Literature Review:

For the purpose of this study the literature with regard to A Study on ‘Opportunities and Challenges in Retail Store Operations in the Changing face of Indian Modern Retailing’ was reviewed. This review has been presented as under in chronological order.

With the growing supply chain demands of product variety (Gilmore & Pine (1997)) and customization, there is an increasing body of research accessible. A stimulating application of "supply chain thinking" is the enhanced use of postponed product differentiation.

Dowson (2004) said that the degree of market concentration over the last 30 years has been intense marked by considerable competitive pressure. By 2000 the retail structure had transformed considerably from that of 1970, to one represented by: • Some 100 or so large firms creating increasingly concentrated national markets • Small independent retailers under but surviving by operating in increasingly specialist local markets • Retailers taking control of supply chain relationships • Retailers in control of branding of items and stores • Retailers operating multi-format and multi-formula approaches to store operations • Consumers accumulating knowledge and seeking different products rather than more products

Kaltcheva & Weitz (2006) put forward a theoretical framework that identified and examined a situational variable which was the motivational orientation that moderates the relationship between arousal and pleasantness. By identifying the antecedents that determine the pleasantness of people’s experiences while engaging in shopping and consumption, the framework offered an explanation for important aspects of consumer behavior and furnishes guidelines for effectively managing retail and consumption environments.

Bolto (2007) provided additional insights into the six strategies for competing through service. The authors talk about the role of technology in terms of both the firm and its customers. Given the growing prevalence of SSTs, it seems important to understand how their deployment influences customer evaluations of retail firms. They also say that more research is required on the service quality–value–loyalty–profit chain. Understanding which factors directly affect profits and which potentially moderate the effects of service quality and customer value on
behaviours (as opposed to intentions) is crucial. Besides this they emphasize the growing importance of co-production and self-service.

Jia (2007) says that over the last couple of decades, multi-store retailers, particularly the ones who have a hundred or more stores, have gone through considerable growth. Also, there has been extensively reported public upheaval over the effect of these chain stores on small retailers and local communities. She came up with an empirical model to gauge the influence of chain stores on the profitability and entry/exit decisions of discount retailers and to quantify the size of the scale economies inside a chain. The model proposed by her consists of two significant characteristics. First, it allows for accommodating competition patterns between all the players. Next, for chains, it integrates the scale economies that come up from operating several stores in nearby areas. The model relaxes the generally used assumption that entry in different markets is independent of each other.

Mittal & Mittal (2008) opine that it is difficult replicate an international format directly to an Indian scenario and expect a similar performance. The insights drawn from multinationals expanding to new geographies also indicate this. For example, Wal-Mart is extremely successful in USA its experience is completely different in Asian countries. Consequently, it is vital for the retailer to consider the local conditions and the local buying behavior before determining the format choice. Their findings suggest that the retailers’ marketing strategy will have to take into account two sets of attributes: (1) Loyalty Drivers and (2) Shopping Experience Enhancers. Retailers can use these attributes in different degrees based on their positioning strategy, but the basic two dimensions will remain the same. The authors in particular, highlight how the immersive technologies can be an efficient tool for pushing innovation in retailing. Therefore, this paper provides important issues for scholars and practitioners.

Kamaladevi. B (2010) says that Customer Experience Management is not only a new way of presenting an old idea. During the last few years a number of elementary changes have taken place in the business environment leading to the surfacing of Customer Experience Management as both a strategic field and a rapidly growing industry. The changes have been stimulated by technological improvement, which have in turn expanded the range of services available to customers, and at the same time led to increasing customer expectations. There are now more
services and products available than were in the past, but even then customer satisfaction are towards a decreasing trend.

Arrigo (2010) focused on studying innovation in market-driven companies that operate in a global context and are strongly competitive. In such a situation, to grow in the long term, a company oriented to competitor and demand must know how to manage a wealth of information, have detailed understanding of the market and must develop the ability to learn from the latter. The company must also have developed an ‘innovation management capability’.

