ORGANIZED RETAILING IN INDIA IS EMERGING– A STUDY IN TWIN CITIES OF HYDERABAD

NAVIN PRAKASH MISHRA
PROF. (DR.) K. RAJANATH

Abstract

Retailing is of two types, viz Unorganized and Organized formats. Up to 1990s unorganized was predominant in Indian market. However, due to fast changing demographics, increase in youth population, government policies, higher affordability etc. prompted and facilitated organized retailing. Further, the declaration of Government of India's policy with regard to FDI has propelled the growth of organized retailing in India. Studies in the past have indicated though there is a huge potential for organized retailing, the share of organized format is still in a single digit only in Indian market. Therefore, the study on "Organized Retailing in India is Emerging – a study in twin cities of Hyderabad" assumes significance. The study results indicate that the organized retailing, particularly in twin cities of Hyderabad, is yet emerging and has a long way to go to catch up with multi nationals

Key Words: Human Resource, Information Technology, Inventory, Logistics, Emerging.

I.   INTRODUCTION:

Retailing, as per Biplab[1] , derived from the French word, 'Retailer' i.e. "sell in small quantities or parcels, and is defined as a "Commercial transaction[2] in which a buyer intends to consume the goods or services through personal, family, or household use" or "the activities involving[3] the selling of goods to ultimate consumers for personal or household consumption". In any commercial transactions, both Seller (Retailer here) and the Buyer (Customer here) expect benefits to them. Thus, Retailing may be defined as a set of business activities that

---

[1] Biplab. S. Bose, (2007), *"Marketing Management (Text & Cases)"*, Chapter 20, Himalaya Publishing House, First Edition, Pp. 509

[2] definition and meaning - BusinessDictionary.com
http://www.businessdictionary.com/definition/retailing.html)

[3] Merriam-Webster:https://www.merriam-webster.com/dictionary/retailing)

together add "value" to the products and services sold by the retailer to the final customers.

Basically, there are two different types of Retailing, Unorganized Organized Formats. While Peddlers & Hawkers, MOM & POP Stores etc are considered as Unorganized, the Super Markets, Departmental Stores, Discount Stores, Hyper Markets etc. are classified as Organized Retail Formats. Till late twentieth century i.e. up to 90s, the Indian market was dominated by unorganized format. However, due to fast changes in the Indian market due to (i)impending demographic changes such as increase in the percentage of youth, increase in women employees, higher affordability etc.,(ii) fast urbanization, (iii) development and application/usage of information technology in every field of activity, including commercial activities, (iv) changes in government policies such as allowing foreign direct investments (FDI) in single and multiband retailing in to the Indian market and (v) the initiatives taken up by Indian business tycoons such as Ambanis, Kishore Biyani, Birla etc. had considerable influence in allowing organized format of retailing to slowly evolve and play a dominant role in Indian market.

Modern Indian customer is seeking more value in terms of improved availability and quality products, pleasant shopping environment etc. Therefore, retailers need to understand "Value", the Customer is looking for. The value comprise: (i) Price Value, (ii) Choice based Value, (iii) Information Value, (iv) Relationship Value, and (v) Atmospheric Value etc. An understanding of these by the retailers would enable them to sustain their existence in an impending competitive environment. It is in this context, the present study titled "Has Organized Retailing in India Emerged– a Study in Twin Cities of Hyderabad" assumes significance

II.   LITERATURE REVIEW:

Ranjan Banerjee, (1999) describes in his article, "Shopping V/S Buying", how retailers can achieve volumes and loyal customers by realizing that buying is a transaction while shopping is a human experience. Buying refers to the activity of exchanging money paper, metal or plastic for goods and is the business of shopping experience. Most of the associations of buying are commercial- price, value, purchase and article. Shopping is experiencing sale through our senses – sight, sound, smell, taste and touch as the basis for choice or rejection. The

associations with shopping are positive human associations – ambience, wonder, display, space and choice.

