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Retail Store and Its Impact on Traditional Stores

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Abstract:

At the present time we all are seeing that the charm of traditional store is going down and retail stores are taking their boom. The main factors behind this are education level, awareness, life style, standard of living and the consumption level. These all things become it possible due to highly increase in income level and the impact of western culture. At present the retail store has become the brand in the eyes o customers and they believe that the accurate and correct quality will be given only at retail outlets and exploitation done by local stores will be end up.

As the researcher belongs to Agra so, the work is conducted at Agra region, where he collected the information from retail stores also and from nearby traditional stores also.

Research suggests that malls and hypermarkets – the physical expression of a society’s retail desire – are booming. But the harsh truth is that the heady gold-rush days for organized retail are clearly over. Oversupply, fierce competition, high rentals, poor infrastructure and shoddy marketing are just some of the problems that are dogging these cathedrals of consumerism. Beneath the gleaming façades, color coded displays and nattily turned out shop assistants, there is a hum of unrest.

Success stories still abound, but tales (often untold till now) of vacant lots, lost investments and shattered expectations are growing with every passing day.

Hence, the statement of problem “Retail Outlets and its impact on Traditional Stores” was formed with the objectives of studying and analyzing the reasons for this patchy growth of organized retail, especially the larger formats vis-à-vis shopping malls and hypermarkets, and its uneven progression in India. This research has intended to focus on the theory and concept of professional and effective mall and hypermarket management. The study also tried to investigate the factors which can possibly lead to the expansion of loyalty concept to include preference for a shopping mall and / or a hypermarket – deciding where to buy in an increasingly complex retail mall globe and simultaneously delve into the future of Mom ‘n Pop stores and consequently investigate the changing paradigms and emerging challenges of retail centric projects. There is a sharp and contrasting transformation in consumer behavior in accordance with Indian retail trends and hence this research has tried to find out the shoppers’ retailing attitudes and behavior in shopping malls and hypermarkets, along with the Mall Retailers’ opinions, Mall / Hypermarket Managers’ perceptions and Mall / Hypermarkets’ Builders’ / Developers’ views about the changing landscape of Indian Retail. Furthermore, an insight has been sought into the changing preferences of the people towards new- age, trendy, swank and ultra-modern multiplexes from the cinema houses.

Additionally, this study has also attempted to investigate the competition posed by the ‘No Frills’ lifestyle stores and the hypermarkets like Big Bazaar, Easy Day etc towards the shopping malls, and whether the former poses any threat to the latter. Apart from this, the advent of the ‘theme malls’ or ‘niche malls’ has also been examined and their chances of survival in the typical price sensitive Indian market.

Keywords: Retailer, Traditional Store, Merchandise, Shopping experience, Store Culture etc.

1. Introduction

Retailing, as a concept is not new in India. In fact it dates back to the period of hard- core traditional formats of retailing that prevailed in the form of Haats, Shandis, Painth, Weekly Bazaar and famous “Kirana” or “Baniya ki Dukan”. It is only during recent past that Indian retail sector is witnessing a process of change and is poised to undergo dynamic transformation.

RPG Group forays into organized retailing with new and improved formats. India is now developing into a retail power where both organized and unorganized retail sector compete with each other. Presently, the Indian retail business employs nearly 21 million people, which is around 7% of the total employment. A country where unemployment is an acute problem, such a share is considerable.

Table presents you the share of retailing in total Employment-

Country	% Share of Retail in Total Employment
China	6
India	7
Poland	12
Brazil	15
USA	17
Korea	18

Table 1

The KSA Techno pack has conducted a comparative study of the employment trends in the organized and unorganized retailing and reveals that although there could be reduction in direct employment with the growth of organized formats, but the quality of employment and productivity of workers would improve significantly.

For Indian retailing, things started to change slowly in the 1980's. Textiles sectors(with companies like Bombay dyeing, Raymond's, S Kumar's, and Grasim) was the first to see the emergence of retail chains.

Later on, Titan, maker of premium watches, successfully created an organized retailing concept in India by establishing a series of elegant showrooms. Although, the co-operative stores like Super Bazaar, Kendriya Bhandar and CSD were already established by that time.

