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ORGANISED RETAIL AND PURCHASE DECISION

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Abstract: *Retailing is the activity of selling directly to the customer. It is an essential part of our life since generations. Retailing is in our blood either as a shopkeeper or a shopper. The importance of retailing could be attributed to its contribution in the employment and GDP of the economy. Around the year 2000 corporate retailing started spreading its legs in India very fast. Prior to it retailing was characterised by small family run businesses. Retailing has evolved as one of the most important and fastest growing industry since more than a decade.*

The new formats of retailing are backed by corporate power and are characterised by certain predefined parameters.The process of globalisation has fuelled the growth of organised retail globally. The revolution in the IT sector has been another contributor to the global growth in organised retail. India is one of the few growing economies which are witnessing growth when most of the other are at slowdown.

The present study attempts to identify the factors influencing customer shopping preferences in the changing retail scenario. Primary data has been collected from various cities of Jharkhand, India. It would be of help to the organised retailers in framing their strategies with the changing economic and political environment around these factors.

Keywords: *Organised Retail, globalization, preference factors.*

INTRODUCTION

Retailing is the activity of selling directly to the customer. It is an essential part of our life since generations. Retailing is in our blood either as a shopkeeper or a shopper. The importance of retailing could be attributed to its contribution in the employment and GDP of the economy. Around the year 2000 corporate retailing started spreading its legs in India very fast. Prior to it retailing was characterised by small family run businesses. Retailing has evolved as one of the most important and fastest growing industry since more than a decade. The new formats of retailing are backed by corporate power and are characterised by certain predefined parameters.

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The process of globalisation has fuelled the growth of organised retail globally. The revolution in the IT sector has been another contributor to the global growth in organised retail. India is one of the few growing economies which are witnessing growth when most of the other are at slowdown. As per AT Kearney Report 2014 the share of organised retail in India is 8% and it is growing at a decent page. Although slipped down in its position in the Global Retail Development Index, India still remains as one of the attractive destinations for the global retailers. The changes done in the FDI regulations have encouraged the global retailers to strategize their future operations in India along with other such markets.

Growth in the Indian retail market is attributed to urbanisation, privatisation, rising disposable incomes and changing lifestyle of the Indian consumers. India has the largest number of retail outlets in the world. The modern format of retailing has been welcomed and appreciated by the Indian consumers. With the arrival of the modern formats of retailing the earlier ones are now termed as 'traditional stores' or 'mom & pop stores'. Organised retail sector could be distinguished from the traditional retailing clearly on certain parameters. To name a few of them are – pleasant ambience, shopper friendly store design, large size, better assortment of products and the convenience of one stop shopping. This differentiation has attracted the Indian consumers and has pulled them towards the organised retail stores. The organised retail industry has witnessed good success in the last decade but it is still evolving.

Inspired by the success of global retailers the Indian business houses entered the retail business. The presence of Reliance, Tata, Raheja, Birla, etc. in the Indian retail business is because of it along with others like Biyani's. When most of the organised retailers had the taste of success some of them have also failed. Some were very successful in the starting years but could not sustain it in the later years. Some of them were successful in some parts of India but failed in other parts. Almost all retail chains started with multiple numbers of outlets but each of them could not sustain. Reliance, Subhiksha, Spencer and VishalMegamart in some regions was very surprising. It indicated them to be cautious in their approach of not just opening outlets but to also focus on sustainability.

A number of studies have been carried out in many countries on this issue of sustenance for organised retailers.Many studies have also been conducted in different parts of India. Jharkhand being one of the newly formed and growing states of India also witnessed the proliferation of Reliance, Big Bazaar, Spencer and Vishal Megamart with multiple numbers of outlets. Out of them Spencer closed in the starting years only. Vishal has also not been successful. Research studies on this issue lack in theState of Jharkhand. The present study is an attempt to fill this gap of knowledge. This study is an attempt to unfold the factors which influence

the purchase decision of the consumers in this region of India in the changing retail environment.

OBJECTIVES OF THE STUDY

Against this backdrop the research objectives are identified as:

1) Identification of factors influencing the purchase decision of Indian Customers from organised retail.
2) Ranking the factors influencing purchase decision in order of preference by the customers of organised retail.
3) To propose a theoretical framework for the success of organised retail.

