

To Build A Model For The Determination Of Factors That Result In The Success Of The Organized Retail Sector In India And Analyzing Its Relative Importance (With Reference To Fast Food Chains And Grocery And Vegetable Outlets)

* *Ruchi Malik*

INTRODUCTION

The retail sector is expanding and modernizing rapidly in line with India's economic growth. The international consulting firm, A.T. Kearney, annually ranks emerging-market economies based on more than 25 macroeconomic and retail-specific variables through their Global Retail Development Index (GRDI). India tops the list of the most attractive retail destination, followed by Russia and China. Last year, India was at the second position. India has been ranked as the number one, indicating that the country is the most attractive market for global retailers to enter. The high economic growth during the last few years has raised disposable incomes rapidly, favourable demographics have placed incomes on the younger population with less dependency, and urbanization are some of the major factors fueling the Indian retail market.

India's consumer market is massive, yet it remains virtually untapped by major multiples. Much of the country's retailing sector is made up of small, family-run operations, and is classified as *unorganized*. However, there are signs of a shift toward shopping malls, department stores and hypermarkets, and commentators fear that many of the smaller operators will disappear if the trend is exacerbated by the arrival of foreign giants (Dickinson, 2005). Major industrial houses have entered this area and have announced very ambitious future expansion plans.

There is a heated debate on the impact of the organized retail sector on the economy. Some argue that growth of organized retail is likely to have a positive impact not only on end consumers, but also on employment generation, supply chain efficiency, agricultural practices, outsourcing from India, etc.; while others say that it might have an adverse impact as it is the roadblock for the *kirana* stores. The above debate notwithstanding, one must realize that mere liberalization of the organized retail sector may not ensure its success. The success of the retail sector itself is contingent upon many factors. This study focuses on these factors and in particular, it tries to determine the role of marketing in the success of organized retail in India.

REVIEW OF LITERATURE

To begin with, organized retailing is a phrase used in the industry to differentiate the new retailers, with institutionalized systems and procedures, from the traditional retailers, where the operations are person/owner dependent and there is a problem of scalability. Very few authors have tried to define it. In the words of Nandini Chatterjee (2005), "*Organized retail can be defined as any organized form of retail or wholesale activity, which is typically a multi-outlet chain of stores or distribution centers run by professional management.*"

Organized retail may be available across different segments that include food and grocery, health and beauty parlours, apparel and footwear, furniture and household goods, entertainment and jewellery. It may also look at various alternative means of selling. They include kiosks, home-shopping, internet retailing, service stations, vending and direct selling. Retail sectors in India fall into three categories. The first, "*ready-to-go*", comprises of several subcategories in which determined retailers can build positions immediately because ease of sourcing, the proliferation of products, and consumer acceptance have reached a level that permits the exploitation of advantages of scale and range. These ready-to-go sectors include dry groceries (grains and cereals, packaged foods, toiletries, and household items), electronics, certain kinds of men's clothing, books and music, and shopping malls. This category is

* Assistant Professor, Apeejay School of Management, Sector 8, Institutional Area, Dwarka, New Delhi -110075.

E-mail : ruchimalik2@gmail.com

further followed by Shape/Adapt and Wait-and-Watch category. In the Shape/Adapt category, we have personal-care products, women's apparel, food chains and furniture. This category has to identify and build a differential element for customer attraction and retention. The last category i.e. Wait-and-Watch category comprises of liquor and pharmacy retail, which has not gained much momentum in terms of supply chain sophistication and customer readiness (Fernandes, Gadi, Khanna, Mitra, and Narayanswamy, 2000). This category identification would help retailers in terms of better understanding of customer personality traits. The study by Sinha and Uniyal (2007) found that the segments were differentiated largely on the basis of the type of products the stores sold and the format of the stores. It also suggested that in an evolving market situation, where the manufacturers' brands constitute a major portion of the merchandise, a store could add value through store format design to create differentiation in the market place and mould the behaviour of the shoppers to its benefit.

