**CHAPTER I**

**INTRODUCTION**

**1.1 INTRODUCTION**

Indian economy has transformed from an extensive controlled economy to a liberal market driven economy. High-income opportunities, changing attitude towards saving, international exposure and necessities of lifestyle are the key drivers for fast evolving Indian consumer behaviour (KSA Technopark, 2006). Indian retail industry is witnessing a paradigm shift as the sector is getting organized and consumers are seeking a one-stop shopping place with convenience and entertainment. Professionally managed and separately owned retail organizations are the face of today’s retail sector. India is stepping into a new era of ‘Retail Chains’ from the traditional neighborhood ‘Kirana Store’. Economic growth, changing lifestyles, urbanization, women’s participation in economic activities and the spread of IT are the some of the key factors for the growth of the retail sector. With Liberalization, Privatization, Globalization and modernization, a modern competitive business is based on understanding the mind of the consumer and providing the king products and services that he wants. He is having multiple choices from unorganized retail to modern shopping experience. This is said that “the customer is the king”, but he is not king, he is God, because king can die but customer never die in a business. This is important to know why customer prefers to buy. How does a customer buy it? When does a customer buy it? If retailer is able to match the customer expectations then he can improve his business.

The face of the Indian retail industry is changing. India is passing through a retail boom today. A number of changes have taken place on the Indian retail front such as increasing availability of international brands, increasing number of malls and hypermarkets and easy availability of retail space. With the Indian government having opened up the doors for FDI, the entry of foreign retailers into the country has become easier. India has come a long way from the traditional Kirana stores and is on its way to becoming a ‘mall country’. The emphasis has shifted from reasonable pricing to convenience, efficiency and ambience.

The major factors fuelling this change are the increase in disposable income of the people, improving lifestyles, increasing international exposure and increasing awareness among the customers. India has a large middle class as well as youth population, which has contributed greatly to the retail phenomenon. The middle class is considered to be a major potential customer group. The youth are perceived as trend setters and decision makers. Tourist spending in India is increasing, which has also prompted the retail boom.

Food and grocery are the two categories in the Indian retail sector which offer the most promising opportunities. Apart from this, the other areas where there are vast possibilities for Indian retailers are jewellery, apparel and consumer durables. Indian retailers are also trying to create a niche for themselves in areas such as books, gifts and music.

**1.2 SIGNIFICANCE OF THE STUDY**

The Indian Retail Industry is the largest among all the industries, accounting for over 10 per cent of the country’s GDP and around 8 per cent of the employment. The Retail Industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. But all of them have not yet tasted success because of the heavy initial investments that are required to break even with other companies and compete with them. The India Retail Industry is gradually inching its way. Purpose of this paper is to explain current scenario of Indian retail sector and identify the role of retail management.

**1.3 STATEMENT OF THE PROBLEM**

Indian retail industry has always played an important role in improving the GDP growth rate and lifestyle of the country. The industry which traditionally comprised of mom and pop stores spread hither and thither is in the revolutionary phase in the present era. The way retailing is done has come a long way with the emergence of organized or modern retail outlets. There are big players like Big Bazaar, Spencer‘s and Vishal Mega Mart to name a few who have changed the face of retailing in India. These modern retail outlets have enormous financial and technological support as compared to the traditional and unorganized retail outlets. An attempt is made in this research to study the changing consumer behavior pattern towards local kirana stores by entrance of modern retail malls. All retailers follow that Customer is the king and customer is always right to please its customers. India is being looked as one of the most attractive host for retail developments. The development of malls in India has given a new meaning to retailing. Indian customer is exposed to completely new kind of shopping experience. The rising standard of living has opened new avenues for shopping.

**1.4 OBJECTIVES OF THE STUDY**

* To study the customer behaviour and satisfaction in relation to changing phase of retailing.
* To figure out customer perception about changed retail out lets.
* To understand preference of customers towards facilities provided by retail sector(organized and un organized)outlets for shopping needs.
* To realize the customer welfare measurement taken by retail outlets. And to study the facilities expected by the customers from traders.
* To understand the problems of the customers at an un-organized retail outlets.

**1.5 SCOPE OF THE STUDY**

The retail business specially has acquired a great significance in terms of contribution to economy, generation of employment, as well as expansion of marketing activity and more to satisfy the customer needs. Every research in retailing shall help to know about new theory & innovations in marketing, their applications in Indian context & limitations in implementation. The study shall help the policy makers to decide various policies relating to marketing and retails. The area of the study is Kannur District only hence the scope of the study is limited to Kannur District only.

**1.6 RESEARCH METHODOLOGY**

To study the impact of modern retail outlets on the traditional distribution system data is collected from the customers. The scope of the study is limited to the residents of Kannur District. This city is developing as a metro city and as a hub for retail malls. Therefore it becomes necessary to understand the changing consumer behavior pattern in the city.

**1.6.1 Sampling Area**

Kannur District is the sampling area of the study.

**1.6.2 Sample Technique**

Sampling design is to clearly define set of objective, technically called the universe to be studied. Sampling technique used is simple random sampling method.

**1.6.3 Sample Size**

The sample of the study is customers’ of retailers. The sample size is 50.

**1.6.4 Sources Data**

To gather the required information for this study, both secondary and primary source of data was used.

**Primary Data**

Active primary data was collected from the visitors of the malls. The sample was selected through convenience and random sampling. A structured questionnaire was developed after an extensive review of relevant literature and was used for collecting data through personal interviews.

**Secondary Data**

The information other than this was collected through traditional secondary sources like journals, news articles, websites and books Research Methodology To study the impact of modern retail outlets on the traditional distribution system data is collected from the customers.

