AN EMPIRICAL STUDY ON CUSTOMERS' PERCEPTION ON SELECTED BRANDED RETAIL OUTLETS IN COIMBATORE CITY

CHAPTER I

INTRODUCTION

This research considers the customers' perception towards selected branded retail outlets in Coimbatore city. In particular, it focuses on how customer perceptions of retail outlets affect their preference for the retail stores. The stimuli that pertain to retail store attributes include merchandising, store atmosphere, in-store service, accessibility, reputation, promotion, facilities and post-transaction service. Customers' preference is based on their post-visit ranking of the retail outlets. Applicability, implications of the findings and suggestions for further research are brought to light.

Retailing was derived from the French word ,retailer', which means, "to cut a piece off". Retailing includes all activities involved in selling goods or services directly to final consumers for personal, non-business use. A retailer or retail store is any business enterprise whose sales volume comes primarily from retailing.

Chart No. 1: Typical distribution channel
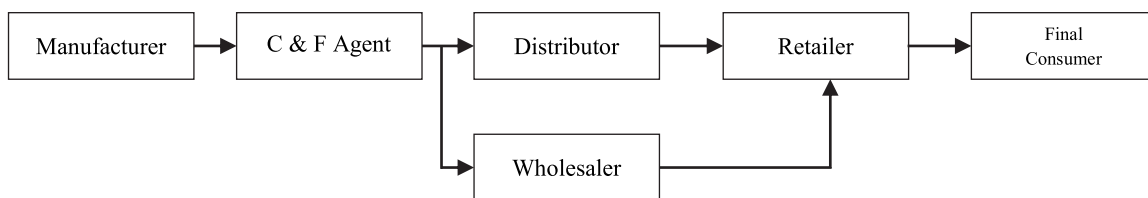
Source: www.marketingdistributionchannel.com

Chart 1 illustrates the traditional distribution channel of marketing products by the manufacturer to reach their ultimate end-users. Products flow from manufacturer to clearing and forwarding agent who in turn clears the products to the distributor. The distributor makes the products available for the wholesalers. Wholesalers are the one who gives the products to the retailers from which the end user gets the products. From the service point of view it's the retailers who have direct interaction with the end
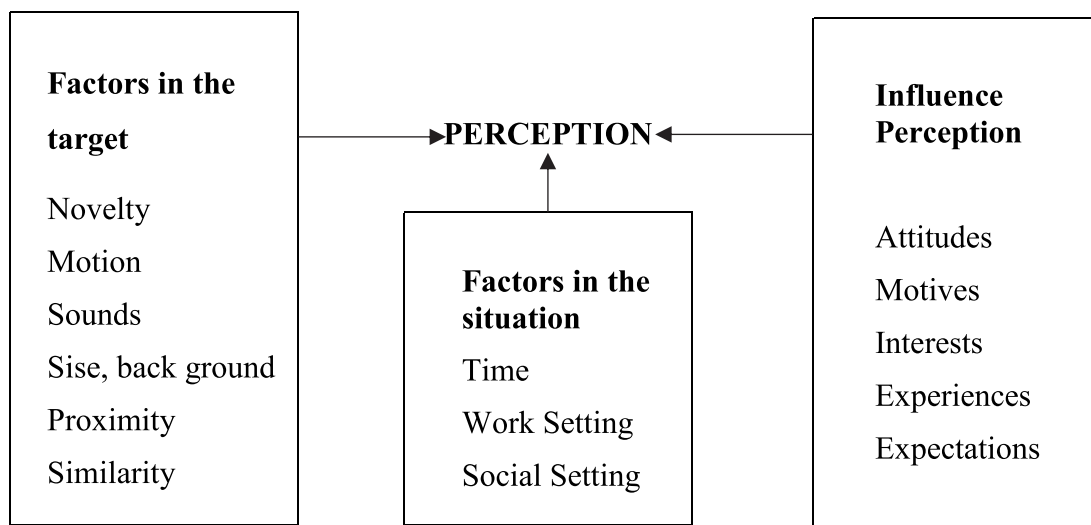
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users and who can influence their decision making at the point of purchase. The other dimension of supply chain is all about the margin in the chain. Mostly retailers are the one who gain the most compared to others in the supply chain.

Perception

Perceptions vary from person to person. Different people perceive different things about the same situation. But, more than that each person assigns different meanings to what he / she perceives. One might change one's perspective or simply make things mean something else, a process by which individuals organise and interpret their sensory impressions in order to give meaning to their environment. Perception is the translation of the raw data from the senses into 'meaning' by the brain. So, our brain can interpret the situation according to its condition. There are many factors which may affect the perception of persons.

The factors are:-

Exhibit No. 1: Factors that influence perception

Factors in the target	PERCEPTION	Influence Perception
Novelty		Attitudes
Motion	**Factors in the situation**	Motives
Sounds	Time	Interests
Sise, back ground	Work Setting	Experiences
Proximity	Social Setting	Expectations
Similarity		

Source: www.marketingperception.com

When an individual looks at a target and attempts to interpret what he / she sees, that interpretation is heavily influenced by the personal characteristics of the individual perceiver. Personal characteristics that affect perception include a person's attitudes, personality, motives, interests, past experience and expectation.

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Moreover beyond these availability and proximity of the product also influences the purchase decision at the point of purchase. As most of the people are price sensitivity and are obsessed with freebee culture these kind of attitude affects the brand in a big way.

Customer lifetime

Underlying the marketing productivity boost is the concept of "customer lifetimes", which is the net present value of a customer's current and future contributions to profit. The sum of all customers' lifetime values is customer equity. There are four sources of customer equity:-

- The attraction of new customers, which is a source of revenue growth

- Improvements in the retention of customers, which makes customers stay longer

- The cross-selling of current customers to other business lines

- The up-selling of current customers to a higher consumption within a business line

Table No. 1: Customer expectation:

Period	Customer expectations
Pre 80s	Price sensitive, Value for money
Mid 80s	Quality and Price
1990s	Quality + enjoyment + Price + time
2000s	Quality + enjoyment + entertainment + price + time + energy + stress

Source: Central Statistical Organisation

The buying patterns in India vary according to the customs and lifestyle of a region. In south, approximately seven hours is spent on shopping per week which is the highest in the four sones of India. This trend has brought in more malls and super markets in the south than in other sones. Apart from quality and range of products, value for money and attractive displays and human touch plays a vital role in retailing. Also, there is emphasis on schemes and promotions while making a brand choice. Further, the trend is towards convenience and flexibility in terms of exchange / return policies.

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The customer service

Customer service is a key differentiator among loyal and non-loyal, and indifferent companies. Loyal customer service keeps customers coming back, non-loyal customer service drives customers away, taking their friends, family and workmates with them. All else being equal, good customer service gives the edge over competitors. A worker's emotional state influences customer service, which influences the levels of continuous   business and levels of customers' satisfaction. Providing quality customer service makes demands on employees because it often puts them in a state of emotional dissonance. In addition, employee's emotions may transfer to the customer. Studies indicate matching effect between employee and customer emotions, an effect that is called emotional contagion – the process by which people's emotions are influenced by the emotions of others. Regardless of industry, there are nine key principles of good customer service that usually make business sense.

1. Attracting new customers' costs more than retaining existing customers

A satisfied customer stays with a company longer, spends more and may deepen the relationship. For example, a happy credit card customer may enlist the company's financial services and later take travel insurance. This is an easy "sell", compared with direct marketing campaigns, television advertisements and other sophisticated and expensive approaches to attract new customers.

2. Customer service costs real money

Real costs are associated with providing customer service and companies spend in line with a customer's value. If one is a high value customer or have the potential of being high value, he / she will be serviced more carefully. Companies reduce the cost of customer service by using telephone voice response systems, outsourcing call centers to cheaper locations, and self-servicing on the Internet. However, companies risk alienating customers through providing an impersonal service. Some Internet banking companies are trying to undermine this trend by charging customers who contact them. In exchange, they hope that customers will put up with this as they receive better interest rates due to reduced overheads.

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3. Understand customers' needs and meet them

How can one meet their customers' needs, if one does not know them? To understand customer's needs, just listen to the "voice of the customer" and take action accordingly. Customer listening can be done in many ways like feedback forms, mystery shopping and satisfaction surveys. Some companies involve senior employees in customer listening to ensure decisions benefit the customer as much as the company.

4. Good process and product design is important

Good customer service is only one factor in meeting customer needs. Well-designed products and processes will meet customers' needs more often. Quality movements, such as Six Sigma, consider the "cost of quality" resulting from broken processes or products.

5. Customer service must be consistent

Customers expect consistent quality of customer service; with a similar, familiar look and feel whenever and however they contact the company. Say, one visit to an expensive hairdressing saloon and receives a friendly welcome and a great haircut. You are out of town and visit the same hairdressing chain and get no friendly welcome but a great haircut. Are you a satisfied customer who will use that chain again? Probably you will not, as you did not receive the same level of customer service.

6. Employees are customers, too

The quality management movement brought the concept of internal and external customers. Traditionally, the focus was on external customers with little thought given to how internal departments interacted. Improving relationships with internal customers and suppliers assist delivery of better customer service to external customers, through reduced lead-times, increased quality and better communication. The "Service-Profit Chain" model developed by Harvard Business School emphasises the circular relationship among employees, customers and shareholders. Equal effort must be made in attracting, motivating and retaining employees as is made for customers, ultimately delivering improved shareholder returns. Better shareholder returns means more money is available, to invest in employees, and so the circle continues.