Retailing is one of the most active and attractive sectors of the last decade. While the retailing industry itself has been present through history in our country, it is only the recent past that has witnessed so much dynamism in India (Chandrasekhar, 2001). The emergence of retailing in India has more to do with the increasing purchasing powers of the buyers, especially post liberalization increase in product variety and brand popularity (Prakash, 2007). The key to success for the Indian retailer is to know the consumer. In order for a retailer to successfully gain market share in India's economy, they must first understand the Indian consumer, and be able to adapt to the Indian consumer. Indian customs, traditions, and culture vary greatly from the countries many of the foreign retailers are tailored to (Hanson, 2006). In fact, the literature suggests that consumers today are more global in their thinking, which they have experienced with the changing retail scenario (Prakash, 2007). There are several studies analyzing the factors that make a retail outlet more attractive and affect consumer-buying intention. Some of the studies are looking at only one of the factors, while others study the effect of multiple factors. Today, retailers face new challenges in satisfying customers because they form diversified groups resulting from demographics, lifestyles and value systems. So, the retailers who would gain a deeper understanding of select segments can be more successful, and one of the defining points for a successful shopping experience is the service (Morrison, 2007). Other drivers for modern retail are price, expanding product assortment, differentiating service, enhancing store ambience (Joseph, Soundarajan, Gupta and Sahu, 2008) and value for money image (Chandrasekhar, 2001). Another important parameter that is examined is the impact of loyalty programs on the consumers' usage levels and their exclusive loyalty to the firm (Liu, 2007). It is also important to formulate specific strategies on marketing, merchandising, in-store promotion, customer service and business operations in order for the retail stores to be successful. There is tremendous opportunity to enhance the scope of in-store promotions and to capture the information at the most disaggregate level. A deeper understanding of the drivers of in-store sales will help retail store managers plan their space utilization more effectively, in conjunction with the most appropriate marketing programme. Literature suggests that it is important to invest in an initial period of testing various innovative marketing options, and recording them religiously, such as one would do in conducting a pilot test programme. After the initial phase of testing, managers would have a sufficiently large information base to fine tune their programmes according to the market needs. Retailers also have to sharpen their pricing skills in order to survive in this competitive environment. There is also a need to make improvements in advertising. This can be done by identifying your competitive advantage and advertising the same (Banerjee and Banerjee, 2000; Stone, 2006). Another significant element that has been suggested is committed and long term relationship with the customer. It has been found out that consumers may see a need for trusting and committed relationship and that this benefits them in some way (Egan, 2000). The shopping attitudes are also governed by certain factors such as apathy, convenience, enjoyment, shopping as a routine activity and as an event (Chetthamrongchai, 2000), ease of parking, loyalty or benefit card, special offers, best prices, incentives (Nielson, 1996) and retail branding (Knee, 2000). Literature suggests that a well-recognized and accepted brand image is one of the most valuable assets a firm possesses (Porter and Claycomb, 1997). Consumers form impressions of brands, and that these impressions later exert a major influence on store choice decisions and shopping behaviors. A proper understanding of the store image can help the managers in store differentiation and at establishing a desired market position for their retail brands (Uusitalo, 2001). Shoppers' particularly search for value, quality, and an overall frictionless shopping experience (Tillmann, 2007). Consumers' desire for a frictionless shopping process relates to finding the right products easily, fast shopping, and shopping convenience. Merchandise quality can be viewed as a key variable that influences retail image; however, consumers do not always possess complete information about the merchandise quality of a store, nor are they perfect information processors. Consequently, consumers with incomplete information use various informational cues to make inferences

about merchandise quality (Baker et al., 1994). Over the past one-decade, retailers have made considerable progress in developing sophisticated logistical systems to streamline product distribution, manage inventory, allocate shelf space efficiently, and replenish stocks on a just-in-time basis. However, the ultimate goal of retailing is to provide consumers with a selection of goods and services that satisfy their needs profitably. This can be accomplished by looking at the retail shopping experience from the customer's perspective (Burke, 2005). The results of a survey conducted by an MNC in 2005 revealed that customers have different value drivers for different shopping occasions or missions. Furthermore, mood also plays a major role in the shopping experience and can significantly influence spending. Customers want convenience and are willing to embrace new technologies and services. To drive more successful shopping occasions, retailers need to: **(a)** Deliver more tailored shopping experiences, **(b)** Create an emotional connection with customers, and **(c)** Leverage technology to satisfy customers' needs and expectations. Furthermore, time attitudes link as closely to behaviour as they do to shopping attitudes.

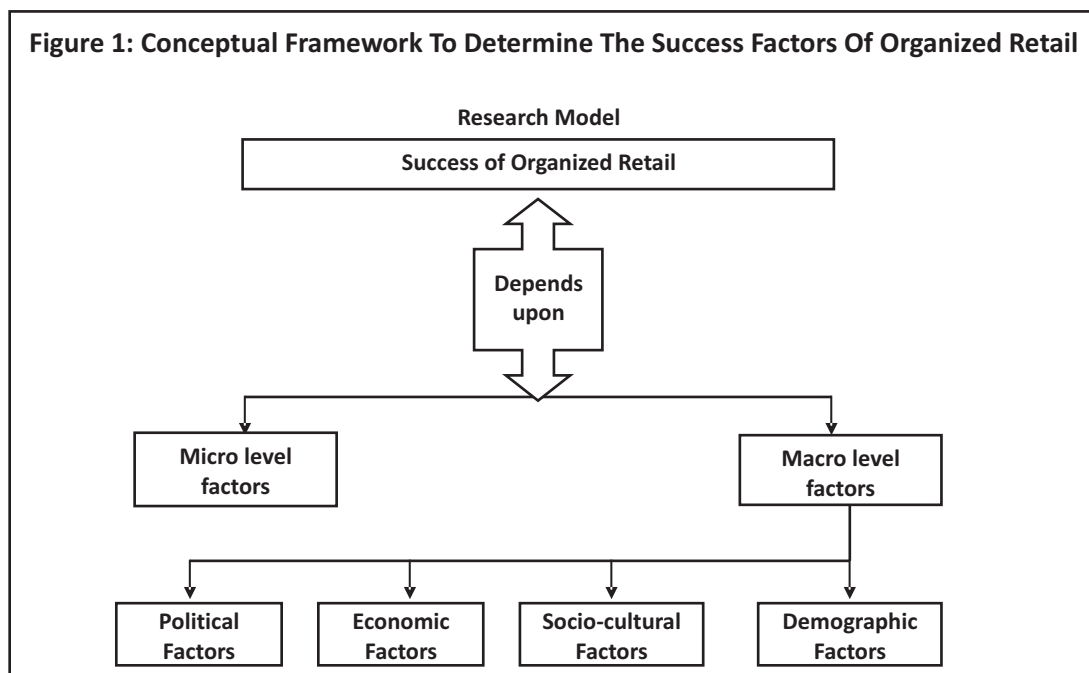
OBJECTIVES OF THE STUDY

This study aims at achieving the following objectives:

- 1) Building a model for the determination of factors that affects the success of organized retail sector in India.
- 2) Determining the impact of the factors at the micro level, that affects the success of the organized retail sector in India.