Barnes, (2001), has suggested thirteen forms of value, or benefits that customers may perceive as valuable. These are; i. Product for price value, ii. Access (convenience) value, iii. Choice based value. iv. Employee based value, v. Information value, vi. Association value, vii. Enabling value, viii. Relationship value, ix. Customer unique value, x. Surprise value, xi. Community value, xii. Memory value, xiii. Experience value

Anna S. Matila & Jochen Wirtz (2001) have studied the notion that atmospherics influence consumer behavior. They support that the arousing quality of ambient stimuli is one dimension

along which holistic evaluation occur, and that pleasant ambient stimuli are perceived more positively when there arousing qualities match rather than mismatch The authors have manipulated scent and music in a 3 (no music, pleasant low arousal and high arousal music by 3, (no scent, pleasant low and high arousal scents) factorial design in a field setting. It was found that when ambient scent and music are congruent with each other in terms of their arousal qualities, consumers rate the environment significantly more positive, exhibit higher levels of approach and impulse buying behaviors and experienced enhanced satisfaction than when these environmental ones were at odds with each other. They suggested the store managers that by improving the store's ambient conditions, the consumer's evaluation and behaviors in the shopping experience will get enhanced. Strategically, manipulating the environments arousing qualities via scents and background music can help retailers to differentiate their stores from otherwise similar competitions. Moreover appropriate aromas and music might encourage shoppers to engage in impulse buying.

Noel, & Cheung, (2001), described that they developed a retail service quality scale in order to study the service quality delivery of a departmental store chain and its impact on consumption behavior. The methodology uses six dimensions: personal interaction, policy, physical appearance, promises, problem solving, and convenience. The results show that the effect of physical appearance and policy play a very important role on the overall service quality and the future shopping behavior.

Mathew Joseph, Nirupama Soundararajan, Manish Gupta & Sanghmitra Sahu, (2008), stated in their "Retail Report 2', that the Indian retail is dominated by a large number of small retailers consisting of the local *Kirana* shops, owner-manned general stores, chemists, footwear shops, apparel shops, hand-cart hawkers, pavement vendors, etc. all of these small retailers mentioned are called as" Un-organized retail" or traditional retail. The last 6-7 years have seen the entry of a number of organized retailers, opening stores in various in metros and other important cities in modern formats. In spite of the opening of a number of organized stores, the organized business is still low. It is clear that traditional retail has been a vital part of the economy and is a significant source of employment. However, it suffers from huge inefficiencies as a result of which consumers do not get what they want, and farmers often get prices for their produce much below what is considered fair. On the other hand, organized retail gives **consumer**s a wider choice of products, pleasant shopping environment and lower prices. It provides a better channel to the farmers, so that they can sell their products at higher price. While the advent of organized retail has affected the business of traditional retailers they are still making considerable efforts to stay on.

Mark Stephen, (2009), found 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 slight development in the market, to be in the reckoning. As competition heats up in different domains and verticals of the organized retail game, with the entry of leading international brands and many Indian retail giants consolidating and expanding with a vengeance, the Indian retail market is definitely not for the fainthearted.

Retail companies have to start looking for innovative formats that can make them distinctive and unique - a cut above the rest. One of the latest retail formats making a Grand entry in this game of guts and guile is 'Wedding Malls'. An unheard of entity in advanced global retail markets like the United States and Europe; it has become a big hit in India.

V.S. Rama Rao, (2009), 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. At this stage, we analyze the Indian retail industry by using the five forces frame-work created by Michael Porter. Michael Porter's five forces analysis is a tool for the

structural analysis of industries. Understanding each of the five forces and how they interact with one another provides a clear picture of the degree of competition being faced within an industry, and therefore, its relative attractiveness.

Siddhartha G. Das, (2002), suggests that price visibility is critical to purchase decisions. Das research was intended to find out the buying behaviors of customers when they were inside the shop, especially at a retail shop.

His conclusions: the way prices we display on a product could determine whether he ends up making a purchase or merely does some window shopping. Moreover customers also want the shopkeeper to have them alone for a while when they are looking at products or their price tags. Most customers also do not seem to like the idea of inquiring about the price from the shop keeper since they do not want to be confronted with the price they cannot afford. Most customers felt that the prices of the product should be displayed.