LITERATURE REVIEW

While retail sales remains at the highest peak in the history on one hand, the retailers face numerous challenges on the other (Evans & Berman, 2007). Retail has emerged as one of the largest industry worldwide in many countries like USA, UK, Mexico, Poland and Asian economic titans like China, South Korea, Taiwan, Philippines, Malaysia and none other than our own India. The organised retail sector in US generates 17% employment. The employment generated in other countries are-Poland 17%, China 12% and in India around 8% (Lahiri & Samanta, 2010). As per Goldman Sachs, 2005 it is forecasted that the Indian Economic Growth would surpass China by 2015.

The centre of economic gravity of the world is moving to the east, i.e. towards the Eastern Europe and Asia. The Asian market contributes to around 40% of world population covering three time zones and around 20% of the global GDP.The developing markets are able to absorb all types of organised retailers be it global giants like Wal-Mart or small domestic players. The efforts of retailers, potential investors and more importantly the government has to make it happen (Misra & Khan, 2008). The present retail distribution is fragmented with around 12 million players in India. The retail outlets are spread in about 5,000 cities and 6, 00,000 villages across the country. The majority of these are run through small shops of less than 50 square feet size. India is presently seen as a 'Vibrant Economy' which tops in the list of emerging markets (Das, 2011).

The multiple effects of retail on the Indian economy are - employment generation, real estate growth, development of small scale units, development of retail ancillary market, etc. (Aggarwal, 2008). The literature suggests empirical research in the area of category management, service quality, private labels, brand loyalty, success factors for organised retail, store locations and many more. Upsurgingconsumerism, changing lifestyle, increasing access to information and

ever improving technology, made the last decade observe an enormous development in the retail sector around the globe (Lahiri&Samanta, 2010). The retail sector in India is witnessing a tremendous growth with the changing demographics and lifestyles. An improvement could be seen in the quality of life of urban Indian consumers (Krishnan & Venkatesh, 2008). The UPA government had created a positive climate for the retail industry in India. The Indian government allowed 51 percent FDI in multibrand retail in early 2013.

In the recent years huge growth in Indian retail market is due to the high demand of quality products and services that increased the competition among modern retail formats. At the same time the intense competition from the kirana store have necessitated the organised retailers to come up with innovative ways of marketing (Prasad & Aryasri, 2008). The Indian youth population is driving the changes in consumption and spending patterns. With the increasing role of woman in workforce, the modern retailing is gaining more acceptances. The environment created by the modern retailers in their stores, the fast processing, better quality and hygiene and discounts, all of these issues are welcomed and appreciated by the modern housewives (Krishnan & Venkatesh, 2008).

Factors like ease of parking, special offers, best prices, loyalty or benefit card, incentives affect the shopping attitude of customers (Nielson, 1996). In their purchasing consumers look for quality, value and a frictionless shopping experience in totality (Tillman, 2007). Studies on shopper preferences suggest that factors like quality(Ramanathan & Hari, 2011), product variety and convenient timings appear to be the primary impression about the store, consumers carry with them(Sinha& Arindum, 2004). Shoppers prefer a mega mart due to its convenience in terms of space, billing system, product range, multiple choice, etc.(Sonia, 2008). The customers give importance to factors like quality, price and time in their purchase decision (Kaushal & Sanjay, 2011). Purchase decisions are affected by factors like merchandise, proximity, ambience and service as these drive the customers towards the stores (Chavadi & Kokatnur, 2008).

Location convenience is always been preferred by customers (Kar & Nanda, 2011). Convenient location of shops plays an important role in attracting customers and thus increases sales (Lalitha, Kumar, & Padmavalli, 2008). More than 60 percent of the customers perceive that shopping convenience to be good in the organised retail outlets (Dalwadi, Rathod, & Patel, 2010). Price is one of the most important parameter in determining the profitability of the business (Ramaswamy & S, Marketing Management, 2007). More than 60 percent of the customers are of the view that product pricing to be good in the organised retail outlets (Dalwadi, Rathod, & Patel, 2010). Irrespective of how strong is the brand relationship customers do go for price comparisons (Sahay & Sharma, 2010). Prices and product

displays are the main in-store stimuli for the big size retail stores for impulse purchases (Gupta, Heng, & Sahu, 2009).