CONCEPTUAL FRAMEWORK

The model in Figure 1 provides the analytical framework that has been used to analyze the factors determining the success of the retail sector. Broadly, the two sets of factors have been identified as micro and macro level factors.



✿ **MICRO LEVEL FACTORS:** These are the perceptual factors in the minds of the end-consumers that can be considered as controllable factors, to some extent, as retailers can formulate apt strategies to take into consideration all the factors. The customers get attracted towards an outlet because of a variety of factors. These may include the attributes/parameters mentioned below:

✿ **Product Offering :** This consists of the availability of a variety of products, product quality, and the extent of availability of different product categories.

✿ **Store Personnel:** This emphasizes on the responsiveness of the store personnel in case of an outlet, and any other

service provided by them. In case of food chains, we can also talk of waiter services at the restaurant.

✿ **Price Level:** Since Indian customers are relatively more price sensitive, price is an important determinant in influencing the customer's perceptions, and further helps in decision making for people.

✿ **In-Store Services:** This includes services - like billing through credit/ debit card, their return policies, and any special services like home delivery. Another example can be facility for friends/ family gathering at the restaurant.

✿ **Store Experience:** This include the in-store ambience, the decor, and cleanliness.

✿ **Place:** This can include the location of the outlet, and the parking facility available at the nearby areas.

✿ **Demographics** of people in the city.

✿ **Promotional Efforts:** This includes the company promotional campaigns, discount offers, special events that are held to attract customers from time to time. Another component that has recently aroused interest are loyalty programs that have been started at the retail outlets. Promotional campaigns, to some extent, help in establishing a brand image for the company.

✿ **Trust And Relationship:** Another aspect that results in customer purchase from a particular outlet is the trust factor and the relationship. This acts favorably on the goodwill of the company, and results in certain recommendations to friends or relatives through a positive word of mouth.

✿ **MACRO LEVEL FACTORS:** Although the possible macro-level factors have been mentioned here, the focus of this research is on the micro level factors. The macro-level factors could be the following:

✿ **Politico - Legal Factors:** Include basic assumptions underlying the political system, such as the political climate - extent of government activity, political stability and risk, government debt, budget deficit or surplus, corporate and personal tax rates, import tariffs and quotas, export restrictions, restrictions on international financial flows. It also includes all the laws relating to the business environment - like minimum wage laws, and environmental protection laws. In case of retail, some of the important aspects are removal of some of the restrictions relating to the Foreign Direct Investment in India.

✿ **Economic Factors:** Pertain to the availability, production, and distribution of resources in society. It also includes certain factors that affect the growth of the firm either in a positive or in a negative manner. These factors are: GDP per capita, economic growth, unemployment rate, and rate of inflation of the country. It also includes inventory levels, currency exchange rates, merchandise trade balance, financial and political health of trading partners, and projected future growth of the country. As in the current Indian scenario, the current GDP growth rate is acting positively towards the success of the Indian retail sector.

✿ **Socio - Cultural Factors:** Include cultural structures, religious affiliations, and attitudes of people. Cultural structures, in turn, consist of diet and nutrition, role of women in the changing environment, and housing conditions. Attitude of the entire society in general and people in specific does have an impact on the success of the organized retail chains like attitude towards materialism, capitalism, free enterprise, attitude towards individualism, role of family, role of government, collectivism, and spread of consumerism and environmentalism in the society.

✿ **Demographic Factors:** Changes in demographic factors such as population size and distribution, age distribution, education levels, income levels, and ethnic origins affect the business houses. A careful analysis of these factors can help them to take strategic decisions for the future.

✿ **Technological Factors:** There have been improvements in technology not only in India, but the world over. This has resulted in better efficiencies in businesses. This includes improvements in terms of supply-chain management, efficiency of infrastructure, including roads, ports, airports, rolling stock, hospitals, education, healthcare, communication, etc., improvements in industrial productivity, new manufacturing processes, new products and services of competitors, and new products and services of supply chain partners.

Scanning these macro environmental variables for threats and opportunities would help the companies to know in totality the available opportunities and threats in the retail sector as a whole.

DATABASE AND RESEARCH METHODOLOGY

Based on the research problem, the approach of this research has been divided into the primary method of data collection, conceptual model, analysis of data and conclusions. It involves the generation of data in the quantitative form, which can be subjected to rigorous quantitative analysis so as to infer characteristics or relationships. Exploratory research design has been used in the present study. This design is used to identify the factors that affect the mindset of the individuals while visiting a fast-food chain, and a grocery and vegetable outlet. The factors that were identified and studied across the different retail segments are mentioned in the Table 1.

