ABSTRACT

Liberalization of economy in the nineties and entry of large players in the retail business have brought the Indian retail industry into spotlight. With some 15 million retail outlets, India has the highest retail density in the world. Thus, India is popularly referred to as “nation of shopkeepers”. In recent years, corporate retailing in India is witnessing considerable growth. A number of large domestic business groups have entered the retail trade and are expanding their operations aggressively. Having studied the relevant literature and preliminary data gathered, the researcher thought it would be best to conduct an extensive research to understand the impact of corporate retailing on consumers. This study is confined to three major retail segments namely, food and grocery, fashion and accessories and pharmaceuticals. In order to collect primary data for the purpose of the study, multi-stage sampling technique is adopted and the sample consists of 450 consumers of the 3 corporate retailers. As an essential part of the study, the primary data were collected from 450 consumers with the help of exit interview for a period of 6 months from May 2013 to October 2013. The secondary data were collected mainly from journals, magazines, government reports, books and unpublished dissertations. Absence of private label brand, inadequate visual merchandising, poor reply on enquiry and inadequate advertisement are the problems of the consumers ranging from 42.67 per cent to 54 per cent with the corporate retail outlets in Kerala. Incompetent sales personnel, undue delay in billing, absence of customer database and inadequate sales promotion are the problems of the consumers ranging from 58.67 per cent to 71.33 per cent with the corporate retail outlets in Kerala. Based on the results of the surveys, the study has made a number of specific policy recommendations for effective functioning of the corporate retail outlets.

Keywords: Corporate retailing, organized retail outlets, shopping behaviour of consumers, retailing, etc.

Introduction

Globalization and liberalization of the Indian economy has increased competition and resulted in creating new markets. Liberalization of economy in the nineties and entry of large players in the retail business have brought the Indian retail industry into spotlight. In the retail arena, new emerging markets such as India and China are replacing saturated western markets. Over the last few years, India is experiencing a revolution in the retail market. The retail sector is at an inflexion point, with many enabling conditions coming into existence viz. favourable demographics, rising consumer incomes, real estate developments especially with emergence of new shopping malls, availability of better sourcing options both from within India and overseas, and changing lifestyles that bring the Indian consumers closer to the consumers in more developed markets. The organized retail sector has been witnessing winds of changes in the last couple of years. Malls and large-size department stores have become a fixture in the urban landscape across the country. With some 15 million retail outlets, India has the highest retail density in the world. Thus, India is popularly referred to as “nation of shopkeepers”. However, only 4 per cent of these outlets are more than 500 square feet in size. In the name of retailing, the unorganized retailing has dominated the Indian landscape so far. With rapid urbanization, and changing patterns of consumer tastes and preferences, it is unlikely that the unorganized outlets will survive the test of time. Despite the large size of this market, very few large and modern retailers have established specialized stores for products. India is a land of retail democracy. Hundreds of thousands of weekly haats and bazaars are located across the length and breadth of the country by people’s own self-organizational capacities. India has the highest shop density in the world, with 11 outlets per 1000 people. This does not include the village haats. Indian retail market is very large as well as swelling. The huge
scopic and vast potential for the prosperity of organized retailing are also increasing day by day. Retailing in India is gradually inching its way to becoming the next boom industry. Modern retail has entered India as seen in sprawling shopping centres, multi-storied malls and huge complexes offer shopping, entertainment and food all under one roof. In the post-liberalization period, fuelled by a fast growing information technology and other economic forces, the retailing sector in India is transforming rapidly. The post-liberalization era witnessed new wave of entrants in the sector with large conglomerates like Tatas, the RPG Group, Rahejas and the Piramals investing in the sector. Various other behemoths of the Indian corporate sector like the Birlas, the Hero Group and Reliance have expressed their intention of joining the Indian retail foray. Hero Group has recently declared its plan to enter retailing by opening retail stores on the lines of 7-11 stores. The Birlas have marked their presence by acquiring Madura Garments, while Reliance plans to develop its retail venture and fuel retail network simultaneously. Even the public sector oil companies like HPCL, IOCL and BPCL realized their potential for entering into retailing by leveraging their supply chain network.

