

CONSUMER EXPECTATION AND SATISFACTION TOWARDS MODERN DAY RETAIL FORMATS (AN EMPRICAL STUDY WITH SPECIAL REFERENCE TO COIMBATORE CITY

Dr.KOWSALYA.C¹

¹Assistant Professor, Department of Commerce, Sri Jayendra Saraswathy Maha Vidyalaya College of Arts and Science, Coimbatore – 641 005.

ABSTRACT :

Retailing of household consumer goods is very old concept as far as India is concerned. The concept of retailing evolved in India with the traditional practices of conducting weekly Haat, where groceries and households' goods are bought and sold by the consumers in a bartering form. Though modern day retailing started in India in the mid of 1980's, its progression was experienced only after the 1991 economic liberalisation of the nation. Since, then the concept of retailing, which includes the shopkeeper selling goods to customers' have transformed, taken many forms and dimensions i.e., from the regional local market shops to upscale multi brand outlets, especially super markets or departmental stores From the above discussion it has been clear understood that the modern retailing format is a recent evolution in India. These modern retail formats are owned by the big corporates and multi-national companies in the form of hyper market, super markets and departmental stores². India is the fifth largest retail market in the world. Retailing business contributes 10 per cent to the nation's GDP (Gross Domestic Product), the sector employes 8 per cent of nation's population and it is valued at US \$ 672 billion (June, 2017), the sector is growing at 12 per cent per annum³ and it is expected to reach US \$ 1.6 trillion by the end of the year 2026⁴. Retail marketing experts comment that the growing middle class population is an important contributing factor to the growth of retail business in India. They estimate that by the end of the year 2030, 91 million households will be in „middle class“ category from 21 million in 2014. The rise in the middle income population offers tremendous opportunity for the retailers to unleash from the rising power of spending from this population group.

INTRODUCTION

The retail marketing experts also opined this macro trend i.e., the nation having large young population and rising domestic consumption by the middle class population as a favourable for the growth of organised retailers across India. In order to reap benefits from the growing market opportunities major domestic companies like: Reliance, Aditia Brial, Adani Enterprise and others have stepped into the retail business with long term ambitious goals to expand their business India. Along with these big corporates, a number of multinational brands have entered into the Indian retail chains in order to attract and benefited from large population size. As stated above the growth of organised retailing in India is the outcome of changes in the socio-economic factors. It can be clearly stated that India is in mid of retail revolution. It has been observed that steady economic growth, changing income profile of the population, increasing dual incomes families, rapid urbanisation, changing consumer tastes and preferences, growing preference for branded products and higher aspirations for better life-style are some of the key factors that are driving growth in the organised retail market in India⁵. Moreover, in Tier I and Tier II cities and towns are witnessing a major shift in consumer preferences and lifestyles due to the above said factors, as result of these changes the middle income population and youth of the nation have been considered as attractive markets for retailers to expand their presence across the nation⁶. Emerging retail formats offers wide variety of products and services to customers and the modern retailers aims to offer an ideal shopping experience with an amalgamation of product, entertainment and service, all under a single roof. The growth of organised retail in the form one-stop malls, speciality malls, hyper markets and branded retiler stores have significantly influenced the preferences of consumers, choice of the product and the retail formats⁷. From the detailed discussion it has been well understood that the retail store choice and patronage have by the customers widely changed after the entry of organised retail stores. In short the retailing environment in India is changing rapidly, leading to change in shopper expectations to realign stores as per customer expectation and satisfaction. With conceptual knowledge gained from the above discussion this study aims to analyse the consumers' expectation and satisfaction towards modern day retail formats in Coimbatore

city, a prominent tier II city in Tamil Nadu.

SIGNIFICANCE OF THE STUDY

From the above made discussion it has been understood that with the growth of consumers' class in India, retailing market is experiencing emergence of new corporate and multi-national entrepreneurs in food and grocery sectors i.e., in FMCG (Fast Moving Consumer Goods) business. Today, Indian FMCGs market is flooded with various multi-national branded goods and the size of the retail outlets have also drastically increased from a meagre local front house shop (petty shop) to large spread multi-product and multi-brand retail formats⁸. As the modern day consumers seek convenience and review more products before they execute their purchase decision. At this juncture, the Indian retailers are forced to upscale their stores, products offered by them, defining its prices, deciding right format of stores in order to attract and retain the valuable, but least loyal customers, as the consumer prefer to cross shop from different retail format either for the same product or for different products. Adopting the above said processes is very crucial for retailers' success and future sustainability⁹. This discussion provides a rational and empirical significance for the conduct of this study.

