Consumer Perception towards service in Organized Retail Settings With Reference to Aditya Birla Retail Limited - *More Stores* at Tirupati- an Empirical Study

[1] Prof. N Meena Rani & [2] Prof. C Rani

ABSTRACT

As the potential for retail business in organized formats is growing with the rising consuming class in India, the corporate retail players are making huge investments in infrastructures, supply chains, sophisticated technologies and the like. This is evident from the fact that supermarket culture, which earlier was only prevalent in big cities, is percolating down to smaller cities and towns. The ROI on these investments very much depends on their customers' perception of the quality of retail services they receive. This empirical study addresses customer's perceptions of retail services in general, and in the context of **More Stores in particular,** *and offers constructive suggestions for enhancing the buyers' experiences at more stores. The results provide pointers for store redesigns for improved store-brand positioning as a preferred and trusted retail brand in the minds of the consumers.*

Key words : Organised Retailing, Supermarkets, consumer-perceptions

1. Introduction

Indian Retail Industry is at its point of inflexion, waiting for the boom to take place. The origins of the retail industry date back to times where retail stores were found in the village fairs, melas or in the weekly markets. These stores were highly unorganized. The maturity of the retail sector took place with the establishment of local retail stores for residents' convenience. With the advent of globalization and growing market potential, the retail industry in India took a new shape. The organized retail sector is expected to grow to a value of Rs. 2,00,000 crore (US$45 billion) and may generate 10 to15 million jobs in next 5 years.

According to a McKinsey and Company report titled 'The Great IndianBazaar: Organized Retail Comes of Age in India'[3], organized retail in India is expected to increase from 5 per cent of the total market in 2008 to 14 – 18 per cent of the total retail market and reach US$ 450 billion by 2015. The food business in India is largely unorganized adding up to about Rs.40000 crores with other large players adding another 50 per cent to that. The All India food consumption is close to Rs.9,00,000 crores, with the total urban consumption being around Rs.3,30,000 crores[4]. Most food is sold in the local 'wet' market, vendors, roadside push cart sellers or tiny kirana stores. According to McKinsey report, the share of

[1] Assistant Professor, KMM Institute of Postgraduate Studies, Tirupati- 517105, AP.
Email : meenasrinivas@rediff.com
Mob: 09492077520

[2] Assistant Professor, KMM Institute of Postgraduate Studies, Tirupati- 517105, AP.
Email: poori.rani@gmail.com
Mob: 09492378103

[3] "The Great Indian Bazaar: Organized Retail Comes of Age in India"- McKinsey and Company, August 2008

[4] www.cci.in/pdf/surveys_reports/indias_retail_sector.pdf

an Indian household's spending on food is one of the highest in the world, with 48 per cent of income being spent on food and beverages[5].

Formats of Retailing in India[6]

- **Mom-and-pop stores**: These are generally family-owned businesses catering to small sections of society. They are small, individually run and handled retail outlets.
- **Category killers**: Small specialty stores have expanded to offer a range of categories. They have widened their vision in terms of the number of categories. They are called category killers as they specialize in their fields, such as electronics (Best Buy) and sporting goods (Sport Authority).
- **Department stores**: These are the general merchandise retailers offering various kinds of quality products and services. These do not offer full service category products and some carry a selective product line. K Raheja's Shoppers Stop is a good example of department stores. Other examples are Lifestyle and Westside. These stores have further categories, such as home and décor, clothing, groceries, toys, etc.
- **Malls**: These are the largest form of retail formats. They provide an ideal shopping experience by providing a mix of all kinds of products and services, food and entertainment under one roof. Examples are Sahara Mall, TDI Mall in Delhi.
- **Specialty Stores**: The retail chains, which deal in specific categories and provide deep assortment in them are specialty stores. Examples are RPG's Music World, Mumbai's bookstore Crossword, etc.
- **Discount stores**: These are the stores or factory outlets that provide discount on the MRP items. They focus on mass selling and reaching economies of scale or selling the stock left after the season is over.
- **Hypermarkets/ Supermarkets**: These are generally large self-service outlets, offering a variety of categories with deep assortments. These stores contribute 30% of all food and grocery organized retail sales. Example: Big Bazaar.
- **Convenience stores**: They are comparatively smaller stores located near residential areas. They are open for an extended period of the day and have a limited variety of stock and convenience products. Prices are slightly higher due to the convenience given to the customers.
- **E-tailers**: These are retailers that provide online facility of buying and selling products and services via Internet. They provide a picture and description of the product. A lot of such retailers are booming in the industry, as this method provides convenience and a wide variety for customer. But it does not provide a feel of the product and is sometimes not authentic. Examples are Amazon.com, Ebay.com, etc.
- **Vending**: This kind of retailing is making incursions into the industry. Smaller products such as beverages, snacks are some of the items that can be bought through vending machines. At present, it is not very common in India.