Purchasing decisions are also affected by the relationship marketing practiced by retailers. Relationship marketing help marketers to understand consumer need and also leads to reducing costs, increasing market share and finally profitability (Shani & Sujana, 1992). By nurturing quality relationship with customer's retail outlets would be able to attract and retain them ever loyal (Prasad & Aryasri, 2008). Store atmosphere, merchandise variety, service, layout and merchandise quality are factors which drive the purchase of store brands from organised retail (Venkateswaran & Mahalakshmi, 2010). Seven important factors namely- appeal, price, variety, brand name, quality, style and referral group affect the purchasing choices of consumers (Lahiri & Samanta, 2010). Fourteen factors namely service augmentation, service differentiation, alert staff, basics, error avoidance, freebies, convenience, sensory appeal, proximity to markets, delightment, superior layout, price, core benefits, visual appeal affect the consumer choice (Kar & Nanda, 2011). The authors identified three prominent factors segregated as quality conscious, time saving conscious and price conscious in the study on shopping mall behaviour (Kaushal & Sanjay, 2011). A desire for a frictionless shopping experience signifies fast shopping, getting the right products easily, and shopping convenience. (Malik, 2012).

RESEARCH METHODOLOGY

Before finalising the questionnaire a pilot study was conducted to legitimise it. The opinion of experts was also taken before arriving at the final questionnaire. In this research we focus upon the factors which influence the purchase from organised retail. Primary data was collected in this study through questionnaires. After a thorough literature review 32 statements were finally taken which reflect the various attributes influencing purchase from organised retail outlets. The respondents were asked to rate the statements on a five point likert scale (from Strongly Agree to Strongly Disagree). The survey has been conducted in the

Table 1
Reliability Statistics

Cronbach's Alpha	*N of Items*
0.835	32

Table 2
KMO and Bartlett's Test

	Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0. 752
Bartlett's Test of Sphericity	Approx. Chi-Square	3463.598
Df	Sig.	464 0.000

different cities of the State of Jharkhand in India. The period of data collection was July - December, 2012. A total of 600 questionnaires were distributed to retail consumers. Filled questionnaires received were 465. SPSS 17 was used to analyse the data. Identification of the relative impact levels and the KMO and Bartlett's test of Sphericity were done.The data reduction technique of 'Factor Analysis' was used to identify the factors influencing the purchase from organised retail.

DISCUSSION ON RESEARCH FINDINGS

Cronbach's Alpha: A value of 0.835 for Croanbach Alpha indicates the reliability and validity of the construct. The value is much higher than minimum acceptable value of 0.7.

KMO Measure of Sampling Adequacy: As the KMO test value is 0.752 which is more than 0.5 it indicates that we can go for factor analysis.

Bartlett's Test of Sphericity: Since the Chi-Square value is higher, i.e.–3463.598 and significance level is 0.000 it means we can definitely go for factor analysis.

Table 3 presents the 32 variables on which the preferences of the respondents were taken and were finally extracted into eleven factors. Eleven factors extracted have been clubbed and named as shown in Table 4. The extracted factors support the work of researchers done earlier. Let us have a brief look on the extracted factors as named. Table 4 shows that the first factor is a clubbing of 5 variables, the second factors has 4 variables, the third, seventh and tenth factor has 3 variables each, the fourth, fifth, sixth, eighth, ninth and eleventh factor has 2 variables each. Let us have a lookon the extracted factors in order of their preference.

Basics: Among the extracted it has received the highest importance.The five variables clubbed in this factor signify the basic facilities expected by the consumers in the modern formats of retailing. An improvement could be seen in the quality of life of urban Indian consumers (Krishnan & Venkatesh, 2008). This improvement in the quality of life at work and home is changing the expectations of the customers.The increasing sophistication in the shopping habits of Indian customers is supporting the emergence of organised retail. The changing taste and preferences is leading to a radical transformation in the lifestyle and spending patterns. This is further increasing the business scope for organised retailers (Das, 2011).This factor 'Basics' has earlier been advocated by authors to deliver a good selling experience in the organised retail.It was one of the fourteen extracted factors in the study titled 'Relationship marketing and Indian shoppers' (Kar & Nanda, 2011).