Descriptive research is used for conducting the study, which includes the survey and fact finding enquires of different kinds. It is the simplest research which is a fact finding investigation. It provides information for formulating complex studies. The data needed for the study is collecting through questionnaire.

**SAMPLING METHOD**

The sampling method used for the study is non-probability sampling method. Under non-probability sampling method, convenience sampling was used. A convenience sampling method is where sample is taken from a group of people easy to contact or to reach.

**TOOLS FOR ANALYSIS AND PRESENTATION OF DATA**

The data collected from the respondents have been tabulated and presented:

Percentage analysis is used for data analysis and the graphical representation is done in bar charts and pie charts.

**1.7 LIMITATION OF THE STUDY**

1. Research is based on the information provided by the respondents
2. A detailed study could not be conducted owing to the time limit.
3. In spite of the entire cross checking measures employed by the investigator, cent percent accuracy of the data could not be ensured.
4. The study is based on the primary data collected through questionnaires, so limitations of the questionnaire method will also form the limitations of the study.

**1.8 CHAPTER SCHEME**

The study has been arranged into 5 chapters.

* The first chapter deals with introduction, statement of the problem, objectives, scope, research methodology and limitations of the study.
* The second chapter deals with Review of literature
* The third chapter deals with theoretical frame work.
* The Forth chapter includes analysis and interpretation of collected data.
* Fifth chapter deals with summary, findings, suggestions and conclusion of the study.

**CHAPTER II**

**REVIEW OF LITERATURE**

**2.1 REVIEW OF LITERATURE**

Vijay Durga Prasad (2007) conducted a study titled “The Spread of Organized Retailing in India: With a Special Reference to Vijayawada City.” He states that the retail institutions play a crucial role in attracting and satisfying target customers. The diversity and changing nature of society has compelled retailers to change their store formats to provide a complete shopping experience to customers. This is largely due to the prevailing retailing system that was established with the kirana stores that continue to meet all the requirements of the purchasers albeit without the convenience of the shopping as provided by the retail chains. Organized

retailing is spreading and making its presence felt in different parts of thecountry. The retailing industry has entered a new phase, new retail formats built around different pricing and service strategies have evolved.

Anuradha Kalhan (2007) studied the impact of malls on small shops and hawkers by choosing a sample of 82 small retail shops and establishments and 30 hawkers within about one-kilometer radius of a mall in Greater Mumbai. Thirty of these were in Lower Parel in the vicinity of a mall, 10 were near a new mall in Mumbai Central, and the remaining 42 were located in the vicinity of two malls in the Bhandup- Mulund area. Four malls, one each in Lower Parel and Bombay Central, and two in Mulund were chosen on the basis of the time they have been in operation. A questionnaire was administered to the shop owners or operators in the absence of the owners. The study reveals the factors causing competitive disadvantage such as cost prices, operating costs, taxes, selling price, etc. Nearly all of them did not advertise at all. However, the shops particularly in Parel, for example, suffered from a shortage of manpower and capital, a result of a narrow and deteriorating working capital base. Parel is particularly badly affected because of the loss of high

Anuradha Kalhan (2007). “Impact of Malls on Small Shops and Hawkers”, value customers like mill workers. As the mills closed down one after another the shops and eating places lost their clients. The new real estate development in the area has brought corporate offices, and with these new classes of people whose preference patterns and needs are unfamiliar.

Gupta and Mitali Chaturvedi (2007) explored the business activities involved in selling goods and services to their consumers for their personal or household use. This paper states that retail is the largest private industry in the world. This industry accounts for 8 per cent of the GDP in the western economies and has generated 18 per cent return for shareholders between 1994 and 1999 as compared to banks which generated 9 per cent return and insurance, 15.20 per cent return. The retail sector plays a significant role in the world economy because of the contribution it makes to the economy of the country.

Joel E. Collier and Carol C. Bienstock (2006) in their paper titled“ Measuring Service Quality in E-retailing” notice the awareness of the customers’ perceived service quality in an online service transaction. This paper primarily focused on the interaction of the consumers and the website while missing the big picture that e-service quality is composed of more than website interactivity. The aim of this article is to extend the work on e-service quality to encompass not only website interactivity but also outcome quality and recovery quality. A conceptual framework of e-service quality is proposed and empirically tested that combines process, outcome, and recovery dimensions. This paper found empirical support for the use of formative indicators and the three dimensional approach to conceptualize e-service quality.21 Joel E. Collier and Carol C. Bienstock (2006). “Measuring Service Quality inE-retailing”, *Journal of Service Research,* Vol.8, No.3, pp.260-275.

Achim Spiller (2006) studied the impact of customer satisfaction and enthusiasm on the economic performance of small retailers in the organic market. The study is based on 949 customer interviews of 12 organic food shops in Germany. The result shows that customer satisfaction is relevant keyto sales performance. The result of the regression analysis reveals that the overall satisfaction of the customers accounts for 32 per cent of the sales per square meter sales area. The joint analysis of customer satisfaction and shop data confirms essential economic effects. Factor analysis identifies service and product quality as main determinants of customer satisfaction. Acorrelation analysis demonstrates that customer enthusiasm is a greater

source for recommendation of shops than customer satisfaction.

**CHAPTER III**

**THEORETICAL FRAMEWORK**

**3.1 RETAIL INDUSTRY**

The word 'Retail' is derived from a French word with the prefix re and the verb tailer meaning "to cut again". Evidently, retail trade is one that cuts off smaller portions from large lumps of goods. It is a process through which goods are transported to final consumers. In other words, retailing consists of the activities involved in selling directly to the ultimate consumer for personal, non-business use. It embraces the direct-to-customer sales activities of the producer, whether through his own stores by house-to-house canvassing or by mail-order business.