7. Open all communication channels

The customer wants contact in many ways – face to face, by mail, phone, fax and e-mail and will expect all of these communication channels to be open and easily inter-mingled. This presents a technical challenge, as it requires an integrated, streamlined solution providing the employee with the information they need to render effective service to the customer.

8. Every customer contact is a chance to shine

If a customer contact concerns a broken process, then empowered employees will be able to resolve the complaint swiftly, possibly enhancing the customer's perception of the company. Feeding back this information allows corrective action to be made, stopping further occurrences of the error. If customers are informed about new products or services when they contact the company, may make a valuable sale, turning cost centre into a profit centre. This is only possible when the company have a good relationship with the customer and understand their specific needs. A targeted sales pitch will have a good chance of success, as the customer is pre-sold on the company's reputation.

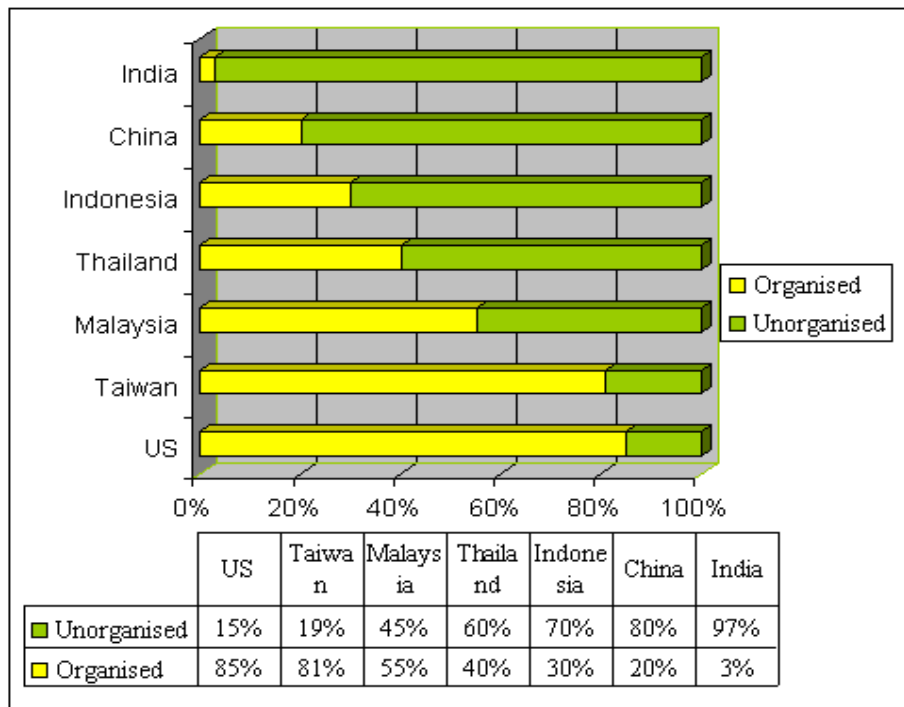### 9. People expect good customer service everywhere

Think about an average day – a travel on a train, one buys coffee, one goes to work. The train is expected be on time, clean and available at a reasonable cost. The coffee has to be hot and delivered quickly. People become frustrated when their expectations are not met, and increasingly demand higher service quality in more areas of their lives.

Global retail industry - An overview

The Global retail industry is one of the largest industries worldwide growing at a fast pace and being controlled by few powerful corporations based mainly at U. S. and Europe, namely, Wal-Mart, Tesco, Carrefour and Metro. These retail giants, having attained the stage of saturation in their home countries, began to look at emerging markets across the globe. Some of these notable markets identified by these are India, China and Russia which were minimally penetrated. Today, shopping has become more pragmatic; eating away from home is being felt as an entertainment and shopping as a

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pleasure and joyful experience and thus became important in the modern living system. The global market will grow rapidly, with markets such as China and India granting access to the world's best retailers. Retail has played a major role world over, in increasing productivity across a wide range of consumer goods and services. The impact can be best seen in countries like U.S.A., U. K., Mexico, Thailand and more recently in China. In certain economies like Singapore, Malaysia, Hong Kong, Sri Lanka and Dubai, increase in productivity is being heavily supported by the retail sector.

Chart 2. Organised and unorganised market share in selected countries

	US	Taiwan	Malaysia	Thailand	Indonesia	China	India
■ Unorganised	15%	19%	45%	60%	70%	80%	97%
□ Organised	85%	81%	55%	40%	30%	20%	3%

Source: Ernest and Young

The above chart explains the market share of Organised and unorganised retail in selected countries. Day-by-day the people life style and purchasing power make organised sector vibrant which in turn gives the unorganised sectors a nightmare. Moreover the trend of purchase is going to change in a big way favouring the retail chain then the unorganised sector.

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Retail sector in India

The economic development of a country and its growth can be made obvious by implementing effective policies with good corporate governance. The developments would occur only when there is transformation in its performance without any obstacles. On the whole, the growth of a country is wholly dependent on the country's willingness to accept the changes taking place in the technologies and scientific advancements, implement those changes, carry out research and development, and invest in projects and sectors that would generate more revenue and high profit of margin that will speed up the economic activities. On the contrast, the countries which are stubborn to those changes would not succeed in growth and economic development. Rather they would face more difficulties in different aspects. Once the economy is guided in the right direction, the country, besides growing rich, would also become more powerful economically and also highly competitive in its nature. Hence, growth of a country could be achieved only through proper planning and through proper legislative framework.

The introduction of New Economic Policy, LPG (Liberalisation, Globalisation and Privatisation) after 1990, has made India to move in the direction of development and it has been witnessed in the sectors such as IT, Real Estate, Retail, Infrastructure and other core industries. The emergence of organised retail sector is one among the most important aspects of the present economic scenario in India. Recent years have shown a substantial growth in the organised retail sector and it is poised to grow much faster in the future. The faster growth has been characterised by the fact that India is the only country with high density of shops in the world, which consists of 11 outlets per 1000 people for a population of 1.21 billion in the world. Indian retail sector has been recognised as one of the most emerging sectors in the Indian economy.

Further, India has been marked as one of the hottest retail markets among 30 emerging market across the world. Thus, it has started to draw many international retails giants to start their retail operations in India. The ingress of these multinational giants in the retail sector would pave way for the increase in employment opportunities for the future young generation as that of the other developing economies in the world, provide growth in income for the young generation thereby increasing their purchasing

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power and higher disposable income which would contribute a considerable share to India's GDP. It is evident that in olden days of the history only *"kirana"* and *"Mom and Pop Stores",* were available to satisfy the daily needs of the customers. The retail sector has seen a transformation in the last few years and now it could be seen that most of the places are filled with Supermarkets, Hypermarkets, Discount Stores, Shopping Malls and other modern retail set-ups. This has shown a great impact on customers shopping activity. Now – a – days the customers have a wide range of products and services and are also provided with better choices for their shopping. Now, shopping has become a major leisure time activity for all the ages. As a result, it can be seen that there is an increase in the economy which ranges from 8 to 10 per cent and the resulting improvements in income dynamics along with factors like favourable demographics and spending patterns are forcing the consumptions demand. According to the estimation of Goldman Sachs, the Indian economic growth is supposed to exceed the economy of China by 2015. It is believed that the country has the potential to deliver a faster growth over the next 50 years.

The major industrial and corporate giants of India have entered into this domain with their own strengths and capabilities, by identifying the prospective growth of the retail sector. Some of them have expanded their operations by having tie – ups with foreign companies. All these entrants have proclaimed very determined future expansion plans. Transnational corporations have also aimed at setting up retail chains in India with the help of collaborations with big Indian companies. However, there are different opinions based on the impact of the growth of organised retail in the country.

There has arisen the anxiety of adverse impact on unorganised retail sector due to the growth of the organised retail sector. There has been an argument that the growth of organised retail sectors would yield efficient supply chain operations, thereby offering better access to markets from producers (including farmers and small producers), and provide them with higher prices for the producers and offering the products at lower price for the consumers. Over the last few years retail has become one of the fastest growing sectors in the Indian economy. In effect it, is noteworthy that India is becoming a country with extraordinary consumption boom for many products and services. Such expansions occur because of increasing population and changing demand for various goods and services.

India has the largest younger population compared to the other countries in the world. Around 54 percent of the population falls below the age of 25 years and more than 46 percent belong to the age group of below 35 years. At present, the traditional markets have transformed themselves to new set-ups such as departmental stores, hypermarkets, super markets and specialty stores. With a view to offer new shopping experience to Indian customers in metros and near metro cities, Western – style malls have been started.

Indian Government is seriously involved in the efforts of taking positive steps in order to revitalise the Indian economy and it is sure to bring it back to annual growth rate of nine percent in the manner that global recession does not have an impact on it. The real estate industry in India has shown positive results gaining its energy, as it is an industry which has always been directly associated with the retail revolution in any country.

Retail and real estate are the two booming sectors of India in the present. If industry experts are to be believed, the prospects of both the sectors are mutually dependent on each other. Retail, one of India's largest industries, has presently emerged as one of the most dynamic and fast paced industries in the current scenario with several players entering the market. This account for over ten percent of the country's GDP (gross domestic product) and around eight percent of the employment, retailing in India is gradually inching its way towards becoming the next boom industry.