Cacho-Elizondo (2010) puts forward that the Retailers’ corporate values should more directly reflect the CSR commitment of the corporation with respect to the expectations of all types of stakeholders. Although some retailers seem increasingly committed to implementing and promoting SD actions, they fail to establish a clear association between retailing and SD. One reason for this is a lack of an effective communication of their CSR programs. Another reason is that the retailing-SD connection is not easily made in the minds of the consumers. For them, SD is more closely related to other sectors such as the production and use of power or agriculture. If retailers want to be identified as socially responsible, they must create the “right” associations to reshape their new brand image. With this in mind, awareness of CSR efforts is an essential attribute in the systematic assessment of their brand image. By developing a social responsibility facet in their image-building programs, retailers will better meet the expectations of an increasing number of socially-conscious consumers.

According to BVI networks & Axis communications (2010) the amount of data available today and in the future could make any retailer’s head spin. The trick is harnessing that data, analyzing it suitably and using it to gain a business advantage. Integrated video intelligence that can combine incongruent technology sources within the store and provide customized reports and a data mining dashboard give headquarters and store management the information they need for the purpose of making real-time business decisions. This is a tactical imperative most retailers cannot ignore and many are building into their near-term plans.

As a best practice, retailers should strongly consider systems that are designed and built for the retail environment, not adapted from dissimilar industries to partially cater to the retail needs. Systems that automate major components of the data collection and information delivery will ensure a higher degree of acceptance, which ultimately means a higher success rate for the
retailer. The combination of best-in-class video equipment and video intelligence analytics will provide both large and small retailers with a system designed to upgrade customer service, enhance retailer/supplier relationships, create more efficient labour utilization, uphold multichannel marketing and reduce losses and out-of-stocks – creating a retail organization that is prepared for continued success and expansion.

Dash (2011) opined that the retail sector has played a phenomenal role throughout the world in increasing productivity of consumer goods and services. It is also the second largest industry in US in terms of numbers of employees and establishments. There is no denying the fact that most of the developed economies are very much relying on their retail sector as a locomotive of growth. The India 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 towards becoming the next boom industry. 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 towards becoming the next boom industry.

Syal (2011) paints a verbal picture of the impending retail boom likely to happen sooner. The signs he says, are all over the place. For few years foreign retailers will have the role of facilitator to standardize the agribusiness and to unify customer’s preference across the country. The competition will help to increase the quality of service of the existing local retailers and greater customer satisfaction in Indian society. Concept of self-employment will vanish and sustainable small industries will be roped with the big chains.

Tanwar et al. (2011) suggest that in the present scenario, making the biggest malls with top class retailers is not the key to success. A cool and refreshing environment is required which makes the shoppers to forget all worries of the day. Malls are here for putting smiles on the face of shoppers. It is non-crucial whether a purchase is made or not, entry into the mall has given the
right to courtesy. It should be the USP of the malls as the window shopper of today is the prospective customer of tomorrow. Further, malls should commune a feeling of oneness-with retaining the individuality of each store.

Reddy (2011) says that the HR department is facing the challenges which include high attrition rate, absenteeism, and implementation of innovative practices in the retail outlets. In his study he found that the HR management practices in the select retail outlets are still in the initial stages of development. The employee facilities and proper performance appraisal measures will always encourage the employees to achieve the best. Hence, the retail outlets should decide and implement proper HR practices in order to retain and develop the work force who are the assets for the development of organizations. The government also needs to bring revision of existing labour laws and should provide flexibility in working hours and should encourage with its laws that can bring conducive environment.

Nallamalli & Raja Sekhar (2011) point out that Indian Apparel Retailing is the fastest growing segment after food and grocery and there are several service deficiencies like long waits for billing, improper customer treatment and handling of customer complaints. Their study observes the critical factors effecting apparel service quality and concludes that retailers should concentrate more on Personal interaction and Reliability of the store in order to enhance their service. The study also revealed that service quality factors will significantly effects customer satisfaction. It was proved that except policy of the store, Personal interaction, Reliability, physical aspects and problem solving are significantly effecting customer satisfaction.