For long, these remained the only organized retailers, but the latter half of the 1990's saw a fresh wave of entrants in the retailing business. This time around it was not the manufacturer looking for an alternative sales channel. These were pure retailers with no serious plans of getting into manufacturing.

These entrants were in various fields, like- Food World, Subhiksha, and Nilgiris and FMCG; Planet m, and Music world in music; Crossword and fountainhead in books.

2. Traditional Stores

Indian retail sector is pre- dominated controlled by traditional and unorganized formats of retailing. These formats have emerged and developed with the growth of population in the country. In rural and semi urban areas, the haats and weekly bazaar exist since long. The traditional "Kirana" or "Baniya ki Dukan" still enjoy the leadership and commanding position in retail trade. In smaller towns and urban areas, we may see the power of small family run independent" mom and pop" store offering a wide range of merchandise mix. These retail formats are traditional and do not enjoy professionalism.

A large number of these stores are family business involving more than one generation. These retailers have developed a rapport and goodwill among customers and popularly known as "Dukanwala Bhayya".

Most of these stores are managed by family members and in some case even involve the services of 1-2 hired workers which depend upon the turnover and merchandise mix offered.

Major characteristics features of Traditional stores are-

1. Locational advantage provides proximity to customers.
2. The depth and breadth of merchandise-mix offering all the daily needs of household.
3. Value added services like free home delivery.
4. Telephone based procuring of orders
5. Credit facility to regular customers, which is generally settled in the first week of every month.
6. Enjoy a reticular customer relationship in the form of a "Bhayya Bahanji" even in urban markets, which is the perfect example of relationship management.

These traditional formats of retailers have certain leverage over the organized one. These retailers have lower cost of operations, poor technology integration and even in most of the cases do not pay any tax and local levies to the government institutions.

These retail outlets source the merchandise from the wholesaler or area wise authorized distributor of various marketers. They play a very significantly role for the marketers who practice the "push strategy" by influencing the decision making process.

The traditional retail sector is a composition of a variety of different entities. A considerable part of this structure is in the form of grocery/kirana store, the kiranawala and the chemist outlet. All these type of retailer together make a significant contribution to the entire value chain of traditional retailing in India.

The kirana store kind of format is undoubtedly the most powerful section of Indian retailing. These outlets are very small in nature with hardly any chain. These are owned and operated by family members and offer a limited number of merchandise depending upon the customer's demand and suitability for the retailers.

3. Literature Review

Sevgin A. Eroglu, Karen A. machliet and Lenita M. davis [1] described in" Atmospheric qualities of online retailing" that retail environmental stimuli impact consumer's emotional states, wchich then result in approach or avoidance behaviors towards the store. There are three factors for consumers to give emotional touch i.e., Stimulus- Organism- Response(S-O-R).

The model hypothesizes that consumers' trust in an Internet store affects their willingness to patronize the store. The model is consistent with exchange theory and balance theory, as well as the theories of reasoned action and planned behavior.

According to exchange theory, individuals form associations on the basis of trust, and try to avoid exchange relationships that are likely to bring more pain than pleasure. Balance theory suggests that people tend to develop positive attitudes towards those with whom they have some prior association. The theories of reasoned action and planned behavior assert that behavior is influenced

by behavioral intention, and that intention is determined by attitudes. Attitudes mediate between beliefs and intention, although beliefs can also have a direct effect on intention. Also consistent with these fundamental theories, our model assumes that the consumer–merchant relationship is voluntary. A consumer’s trust in an Internet store may therefore be conceptualized as the consumer’s trust directly in the store, or the store’s trustworthiness. We will use the terms “consumer trust” and “trustworthiness of the store” interchangeably in this paper. How can an Internet site evoke trust in the eyes of the consumer? *Size* and *reputation* have been most frequently named as factors evoking buyer trust towards seller organizations in traditional industrial buyer–seller relationships perceived size and reputation effect consumer trust in an Internet store? Some Internet merchants certainly seem to think so. They publish stories and customer testimonials on their sites attesting to their reputation, and invest in web-page banners boasting of their size: Sirkka L. Jarvenpaa, Noam Tractinsky and Michael Vitale [2] described that in “Consumer Trust in an Internet Store”. This paper focuses solely on the consumer’s perceptions of trust in a commercial store on the internet, not trust in intermediaries or the third parties that might mediate between the consumer and store. Trust has been found to affect the behavior of consumer as well as industrial buyers, even in situations where the buyer’s switching costs are low.