Avinash Mulky & Rajendra Nargundkar, (2003), find that the structure of a country's retail sector has an enormous influence on marketing strategy and marketing activities of firms. The Indian retail sector has arrived at a very critical stage. Stores in modern formats have emerged in the metropolitan cities but the bulk of the retail sales happen through traditional retail formats. The development of modern retailing is of great interest to marketing scholars, practitioners and policy makers. The Indian retail sector is largely traditional, but stores in modern format are emerging. The contribution of organized retailing in the share of retail sales in India is currently very small. Based on an analysis of retail developments in countries such as Thailand, Brazil and Greece, and some experience in India, it is possible to conclude that modernization of retailing in India would be influenced by some important factors. These factors include economic development; improvements in civic situation; changes in consumer needs, attitudes and behavior; changes in government policies; increased investment in retailing and rise in the power of organized retail. The development of modern retail will have several implications for managerial practice in manufacturing firms. Firms will need to proactively review and their sales structures, brand activities, logistics policy and price structure to cope with pressures from powerful retailers.

According to Michel Levy & Barton, (2004), retailing is a set of business activities that adds value to the products and services sold to customers for their personal or family use. Retailing is not only sale of product in store but also involves the sale of services.

Eric, John & Tom, (2005) have proposed relationships between salesperson's personality influences, good orientations, customer selling orientation and overall work satisfaction. According to them, salesperson's personality plays a significant role and affects the sales.

-Velitchka D. Kaltcheva & Barten A. Weitz, (2006), examined the impact of store environment on consumer behavior. The conceptual framework that the authors develop proposes that the consumers' motivational orientation moderates the effect of the arousal produced by a store environment on the pleasantness of the environment. Two experiments support the framework. When consumers have a recreational, motivational orientation, high arousal has positive effect on pleasantness, but when consumers have a task oriented motivational orientation, high arousal decreases pleasantness. In addition, high arousal increases. consumers intention to visit and make purchases in the store for recreationally oriented, but it has negative impact on shopping behavior for task oriented consumers. Pleasantness mediates the effect of arousal on shopping behavior

Dr. Rajanath etal (2014) in their study oh "Retailing in India—A Consumer – Perspective", stated that 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 the FDI declaration by Govt. of India in multi brand retail has accelerated the growth of organized retailing in India. In this connection, the suggestions made include delivery performance of organized retail outlets in terms of flow of goods, faster billing, better inventory management techniques are to be adopted to reduce the price and enhancement of quality of the products etc.

Carrie Yu, N.V. Shiv Kumar & Vivek Mehra, (2006-2007), expressed that the Indian supply chain management is evolving and for rapid economic growth, modern supply chain structures and systems are imperative. Currently in India, there is 20-40% wastage for the perishable produce due to multiple intermediaries,

wastage during transportation and storage, high cycle times and an absence of cold storage systems. The supply chain can be made more efficient through economies of scale in procurement and transportation, bulk storage, trend forecasting and analysis of sales patterns to minimize inventory, improve fund management and enhance service levels in terms of availability.

Sylvie Mortin, LauretteDube & Jean Charles Chebat (2007), explored the psychological process by which background music in stores influence service evaluation and purchase intention. They show that decisions made at the level of specific environment parameters, such as the presence of pleasant background music, once integrated into customers holistic perceptions of the service scope, have the potential to set the stage for creating greater customer value through improved attitude towards a given provider, that is decisions related to the physical environment and provider performance are not independent, however either interference or synergies is equally possible. The authors have recommended a more systematic and evidence based planning of service and e-service environments, based on the effectiveness of each parameter of the physical environment to create value for consumers and contribute to operational or market outcomes.

According to DhivyaSatish&VenkatramaRaju D. (2010) the retail sector in India is witnessing a huge revamping exercise, as traditional market makes way for new formats such as departmental stores, hypermarkets, supermarkets and specially stores. The Mall culture has begun to take root in metros and local cities alike introducing the Indian consumer to a never before seen shopping experience. The Organized retail in our country is at such a point where from the growth of organized retailing and growth in the consumption by the Indian population will take an upward trajectory. Additionally, other formats such as rural retailing, E-retailing, luxury retailing etc. have found favour with the Indian retailers as well. In India, retail is the new buzzword. The need of the hour is to develop systems and process keeping the unique nature of the country in mind. In the retail trade, change is the only constant; survival in retail will depend only on the ability to adopt to change. Corporate India sees the retail market as the next big frontier with immense growth potential. It offers an opportunity for large player to build an Rs.40000 crores retail business spanning multiple categories in near future. As a result of the tremendous growth opportunities, big international companies are

showing keen interest to enter the retail sector in India. Having, said that, the revenue of the largest Indian retailer, Pantaloon was only Rs. 1085 crores in 2005. Implying, that to capitalize on the opportunity; a player needs to be aggressive in its outlook.