Corporate Retailing

Corporate retailing means a single concentration of capital in one or a few companies and controls the entire 'system of provision', from production through distribution and consumption. In recent years, corporate retailing in India is witnessing considerable growth. A number of large domestic business groups have entered the retail trade and are expanding their operations aggressively. Several formats like hypermarkets, supermarkets and discount stores are being set up by big business groups. Over the last few years, Indian retail has witnessed rapid transformation and the consumers are evolving and accepting modern retail formats. Entry of the corporate houses in the retail market is popularly perceived to be a part of economic growth. The increasing participation of the private sector is considered as one of the instruments of economic growth and job creation. Entry of the corporate houses into the retail market is a part of the delicensing policy which was started in 70s. Before the 70s most of the industrial production was handled by the public sector. Corporate retail business is perhaps the best news for India's retail revolution. The main advantages of corporate retailing are: lower prices; wider range of products; higher and more consistent quality; and convenience and saving of time. Companies like Bombay Dyeing, Raymond and Grasim from the textiles sector were the first ones from the corporate world to step into the retailing by opening their own outlets. Titan's is another successful story of a corporate creating a great retailing concept, by establishing a series of elegant watch showrooms across the country.

Statement of the Problem

India’s retail sector represents two sides, both optimism and skepticism. To the optimists, India’s retail market opportunity is unchallenged with huge, untapped middle market, critical to any company with global aspirations. Consumer spending has risen sharply as the youth population has seen a significant increase in its disposable income. On the other hand to the skeptics, India is still too poor by global standards, with 29% of the population below the poverty line; 70% of these people reside in rural areas; 86% of the population live under $2 per day. This is providing opportunity for mass-market retailers to rush in. Several challenges have emerged that could potentially slow the pace of growth for new entrants viz. stifling regulations, soaring real estate prices and fiercely competitive domestic retailers. Broadly speaking, both the optimists and skeptics are right. The emergence of new trends in retailing is a significant event in the Indian marketing scenario. Besides, the Indian retail scene has witnessed too many players in too short a time, crowding several categories without looking at their core competencies or having a well thought out branding strategy. The most important debate concerning the implications for the expansion of the organized retailing in India revolves around whether it is going to have positive impacts on the economy as a whole as compared to the traditional unorganized form of retailing. One such major change was allowing large scale retailers, chain shops and department stores to operate and promote a large scale marketing activity. The growth of corporate retailing is having a direct bearing on marketing environment and changes in the marketing system.

The corporate retailers started attracting in the name of promotion, not only high class people but also middle class and lower middle class with some entertainments and fun to have along with shopping and also showing some attractive offers and benefits. So people started flowing towards the corporate retail shops. The most appealing argument in favour of the entry of the corporates in the retail market is that the “consumer will benefit”. The changed shopping outlets are seeing success due to fair pricing, large assortments, supported by large moving spaces, self-services, free packing, and the idea of getting everything under one roof has conquered customers. Today’s price sensitive, time-starved customers are looking not only for the best deal but also a convenient and user friendly shopping experience at corporate retail outlets. Having studied the relevant literature and preliminary data gathered, the researcher thought it would be best to conduct an extensive research to understand the impact of corporate retailing on consumers. Therefore, how do the consumers view the corporate retail outlets in the emerging India? How do they perceive the impact of these corporate retail formats? To answer these questions, the researcher has made an attempt to find out the impact of corporate retailing on consumers in the state of Kerala.

Objectives of the Study

The study has the following secondary objectives:

1. To assess the impact of corporate retail outlets on the consumers in Kerala.
2. To offer suitable suggestions for the effective functioning of corporate retail outlets in Kerala based on the findings of the present study.
Testing of Hypotheses

In order to examine the perception of the consumers towards the impact of corporate retailing, the following null hypotheses were formulated and tested:

- $H_{01}$: There is no significant association in the satisfaction levels of the consumers belonging to different socio-economic profiles towards working of corporate retail outlets in Kerala.
- $H_{02}$: There is no significant difference between the average amount spent per purchase by the consumers at the unorganized retail outlets and corporate retail outlets.
- $H_{03}$: There is no significant relationship among the acceptance levels of the consumers belonging to different demographic profiles towards impact of corporate retail outlets in Kerala.

Scope of the Study

This study is confined to three major retail segments namely, food and grocery, fashion and accessories and pharmaceuticals. These three retail segments cover nearly 55 per cent of retail business in recent years. The present study is restricted to three corporate retailers, namely Reliance Fresh, Megamart and Himalaya Drug. In the present work, the most common aspects namely, consumers’ motivating factors to prefer corporate retail outlets, their satisfaction level with the working of corporate retail outlets, and the perceived impact of the consumers towards corporate retail outlets are mainly emphasized.

Sampling Design

In order to collect primary data for the purpose of the study, multi-stage sampling technique is adopted. At the first stage 3 municipal corporations namely, Calicut, Cochin and Trivandrum were selected randomly. In the second stage, from each location, three major retail segments namely, food and grocery, fashion and accessories and pharma were selected. Moreover, three different corporate retailers namely, Reliance Fresh, Megamart and Himalaya Drug were chosen out of the retail segments selected. Thus, for the survey of consumers, the study interviewed 9 corporate retail outlets, of which 3 are food and grocery stores, 3 are fashion and accessories and 3 are pharma shops. In the final stage, from each of the retail outlets, 50 consumers were selected on the purposive basis for the study. Therefore, the sample consists of 450 consumers of the 3 corporate retailers. The following table shows the sampling distribution of the present study.

