



## IMPACT OF RETAIL MALLS IN TIER II CITIES

**Dr.M.Viswanathan**

*Associate Professor, Department of Management Science, Kongu Arts and Science College (Autonomous), Erode.*

### **Abstract**

*The Indian Retailing Industry stands poised to take off into the 21st century. It is one of the fastest growing sectors in the nation that caters to the world's second largest consumer market. Retail boom inhabit. India has five million retailers with a business volume of \$180 million growing at 5 to 7 per cent a year. The middle class drives retailing anywhere in the world and this segment should have reasonable income. The next driver is availability of variety of goods, products and brands. The third one is "sense of awareness". The questionnaire method was used to collect the data. This paper Concentrates factors driving the customers to decide to visit retail malls for their purchase, to identify whether store brand helps to promote the other products and creating environmental influence inside the shopping malls.*

**Keywords:** *Retailing, Customer, Malls.*

### **INTRODUCTION**

Retail is India's largest industry, and arguably the one with the most impact on the population. It is the country's largest source of employment after agriculture, has the deepest penetration to rural India, and generates more than 10 percent of India's GDP. However, retailing with in India has so far, been mostly in the hand of small disorganized entrepreneurs. It is also India's least evolved industries. In fact, it is not even considered a real industry. The industry suffers from lack of management talent, poor access to capital, unfavorable regulation and denial of access to best practices. The Indian retail industry is only now beginning to evolve in line the transformation that has swept other large economies. Fifty years of restricting the consumer goods industry, a national mindset which favored denial over indulgence, and a fractured supply chain for agricultural products have all contributed to prevent the development of modern tenants based on scale advancements and consumer preferences.

### **RETAIL MARKETING IN INDIA**

India has some 12 million retail outlets, but many of these act merely as subsistence providers for their owners and survive on a cost structure where labour and land is assumed to be free and taxes nil. Compare this with the global retail industry, which is one of the world's largest organized employers, is at the cutting edge of technology, and which leverages scale and scope to offer value-added services to its customers. However, only recently has there been an awakening in this sector, with more organized retailers starting to make an impact. The liberalization of the consumer goods industry, initiated in the mid-80's and accelerated through the 90's has begun to impact the structure and conduct of the retail industry. Backed by changing consumer trends and metrics, liberalization in mindsets driven by media, new opportunities and increasing wealth, retailing in India, presents a vast opportunity for a variety of businesses - real estate, store design & operations, visual merchandising logistics and communications, B2C service providers, and FMCG companies who can add to their offers by partnering this revolution.

Retail marketing is the most important part of the entire logistics chain in a business especially in consumer related products. Without proper retailing the companies can't do their business. Retailing is the process of selling goods in small quantities to the public and is not meant for resale. Retail is derived from the French word retailer, meaning to cut a piece off or to break bulk.

There are various ways of making goods available to consumers like:

- Company to distributor to wholesaler to retailer to consumer
- Company to salesperson to consumer
- Company to consumers (online/ phone/ catalog ordering)

These three are among the most common ways of making the goods available to consumers. But in India the three layered system of distributor, wholesaler and retailer, forms the backbone of the front-end logistics of most of the consumer-good companies. In this system the company operating on all India basis appoints hundreds of distributors across the country that supplies to various retailers and wholesalers. Wholesalers in turn can either directly sell in the market or can supply to retailers. The current retailing system prevalent across the country is highly fragmented and unorganized. Anyone with some money and some real estate can open a small shop and become a retailer catering to the locality in which he opens the shop.

## NEED FOR THE STUDY

In the current scenario there is high competition in retail industry. Store Brand is an important strategy adopted by stores to attract and retain customers. Also the profits to the store from store brands are high as there are no middlemen. Hence the researcher wants to know if these store brands has contributed to build freedom of choice, multi brand options, comfortable shopping environment, pricing factors & store loyalty among the customers who prefer to buy in Retail malls.

## REVIEWS OF LITERATURE

Kristof De Wulf and Craby Odekerken (Feb 2002) A study on “Factors affecting Consumer Satisfaction of retail stores”. The objective of the study was to identify which factor contributes more to consumer satisfaction in retail stores . Data was collected through specially designed questionnaire from 200 respondents selecting samples randomly from shoppers in shopping malls in Belgium and Netherlands. Tools such as Percentage analysis and Factor Analysis were used to analyze the data. The findings of the study revealed that quality, price and service contribute more to consumer satisfaction .