As the contemporary retail sector in India is reflected in sprawling shopping centres, multiplex-malls and huge complexes offer shopping, entertainment and food, all under one roof. The concept of shopping has altered in terms of format and consumer buying behaviour, ushering in a revolution in shopping in India. This has also contributed to large scale investments in the real estate sector with major national and global players investing in developing the infrastructure and construction of the retailing business. The trends that are driving the growth of the retail sector in India are:-

- Low share of organised retailing
- Falling real estate prices
- Increase in disposable income and customer aspiration
- Increase in expenditure for luxury items

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India, with a whole lot of government policies, established itself as one of the perfect destinations for business expansion. Here, both organised and unorganised retail markets are running parallel. Every year, the government of India and other state governments come up with new policies to boost retail. Over the last few years, India has been witness to a new trend in entertainment retail. The old-style single-screen theatres are being converted into three or four-screen Cineplex's by big movie exhibition retail chains. This retail boom has even managed to affect the movie-making industry by engendering a whole new breed of multiplex cinemas that urban Indian audiences are lapping up.

Indian Economy at a glance

The economy of India is the tenth largest in the world by nominal GDP and fourth largest by purchasing power. The country's per capita GDP is $ 3, 608 in 2010. Following strong economic reforms from the post-independence socialist economy, the country's economic growth progressed at a rapid pace, as free market principles were initiated in 1991 for international competition and foreign investment. On an average, the retail sector in India has been growing at 7 percent per annum (based on 1999-2002 figures). Retail sector in India is predominantly unorganised, having one of the highest density of retail outlets per capita in the world and lowest per capita retail space. Only two percent of the Indian retail sector is organised while this has been 20 percent, 80 percent and 70 percent in case of China, United States of America (USA) and United Kingdom (UK) respectively. The contribution of the Indian retail sector to the total employment has been seven percent as compared to 6 percent, 11.7 percent and 11 percent in case of China, USA and UK respectively. As per the existing policy of the government, foreign direct investment (FDI) is not allowed in retail trade in any form, whereas, this has been allowed in many other countries with or without restrictions. Total procurement by global retail chains from India is estimated to be below US $ 3 billion out of which 1 billion is by Wal-Mart alone.

The Indian economy is consistently posting robust growth numbers in all sectors leading to impressive growth in Indian GDP. It has been stable and reliable in recent times, while in the last few years, it has experienced a positive upward growth trend.

Chart 3. Retail Space Distribution in Delhi, NCR
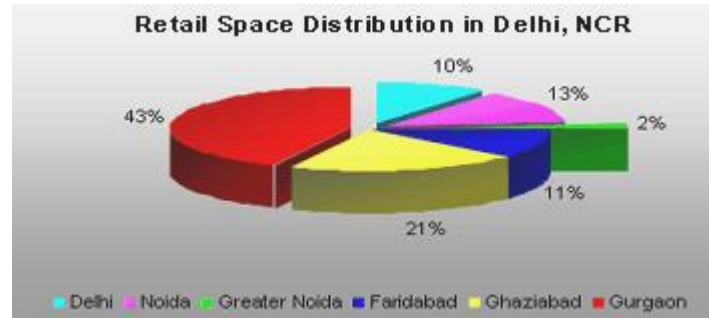
Source: www.Indiaground.com

Here is a small distribution chart which gives the retail space sharing among the cities. When it comes to take up Delhi and the surrounding area its tells clearly that Gurgaon which developed in recent years have more retail space compared to the other areas. The reason could be the new area is where it gets more space to create an ambiance for the retail market.

Retailing is emerging as a sunrise industry in India and is presently the largest employer after agriculture. In the year 2004, the sise of Indian organised retail industry was Rs 28,000 crores, which was only three percent of the total retailing market. Organised retailing in India is projected to grow at the rate of 25 percent to 30 percent p.a. and is estimated to reach an astounding Rs 1, 00,000 crores by 2015. The contribution of organised retail is expected to rise from three percent to nine percent by the end of the decade. The projection for the year 2005 was Rs 35,000 crores. In India it has been found out that the top 6 cities contribute 66 percent of total organised retailing. With the metros already been exploited, the focus has now been shifted towards the Tier-II cities. The 'retail boom', 85 percent of which has so far been concentrated in the metros is beginning to percolate down to these smaller cities and towns. The contribution of these Tier-II cities to total organised retailing sales is expected to grow to 20 to 25 percent. In the year 2004, Rs 28,000 crores organised retail industry had clothing, textiles and fashion accessories as the highest contributor (39 percent), whereas health and beauty products had a contribution of two percent. Food and grocery contributed 18 percent whereas Pharmaceuticals' had a contribution of two percent.

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Indian retail industry

The Indian retail industry is the fifth largest in the world. Comprising of organised and unorganised sectors, Indian retail industry is one of the fastest growing industries in India, especially over the last few years. Though initially, the retail industry in India was mostly unorganised, with the change of tastes and preferences of the consumers, the industry is getting more popular these days and getting organised as well. With growing market demand, the industry is expected to grow at a pace of 25-30 percent annually. The Indian retail industry is expected to grow from Rs.35, 000 crores in 2004-05 to Rs.1, 09,000 crores by the year 2015.

In the Indian retailing industry, food is the most dominating sector and is growing at a rate of 9 percent annually. The branded food industry is trying to enter the Indian retail industry and convert Indian consumers to branded food. At present, 60 percent of the Indian grocery basket consists of non- branded items.

Growth of Indian retail

It is expected that by the year 2016 modern retail industry in India, will be worth US$ 175- 200 billion. According to the 8th Annual Global Retail Development Index (GRDI) 2006, Indian retail industry is the most promising emerging market for investment. In 2007, the retail trade in India had a share of 8-10 percent in the GDP (gross domestic product) of the country. In 2009, it rose to 12 percent. It is also expected to reach 22 percent by the year 2015.

Table No. 2: Indian's Real GDP statistics

Indicator	2005	2006	2007	2008	2009
Real GDP Growth (% of Growth)	9.21	9.82	9.37	7.35	5.36

Source: Central Statistical Organisation

The above table refers to the real GDP growth of Indian economy for the period from 2005 to 2009. GDP in 2009 has dropped by 1.01 percent than that of the previous year 2008. The major cause of drop in the GDP is expected to grow to a level of 12 percent by the end of year 2015 after getting its normality due to global economic downturn.

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Table No. 3: Indian retail sector share with respect to GDP.

Year	Total sale in US $ Billion		
	Modern retail sectors	**Retail sectors**	**Gross Domestic Product (GDP)**
2003	8	280	783
2008	18	410	1161
2013	110	615	1705
2018	220	860	2450

Source: Central Statistical Organisation

The above table clearly illustrates the comparison and proportion of growth of modern retail and retail sectors with respect to GDP. Between 2003 and 2018 the modern retail has always grown almost 100 percent. On the other hand though at the start of 2003 retail has grown 100 percent but around 2013 the growth of retail sector is only around 28 percent only. This comparison shows modern retail takes more space and contributes to GDP in a big way then retail.

Exhibit 2. India's Retail Sector: Basic Facts

- India's relevant private final consumption expenditure (PFCE) is estimated to be about US$221 (28 percent of GDP) billion.

- India is excluding part of PFCE such as rent, fuel and power from the relevant spending estimate.

- Currently, Indian retail distribution is completely fragmented with about 12 million players operating from small shops and handcarts.

- Organised retail sector is currently just about 2.2 percent of the total relevant PFCE.

- Overall PFCE is estimated to have grown at 11.6 over the last three years.

- Organised retail sector is estimated to be growing at 15-20 percent.

- Wholesale and retail trade sector currently contributes to about 13 percent of GDP and employs about 40 million people.

- Food and beverages account for 38 percent of the total retail spending.

Source: CSO, Morgan Stanley Research Estimates, 2006.

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Kinds of retailers

Organised Retail – These are owned by private or government agencies and are based on some principles and procedures like Wal-Mart, Big Basaar. They possess license to sell the product.

Unorganised Retail – Owned by an individual and they are also based on some principles.

Grey Market – Unauthorised small stores that are owned by an individual. They are not bound by principles or rules as they are run illegally.

Retail formats in India

Hypermarket / Supermarkets -   These are generally large self-service outlets, offering a variety of categories with deep assortments. These stores contribute 30 percent of all food and grocery organised retail sales. Example: Big Basaar

Mom-and-pop Stores - These are generally family-owned businesses, catering to small sections of society. They are small, individually run and handle retail outlets.

Departmental Stores - These are the general merchandise retailers, offering various kinds of quality products and services.

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-trailers - These are retailers who 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 customers. But it does not provide a feel of the product and is sometimes not authentic. Examples: Amason.com, Ebay.com, etc.

Discount Stores - These are the stores or factory outlets that provide discount on the MRP (Maximum Retail Price) items. They focus on mass selling and reaching economies of scale or selling the stock left after the season is over.

Vending - This kind of retailing is making incursions into the industry. Smaller products such as beverages and snacks are some of the items that can be bought through vending machines. At present, it is not very common in India and it is a relatively new entry in the retail sector.

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 specialise in their fields, such as electronics (Best Buy) and sporting goods (Sport Authority). This is also known as Multi- Brand Outlets or MBOs.

