

Perception of Customers of Organized Retail Stores: A Case Study of Punjab

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ABSTRACT

The organized retail sector has developed quickly in India. It was initially limited to metro and large cities. This industry has gradually begun to reach rural areas. Punjab is not an exception to the growing popularity of the retail sector that has recently spread throughout the world. In Punjab, organized retail stores are becoming more and more popular. This research paper makes an effort to study recent scenario of organized retail industry of India and also to study the service quality through perception of customers of organized retail stores, specifically in Punjab.

Keywords: *organized retail sector, perception, retailing, service quality, RSQS.*

INTRODUCTION

Retailing in India is undergoing a transformation and is one of the most important sectors in the economy. Retailing is the oldest form of profession and still continues as a primitive source for India's growth and employment generation. Retailing is a commercial activity that involves purchasing items in bulk from producers and breaking them down into small lots for sale to consumers for their individual and domestic needs. The term "retail" comes from a French word "retailer," which means "to cut a portion off" or "to break bulk." Retailing encompasses conclusive set of activities or steps used to sell goods and services to final customers for personal, non-commercial consumption whether are sold by a manufacturer, wholesaler, or retailer by mail, or by telephone, or whether they are sold in a store or at a customer's home. From apparels, food products, furniture, clothes, and

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household devices to autos, medicines, clothing, movie tickets, stationery, and all forms of services, including banking and insurance, it encompasses the whole range of goods and services. As a result, retailing is the ultimate stage of the distribution chain, where goods and services are sold to end users.

There is a common assumption, that the function of retailing is only to sales the products in stores or anywhere, but it also includes the sale services like any other business such as restaurant, parlour, car agencies etc. It is the responsibility of retailing to distribute the consumer products which begins from the manufacturer and ends with the final consumer. 'Consumer money drives the economy and retail is where consumers spend that money'. Retail is the final link of the production cycle, where consumers buy the products or services and willingly spend their hard-earned money and the producers and wholesalers that start the consumer goods distribution chain.

The majority of retailing is carried out by retailers. In a rapidly changing market, retailers must deal with numerous challenges along with the various opportunities. Customers' lifestyles and purchasing habits are rapidly changing, as are retailing technologies. Furthermore, rapidly rising costs necessitate more efficient operations and smarter purchasing. To operate successfully in such technologically advanced environment, retailers will have to choose their target segments, competitive strategies and position themselves strongly. Retailers with unique system and strong brand positioning are expanding into modern markets. The retail sector has had a huge influence in raising the productivity of consumer goods and services all over the world.

Indian retail has traditionally been an unorganized sector, with retailers lacking the desire to develop or expand. Also, the Indian consumer, who enjoys the excitement of discovering bargains and cheap offers at his leisure, will never support modern retail. But, by adopting the western attitude of spending lots of money, luxuriating life and shopping habits, leading the Indian traditional retail to organized retailing. So, organized retail sector is on the way to become the next boom industry in India.

LITERATURE REVIEW

Sinha and Banerjee (2004) in their paper, they focused on the elements that influence the consumer's store preferences across a variety of product categories in the quickly evolving Indian retail market. The study was conducted in various stores in Ahmedabad, Gujarat's western state. From the survey, they received 240 valid responses. They found that More than 70% of the respondents named location and merchandise considerations as their top selection

criteria. Service emerged as the third crucial factor, accounting for roughly 60 percent of the total. Their study reveals that consumers typically have no more than two primary reasons to visit a specific store. They suggested that the Indian consumer dynamics is changing, so the retailers must improve their techniques and strategies to hold on to the customers.

Gurusamy and Prabha (2011), their research focuses on the shift in consumer preferences from unorganized to organized retail establishments in Tamil Nadu's Coimbatore, Tirupur, and Karur. They discovered that the most prioritised qualities of retail stores are variety of products, quality of products, and additionally people seek for park for kids, restaurant, etc., and that these attributes lead customers to shift from unorganised retail stores to organised retail stores. They also discovered that consumers are dissatisfied with the price of the product, and that consumers prioritise department stores and supermarkets alone. They proposed that because the majority of store customers are undergraduates and young people, retail outlets should prioritise them and establish appropriate plans for future growth.