Sonia (2011) opines that Ethics in the retailing sector has some critical issues. Retailers may use certain ethical standards which help them in decision making. She investigated the ethical practices of retailers, the ethical beliefs of the retail sales force and also provided detailed information about the growth of retailing industry in India. She also examines the growing awareness and brand consciousness among people across different socio-economic classes in India and how the urban and semi-urban retail markets are witnessing significant growth. She highlights the challenges faced by the industry in near future and says that Retail salespeople need guidelines on ethical issues. The guidelines should be formulated and clearly communicated to help salespeople deal effectively with the new situations. This is likely to
contribute towards the job performance and satisfaction of the salespeople and customer satisfaction as well.

Diallo (2012) purports that Retail internationalization is now a key element for most of the retail firms. Many factors, according to him, lead to retail internationalization and are likely to influence the business strategy adopted in emerging markets. The main objective of his research was to investigate key success factors of an international retailer in the Brazilian market based on two increasingly interesting theories, i.e., ‘core competence’ theory and organizational cultural theory.

Bhashar (2012) recommends that the Product range must be increased in the store in order to attract more and more customers in the stores. The width as well as length of the varieties of the product must be substantially increased. Products must be made available all the time in the stores, because the customers have a tendency to perceive unavailability if not get their desired product even once in the stores. So, this factor must be addressed seriously. He also advocates that for further improvement of the store there is a sudden need of air conditioning in the stores.

Because most of the modern retailers are providing air conditions, so at this point of time it has to be taken seriously and some decision has to be made at the earliest. According to Bhashar, there is also a sudden need of addressing the issue of visual merchandising in the stores, as it is one of the strongest tool for attracting, converting and retaining customers in the stores.

Kulkarni (2012) suggests that due to changes in the demographics of Indian consumers, primarily due to time economy there is tremendous pressure on the time available with the consumers. Hence any delays and wastage of time is against customer expectations. He pertinently mentions that managing retail operations is an integrated approach to customer satisfaction. Therefore any element of store operations which is a touch point has a critical role in ensuring customer satisfaction. Particularly waiting in queues for billing is the last touch point, hence any delays in billing process or waiting time for customers becomes the basis on which the customer evaluates the store. Therefore, all things being equal, waiting time for billing is come to stay as a very important element of store operation mix.

Jain & Sukhlecha (2012) strongly feel that the advantages of allowing unrestrained FDI in the Indian retail sector evidently outweigh the disadvantages attached to it and the same can be
deduced from the examples of successful experiments in countries like Thailand and China, where too the issue of allowing FDI in the retail sector was first met with incessant protests but later turned out to be one of the most promising political and economic decisions of their governments. It led not only to the commendable rise in the level of employment but also led to the enormous development of their country’s GDP.

Patil & Zohra (2012) are of the view that innovations in Retailing India are still at an introductory phase, and in the process of understanding the benefits of IT in retail. They said that the innovation and deployment that is taking place in India is very confined to the organized sector, which is a small proportion of the overall retail industry. The way the Indian retail industry is shaping and developing presents an opportunity which is no less than a goldmine unearthed for vendors. What should be noted is that deployment should happen in a phased manner, starting from the foundation and then going up the ladder.

Anandb & Selvaraj (2012) opine that effective advertisement in connection with the availability of online facility and the availability of branches should be made among the people so that the information can be widely reached. Also, free home delivery concept may be introduced in order to attract people to utilize the service without engaging themselves for purchase and to help them to save their precious time. By doing the above, information can be obtained from the online website and purchase can be made through phone call or any other media like SMS, Voice Mail and internet which will make mutual benefit for customers as well as for the management.

Akhter & Equbal (2012) put forward that there is very huge potential for the growth of organized Retailing in India. By following some of the strategies it can rise tremendously and can reach each and every nock and corner. They suggest that Open communication should be established between functional departments. A balance should be maintained between brand building and promotion. Non-marketing factors like gas prices, weather etc. should be avoided and new schemes should always be launched. 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 towards becoming the next boom industry.
Kamboj (2012) is of the opinion that only innovative concepts and models may survive the test of time and investments. However, manufacturers and service providers will also increasingly face a host of specialist retailers, who are characterized by use of modern management techniques, backed with seemingly unlimited financial resources. Organized retail appears inevitable. Retailing in India is currently estimated to be a US$ 200 billion industry, of which organized retailing makes up a paltry 3 percent or US$ 6.4 billion, but expected to grow manifolds in the near future. She says that for retail industry in India, things have never looked better and brighter. Challenges to the manufacturers and service providers would abound when market power shifts to organized retail.

