong income growth, Changing life style. Fun and entertainment and favourable demographic pattern create a need for organized Retail sector. Coimbatore, Trichy, Madurai are the next major cities in Tamilnadu after Chennai, but it is yet to get attention from large number of retailers the way of cities in India have been receiving. With the new opening of few malls on those cities people in those cities will experience organized retail boom and find quality space for shopping and entertainment, but the city with a population of 15 lakhs in each of those cities few malls are not enough there is a need for malls and so that it do enormous business in the cities. So study towards customer perception in ease.

Keywords: Customer perception, Customer expectation, organised retail sector, Promotional Activity.

1. INTRODUCTION

The term retail format has been used under several contexts in the retailing literature. Retailing include the business activities involved in selling goods and services to consumers for their personal, family, household or business use. It includes each and every sale to the final consumer. Retailing is the last stage in the distribution process.

Today the retail trade comprises a wide and varied collection of outlets for goods and services. In order that retail exchange can take place, the retailer must offer to sell products and services that are valued by customers. Retailers create value for customers by offering the right merchandise, creating a pleasant

atmosphere, decreasing shopping risks, increasing shopping convenience and reducing price by controlling costs.

Retailers provide important functions that increase the value of the product and services they sell to consumers and facilitate the distribution of those products and services for the manufacturers to produce them. These value-creating functions in the operations which includes

1. Providing an assortment of products and service
2. Breaking bulk
3. Holding inventory
4. Providing services

Retailers are the final business supply chain that links manufacturers to consumers. A supply chain is a set of firms that make and deliver a given set of goods and services to the ultimate consumer.

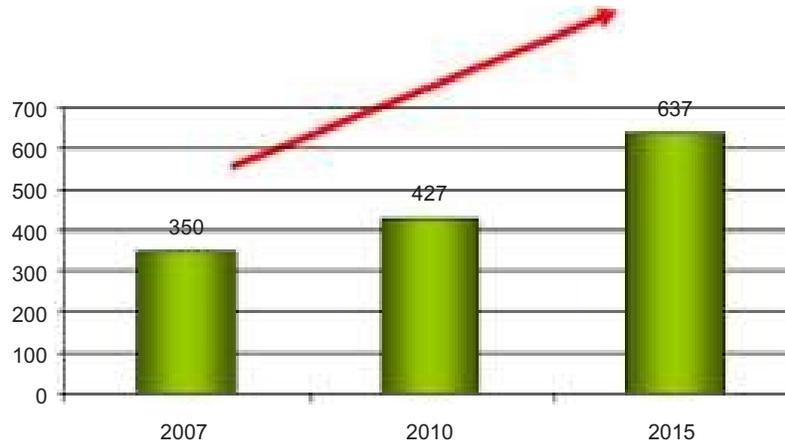
The Indian retail market which is estimated to almost double from a US \$ 330 billion in 2008 to 2016 a US \$ 637 billion by 2015 is undoubtedly an attractive emerging market. During 2009-12 the organized retail market in India is estimated to grow at a 31% per annum rate with retail real estate growing at greater rate from existing 41 mn sq ft to a 95 mn sq ft. Global players like Wal-Mart, Metro coexist with domestic corporate like Reliance, Nilgries, Aditya Birla Group or Bharti group to tap the consumption potential of the 6 million affluent with more than INR 215,000 household income along with a 75 million well off population earning between INR 45,000 and 215,000.

Customer Perception

As Perception is the process of selecting, organizing, and interpreting information inputs to produce meaning. Recognition, selection, organization, and interpretation of particular stimulus are a highly individual process subject to individual needs, values, and expectations. A stimulus is any unit of input to any of the senses. The same stimulus may be perceived differently by different set of customers based on their unique personal and situational context. Hence, the indifferent service offered at any retail stores may be perceived positively by a certain set of customers due to the opportunity it provides them to look up the product at leisure. However, another set of customers may perceive it negatively, assuming it to be a reflection of the lack of interest of the store management in the needs of the customer. Customers usually seek out the favourable information on the products which are compatible with their needs, values and expectation and try to avoid unpleasant information.

Growing Retail Market in India

The retail environment today is changing more rapidly than ever before (Dabholkar, 1996). Currently India has a market of compound annual growth rate is 350 billion US\$ and is expected to grow at a rate of 35-40% annually till next five years. If the growth results in positive manner it will become highest in south Asia region.



