STUDY ON RETAILING— CROSS NATIONAL CUSTOMERS' PERCEPTION

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ABSTRACT

Retailing involves understanding the needs of consumers, developing good assortment of merchandise and displaying the merchandise in an effective manner, to enhance the attractiveness and motivation of consumers to buy. In the recent past, the Indian retail market is witnessing revolutionary transformation and organized retail format is gradually overtaking the unorganized retail format. FDI and Online Marketing will further enhance consumer awareness, knowledge and therefore their demands. The increased demands include "quality products at competitive prices", better "customer relationship", better "service facilities" such as "credit card", "parking", "faster billing", "better inventory flow", "appealing lay out" etc. It is in this context, a study was conducted to understand consumer perceptions on the above parameters presently provided by organized retailers in India. In order to compare Indian Customers' perception with that of the most advanced country, USA, a similar survey was conducted in select cities in USA and the study details are presented.

***Keywords**: Organized retail format, Customer's Perception, Online Marketing, Quality Products.*

Introduction:

Retailing and its evolution:

Retailing involves understanding the needs of consumers, developing good assortment of merchandise and displaying the merchandise in an effective manner to enhance the attractiveness and therefore facilitating consumer's buying process. Retailers comprise street vendors, local provisional stores, supermarkets, food joints, saloons, airlines, automobiles showrooms, video kiosks, direct marketers, vending machine operations etc.

In the early eighties, retailing in India was synonymous with peddlers, vegetable vendors, Kirana stores (small grocery stores) or sole clothing and consumer durable stores. These retailers operated in a highly unstructured and fragmented market. Very few retailers operated in more than one city. Before 1990, there were few manufacturers' owned retail outlets and they were mainly from the textile industry. However, the New Economic Policy (NEP, 1991) encouraged the entry of multinational corporations and that facilitated considerable enthusiasm and interest among domestic retailers. Further, over a period of time, the Indian market scenario has changed due to changing lifestyles, rising disposable incomes, favorable demographics, easy credit availability etc. which in turn changed the consumer perceptions. This has lead to the foundation of slow but steady progress in transformation from an unorganized to an organized retail format.

Retailing in India:

Till recently organized retail in India was largely confined, to urban regions with consumers purchasing specific product categories from modern retailing formats. The different formats of organized retailing in India along with space occupied are given below:

Format	No. of Stores	Area in Sq.ft. (000s)	Share in total space (%)
Super Markets / Convenience Stores	4751	4751	15.5
Hyper Markets	75	3000	9.8
Discount Stores	1475	1475	4.8
Specialty Stores	20612	16490	53.7
Department Stores	166	4980	16.2
Total	**27076**	**30693**	**100**

Source: ICRIER and Techno park Advisers Pvt Ltd

The growth of retailing in India is attributed to: (i) Rising disposable income of the Indian middle-class, (ii) Changing consumer preferences and shopping habits, (iii) Changing demographics (iv) Increase in working population, (v) Spurt in urbanization, (vi) Increased awareness through the Internet and easy online purchases, (vii) Easy credit availability (viii) Improvement in infrastructure etc.

Literature Review:

Several studies were conducted in the past in the context of the subject and a brief is presented below:

Dr. S.L. Gupta studied the preferences and perceptions of shoppers towards the different types of retail formats. It is observed that small retailers no longer remain the primary source for the basic monthly shopping basket. The consumer normally goes for better prices.

Aditya. P. Tripathi feels that retailers must understand what value shopper (consumer) is looking for and how the retailers can deliver the desired value to the customer and that they have to understand the shoppers' dynamics.

Barnes suggested that the retailers have to think in terms of product for: price value, choice based value, information value, relationship value, association value and entertainment value. Retailers based on consumer's perception must decide a suitable vehicle to deliver that desired value to the consumer. Probably, in a growing environment, no one finds difficulty in pulling Customer into store, but that may not be sufficient to operate profitably. Retailers need to examine what matches consumer requirement and thereby offer better than the competitor.