STATEMENT OF PROBLEM

Retail trade has emerged as one of the largest sector in service industry that contributes to the nation's growth through employment generation, revenue generation and fulfilling the need of consumers and in many more ways. In India modern day retailers have positioned themselves conveniently to meet different categories of customer, who are in different income levels. Many retailers have been upgrading themselves by re-locating their stores in modern malls and shopping centers, providing superior shopping atmosphere and experience especially in the urban and semi urban centers. With the changing retail formats modern day retail consumers are expect that their retailer offer them high values product at a reasonable cost so that they can get a fair return for goods and services they brought from their hard earned money and scarce time spend in a retail format. In short, consumers expect that the products or services meet their needs or wants and offered at competitive prices. Consumers also expect wide variety of choice i.e., product in term of both brand, quantity for selection and quality service.

CONCEPTUAL FRAMEWORK OF THE STUDY

Customers' patronage to retail showroom is depended on nature of the satisfaction derived by them from the retail store. Customers have their expectations when the visit a retail stores and how these needs and wants are met has a greater impressions on the actual service offered rendered by the retail stores in comparison to the customers' expectations, that in turn determines customers level of satisfaction derived at the time of their shopping in a specific retail store. According to Zeithaml and Bitner (1996)¹¹ customers' service expectations play a vital role when evaluating service quality. Hence, retail store service providers must understand and control these factors which can effectively influence customers' service expectations. In this, context, it has been further understood that According to Wehmeier. S (2000)¹²customers' expectations can be formed before or during the delivery of a service. Customer expectation reflects beliefs as to what will or should happen as per the customers' prediction. In the process of understanding customers' expectation, a researcher needs to have clear understanding on customers' perception. Customer perception is "the process, by which an individual selects, organises and interprets information inputs to create a meaningful picture of the world". Perceptions of a service are a complex series of judgments formed during or at the end of the experience¹³. Customer satisfaction is the result of customers' assessment of a service based on a comparison of their perceptions of service delivery with their prior expectations¹⁴. From the above made theoretical discussion it has been well understood that customer satisfaction is the outcome felt by buyers who have experienced a retail store that has fulfilled his or her expectations. Customer satisfaction is the reflection of customer's perception that his or her expectations have been met or surpassed. A customer might experience various degrees of satisfaction. If the product or service performance falls short of expectation, then that customer is considered as dissatisfied with the specific retailer services. If, performance matches expectations, the customer is considered as satisfied. If the performance exceeds expectations, the customer is considered as highly satisfied or delighted. From the above discussion, it has been understood that the gap that prevails between customers' expectation and satisfaction is area of greater interest for researcher. Realising this fact has provided scope for the conduct of this study.

SCOPE OF THE STUDY

The scope of this study is very wide and highly valuable. This study aims to analyse the consumers' expectation and satisfaction towards modern day retail formats in Coimbatore city, a prominent tier II city in Tamil Nadu. Organised retailing is not well matured business practices in India and organised retailers need to growth future and strength their stand in the market. Thus, this study is believed to be useful to organised retailers in gaining knowledge about their customers' level of expectation and satisfaction. The study findings will support retailer to take corrective actions after understanding their customers' expectations, needs and wants, so that they can better position themselves in the regional markets. This study will also help the marketing experts, research scholars and academicians in understanding the growth of modern retail market in India and in understanding the customers' level of expectation and satisfaction towards them.

OBJECTIVES OF THE STUDY

Based on the conceptual discussion made above following objectives are framed for the effective conduct of this study.

To study the demographic and socio-economic status of the food and grocery retail consumers living in Coimbatore city.

To measure the consumers level of awareness towards nature of food and grocery retailer currently functioning in Coimbatore city and to assess their buying behaviour in modern retail outlets.