Table 1: List of Factors In Two Retail Segments		
SN	Food Chains	Grocery
1	Price Level	Price Level
2	Healthy Food	Quality
3	Quality of Food and Beverage	Ambience
4	Taste of Food	Parking Facility
5	Ambience	Trust
6	Variety of menu selections	One stop shop
7	Trust	Discount Offers
8	Family/ Friends Gathering Facility	Promotions
9	Convenient Location	Convenient Location
10	Loyalty Programs	Loyalty Programs
11	Waiter Services at the Restaurant	Return Policy
12	Special events held	Relationship
13	Cleanliness	Cleanliness
14	Parking Facility	Recommendation from friends/ relatives
15	Recommendation from friends/ relatives	Availability of variety of items in each category
16	Clientele at the restaurant	Home Delivery Services
17	Affinity to that place	Billing through Credit Card/ Debit Card
18	Solitude - providing social isolation	Store Personnel
19	Promotions	Clientele at the Store
20	Fun Place to hang out	Waiting Time for Billing
21	Waiting Time at the Restaurant	
22	Discount Offers	
23	Availability of Alcohol	
24	Portion Sizes (Quantity Served)	
25	Billing through Credit / Debit Card	

The conclusive research in the form of a descriptive cross-sectional survey was undertaken to determine the perceptual importance of the above-mentioned factors in the mindset of customers. The primary research was conducted through a structured questionnaire. This structured questionnaire included closed-ended questions regarding the above-mentioned factors on a 5 point semantic differential scale. This helped in doing the analysis at the micro level. Since there are too many factors that are identified in every segment, factor analysis, commonly referred to as a data reduction technique, is being used to identify some of the major areas that hold importance in the mindset of customers. In a more general way, it is a set of techniques, which, by analyzing correlations between variables, reduces their number into few factors, which explain much of the original data more economically. These could, in turn, be considered as strategic areas that require attention by the retailers.

A single structured questionnaire was framed to collect data from the consumers/users of the 2 segments of the modern retail outlets (i.e. fast-food chain, and a grocery and vegetable outlet). The questionnaire was expected to analyze the

Table 2: Summary of Residential Area Of The Respondents		
Area	Frequency	Percent
North Delhi	47	23.5
South Delhi	36	18.0
East Delhi	34	17.0
West Delhi	51	25.5
Delhi NCR	32	16.0
Total	200	100.0

Table 3: Summary Of Occupation Of The Respondents		
	Frequency	Valid Percent
Part-time student	2	1
Full-time Student	23	11.7
Service	133	67.5
Business	15	7.6
Housewife	17	8.6
Not Working	2	1
Retired	5	2.5
Total	197	100
Missing System	3	
Total	200	100

demographics along with the perceptual importance of the above-mentioned factors. This study was confined to the respondents from Delhi region due to monetary and human-resource issues. A random sample of 200 people in the Delhi NCR region was surveyed with the help of a questionnaire. The sample chosen for collection of primary data from the questionnaire is from different regions in Delhi - north, east, west and south zone and Delhi NCR.

DATA ANALYSIS AND FINDINGS

- ✿ **Analysis of Demographic Variables:** Table 2 & 3 gives a brief summary about the demographics of the respondents.
- ✿ **KMO and Bartlett's Test:** Bartlett's test of Sphericity indicates that correlation matrix is an identity matrix. From Table 4 & 5, it is clear that significance value is very small, i.e., .000 in both the cases (fast food chains and grocery and

Table 4: KMO and Bartlett's Test For Identifying Factors In Fast Food Chains		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.763
Bartlett's Test of Sphericity	Approx. Chi-Square	1134.302
	Df (degrees of Freedom)	300
	Sig.	.000

Table 5: KMO And Bartlett's Test For Identifying Factors In Grocery And Vegetable Outlets		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.841
Bartlett's Test of Sphericity	Approx. Chi-Square	989.388
	df	190
	Sig.	.000

vegetable outlets), which indicates significant relationships among the factors. Furthermore, the value of KMO Measure of Sampling Adequacy is greater than 0.6. Hence, both the tests - KMO Measure of Sampling Adequacy and Bartlett's test of Sphericity justifies the use of factor analysis as a data reduction technique.