Trusts are traditionally studied in two terms a) In the salesperson. b) In the sales organization.

They define that trust is a governance mechanism in exchange relationships that are characterized by uncertainty, vulnerability and dependence. Developmentally, relationship among parties who have had no prior association is expected to emerge incrementally and to begin with small actions that initially require little reliance. If the actions are reciprocated, trust tends to spiral upward, and if they are not reciprocated, trust spiral downward. Matthew K.O. Lee and Efrain Turban [3] described in “ A Trust Model for Consumers Internet Shopping” that there should be model to examine the trust of consumers towards Internet Shopping.

Internet Shopping involves trust not simply between the Internet merchant and the consumers, but also between the consumers and the computer system through which transactions are executed. Since Internet shopping is a relatively new phenomenon with enormous potential, and there is a strong need to re-examine the notion of trust and identify its determinants.

The trust literature concentrates on person-to-person trust (e.g., in psychological studies) or organization-to-organization trust (e.g., in the study of strategic alliances) or people-to-computing systems trust (e.g., in the study of user interfaces of mission-critical computing systems). Researchers have given little attention to trust between people and organizations, and there are almost no empirical studies on consumer trust in Internet shopping. The few available ones rely on limited models (focused solely on the Internet merchant) and use ad hoc samples, ignoring some important antecedents (e.g., those related to the Internet marketing channel). To further complicate things, Internet shopping involves trust not simply between the Internet merchant and the consumer, but also between the consumer and the computer system through which transactions are executed. Since Internet shopping is a relatively new phenomenon with enormous potential, there is a strong need to reexamine the notion of trust and identify its determinants in this context in different markets and cultures .In particular, it is necessary to:

1. Develop a notion of consumer trust specific to the Internet shopping context
2. Discover the existing level of consumer trust toward Internet shopping in different markets or cultures (countries)
3. Develop and empirically test a model of consumer trust and its antecedents in the context of Internet shopping.

Kristy E. Reynolds, Jai Shankar Ganesh, Michael Luckett [4] described in “Traditional malls vs. factory outlets: comparing shopper typologies and implications for retail strategy” Researchers have sought to identify customers’ motivations for shopping and the store attributes most important to various segments of shoppers. Although such typologies and taxonomies provide tremendous insights into the shopping behavior of consumers, they offer very little in terms of generalize ability and comparability. Bellenger et al. (1977) examined the importance of certain patronage motivations of shopping-center customers and found two shopper segments: recreational shoppers and economic/convenience shoppers. A later study by Bellenger and Korgaonkar (1980) verified the existence of these two shopper types. Specifically, this study revealed that recreational shoppers are more likely to shop with others, to spend more time shopping, and to continue to shop after making a purchase, compared to the economic/ convenience shopper. A more recent study by Roy (1994) focused on profiling the frequent mall shopper based on motivations for shopping, degree of deal proneness, and demographics. The frequent mall shopper is more likely to be a recreational shopper, to be older, to have a larger household, and is less likely to be deal prone. Another recent study conducted by Bloch et al. (1994) profiled shoppers on their mall behaviors, perceived mall benefits, and mall activities.

4. Objectives

Following are the main objectives of the study:-

1. To identify the major advantages of retail outlets in comparison to traditional or conventional stores and analyze these advantages from a socio economic perspective.
2. To explore the socio economic impact of shopping mall culture on traditional and conventional stores and loss of employment to a huge number of owners of such stores.

5. Significance

The last couple of years have seen the emergence of integrated marketing concepts. It implies that each department in the firm co-ordinate with each other and has a direct impact on the ability to attract and retain customers. The long term survival of the firm in the market depends upon the quality of service provided and the ability to maintain a relationship with customers that ultimately leads to customers’ satisfaction and customer delight.