Mark Stephen, states that innovation and creativity is the order of the day. Business houses, especially in the retail industry, have to be on their toes, keeping their eyes and ears open for any marginal development in the market(s). As competition increases with the entry of leading international brands and many Indian retail giants consolidating and expanding with competitiveness, the Indian retail market is definitely not for the faint hearted. Retail companies have to start looking for innovative formats that can make them distinctive and unique - a cut above the rest.

V.S. Rama Rao, expressed his views about the challenges faced by the organized retail and said that the organized retail in India is little over a decade old. It is largely an urban phenomenon and the pace of growth is still slow.

V. V. Gopal & Dr A. Suryanarayana observed that retail industry is one of the pillars of the growth of Indian economy, but it is very interesting to note that only 4.5% of this business is in the organized sector. In spite of such a huge scope for modern retailing, retailers cannot survive in the market if there is no value addition to the product or services. In a report published in the Wall Street Journal, Kishore Biyani, the managing director of Pantaloon Retail (India) Ltd said, "The opening up of the multi-brand sector to foreign direct investment will provide us opportunities to bring in foreign investors in various businesses."

According to Deepika Jhumb & Ravi Kiran, the modern Indian consumer is seeking more value in terms of improved availability and quality, pleasant shopping environment, financing option, trial rooms for clothing products, return and exchange policies and competitive prices. This has created a rapid growing opportunity for organized, modern retail formats to emerge in recent years and grow at a fast pace.

The Indian retail sector is witnessing tremendous growth with the changing demographics and increase in quality of life of urban people. Retail Sector is the most booming sector in the Indian economy. According to the Investment Commission of India, the country's retail industry, which currently accounts for around 15 percent of India's GDP, is expected to grow three times to $660 billion in the near future. With a growing economy, improving income dynamics, rising awareness, and a youth-heavy customer base, India is well on its way to become one of the most prospective markets for the domestic and global retailers.

Objectives of the Study:

The literature review presented above throws light on the emerging trends in retailing and the need to focus on consumers' perceptions by the organized formats. Retailers must understand what value consumer is looking for and how to deliver the demanded value. Understanding of that consumer's perception is the foundation for developing competitive advantage for any industry and in this context, retailing industry is no exception. It is an established fact that the organized retail formats have been functioning over decades very successfully in the developed countries such as United States of America (USA) etc. In contrast to that the Indian organized retail format is still in its nascent stage and therefore, understanding the developed country's customer perceptions on organized retail formats and a cross comparison with the Indian consumer's perception will facilitate the organized retail formats in India to consolidate their activities and effectively perform in an ever growing and never ending competitive environment.

In view of the above, the objective of the present is to understand the differences in perceptions between consumers from USA and India - A Cross National Study of the Customers Perceptions with regard to the performance of the retail outlets in terms of:

Value Additions customers have received

Major Benefits/Services provided by retailer,

The Hygienic conditions and Parking facilities provided by retailer,

Inventory Management and Billing systems adopted by retailer,

The Quality of retailer personnel at the retail outlets

Adoption of Technology to reach and serve customer etc.

Research Methodology:
Sources of Information:

Primary source of information is the basis for the study and the data was collected through a pre designed questionnaire, administered to 400 respondents in India and 40 respondents in USA. The survey was confined to the twin cities of Hyderabad in India and cities of Chicago, Houston and Detroit of USA (one of the authors took the opportunity of collecting responses from USA during his recent visit to USA). Major part of the questionnaire was open ended and ranking technique was used in most of the situation. A few of the questions were closed ended such as "Yes" or "No". The questionnaire was designed to elicit information on the following parameters:
Frequency of visit to a Retail Outlets (ROs),
Value Addition they derive from those ROs
Comparison of products purchased from different ROs,
Extent of fulfillment of their requirements by a particular RO,
Extent of satisfaction
Facilities extended by ROs
Views of consumers on the price offered by ROs
Sources of communication about the ROs
Parameters considered by consumers to select particular RO
Expected role of Personnel operating ROs.