Manufacturers engage in retailing when they make direct-to-consumer sales of their products through their own stores (as Bata and Carona shoe companies, D.C.M. Stores, Mafatlals and Bombay Dyeing) by door-to-door canvass or mail order or even on telephone. Even a wholesaler engages in retailing when sells directly to an ultimate consumer, although his main business may still be wholesaling.

A retailer is a merchant or occasionally an agent or a business enterprise, whose main business is selling directly to ultimate consumers for non-business use. He performs many marketing activities such as buying, selling, grading, risk-trading, and developing information about customer’s wants. A retailer may sell infrequently to industrial users, but these are wholesale transactions, not retail sales. If over one half of the amount of volume of business comes from sales to ultimate consumers, i.e. sales at retail, he is classified as a retailer. Retailing occurs in all marketing channels for consumer products.

**3.2 OVERVIEW OF RETAIL SECTOR**

All over the world, retailing is undergoing a process of evolution and is poised to undergo dramatic transformation. With special reference to India, the retail sector employs over 10 percent of the national work force but is characterized by a high degree of fragmentation with over 5 million outlets, 96 percent of whom are very small with an area of less than 50 m2. The retail universe doubled between 1986 and 2006 and the number of outlets per 1000 people at an All India Level increased from 4.9 in 1988 to 14.8 in 2006. Because of their small size, the Indian Retailers have very little bargaining power with manufacturers and perform only a few of the flows in marketing channels unlike in the case of retailers in developed countries.

The corner grocer or the 'Kirana' Store is a key element in the retail in India due to the housewife’s unwillingness to go long distances for purchasing daily needs. Although convenience and merchandise were the two most important reasons for choosing a store, the choice interia varied across product categories. Convenience was indicated by consumers as the most important reason in the choice of groceries and fruit outlets, chemists and life style items while merchandise was indicated as the most important in durables, books and apparel.

In recent years, there has been a slow spread of retail chains in some formats like super markets, department stores, malls and discount stores. Factors facilitating the spread of chains are the availability of quality products at lower prices, improved shopping standards, convenient shopping and display and blending of shopping with entertainment and the entry to industrial houses like Goenkas and Tatas into retailing.

Thailand is one of the countries whose economy has developed rapidly in recent years. There has been a tradition of independently owned outlets called shop houses. These outlets are run by families, with the shop located on the ground floor and the family's living quarters on upper floors. Thailand's first departmental store opened in 1956 and the first shopping Centre in (1967). Discounts and super stores were introduced in 1989. However, the presence of super market format has been low due to ingrained habit of buying fresh produce. Specialty stores were just emerging in Thailand in mid 1990s.

Another country where the development of the retail sector has also followed an interesting path is Brazil. The concept of self service in shopping was introduced to Brazil in 1953 but until 1972, there was no foreign influence in the Brazilian retail.

**3.3 PLACE OF RETAILING IN A DISTRIBUTION CHANNEL**

When you buy a product, you rarely buy it directly from the manufacturer. Most products of the goods and service do not sell their products directly to end or final users. Between you (the final user) and the manufacturers are a number of intermediaries. These 4intermediariesconstitute a distribution channel or marketing channel. Some of the most common marketing channels are:

**Wholesalers**

**Manufacturer**

**Retailers**

**End users**

**Figure 3.1** Market distribution channel

**3.4 IMPORTANCE OF RETAILING**

The retailer is an intermediary in the marketing channel because he is both marketer and customer, who sells to the last man to consume. He is a specialist who maintains contact with the consumer and the producer; and is an important connecting link in a complex mechanism of marketing. Though producers 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 the line. Therefore, frequently the manufacturers depend on the retailers to sell their products to the ultimate consumers. The retailer, who is able to provide appropriate amenities without an excessive advance in prices of goods is rewarded by larger or more loyal patronage.

Retails goods are traditionally divided into durable goods, such as furniture, cars, and large appliances, which are expected to last at least five years and non-durable goods, which include food, clothing, and other categories far too numerous to mention but which eventually form the bulk of the stuff you see on make shift tables at garage sales. Retailindustry provides immense opportunities to entrepreneurs and workforce as sales people and clerks, the industry has also opportunities for people interested in determining what goods will be sold, getting these goods to the right place at the right time, and managing the operations, finance, and administration of retail companies. Retailing is the dynamic industry-constantly changing due to shift in the needs of the consumers and the growth of technology. Retail formats and companies that were unknown three decades ago are now major forces in the economy. Therefore, the challenges for retail manager the world over are increasing-they must take decision raging from setting the price of a bag of rice to setting up multimillion dollar stores in malls. Selecting target markets, determining what merchandise and services to offer, negotiating with suppliers, training sales people - these are just a few of the many functions that retail manager has to perform on a perpetual basis.

**3.5 CHARACTERISTICS OF RETAILING**

Retailing can be distinguished in various ways from other businesses such as manufacturing. Retailing differs from manufacturing in the following ways:

* There is direct end-user interaction in retailing.
* It is the only point in the value chain to provide a platform for promotions.
* Sales of the retail level are generally in smaller unit sizes
* Location is a critical factor in retail business.
* In most retail businesses, services are as important as core products
* There are a large number of retail units compared to other members of the value chain. This occurs primarily to meet there requirements of geographical coverage and population density.

**3.6 ACTIVITIES PERFORMED BY RETAILERS**

Retailers undertake various business activities and perform functions that add value to the offerings they make to their target segments. Retailers provide convenient location, stock, and appropriate mix of merchandise in suitable packages in accordance with the needs and wants of customers. The four major activities carried out by retailers are: arranging assortment, breaking bulk, holding stock and providing services.