Speciality stores - The retail chains, which deal with specific categories and provide deep assortment are speciality stores. Examples: RPG's Music for World, Mumbai's Bookstore Crossword.

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: Sahara Mall, TDI Mall in Delhi.

Chart 4. Formats / Channels of organised retail

Formats/Channels of organised retail

Channel/ Format	Type of merchandise	Pricing	Size (sq ft)	Average stock-keeping units (SKUs)	Location	Example
Store						
Supercenter	All types of merchandise	Discount pricing	200,000-300,000	200,000	Outskirts	Wal-Mart supercenter
Hypermarket	Mostly food & grocery and apparels with focus on value products	Discount pricing	60,000-120,000	80,000	Malls	Hypercity, Big Bazaar
Supermarket	Food & grocery	Discount pricing	10,000-30,000	20,000	Malls	Food Bazaar
Neighbourhood/ co-nvenience store	Daily use items		500-3,000	4,000	all localities within a city	Subhiksha
Cash and carry	Mostly food and grocery	Bulk buying, heavy discounts	100,000-300,000	150,000	outskirts	Metro cash and carry
Discount store	Food & grocery and fashion & accessories	Heavy discount	NA	NA	NA	Subhiksha
Department store	Apparel and accessories	Competitive	20,000-100,000	50,000	Malls	Shoppers Stop
Speciality store	Any one type of merchandise	Competitive	500-5,000	1,000	Main markets, Malls	Mobile Store
Category killer	Any one type of merchandise	Discount pricing	30,000-100,000	10,000	Malls, high streets	Vijay Sales
Non-store						
Kiosks/stalls	Small food items and accessories	Normal	20-100	50	Malls, multiplexes, cinema halls	Popcorn
Vending machines	small items	Normal	-	10	Stations, commercial and office complexes	Chocolate and newspaper vending machines
Order retailing (Catalogue/TV/ Website)	Any type of merchandise	Competitive	-			Argos
Door-to-door	Mostly low-value items	Normal	-	-	-	Amway

` *Source: ICRIER and D&B Research*

The table above gives input about the pricing, sise of store, geographical and the product dealt. Though the ambiance plays a vital role in the purchase decision, it is the quality and quantity of product and pricing strategies influence the customers. Mostly the

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customers can be divided as quality and price conscious. Quality and prise are logically directly proportional. In spite of this the pricing strategies adopted by the retail outlet based on their product availability in the market, monopoly of the product, competitor pricing, and type of store and so on. When it comes to supercenter, hypermarket, supermarket which deals with almost all kind of food and grocery items the discount pricing is a strategy adopted by them to bring in more customers.

Neighborunhood / convenience store is where customers purchase a daily use item which is out of stock due to the planning failure of their purchase. This forces the customer to buy the product / item at higher price due to the necessity of the products. Monthly purchase like food and grocery will be bought from cash and carry stores / discount store. As mostly it is bulk buying from customer end, the cash and carry / discount store gives heavy discounts which makes the customer more loyal to them. Departmental store / specialty store follow competitive pricing. This is because the customer can find lot of this kind of retail store which gives them more option to shop in turn which makes these kinds of stores more competitive in the retail segment. Category killer type also implements discount pricing. The name itself suggests that it need to have killer instinct in pricing to fight out the tough competition.

The second dimension of the above table describes the non-store characteristics and the pricing policies adapted to retail customers. Kiosks / stall which is in to small food item and accessories implements normal pricing as these kind of non-store are location and taste specific. On the other hand vending machines deals with small items which are more location specific.

Door – to - door non-store category mostly deals with low value items which are supplied to the customers as and when they make a call and request a particular product / services. They do have an advantage of normal pricing strategy as the customers will be more loyal to the service they provide more than the price.

Major Retailers in India

1. **Big Basaar-Pantaloons**: Pantaloon is one of the biggest retailers in India with more than 450 stores across the country. Headquartered in Mumbai, it has more than 5 million sq. ft. retail space located across the country. It is growing at an enviable pace

and has reached 30 million sq. ft. during 2010. In 2001, Pantaloon launched the country's first hypermarket „Big Basaar'. Big Basaar, a division of Pantaloon Retail (India) Ltd., is already India's biggest retailer. In the year 2003-04, it had revenue of Rs. 658.31 crores and by 2010 it was Rs. 8,800 crores.

It has the following retail segments:

Food and Grocery   :   Big Basaar, Food Basaar

Home Solutions   :   Hometown, Furniture Basaar, Collection

Consumer Electronics :   e-sone

Shoes   :   Shoe Factory

Books, Music and Gifts :   Depot

Health & Beauty Care :   Star, Sitara

E-tailing   :   Futurebasaar.com

Entertainment: Bowling Co.

2. **Food World:** Food World in India is an alliance between the RPG group in India with Dairy Farm International of the Jardine Matheson Group.

3. **Trinethra:** It is a supermarket chain that has predominant presence in the southern state of Andhra Pradesh. Their turnover was Rs 78.8 crores for the year 2002-03.

4. **Apna Basaar:** It is an Rs 140-crore consumer co-operative society with a customer base of over 12 lakh and plans to cater to an upwardly mobile urban population.

5. **Margin Free:** It is a Kerala based discount store, which is uniformly spread across 240 Margin Free franchisees in Kerala, Tamil Nadu and Karnataka.

6. **Tata Group:** Tata group is another major player in Indian retail industry with its subsidiary Trent, which operates Westside and Star India Basaar. Established in 1998, it also acquired the largest book and music retailer in India „Landmark' in 2005. Trent owns over 4 lakh sq. ft retail space across the country.

7. **RPG Group:** RPG Group is one of the earlier entrants in the Indian retail market, when it came into food and grocery retailing in 1996 with its retail Foodworld stores. Later, it also opened the pharmacy and beauty care outlets „Health & Glow'.

8. **Reliance:** Reliance is one of the biggest players in Indian retail industry. More than 300 Reliance Fresh stores and Reliance Mart stores are quite popular in the Indian retail market.

9. **AV Birla Group:** AV Birla Group has a strong presence in Indian apparel retailing. The brands like Louis Phillipe, Allen Solly, Van Heusen and Peter England are quite popular. It is also investing in other segments of retail.

Table No.4: Current retail growth projections – Indian retail sector

Year	Total retail market (Rs. '000 Cr)	Organised retailing (Rs. '000 Cr)
2003 – „04	983	28
2004 – „05	990	35
2005 – „06	1040	44
2006 – „07	1092	55
2007 – „08	1140	68
2008 – „09	1203	85
2009 – „10	1264	107

Source: Central Statistical Organisation, AT Kearney Report

Challenges facing the Indian organised retail sector

The challenges facing the Indian organised retail sector are various and these are stopping the Indian retail industry from reaching its' full potential. The behavioral pattern of the Indian consumer has undergone a major change. The Indian consumer is earning more now and is influenced by the west. The women working force is increasing; desire for luxury items is more and now better quality is expected. Now-a-days the customers want to eat, shop and get entertained under the same roof. All these have lead the Indian organised retail sector to give more in order to satisfy the Indian customers. The biggest

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challenge facing the Indian organised retail sector is the lack of retail space. With real estate prices escalating due to increase in demand from the Indian organised retail sector, it is posing a challenge to its growth.

- The tax structure in India favours small retail business

- Lack of adequate infrastructure facilities

- High cost of real estate

- Dissimilarity in consumer groups

- Restrictions in Foreign Direct Investment

- Shortage of retail study options

- Shortage of trained manpower

- Low retail management skill

Trained manpower shortage is another challenge facing the organised retail sector in India. The Indian retailers have difficulty in finding trained personnel and also have to pay more in order to retain them. This again brings down the Indian retailers' profit levels. The Indian government has allowed 51 percent Foreign Direct Investment (FDI) in the Indian retail sector to branded shops only. This has eased the entry of global retail giants to organised retail sector in India. This is a challenge being faced by the Indian organised retail sector. But the global retail giants like Tesco, Wal-Mart and Metro AG are entering the organised retail sector in India indirectly through franchisee agreement and Cash and Carry wholesale trading. Many Indian companies are also entering the Indian organised retail sector like Reliance Industries Limited, Pantaloons and Bharti Telecoms. But they are facing stiff competition from these global retail giants. As a result, discounting is becoming an accepted practice.