Service: Service has emerged as the second most important factor in the study. Customers receive relational benefits from service relationships (Gwinner, Gremler, & Bitner, 1998). Good Customer Service leads toattract a larger customer base and

Table 3
Rotated Component Matrices of 32 Variables (Loading Criteria>0.4)

Variable	*Component*										
	1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*
Buying Goods is cheaper here						.811					
I Save money in bulk purchases						.632					
The Stores are conveniently located							.653				
Complete Shopping under one roof							.609				
Personal Attention to customers								.684			
Courteous Staff to customers				.466				.524			
It accommodates all class of buyers											
Free Alteration									.788		
Free Gift Packaging Facility					.430				.504		
Shopper Friendly Store Design										.727	
Child care facility										.492	
The trial rooms are safe									.406	-.415	
Different Payment Options are available											.739
Membership cards offer additional benefits											.640
Quality of goods provided are trustworthy from a renowned outlet											
Washroom Facility	.778										
They inform in advance about new schemes through sms&/or email	.500										
Good condition of trolleys	.441										
Neat Appearance of staff	.582										
Spacious trial rooms	.578										
Outlets name carry added weightage		.540									
Too many are coming here so I also came		.701									
I was attracted by advertisements and sales promotions		.652									
Buying here Increases social recognition		.639									
Customer Relationship			.665								
Management practices are good											
Exchange Facility			.609								
The billing procedures are faster			.593								
Convenient Timings of the stores											
More options available in products				.754							
Better Assortment of Products				.493			.406				
Pleasant Shopping because of good parking facility					.697						
Pleasant Shopping because of good ambience					.649						

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization; a. Rotation Converged in 25 Iterations

Table 4
Extracted 11 Factors with Eigen Values and Names (Loading Criteria>0.4)

Factor	*Factor Statement*	*Factor Loading*	*Eigen Values*	*Naming of Factors*
1	They inform in advance about new schemes through SMS &/or email	0.500	17.353	BASICS
	Good condition of trolleys	0.441		
	Neat Appearance of Staff	0.582		
	Washroom facility	0.778		
	Spacious Trial Rooms	0.578		
2	Outlets name carry added weightage	0.540	7.184	BRAND
	Buying here increases social recognition	0.639		
	Too many are coming here so I also came	0.701		
	I was attracted by advertisements and sales promotions	0.652		
3	Exchange Facility	0.609	5.748	SERVICE
	The billing procedures are faster	0.593		
	Customer Relationship Management practices are good	0.665		
4	More options available in products	0.754	4.693	VARIETY
	Better Assortment of products	0.493		
5	Pleasant shopping because of good ambience	0.649	4.469	SHOPPING EXPERIENCE
	Pleasant shopping because of good parking facility	0.697		
6	Buying goods is cheaper here	0.811	4.204	PRICE
	I save money in bulk purchases	0.632		
7	The stores are conveniently located	0.653	3.980	CONVENIENCE
	Complete Shopping under one roof	0.609		
8	Courteous staff to customers	0.524	3.868	SUPERIOR SALES STAFF
	Personal Attention to customers	0.684		
9	Free Alteration	0.788	3.628	FREEBIES
	Free Gift Packaging	0.504		
10	The trial rooms are safe	-0.415	3.291	SUPERIOR STORE AMENITIES
	Child Care facility	0.492		
	Shopper friendly store design	0.727		
11	Membership cards offer additional benefits	0.640	3.137	ADDITIONAL BENEFITS
	Different payment options are available	0.739		

also an improved level of consumer satisfaction (C & Hariharan, 2008). Organised retailer should implement value-added services for delivering a pleasant shopping experienceto customers (Ramanathan & Hari, 2011). Competitive Superiority of

the retailer from other firms involves attributes like order completeness, response to faults, consistent performance, exceptional requests and services, and data request (Karadeniz, 2010).Earlier researchers have advocated the importance of services and the same has also been advised as an important factor which affects the purchasing decision from organised retail.