Table 6: Rotated Factor Matrix For Factors Affecting A Visit To Fast Food Chains							
Factors	1	2	3	4	5	6	7
Price Level	0.35	0.03	0.05	0.07	0.20	0.68	-0.13
Healthy food	0.58	-0.01	0.15	0.06	0.06	0.04	-0.10
Quality of food	0.53	-0.01	0.02	-0.06	0.29	0.42	0.12
Taste of Food	0.57	0.00	0.02	-0.04	0.07	0.08	-0.06
Ambience	0.62	0.16	-0.07	0.11	0.02	0.15	0.11
Variety of menu selection	0.05	0.06	0.29	0.14	0.57	0.13	0.11
Trust	0.33	0.23	0.17	0.36	0.14	0.01	0.00
Family/ Friends Gathering Facility	-0.02	0.46	-0.04	0.11	-0.02	0.08	0.05
Convenient Location	0.17	0.20	0.12	0.31	0.15	-0.09	0.34
Loyalty Programs	0.08	0.11	0.61	0.04	0.12	-0.07	0.01
Waiter Services	0.29	0.46	0.23	0.04	0.19	-0.12	-0.01
Special Events held	0.08	0.54	0.31	0.16	-0.21	0.03	0.03
Cleanliness	0.32	0.02	0.07	0.15	0.09	0.10	-0.47
Parking Facility	0.08	0.06	0.32	0.08	0.33	0.06	0.36
Recommendation from Friends/ relatives	0.00	0.09	0.29	0.50	0.22	-0.14	0.00
Clientele at the Restaurant	0.30	0.07	0.30	0.11	0.27	0.10	0.20
Affinity to that Place	0.25	0.22	0.45	0.19	0.00	0.02	0.12
Solitude	-0.08	0.09	0.65	0.26	0.03	0.09	-0.05
Promotions	0.01	0.20	0.15	0.71	0.11	0.21	-0.01
Fun Place	0.46	0.19	0.06	0.39	0.18	-0.04	-0.10
Waiting time at the restaurant	0.10	0.72	0.07	0.01	0.11	0.04	-0.03
Discount offers	0.40	0.49	0.22	0.03	0.29	-0.02	-0.06
Availability of Alcohol	0.21	0.02	-0.13	0.20	0.62	0.15	-0.09
Portion Sizes	0.16	0.01	0.11	0.37	0.40	-0.05	0.00
Billing through credit/ debit card	-0.11	0.36	0.14	0.19	-0.02	-0.21	0.07
Total Factors	7	6	3	3	3	1	2
Interpretation of factors	Quality and store Atmosphere	In-store Services (including special services)	Store Attractive-ness	Brand Image	Product Assortment	Price	Reach

✳ **Fast Food Chains:** In this case, respondents were asked to rate 25 factors in terms of their perceptual importance towards a particular factor for fast-food chains. Table 6 gives the Rotated factor matrix with the help of varimax method of rotation. The rotated factor matrix helps in making a broad interpretation of the 7 parameters that are identified. It is clear from the Table 6 that in case of a fast-food chain, according to people, the main factors are: taste of food, quality and price. Trust and convenient location also play an important role while selecting a restaurant. However, another important aspect that acts as a source of attraction and needs attention from the perspective of fast-food chain outlets is that people nowadays are also looking for a place with a good ambience, that maintains cleanliness, and offers discounts . The seven factors which are important to people while visiting a fast-food chain have been summarized in the Table 6.

✿ **Quality And Store Atmosphere :** This is the most important factor that has been identified in the case of food chains or food outlets. Obviously, customers value the quality of the food along with the taste and hygiene. Considering that the study has mentioned that most of the respondents have an annual yearly income of over ₹ 4 lakhs, it is not surprising that this factor, and not 'price' is the most important factor. Another reason for this factor being important could include the fact that most people in metros are seeking to enjoy a memorable experience and would not mind paying extra to get the additional benefits.

✿ **In - Store Services (Including Special Services):** The fast-paced lifestyle of most of the respondents and the population in general has made this factor very important. Customers want value for the money spent, and this factor mentions those services that customers expect above and beyond the 'quality and outlet atmosphere' factor.

✿ **Store Attractiveness And Brand Image** are factors that are built over a period of time. Most retailers spend considerable time and effort to ensure to build the brand image and ensure the correct attractiveness parameters. This factor reiterates that these marketing efforts are actually beneficial to the company and are valued by the customers.

✿ **Product Assortment:** Since most people go with pre-defined expectations about the kind of food that they want to have, the product assortment factor has not come out to be a very important one here in this study.

✿ **Price:** In spite of India being a highly price sensitive market, the study does not indicate 'price' to be a major factor, since the respondents were only from the metro, with most of them above the annual salary income of ₹ 4 lakhs.

Table 7: Rotated Factor Matrix (Grocery & Vegetable Outlets)						
	1	2	3	4	5	6
Price Level	0.39	0.00	0.38	-0.06	0.13	0.18
Quality	0.32	0.30	0.02	0.14	0.09	0.08
Ambience	0.12	-0.01	0.29	0.48	0.34	0.06
Parking Facility	0.55	0.36	0.05	0.00	-0.02	0.03
Trust	0.35	0.01	0.19	0.17	0.46	-0.05
One stop shop	0.56	0.11	0.20	0.22	0.22	0.15
Discount Offers	0.07	0.45	0.08	0.03	0.37	0.07
Availability of variety of items in each category	0.57	0.10	0.18	0.18	0.27	0.06
Convenient Location	0.45	0.08	0.07	0.31	-0.03	0.21
Loyalty Programs	0.24	0.46	0.10	0.40	0.07	-0.04
Return Policy	0.12	0.02	0.09	0.11	0.14	0.77
Relationship	0.07	0.18	0.06	0.22	0.72	0.00
Cleanliness	0.14	0.24	-0.01	0.61	0.13	0.03
Recommendation from friends/ relatives	0.37	0.34	-0.01	0.20	0.41	0.13
Promotions	0.17	0.36	0.32	0.31	0.12	0.01
Home Delivery Services	0.07	0.25	0.84	0.03	0.15	0.04
Billing through Credit / Debit Card	0.18	-0.07	0.56	0.25	0.00	0.14
Store Personnel	0.17	0.30	0.13	0.04	-0.17	0.54
Clientele at Store	0.14	0.20	0.16	0.49	0.23	0.17
Waiting Time for Billing	0.14	0.65	0.03	0.22	0.09	0.20
Factor No:	1	2	3	4	5	6
Total Factors	6	4	2	3	3	2
Interpretation of factors	3 P's-Product Assortment, Price, Quality & Reach	Store Attractive-ness	Store Services	In-store Atmosphere	Brand Image	Special Features

✿ **Reach:** The final factor, which includes convenience of location and availability of parking is relatively unimportant. This indicates that people are ready to go farther than their vicinity in search of better services.