According to Deepika Jhumb & Ravi Kiran, (2011) 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 an increase in the quality of life of urban people. Organized Retailing is the most attractive sector in the Indian economy. 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 retailer.

Rajanath et. al. (2015) study reveals that the retailers have a good understanding of changing environment such as new FDI policy and its impact, have taken adequate measures such as inventory management to reduce the cost and faster delivery of products and formulating appropriate marketing strategies including building up customer relationship, quality services to customers aiming all these for better image development

Kishore Biyani (2011), Founder & group C.E.O., Future – Group said in Indian Retail Forum that modern retail has a huge potential to not only benefit from India's increasing consumption demand, but also create demand for value added products, boost local entrepreneurship, create jobs and raise income levels. At India Retail Forum, let us explore how we can collaborate to create consumption demand and offer Indian consumers, a better standard of living by providing better products at best prices. The consistent resilience of Indian economy and healthy domestic consumption growth can be sustained through wider reforms into key sectors like retail. Creating an investor friendly and sustainable environment will help retailing in India grow faster, which will bring large number of employment to Indian youth, increase the spirit of entrepreneurship in farmers and small manufacturers and will give wider choice for Indian consumers.

III.   OBJECTIVE OF THE STUDY:

In the above context, the objective is to study whether retailing in twin cities of Hyderabad has emerged in an organized format that would deliver the demanded value to the Customer.

IV.   RESEARCH DESIGN:

A.   Hypothesis:

The "Null" hypothesis is defined as "**retailing in twin cities of Hyderabad is emerging in to organized format**" for the study.

In order to examine the null hypothesis, the perceptions of customers and retailers involved in retailing were considered. Accordingly, parameters for designing questionnaires are given below respectively for customers and retailers:

The customer parameters include:

i. Availability of quality products with best prices, ii. Improved quality of service, particularly in the context of technology based and high premium products, iii. Payment options and faster billing processes, iv. Shopping environment, v. Provision of Trial Rooms, vi. Use of Information Technology for better communication, vii. Computer literacy levels of sales personnel, and viii. Return and Exchange policies.

Based on the above parameters, a questionnaire was designed to include the issues:

(i) **Improvements in delivery**, (ii) Satisfaction derived, (iii) Value addition, (iv) Inventory management, (v) Shelf position, (vi) Hygienic environment, (vii) Speed of billing, (viii) Relationship maintained, (ix) Complaint handling, (x) Lighting & Layout, (xi) Signage & Display, (xii) Safety & Security, (xiii) Variety & Quality, (xiv) Services rendered, (xv) Price discounts offered, (xvi) Sales personnel role and (xvii) Speed of transaction, and flow of goods.

The questionnaire, thus designed, was administered to a sample of 400 customers. The sample was selected using simple stratified random sampling technique from twin cities of Hyderabad.

The parameters along with issues to frame a questionnaire are detailed below to study the retailer's opinion:

i. In respect of minimizing the inventory cost, the broad parameters considered are: i. Involving Vendors in Business Activities, ii. Owning a Warehouse", iii. Usage of Logistics and iv. Inventory Techniques adopted. Accordingly the issues developed are:

- Sharing of Information, In Forecasting, Mutual Participation in respective business activities, Owning a Warehouse, Material Handling Systems employed, Mode of Transportation, Logistics Information, Logistics Costs, Inventory Management Techniques Adopted, Technology used in maintaining Inventory, Matching Inventor

ii. In respect of Activities adopted to benefit Customers, the broad parameters considered are: i. Building up Customer Relationship, ii. Services Rendered, iii. Usage of Information technology for faster Communication and accordingly the issues developed to frame questions are:

Maintenance of Customer Data Base, Matching Inventory with Customer Demand, Periodic Stock Verification, Literacy Levels of Employees, Usage of Computers, and Applied Level of Information Technology

iii. In respect of the parameter of Store Image, the issues considered are maintenance of Store Atmospherics such as music and fragrance

The questionnaire, thus designed was then administered to 15 randomly selected retailers from twin cities of Hyderabad.