Sampling:

Stratified random sampling was adopted for selecting a sample of respondents from twin cities of Hyderabad and different cities of USA such as Chicago, Houston and Detroit. Stratification is based on employees, house wives and students. Employees and students include both male and female genders. The sample size is 440, the profile of which is given below in a tabular form. Most of the responses were obtained directly through personal discussions and a few were through mails.

Table -1: Profile of Sample

Sample Size		Gender wise segmentation of employees, housewives and students									
		Employees				House wives		Students			
India	USA	India		USA		India	USA	India		USA	
India	USA	M	F	M	F			M	F	M	F
400	40	140	60	14	6	80	8	96	24	11	1

M: Male **F:** Female

Data Analysis:

The data, thus obtained, from consumers' responses was tabulated and using statistical tools such as averages and percentages, the analysis was carried out to draw conclusions

Table 2: Frequency of Visit to a type of Retail Outlet (RO)

Type of Outlet/ and Score	Indian Consumers		USA Consumers	
	Percentage	Ranking	Percentage	Ranking
Super Market	100	First	89	Third
Hyper Market	86	Second	100	First
Departmental Stores	86	Second	100	First
Specialty Stores	71	Fourth	83	Fourth
Factory Outlets	57	Fifth	95	Second

While the Indian Consumers' visit maximum to "Super Markets" followed by "Hyper Markets"/"Departmental Stores", "Specialty Stores", "Factory Outlets" in that order, the American Consumers' visit maximum to Hyper Markets and "Departmental Stores", followed by "Factory Outlets" "Hyper Markets", "Specialty Stores", in that order .

Table 3: Ranking Frequency of Visits

How Often Customers Visit	Indian Ranking	USA Ranking
Always	Third	Fourth
Most of the times	First	Second
Sometimes	Second	First
Rarely	Third	Third
Never	Nil	Nil

While Indian Consumers visit Retail Outlets most of the times, USA Consumers visit sometimes only.

Table 4: Basis for Comparison of Products purchased

Parameter	Percentage, India	Percentage, USA
Price	Nil	6
Quality	6	6
Both	100	88

Both the respondents from India and USA emphasized the parameters such a Price and Quality of products purchased are the basis for comparison.

Table – 5: Delivery performance of Retail outlets

Improvement in delivery performance	Percentage, India	Percentage, USA
Yes	85.7	100
No	14.3	Nil

While the USA customers state that there is 100% improvement in delivery performance, the Indian consumers are of the opinion that the delivery performance, 83% only.

Table – 6: Fulfilment of Customer requirements

Parameter	Indian		USA	
	Percentage	Ranking	%	Ranking
Maximum Extent	28.6	Second	22.2	Second
Moderate Extent	57.1	First	77.8	First
Least Extent	14.3	Third	Nil	Third

Respondents from India and USA exhibited the similar opinion with regard to perception on fulfillment of customer requirements.

Table – 7: Satisfaction Derived

Parameter	Indian Consumer		USA Consumer	
	Percent	Ranking	Percent	Ranking
Maximum extent	14.3	Second	22.2	Second
Moderate extent	85.7	First	77.8	First
Least extent	0	Nil	0	Nil

Respondents from India and USA expressed similar opinion with regard to perception on fulfillment of customer requirements to a moderate extent.

Table – 8: Facilities provided by Retail Outlets

Facilities Provided	Indian		USA	
	Percentage	Ranking	Percentage	Ranking
Ambience	57.14	Fourth	80.	Fourth
Rest Room availability	40.0	Fifth	87.0	Third
Change Room availability	60.0.	Third	79.	Fifth
Parking facilities	74.2	Second	89.11	Second
Credit Cards acceptance	80.0	First	87.0	Third
Product Returns facilities	60.0	Third	95.0	First

While Indian Consumers viewed "Credit Card facility" as number one facility requirement, followed by "Parking", "Change Room/Product return", "Ambience" and the last is "Rest Room" facility, the USA customers viewed "Product Returns facility" as top requirement, followed by "Parking facility", "Credit Cards acceptance/Rest Room availability", and "Ambience"