Research Design

2.1 Need for the study:

As the potential for retail business in organized formats growing with rising consuming class in India, the corporate retail players have been making huge investments in retail business for building infrastructure, supply chain, sophisticated technology and the like. This is evident from the fact that supermarket culture which was earlier only a part of the big cities has started percolating down to smaller cities and towns. The heavy investments are viable and justified only when the large corporate retailers are able to make adequate margins, which very much depends on the customer perception of various retail service attributes such as range and quality of goods offered, and the service-behaviors of customer assistance staff. The present study is taken

[5] www.cci.in/pdf/surveys_reports/indias_retail_sector.pdf

[6] http://www.naukrihub.com/india/retail/overview/retail-formats/

up to understand buyers' perceptions of retail business in general, and their opinions about ***More Stores*** at Tirupati town in particular.

2.2 Scope of the study: The present study was carried out with specific reference to ***More Stores*** located in Tirupati with sample size of 200 respondents by visiting ***More Stores*** located at Kapila Tirtham Road, Biragipatteda and MR Palli in Tirupati Town.

2.3 OBJECTIVES

- To study the factors affecting buyer behavior in supermarket in general
- To study customers' perceptions towards various retail services attributes at ***More Stores***, Tirupati.
- To study the relationship between the frequency of buyers' visit to *More Stores* and their level of satisfaction towards *More* services
- To offer constructive suggestions for enhancing the buyers experience at *more super* markets.

2.4 Data Collection: Both primary and secondary data have been used in the study. Primary data are collected from the buyers, by administering structured questionnaire to 200 respondents who shopped at ***More Stores***. Secondary data for the study was collected from journals, news papers, websites, magazines, company, retailing records, and reports.

2.5 Period of the study :
The study on buyer behavior towards more super markets was done during a period of 50 days between May to June 2011.

2.6 Sampling: A sample group of 200 respondents at *More Stores* located in tirupati who walk in to the stores were chosen at random.

2.7 Limitations of the study:

- The study is confined to only more super market outlets located in tirupati.
- Few respondents were reluctant and too busy co-operate in survey.
- Sampling error and respondent bias may not be ruled out due to self-selection bias.

3. Review of Literature:

Sonal Kureshi et al[7] (2008) suggest that the face of Indian retailing has witnessed a rapid transformation over the last decade. They grouped the customers and generated a profile of the revenue generating customers based on lifestyle, demographics and information search behaviours. Significant differences were found between different segments on their attitudes, interests and opinions.. **Sukhpal Singh**[8] **(2007)** found that supermarkets in South Asia presently account for a very small share of the fresh produce retail sales. Supermarkets presently use a wide variety of fresh fruit and vegetable procurement practices which are likely to see consolidation. **Roberta L. Cook**[9] **(2004)** contend that over the years retailers grew with large retailers becoming self-distributing, performing wholesaling activities such as purchasing goods directly from suppliers, and arranging for shipment to distribution warehouses. More recently, competitive pressure caused by a maturing food industry and new entrants, such as value-oriented retailers (e.g., Wal-Mart Su%ers and Dollar Stores) and upscale specialty stores (e.g., Trader Joe's, Whole Foods), stimulated consolidation in conventional grocery retailing channels. **Marianne Verdier**[10] **(2006)** maintains that some retail payment

[7] Sonal Kureshi et al W.P. No.2007-08-02 Comprehensive Analysis of Exclusive Brand Store Customer in Indian Market August 2007

[8] Sukhpal Singh, Centre for Management in Agriculture, Indian Institute of Management, Ahmedabad Agribusiness in South Asia A Fact Sheet, 2007

[9] Dr. Roberta L. Cook, Supermarket Challenges and Opportunities for Fresh Fruit and Vegetable Producers and Shippers: Lessons from the US Experience Paper presented at the Conference on supermarkets and Agricultural Development in China – Opportunities and Challenges, May 2004

[10] Verdier, Marianne (2006): *Retail Payment Systems: What can we Learn from Two-Sided Markets?*, International Journal of Digital Economics No. 61 (March 2006): pp. 37- 59.