The responses, thus, obtained with regard to the above issues of Customers Perceptions and Retailer's opinions are then collated and weightages are given to the responses as "5" (Five) if the response is ≥ 75%, "3" (Three) if the response is in between 51 and 74% and 2" (Two) if the response is ≤ 50%

Then sum total weightage (cumulative score) of the responses was calculated and thereafter the Percentage of Cumulative Weightage, i.e. "Cumulative Level" was calculated as stated below:

Cumulative Level (%)   =   (Cumulative Score divided by Sum Total Score) X 100

 If the "Cumulative Level" is 50% or more, the retail outlet is considered to be emerging as organized format. Higher the percentage higher would be the levels of organized formats for the retail outlet.

B.   Sampling:

Simple stratified random sampling technique was adopted to select the sample of customers and simple random sampling technique for retailers sample from twin cities of Hyderabad. Accordingly, the questionnaire were administered to 600 customers and 20 retailers , against which, 400 responses (66.7% response rate) from customers and 15 responses (75% response rate) were received. The profile of 400 customers is given in Annexure-A:

The fifteen retailers names are: Spencer's Super Market, Heritage Foods Ltd, Reliance Digital, Foodworld, Magna, Hyderabad Central, Trinetra, More, Pantaloom, Reliance Fresh, Big Bazar, De Mart, Shopper's Stop, West Side, Prasad Imax

V.   DATA ANALYSIS:

Data, after receiving the responses was analyzed using simple statistical techniques such as averages and ratios and the ratios thus arrived at were given due weightages as discussed above and accordingly the following tables, Table-1 for customers perception and Table-2 for retailer's opinion:

VI.   VALIDATION OF HYPOTHESIS:

As discussed above, the responses are converted in to percentage and after allocating the weightages, the scores are determined, which are then tabulated. The details are presented at Table-1 for Customers Perception and at Table-2 for Retailer's Opinion. Subsequent to that the respective Cumulative Levels were calculated to validate the Hypothesis from Customer's Perception and Retailer's Opinion.

Cumulative Level   =   Cumulative Score/ Sum Total Score   X   100

Cumulative score of response after assigning the weightages is calculated to be 218, and the sum total response is calculated to be 350.

Cumulative Level   =   218/350 X   100   =   62.3%

Therefore, the Cumulative Level percentage is 62.3.

Cumulative Level   =   Cumulative Score/ Sum Total Score   X   100

Cumulative score of response of Retailer's opinion, after assigning the weightages is calculated to be 249 and the sum total response is found to be 340.

Cumulative Level   =   249/340 X   100   =   73.2%

Therefore, the Cumulative Level percentage is 73.2%.

VII.   SUMMARY OF THE STUDY:

The analysis of responses from customer' perceptions and retailers opinion resulted in "Cumulative Value" respectively as 62.3% and 72.3%. Therefore, as per the Hypothesis it may be concluded that the retailing in twin cities of Hyderabad has emerged as organized formats.

However, further analysis of the data, as detailed below, indicate that the retailing in twin cities of Hyderabad has no doubt emerging as organized format, but they have to go a long way to be categorically classified as "Organized Formats". The 21 issues, relating to customer's perception and 31 issues, relating to retailer's opinion are further classified in to A, B and C categories; i.e. "A" is ≥75%, "B" between 51 and 74 % and "C" between 0 and 50%, which are respectively presented at Tables, 3 & 4 below:

Comparison of both the Tables 3 & 4, put together, result in to the following Table-5, where in issues of B & C categories of both customers perception and retailers opinion are placed for comparison.

The Table-5 brings the following observations: With regard to "B" category there are two situations:

Situation 1: The customers perceived the issues such as value addition, improvement in delivery, extent of satisfaction, improvement in delivery and extent of satisfaction as "B" category status, which could be due to certain lapses to a certain extent in the performance of outlet such as inventory cost, stock verification, which put together leads to the extent of matching the mix of inventory with customer's demand.