<table>
<thead>
<tr>
<th>Name of the Corporation</th>
<th>Reliance Fresh</th>
<th>Megamart</th>
<th>Himalaya Drug</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Retail Outlet</td>
<td>No. of Consumers</td>
<td>No. of Retail Outlet</td>
<td>No. of Consumers</td>
</tr>
<tr>
<td>Calicut</td>
<td>1</td>
<td>50</td>
<td>1</td>
</tr>
<tr>
<td>Cochin</td>
<td>1</td>
<td>50</td>
<td>1</td>
</tr>
<tr>
<td>Trivandrum</td>
<td>1</td>
<td>50</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>3</td>
<td>150</td>
<td>3</td>
</tr>
</tbody>
</table>

Tools for Data Collection

The present study is empirical in character, based on survey method. The first-hand information for this study was collected from the select corporate retail outlets. As an essential part of the study, the primary data were collected from 450 consumers with the help of exit interview for a period of 6 months from May 2013 to October 2013. Taking into consideration the objectives of the study, an interview schedule was constructed based on Likert scaling technique. Pre-testing of interview...
schedules was done during April 2013, involving 25 consumers to know the relevance of the questions. The secondary data were collected mainly from journals, magazines, government reports, books and unpublished dissertations.

Framework of Analysis

The ultimate objective of the study is to examine the perceived impact of consumers towards corporate retailing in Kerala. In order to study the perception of the consumers, chi-square test, multiple regression analysis, paired t-test, student t test, analysis of variance, analysis of co-efficient of variation, factor analysis and percentage analysis have been employed. To arrive at possible solutions, simple percentage analysis is also employed in this study.

Findings

1. Price, quality of products, one stop shopping and customer relationship are the factors influencing the respondents to prefer corporate retail outlets at 21.33%, 24%, 27.56% and 36% respectively. 44%, 48.22%, 50% and 53.78% of the respondents prefer corporate retail outlets because of service quality, availability of more brands, more variants and freedom in choosing brands respectively.

2. There is no significant association between the satisfaction levels of the respondents belonging to different genders, age groups, educational status groups, occupations, monthly household income groups and different corporate retail outlets towards working of corporate retail outlets in Kerala.

3. Female respondents, respondents in the age groups 46-55 years, respondents having primary education, students, respondents who have monthly household income Rs.15001-25000 and consumers of Reliance Fresh are highly satisfied with the working of corporate retail outlets in Kerala.

4. There has been a low degree of correlation (0.052) between the personal variables and satisfaction with the working of corporate retail outlets. The R square indicates that 0.30 per cent of variation in satisfaction towards working of corporate retail outlets is explained by all personal variables taken together. The F value indicates that the multiple correlation coefficients are not significant. Gender, age, educational status, and monthly household income have no significant effect on the respondents’ satisfaction with the working of corporate retail outlets in Kerala.

5. There exists a significant difference in the average amount spent per purchase in the unorganized food and grocery store and Reliance Fresh retail outlet. The consumers spent on an average of Rs.344.38 as extra while purchasing at Reliance Fresh retail outlet in Kerala.

6. A significant difference is found between average amount spent per purchase in the unorganized fashion and accessories store and Megamart retail outlet. The consumers saved, on an average, Rs.327.03 while purchasing at Megamart retail outlet in Kerala.

7. There is no significant difference in the average amount spent per purchase in the unorganized medical store and Himalaya Drug. The consumers saved, on an average, Rs.7.09 while purchasing at Himalaya Drug in Kerala.

8. There is no significant relationship among the respondents belonging to different genders, age groups, educational status groups, monthly household income groups, occupations and retail outlets towards the impact of corporate retail outlets in Kerala.

9. Male respondents, respondents in the age group 46-55 years, respondents having Diploma/ITI qualification, respondents belonging to monthly household income upto Rs.15000, students and consumers of Megamart have higher acceptance level towards the impact of corporate retail outlets in Kerala.

10. There exists consistency in the acceptance level of male respondents, respondents belonging to 36-45 years, respondents who have degree qualification, respondents who have a monthly household income of above Rs.45000, employed category and consumers of Megamart towards the impact of corporate retail outlets in Kerala.

11. There has been a low degree of correlation (0.061) between the personal variables and acceptance with the impact of corporate retail outlets. The R square indicates that 0.40 per cent of variation in acceptance towards the impact of corporate retail outlets is explained by all personal variables taken together. The F value indicates that the multiple correlation coefficients are not significant. Gender, age, educational status, and monthly household income have no significant effect on the respondents’ acceptance towards the impact of corporate retail outlets in Kerala.