**3.7 ECONOMIC JUSTIFICATION FOR RETAILING**

All middlemen basically serve as purchasing agents for their customers and as sales specialists for their suppliers. To carry out those roles, retailers perform many activities, including anticipating customer's wants, developing assortments of products, acquiring market information and financing.

It is relatively easy to become a retailer. No large investment in production equipment is required, merchandise can often be purchased on credit and store space can be leased with no 'down payment' or a simple website can be set up at relatively little cost. Considering these factors, perhaps it's not surprising that there are just over a 6 million retail outlets operating across the Indian cities from north to south and from east to west. This large number of outlets, many of which are trying to serve and satisfy the same market segments, results in fierce competition and better values for shoppers.

To enter retailing is easy; to fail is even easier! To survive in retailing, a firm must do a satisfactory job in its primary role - catering to consumers. Rama Subramaniam the former head - retail segment Spensors described a successful retailer as a "merchant who sells goods that won't come back to customers who will". Of course, a retail firm also must fulfill its other role - serving producers and wholesalers. This dual role is both the justification for retailing and the key to success in retailing.

**3.8 SERVICES PROVIDED BY RETAILERS**

**3.8.1. GENERAL SERVICES**

The general services which a retailer provides are:

1. The retailer anticipates the wants of the consumers and then supplies them the right kind of goods at reasonable price. His job is to make the consumers buying as easy and convenient as possible i.e. he acts as a consumers' agent.
2. He performs the service of bulk-breaking i.e. dividing large quantities into small units, such as individual cans, bottles, boxes, wrappers, packages, appropriate for consumer use.
3. He offers a large assortment of merchandise, of suitable size, colour, design, style and seasonal items-ranging from domestic utensils, household requisites to specialty goods.
4. He creates time and place utility by storing the products in off season and by transporting these goods to the places where they can be readily available as and when needed by the consumer.
5. He also assumes risks by guaranteeing the goods he sells to the consumer.
6. He also offers free delivery of goods, credit on open accounts, free alteration, liberal exchange facilities, instructions in the use of goods, revolving credit plans, and long term installment programmes.
7. He adds to the convenience and ease of consumer purchasing by offering convenient shopping locations, market information and other services such as free parking privileges, lessons on product use and a multitude of other facilities may be offered and found sufficiently desired to result in increased patronage.
8. He helps the producers in distributing their products by using advertisement display and personal selling.
9. The level of retail sales is one of the most useful barometers of the nation’s economic health. For example when sales of cycles pick-up, sales of steel and components also increase, as does employment and thus increasing purchasing power. But when sales go down, manufacturers cut back production, unemployment increases and retail sales also goes down.

**3.8.2**. **FACILITATING SERVICES:**

In order to carry out functions involving transfer of ownership and physical supply effectively retailers perform a number of facilitating functions i.e. functions relating to standardization and grading, financing, risk-taking and market information.

A retailer of fresh fruits and vegetables has to standardize and grade these to make these acceptable to customers. They establish standards, inspect goods they receive, and sort them in various classifications.

**3.9 CHALLENGES IN RETAIL BUSINESS**

To become a truly flourishing industry, retailing needs to cross the following hurdles:

* + Automatic approval is not allowed for foreign investment in retail
	+ Regulations restricting real estate purchases, and cumbersome local laws.
	+ Taxation which favours small retail businesses.
	+ Lack of trained work force.
	+ Absence of developed supply chain and integrated IT management.
	+ Low skill level for retailing management.
	+ Intrinsic complexity of retailing - rapid price changes, constant threat of product obsolescence and low margins.

**3.11 ONLINE SHOPPING**

Online shopping is the process whereby consumers directly buy goods or services from a seller in real-time, without an intermediary service, over the Internet. It is a form of electronic commerce. The sale or purchase transaction is completed electronically and interactively in real-time such as inAmazon.com for new books. However in some cases, an intermediary may be present in a sale or purchase transaction such as the transactions on eBay.com. An online shop, e-shop, e-store, internet shop, web shop, web store, online store, or virtual store evokes the physical analogy of buying products or services at bricks-and-mortar retailer or in a shopping Centre. The process is called Business-to-Consumer (B2C) online shopping. This is the type of electronic commerce conducted by companies such as Amazon.com. When a business buys from another business it is called Business-to-Business (B2B) online shopping.

A large percentage of electronic commerce is conducted entirely in electronic form for virtual items such as access to premium content on a website, but mostly electronic commerce involves the transportation of physical items in some way. Online retailers are sometimes known as e-tailors and online retail is sometimes known as e-tail.

**3.12 BENEFITS OF ONLINE TRADING**

* It is convenient
* It is cheaper
* You can monitor your investments anytime
* It almost eliminates the middleman
* Investor has greater control
* Faster Transactions
* Better understanding of one’s money

**3.13 ONLINE SHOPPING SITES**

* Amazon India
* Flip kart
* Snapdeal
* eBay India
* Zivame
* Jabong
* ShopClues
* Myntra
* Nykaa

**3.14 CHARACTERISTICS OF ONLINE MARKETS**

Online markets are dynamic. Online markets are part of the information and communications technology-intensive service sector which has exhibited an acceleration of labour productivity growth in many countries. A qualitative indication of the dynamic character of online markets is given by evidence of the range of experimentation in terms of business models, the rate of growth of successful platforms and the level of ongoing innovation anddisruptive change in areas such as growth of mobile internet and devices and of the social web.The dynamic character of online markets may result in greater risk of failure forsome start-ups but spectacular success for others. Normal returns for themarket as a whole may therefore correspond to ex post returns that are high for successful firms.