Situation 2: The customers perceived the issues role of sales personnel as "B" category, which may be due to lapses to a certain extent in the performances of outlets in terms of computer literacy of employees, computers usage in daily operations, and applied levels of technology by their sales personnel.

With regard to "C" category the following is the situation: The customers perceived the issues such as offers by retailers, benefits expected, and satisfaction derived by customers to be under "C" category which could be attributed to certain serious gaps in the outlets performance with regard to quantum of logistics cost, and adoption of inventory management techniques, and non-adoption of better and sound inventory management techniques such as economic order quantity (EOQ) and Just in Time (JIT) practices

From the above it is clear that Retailers need to build on the parameters: Extent of matching the Mix of Inventory with customer, Stock Verification at regular intervals, Computer Literacy of Employees and their proficiency in daily operations, applied levels of Technology and Inventory Management Techniques adopted etc.

VIII.   CONCLUSION:

This study concludes that retailing in India, particularly in twin cities of Hyderabad, has come of age and adapting organized format for sustenance through delivering certain value in demand by the customers. However, in view of the above analysis, the retailers in twin cities of Hyderabad is early stages of evolving and have to still build up their operations to emerge as fully organized formats for sustenance in an impending competitive environment, which is ever increasing and never ending.

REFERENCES

Anna .S. Matila & Jochen Wirtz (2001), *"Congruency of Scent and music as a driver of in store evaluations and behavior."* Journal of Retailing, Year 2001, Vol. 77, P. 273-289

Avinash Mulky & Rajendra Nargundkar (2003), *"Modernization in Indian Retailing: Managerial and Policy Perspectives",* Udyog Pragati; Volume 27, No.2, 2003.

Biplab. S. Bose, *"Marketing Management (Text & Cases)",* Chapter 20, Himalaya Publishing House, First Edition, 2007, Pp. 509

Barnes, James G (2001), *"Secrets of customer relationship management. It's all about how you make them feel.",* McGraw Hill, New York, 2001

definition and meaning - BusinessDictionary.com
http://www.businessdictionary.com/definition/retailing.html)

Carrie Yu, N.V. Shiv Kumar &VivekMehra, (2006-2007), *"New Dynamics: The impact on modern retailing."* Retrieved from: @ pwc.com.

Deepika Jhumb & Ravi Kiran (2011), "Organized Retail in India – Drivers Facilitator and SWOT Analysis" – Asian Journal of Management Research, Volume 2, Issue 1, 2011.

DhivyaSatish&VenkatramaRaju D (2010), "The growth of Indian Retail Industry", Advances in Management; Vol.3 (7), July 2010

Eric. G. Harris, John C. Mown& Tom J. Brown (2005), *"Re-examining Salesperson Goal Orientation, Personality Influences, Customer Orientation & Work Satisfaction."* Journal of the Academy of Marketing Science (2005), Vol.33, No.1, (Pp 19-35).

K. Rajanath, N.P. Mishra   (2015). "Retailing in India—A Consumer –Perspective", Indian Journal of Management Science, 2014, Volume- IV, Issue—1, Page No. 44-53

K. Rajanath, N.P. Mishra   (2015) "*Retailing in India- A Retailer Perspective,* Global Journal of Research in Management, Volume 5 Issue 1, Published: 2015, Pp 83-103.

Kishore Biyani, Founder & Group C.E.O, Future Group, India Retail Forum, September, 20-22; 2011

Mark Stephen, (2009), *"Innovative Retail Formats in India",* retrieved from http: / Ezine Articles.com/3159934, October, 26

Mathew Joseph, Nirupama Soundararajan, Manish Gupta &SanghmitraSahu(2008), *"Retail Report 2",* Pages 3, 8, & 129. ICRIER, 27 May, 2008

Merriam-Webster:https://www.merriam-webster.com/dictionary/retailing)   Michel Levy& Barton .A. Weitz (2004), *"Retailing Management",* 5th Edition, 2004, Page 6; Tata McGraw Hill.

Michel Levy& Barton .A. Weitz (2004), *"Retailing Management",* 5th Edition, 2004, Page 6; Tata McGraw Hill.

Noel Y.M. Siu and Jeff tak-Hiy cheung, *"A measure of retail service quality ",* Marketing Intelligence and Planning, vol.19, no.2, yr.2001, (Pages; 88—96.).