Brand: From Table 4 it could be viewed that brand is an important factor. Brand management is an important contributor in the survival and success of products and organisations (Lalitha, Kumar, & Padmavalli, 2008). It is important to understand that the battle in the marketplace is between brands and not between organisations. Consumers buy brands which generates income. So, building a strong brand becomes very necessary for organisations (Ramaswamy & Namakumari, 2007). This could be done by identifying your competitive advantage and regularly persuading the customers through advertising for the same (Banerjee & Banerjee, 2000). Advertisements play a limited role in influencing the purchase of branded products (Lalitha, Kumar, & Padmavalli, 2008). In the starting years the organised retail stores had a high traffic because purchasing from there was not only added comfort and convenience but also increases social recognition. The present study results on brand supports the views of earlier researchers as mentioned above.

Convenience: This is another factor which has received importance in the present study. In the present Indian lifestyle customers do attach high importance to this factor. In a study on shopping orientations in the evolving Indian market the author observed that the shopper's preference for a store which is near and could be approached easily and frequently poses a big challenge in the present retail scenario (Sinha, Banerjee, & Uniyal, 2002). Location convenience is has always acted as an important driver for the preference of a retail outlet by customers for purchasing (Kar & Nanda, 2011). Authors deduced that factors like apathy, convenience, enjoyment, shopping as a routine activity and as an event to govern the shopping attitudes of customers (Chetthamrongchai & Davies, 2000). The location of the retail outlets plays an important role in attracting customers and adding convenience (C & Hariharan, 2008). The importance ofconvenience has been expressed by earlier researchers as a factor affecting purchase from an organised retail outlet and the same been justified in this study.

Variety: Product variety creates the primary impression about the store consumers carry with them (Banerjee & Dasgupta, 2010). It is an important driver which definitely influences the purchase decision of consumers. Retailers must have the best assortments which should be sold in consistency with the overall strategy (Chandra & Pattanayak, 2012). Product range and multiple choices act as important determinants for preference of Mega Marts (Sonia, 2008).The variety

which customer gets in a retail store affects the purchasing decision and helps in increasing their customer base. So it needs to be addressed with the right mix of merchandise (Krishnan & Venkatesh, 2008). Organised retail organisation must offer a better product mix and should possess an assortment strategy to target the consumers according to their income group (Ramanathan & Hari, 2011). Researchers have highlighted the role of product variety as an important parameter and our factor analysis results also support the same for the purchase from organised retailers.

Price: As sales volume is dependent on price to a certain extent, the latter becomes the key to the revenue for an organisation. Price is one of the most important parameter in determining the profitability of the business(Ramaswamy & S, 2007). Retailers have to adjust with the razor thin margins because of the price sensitive Indian customers (Vijayraghavan & Ramsurya, 2007). It becomes essential for the retailers to sharpen their pricing skills in order to survive in this competitive environment (Banerjee & Banerjee, 2000). Pricing shouldbe focussed from the point of view of supporting the positioning of the organisation and should also generate the expected return on investment (Berman & Evans, 2007). Retailers need to go continuously involved in innovative pricing so that it becomes very tough for the customers to resist. Special pricing do have a good impact on the customers purchase decision process. (Patil & Vedak, 2011). It could be observed from the above studies that price is one of the crucial determinants of sales and the same has also been reflected in the present study results.

Shopping Experience: A good shopping experience has led to increasing traffic towards the organised retail outlets. Authors viewed that shopper's attach importance to ambience and facilities at the store(Sinha, Banerjee, & Uniyal, 2002).Consumers look for quality, value and a frictionless shopping experience in totality (Tillman, 2007). Hassle-free parking attracts more customers (C & Hariharan, 2008). Store ambience does have an effect on sales (Gupta, Heng, & Sahu, 2009). The mall managers should highlight facilities of anchor stores and entertainment along with parking facility, easy accessibility, pleasant ambience, spacious floors and food courts, elevators, etc. to create an attractive image so that customer traffic could be enhanced and result in more sales for retailers(Khare & Prakash, 2010). As could be seen that shopping experience is mentioned by authors as an important driver for increasing customer traffic and sales the result of the present study also justifies it.