systems can be modeled as two-sided markets, where a payment system facilitates money exchanges between consumers on one side and merchants on the other side. The system sets rules and standards, to ensure usage and acceptance of its payment instruments by consumers and merchants respectively. As more consumers use the payment platform, more merchants are induced to be affiliated with it. He also establishes that an asymmetric pricing of users is needed to optimise the volume of transactions that are routed through the platform. **Gopi N. Ghosh[11] (2006)** observes that Fresh Fruit and Vegetable (FFV) Marketing in India is in a state of transition driven by rapid emergence of the organized sector in retailing and wholesaling, thereby increasing access to open trade leading to increased competition from imports, as well as growing opportunities for exports. **Rajiv Lal and Ram Rao[12] (2011)** observe that Every Day Low Pricing (EDLP) strategy has proved to be a successful innovation resulting in higher profits to supermarkets adopting it in competition with Promotional Pricing (PROMO). However, experimental evidence suggests that a supermarket cannot obtain higher profits by merely setting constant low prices. Their analysis shows that the EDLP stores are offering of constant every day low prices is an equilibrium outcome, endogenously determined. Successful implementation of the EDLP strategy involves communication of relative basket prices, implying that merely setting constant low prices is not viable.

4. Respondents' profile: The following tables- 5.1 and 5.2 depict the demographic and shopping attributes of respondents.

4.1 Respondents Demographics - %

Gender- % of respondents		**Age Group**					**Marital Status**	
Male 53	Female 47	<25 yrs 22	26-35 43	36-50 15	51-60 11	>60 9	Married 59	Un Married 41
Income group Rs Per Annum				**Occupation**				
<100000	100000 - 200000	200000 - 500000	>500000	Homemakers	Professionals	Employees	Students	Self-employed
17	20		35	33	21	20	15	11

Source: Primary Data

[11] Gopi N. Ghosh (2007), Assistant FAO Representative & Resource Person : Food and Nutrition Security Community, Knowledge Management In Food and Agriculture, Presentation at e-Agriculture India, http://www.eindia.net.in/eagriculture/presentation/Gopi_Ghosh.pdf

[12] Rajiv Lal and Ram Rao (1997) Supermarket Competition: The Case of Every Day Low Pricing, Marketing Science, vol. 16 no. 1 60-80 http://mktsci.journal.informs.org/content/16/1/60.short

4.2 Table showing the shopping behaviour of respondents in %				
Frequency of visit in %age				
Daily	Weekly	Fortnightly	monthly	quarterly
22	16	23	16	9
Purpose of Shopping				
Home needs	Refreshments	miscellaneous	window-shopping	
43	30	22	7	
Purchase Value				
< Rs.500	Rs.500-1000	Rs.1,000-2000	Rs. >2,000	
32	23	25	15	
Payment method				
Cash	Credit/Debit card	Coupons	All of these	
45	20	15	20	

Source: Primary Data

Analysis and interpretation of respondents' profile and shopping behavior

More attracts almost equal size of males and females to its stores, more attracts people with different levels of income almost alike, however 35 % of respondents earn annual income between Rs 100000-Rs200000. The frequency of visit ranges from daily to monthly, only 9 % of respondents visiting the stores quarterly. As 32 % of visitors bill an average amount of Rs<500, while about 50% spend anywhere between Rs5000- Rs2000. Most of the visitors come to the stores for a valid purpose, while only 5 % come for window shopping. The most commonly exercised mode of payment is by cash.

5. Discussion of Survey Results:

Majority of the respondents prefer to shop at supermarkets over conventional stores to buy groceries as well as durables. They also feel that ***More Stores*** in Tirupati town are conveniently located, a view which significant 33 % disagree with. Most of the respondents find it comfortable shopping at ***More Stores*** with friends/ family or even alone.

However a greater majority prefer shopping with family members at ***More Stores***. The study shows that vast majority of respondents feeling the product range of groceries is wide and attractive, and they do not hold same view regarding range of plastic and household items, and wet products. A significant 47% of respondents disagree or strongly disagree with the statement that prices at more are reasonable, while 42% consider the prices reasonable, and 11% remain indifferent. As to the offers and price discounts, about 54% consider it to be genuine, while 34 % respondents do not share the view as shown in statement No 6 of table 5.3. Large numbers of respondents have some or other issue related to billing. Most of the respondents are pleased with door delivery services provided by ***More Stores*** at Tirupati town, majority of them are also happy with special day (such as week ends, festivals and national holidays) promotional schemes. However many of them do not think that they always get fresh stock at ***More Stores***.