Table 9: Product Satisfaction versus Price paid (Value Addition)

Value Addition	India		USA	
	%	Ranking	%	Ranking
Highly satisfactory	87.1	First	5.5	Third
Satisfactory	0	Nil	83.4	First
Moderately satisfactory	0	Nil	11.1	Second
Partially satisfactory	28.6	Second	0	Nil
Hardly satisfactory	14.3	Third	0	Nil

While 87% Indian respondents confirmed "high satisfaction", 29% expressed "partially satisfied" and 14% "hardly satisfied", 85% USA respondents confirmed "satisfaction" 11% as moderately and only 5% responded were "Highly satisfied".

Table 10: Satisfaction derived from Service Rendered by Retailers

Customer Service value Addition	India		USA	
	%	Ranking	%	Ranking
Highly satisfactory	Nil	Nil	5.5	Third
Satisfactory	42.8	First	61.2	First
Moderately satisfactory	14.3	Second	33.3	Second
Partially satisfactory	14.3	Second	Nil	Nil
Hardly satisfactory	28.6	Third	Nil	Nil

While majority Indian Consumers expressed "moderate to partial satisfaction", nearly one-third expressed "dissatisfaction", nearly two-third of the USA respondents expressed "satisfaction", whereas one-third expressed "moderate satisfaction".

Table 11: Sources of communication on retail Outlets

Sources of Communication	India		USA	
	%	Ranking	%	Ranking
Media	42.8	First	20.0	Second
Friends	42.8	First	20.0	Second
Outlet itself	14.4	Second	60.0	First

Majority of Indian respondents equally rated that "media" and "word of mouth communication" as the major source of communication, whereas majority of USA consumers responded that they get the communication "directly from the outlets".

Table 12: Ranking of Parameters adopted by mostly visited Retail outlet

Parameters	India		USA	
	%	Ranking	%	Ranking
Inventory	68.60	Third	85.5	First
Shelf Position of products	71.41	Second	83.3	Third
Hygienic environment	82.86	First	84.4	Second
Speed of billing	60.0	Fourth	74.4	Fourth

Hygienic environment" has been given the highest ranking followed by "Shelf position of products" and "Inventory", the last priority accorded to "Speed of billing" by Indian consumers, On the other hand USA consumers accorded "Inventory" has been given the highest ranking, followed by "Hygienic environment" and "Pricing", "Shelf position of products" (eye contact), and least priority was accorded to "Speed of billing".

Table 13: Ranking of Parameters provided by a mostly visited retail out let

Customer Service value Addition	India		USA	
	%	Ranking	%	Ranking
Customer relationship	71.43	First	82.2	Second
Customer sensitivity and concern	54.29	Third	83.3	First
Complaint handling	68.57	Second	77.3	Third
Attentiveness by the retailer	54.29	Third	77.0	Fourth

Majority of the Indian respondents responded that they have chosen the same retail outlet because they are satisfied with "Product Quality" provided by that outlet. Majority of the USA respondents endorsed for "Product Price" followed by "Offers/Discounts", "Central Location", "Parking", "Product Quality" and "Shopping Entertainment" in descending order.

Table 14: Assessment of important physical facilities

Facilities by the Outlet	India		USA	
	%	Ranking	%	Ranking
Lighting and Layout	68.60	Third	94.4	First
Accuracy of Signage, display etc.	71.43	Second	85.2	Third
Safety & Security	82.86	First	90.0	Second

"Safety & Security" and "Accuracy of Signage" captured the mind of the Indian customer followed by "Lighting & Lay out", the least. USA customers mind captured "Lighting & Lay out" as top priority followed by "Safety & Security" and "Accuracy of Signage.