To critically evaluate the consumers' expectation towards modern retail services offered at Coimbatore city and to assess retail consumers perception about the advantages and disadvantages of modern retail stores.

To measure the consumers level of satisfaction towards modern retail stores merchandising features and shopping pleasures.

To identify the existence of critical gap in consumers expectation and satisfaction towards modern retail stores and to offer valuable suggestions for enhancement of organised retail services in Coimbatore city.

Hypotheses of the Study

To justify the objectives of the study the following hypotheses are framed:

- ❖ Demographic and socio-economic status of the consumers significantly influences their level of awareness towards modern retail outlets that currently functioning in Coimbatore city.

RESEARCH METHODOLOGY

The present study is focused on the consumers' expectation and satisfaction towards modern retail stores in Coimbatore city. The current study has adopted explorative and descriptive research technique. The study applies both quantitative and qualitative techniques for data analysis.

SIGNIFICANCE OF THE STUDY AREA

According to the survey of Associated Chamber of Commerce. Organised retailers in the beginning of 1990's they focused their business operation in initially concentrated in metropolitan cities like Bangalore, Mumbai, Delhi, Kolkata and in recent years their focus is shifted towards small towns and semi-urban areas. As the expansion of the organised retail outlets was happening in smaller cities and towns, it has become imperative to understand the growth of organised retailers¹⁵. Organised retail in Coimbatore has experienced a steady growth. Although Coimbatore is the second largest city in Tamil Nadu after Chennai, yet large numbers of retailers have not entered the city. This has provided wider opportunities to the multi-brand retail both operating at national and international level to start their business operations in this city.

SAMPLING FRAMEWORK

For the effective conduct of this study the researcher applied multi-stage sampling techniques. In the first stage of the study researcher adopted judgmental sampling techniques for classification and selection of organised operating across Coimbatore city and in the second stage, researcher adopted convenience sampling techniques for collection of first-hand information from the retail consumers.

Data Source

Both primary and secondary data were used for the effective conduct of this study. The primary data for this research were collected through a well- structured questionnaire to find answers for the research questions and objectives. The secondary data needed for the study were sourced from various magazines, journals, internet and thesis works

*Reliability and Validity Analysis
Statistical Tools Applied*

The study is mainly based on primary data, thus, the study suffers the limitation of primary data base research for illustration: the perception of the sample respondents who shop at the selected retail stores may vary many a time based on their time of visit, occasion, company with whom they had visited, visit purpose, based on these parameters their perception towards retail store services and merchandising may vary, which is not clearly recorded in this study. Therefore, the findings cannot be generalised based on these factors.

REVIEW OF LITERATURE

Generally, it is understood that a detailed review of literature helps a researcher in getting acquainted with their selected research problem and also may provide guidelines in selecting a proper research methodology. It also supports researcher in identification of research gaps in the existing literature and in fine-tuning their research problem and methodology. Another advantage of reviewing in the existing literature is that in cases where the research problems are similar, the conclusions and findings may be easily compared. This will help the researcher in determining whether his/her findings are practically viable. This chapter provides summary of reviews collected on the growth of retail industry in India and consumers' perception and satisfaction towards retailers.

Mulky and Nargundkar (2003) study analysed developments of retailing business in India. The study made a detailed discussion on modernised managerial and policy changes implemented in the Indian retailing sector. The study commented that though modern formats of retailing have grown more in the metropolitan cities still, bulk of sales of goods have been made by traditional, unorganised retailers.

Bajaj et al., (2005) study reviewed the growth of organised retailers in India. The study found that in urban India, families are experiencing growth in income but dearth of time. More and more women are taking up corporate jobs, which is adding to the family's income and leading to better life styles. The study concluded that rising incomes have led to an increased demand for better quality products while lack of time has led to a demand for convenience and services.