Superior Sales Staff: The factor has Superior Sales Staff because is a clubbing of variables 'personal attention to customers' and 'courteous staff to customers'. Employees have been considered as the best resource for any type of organisations be it a manufacturing or service and the factor analysis also highlights it. Efforts

to stay in touch with customers are identified as key determinants of relationship enhancement in retailer-customer relationship (Bajaj, Tuli, & Srivastava, 2005). Managers and marketers of retail store services in particular and service organisations in general should recognise the essence of sales force management practices to serve their employees as well as customers satisfactorily. It becomes essential for them in their efforts to deliver superior value to customers and manage customer relationship in a more effective manner (Prasad & Aryasri, 2008). Good service and good selling helps in enhancing, retaining and cementing relationship resulting in relationship management which finally leads to competitive advantage for the firm and higher purchases (Kar & Nanda, 2011). The authors indicate that alert staff helps in building this relationship by being courteous and giving personal attention to the customers. The present study also supports the same notion.

Freebies: This factor has been named as Freebie because of the clubbing of the statements 'Free Gift Packaging' and 'Free Alteration'.Customers are interested in anything which is provided free and this helps them in arousing them to go for purchases. Although highlighted as an important feature by many researchers it has not gained place in most of the empirical studies. In the study titled 'Relationship marketing and Indian shoppers' the role of freebies has been emphasised by the authors. Authors have mentioned it helps in creating a competitive advantage for the retailers which affects the consumer purchase decision. It was one of the fourteen extracted factors in his study (Kar & Nanda, 2011). The same notion has been expressed and supported in the result of the present study.

Superior Store Amenities: The factor has been given the name Superior store amenities because it represents the clubbing of the factors 'safe trial rooms', 'shopper friendly store design' and 'child care facility'. These variables have been considered by researchers in their studies earlier also. The growth of organised retail contributes to fulfil the expectations of an average Indian who likes to spend time on leisure every day (Banerjee & Dasgupta, 2010). The authors observed that shopper purchasing decisions are importantly influenced by ambience and facilities provided by the retail stores (Sinha, Banerjee, & Uniyal, 2002). The objective of the retailers is to attract more number of customers through various benefits and store amenities (Das & Kumar, 2009). The author says that purchase decisions of the customers are influenced by many factors; 'Superior Layout' was named as one of the important extracted factor. Authors advocate that it helps in creating a competitive advantage for the firm. Authors have also highlighted the role of safe trial rooms in gaining the confidence of customers for the stores (Kar & Nanda, 2011). The present study views superior store amenities as an important factor in

shifting the preference of customers towards the organised retail and thus goes in accordance with the view of earlier researchers.

Additional Benefits: The statements 'membership cards provide additional benefits' and 'different payment options' is represented by this factor. For light buyers loyalty program acts as a medium to broaden their relationship with the retailers into other business areas (Yuping, 2007). Author has advocated factors like ease of parking, special offers, best prices, loyalty or benefit cards, and incentives affect the purchasing attitude of customers (Nielson, 1996). For delivering superior value retailers organise customer clubs and loyalty programs in order to serve them effectively and manage customer relationship more effectively(Prasad & Aryasri, 2008). The youth population is very much open to the concept of credit (Banerjee & Dasgupta, 2010) and this has resulted in increased sales for organised retailers. Although another study highlights that majority of the people prefer the cash payment mode (Dalwadi, Rathod, & Patel, 2010). The results in the present study support the importance of membership cards and plastic money which has increased the payment options for customers and has particularly increased the impulse purchases.

CONCLUSION

Organised retailing is at a fascinating crossroad globally and is thriving to create a customer-friendly environment. The Indian retail market is also blowing the global wind flow. The present study brings out the factors which influence purchase decisions from organised retail in India. The factors extracted in the present study in order of ranking are basics, brand, service, variety, shopping experience, price, convenience, superior sales staff, freebies, superior store amenities, and additional benefits. Retailers should focus on these factorsif they want to affect the purchase decision of customers in their favour. It would help in ensuring a sustainable future for the organised retailers.

RECOMMENDATIONS

Based on the results of the present research the following recommendations could be made:

- Instead of having a uniform strategy throughout the stores in India organised retailers should try to customise their products to the local needs which are unique. This could be achieved by developing a deeper insight about consumer preferences.
- Out of the eleven factors extracted the factor BASICS, BRAND and SERVICE have emerged as the top three important factors which needs to be highly focussed by organised retailers.

LIMITATIONS

The present analysis is based on the questionnaires which were filled by residents in the cities of the state of Jharkhand only. A bigger sample and broader market coverage would help in generalising the results in a better way for India. The interpretation is based on the data collected during July 2012 – December 2012.

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