



A STUDY ON CUSTOMER SATISFACTION IN RETAILING WITH SPECIAL REFERENCE TO ORGANIZED SECTOR IN BANGALORE

Mr. Thammannagowda

Assistant Professor, Department of Commerce & Management,
Rural Degree College, NH209, Kanakapura, Karnataka 562117

&

Dr. D. Goivindappa

Assistant Professor, Govt. Maharani's Arts, Commerce and Management
College for Women, Seshadri Road, Bangalore - 560001

ABSTRACT

The Indian economy is booming and the boom has triggered a new array of opportunities, which targets people from different facets of life. India has become the most desired destination for foreign direct investments after the economic reforms. The IT, telecommunication and many other industries have seen unprecedented growth during the last couple of years, but one industry that has caught the eyes of the common man on the road is the booming retail industry. Retailing has been defined as the last link in the chain of production, which begins at the extractive stages, moves through manufacturing, and ends in the distribution of goods and services to the final consumer. The distribution of consumer product begins with the producer and ends with the ultimate consumer. Between the producer and the consumer there is a middleman—the retailer, who links the producers and the ultimate consumers. It can also be called as a conclusive set of activities or steps used to sell a product or a service to consumers for their personal or family use. The present research study throws enough light on the customers' attitude, perception and satisfaction towards retailing industry in India with a special reference to Organized retailing in Bangalore City of Karnataka.

KeyWords: Indian Economy, investments, satisfaction, retailer, consumer, distribution, production.

Introduction

Some of the factors that have driven the Indian retail sector over the last few years include favorable demographic, a young and thriving population, zooming consumer confidence, psychographic changes relating to India's consumer class, international exposure, availability of increasing quality retail space, wider availability of products and brand communication. The retail industry has emerged as a fascinating and a popular choice for researchers in the field of supply chain management as it presents a vast array of stimulating challenges that have long provided the context of much of the research in the related area of IT implementation, operation research and inventory management. Though the traditional retailing is deep-rooted in India over centuries, new management techniques, marketing innovations and also due dynamic consumer psychology have paved the way for growth of Organized retailing in India. The recent years have witnessed rapid transformation and vigorous profits in Indian retail stores across various categories. This can be observed as a result of the changing attitude of Indian consumers and their immense acceptance to modern retail formats. Indian market witness a shift in trend from conventional retailing to organized retailing driven by the liberalizations on FDI. Domestic consumption market in India is estimated to grow approximately 7 to 8 per cent with retailing accounting for 60 per cent of the overall segment. Of this 60 per cent, organized retailing a mere 5 per cent which is comparatively lesser than that the emerging economies.

Statement of the Problem

The recent past has witnessed exciting new researches aimed at addressing some of the retail industry's many pressing challenges in the western countries. However, in India, there are only a few researches done on customer satisfaction in organized format of the retailing business. Moreover, there continue to be host of open problems facing practitioners and academicians. Retailers are facing tough time due to high customer expectations, low margins, high property cost and poor infrastructure. Hence, the study is significant.

The Present Study

This research is in pursuit of consumer satisfaction in organized retail sector and the services rendered by select multi brand retail outlets in Bangalore and to draw inferences about the benefits and utilities offered by these outlets.

Review of Literature

The review of existing literature has revealed various concepts of Retailing, Organized and unorganized retailing, FDI in retailing, supply chain and logistics, marketing mix, marketing mix strategies and the buyer behavior and further.

Singh Harpreet and Kaur Narinder (2008)¹ expressed their opinion in their study that, retailing is the mantra of success for the companies today. Retail is the fastest growing sector in the Indian economy. Traditional markets are making way for new formats such as departmental stores, hypermarkets, supermarkets and specialty stores. Western style malls have begun appearing in metros and second-rung cities alike, introducing the Indian consumer to an unparalleled shopping experience. India is currently the ninth largest retail market in the world.

Paninchukunnath Ajith (2008)² Retailing in India is in the process of getting more organized and professional. Medium-scale retail formats such as department stores and supermarket chains have already made an appearance and are slowly changing the face of retailing in the country. South India has taken lead.

Sharif Khurram (2012)³ in his study found that customer satisfaction was largely driven by product assortment, product availability and excellence in customer service and other Category Management variables viz, product price, product presentation and product promotion had insignificant impact on customer satisfaction.

Malik Ruchi (2012)⁴ in her study of the factors affecting the success of organized retail sector and analyzed their importance and was found from the study, that though there are multitudinous opportunities that are untapped by the retailers, they can be successful by paying more attention towards their customer needs and desires.