✿ **Grocery and Vegetable Outlets:** Respondents were asked to rate 20 factors in terms of their perceptual importance towards a particular factor for grocery and vegetable outlets. Table 7 gives the rotated factor matrix with the help of varimax method of rotation. The rotated factor matrix helps in making a broad interpretation of the 6 parameters that are identified. It is clear from the Table 7 that in case of grocery and vegetable outlets, according to the respondents, the main factors are: quality, ambience, trust, discount offers and relationship and recommendation from friends/relatives. Another important aspect that acts as a source of attraction and needs attention from the perspective of these outlets is that people now-a-days have time constraints because of the changing role of women in the society. This has resulted in a greater attraction for places that are one-stop shops, and saves time for the shoppers (this can even be in terms of waiting time for billing). Thus, on the basis of analysis of the questionnaire, it can be said that there are broadly 6 parameters that are strategic in nature in case of grocery and vegetable outlets. These are:

✿ **P's - Product Assortment and Quality, Price and Reach:** In case of grocery and vegetables, which is of more frequent need for the individuals, people look for quality as well as convenience. So while in case of food chains, they were ready to forego convenient locations for quality and outlet services, in case of grocery and vegetables, individuals want quality products at affordable prices, and that too as close as possible.

✿ **Store Attractiveness :** This factor becomes important from the organized sector's point of view. Apart from price, quality and convenience of locations, the other area where they can compete is in the area of '*store attractiveness*', which includes discount offers, reduced waiting time and loyalty offers.

✿ **Store Services :** The fast-paced lifestyle of most of the respondents, and the population in general, has made this factor very important. Customers want products delivered at their doorstep and want stores to allow them to use the power of their plastic money - billing through credit cards.

✿ **In-store Attractiveness And Brand Image** are factors that are built over a period of time. Most retailers spend considerable time and effort to ensure to build the brand image and ensure the correct attractiveness parameters. This factor reiterates that these marketing efforts are actually beneficial to the company and are valued by the customers. However, these can be achieved only over a considerable period of time.

✿ **Special Services:** Since the organized sector mainly works in the self-service mode, services like store personnel have a reduced effect on the impact of the organized sector of retail for the grocery and vegetable segment.

CONCLUSION

To conclude, it can be said that retailers can no longer think of their customers in traditional, demographic-based segments, and successfully deliver a differentiated experience. Customers who share the same surface characteristics may well have meaningfully different needs and preferences, particularly, if their basic motivations for shopping that day are different. Developing deeper insights through more sophisticated approaches to segmentation and innovative analytical models can be a key step toward creating a more customer-centric shopping experience. Retailers need to know how their customers take decisions, why they shop there, and what their needs and preferences are for a given set of shopping occasions. Armed with these insights, retailers can develop merchandising, marketing, and store services strategies that are better aligned to their target customers. Going forward, advanced retailers will develop innovative ways to identify these different types of need states before or while shoppers walk in the store. The more tailored and personalized the experience that retailers create for their customers, the greater the differentiation from their competitors and ultimately, the greater the success.

As illustrated by the analysis of the two segments, retailers have an opportunity to adopt novel approaches to merchandising and marketing to better attract and serve customers with different needs' states. Something new customers might respond positively to a store experience that conveys excitement and newness, allows them to take their time and browse, offers more services and gives them purchasing rewards to be used on future shopping trips. For modern retailers, their alignment to customer needs state will be (or should be) very much inherent to their merchandise assortment, store layout and service delivery.

RECOMMENDATIONS

On the basis of the research undertaken, the following recommendations can be made:

- ✿ Leveraging the opportunity in India will require organizations to develop unique consumer insights and customize products to local needs and give consumers a good deal.
- ✿ The companies have realized that discount retailing has the potential to be a really big category, since Indians are price sensitive customers. However, there is a lot that is still untapped.
- ✿ Retailers need to do the promotions for discount offers in a strategic manner in order to get the fruitful results.

LIMITATIONS OF THE STUDY

There were some limitations in doing this research. This research has been a single-handed effort on the part of the researcher, and certain discrepancies might have occurred owing to the lack of specialized knowledge on this subject. The analysis based on the questionnaire only covers people residing in Delhi and also the sample is relatively small compared to the entire population. The study involved lots of resource constraints in order to cover the entire population of all zones, so the focus was on Delhi.