Online markets are also very much information intensive. The very nature ofmany transactions places rich sources of information about consumers (andperhaps also other market participants) in conveniently digitized form, at thedisposal of companies providing services such as search, payment and socialnetwork services. Collection of information about customers is not unique to online markets, but the scale under which it has become possible is unprecedented. The industry is undoubtedly very much alive to the value of information and is in process of implementing strategies to acquire it and use it profitably. We believe the formulation of strategies for profiting from the information explosion is very much in its infancy and, therefore, this is one major respect in which the market is “dynamic”. As the quantity and quality of information companies have about their customers and about the customers of their competitor’s increases, there arises scope forprovision of valuable new services but also for the exercise of market power. Aspurchase recommendations become well-tailored to customers they become lesslike junk-mail and more like a personal shopping service. On the other hand,firms might be also able to use information to better price discriminate and extract surplus from customers, or to pre-empt putative rivals from entering a market. However, better informed consumers may also be more discriminating in their decisions, for example, in terms of price or quality.

Major platforms such as Amazon, PayPal, eBay, support and enforce a system ofbuyer and seller reputations which facilitates many valuable trades whichotherwise could only take place in face-to-face markets. Hence, here is a vehiclefor consumers and SMEs to benefit from the control of information by majorplatforms. However, there is also a possibility that an intermediary certifiesparties to a transaction and extracts a large share of surplus whilst only minimally improving information flows in the market15. Information will both create opportunities for adding value for customers and opportunities to extract value whilst adding little value if competition is limited.

A general implication of the highly dynamic nature of online markets is that the body of economics literature developed within a paradigm of static market analysis may fail to account for some of the observed characteristics of online markets and may be a poor guide to judging the efficiency of observed behavior. For example, innovation can make defining relevant product markets difficult because business executives and government officials alike may not yet know what the future products will be.

**3.15 PROBLEMS IN INTERNET SHOPPING**

Given the lack of ability to inspect merchandise before purchase, consumers area higher risk of fraud on the part of the merchant than in a physical store. Merchants also risk fraudulent purchases using stolen credit cards or fraudulent repudiation of the online purchase. With a warehouse instead of a retail storefront, merchants face less risk from physical theft. Secure Sockets Layer (SSL) encryption has generally solved the problem of credit card numbers being intercepted in transit between the consumer and the merchant. Identity theft is still a concern for consumers when hackers break into a merchant's web site and steal names, addresses and credit card numbers. A number of high-profile break-ins in the 2000s has prompted some U.S. states to require disclosure to consumers when this happens. Computer security has thus become a major concern for merchants and e-commerce service providers, who deploy countermeasures such as firewalls and anti-virus software to protect theirnetworks.Phishing is another danger, where consumers are fooled into thinking they are dealing with a reputable retailer, when they have actually been manipulated into feeding private information to a system operated by a malicious party. Denial of service attacks are a minor risk for merchants, as are server and network outages.

Quality seals can be placed on the Shop web page if it has undergone an independent assessment and meets all requirements of the company issuing the seal. The purpose of these seals is to increase the confidence of the online shoppers; the existence of many different seals, or seals unfamiliar to consumers, may foil this effort to a certain extent. A number of resources offer advice on how consumers can protect themselves when using online retailer services. Although the benefits of online shopping are considerable, when the process goes poorly it can create a thorny situation. A few problems that shoppers potentially face include identity theft, faulty products, and the accumulation of spyware. Whenever you purchase a product, you are going to be required to put in your credit card information and billing/shipping address. If the website is not secure a customer‘s information can be accessible to anyone who knows how to obtain it. Most large online corporations are inventing new ways to make fraud more difficult, however, the criminals are constantly responding to these developments with new ways to manipulate the system. Even though these efforts are making it easier to protect yourself online, it is a constant fight to maintain the lead. It is advisable to be aware of the most current technology and scams out there to fully protect yourself and your finances. One of the hardest areas to deal with in online shopping is the delivery of the products. Most companies offer shipping insurance in case the product is lost or damaged; however, if the buyer opts not to purchase insurance on their products, they are generally out of luck. Some shipping companies will offer refunds or compensation for the damage, but it is up to their discretion if this will happen. It is important to realize that once the product leaves the hands of the seller, theyhave no responsibility (provided the product is what the buyer ordered and is inthe specified condition).The lack of full disclosure with regards to the total cost of purchase is one of theconcerns of online shopping. While it may be easy to compare the base price ofan item online, it may not be easy to see the total cost up front as additional fees such as shipping are often not be visible until the final step in the checkout process. The problem is especially evident with cross-border purchases, where the cost indicated at the final checkout screen may not include additional fees that must be paid upon delivery such as duties and brokerage. Some services such as the Canadian based Wishabi attempts to include estimates of this additional cost, but nevertheless, the lack of general full cost disclosure remains concern. Privacy of personal information is a significant issue for some consumers.

**3.16 PAYMENT OPTIONS IN ONLINE SHOPPING**

Online shoppers commonly use a credit card to make payments, however some systems enable users to create accounts and pay by alternative means, such as:

* Billing to mobile phones and landlines19 20
* Cash on delivery (C.O.D., offered by very few online stores)
* Cheque
* Debit card
* Direct debit in some countries
* Electronic money of various types
* Gift cards
* Postal money order
* Wire transfer/delivery on payment

Some sites will not accept international credit cards, some require both the Purchaser’s billing address and shipping address to be in the same country in which site does its business, and still other sites allow customers from anywhere to send gifts anywhere. The financial part of a transaction might be processed in real time (for example, letting the consumer know their credit card was declined before they log off), or might be done later as part of the fulfillment process.

**CHAPTER IV**

**DATA ANALYSIS AND INTERPRETATION**

**TABLE NO. 4.1**

**GENDER OF THE RESPONDENTS**

|  |  |  |
| --- | --- | --- |
| **CATEGORY** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Male | 37 | 74 |
| Female | 13 | 26 |
| **Total** | **50** | **100** |

**CHART NO. 4.1**

**GENDER OF THE RESPONDENTS**

**INTERPRETATION**

Table no. 4.1 shows gender wise classification of respondents.74% of respondents are male and 26% of respondents are female.