Table – 15: Frequency of visits to a Retail outlet by Indian & USA Consumers

Parameter	India		USA	
	%	Ranking	%	Ranking
Daily	0	Nil	5.0	Fourth
Weekly	57.1	First	22.5	Second
Fortnightly	28.6	Second	22.5	Second
Monthly	14.3	Third	15.0	Third
On Special Occasions	0	Nil	35.0	First
Rarely	0	Nil	0	Nil

"Weekly Visit" is given the top ranking, followed by Indian customers, whereas the USA customers have given top priority to "Special Occasions", followed by "Fortnightly" and "Weekly": as equal priority, monthly and daily least ranking."

Table 16: Preferring a particular outlet

Parameter	India		USA	
	%	Ranking	%	Ranking
Shopping Entertainment	0	Nil	11.1	Sixth
Product Quality	100	First	16.6	Fifth
Parking	0	Nil	33.3	Fourth
Central Location	0	Nil	40.0	Third
Product Price	0	Nil	55.5	First
Offers/Discounts	0	Nil	50.0	Second

Majority of the Indian respondents responded that they have chosen the same retail outlet because they are satisfied with "Product Quality" provided by that outlet. Majority of the USA respondents responded for "Product Price" as top priority followed by "Offers/Discounts", "Central Location", "Parking", "Product Quality" and "Shopping Entertainment" in descending order.

Table 17: Attributes the customers prioritize

Facilities by the outlet	India		USA	
	%	Ranking	%	Ranking
Variety	77.14	Second	84.0	Second
Quality	82.86	First	93.3	First
Service	65.71	Third	79.0	Fourth
Price Discounts	60.0	Fourth	83.0	Third
Schemes/Offers	42.86	Fifth	73.3	Fifth

"Quality" occupied the top position in the Indian customer minds, followed by attributes such as "Variety", "Service Rendered", "Price Discounts" and the least to the attribute Schemes/Offers", "Quality" occupied the top position in the USA customer minds, followed by attributes such as "Variety", "Price Discounts", "Service Rendered", and the least to the attribute "Schemes/Offers".

Table 18: Ranking of Offers by retail outlet:

Facilities by the outlet	India		USA	
	%	Ranking	%	Ranking
Discount on MRP for every product	42.86	First	74.	First
Product discount (e.g. Buy 2, get 1 free)	37.14	Second	67.0	Second
Cash discount	34.29	Third	66.0	Third

Most preferred type of offer is "Discount on MRP for every Product", for Indian Customers followed by "Product Discount (e.g. buy 2, get 1 free)" and the least to "Cash Discount" offer, Most preferred type of offer is “Discount on MRP for every Product” in the case of USA customers, followed by “Product Discount (e.g. buy 2, get 1 free)” and the least to “Cash Discount” offer.

Table 19: Ranking of advantages associated with Retail outlet

Parameters	India		USA	
	%	Ranking	%	Ranking
Parking Space	0	Nil	11.1	Second
Convenience	42.86	Second	11.1	Second
Central Location	0	Nil	11.1	Second
All the above	57.14	First	76.7	First

All the Indian respondents expected a combination of various factors associated with retail outlets such as “Convenience to Reach”, “Location”, and “Parking Space” etc. Majority (about three-fourths) of the USA respondents expected a combination of various factors associated with retail outlets such as “Convenience to Reach”, “Location”, and “Parking Space” etc.,

Table 20: Benefits expected from retail outlet often visited

Parameters	India		USA	
	%	Ranking	%	Ranking
More variety	57.1	First	83.3	Second
Quality enhancement	28.6	Second	88.8	First
Quantity discount	0	Nil	75.5	Third
Various schemes	14.3	Third	70.1	Fourth

Wide (more) Variety” assumed highest significance for Indian Customers followed by “Quality Enhancement” and the least to “Various Schemes” offered by retail out, whereas for USA Customers “Quality Enhancement” assumed highest significance followed by “More Variety”, “Quantity Discount” and the least to “Various Schemes”.