Durga Prasad Vijay (2008)⁵ in this study opined that the retailer play a crucial role in attracting and satisfying target consumers. The diversity and changing nature of society has compelled retailers to change their store formats to provide a complete shopping experience to consumers. With the population of over one billion and a middle-class population of over three hundred million organized retailing is still in its infancy in the country. This is largely due to the

prevailing retailing system that was established with the kirana stores that continue to meet all the requirements of the purchasers albeit without the convenience of the shopping as provided by the retail chains. However, the transformation is underway and India has joined the organized retail revolution that was rapidly transforming the economies. Organised retailing is spreading and making its presence felt in different parts of the country. The retailing industry has entered a new phase, new retail formats built around different pricing and service strategies have evolved. Department stores and cooperatives are giving way to new formats

Research Methodology

The data needed for the study were collected from both the primary and secondary sources.

Primary Data

The primary data comprises the opinion gathered from the public through administering questionnaires. About four hundred questionnaires were distributed on random sampling basis in all the wards of the town to the targeted consumers out of which 200 respondents responded. The questionnaire method is chosen for its versatility, speed and cost benefit.

Field Work

The field work was conducted in all areas of Bangalore. Interviews were conducted for customers of select retail outlets and other public places etc., through a questionnaire administered among them

Secondary Data

Secondary data were collected from journals, dailies, company profiles and published literature from various magazines and newspapers.

Tabulation and analysis of data

The collected data were tabulated and presented through tables and graphs. In order to achieve the objectives of the study, the data were analyzed with the help of simple techniques of statistical analysis such as average, percentages, bar diagrams and in order to interpret data and draw conclusions.

Objectives of Study:

1. To study the factors leading to phenomenal growth of organized retailing.
2. To offer a few suggestive measures for the healthy development of organized retailing based on the findings of the study

Regulatory Framework of Retailing in India

Goods and Service Tax (GST): GST, which will replace the multiple indirect taxes levied on FMCG sector with a uniform, simplified and single-pint taxation system, is likely to be implemented soon (the benefits are likely to come in by the end of FY'14). The rate of GST on services is likely to be 16% and on goods is proposed to be 20%. A swift move to the proposed GST may reduce prices, bolstering consumption for FMCG products.

Food Security Bill: The food security Bill has been passed recently by the Union Cabinet. As per the Bill, 5Kg of food grains per person per month will be provided at subsidized prices from State Governments under the targeted public distribution system. With additional demand, the agriculture sector would receive a boost and this could lead to more investments in improving agriculture productivity and making it more competitive.

FDI in retail: The decision to allow 51% FDI in multi brand retail and 100% FDI in single brand retail augers well for the outlook for the FMCG sector. The move is expected to bolster employment, and supply chains, apart from providing high visibility for FMCG brands in organized retail markets, bolstering consumer spending, and encouraging more product launches. FDI of 100% under the automatic route is allowed in the food processing sector, which is considered as a priority sector. FMCG sector accounted for 1.9% of the nation's total FDI inflows in April 2000- September 2012. Cumulative FDI inflows into India from April 2000 to April 2013 in the food processing sector stood at `9,000.33 crore, accounting for 0.96% of overall FDI inflows while that in the soaps, cosmetics and toiletries was `3,115.54 crore in, accounting for 0.32%. The food processing sector attracted FDI inflows of `6,198 crore during April 2009 to December 2012.

Relaxation of license rules: Industrial licenses are not required for almost all food and agro-processing industries, barring certain items such as beer, potable alcohol and wines, cane sugar, and hydrogenated animal fats and oils as well as items reserved for exclusive manufacturing in the small-scale sector

Customer of Organized Retailers

Zone	Gender	
	Male	Female
Yelahanka	13	12
Dasarahalli	9	16
Bommanahali	9	16
South	8	17
Mahadevapura	8	17
East	11	14
Rajarajeshwarinagar	6	19
West	7	18
Total	71	129
Percentage	35.50%	64.50%

Table 1.1: Gender of customer visiting organized retailers

The table 1.1 indicates the gender of the respondents who visit organized retailer; the data shows that 35.5% of them are males and rest 64.5% are female.

Zone	Age					
	Below 20	21-30	31-40	41-50	51-60	Above 60
Yelahanka	0	4	12	8	1	0
Dasarahalli	0	8	7	8	1	1
Bommanahali	1	9	6	6	3	0
South	0	6	8	8	3	0
Mahadevapura	2	6	5	8	4	0
East	2	5	6	7	1	4
Rajarajeshwarinagar	0	7	8	7	1	2
West	1	5	8	6	4	1
Total	6	50	60	58	18	8
Percentage	3.00%	25.00%	30.00%	29.00%	9.00%	4.00%

Table 1.2: Age of customer visiting organized retailers

The table 1.2 indicates the age of the respondents who visit unorganized retailer, the data shows that only 3% of them are below 20 years, 25% of them are under age group of 21-30 30%

of them are in the age group of 31-40, 29% of the respondents are in the age group 41-50 years and the rest of elderly age group have 13% on a whole of the sample study.