Table No. 5: Organised retail; its progress in India

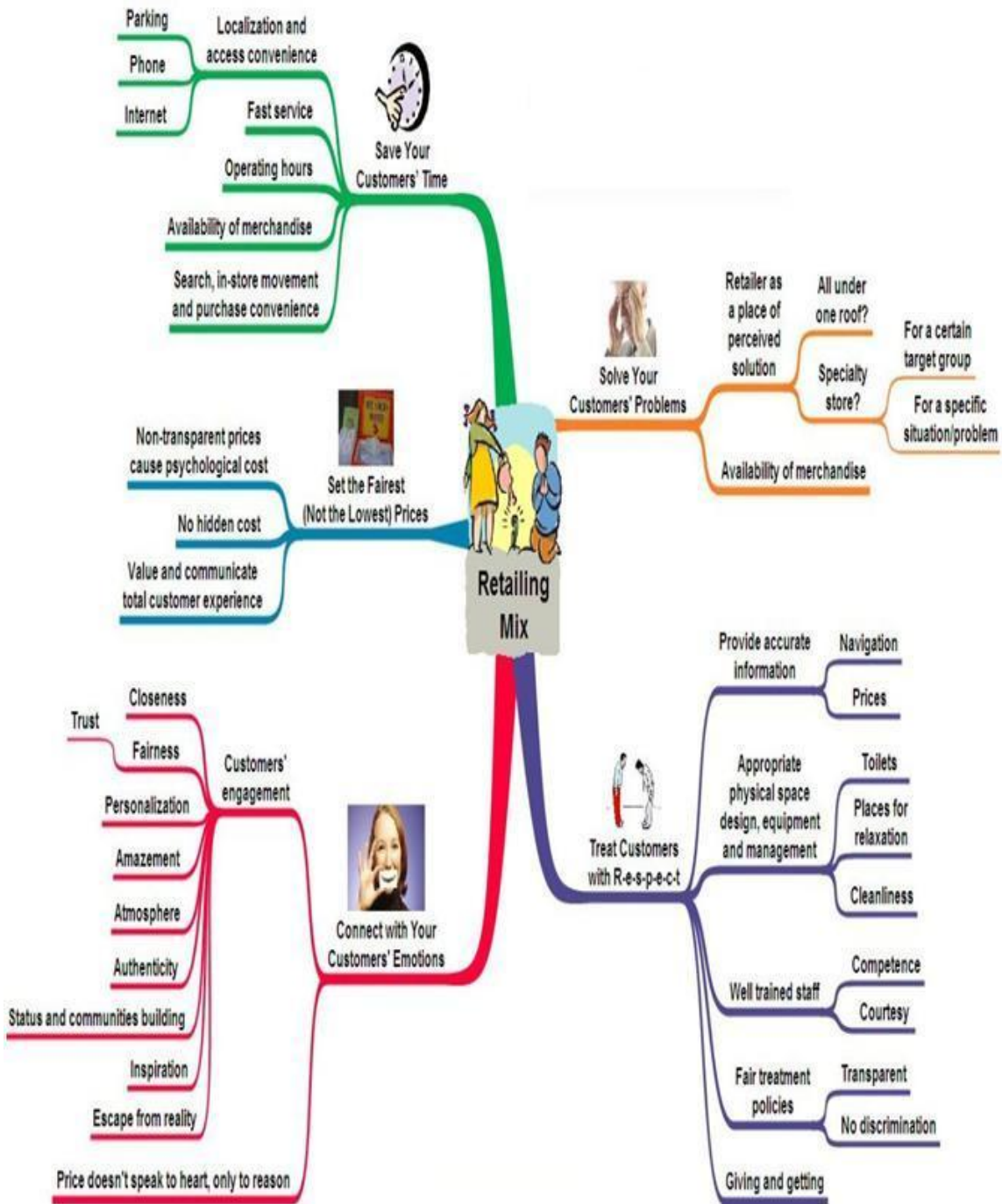| Phases of development of organised retail sector in India		
Year	Growth	Function
2000	First phase	Entry, growth, top line focus
2005	Second phase	Range, portfolio, former options
2008	Third phase	End to end supply chain management, backend operation, technology process
2011	Fourth phase	Mergers & acquisitions, stakeout, consolidation, high investment

Source: Ernest and Young

Chart 5. Organised retail market size
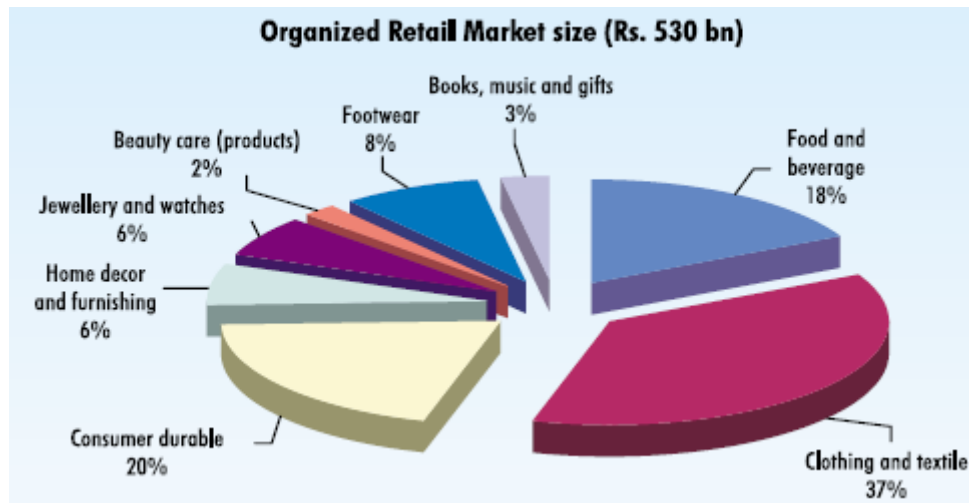
Source: www.Indiaground.com

The above chart gives a clear picture of the market sise of an organised retail in the durable and non durable segments. Now-a-days even durable goods purchase is made frequently as there is lot of change in the style and design of the products. As the customers are also having more disposable income in their hand they also do lot of purchase for the snob value. Their social cost levels have gone up due to the income flow. Mostly clothing and textile is the highest market share (37 percent) in the consumer goods.

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Chart 6. Retailing mix

Retailing Mix

Save Your Customers' Time
- Localization and access convenience
  - Parking
  - Phone
  - Internet
- Fast service
- Operating hours
- Availability of merchandise
- Search, in-store movement and purchase convenience

Solve Your Customers' Problems
- Retailer as a place of perceived solution
  - All under one roof? — For a certain target group
  - Specialty store? — For a specific situation/problem
- Availability of merchandise

Set the Fairest (Not the Lowest) Prices
- Non-transparent prices cause psychological cost
- No hidden cost
- Value and communicate total customer experience

Treat Customers with R-e-s-p-e-c-t
- Provide accurate information
  - Navigation
  - Prices
- Appropriate physical space design, equipment and management
  - Toilets
  - Places for relaxation
  - Cleanliness
- Well trained staff
  - Competence
  - Courtesy
- Fair treatment policies
  - Transparent
  - No discrimination
- Giving and getting

Connect with Your Customers' Emotions
- Customers' engagement
  - Closeness
  - Trust
  - Fairness
  - Personalization
  - Amazement
  - Atmosphere
  - Authenticity
- Status and communities building
- Inspiration
- Escape from reality
- Price doesn't speak to heart, only to reason

Source: www.worldretailindex.com

Two different dimensions of retail mix are "internal and external" and "macro and micro". The major macro factors are time, price, service, emotions and solutions. The micro factors are operating hours, phone, parking, no hidden cost, atmosphere, well trained staff, transparency, personalisation, inspiration, etc.

The external factors deals with geographical location, professional staff, space of the store, etc. whereas the internal factors deals social costs, quality perception, educational qualification, cultural values, etc.

Time – though customers' finds time for their shopping, the retailers can save the customers' precious time by giving them fast service. For implementing the fast service the measures which the retailers can take are:

a. Give proper parking space
b. Increase their operating hours, more availability of merchandise and help for convenient purchasing.

Price – the retailers should make sure there is no hidden cost and non-transparent pricing strategy which will have a psychological effect on the customer purchase decision.

Service – professionally qualified and trained store manager and employees can really make shopping and unforgettable experience for the customers. This could be done by giving accurate information, fair treatment, navigation, cleanliness, places for relaxation, product knowledge, courtesy and no discrimination among the customers.

Emotions – the ambiance of a particular store can do wonders for the customer in spite of the customer being price sensitive. Escape from reality, inspiration, atmosphere, personalisation, fairness and closeness are the major factors which makes the customer to come back to the particular store again and again.

Solutions – once the customer is convinced with pricing, location and professional employees. It is a store which needs to direct them once they are inside the retail shop. The store should have all merchandise under one roof and placed categorically according to target group. It should have proper sign boards and space which will make customers shopping a delight.

The micro factors are operating hours, phone, parking, no hidden cost, atmosphere, well trained staff, transparency, personalisation, inspiration, etc.

Macro - geographical location – the location of the store should have proper parking space and should be free from city conjunction in a way it should be in the down town area where generally traffic will be less.

Professional staff – properly educated and trained staff can make a huge difference in the perception of the retail store and influence the purchase decision to a greater extent.

Space of the store – the ambience and arrangement of the merchandise can create more space in the store for the customers. In spite of creating a physical space the ambiance of the store can get a space for itself in their life.

Social costs – the difference between the actual cost and the perceived cost can be increased by delighting the customers by making their purchase and the time spend more valuable to their family.

Quality perception – the retailer can make a huge difference in the purchasing pattern of the customer by giving them quality products at cheaper price. This is possible as the retailers mass purchase.

Educational qualification – qualified professionals can be educated easily compared to the common man. As the education system is bringing in huge change in the mind set of the present younger generation retailing industry growth is inevitable.

Cultural values – Indian cultural values influence the purchase decision and pattern at every stage in the life cycle of a customer.

India's retail industry is expanding most aggressively. As a result, a great demand for real estate is being created. Indian retailers' preferred means of expansion is to expand to other regions and to increase the number of their outlets in a city. It is expected that, by 2014, India might have 3,000 new shopping centres. India's retail industry is progressing well and for this to continue, retailers as well as the Indian government will have to make a combined effort.