**TABLE NO. 4.2**

**AGE WISE CLASSIFICATION OF RESPONDENTS**

|  |  |  |
| --- | --- | --- |
| **CATEGORY** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Below 30 | 14 | 28 |
| 30 – 40 | 11 | 22 |
| 40 – 50 | 17 | 34 |
| Above 50 | 8 | 16 |
| **Total** | **50** | **100** |

**CHART NO. 4.2**

**AGE WISE CLASSIFICATION OF RESPONDENTS**

**INTERPRETATION**

Table no. 4.2 shows age wise classification of respondents. 28% of respondents are in the age group of below 30, 22% of respondents are in the age group of 30 – 40, 34% of respondents are in the age group of 40 – 50 and 16% of respondents are in the age group of above 50.

**TABLE NO. 4.3**

**EDUCATIONAL QUALIFICATION OF RESPONDENTS**

|  |  |  |
| --- | --- | --- |
| **CATEGORY** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Below SSLC | 3 | 6 |
| SSLC | 7 | 14 |
| Plus Two | 7 | 14 |
| Degree | 20 | 40 |
| PG | 13 | 26 |
| **Total** | **50** | **100** |

**CHART NO. 4.3**

**EDUCATIONAL QUALIFICATION OF RESPONDENTS**

 **INTERPRETATION**

Table no. 4.3 shows educational qualification of respondents. 6% of respondents have below SSLC qualification, 14% of respondents have SSLC and Plus Two respectively, 40% of respondents have degree and 26% of respondents PG.

**TABLE NO. 4.4**

**OCCUPATION OF RESPONDENTS**

|  |  |  |
| --- | --- | --- |
| **CATEGORY** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Business | 15 | 30 |
| Private Service | 13 | 26 |
| Students | 12 | 24 |
| House wife | 10 | 20 |
| **Total** | **50** | **100** |

**CHART NO. 4.4**

**OCCUPATION OF RESPONDENTS**

**INTERPRETATIION**

Table no. 4.4 occupation of respondents. 30% of respondents are business personnel, 26% of respondents are working in private service, 24% of respondents are students and 20% of respondents are house wives.

**TABLE NO. 4.5**

**MONTHLY INCOME OF RESPONDENTS**

|  |  |  |
| --- | --- | --- |
| **CATEGORY** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Below 15000 | 14 | 28 |
| 15000 – 20000 | 16 | 32 |
| 20000 - 40000 | 13 | 26 |
| 40000 – 50000 | 5 | 10 |
| Above 50000 | 2 | 4 |
| **Total** | **50** | **100** |

**CHART NO. 4.5**

**MONTHLY INCOME OF RESPONDENTS**

**INTERPRETATION**

Table no. 4.5 shows monthly income of respondents. 28% of respondents have below 15000 monthly income, 32% of respondents have 15000 – 20000, 26% of respondents have 20000 – 40000, 10% of respondents have 40000 – 50000 and 4% of respondents have above 50000 monthly income.

**TABLE NO. 4.6**

**NO. OF MEMBERS IN THE FAMILY**

|  |  |  |
| --- | --- | --- |
| **CATEGORY** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Less than 4 | 15 | 30 |
| 4 – 8 | 27 | 54 |
| 8 – 10 | 8 | 16 |
| Above 10 | 2 | 4 |
| **Total** | **50** | **100** |

**CHART NO. 4.6**

**NO. OF MEMBERS IN THE FAMILY**

**INTERPRETATION**

Table no. 4.6 shows number of member in the family. 30% of respondents have less than 4 members in their family, 54% of respondents have 4 – 8 members, 16% of respondents have 8 – 10 members and 4% of respondents have above 10 members in their family.

**TABLE NO. 4.7**

**TYPE OF RETAIL SHOP PREFER TO VISIT**

|  |  |  |
| --- | --- | --- |
| **CATEGORY** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Organized | 36 | 72 |
| Unorganized  | 14 | 28 |
| **Total** | **50** | **100** |

**CHART NO. 4.7**

**TYPE OF RETAIL SHOP PREFER TO VISIT**

**INTERPRETATION**

Table no. 4.7 shows type of retail shops like to visit. 72% of respondents like to visit organized retail shops and 28% of respondents like to visit unorganized retail shops.

**TABLE NO. 4. 8**

**PREFERE ONLINE SHOPPING**

|  |  |  |
| --- | --- | --- |
| **CATEGORY** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Yes  | 50 | 100 |
| No. | 0 | 0 |
| **Total** | **50** | **100** |

**CHART NO. 4. 8**

**PREFERE ONLINE SHOPPING**

**INTERPRETATION**

Table no. 4.8 shows preference of online shopping. All of the respondents prefer online shopping.

**TABLE NO. 4.9**

**REASON FOR PREFERENCE OF ONLINE SHOPPING**

|  |  |  |
| --- | --- | --- |
| **CATEGORY** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Saving of time | 17 | 34 |
| Saving of fuel and energy  | 6 | 12 |
| Freedom to purchase  | 15 | 30 |
| Access to all products  | 12 | 24 |
| **Total** | **50** | **100** |

**CHART NO. 4.9**

**REASON FOR PREFERENCE OF ONLINE SHOPPING**

**INTERPRETATION**

Table no. 4.9 shows reason for preference of online shopping. 14% of respondents prefer because saving of time, 12% of respondents prefer saving of fuel and energy, 30% of respondents say it is because freedom to purchase and 24% of respondents say access to all products through online shopping.