Robert. A, Westbrook (Feb 2004) A study on “Sources of Consumer Satisfaction with Retail Outlets” was conducted. The objective is to study the factors that lead to the satisfaction of customers towards retail stores. Data was collected through interview schedule from 100 respondents selecting samples based on judgment from shoppers in shopping malls. The questioned were framed in such a way that it can be used to evaluate the experience of the customers relating to consuming the products and services of the retailer. The findings of the study revealed that apart from providing quality products the service of the salesmen is very essential for building customer satisfaction.

Kusum Ailawadi, Koen Pauwels and Jan-benedict Steenkamp (Feb 2008) A study on “Private-label Use and Store Loyalty” was conducted . The objective of the study was to know whether Private-label increases store loyalty and to know that lead to satisfaction of Private-Label. Data was collected through specially designed questionnaire from 150 respondents selecting samples randomly from shoppers in retail outlets. Statistical tools such as Chi-square and Factor Analysis were used to analyze the data. The findings of the study revealed that Private-Label contributes in building Store Loyalty and price and quality are the major factors leading to Private-Label satisfaction.<sup>8</sup>

A study on “A Study the Effect of Advertisement in Creating Brand Awareness Among the Customer (With Special Reference to Big Bazaar, Coimbatore)” was conducted by C.Mahesh. The objective of the study was to find out whether advertisements create brand awareness among the customers and to find which media vehicle that is most effective in creating brand awareness among the customers in the city. Data was collected through specially designed questionnaire from 200 respondents selecting samples based on judgment from shoppers in shopping malls. Tools such as Chi-square and Percentage Analysis were used to analyze the data. The findings of the study revealed that advertisement acts as a source to induce customers to enter the stores.<sup>9</sup>

In Retail Stores (Special Reference With Big Bazaar)” was conducted by C.Mahesh. The objective of the study was to find the significant difference between the age and service quality & service loyalty of the retail stores and to find the significant difference between the different retail stores and service loyalty and to find the influence of service quality on service loyalty. Data was collected through specially designed questionnaire from 250 respondents selecting samples randomly from shoppers in Big Bazaar. Tools such as Chi-square, Mean, One-Way Anova and Percentage Analysis were used to analyze the data. The findings of the study revealed This study on perceived service quality of Big Bazaar, Coimbatore, reveals that there are certain factors of service quality which the customers perceive to be really good like the written materials, employees sympathy, enthusiasm and answering customer queries etc, and were pleased and satisfied about. While on the other factors like physical facilities, neatness, operating hours & days, giving individual attention, employees’ communication, dependability, trust etc were some factors which the customers perceive average and poor.

## OBJECTIVES OF THE STUDY

1. To study the factors driving the customers to decide to visit retail malls for their purchase.
2. To identify whether Store Brand helps to promote the other products.
3. To know the way of creating environmental influence inside the shopping malls.
4. To study about the distribution strategy of the retails store to help the customer to choice with ease.
5. To know the impact of Retail malls on buyer’s behavior in Tier II cities.

## SCOPE OF THE STUDY

This study helps us to analyze the following aspects related to retail malls in tier II

- The factors driving the customers the decision- making process to choose retail malls for their purchase.

- Impact of Store Brand in promotion of products.
- Importance of creating environmental influence inside the shopping malls like
  - Light music
  - Interior Designing
  - Marketing Approach
  - Pleasant environment to spend time
  - Pantry facilities
- The pricing strategy handled by the retails stores
- The distribution strategy of the retails store to help the customer to choice with ease.
- The cultural implications in the approach of retail malls
- The impact of Retail malls on buyer's behavior in Tier II cities

### RESEARCH METHODOLOGY

The research problem have been formulated in clear cut forms. In this study the descriptive research design used. The convenience sampling design is used in the study. The sample size taken for the study is 300 respondents. In order to fulfill the objective set out, survey was undertaken by using well framed questionnaire that was filled by the respondent. Primary data is the data collected afresh for the first time. The primary data is collected through questionnaire method in tier II cities. The data which is collected from published materials, company record, journal, magazine, newspaper and other media.

### LIMITATIONS OF THE STUDY

- The samples are drawn only based on judgment.
- The study was conducted in Salem & Erode district. This may not give a generalized conclusion.
- The number of respondents was limited to 300 only.
- The analysis is based on the data provided by the respondents. The views of those who did not participate in the survey is not included.
- The conclusions are based on the opinions expressed by the customers. Hence they cannot be assured to unbiased or true representation of reality
- The data was collected only from customers who visited the stores during the period of study.