Goel and Dewan (2011) studied the elements influencing customer preferences connected to the features of organised retail outlets in five Punjab cities, namely Patiala, Jalandhar, Amritsar, Mohali, and Ludhiana. They discovered that the preferences and levels of satisfaction of customers in small cities, major cities, and metros vary. They discovered that the six elements impacting the customer's preference included product quality, availability and variety, service, discount and pricing, promotion, and ambience. They advised that, in order to survive in this competitive field, merchants need bear in mind all six aspects that would help them overcome store shortages, retain existing customers, expand consumer loyalty, and attract new ones.

Virdi (2011), in his Ph.D. thesis, he discovered that customers prioritise the store based on its proximity, product availability, and service quality. Customers buy products based on personal recommendations from friends and family, therefore the store's environment has no impact on their decision. He also discovered that India lacks the required infrastructure to operate malls and believes that malls not only pose a major threat to our culture but also constitute a potential damage to our environment. As a result, he proposed that the government take the initiative to accelerate our country's economic development.

Bansal (2012), in his survey, he found that one of the primary aspects that draw people to shopping malls is the availability of all necessary goods under one roof, as well as the experience and quality of shopping. He discovered that the variety and quality of products, the value of money, branded, unique and fashionable products, and good packaging match the high expectations and increased satisfaction of the majority of respondents of

organized retail outlets. He advises merchants to examine things like as displays, adverts within and outside of stores, strategic product placement, and so on when developing future marketing plans.

Dhillon, Joshi and Verma (2012), they studied that organized retail industry has very huge potential for the further growth in India. If that sector follows the strategies which can raise this sector tremendously such as functional department should established the open communication, brand building and promotion should be balance and always launched new schemes but avoid the non-marketing factors. Furthermore, the several players entering the Indian retail market and they require huge initial investment for competing in such sector. Now, organized retail industry gradually reaches each and every corner of the country and stepping towards the next boom industry.

Kaur (2019) his research primarily examines consumer behaviour, as well as the development of organized retail trade and its effects on the unorganized retail trade in the Punjab districts of Patiala and Ludhiana. According to his research, organized retail outlets have satisfied customers in terms of price, variety, promptness, availability under one roof, offers, payment option, protective display, status symbol, advertisement and parking facilities. All of these elements, however, are disadvantageous to the unorganized retail trade. Location, relationship, credit facility, and home delivery are significant factors in determining consumer behaviour in unorganized retail trade. He suggested that government should implement such constructive policies that protect our deep rooted culture, protect our employment, facilitate the environment for unorganized retailers for direct purchase from the producers, and the need for conducting training programmes for unorganized retailers in retail management.

Venkateswaran1& Sundram (2021) they study that the customer's satisfaction and favourable word of mouth are increased by quality service. The goal of this study is to ascertain how store and retail service quality affect consumers' intentions to patronize organized retail stores and their willingness to recommend them to others. Using a standardized questionnaire, study data were gathered from 419 customers of the stores in Tamilnadu. Findings show that Physical aspect, dependability, policy, and interpersonal interaction are retail characteristics significantly boost customers' satisfaction, which encourages customer repurchase intent and favourable word-of-mouth. Accordingly, the researcher came to the conclusion that problem solving is the biggest challenge encountered by retail stores, and store manager must act right away to keep their base of devoted customers.

OBJECTIVES OF THE STUDY

- To study the recent organized retail sector scenario in India
- To examine the perception level of customers regarding the service quality of organized retail outlets of Punjab.

RESEARCH METHODOLOGY

For this purpose of study, selected organized retail stores were visited by the researcher during different time periods in the selected districts of the Punjab state. As the study's goal is to examine the perception level of customers regarding service quality of five RSQS dimensions are physical aspects, reliability, personal interaction, problem solving and policy in Punjab who shop at selected organized retail stores. So, 200 samples taken out conveniently from the from organized retail stores of Smart Bazaar, Vishal Mega Mart, More, Smart Point and these organized retail stores are selected from four districts of Punjab namely Ludhiana, Amritsar, Jalandhar and Patiala. Secondary data are those that have been compiled from a variety of sources, including published works by businesses and institutions, journals, books, articles, and research papers. Many websites are explored to find the required information.