REFERENCES

- 1) Ailwadi L. Kusum & Harlam Bari (2004), "An Empirical Analysis of the determinants of Retail Margins: The Role of Store Brand Share", *Journal of Marketing*, Vol. 68, Number 1, pp. 147 - 165.
- 2) Andrea Guillermo D', Ring Larry J., Aleman Belen Lopez, Stengel Alejandro (2006), "Breaking the myths on emerging consumers in retailing", *International Journal of Retail and Distribution Management*, Vol.34, Number 9, pp. 674 - 687.
- 3) Banerjee Arindam and Banerjee Bibek (2000), "Effective Retail Promotion Management: Use of Point of Sales Information Resources", *Vikalpa*, Vol. 25, Number 4, pp. 51-59.
- 4) Bhattacharyya Ritu (2007), "Category Management in Indian Retail Business"; *Journal of IMS Group*, Vol. 4, Number 2, pp. 13-21.
- 5) Bhardwaj R.K., Makkar Urvashi (2007), "Retail Revolution Emerging Challenges and Issues"; *Journal of IMS Group*, Vol. 4, Number 2, pp. 9-12.
- 6) Bhukta Gan (2007), "Optimizing youth employment through FDI in retail in India", Gitam Institute of Foreign Trade, India; www.yesweb.org/2006/Publications...2006/ accessed on 25th December, 2008.
- 7) Bishnoi Vinod, Kumar Sanjeev, Singh MRP (2007), "A Study Of Consumer's perception and buying pattern in emerging era of organized retailing a case study of select shopping malls"; *Pragyaan*, IMS Dehradun, Vol. 5, Number 2, pp. 1-10.
- 8) Budhwar Karnikeya (2005), "Understanding the Success factors for independent Restaurants in the Delhi/ Gurgaon Region: An Analysis of the Gap between Management Perceptions and Customer Expectations", *Journal of Services Research*, Vol. 4, Number 2, pp. 7-44.
- 9) Burke R. Raymond (2005), "Retail Shoppability: A measure of the World's Best Store", Retail Industry Leaders Association, pp. 206 - 219.
- 10) Carpenter M. Jason (2006), "Demographics and patronage motives of supercenter shoppers in the United States", *International Journal of Retail & Distribution Management*, Vol. 36, Number 1, pp. 5-16.
- 11) Chetthamrongchai Paitoon and Davies Gary (2000), "Segmenting the market for food shoppers using attitudes to shopping and to time", *British Food Journal*, Vol. 102, Number 2, pp. 81- 101.
- 12) Dholakia Ruby Roy and Uusitalo Outi (2007), "Switching to Electronic Stores: Consumer Characteristics and the Perception of Shopping Benefits", *International Journal of Retail and Distribution Management*, Vol 30, Number 10, pp. 459-69.
- 13) Dickinson Helen (2005), "India is emerging as real opportunity", November 16, 2005; Haymart Business Publication Ltd.; <http://www.accessmylibrary.com/article-1G1-138749505/helen-dickinson-retail-india.html> accessed on 26th December, 2008.
- 14) Egan John (2000), "Drivers to Relational Strategies in Retailing", *International Journal of Retail and Distribution Management*, Vol. 28, Number 8, pp. 379 - 386.
- 15) Fernandes Michael, Gadi Chandrika, Khanna Amit, Mitra Palash and Narayanswamy Subbu (2000); "India's Retail comes of age", *The McKinsey Quarterly*, 2000(4): Asia Revalued, pp. 94 - 102.
- 16) Jain Amit, Rathod.M. Raju (2005), "Distribution and Retailing Trends in Rural Markets A study in villages of Gujarat", *Indian Journal of Marketing*, Vol. 35, Number 9, pp. 17-20.
- 17) Jasola Madhu (2007), "Emerging Trends in Retail Sector"; *Journal of IMS Group*, Vol. 4, Number 2, pp. 22-28.
- 18) Joseph Mathew, Soundararajan Nirupama, Gupta Manisha, Sahu Sanghamitra (2008), "Impact of Organized Retailing on the Unorganized Sector", Indian Council for Research on International Economic Relations, pp. 3-66.
- 19) Kainth Singh Gursharan, Joshi Divakar (2007), 'Re-Engineering the Supply Chain Management - The Case Study of Jalandhar Malls', *Journal of IMS Group*, Vol. 4, Number 2.