Source: KSA Technopak (Rs in Billions)

2. LITERATURE REVIEW

Rama Venkatachalam and Arwah Madan (2012) in their have highlighted on level of prices, quality of fresh groceries & availability of exotic fruits and vegetables, display & cleanliness and hygiene, home delivery & credit facility provided by both the organized and unorganized retailer. Change in customer preference has been noticed while shopping fresh grocery from unorganized or organized retailers. The author has also mentioned that organized retailing is doing the right things to sustain, survive and grow.

According to **Ms. Monika Talreja and Dr. Dhiraj Jain (2013)** both modern and traditional retailers will co-exist in India for some time to come, as both of them have their own competitive advantages. The Kirana stores have a low- cost structure, location advantage, and customer familiarity whereas organized retail offers a mixture of product width and depth and a better shopping experience. Organized retailing is becoming a destination shop for buying fresh fruit and vegetable.

Naganathan Venkatesh (2013) in his paper has mentioned overall forecast from different researches have stated that retail growth will grow 15 to 20 percent over the next five years, based on strong fundamentals of macroeconomic conditions of india and its younger population rising disposable incomes and rapid urbanization. Key success factor for foreign retail investors are the younger population of india's who are under the age of 25, a huge potential market is waiting to explore and the internet accessibility is also a key factor where from rural to urban city everyone has the easy access to the internet. As many as 121 million Indians have internet access, and more than half of them access the web via their mobile phones.

Sanjay Manocha and Anoop Pandey (2012) has discussed modern retailing is not threat to independent mom and pop stores as most of the consumers said that they never stopped visiting Kirana store. Organized retailing is beneficial for India because it's not alarming to create conflict with unorganized stores but reshaping unorganized stores into nascent organized stores. The author has also discussed the growth of modern retailing in India which is not at a very fast pace.

Lakshmi Narayana k, Ajata Shathru Samal and P Nagaraja rao (2013) in their study unorganized retailers in the vicinity of organized retailers are heavily affected in terms of profit and volume. The factors which are attracting the customers towards unorganized retailers are location convenience, goodwill, credit facility, bargaining, loose items, convenient timings, and home delivery.

Mitul Deliya, Bhavesh Parmar and Dr. K. K. Patel (2012) has focused in their study titled impact of organized retailers on unorganized retailers, the finding suggest that there is a decrease in no. Of footfalls of the customer visiting unorganized retail due to emergence of more organized retailers. another finding of the paper suggest that majority of middle class is buying from unorganized retailers.

3. JUSTIFICATION FOR THE STUDY

Industry experts believe that the Tier II cities will soon experience an growth of retail development as people in Tier II are capable of enough disposable income due to their entrepreneurial nature of late are equally becoming brand conscious and life style aspirant as well. Expert says there is need for 4-5 malls for the Tier II population. So now there is a need to study the perception of customers about the organized retail sector and the promotional efforts taken by them.

Objectives of the Study

- To Study the Customer Purchase behaviour in organized retail store.
- To Study about the Customer Expectation in organized retail store.
- To Study Employee responsiveness in organized retail store.
- To Study Customer service experience in organized retail store.
- To Study about overall customer satisfaction in organized retail store.

Scope of the Study

The study aims to find out how customers perceive the organized retail stores and the promotional activities are taken by the organized retailers. One mistake can have far-reaching effects on future as well as current customers. So it is very essential to find out the customer satisfaction and their expectation from organized retail store. If any dissatisfaction exists so that remedy can be undertaken to improve their service standard of the store.

Research Design

The Research is Descriptive in nature because the study aims to find out the customer perception of the organized retail store.

Selection of Sample

Sample of 300 respondents adequately representing customers who purchase in organized retail stores in those cities were selected for the study.

Sample Design

Sample is nothing but the selected representative of total population. The selection of process is called as sampling technique.

Percentage Analysis

Simple percentage analysis used to find percentage value for the entire different questions and in making comparison between two or more series

Respondents Opinion Regarding Organised Retailing Are

<i>Opinion</i>	<i>Number of Respondents</i>	<i>Percentage</i>
Ambience	55	18.4%
Convenience	95	31.7%
Competitive price	76	25.3%
Service	74	24.6%
Total	300	100%

Convenience and competitive price mainly take them to organised retailing shop.