Wambui Kimani (2012) did a study to determine shoppers perceptions of service quality offered in Kenyan supermarkets and very small convenience shops. Her research revealed the following as important factors that customers of convenience shops (Kiosk/Dukas) considered and arranged in order of importance are: (1) ability to solve their problems (2) physical facilities and displays (3) assistance/helping the customer (4) variety and deep assortment (5) cleanliness (6) accurate records (7) responsiveness-dealing with complaints efficiently and promptly (8) appearance (9) individualized attention and (10) convenience. These factors were further condensed into three factors namely; tangibles, responsiveness and reliability. The important factors considered by customers of supermarkets, arranged in order of importance include: (1) courtesy (2) physical facilities and displays (3) accurate records (4) individualized attention (5) competence (6) keeping promises (7) variety and deep assortments (8) prompt service (9) neat appearance and (10) accessibility. These factors were further condensed into four factors namely; reliability, responsiveness, empathy and tangibles. The overall level of satisfaction with the convenience shops (Dukas) compared to the supermarket was a mean score of 2.74, on a five point scale, indicating a positive level of satisfaction. Pearson correlation analysis indicated a significant positive correlation between level of satisfaction and recommending a friend to the outlet. This study provides a useful guide to research into service quality within retail sector. The study identified important factors that shoppers considered important in their perception.

Kumaresh & Malarkodi (2012) indicate that the consumption boom will drive retail in India. We need to look at innovative ways of making money available to the consumer. So the Retail shops can introduce the consumer financing scheme which will enhance the sales growth. Company can operate many convenience stores at village and taluk levels. The problems
of land and trained personnel exist at these levels too, but if we can address them properly, a chain of stores is very much possible in these rural areas, since the customers are there.

As there are many competitors in retail sector, the retail should make competitor analysis by hiring mystery shoppers to pose as potential buyers and report on strong and weak points experienced in buying the company's and competitors' products. The best thing that the retail can do is to make it easy for the customer to complain which should be recovered as soon as possible. It can be improved by providing suggestion forms, toll-free numbers, Websites, and e-mail addresses allow for quick, two-way communication.

Kiran (2012) says that the ultimate goal of sales promotions is to stimulate potential customers to actual sales. The field of advertising has evolved and reached the masses in ways that were perceived to be unimaginable a decade ago. Thanks to developments and innovations in the field of technology, advertising is now present almost in every form we can imagine and in-store advertisements have made an unmatched difference to the Retail industry and has helped boost sales to hit huge profits with less expenditure.

Agnihotri (2012) put forward that in Indian organized grocery setup today’s consumer knows what they have for in a store and don’t bother much about the entrance, signage and illumination inside a store but are very much fascinated by the display design dimension and shelf appearances. They get delighted with the color schemes and patterns but at the same time troubled by the product pricing.

Singh (2012) in his study found that the five dimensions of service quality are causing a variance of 45.8% on the recommending behavior of the customers. It was also seen that problem solving, physical aspects, reliability and personal interaction were showing a significant influence on the recommending behavior. Problem solving was the most important dimension for recommending behavior of the outlet. Hence managers need to put extra efforts on the solutions of the problems and it will be helpful in providing high level of customer satisfaction. Problem solving is allow cost phenomenon and is highly beneficial for the retail stores in increasing their profits for the business.