- 20) Kaul Subhashini (2007), "Measuring Retail Service Quality: Examining Applicability of International Research Perspectives in India", *Vikalpa*, Indian Institute of Management Ahmedabad, Vol. 32, Number 1, pp. 15 - 26.
- 21) Knee Christopher (2002), "Learning from Experience: five challenges for retailers", *International Journal of Retail and Distribution Management*, Vol. 30, Number 11, pp. 518 - 529.
- 22) Kumar Rupali, Wadhwa Preety (2007), "Riding the Retail Wave", *Amity Business Review*, Vol. 8, Number 1, pp. 67-71.
- 23) Liu Yuping (2007), "The Long-Term Impact of Loyalty Programs on Consumer Purchase Behavior and Loyalty", *Journal of Marketing*, Vol. 71, pp. 19-35.
- 24) Malhotra Khanna Rupa (2007), "Foreign Direct Investment in Retail", *Journal of IMS Group*, Vol. 4, Number 2, pp. 98-102.
- 25) Moorman Christine, Rust T. Roland (1999), "The Role of Marketing", *Journal of Marketing*, Volume 63, (Special issue 1999), pp. 180 - 197.
- 26) Morrison Gina Paglucia (2007), "Retail Opportunities in the World of Extremes Understanding today's teens and boomers"; http://www-935.ibm.com/services/de/bcs/pdf/2007/retail_opportunities_teens_qr.pdf accessed on 27th December, 2008.
- 27) Nambiar Vikram & Anand Vijay (2007), "Indian Food Retail Sector in the Global Scenario"; http://www.sathguru.com/Note_on_Retail_Industry.pdf, accessed on 27th December, 2008.
- 28) Nelson A. David (2006), "Small Store Success Strategies", University of Minnesota, Extension Service, Benton County, MN, pp. 1-22.
- 29) Pandian Revathi (2007), "The negative effects of Permitting Hypermarkets and FDI in the Retail Sector in India", *JIMS*, 8M, pp. 63-64.
- 30) Parikh Darshan (2006), "Measuring Retail Service Quality: An Empirical Assessment of The Instrument", *Vikalpa*, Indian Institute of Management Ahmedabad, Vol. 31, Number 2, pp. 45-55.
- 31) Porter S. Stephen and Claycomb Cindy (1997), "The influence of brand recognition on retail store image", *Journal of Product & Brand Management*, Vol. 6, Number 6, pp. 373-387.
- 32) Prakash Monika (2005), "Service Quality: Revisiting the two factors Theory", *Journal of Services Research*, Vol. 5, Number 1, pp. 61-75.
- 33) Prakash Neetu (2007), "Retailing Revolution in India- an Overview", *The Management Accountant*, Vol. 42, Number 10, pp. 764-66.
- 34) Prasad Ch. J. S., Reddy D. Raghunatha (2007); "A study on the role of Demographic and psychographic dynamics in food and grocery retailing", *Vision*, MDI Gurgaon, Vol. 11, Number 4, pp. 21-30.
- 35) Pressey Andrew D., Mathews Brian P. (2000), "Barriers to relationship marketing in consumer retailing", *Journal of Service Marketing*, Vol. 14, Number 3, pp. 272 - 286.
- 36) Rao, SRS (2006), "Organized Retail Sector in India, Growth and Impact on the Economy", *The Journal of Indian Management and Strategy*, *JIMS*, Vol. 2.
- 37) Rishi Bikram Jit (2007), "Retailing and Behavioural Patterns of The India Consumer", *Pragyaan*, IMS Dehradun, Vol. 5, Number 2, pp. 11-15.
- 38) Sandhu Ramneet, Pandey K.K. (2007), "India's Surging Retail Sector Broad Perspective", *Pragyaan*, IMS Dehradun, Vol. 5, Number 2, pp. 36-41.
- 39) Sengupta Rika and Fernando Rajiv (2007), 'The Bharti Wal Mart Retail Joint Venture', *ICMR Business Updates*, pp. 7-9.
- 40) Sharma Ajay (2007), "Future of Retailing in India", *Pragyaan*, IMS Dehradun, Vol. 5, Number 2, pp. 48-52.
- 41) Shukla Ashok, Jain Vishal (2007), "Paradigm shift of India Retailing: A Global Perspective", *Journal of IMS Group*, Vol. 4, Number 2, pp. 29-36.
- 42) Sinha Kumar Piyush and Banerjee Arindam (2004), "Store choice behaviour in an evolving market", *International Journal of Retail & Distribution Management*, Vol. 32, Number 10, pp. 482 - 494.
- 43) Sinha Kumar Piyush, Mathew Elizabeth, Kansal Ankur (2007), "Format Choice of Food and Grocery Retailer", Indian Institute of Ahmedabad, India, W.P. No. 2007-07-04.
- 44) Sridhar G. (2005), "Segmentation using attitude change Theories", *Indian Journal of Marketing*, Vol. 35, Number 9, pp. 11-18.
- 45) Srivastava Ruchi and Srivasatava Binkey (2007), "Retail its Global Perspective", *Synergy, I.T.S. Journal of I.T. & Management*, Vol. 5, Number 2, pp. 108-115.
- 46) Swar Narayan Biranchi (2007), "Challenges and Opportunities of Organized Retailing in India", *Journal of IMS Group*, Vol. 4, Number 2.
- 47) Tamilarasan R. (2007), "Retail Service A Customer Service", *SRM Management Digest*, Vol. 5, pp. 51-54.
- 48) Thomas George, Singh Kumar Shiv, Upadhyay Yogesh (2007), "Do People Differ in Their Preferences Regarding Restaurant? An Exploratory Study", *Vision: The Journal of Business Perspective*, MDI, Gurgaon, Vol. 11, Number 2, pp. 7-22.
- 49) Uusitalo Outi (2001), "Consumer Perceptions of Grocery Retail Formats and Brands", *International Journal of Retail and Distribution Management*, Vol. 29, Number 5, pp. 214 - 225.
- 50) Varshney Sanjeev and Goyal Anita (2005), "A Review and Extension of the Outshopping Paradigm to the Indian Context", *Asia Pacific Journal of Marketing and Logistics*, Vol. 17, Number 4, pp. 30-62.
- 51) Vyas H. Preeta (2007), "Sales Promotion Practices in Apparel Sector and Challenges Ahead", Research Publication, Indian Institute of Ahmedabad, India, W.P. No. 2007-11-02, pp 1-13.
- 52) Wagner Tillmann (2007), "Shopping motivation revised: A means-end chain analytical perspective", *International Journal of Retail and Distribution Management*, Vol. 35, Number 7, pp. 569 - 582.