Ranjan Banerjee (1999), "Shopping versus Buying ",A&M , DCC (1999) Pp:- 98-100

Siddhartha G. Das, *"Primacy of Price"* Indian Management, the Journal of All India Management Associations, Vol.41, Issue 5, 2002. Page –12

Sylvie Mortin, Laurette Dube & Jean Charles Chebat (2007), *"The role of pleasant music in service scopes: A test of the dual model of environmental perception."* Journal of reality, Volume: - 83, No:-1, (2007). Pp: - 115-130.

Velitchka D. Kaltcheva and Barten A. Weitz (2006), *"When should a retailer create on exciting store environment",* Journal of Marketing- American Behavior", Marketing Association (2006), Vol. 70; No.1

V.S. Rama Rao; (2009)," *Challenges to Retail Development in India."* 12th Nov, retrieved from: w.w.w.Citeman.com, November, 12.

Annexure-A: Profile of the Sample of Customers from twin cities of Hyderabad
Sample Size   Segmentation of respondents by gender and profession

	Male	Female	Total	Total
Gender Composition	236	164	400	**Sample**
Employees	140	60	200	**Size 400**
House Wives		80	80	
Students	96	24	120	

Table – 1: Hypothesis Validation of Customer's Perception

SN	Parameters	Score	%	(%) Cum.
01	Value Addition from different Retail Outlets	21	25	**84**	
02	Frequency of Comparison	20	20	**100**	
03	Comparison of products purchased	5	5	**100**	
04	Improvement in Delivery	7	10	**70**	
05	Fulfillment of Customer Requirements	7	15	**47**	
06	Extent of Satisfaction	7	10	**70**	
07	Provision of Facilities	19	30	**63**	
08	Value Addition	7	10	**70**	
09	Customer Service rendered by Retailer	8	20	**40**	**218/350 = 62.3**
10	Sources of Communication	6	15	**40**	
11	Parameters adopted by mostly visited Retail Outlet	14	20	**70**	
12	Customer Relationship	12	20	**60**	
13	Important Physical Facilities	11	15	**73**	
14	Frequency of visit	7	15	**47**	
15	Preference to a particular Outlet	5	5	**100**	
16	Customers Prioritize	18	25	**72**	
17	Offers by Retail Outlet	6	15	**40**	

SN	Parameters	Score		%	(%) Cum.
18	Advantages Associated	6	10	**60**	
19	Benefits Expected	7	15	**47**	
20	Role of Sales Personnel	12	20	**60**	
21	Satisfaction derived by the Customer	13	30	**43**	

Table -2: Hypothesis Validation of Retailer's Opinion

SN	Parameters	Score		%	(%) Cum.
01	Extent of Sharing Information with Vendors	7	10	70	
02	Share Sales Information with Vendors	7	10	70	
03	Involving in Forecasting Vendor's business.	7	15	46.7	
04	Vendor's participation in Forecasting and Planning of Outlet's business	7	15	46.7	
05	Owning a Warehouse by a Retailer	7	10	70	
06	Centralized Warehouse facility	7	10	70	
07	Material Handling in the Warehouse	7	15	46.7	
08	Distribution Network from Warehouse to Store	5	5	100	
09	Quantum of Logistics Cost	7	15	46.7	
10	Commonly used Mode of Transportation	5	5	100	
11	Applied Information System to Logistics	5	5	100	
12	Inventory Cost Incurred	6	10	60	
13	Adopted Inventory Management Techniques	7	15	46.7	
14	Technology utilized for maintaining Inventory	5	5	100	249/340 = 73.23
15	Extent of matching the Mix of Inventory with customer demands	7	10	70	
16	Frequency of Stock Verification	6	10	60	
17	Periodicity of Store Verification	7	10	70	
18	Performance of the outlet w.e.f Flow of Goods	15	15	100	
19	Ranking the factors related to Store Location	21	30	70	
20	Maintenance of Customer Database	5	5	100	
21	Format for maintaining data base on Customers	7	10	70	
22	Sources of Customer Databases	7	10	70	
23	Sources of Customer Databases	6	10	60	
24	Computer Literacy of Employees	7	10	70	
25	Percentage of Usage of Computer Proficiency in daily operations	7	10	70	

SN	Parameters	Score		%	(%) Cum.
26	Applied level of technology	7	10	70	
27	Extent of maintenance Fragrance and Music	5	5	100	
38	Activities adopted to benefit the Customers	8	10	80	
29	Sales Person's Role s in case of High Value and Technological goods	5	5	100	
30	Ranking the factors in Relation to Customer Service	15	20	75	
31	Factors in relation to Value to the Customer	15	15	100	

NB: Nil means no validity, since there is no response and therefore value is zero.