**TABLE NO. 4.10**

**FACTORS CHANGED LIFE STYLE**

|  |  |  |
| --- | --- | --- |
| **CATEGORY** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Technology  | 34 | 68 |
| Globalization | 9 | 18 |
| Liberalization  | 7 | 14 |
| **Total** | **50** | **100** |

**CHART NO. 4.10**

**FACTORS CHANGED LIFE STYLE**

**INTERPRETATION**

Table no. 4.10 shows factors influenced the changing of life style. 68% of respondents say that technology influenced to change life style, 18% of respondents say it is globalization and 14% of respondents say it is liberalization changed the life style.

**TABLE NO. 4.11**

**FACTORS INFLUENCED TO PREFER MODER RETAILING**

|  |  |  |
| --- | --- | --- |
| **CATEGORY** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Friends | 12 | 24 |
| News paper | 5 | 10 |
| Internet | 20 | 40 |
| Experts  | 3 | 6 |
| Family | 10 | 20 |
| **Total** | **50** | **100** |

**CHART NO. 4.11**

**FACTORS INFLUENCED TO PREFER MODER RETAILING**

**INTERPRETATION**

Table no. 4.11 shows factors influence to prefer modern retailing. 24% of respondents are influenced by friends, 10% of respondents are influenced by news papers, 40% of respondents are influenced by internet, 6% of respondents are influenced by experts and 20% of respondents are influenced by family.

**TABLE NO. 4.12**

**PERIOD OF PREFER MODERN RETAILING**

|  |  |  |
| --- | --- | --- |
| **CATEGORY** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| More than 1 year | 26 | 52 |
| 1 year | 15 | 30 |
| 6 months | 7 | 14 |
| Less than 6 months  | 2 | 4 |
| **Total** | **50** | **100** |

**CHART NO. 4.12**

**PERIOD OF PREFER MODERN RETAILING**

**INTERPRETATION**

Table no. 4.12 shows period of preferring modern retailing. 52% of respondents prefer it for more than 1 year, 30% of respondents prefer it for 1 year, 14% of respondents prefer it for 6 months and 4% of respondents prefer it for less than 6 months.

**TABLE NO. 4.13**

**CATEGORY OF PRODUCTS PREFER TO BUY**

|  |  |  |
| --- | --- | --- |
| **CATEGORY** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Apparel | 21 | 42 |
| Home and kitchen appliances | 15 | 30 |
| Electronics  | 5 | 10 |
| Accessories  | 9 | 18 |
| **Total** | **50** | **100** |

**CHART NO. 4.13**

**CATEGORY OF PRODUCTS PREFER TO BUY**

**INTERPRETATION**

Table no. 4.13 shows category of products prefer to buy. 42% of respondents prefer apparel, 30% of respondents prefer home and kitchen appliances, 10% of respondents prefer electronics and 18% of respondents prefer accessories.

**TABLE NO. 4.14**

**FREQUENCY OF PURCHASE FROM RETAIL SHOPS**

|  |  |  |
| --- | --- | --- |
| **CATEGORY** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Once in a week | 12 | 24 |
| Once in a month | 27 | 54 |
| Once in a six month | 8 | 16 |
| Once a year | 3 | 6 |
| **Total** | **50** | **100** |

**CHART NO. 4.14**

**FREQUENCY OF PURCHASE FROM RETAIL SHOPS**

**INTERPRETATION**

Table no. 4.14 shows frequency of purchase, 24% of respondents frequency of purchase once in a week, 54% of respondents frequency of purchase once in a month, 16% of respondents frequency of purchase once in a six months and 6% of respondents frequency of purchase once a year.

**TABLE NO. 4.15**

**SATISFIED AND RELIABLE WITH THESE MODERN RETAIL OUTLETS**

|  |  |  |
| --- | --- | --- |
| **CATEGORY** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Highly satisfied | 19 | 38 |
| Satisfied | 16 | 32 |
| Dissatisfied | 10 | 20 |
| Highly dissatisfied  | 5 | 10 |
| **Total** | **50** | **100** |

**CHART NO. 4.15**

**SATISFIED AND RELIABLE WITH THESE MODERN RETAIL OUTLETS**

**INTERPRETATION**

Table no. 4.15 shows satisfaction and reliable with the modern retail outlets. 38% of respondents are highly satisfied, 32% of respondents are satisfied, 20% of respondents are dissatisfied and 10% of respondents are highly dissatisfied.

**TABLE NO. 4.16**

**REASON FOR PREFER RETAIL STORE**

|  |  |  |
| --- | --- | --- |
| **CATEGORY** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Well reputed stores | 5 | 10 |
| Variety of goods | 6 | 12 |
| Discounts  | 9 | 18 |
| High quality products | 15 | 30 |
| Service value | 4 | 8 |
| Location | 6 | 12 |
| Others | 5 | 10 |
| **Total** | **50** | **100** |

**CHART NO. 4.16**

**REASON FOR PREFER RETAIL STORE**

**INTERPRETATION**

Table no. 4.16 shows reason for prefer retail store. 10% of respondents prefer well reputed stores, 12% of respondents prefer variety of goods, 18% of respondents prefer discounts, 30% of respondents prefer high quality products, 8% of respondents prefer service value, 12% of respondents prefer location and 10% of respondents prefer other factors.

**TABLE NO. 4.17**

**KIND OF RETAIL STORE PREFER**

|  |  |  |
| --- | --- | --- |
| **CATEGORY** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Big bazaar | 6 | 12 |
| Hyper market | 8 | 16 |
| Supermarkets | 21 | 42 |
| Shopping malls | 15 | 30 |
| **Total** | **50** | **100** |

**CHART NO. 4.17**

**KIND OF RETAIL STORE PREFER**

**INTERPRETATION**

Table no. 4.17 shows preference of type of retail stores. 12% of respondents prefer big bazaar , 16% of respondents prefer hyper market, 42% of respondents prefer super markets and 30% of respondents prefer shopping malls.