12. In regards to various criteria that contribute to the impact of corporate retail outlets, the majority of the respondents (40.88%) partially agree, followed by agree (33.78%) and disagree (25.33%). The average acceptance score reveals that the respondents have higher acceptance (2.20) towards the role of corporate retail outlets in increasing the social status of the consumers, followed by its role in saving customers’ time (2.14). In case of saving money, the respondents have lower acceptance level towards corporate retail outlets (2.01).
The result of factor analysis technique is applied in this study to find out the underlying dimensions in the set of statements relating to the level of acceptance towards various operations of the corporate retail outlets. The 50 variables in the data were reduced to 9 factor model, which include shopping environment, product range, customer orientation, accessibility, product navigation, schemes and offers, compliant management, attitude of sales persons and entertainment.

In regards to various operations of the select retail outlets, complaint management, shopping environment, product navigation, product range and entertainment stand at the first, second, third, fourth and fifth places with a mean score of 3.83, 3.77, 3.74, 3.72 and 3.70 respectively. Customer orientation, schemes and offers, accessibility and attitude of sales persons stand at the sixth, seventh, eighth and ninth places with a mean score of 3.65, 3.59, 3.56 and 3.26 respectively.

Absence of private label brand, inadequate visual merchandising, poor reply on enquiry and inadequate advertisement are the problems of the consumers ranging from 42.67 per cent to 54 per cent with the corporate retail outlets in Kerala. Incompetent sales personnel, undue delay in billing, absence of customer database and inadequate sales promotion are the problems of the consumers ranging from 58.67 per cent to 71.33 per cent with the corporate retail outlets in Kerala.

Suggestions

1. A private label can add significant value when it is well-recognized and has built positive association in the minds of the consumers. Therefore, the corporate retail outlets have to provide more assortments for private label brands to compete with suppliers’ brand.

2. The corporate retail outlets have to give more emphasis on display, visual merchandising, lighting, signages and specialized props. The merchandise presentation ought to be very creative and displays are often on non-standard fixtures and forms to generate interest and add on attitude to the merchandise.

3. The corporate outlets can create awareness about the offering among the target consumers in a number of ways such as advertising, buzz market, celebrity endorsement, and use of print media, press releases, and viral marketing. Once the message is conveyed, the corporate retail outlets must add a personal touch to their message by carrying out door-to-door campaign in order to reinforce the message.

4. The corporate retail outlets must ensure that sales personnel have sufficient knowledge of the products offered, and also must be capable of handling complaints. They must also exhibit willingness to handle returns, and should be available for advice or clarification. Overall, the corporate outlets must ensure courteous behaviour of sales personnel. Well mannered and helpful staff can always lead to store patronage decisions.

5. The corporate retail outlets should work on having multiple payment options like cash, credit cards, debit cards, and so on to facilitate consumers.

6. In order to appeal to all classes of society, corporate retail outlets would have to identify with different lifestyles and socio-economic strata of the consumers and respond to their respective requirements and shopping patterns. So as to satisfy the consumer needs, the corporate retail outlets must have a thorough understanding of how consumers make store choice and purchase decision. Perceptual mapping of the consumers provides some valuable insights into the process and therefore is useful for the store management decision making. For this purpose, the select corporate retail outlets shall update database at least for high-valued consumers.

Conclusion

The Indian retail sector is witnessing a huge revamping exercise as the traditional retailers are making way for new formats. When India opened its economy to the global marketplace in the early 1990’s, many multinational corporations rushed in to pursue their middle-class consumers. International exposure and availability of products and brands communication are the attributes that are driving the organized retail in India. India emerges as one of the most potential markets for global brands and retailers and retail reinvents the way modern Indians celebrate their spending power. The dynamics of the demographics, double income, urbanization and internet revolution are the factors contributing to retail growth in India. The attitudinal shift of the Indian consumers and the emergence of organized retail formats have transformed the face of retailing in India. As a consequence, Indian corporate houses are refocusing their strategic perspective on retail marketing with the idea to use resources optimally in order to create core competence and gain competitive advantage. In the present study the focus has been completely on this segment and its impact on consumers. The results of the study reveal that absence of private label brand, inadequate visual merchandising, poor reply on enquiry, inadequate advertisement, incompetent sales personnel, undue delay in billing, absence of customer database and inadequate sales promotion are the problems of the consumers with the corporate retail outlets in Kerala. Based on the results of the surveys, the study has made a number of specific policy recommendations for effective functioning of the corporate retail outlets.
References