INDUSTRY PROFILE

The Evolution of Retail in India

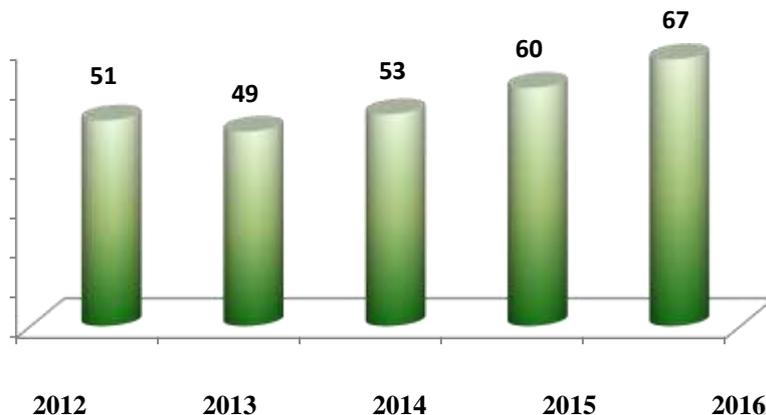
Retailing is an ancient business format in India, that evolved from barter system i.e., exchange of agricultural produce in villages, fairs, mandies, mela etc., across 6,00,000 villages in the country. The modern day retail system in India had started with the effective functioning of Public Distribution System (PDS) in India, which is popularly known as rationing. PDS was introduced in India during Second World War for rationing of food grains. This system was started in 1939 in Mumbai (formerly known as Bombay) and subsequently, the system was extended to other major towns and cities. By the end of the year 1946, this system was in operation in 771 cities/ towns. After the independence the system was observed, but it was reintroduced in 1950 in order to manage the rising inflation and poverty pressures in the economy. Today, PDS has emerged as single largest public retail chain in the country.

Growth of Retail Business in India

India is ranked fifth-largest retail business market as per the global market records. In recent years entry of organised retailers in India has supported in fast growth of retail sector. The retail industry contributes to 10 per cent to Gross Domestic Product (GDP) of nation and its employees eight per cent of the total population. Indian retail industry has immense potential as the nation has the second largest population in the middle income category; moreover, rapid urbanisation and fast growth of internet facilities also support the retailer growth in India. India's retail market is expected to grow to US\$ 1.6 trillion by the year 2026 from market size of US\$ 641 billion in 2016 and it is expected that this market will grow at 10 per cent CGR (Compound Annual) during this period. The entire retail market is projected to grow 12 per cent, whereas the modern retail trade would grow at 20 per cent per annum at US \$ 180 billion by 2020 and unorganised trades will grow at the

rate of 10 per cent per year⁷⁹.

GROWTH OF RETAIL BUSINESS IN INDIA



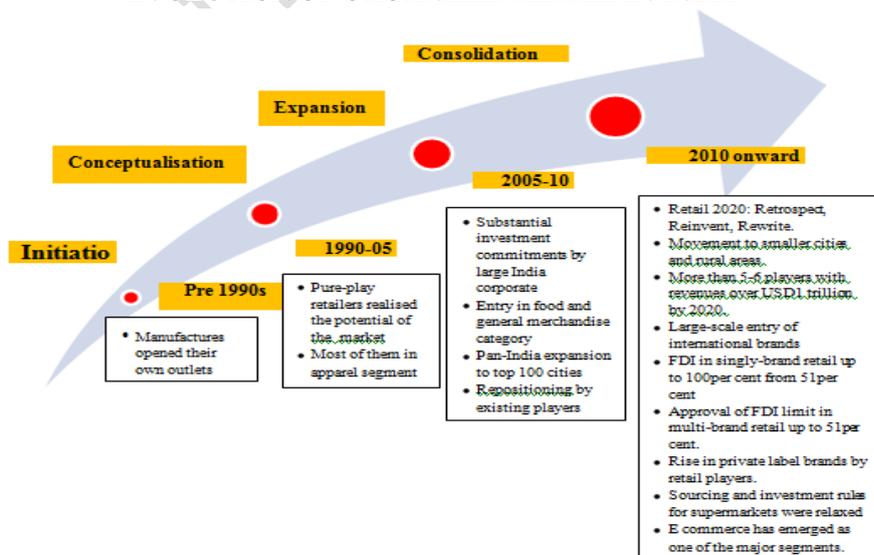
Source: IBEF (Indian Brand Equity Foundation), 2017.