The Future

The retail industry in India is currently growing at a great pace and is expected to go up to US$ 833 billion by the year 2013. It is further expected to reach US$ 1.3 trillion by the year 2018 at a CAGR (Compounded Annual Growth Rate) of 10 percent. As the country has

got high growth rates, the consumer spending has also gone up and is also expected to go up further in the future. In the last four years, the consumer spending in India climbed up to 75 percent. As a result, the Indian retail industry is expected to grow further in the future. By the year 2013, the organised sector is also expected to grow at a CAGR (Compounded Annual Growth Rate) of 40 percent. Vedamani G Gibson, Chief Executive Officer of Retailers Association of India says that 2005 is a year of reckoning for organised retailing, with mergers and acquisition happening across segments, to leverage synergies of larger players and have a pan-India presence. According to the estimates of RAI (Retail Association of India), the organised retail is poised to grow to Rs 1,50,000 crores (Rs 1500 billion) in the next two years from the present Rs 30,000 crores (Rs 300 billion). Among developing markets, India will be the second largest destination for retail.

About Tamil Nadu

The capital of Tamil Nadu is Chennai, the fourth largest metropolitan city in India and has an estimated population of 7.5 million. The economy of the city is supported by industries like automobile, technology, hardware manufacturing and healthcare. Economists have predicted that Chennai's per capita income would increase to $1,149 in 2015 and $17,366 in 2050. The city houses India's major automobile companies and happens to be India's second-largest exporter of information technology and information-technology-enabled services, besides Bangalore. Buses, trains and auto rickshaws are the most common form of transport within the city. To counter traffic congestion, the State government of Tamil Nadu is building a number of flyovers at important intersections.

Economy of Tamil Nadu

Tamil Nadu has been ranked No. 1 by the Economic Freedom Rankings for the States of India. Tamil Nadu the fourth largest economy (2010-11) of $ 98 billion among States in India, Tamil Nadu is also the second most industrialised State next to Maharashtra. As of 2010-11 Tamil Nadu had a Per Capita GDP of $ 1,622, the sixth highest in India. States that have out-shined Tamil Nadu are Goa ($ 2,949), Haryana ($ 2,052), Maharashtra ($ 1,855) and Sikkim ($ 1,804)).Tamil Nadu ranks third in foreign direct investment approvals (cumulative 1991-2002) of 225,826 million ($5,000 million), next only to

Maharashtra 366,024 million ($8,100 million) and Delhi 303,038 million ($6,700 million). The State's investment constitutes 9.12 percent of the total FDI in the country. Unlike many other States, the economic resources are quite spread out, rather than concentrated in a small industrialised area. According to the 2001 Census, Tamil Nadu has the highest level of urbanisation (43.86 percent) in India, accounting for 6 percent of India's total population and 9.6 percent of the urban population. Tamil Nadu has a network of about 110 industrial parks and estates, offering developed plots, with supporting infrastructure. Also, the State government is promoting other industrial parks like Rubber Park, Apparel Park, Floriculture Park, TIDEL Park for Biotechnology, Siruseri IT Park and Agro Export Sones among others. Tamil Nadu has the largest number of Small and medium enterprises (SMEs) in India.

Macro-economic trend in Tamil Nadu

This table is trend of gross state domestic products of Tamil Nadu at market prices estimated by Ministry of Statistics and Programme Implementation with figures in millions of Indian rupees.

Table No. 6: Gross State Domestic Product

Year	Gross State Domestic Product
1980	80, 810
1985	156, 481
1990	313, 390
1995	782, 050
2000	1, 411, 000
2005	1, 945, 28011
2009	4, 020, 820
2010	4, 640, 090

Source: 2011, Ministry of Statistics and Programme Implementation, GOI

The Tamil Nadu State's debt was estimated at 35 percent of GDP in 2005.

The Tamil Nadu State's debt was estimated at 20.39 percent of GDP in 2011.

Retail industry in Tamil Nadu

The economy of Tamil Nadu is one of the most dependable, consistent and developing ones. The State of Tamil Nadu offers one with a very bright picture of a progressive economy. The State is well equipped with all the needed infrastructural support to boast economic growth and enhance industrial development of the State. Tamil Nadu has maintained a perfect balance between agricultural production and industrial development. There is huge demand for Tamil Nadu Tender, Tender Notification, Government Tender Notices, Procurement Notices, Public Tender Notices, Bids, Online Tenders and contracts all over India. There is substantial demand for retail trade tenders, tenders from retail industry, Government retail tenders, International tenders, procurement notices, bids, tender notices and retail contracts worldwide.

Mall culture in Chennai is all set to exert its full allure. Some notable upcoming retail projects in the city are to be introduced by reputed builders such as DLF, Shriram Properties and Prestige Group. Surprisingly, the trend of retail development has overtaken other developments, especially the feverish activity of developing residential projects. This has pushed the demand for retail space in areas such as Besant Nagar, Aminjikaral, Velachery, Mogappair, Sirusseri, Semmenchery and Perambur. Rentals for office space in Chennai are soaring high. The shopping malls in Chennai are entirely dedicated to retail spaces, but the developers are in a lookout for the demand to grow.

Chennai acted as an incubator for the Indian retail industry, with the city witnessing pioneering initiatives in the retail industry, be it consumer durables, general provisions or books. One consequence has been the development of notable brands of homegrown retailers: Viveks, Food World, Subiksha, Landmark and Odyssey, among others. The year 2005 has been a watershed for local retail industry as the prospect of impending Foreign Direct Investment in the retail sector has unleashed far reaching changes among Chennai's retailers.

Two well-known names, Landmark and Odyssey, saw changes in ownership. Others such as Viveks and Sree Krishna Collection moved swiftly to raise resources and expand their presence before the entry of global giants.

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Racing towards critical mass

Mr. Kodandarama Setty B. A. Chairman and Managing Director of Vivek Limited, the retailer who enjoys the distinction of owning the oldest and largest electronic and home appliances, says that the retailing industry, that was lacklustre a few years ago, is gaining momentum at a rapid pace. Vivek also owns retail brand Jainsons and Premier.

Setty says that retailing is a volume game and therefore growing in sise does matter. This may be by acquiring smaller companies or tapping the capital market, with the foresight that, huge investment will be required for growth and expansion of the company. Vivek is in the process of considering a private equity partner or an initial public offering, which is expected towards the end of the current fiscal.

Coimbatore – city profile

Coimbatore is the second largest city in Tamil Nadu, with a population of more than 2.2 million. The city is located in the western region of Tamil Nadu and closer to Kerala State. There are more than 30, 000 tiny small, medium and large industries and textile mills. The city is known for the entrepreneurship of its residents. The population is of people from all parts of the country and more from the neighbouring states like Kerala, Andhra Pradesh and Karnataka.

The rich black soil of the region has contributed to Coimbatore's flourishing agriculture industry and, in fact, the successful growth of cotton has served as a foundation for the establishment of textile industries. Coimbatore is famous for the manufacture of motor pump sets, wet grinders and automobile components and varied engineering goods, due to which it has earned the title "Detroit of the South". It was also known as the "Manchester of South India". Now due to recession in the textile industry, most of the mills have been closed down or converted into real estate and other business establishments. The surrounding rural areas have a good agricultural base. In spite of its prominence as a busting industrial city, Coimbatore still remains as one of the most pollution free cities in India. Covering an area of 23.5 square kilometres, the city houses some of the biggest names in Indian industry. The major industries are textile machinery, automobile spares, motor, wet grinders, electronics and steel and aluminum foundries.

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The TIDEL park and Special Economic Sone (SES) which opened up recently will generate huge employment opportunities in the city. Around Rs. 10, 000 crores worth of exports of various products is done from Coimbatore annually. Automobile components manufacturing in Coimbatore consists of 20 percent of the country's business.

The rich fertile soil and tropical climate is excellent for the growth of millet, coconut trees, paddy, cotton, tea, maise, oil seeds and tobacco. Coimbatore is also known as an educational hub. Tamil Nadu Agricultural University, Coimbatore is renowned and one of the oldest and best institutions in playing a key role in the development of agriculture in Tamil Nadu. There are 11 various State and Deemed Universities in and around Coimbatore. These universities produce thousands of engineering and arts and science graduates in various disciplines every year. Around 25 percent of the student community is from the neighbouring state Kerala. Coimbatore is well known for premier engineering colleges. It is well connected to all cities in India through train, air and by surface. Now the city is having direct connections to Middle East and to eastern countries.

A study report put together for Mr. Biyani's Kishore Future Capital Research and National Council of Applied Economic Research (NCAER), has identified 20 top Indian cities, which though accounting for only 10 percent of the country's population, will generate as much as 60 percent of its surplus income and 31 percent of its disposable income. The authors have classified these 20 large cities, which accounted for nearly $100-billion of consumption expenditure in 2007-08, into three groups comprising Megacities (8) – Mumbai, Delhi, Kolkata, Chennai, Bangalore, Hyderabad, Ahmedabad and Pune. Boomtowns (7) – Surat, Kanpur, Jaipur, Lucknow, Nagpur, Bhopal and Coimbatore. Niche Cities (5) – Faridabad, Amritsar, Ludhiana, Chandigarh and Jalandhar. According to the report: These 20 cities, despite impending economic slowdown, for the next eight years (2008-2016), will grow at a healthy rate of 10.1 percent per annum, compared to other cities growing at 7.9 percent per annum. In the past three years (2005-08), the top 20 have registered a growth of 11.2 percent per annum. In the next eight years i.e., by 2016, while the share of middle-income household ($6,000 to $30,000 per annum) in these twenty cities will increase from current 39 percent to 55 percent, the share of high-income households (more than $30,000 per annum) will increase three-fold to 13 percent.