About half of the respondents perceive that more brand groceries are of high quality, and the stores provide wide range of branded goods in the category. The study shows that the customers do not find the assistance, staff at more are very friendly and cooperative. Many customers feel that the member card at ***More Stores*** confers attractive benefits to the consumers. The respondents are divided in their response towards grievance handling system at ***More Stores***; 43 % says it is effective while 42 % feel it to be not very effective. When it comes to price expectations, 11% of respondents strongly agree that they do expect, 28 % agree, while 45 % disagree or strongly disagree with the same, and many of them even consider that the prices at more are low (as shown statements No: 5 and 16 in Table No: 5.1. About 6% strongly agree and 41% agree that ***More Stores*** are spacious, and are convenient for shopping, over half of the respondents feel that parking facility at the store is very good. However majority of respondents do not consider ***More Stores***' promotional campaign is very effective and not willing to recognize ***More Stores*** as strong retail brand in Tirupati, as per survey data quoted in statements 18 and 19 in the table No 5.1. Majority of the customers feel that the quality of goods at ***More Stores*** is very good, and the overall experience of shopping at ***More Stores*** is pleasant.

5.1 Table showing consolidated customer responses towards Multiple variables of customer service at *More Stores*

Sl No	Statement	Strongly Agree	Agree	Disagree	Strongly disagree	Can't say
1	I prefer to shop more at supermarkets for buying durables and groceries over conventional retail outlets	21	43	8	9	11
2	I feel ***more store(s)*** is/are conveniently located for comfortable shopping	14	44	23	10	9
3A	I feel the shopping at ***more store*** is very convenient for: A) Shopping alone	14	42	21	13	10
3B	Shopping with friends	8	48	21	11	12
3C	Shopping with family	10	54	14	7	14
4	I feel the following product range at ***more store*** is wide and attractive:					
4A	Groceries	15	47	22	10	6
4B	Plastics & house hold items	8	32	32	15	8
4C	Fruits & Vegetables	8	33	32	7	20
5	I feel the prices in ***more stores*** are reasonable	7	35	30	17	11
6	I feel the offers and discounts at ***more*** are genuine & real	12	42	23	11	12
7	Billing process at ***more*** is convenient	7	25	35	22	11
8	Door delivery of goods	25	45	13	9	8

Sl No	Statement	Strongly Agree	Agree	Disagree	Strongly disagree	Can't say
9	I feel the special day promotions at ***more*** are very attractive and useful (like special offers on national holidays, low prices on vegetables & fruits on Tuesday etc...)	10	43	24	9	14
10	I prefer to visit ***more*** because fresh stock of goods always available	8	33	31	12	16
11	I prefer to buy ***more brand groceries*** over other brands promoted by the store	11	35	26	13	15
12	I feel ***more*** provides wide range of reputed branded products in the outlets	16	28	27	21	8
13	I feel the customer assistance staff at ***more*** outlets are very cooperative & customer friendly	11	17	30	26	16
14	I prefer to shop at ***more*** because its loyalty card & bonus points are very attractive	17	41	18	10	14
15	I feel the customer grievances handling system at ***more*** is very effective (in case of wrong billing, product exchange etc…)	8	35	28	14	14
16	Whenever I visit ***more***, I expect everyday low price	11	28	27	18	16
17	I feel more store is spacious and convenient for shopping	6	41	26	15	12
18	Parking facility at ***More Stores*** is good.	24	26	20	15	14
19	I feel advertisement program of ***more*** is very effective	7	19	32	18	24
20	I recognize ***more*** as a strong retail brand	7	21	28	22	22
21	I feel quality of at ***More Stores*** is very good.	13	44	19	13	11
22	My overall experience at ***More Stores*** is very pleasant	18	26	19	16	21

6. Test of Hypothesis

Chi-square is used for study to test the relationship between two variables such as frequency of customers' visit to the store and their level of satisfaction.

H_0: **Null hypothesis**: There exists no significant relationship between frequency of customers' visit to the store and their level of satisfaction.

H_1: **Alternative Hypothesis**: There exists significant relationship between frequency of customers' visit to the store and their level of satisfaction.

Calculated value is 9.9[13] while critical value with 5% significance at 8 degrees of freedom[14] is 15.51 That is, obtained value is lesser than the critical value; hence we accept null hypothesis and reject alternative hypothesis.

7. Conclusions and Suggestions

The study shows that the customers have positive perception towards ***More Stores*** with respect different service attributes by and large, despite reservations in matters like billing process, prices of goods, advertisement programs, freshness of goods and the like. As the organized retail culture is rapidly penetrating in to tier-Two markets like Tirupati, the competition only scales up in future, where in such organizations that provide outstanding service to the customers could survive and sustain, and the rest becomes non-entity. Few suggestions are being offered, based on survey results as well as personal observations of the researcher, in this context towards improved customer perception.