In the case of organised retail sector, where the marketer have to operate through a legal license and register under government to market the product and at the same time accountable to pay income tax, sales tax for their business related activities. In the case of unorganised sector, it refers to traditional way of buying and selling of goods in an informal manner and their business operations are not regulated by government norms.

Phases of Organised Retailers Growth in India

India’s strong economic growth and rise in disposable incomes, especially among the salaried class middle class and lower middle class people who have been has attracted by large retail business. The Government’s decision allowed foreign Direct Investment and businesses into this sector attracted foreign retailers to own their own stores in India for the first time as part due to the liberalisation of business. Until, 2006 foreign companies were allowed to operate through franchises to protect the indigenous companies. Modification in investment policies allowed by Government of India permitted the foreign companies to hold up to 100per cent business holding in India with the aim to create more employment opportunities for the youth.

EVOLUTION OF ORGANIZED RETAIL IN INDIA



KEY DRIVERS FOR ORGANISED GROWTH IN INDIA



Source: Pictogram Development for the Study

**CHAPTER III
DATA ANALYSIS AND INTERPRETATION**

Sl. No	Particular	No. of Respondents	Percentage
1.	Male	305	48.80
	Female	320	51.20
	Total	625	100
2	21-30 years	266	42.56
	31-40 years	126	20.16
	41-50 years	197	31.52
	51-60 years	36	5.76
	Total	625	100
3	Married	466	74.56
	Unmarried	159	25.44
	Total	625	100
4	Urban Area	499	79.84
	Semi- Urban	90	14.40
	Rural Area	36	5.76
	Total	625	100
5	No Formal Education	18	2.88
	School Level	35	5.60
	Degree/Diploma	341	54.56
	Professional Degree/Diploma	231	36.96
	Total	625	100
6	Business	177	28.32
	Employed	250	40.00
	Professional	54	8.64
	Housewife	89	14.24
	Others	55	8.80

	Total	625	100
7	Below Rs.10000	72	11.52
	Rs.10001-Rs.20000	215	34.40
	Rs.20001- Rs.30000	160	25.60
	Rs.30001- Rs.40000	72	11.52
	Above Rs.40001	106	16.96
	Total	625	100
8	Joint Family	143	22.88
	Nuclear Family	482	77.12
	Total	625	100
9	2 Members	36	5.76
	3 Members	180	28.80
	4 Members	266	42.56
	5 Members	125	20.00
	Above 5 Members	18	2.88
	Total	625	100
10	One	213	34.08
	Two	359	57.44
	Three	18	2.88
	More than Three	35	5.60
	Total	625	100

H1. Demographic and socio-economic status of the consumers significantly influences their level of awareness towards modern retail outlets that currently functioning in Coimbatore city.

MEASURE OF DISPERSION

ASSOCIATION BETWEEN GENDER OF THE CONSUMERS' AND THEIR LEVEL OF AWARENESS TOWARDS MODERN RETAIL OUTLETS

Awareness	Male (N:305)		Female (N:320)	
	Mean	SD	Mean	SD
Classification of (As Department Stores, Super Market, Hyper Market etc.).	2.390	0.892	2.527	0.697
Store Characteristics	2.593	0.846	2.719	0.450
Time Conveniences	2.771	1.124	2.778	0.416
Price of the Products	2.649	0.969	2.606	0.594
Quality & Quantity of Products Available	2.177	0.619	2.109	0.656
Product Variety & Assortments	2.410	0.692	2.441	0.600
Brand Variety of Products	2.118	0.760	2.278	0.731

Level of Significance: 5 per cent

It is obvious that female respondents" have gained more awareness towards the modern day retail outlets as they are primary consumers in the market. It has been observed that the female respondents" have gained awareness on store characteristics such as classification of (as department stores, super market, hyper market etc.), store characteristics, time conveniences, product variety & assortments and brand variety of products in the organised retail outlets. On the other hand the male consumers" are found to be aware of price, quality and quantity of products available in the modern day retail outlets.