A report by UNI Global Union (2012) reveals that throughout the Competition Tribunal process in South Africa, company executives emphasized repeatedly that the Wal-Mart regularly
adapts its business to comply with local laws and regulations. In effect, we have Wal-Mart’s word that legal requirements can force the company to improve its behavior. The Indian government is now presented with Wal-Mart’s Global Track Record and the Implications for FDI in Multi-Brand Retail in India with the valuable opportunity to create conditions that will mitigate the dislocating effects of retail liberalization for India’s most vulnerable populations. This consultation process is an opportunity to take stock of the multitude of opinions on the subject and craft an effective, pertinent policy.

Singh et al. (2012) analyzed finer strategic perspective for the retail sector in India and suggested measures so that the corporate strategists could incorporate the same both qualitatively and quantitatively. Based upon the qualitative judgment, a retail unit may be given an overall understanding about the expected performance that can further be corroborated by quantitative analysis. They provide detailed information about the growth of retailing industry in India. Their study examines the growing awareness and brand consciousness among people across different socio-economic classes in India and how the urban and semi-urban retail markets are witnessing significant growth.

Bahuguna (2012) says that there is no denying the fact that most of the developed economies are very much relying on their retail sector as a locomotive of growth. The India 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 towards becoming the next boom industry.

Pantano & Guiuseppe (2012) undertook a study to integrate the consumers’ experience in the development of innovation process for retailing. In particular, their findings highlight how the immersive technologies can be an efficient tool for pushing innovation in retailing. The study provides important issues for scholars and practitioners. Due to the current advances in Information and Communication Technologies and consumers’ increasing interest in entertaining and interactive retail environments, the sector of retailing is forced to pursue innovation to
maintain existing consumers and attract new ones. Especially the use of virtual reality techniques offers tools for supporting the design of innovative systems capable of enhancing this process.

According to A T Kearney’s Global Retail Development Index (GRDI) (2012), India is the 5th most favorable destination for international retailers. Of the total Indian retail market, 8% constitutes the organized retail segment which is estimated to grow at a rate of almost 30% by 2015, and hence at a much faster pace than the overall retail market which is forecast to grow by 16% in the same period. Clothing & Apparel make up almost a third of the organized retail segment, followed by Food & Grocery and Consumer Electronics. India currently has a small penetration within the organized retail segment as compared to other emerging markets such as China, which has a penetration of more than 20% within organized retail according to the Global Retail Index report by the World Retail Conference.

Hou (2013) suggest that Customers’ perceptions of reflection and assurance significantly influence their consumption emotion. Their study indicates that reflection and assurance significantly influence happiness, dominance and arousal. Reflection has a negative influence, showing that customer consumption emotion reduces as they perceive increasing reflection from service persons. However, customers feel unhappy if a service provider fails to promptly provide a requested service. Understanding the negative influence of reflection can help make useful observations regarding department stores. For example, since customers visit department stores to relax they need individual space and may feel unhappy if service persons are excessively attentive. In contrast to reflection, assurance has a positive influence, proving that customers appreciate the feeling of security that service persons create. Additionally, tangibility does not significantly influence consumption emotion, but does significantly influence patronage intention. This indicates that tangibility does not stimulate customer consumption emotion, but can influence patronage behavior.

Sharma &Nanda (2013) present a study that suggests that higher impulse buying tendency may not necessarily lead to impulse purchase. However, it does lead to higher in store browsing. It was also found that the level of impulse purchase does not increase with browsing. Also, it was revealed in the study that demographics do not have a significant impact on the impulse purchase at the airports. Therefore, the findings of the study suggest that browsing activity should be encouraged in such a way that it leads to actual purchase of
products at the airports. Also, the retailers at the airport need not devise strategies for impulse purchase based on the age, gender and income group of the passengers.

Shah & Patel (2013) are of the opinion that with consumers today exposed to choices in terms of new categories, new brands and new shopping options enabling them to seek more information in the crowded retail environment, it is a major challenge for private brand production companies. Also the price sensitivity is waxing and brand loyalty is waning. And the consumers, who once stuck to favorite branded retail goods, are now, willing to try local taste with high quality personal label products at an affordable price. This requires use of promotional schemes & purchase inducing factors which are the most essential in today’s market. Though this could not guarantee brand loyalty but at-least the customer will try the products and generate sales for the company.