Marketers endeavor to provide right products, at the right place, at the right time, at the right price and in the right quantity with maximum customer satisfaction. They recognize consumers as the “Sultan” and consider them as a part of their business. In order to win the confidence, marketers undertake planned and careful distribution of its products and services.

The retailer as an intermediary in the marketing channel who sells to the final consumers. He is a specialist who maintains contact with the customer and the producer, and is an important connecting link in a gigantic mechanism of marketing. Though producer may sell directly to consumers, such method of distributing goods to ultimate users is inconvenient, expensive and time consuming as compared to the job performed by a specialist in a line. Therefore, the manufacturers depend on the retailers who sell their products to the ultimate customers.

Generally, the retailers are involved in the following activities-

1. Function of breaking bulk
2. Function of creating place utility
3. Keeping varieties of goods
4. Providing credit facility to customers
5. Providing information to customers and to wholesalers
6. Estimating the demand and arranging the purchase of the products
7. Acts as consumer's agent
8. Connecting link

6. Limitations

Though the present study aims to achieve the objectives that cited above in full earnestness and accuracy, it may be harmful due to certain limitations.

Some of the limitations of this study may be summarized as follows-

1. Locating the targeting customers is very time consuming.
2. Getting accurate responses from the respondents due to their inherent problem is difficult. They may be partial or refuse to co-operate.
3. Respondents may not be interested to give the data.
4. Sample size is limited due to limited period allocated for the survey.

7. Research Methodology

The present study is conducted at Agra District as I the scholar is the resident of District Agra. The study will be based on the primary and secondary sources of information. Following are the proposed steps of this research-

- a)- Area selected for this study is Agra District of Uttar Pradesh, India.
- b)- The sample size will consists of 4 leading shopping malls in Agra region.
- c)- This study will be based on the responses collected from respondents particularly customers (both the shopping as well as conventional stores), owner's of both types of outlets namely shopping malls as well as traditional stores.
- d)- For the above purpose, appropriate questionnaire(s) will be developed to collect necessary information's which will be further processed to analyzed the hypothesis of this research.
- e)- Research will also be processed in light of secondary data collected from different sources.

8. Analytical Techniques/ Tols

8.1. Factor Analysis

Factor analysis is a general name denoting a class of procedures primarily used for data reduction and summarization. In research, there may be a large number of variables, most of which are correlated and which must be reduced to a manageable level. In this process, relationships among sets of many interrelated variables are examined and represented in terms of a few underlying factors.

8.2. Types of Factor Analysis

8.2.1. Principal Component Analysis

This method provides a unique solution, so that the original data can be reconstructed from the results. It looks at the total variance among the variables, so the solution generated will include as many factors as there are variables, although it is unlikely that they will all meet the criteria for retention.

8.2.2. Common Factor Analysis

This family of techniques uses an estimate of common variance among the original variables to generate the factor solution. Because of this, the number of factors will always be less than the number of original variables.

8.2.3. Factor Structuring of Parameters Affecting Consumer Perception Regarding Performance of Organized Retail Formats

Exploratory factor analysis was utilized to group the 30 items on consumer preference related to shopping of Food and grocery into meaningful, manageable factors representing parameters affecting consumer evaluation of performance of retail store.

The data collected was processed using SPSS (version 14) software. The Extraction Method used was the Principal Component Analysis. Rotation Method used was Varimax with Kaiser Normalization. Prior to running the factor analysis, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity were performed. The generated score of KMO was 0.71(> 0.5), reasonably supporting the appropriateness of using factor analysis to explore the underlying parameters affecting

consumer perception of performance of organized retail formats (Malhotra, 2006; Hair et al. 1998). The Bartlett's test of sphericity was highly significant ($p < 0.000$), which revealed that variables were not correlated in the population.

9. Conclusion

The present study was limited to Food and Grocery shoppers. This could impact the extent to which the results can be extrapolated to the other retail formats and other product categories. Future research should be focused to other specialized categories of retailers. This study has not explored the critical factors affecting consumer's cross-shopping (multiple store patronage) and store-switching behavior. Though it is a common phenomenon to patronage multiple stores in an evolving retail market. Hence, it may serve as direction for further research in this aspect.

10. References

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