RESULT OF ANOVA
ASSOCIATION BETWEEN GENDER OF THE CONSUMERS' AND THEIR LEVEL OF
AWARENESS TOWARDS MODERN RETAIL OUTLETS

Variables	Source	Sum of Square	DF	Mean Square	F	Sig
Classification of (As Department Stores, Super Market, Hyper Market etc.).	Between Groups	2.941	1	2.941	4.556	.033
	Within Groups	402.185	623	.646		
	Total	405.126	624	-		
Store Characteristics	Between Groups	2.452	1	2.452	5.412	.020
	Within Groups	282.274	623	.453		
	Total	284.726	624	-		
Time Conveniences	Between Groups	.009	1	.009	0.013	.910
	Within Groups	439.181	623	.705		
	Total	439.190	624	-		
Price of the Products	Between Groups	.288	1	.288	0.451	.502
	Within Groups	397.850	623	.639		
	Total	398.138	624	-		
Quality & Quantity of Products Available	Between Groups	.715	1	.715	1.757	.186
	Within Groups	253.611	623	.407		
	Total	254.326	624	-		
Product Variety & Assortments	Between Groups	.148	1	.148	0.354	.552
	Within Groups	260.642	623	.418		
	Total	260.790	624	-		
Brand Variety of Products	Between Groups	4.002	1	4.002	7.207	.007
	Within Groups	345.998	623	.555		
	Total	350.000	624	-		

Level of Significance: 5 per cent

From the above table it has been inferred that probability value of ANOVA at 5 per cent level of significance does not establish their good relationship between the variables tested. Therefore, the hypothesis framed stands rejected and it has been concluded that gender of the consumers is not significantly influence their level of awareness towards modern retail outlets that currently functioning in Coimbatore city. However it is exceptional in the case of classification of (as department stores, super market, hyper market etc.), store characteristics and brand variety of products.

FINDINGS

Major findings of the study are briefly summarised in this sub-section:

Demographic and Socio-Economic of the Consumers

- ❖ The demographic characteristic of the respondents" reveals that majority i.e., 51.20 per cent of respondents" surveyed were female, 42.56 per cent of the sample retail customers were aged between 21-30 years and 74.56 per cent of respondents" were married.
- ❖ The study found that 79.84 per cent of sample populations" reside in the urban areas of Coimbatore, 54.56 per cent of respondents" have completed their degree/diploma course and 40 per cent of respondents" were salaried employees working in various organizations.
- ❖ The study clearly observed that 34.40 per cent of sample consumers" monthly income ranges between Rs.10001-Rs.20000 and 77.12 per cent of respondents" live in conjugal families (nuclear family) which consists of adult partners and their children. The study observed that 42.56 per cent of

respondents' family constitutes of four members and 57.44 per cent of sample consumers' form a part of dual income earning families

SUGGESTIONS

Based on the results arrived from the elaborate empirical data discussion it has been understood that only 8.48 per cent of sample consumers' regularly buy goods in organised retail outlets and 56.80 per cent of respondents' used to visit the retail stores once in a month. Similarly, it has been inferred that consumers' surveyed have expressed low level of awareness towards store characteristics and time conveniences i.e., operation time of the organised retailers in their area. The sample subjects have said that the store hording or sign boards least influenced their awareness towards the retail stores. The study observed that modern day retail stores failed to fulfill the needs and expectations of the consumers' both in term of merchandising activities and store attributes. Based on the issues identified following suggestions are proposed to the modern retailers operating in Coimbatore city at specific, Tamil Nadu and across India

CONCLUSION

The liberalisation and globalisation of Indian economic policy has supported massively in the growth of organised retail sector in India. The market competition among the organised retailer has increase with the entry of Indian companies entering into the retailing business like Aditya Brila or Reliance. In spite of their popularity these large scale organised retailers find it difficult to sustain or earn more profit through their business operations. The truth is market is very wide, has different geographical features and climates, differences in people's class, religion, cultures and social norms and people can be differentiated based on their socio-economic status. And these organised retailers does not adopt uniform marketing or promotional strategies according to the local market conditions and the local customers too prefer shop at unorganised stores on regular bases and they do not practice the same with the organised retailers. In short, these retailers' are struggling to fix their market share in the local tier II and tier II cities as their marketing strategies mismatch from one region to other.

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