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The share of very low-income households (below $3,000 per annum) not surprisingly, would come down by half from 16 percent now to seven percent by 2016. There is a 52 percent increase in spending as households graduate from low-income to middle class segment. The demand for the durables, for example, may go up by a substantial 84 percent says the study.

So what does this mean for Coimbatore? It is going to be a very strong player in the economy of Tamil Nadu. Many industries, including IT, will be moving from Chennai / Bangalore to Coimbatore which will trigger an avalanche of retailers, consumer products (including auto dealers, banks, insurance and thrifts) and therefore housing and real estate. So the need is a better and bigger airport, roads, railways, telecommunications, law and order, and general public infrastructure like water, sanitation etc.,

The retailing configuration in Coimbatore city is fast developing as shopping malls are increasingly becoming familiar during the past years (2006 to 2011). When it comes to development of retail space, especially the malls, the Tier II cities are no longer behind in the race. If development plans till 2007 is studied, it shows that the projection of four to five shopping malls before 2015 in Coimbatore is expected in the fast track.

Coimbatore is being seen as a potential goldmine for retail investors after all metros in India. Coimbatore is rated as the top destination for retailers for an attractive emerging retail market, because of top notch company setting down their manufacturing unit and head office in Coimbatore.

Another gap to the retailing industry in Coimbatore is allowing a single brand outlet. The government is now set to initiate a second wave of reforms in the segment by liberalising investment norms further. These will not only favour the retail sector develop in terms of design concept, construction quality and providing modern amenities, but will also help in creating a consumer-friendly environment. Retail industry in Coimbatore is at the crossroads but the future of the consumer markets is promising as the market is growing. Government policies are becoming more favourable and emerging technologies are facilitating operations in Coimbatore. This upsurge in the retail industry has made Coimbatore a promising destination for retail investors and at the same time has impelled investments in the real estate sector.

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Key retail stores / brands operational in Coimbatore: Big Basaar, Megamart, Nilgiris, Spencer's Retail, Reliance, @home, More and Van Heusen. The prime locations are Oppanakara Street, Cross Cut Road, BB Road, TV Swami Road, Avinashi Road and Trichy Road with a population of 20 lakhs in Coimbatore city.

Coimbatore - Growth factors in retail

Coimbatore is the second largest city in Tamil Nadu and is strategically located between Chennai, Bangalore and Kochi. IT majors like Tata Consultancy Services, Cognisant, Spheris, Perot Systems and Bosch are operational. This Tier II city has all the key pointers of infrastructure, including telecom, power, a highly skilled work force, a rapid pace of infrastructure development and a pro-active Government that is aggressively promoting Coimbatore city.

Emerging trends of retail sector in Coimbatore

The Coimbatore city will soon possess about 1 million square feet of retail mall space in organised retail that is expected to come up by 2013. The retailers are also very keen about the market and want to explore the untapped market further. Malhotra at Big Basaar stated that there is high demand for general merchandise products in the city and the company plans to open one more store. "The city has a good potential and we love to open one more store in that city," affirmed Malhotra (2011).

Not only grocery and fashion retailers, entertainment retailers as well expect a good return from the city. But according to Pande, two malls are not enough for the city of a population of 20 lakhs. He believes that there is a potential of around four to five malls that can be developed and can do enormous business in the city during 2010 to 2015.

Industry experts are sensitive to the point that Coimbatore local markets have an edge over the retail investors in Tamil Nadu, India as they have unique advantages such as an understanding of local needs and extended service like home delivery. As the retail trade is expected to grow extensively in the coming years, the consumer segments patronising the big malls will create frensy for organised retailing, predicting a growth of 10-15 percent per annum over the next decade. Moreover, Coimbatore retail chains

would get integrated with global supply chains since FDI (Foreign Direct Investment) will bring in technology, quality standards and marketing, thereby leading to new economic opportunities and creating more employment generation for Coimbatore people.

Industry trends for retail sector indicate that organised retailing has major impact in controlling inflation because large organised retailers are able to buy directly from producers at most competitive prices. World Bank attributes the opening of the retail sector to FDI to be beneficial for Coimbatore, in terms of price and availability of products as it would give a boost to food products, textiles and garments, leather products, etc., to benefit from large-scale procurement by international chains and in turn, creating jobs opportunities at various levels.

As foreign investors, exploring their potentials in the retail sector are keen on developing malls in Coimbatore, the sise of organised retailing is expected to touch $0.11 billion by 2013 or approximately 0.7 percent of the total. This has initiated market-entry announcement from some retailers and has signaled to international retailers about the seriousness in promoting the sector. All these factors will contribute in taking Coimbatore retail business to unexpected growth, based on the consumer preference for shopping in congenial environs, and also availability of quality real estate.

Coimbatore-based retail chain

As the texcity is warming up to the opening of two big malls - Fun Republic and Brookfield Plasa by early 2010 and 2012, the home grown leading retail chain, Shri Kannan Departmental Stores is quietly expanding its network in the Kongu region. It also plans to enter Chennai after 2012. The chain, which clocked a turnover of Rs. 290 in 2008-09, recently ventured out of the region to open its first store in Madurai. Now, it has 25 stores, mostly in Coimbatore and Erode and the remaining in smaller cities including Salem, Karur and Tirupur.

Coimbatore has lots of department stores but the one that stands out in terms of location and selection of items is Nilgiris. Today, it was announced that a group of private equity firms, Actis from UK and GIC special investments from Singapore paid

about $65 million for 65 percent of the Nilgiris. What this will mean to the consumers is yet to be seen. It is expected by this deal that the presence of Nilgiris brand of products in their retail centres will increase to 40 percent from the current 20 percent.

Retail revolution in Coimbatore

Organised retail in Coimbatore, so far, is a high street - story. Although Coimbatore is the second largest city in Tamil Nadu after Chennai, it is yet to get the attention of a large number of retailers, the way other cities in India, have been receiving. According to the industry sources, the reason is no real catalyst in the form of shopping malls to boost the retail growth in the city. But this long wait has almost come to an end, as the city has witnessed the opening of two gigantic shopping malls during the early part of 2011. With the opening of these two malls – Fun Republic and Brookfield Plasa – people in Coimbatore would experience organised retail boom and find quality space for shopping and entertainment.

With operational stores like Big Basaar, Megamart, Nilgiris and Spencer's Retail in value format and several national brands including Van Heusen, Nike, Classic Polo, Flying Msachine, Reebok and others and entertainment player's like Big Cinemas in the city, the launch of the mall Fun Republic, Coimbatore would witness the foray of Shoppers Stop and five-screen Fun Cinemas in the city, besides space for a hypermarket and a host of retail brands across segments. According to Pande Girish (2009) COO (Chief Operating Officer), E-City Property Management & Services (EPMS), the company behind the development of Fun Republic mall in Coimbatore, the property is scheduled to be opened in March-April 2011 and will spread across six floors encompassing a total retail space of around 5.5 lakh square feet. According to him, Fun Republic will open its doors with over 90 percent occupancy of total retail space. Another project called Brookfield Plasa by Brookfield Estate Development of around 5 lakh square feet sise has already been opened in the city. The project is located at the old market of the city. These two malls would redefine the shopping pattern of Coimbatore people.

In the recent report – „Coimbatore – An Emerging Real Estate Destination' conducted by real estate consultancy Jones Lang LaSalle Meghraj (JLLM), Coimbatore is

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shown as a hugely prosperous city with indisputable prospects and a perfect South Indian real estate investment destination of the future. The study further stated that this Tier II city has everything in shape, including telecom, power, a highly skilled work force, a rapid pace of infrastructure development and a pro-active Government that is aggressively promoting the city. As a result, a number of top multi-national companies are migrating into this city and the manner in which the organised retail, hospitality, entertainment and residential sectors are growing, the study says, Coimbatore is indeed going to be a hot spot destination of the future in spite of being into Tier II category.

Some of the prominent organised retailers that are in Coimbatore

Big Basaar

Big Basaar is the flagship retail chain of the Future Group. Big Basaar in India, operating in 59 cities and occupying over 5 million sq.ft. Retail space is driving over 110 million footfalls into its stores. The format is expecting the number of footfall in the stores to increase by over 140 million. Big Basaar has received every prestigious consumer awards both nationally and internationally.

More

A retail chain store operated by Aditya Birla Retail Ltd. is the retail arm of Aditya Birla Group Company. It operates in two types of store formats, namely, supermarket and hypermarket. Currently, it has more than five hundred supermarkets and more than eight hypermarkets across the country.

Nilgiris

It is a famous supermarket chain in South India established in 1905 by Mr. Mudaliar Muthuswamy. USP is selling goods that are freshly produced, of superior quality and creates value for customer. It is the only major super market chain that sells its own products.

Reliance

A convenience store format owned by Reliance Industries and has about 560 outlets across the country. They sell fresh fruits and vegetables, staples, groceries, fresh juice, bars and dairy products.

Spencer's

Spencer's Retail is one of India's fastest growing retail stores. Spencer's is based on the 'Food First' format (it mainly offers fresh and packaged food). Many outlets sport multiple formats for retailing food, apparel, fashion, electronics, lifestyle products, music and books. It is owned by the RPG Group, a major business house.