**TABLE NO. 4.18**

**PROBLEMS FACED IN UNORGANIZED RETAIL STORES**

|  |  |  |
| --- | --- | --- |
| **CATEGORY** | **NO. OF RESPONDENTS** | **PERCENTAGE** |
| Adulteration in products | 12 | 24 |
| Price discrimination | 21 | 44 |
| No service support | 17 | 34 |
| Any other | 0 | 0 |
| **Total** | **50** | **100** |

**CHART NO. 4.18**

**PROBLEMS FACED IN UNORGANIZED RETAIL STORES**

**INTERPRETATION**

Table no. 4.18 shows problems faced in unorganized retails stores. 24% of respondents say adulteration in production, 44% of respondents say it is price discrimination, 34% of respondents say it is no service support they faced problem with unorganized retail stores.

**CHAPTER V**

**FINDINGS, SUGGESTIONS AND CONCLUSION**

**5.1 FINDINGS**

* Gender wise classification of respondents show that 74% of respondents are male
* From the age wise classification of respondents it is seen that majority of respondents belong to the 30 – 40 age group.
* Educational qualification of respondents show that majority of respondents are graduates
* From the occupation wise classification it is seen that majority of the respondents are private service employees.
* Income wise classification of respondents show that majority of the respondents have 15000 – 20000 monthly income.
* 54% of respondents have 4 – 8 members in their family.
* 72% of respondents prefer organized retail shops
* All of the respondents prefer online shopping.
* The reason for preference of online shopping shows that majority of the respondents prefer online shopping because of saving of time.
* 68% of respondents say that technology is the reason for changing of life style
* 40% of respondents say that internet is the reason to prefer modern retailing.
* 52% of respondents prefer modern retailing more than 1 years
* Majority of the respondents prefer to buy apparel products through online
* The frequency of purchase from retail shops shows that majority of respondents purchase once in a month.
* Majority of the respondents are satisfied with the modern retail outlets.
* Majority of the respondents prefer retail stores because of high quality products.
* 42% of respondents prefer supermarkets
* Majority of the respondents say that price discrimination is the major problem they faced in unorganized retail store.

**5.2 SUGGESTIONS**

* + - Retailers have to change their attitude towards the market. Today’s is a consumer market and as a result the priority is the consumer satisfaction. The firm has to be in the good books of the consumer.
		- Additional services should be provided to the consumers to woe them and build upon a loyalty which in turn would ensure a stable sales in the years to come.
		- Retailers should understand predict and note changes in purchase behavior.
		- New advertisement and strategies should be developed by the retailers to attract and retain more and more customers.
		- Price matching should be done.
		- If staff is knowledgeable enough to answer customers’ product queries effectively, then they may not need to head online.
		- Create exciting window display. It capture the attention of passerby should stop people and compel them to come into the store.

**5.3 CONCLUSION**

The face of retail has changed. The advent of technology in recent period being the primary reason for it. Today, retailing means going into shopping centers, going online and going mobile. In all these, small retailers miss out somewhere. But the nearby store is always the most important concern for all reason and seasons. It needs to revive not just survive. The retail stores needs to simply uplift its pattern of business and face the competitive world with a more positive outlook. E-stores and retail stores both have to survive, none at the cost of the other. It’s not just about the livelihood it gives to the thousands of people but also the convenience and the steadfastness of a fixed retail store. Retailers have to change their attitude towards the market. Today’s is a consumer market and as a result the priority is the consumer satisfaction. The firm has to be in the good books of the consumer. Better quality products, fair price and friendly after-sale services are the basic areas in which the business has to concentrate to a remarkable extent. Additional services should be provided to the consumers to woe them and build upon a loyalty which in turn would ensure a stable sales in the years to come.

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**QUESTIONNAIRE**

1. Name
2. Gender
* Male
* Female
1. Age :
2. Educational qualification
* below SSLC
* SSLC
* Plus Two
* Degree
* PG
1. Occupation
* Business
* Private service
* Students
* House wife
1. Monthly income
* Below 10000
* 10000 – 20000
* 20000 – 40000
* 40000 – 50000
* Above 50000
1. No. of members in the family
* Less than 4
* 4 – 8
* 8 – 10
* More than 10
1. What kind of retail shop do you like to visit?
* Organized
* Unorganized
1. Do you prefer online shopping?
* Yes
* No
1. Why do you prefer online shopping?
* Saving of time
* Saving of fuel and energy
* Access to all products
* Freedom to purchase
1. What factors has changed your life style?
* Technology
* Globalization
* Liberalization
1. What influence you to prefer modern retailing?
* Friends
* Newspaper
* Internet
* Experts
* Family
1. How long have you preferred modern retailing?
* More than 1 year
* 1 year
* 6 months
* Less than 6 months
1. Which category of product do you prefer to buy frequently?
* Apparel
* Home and kitchen appliances
* Electronics
* Accessories
1. How frequently do you buy products from retail shops?
* Once in a week
* Once in a month
* Once in a six month
* Once a year
1. How much are you satisfied and reliable with these modern retail outlets?
* Highly satisfied
* Satisfied
* Dissatisfied
* Highly dissatisfied
1. Why do you prefer retail store?
* Well reputed stores
* Variety of goods
* Discounts
* High quality products
* Service value
* Location
* Others
1. What kind of retail sector do you prefer?
* Big bazaar
* Hyper market
* Super markts
* Shopping mall
1. What kind of problems are you facing in unorganized retail outlets?
* Adulteration in products
* Price discrimination
* No service support
* Any others