Respondents Opinion Regarding the Factors which Influenced to Buy from the Organised Retail Are

<i>Factors</i>	<i>H</i>	<i>%</i>	<i>M</i>	<i>%</i>	<i>L</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>Total</i>	<i>%</i>
Price	140	46.6%	130	43.4%	18	6%	12	4%	300	100%
Quality of the Products	236	78.6%	64	21.4%	–	–	–	–	300	100%
Assortment of Products	215	71.6%	85	28.4%	–	–	–	–	300	100%
Product display	170	56.6%	110	36.7%	20	6.7%	–	–	300	100%
One stop shopping	219	73%	81	27%	–	–	–	–	300	100%

Respondents Opinion Regarding the Factors Are

<i>Factors</i>	<i>H</i>	<i>%</i>	<i>M</i>	<i>%</i>	<i>L</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>Total</i>	<i>%</i>
Sales personal behaviour	192	64%	78	26%	30	10%	–	–	300	100%
Query handing	240	80%	60	20%	–	–	–	–	300	100%
Billing system	210	70%	78	26%	12	4%	–	–	300	100%
Door delivery facilities	155	51.6%	145	48.3%	–	–	–	–	300	100%
After sales service	219	57.6%	127	42.4%	–	–	–	–	300	100%

Respondents Opinion about Physical Factor

<i>Factors</i>	<i>H</i>	<i>%</i>	<i>M</i>	<i>%</i>	<i>L</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>Total</i>	<i>%</i>
Cleanliness	252	84%	48	16%	–	–	–	–	300	100%
Ventilation	252	84%	48	16%	–	–	–	–	300	100%
Shopping ease	217.5	72.5%	82.5	27.5%	–	–	–	–	300	100%
Location	189	63%	111	37%	–	–	–	–	300	100%
Parking	217.5	72.5%	70.5	23.5%	6	2%	6	2%	300	100%
Air condition	217.5	72%	82.5	27.5%	–	–	–	–	300	100%

- Cleanliness, Ventilation, Parking, Aircondition are the most important physical factors

<i>Promotional Campaign</i>	<i>Number of Respondents</i>	<i>Percentage</i>
Tv ads	165	55%
Posters	3	1%
Road shows	6	2%
Newspapers	37.5	12.5%
Internet	30	10.1%
Movies/tvs	–	–
Theatre ads	12	4%
Magazines	22.5	7%
Moblie	25.5	8.5%
Bill bords	–	–
Total	300	100%

Respondents Opinion about the Promotional Tool that Appeals to Take Purchase Decision

<i>Opinion</i>	<i>Number of Respondents</i>	<i>Percentage</i>
Sales Promotion	75	25%
Publicity	23	7.5%
Advertisements	109	36.5%
Word of month	93	31%
Total	300	100%

- Advertisement and word of mouth are he important tool that helps to take purchase decision.

Chi Square

The $\chi^2 = \sum (oi - ei)^2 / ei - \chi^2(n - 1)d.f$

Test the promotional tool that appeal the respondents to take purchase

Several promotional activities are there

- The important activities are sales promotion, publicity, advertisement, word of mouth
- To find out which promotional activity taken organized retailing to the customers they were asked to give their opinion on the promotional activities.
- The information obtained from them was analysed by applying χ^2

Null Hypothesis

All the promotional activities considered for the research are equally preferred *b* the respondents takes the organized retailing to the customers.

Level of Significance:

$\alpha = 0.05$ be the level of significance

Test statistics

	<i>Observed N</i>	<i>Expected N</i>
Sales Promotion	75	100
Publicity	23	50
Advertisements	109	100
Word of month	93	50
Total	300	

4. CONCLUSION

Organized retailing in India has been maturing by passing through many trends with the entry of many big players trying to build and strengthen their retail business. And in the light of this situation some feel that the perception of the customer may lose out their existence. The study revealed that although organized retail is relatively new concept in the semi urban area, yet a clear cut perception has been establishes in the minds of shoppers in semi urban areas like Madurai and Trichy city, TamilNadu. In this regard, the data was collected on 11 factors about the organized retail store. A picture of various segments based on factors influencing customer perception has been establishes successfully by way of our present study.

Results of the present study are indicators of the fact that the factors across these retail formats followed by the retailers for effective and enhancing the sales of the retail outlet based on the customer perception factors. Customer perception and factors influencing customer perception are the important drivers influencing consumers to visit the retail outlets. All these 11 factors which enhances the perception of customers like quality of product, availability of brands, availability of products, freshness of product, product information, promotional offers, discounts, special offers, credit availability, ATM facility, and loyalty points. All these factors are directly or indirectly contributing the growth of retail formats in Tier II cities.

From the above study it has been observed that the perception of semi urban customers based on their levels of income has no effect on quality. Hence it may be noted that the organized retailing in semi urban areas has great potential and growth.

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