Table 21: Role of Sales Personnel in the retail outlet

Parameter	In the case of Costly Items				In the case of Technology Products			
	India		USA		India		USA	
	%	Ranking	%	Ranking	%	Ranking	%	Ranking
Maximum extent	71.4	First	38.9	Second	14.3	Second	22.2	Second
To moderate extent	28.6	Second	50.0	First	85.7	First	66.7	First
To lesser extent	0	Nil	11.1	Third	0	Nil	11.1	Third

In the case of costly items such as jewellary etc. the role of sales personnel is given highest ranking by Indian Customers and with regard to the technical products, they play moderate role, whereas both in the case of costly items such as jewellary etc. and with regard to the technical products, the role of sales personnel is given moderate ranking by majority of the USA customers.

The analysis of Indian Customer’s response on satisfaction with regard to the “Speed of Transaction (Billing)” and “Flow of Goods in the Store (Inventory)”, is considered to be moderate or average, whereas with regard to USA Customers, the analysis of response on satisfaction with regard to the “Speed of Transaction (Billing)” and “Flow of Goods in the Store (Inventory)”, is considered to be highly satisfactory, followed by moderate or average.

Suggestions:

Consequent to the declaration of the Government of India’s policy on FDI in multi brand retailing, the organized retail format in India is growing faster and the state of the art of the present organized retailers need to be further modified to develop the so called competitive edge and accordingly, the following suggestions are made.

1. The delivery performance of organized retail outlets in terms of flow of goods, faster
   Billing needs to be enhanced to improve upon its brand image.
2. Better inventory management techniques are to be adopted to reduce the price and enhancement of quality of the products,
3. Personnel of retail outlets need to be trained on technical aspects of the products as well for better understanding and appreciation by the customers
4. New methods of communication such as websites, on line presentations may be adopted for faster and effective communication.

With the advent of internet based organizations like Amazon.com, the dynamics of shopping at brick and mortar levels of purchasing is changing a lot. Tech-savvy consumers prefer to shop online, since it provides the different benefits like: -- * Time saving, * Shopping at own pace, and * Larger variety of products at competitive price. The consumers of United States are going more towards Internet Shopping. The Indian Retailing Outlets should pay more attention in this regard.

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Summary & Conclusions:

SN	Indian Consumer's Opinions	USA Consumer's Opinion
1	Customers visit organized retail outlets as they get higher value addition, particularly when compared with the quality and price of the products. However, on with regard to product specifications and services rendered, they need to improve a lot.	Customers visit organized retail outlets as they get higher value addition, particularly when compared with the quality, price of the products and services rendered.
2	Acceptance of credit card and complaint handling facility are supposed to be the high motivating factors for repeat visit to the out let.	Product Returns facility and complaint handling facility are supposed to be the high motivating factors for repeat visit to the out let, followed by Acceptance of credit card/Rest Room availability.
3	Hygienic, lighting and signage system is found to be very impressive and satisfactory	Lighting and Layout, Safety/Security and signage system are found to be very impressive and satisfactory
4	Inventory management in terms of flow of goods and speed of billing is unimpressive	Inventory management in terms of flow of goods and speed of billing is found to be very satisfactory.
5	Personnel, managing the outlet are more concerned with the value of the item and found to have little technical knowledge of the functioning of certain specific products which sometimes demotivated the customers.	Personnel managing the outlet are more concerned with the value of the item and found to have very good technical knowledge of the functioning of certain specific products which sometimes motivated the customers.
6	Word of Mouth Communication and Media are the only two methods of promotional techniques that they are adopting as on date	Outlet itself was found to be the major source of communication for the consumers, followed by media and mouth communication equally.

Table 22: Satisfaction derived by the customer from Retail Out let:

Parameter	A. Speed of Transaction				B. Flow of Goods			
	India		USA		India		USA	
	%	Ranking	%	Ranking	%	Ranking	%	Ranking
To maximum extent	28.6	Second	66.6	First	14.3	Second	66.6	First
To moderate extent	42.8	First	33.4	Second	71.4	First	27.7	Second
To lesser extent	28.6	Second	0	Nil	14.3	Second	5.7	Third

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