In the present study, various statistical tools and techniques are utilized to evaluate and examine the service quality of organized retail in Punjab, depending on the nature, necessity, and appropriateness of the data collected.

RESULT AND DISCUSSION

Section-A

- 1.1. Present Scenario of Indian Organized Retail Industry.** Now, Indian retail industry on a growth route from unorganized retailing to organized retailing because of the larger acceptance by the shopper. The customer's demands have changes as a result of rapid globalization. Marketers use a variety of techniques to keep loyal customers over the long term that result is come from the satisfied customers. Organized retail sector is not an exception to the growing popularity that has recently spread throughout the world. In India, organized retail sector is becoming more and more popular. It is moving in various dimensions in addition to expanding. So, India has one of the largest retail markets in the world. As important contributor to economic growth, retailing accounts for 10% of India's GDP and generates more than 8% of all
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employment possibilities.

Further, the net retail sales of countries such as China, Malaysia, Morocco, Indonesia, Cote Divoire, Azerbaijan, Tunisia, Kenya, and Bolivia have increased from 2017 to 2021. Whether the country like India's GRDI rank falls in second position among the top 30 countries in 2021 after China, but its net retail sale increased from 1071 US billion in 2017 to 1163 US billion in 2021. (Deloitte Touche Tohmatsu Limited, Global Powers of Retailing report, 2022)

Whether the Indian Retail industry is highly dominated with 88 percent of its business being run by the unorganized retail sector, but in 2021 the unorganized sector shows the declining pace i.e. 75 percent as compared to the growth of organized retail sector. On the other hand, organized retail sector controls only 9 percent of the total retail industry in India in 2019, but it growing at the higher rate i.e. 18 percent in 2021 than the unorganized retail sector. Whether the E-commerce retail sector has least share in the total retail market, but it also showing the upward trend from 3 percent in 2019 to 7 percent in 2021. (IBEF report, 2022)

1.2. Online and E-Commerce Retail in India. Due of its “anytime, anywhere” nature, the internet has given rise to new business models and offered up altogether new prospects for worldwide marketing. Today, practically all commercial enterprises utilize the internet to convey information about their company, goods, and services. Since it allows for a high level of contact and offers clients unparalleled benefits ranging from ease to low pricing. Internet use is now widely used as a commercial medium because to technological advancements

Many factors, like easily accessible internet, the low cost of internet access, the decreasing cost of computer equipment, etc., increased usage of plastic money. “Click-to-buy” trend is quickly catching up in India by young people who spend a lot of time online. The majority of businesses are creating and maintaining their own online sales portals to meet consumer demands. E-commerce is quickly gaining popularity in India because to additional services like cash-on-delivery, which allows customers to do online transactions without using credit or revolving credit, as well as unique bidding schemes.

As an online-retail shoppers' country-wise. India has the third-highest percentage (140 million) of online shoppers worldwide after China (702 million) and the US (211 million). (IBEF Retail Report, 2022)

Section-B

- 1.1. Perception Level of the respondents towards the Service Quality of Organized Retail Stores (include five dimensions of RSQS- Physical Aspects, Reliability, Personal Interaction, Problem Solving and Policy).** This section of study has been included the five dimensions of Retail Service Quality Scale such as Physical Aspects, Reliability, Personal Interaction, Problem Solving and Policy. All these five dimensions explored the expectation level and perception level of customers towards service quality of the organized retail stores of Punjab. To examine the level of perception of the respondents regarding the service quality of five dimensions, they were asked to give their response on the five-point Likert scale such as Strongly Agree, Agree, Neutral, Disagree to Strongly Disagree and have assigned code SA, A, N, DA and SDA respectively.