Table-3: Categorization of Issues with regard to Customers Perception

Type	No	%	Scored Parameters
A	4	19	Value addition from different retail outlets, Frequency of comparison, Comparison of products purchased, and Preference to a particular
B	10	48	Important physical Facilities, Value addition, Improvement in delivery, Customers prioritize, Parameters adopted by mostly visited retail outlet, Extent of satisfaction, Provision of facilities, Customer relationship, Advantages associated, Role of sales personnel,
C	7	33	Fulfillment of customer requirements, Customer services rendered by retailers, Sources of communication, Frequency of visits, Offers by retailers, Benefits expected, and Satisfaction derived by customers.

Table-4: Categorization of Issues with regard to Retailers Opinion

Type	No	%	Parameters Scored
A	11	36	Mode of Transportation, Applied Information Technology, Performance of the outlet with regard to flow of goods, Maintenance of customer database, Extent of maintenance of fragrance and music, Sales person's role, Factors considered for Value to the customer, Distribution network from Warehouse to stores. Technology utilized for maintaining inventory, Ranking the factors in relation to customer service, Activities adopted o benefit Customers.
B	15	48	Sharing information with vendors, Share sales information, Owning a Warehouse, Centralized Warehouse, Extent of matching the mix of inventory with customer, Inventory Cost, Frequency of stock verification, Periodic stock verification, Store location, Maintaining format for Customer data, Sources of customer database, Computer literacy of Employees, Computers usage in daily operations, and Applied levels of Technology
C	05	16	Involving in forecasting Vendor's business, vendor's participation in outlet's business forecasting and planning, Material handling in Warehouse, Quantum of Logistics Cost, and Adopted inventory management techniques.

Table-5: Comparison of Category B & C issues

SN	Issues from Customers perception	Issues from Retailers opinion
	Category "B" issues	
B	Value addition, Improvement in delivery, Extent of satisfaction	Extent of matching the mix of inventory with customer, Inventory Cost, Frequency and Periodic stock verification,
	Role of sales personnel	Computer literacy of Employees, Computers usage in daily operations, and Applied levels of Technology.
	Category "C" issues	
C	Offers by retailers, Benefits expected, and Satisfaction derived by customers	Quantum of Logistics Cost, Adopted inventory management techniques

ABOUT AUTHOR

N.P. Mishra, has post graduate in engineering obtained MBA from JNTU, Hyderabad. Has more than four decades of rich blend of industry and academic experience. Served in Railways for a decade or so and later at Mishra Dhatu Nigam Limited for about 25 years and superannuated as Deputy General Manger. Presently, serving MRM Institute of Management as Associate Professor & H.O.D. for nine years and on the verge of completion of doctoral degree from Rayala Seema University. Has published four papers in reputed Indian Journals and presented papers at National seminars.	
Prof. K. Rajanath Graduate and Post Graduate in Metallurgical Engineering from IIT, Kharagpur, obtained MBA (Gold Medalist) from Osmania University and PhD in Management Science from JNTU, Hyderabad. Has more than forty five years experience as faculty, researcher, trainer, consultant and executive. Worked as faculty, NIT, Warangal, Professor and Dean, Institute of Public Enterprise, Director, Vignan Institute of Technology and Science, Dean, ICFAI School of Marketing Studies, Officer on Special Duty (Pro Chancellor) of Icfai University, Tripura, Agartala. Presently, working as Retainer Consultant with Tata Quality Services, a unit of Tata Projects, Hyderabad. Being a Certified ISO lead Assessor and Auditor facilitated several educational and business enterprises for ISO certification. Guided four scholars for their doctoral degrees and a few more are in the pipe line. Have several publications both in National and International journals.	