- Train and motivate the staff to be more proactive and customer friendly for better understanding and meeting the customer needs.
- As ***More Stores*** took a decision not to accept **sodexo** coupons[15], many customers are likely to be inconvenienced as a considerable 15% of respondents pay through coupons, while 20% of respondents exercise multiple options. It calls for renegotiation of terms with the issuers of meal voucher so that better service can be provided to the customers
- Design or redesign the promotional campaign to be more visible, effective and rewarding.
- The group could increase its product range, especially in wet and household goods segment where the consumers feel little deprived, for greater profit potential.
- Efforts should be intensified to position ***More Stores*** as a strong retail brand and better grievance redressal mechanism could be adopted to address the issues early.
- Provide ample space for parking customers' vehicles and eat out/ seat out facilities wherever feasible[16].
- As the dump accounts for about 10% of goods handled in Fresh Fruits and Vegetables segment, it is eating away the margin of the stores, hence urgent measures are required to reduce dump
- Ensure that fresh stock of goods is frequently replenished

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[13] Chi-square calculations and Contingency values are shown in annexure 9.2.

[14] The elements in five point scale used to collect information on frequency of store visit by respondent (I-h of questionnaire) have been combined for greater accuracy. *Daily and weekly* are combined and labeled as ***frequently***, *fortnightly and monthly* are combined, and labeled as ***sometimes***, and *quarterly* is labeled as ***rarely***. Thus the number of rows comes to 5 and columns are 3. Degrees of freedom= (No.of rows-1)(No.of columns-1)= (5-1)(3-1)=8

[15] The decision has been taken by More stores apart from other retail chain stores like Reliance stores, and is causing dissatisfaction among many a visitor as per researcher's observation.

[16] At present very limited parking space is provided at ***More stores*** in Tirupati.

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9. Annexures

Annexure 9.1:

Profile of *More Stores*

- Year of Establishment 2006
- Corporate Address S.K. Ahire Marg, Worli, Mumbai â€" 400025, Maharashtra, India
- Branches: Pune, Ahmedabad, Delhi, Vizag, Bangalore, Vijayawada and Chennai
- Vision: To be a premium global conglomerate with a clear focus on each business
- Mission: To deliver superior value to our customers, shareholders, employees and society at large.ValueIntegrity,Commitment, Passion,Seamlessness Speed
- Overview: Aditya Birla Retail Limited is a part of the Aditya Birla Group. The Group has named it More. It offers products such as fruits, vegetables, grocery, frozen food, bakery, homecare, personal care, plastic and household goods. It also provides FMCG products and house brands. Aditya Birla Retail Limited has acquired Trinethra to assist it in creating a retail stronghold in south India.
- The company has around 11,000 employees and has a pan-India presence.
- The hypermarkets are self-service superstores offering value and range in food and non-food products and services at a single location.
- Hypermarkets are located in large catchment areas and encourage mass consumption with discount prices and substantial depth of assortment with an average store size of 55,000 sq ft shopping area.
- In May 2009 Aditya Birla Retail introduced a value proposition for its supermarkets and encapsulated it into a promise of giving its customers "Hamesha Extra" which has resonated with the consumer.
- "Hamesha Extra" is the core essence of More. It means customers will always feel that they have got something extra while shopping at More.

- Within a short span of less than three years, More. has more than 1.6 million members as part of its loyalty programme.
- More. has also launched a huge range of private labels in food and grocery, staples and apparel which have already obtained a significant share of category as well as salience with the consumer.
- Aditya Birla Retail was presented the 'Retail Best Employer of the Year' award at the Reid and Taylor Awards for Retail Excellence, by the global jury of the Asia Retail Congress 2009.

Aditya Birla Retail was also recognised for impactful retail and visual merchandising at the same forum. The company bagged the 'Most Admired Retailer of the Year Award' in the Smart Strategy category at the prestigious Images Retail Awards 2009, during the India Retail Forum at Mumbai.

Annexure 9.2: Calculations for chi-square test: CHI-SQUARE TEST (X^2):

Visiting/satisfaction	frequently	sometimes	rarely	Total
Strongly agree	13 (18)[1]	33(26)	4(6)	50
Agree	23(25.2)	35(36.4)	12(8.4)	70
Disagree	18(12.6)	14(18.21)	3(4.2)	35
Strongly disagree	12(9.72)	12(14.05)	3(3.24)	27
Can't say	6(6.48)	10(9.36)	2(2.16)	18
Total	72	104	24	200

[1] All Figures shown in brackets are expected frequencies as derived from contingency table.

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