Table 1
Perception of respondents regarding the Physical Aspects dimension of organized retail stores

| S. No | Physical Aspects dimensions | SDA | DA | N | A | SA | SDA |
|-------|--|------|-------|------|------|------|-------|
| 1 | The store has modern looking equipment and fixture | 8.5% | 20.5% | 15.0 | 39.0 | 17.0 | 100.0 |
| 2 | The store and its physical facilities (trial rooms and restrooms) are visually attractive | 5.5 | 24.0 | 9.5 | 44.5 | 16.5 | 100.0 |
| 3 | Material associated with store service (such as shopping bags, loyalty cards) are visually appealing | 6.0 | 17.5 | 21.5 | 34.0 | 21.0 | 100.0 |
| 4 | The room has clean, attractive and convenient physical facilities (rest rooms and fitting rooms) | 7.5 | 23.5 | 10.0 | 40.0 | 19.0 | 100.0 |
| 5 | The layout of the store makes it easier for customer to find what they need. | 5.0 | 25.0 | 13.5 | 40.5 | 16.0 | 100.0 |
| 6 | The layout of the store makes it easier for customer to move around in the store. | 6.0 | 11.0 | 17.0 | 45.5 | 20.5 | 100.0 |

Table 1 examines the percentage level of customers' perceptions of organized retail outlets' physical aspects. The highest percentage of respondents who agree with all of the Physical Aspects Dimension statements, ranging from 39 to 45.5 percent, are shown in the table. This indicates that organized retail stores offer physically appealing services that satisfy the respondents.

Table 2
Perception of respondents regarding the Reliability dimension
of organized retail stores

| S. No | Reliability dimensions | SDA | DA | N | A | SA | SDA |
|-------|---|-----|------|------|------|------|-------|
| 1 | When the store promises to do something after the sale services (such as repairs, alterations, home delivery etc.) by a certain time, it will do so | 7.5 | 24.0 | 23.0 | 38.0 | 7.5 | 100.0 |
| 2 | The store provides its service and makes merchandise available at the time promise to do so | 3.5 | 26.5 | 16.0 | 42.0 | 12.0 | 100.0 |
| 3 | The store performs the customer service as their priority (leave their personal matter aside) | 3.0 | 36.0 | 15.5 | 35.5 | 10.0 | 100.0 |
| 4 | The store also provides the online services | 7.0 | 37.5 | 17.0 | 29.0 | 9.5 | 100.0 |
| 5 | The store has error-free transactions (relating to billing, returns and so on) | 6.0 | 34.0 | 11.5 | 33.5 | 15.0 | 100.0 |

Table 2 represents the percentage level of customers' perceptions of organized retail outlets' Reliability dimension. It is observed that the statement "The store provides its service and makes its merchandise available at the time it promises to do so" has been found to have the highest percentage of respondents who agree with it (42.0 percent). However, the percentage of respondents who disagree is highest at the perception level for reliability dimensions 3, 4, and 5. This implies that the retailers must enhance their services in terms of reliability.

Table 3
Perception of respondents regarding the Personal Interaction dimension of organized retail stores

| S. No | Personal Interaction dimension | SDA | DA | N | A | SA | SDA |
|-------|---|-----|------|------|------|------|-------|
| 1 | Employees in the store have the knowledge to answer customer's question | 8.0 | 20.0 | 9.5 | 47.5 | 15.0 | 100.0 |
| 2 | The behavior of employees in the store instills confidence in customers | 3.5 | 31.0 | 14.5 | 37.5 | 13.5 | 100.0 |
| 3 | Customers feel safe in their transactions with this store | 6.0 | 15.0 | 8.0 | 48.5 | 22.5 | 100.0 |
| 4 | The employees in this store give prompt service to customers. | 3.0 | 17.5 | 8.0 | 54.5 | 17.0 | 100.0 |
| 5 | Employees in the store tell customers exactly when service will be performed. | 5.0 | 35.0 | 13.5 | 31.0 | 15.5 | 100.0 |
| 6 | Employees in the store are never too busy to respond to customer requests. | 8.0 | 37.0 | 14.5 | 32.0 | 8.5 | 100.0 |
| 7 | The store gives customers individual attention | 4.5 | 39.0 | 16.5 | 29.5 | 10.5 | 100.0 |
| 8 | Employees in the store are consistently courteous with customers. | 3.5 | 24.0 | 17.5 | 42.5 | 12.5 | 100.0 |
| 9 | Employees in the store handle the customer's queries courteously on the telephone/ on the websites. | 2.5 | 25.0 | 20.0 | 38.0 | 14.5 | 100.0 |