Significance of the study

The recent changes in the Indian retail sector have developed a new style of shopping among the Indian customers. Customers are more into entertainment, comfort, convenience and quality more than price. Hence, the malls are coming up with spacious parking, food courts, and recreational facilities and play areas apart from fulfilling the shopping needs. Now-a-days visiting a mall is considered to be a better lifestyle among the present generation.

Organised retail stores are professionally managed by the retailers in terms of sise, availability of brands, value added services and conducive ambience that delight the customers. The quality of the branded products sold by the organised retailers has captured a significant market share from the unorganised retail sector for the elite group of customer who prefer to avoid crowded marketplace chaos, organised retail stores are the destination. Supermarket revolution in India has opened the doors for Foreign Direct Investment into retail sector was increase the standard of living. Market being filled with the value-for-money customers, the impulsive buyer and the promotion-offer-pursuer, shopping behavior pattern in the Coimbatore city has changed radically. Opening up of the Indian retail industry to FDI is anticipated to result in high growth in the industry. This high growth shall enhance competition on a global scale, especially when organised international retail organisations enter in a big way in the Indian market. In order to survive and grow in the competitive environment, Indian retail industries have to be competitive by inculcating organised retailing practices. The extent of literature review revealed a research gap between unorganised and organised retailing in India. This present study is involved in customers' perception of selected branded retail outlets in Coimbatore city.

Statement of the problem

      Retailing in India offers insight into key trends and developments driving the industry. The retail channels provide sectarian representation. Channels include hypermarkets, supermarkets, discounters, convenience stores, mixed retailers, health and beauty retailers, clothing and footwear retailers, furniture and furnishing stores, DIY (Do It Yourself) and hardware stores, durable goods retailers and leisure and personal goods retailers. The four mega trends that the retailers today focusing are convenience and practicality, indulgence and pleasure, ethics and enhancement. The higher profiled and leading retailers face greater challenges. It is authoritative to analyse the non-store retailing, vending, home shopping, internet retailing and direct selling, as available. The crucial issue is to understand the competitive environment, the market's major players and leading brands. The overall Indian retail landscape is getting more organised and sophisticated with close to 12 million retail outlets. The penetration of organised retail in India across categories is growing at a greater degree. In the current retail scenario in India and China, 4 Ps – Politics, People, Property and Products eventually lead to profit. The challenges faced in Indian retail are branding, inadequate understanding of the shopper and surplus of labour. There is also a dearth of talent and incompetent supply chain management. Therefore, the need for the study becomes necessary to chalk out some information on preference, opinions and satisfaction of the customers related to retail sector. All management of branded retail outlet (BRO) tries to give the best to the customer by providing facilities and amenities to the customer, (high quality products). But in spite of the various efforts taken by the management few customer are not satisfied and do not make repeat sales / purchase. This raises the following questions.

- What factors do influence customer satisfaction in sales experience and after sales service?

- What are the factors which govern the customer to educate to buy from BRO (Branded Retail Outlet)?

- Whether the promotional activities of BRO induce the customer to buy the products?

- What initiative is needed to be taken by the BRO to improve the customer acceptance level for repeated sales?

- What are the problems faced by the customer in BRO?

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This study is aimed at providing valid points for the management and other relevant persons to take policy decisions in marketing.

Objectives of the study

1. To study the socio-economic factors in the selected branded retail outlets of the respondents in Coimbatore city,
2. To determine the factors on purchase of products in branded retail outlets in Coimbatore city,
3. To analyse the customers' perception towards branded retail outlets in Coimbatore city.
4. To analyse the level of satisfaction of branded retail outlets in Coimbatore city,
5. To analyse acceptance of service level of branded retail outlets in Coimbatore city, and
6. To analyse the problems faced by customers in the branded retail outlets.

Hypothesis

The following hypotheses were formulated and tested for the study:

- There has been significant association between the personal characters of the respondents and awareness/ perception / satisfaction about the branded retail outlets.
- There has been significant difference in the mean acceptance / problems scores among different groups of respondents.
- There has been significant functional relation between the set of explanatory variables and the dependent variable.
- There has been significant function which discriminate the respondents with lower level of satisfaction and respondents with higher level of satisfaction on the branded retail outlets.

Research Methodology

The validity of a research depends on the systematic method of collecting the data and analysing them in a sequential order.

Research design

The present study has been designed as a descriptive method. This study was conducted as a survey that examined customers' perception in the selected BRO (branded retail outlet) in Coimbatore city.

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Area of the study

Coimbatore city has been selected as the area of research, which includes Ukkadam, Race Course, Ramanathapuram, Ganapathy, North Coimbatore, Peelamedu and R. S. Puram.

Data collection

Primary data was collected from retail customers of Coimbatore through a questionnaire that contained 30 items of six sections. The six sections are socio-economic factors, determine the factors on purchase of products in the retail shop, perception, level of satisfaction, acceptance of service level, and finally, problems faced by the customer were discussed and 13 questions of personal profile was also presented.

Secondary data was collected from relevant journals, magasines, website and books and the researcher also visited the retail shops for information about the customer's perception towards the retail shop.

Pilot study

After construction of the questionnaire with wide coverage of data on personal, socio-economic and perception level of customer, the questionnaire was pre tested with 100 respondents not included in the sample. The questionnaire was issued to 100 customers of five BRO namely Big Basaar, More, Nilgiris, Reliance and Spencer's.

Item analysis was conducted for the questionnaire and it was standardised. Reliability test was carried out to check the consistency of data. On the basis of the responses and personal observations of the researcher, necessary changes were incorporated; nine questions were removed from the questionnaire. The time given to the respondents was increased from 20 minutes to 35 minutes as many of the respondents were not able to complete the schedule.

Sample units

The sample units taken for this research are consumers in and around Coimbatore city.

Period of data collection

The primary data was collected from September 2011 to May 2012.

Universe

In Coimbatore there are more than 60 retail outlets offering services and products to the customers in Coimbatore city. The study is confined to the branded retail outlet (BRO) in consumer products. For the purpose of this study five selected BRO having its operation pan India are only considered for his study. Based on the criterion there were 17 branches of the five selected BRO were the data could be collected, thus, the study was conducted among 17 branches of BRO were constitute the universe.

Sampling design

Research requires volume of data to arrive meaningful conclusions. The customers are to be selected so as to represent the universe without biased and sampling error. However, the sise of the sample should be sufficient and selection must be purely random. Therefore convenience sampling method was used. By making a balance between the limited time available for a part-time researcher on one hand and requirement of number of observations for a rigorous statistical inferential analysis on the other hand it was decided to select a sample of 1000 out of 17 branded retail outlets.

Convenience sampling method was used to collect the primary data. 1000 respondents were approached with the questionnaire. In each branded retail outlet, 50 questionnaires were distributed to the respondents. The researcher had chosen 1000 respondents for this study, but the final sample sise was 850, the remaining 150 respondents were not completed the questionnaire.

Sample selected for the study

According to the data available from the retailer the following table shows that the sample selected for the present study.

Table No. 7: Sample selected for the study

S. No	Corporate retail outlet	No. of branches	Sample selected in each branches	Total number
01.	Big Basaar	01	50	50
02.	More	05	50	250
03.	Nilgiris	03	50	150
04.	Reliance	06	50	300
05.	Spencer's	02	50	100
	Total	**17**	**250**	**850**

Source: Primary Data

Framework of analysis

In tune with the objectives of the study the following statistical tools were employed.

1. Summary statistics

2. Chi-Square test

3. Factor analysis

4. Discriminate function

5. Correlation analysis

6. Path coefficient analysis

7. Multiple regression

8. Weighted average

9. Analysis of variance

Limitations of the study

The study consumed a lot of time and threw up several problems faced by the researcher and became a challenge for the researcher to complete the data collection.

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Considerable time and care had to be bestowed to collect unbiased data. However, adequate time and interest could not be realised in the case of many respondents because of lack of interest in their opinion.

The following are the limitations of the study:-

- ➢ This study is confined to Coimbatore city only, and so, the results cannot be generalised.

- ➢ The analysis and interpretation are purely based on the data collected from primary sources. The accuracy of interpretation depends up on the accuracy of these data.

- ➢ The findings need suitable modifications when the market conditions change.

Chapter scheme

Chapter I: Introduction

This chapter deals with the introduction to the concept of retail, retail formats in India, Indian economy at a glance, Indian retail industry, growth of Indian retail, kinds of retailers, major retailers in India, economy of Tamil Nadu, retail industry in Tamil Nadu, emergency trends of retail sector in Coimbatore, retail revolution in Coimbatore some of the prominent organised retailers that are in Coimbatore, significance of the study, statement of the problem, objectives of the study, hypothesis, research methodology comprises of pilot study, period of data collection, universe, sampling design, tools used for data collection and limitations of the study.

Chapter II: Literature Review

This chapter focuses on review of various researches relating to the field of retail.

Chapter III: Analysis and Interpretation

In this chapter, data relating to the responses of the customers were analysed. This analysis was carried out in a systematic manner and shown in the form of descriptive and statistical analysis with suitable interpretations.

Chapter IV: Discussion

This chapter provides a bird's eye view of the entire research.

Chapter V: Findings, Suggestions and Conclusion

With the help of data analysis, relevant findings can be made from this study and it provides conclusions and suggestions for future research.