Zone	Marital status		Family structure	
	Single	Married	Nuclear	Joint Family
Yelahanka	8	17	14	11
Dasarahalli	12	13	15	10
Bommanahali	11	14	16	9
South	10	15	13	12
Mahadevapura	12	13	11	14
East	14	11	14	11
Rajarajeshwarinagar	12	13	19	6
West	10	15	17	8
Total	89	111	119	81
Percentage	44.50%	55.50%	59.50%	40.50%

Table 1.3: Family composition & marital status of customer visiting organized retailers

The table 1.3 has two relevant data of the organized retail customers are comprised of marital status and family structure in each zone, the respondents were asked these two-basic question, the data shows that 44.5% of them are unmarried customer visit the retailer and 55.5% of them are married. Around 59% of respondents are staying in a nuclear family i.e. they leave separately from their blood relation and 40% of them share the same roof.

Zone	Companion for shopping					
	Alone	Spouse	Children	Parent	Siblings	Whole Family
Yelahanka	1	8	3	8	2	3
Dasarahalli	0	10	7	6	1	1
Bommanahali	0	9	6	6	1	3
South	2	7	7	2	3	4
Mahadevapura	3	4	4	8	2	4

East	1	5	6	2	2	9
Rajarajeshwarinag	1	11	5	4	2	2
West	1	6	5	6	3	4
Total	9	60	43	42	16	30
Percentage	4.50%	30.00%	21.50%	21.00%	8.00%	15.00%

Table 1.4: Shopping companionship status of customer visiting unorganized retailers

The respondents were asked who have accompanied them for shopping the table 1.3 represents this data 4.5% of them don't have any companion and rest 95.5% of them have companion out which 21.5% are accompanied by their children's. 30% of the respondents have confirmed that they will choose their spouse as companion for shopping. The 15% of them are accompanied by their entire family.

Findings

1. The data clearly shows that female are particular draw for organized retail sector compared to males which can be seen in real world also particular in malls and hypermarkets.
2. The age group is an important factor in sales of FMCG goods as middle age group are mostly come to buy grocery were as the younger age have a mix of option including cosmetics, soft drinks, juices and other exotic FMCG items like oats, olive etc. the above data shows this tend as this was observed by the investigator.
3. It is observed from the foregone study that the customers visited has been grouped into several segments and it is found that there are three categories of customers visited the retail outlets among them majority of the customers belong to nuclear family and next to that the married group and least is the single interne.
4. Shopping is a way of life for some of them people in city it defines the culture and the way to spend the money.

Suggestions

After in-depth study of the topic, by way of reviewing the literature, identifying the research gap, gathering of the primary data from the sample respondents through the

questionnaires and rigorous analysis of the data, the researcher would like to offer the following suggestions.

1. The organized retail outlets must take steps to enhance the visiting of more number of male customers to their outlets
2. The organized retailers must take innovative measures to motivate and provide the awareness towards improving the buying behavior of the middle age groups as most of them visit to buy a particular set of products.
3. It is suggested that the organized retailers have to device the techniques to attracts the customers belonging to all the three categories mentioned in the foregone study.
4. Companionship does have positive effect on the relationship between human beings who visit for shopping, it also observed that there is a relationship between the companionship and increase in the buying behavior, for instance if a child accompany a parent to a local store he is bound to buy a chocolate or a chips which is not intent to buy when they would have started a journey.

Conclusions

From the above study, it is concluded that the income pattern of the customers are improving at an incremental, which tends the customers to improve their buying behavior towards organized retail formats where they are ready to spend more. Hence, there is huge potential and growth opportunities that leads the development and popularity of Organized retailing.

References

¹ Harpreet Singh, Narinder Kaur (2008), "Retailing in India: Recent Trends & Challenges", Indian Journal of Marketing, Volume XXXVIII, Number 4, April, Pp.49-55.

² Ajith Paninchukunnath (2008), "Organized Supermarkets of South India- An Exploratory Study of the Margin Free Markets of Kerala", Indian Journal of Marketing, Volume XXXVIII, Number 5, May, Pp.18-23.

³ Khurram Sharif (2012) Journal of Targeting, Measurement and Analysis for Marketing (2012) 20, 17–33. doi:10.1057/jt.2012.2; published online 12 March 2012

⁴ Ruchi Malik, To Build A Model For The Determination Of Factors That Result In The Success Of The Organized Retail Sector In India And Analyzing Its Relative Importance, Indian Journal of Marketing Volume 42 • Number 2 • February 2012

⁵ V.Vijay Durga Prasad (2008), "The Spread of Organized Retailing in India-With a Special Reference to Vijayawada City", Indian journal of Marketing", Volume) (XXVII, Number 5, May, Pp.3-9.