### FRAME WORK OF ANALYSIS

The core of the study being "IMPACT OF RETAIL MALLS IN TIER II CITIES" the study centers around the dependent variables viz., the impact of Retail malls on buyer's behavior in Tier II cities and their relationship with the related independent variables. Simple statistical tools like percentage, Average, Two - way tables and Chi-square test were employed appropriately.

### RESULTS AND DISCUSSION

#### 1) RELATIONSHIP BETWEEN AGE AND AWARENESS OF MALLS

The relationship between Age and Awareness of Malls shown in the following table.1

**Table No. 1**

AGE AND AWARENESS OF MALLS					
Age	Friends	Relations	Neighbors	Advertisement	Total
Below 25	19	24	12	9	64
25 – 40	40	41	43	25	149
Above 40	25	24	30	8	87
Total	84	89	85	42	300

#### Chi-Square Test

H<sub>0</sub>: There is no significant relationship between age of the respondents and awareness of mall.

H<sub>1</sub>: There is significant relationship between age of the respondents and awareness of mall.

**Table No. 2**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.342 <sup>a</sup>	6	.290

From the above table p value = 0.290. Since p value is greater than 0.05 the null hypotheses is accepted. Hence there is no significant relation between age and awareness of mall.

## 2) AGE AND STORE BRAND PRODUCTS CROSS TABULATION

The relationship between Age and Store Brand Products shown in the following table.3

**Table No. 3**

Age	Store Brand products				Total
	Food Items	Beverages	Dress Materials	Household Items	
Below 25	21	5	22	16	64
25 – 40	56	11	43	39	149
Above 40	39	3	23	22	87
Total	116	19	88	77	300

### Chi-Square Test

H<sub>0</sub>: There is no significant relationship between age of the respondents and store brand brands.

H<sub>1</sub>: There is significant relationship between age of the respondents and store brand brands.

**Table No. 4**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.936 <sup>a</sup>	6	.685

From the above table p value = 0.685. Since p value is greater than 0.05 the null hypotheses is accepted. Hence there is no significant relation between age and Store brands.

## 3) RELATIONSHIP BETWEEN GENDER AND SHOPPING BUDGET

The relationship between Gender and Shopping Budget in the following table.5

**Table No. 5**

Gender	Shopping Budget					Total
	Below 5000	5000 -10000	10000 - 20000	20000 -30000	Above 30000	
Male	20	50	21	20	8	119
Female	38	84	40	19	0	181
Total	58	134	61	39	8	300

### Chi-Square Tests

H<sub>0</sub>: There is no significant relationship between gender of the respondents and shopping budget.

H<sub>1</sub>: There is significant relationship between gender of the respondents and shopping budget.

**Table No. 6**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.028 <sup>a</sup>	4	.003

From the above table p value = 0.003. Since p value is lesser than 0.05 the null hypotheses is rejected. Hence there is significant relation between gender and Shopping budget.

## 4) GENDER AND LEVEL OF SATISFACTION

The relationship between Gender and Level of Satisfaction shown in the following table.7

**Two-Way Table**

**Table No. 7**

S.No.	Gender	Level of satisfaction			Total
		Low	Medium	High	
1	Male	24 (20.16)	24 (20.16)	71 (59.66)	119
2	Female	47 (25.96)	35 (19.33)	99 (54.69)	181



The above table indicates that the percentage of the respondents with high level of satisfaction on 59.66% among the male and the same in female was 54.69%. Medium level of satisfaction and low level both on 20.16% among the male respondents. Female medium level of satisfaction on 19.33% and the lowest level 25.96% on the female respondents.

### **SUGGESTIONS**

- Store Brands increases the Store Loyalty. So more product varieties in Store Brand can be introduced to improve the Store Loyalty.
- More salesmen can be employed to respond to the customer queries more promptly.
- Gender plays significant role in many things. So, Ambience of the mall should have a gender in mind
- Most of people spend less than an hour inside the mall. So, Retailers should make provisions to attract the customers.

### **CONCLUSION**

In this competitive world, retaining customers is as big a challenge as getting them. These reliability and satisfaction level not just help retain customers and build up their image but also help in winning back lost customers. This study ensure some more interesting innovations in the incentive domain. Hence the researcher conclude that the most of the respondent says that they spent nearly an hour, if the retail owner that time to attract customer with good ambience public make it even more growing sector.

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### **WEBSITE**

- <http://www.indiaretail.com/>.
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