Table 3 investigates customers' perception of the Personal Interaction dimension of organized retail stores on a percentage basis. It has been noted that the statements with the largest percentages of respondents who agree are 1, 2, 3, 4, 8, and 9. However, the perception level for reliability dimensions 5, 6, and 7 has the highest percentage of respondents who disagree. This suggests that the retailers should improve their Personal Interaction services.

Table 4

Perception of respondents regarding the Problem Solving dimension of organized retail stores

| S. No | Problem Solving dimensions | SDA | DA | N | A | SA | SDA |
|--------------|---|------------|-----------|----------|----------|-----------|------------|
| 1 | The store willingly handles returns and exchanges | 12.0 | 27.0 | 12.0 | 37.0 | 12.0 | 100.0 |
| 2 | When a customer has a problem, the store shows a sincere interest in solving it. | 6.5 | 17.5 | 17.0 | 46.0 | 13.0 | 100.0 |
| 3 | Employees in the store are able to handle customer complaint directly and immediately | 4.5 | 24.5 | 29.0 | 31.0 | 11.0 | 100.0 |
| 4 | Employees are never too busy to respond to customers' problems | 6.5 | 24.0 | 19.0 | 29.5 | 21.0 | 100.0 |

Table 4 focuses into the percentage level of consumer perceptions of the problem-solving dimension of organized stores. Table 4 makes clear that the majority of respondents, between 29 and 46 percent, agree with all of the statements related to problem solving. This suggests that organized retail businesses provide satisfactory problem-solving services to the respondents.

Table 5

Perception of respondents regarding the Policy dimension of organized retail stores

| S. No | Policy dimensions | SDA | DA | N | A | SA | SDA |
|--------------|--|------------|-----------|----------|----------|-----------|------------|
| 1 | The store offers high quality merchandise | 5.5 | 22.0 | 15.5 | 49.0 | 8.0 | 100.0 |
| 2 | The store provides plenty of convenient parking for customers. | 6.5 | 22.0 | 14.0 | 47.5 | 10.0 | 100.0 |
| 3 | The store has operating hour convenient for all their customers. | 5.0 | 17.0 | 16.0 | 50.0 | 12.0 | 100.0 |
| 4 | The store accepts all major credit cards. | 4.5 | 18.5 | 12.5 | 39.5 | 25.0 | 100.0 |
| 5 | This store offer its own credit cards | 2.0 | 36.0 | 11.0 | 32.5 | 18.5 | 100.0 |

The Policy dimension of organized retail outlets is examined in Table 5 on a

percentage basis from the perspective of the customers. It has been noted that the highest percentage of respondents who agree with all of the Policy Dimension statements, except the one statement 'This store offer its own credit cards' which shows the highest disagree percentage (36.0 percent). This implies that the retailers need to enhance the policy services they provide for that statement.

CONCLUSION

India is ranked as the second top country after China for retail investment and company growth, according to the Global Retail Development Index. The fact that a sizable portion of Indians are between the ages of 25 and 35 and have a sizably high purchasing power is the factor that is led to steady growth in the retail industry. Every brand that considers entering the Indian market should take a few measures. Indian consumers are fantastic spenders once they discover they are receiving good value for their money. In addition, new product/service concepts from the Western world are more readily accepted by urban Indians than the rural population. Because the rural population react best to need-based retailing rather than luxurious concepts.

Many observations are made throughout the research. It is evident that organized retailers excel in a number of areas, including ambiance, variety, quality, convenience, parking availability, attractive advertising, and store image, but fall short in a number of areas, including staff behavior, online service, home delivery and credit availability, which are the most crucial. So, in this competitive environment, organized retail stores should make an effort to adopt improvements in their retail operations in that weak area and focus on retaining existing consumers while luring new ones.

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