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Journal of Business & Retail Management Research

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Objectives
The objectives of the JBRMR are to attract and publish theoretical, conceptual, and empirical manuscripts from academics and professionals from all disciplines regarding a wide range of contemporary issues in business and retail management. The aims of the journal are to disseminate knowledge; provide a learned reference in the field; and facilitate communication between academic and research experts, and executives.

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The readership for this journal includes academics, researchers, professionals, and executives engaged in business and retailing.
Journal of Business and Retail Management Research (JBRMR) Volume 6 Issue 2 April 2012

Editorial Comments
The current edition –Vol. 6, Issue 2- contains thirteen well researched and scholarly articles. In line with the Academy’s policy, they have all been selected such that there is dissemination of knowledge, both applied and theoretical. Like in previous issues, there are articles in this edition too which have themes that focus on somewhat uncharted but strategy-sensitive areas that should invite more attention in research. Of the thirteen papers, all are retailing related, excepting the last three which are interesting contributions to the world of business. Readers will find them of interest.

The opening paper titled “Boredom at the checkout: Causes, coping strategies and outcomes of Workplace Boredom in a Supermarket setting” by Sandi Mann focuses on the fundamental issue of organisational performance routed through the ever searching question of what ails an organisation. In a capitalist economy, the much disputed goal of a firm is still profit maximisation. In that context, since demand (and hence revenue) contains a speculative element no matter how much forecasting related research is done, the thrust is on cost minimisation. Although Adam Smith’s ‘division of labour’ was oriented towards this end, the real beginning as to how to cut costs down to improve organisational efficiency can be said to have started with FW Taylor - the guru of present day scientific management. Although his attempts inspired the practising managers, they have come under critical remarks, sometimes scathing, from many researchers in this that Taylor’s principles are too mechanical. The phenomenon of routine work and hence monotony has been observed in all these writings-from the principle of ‘Division of Labour’ down to the system of assembly line production resulting in apathy and non-involvement in the work place. The management has often ignored all this or has been too slow to react. That this would hamper productivity and efficiency of firms has been pointed out metaphorically in a most telling way viewing organisation as an iceberg in the works of Hellriegel et al in recent times –a ship sinks because of the vast iceberg under the sea that the sailors cannot see. They only see the tip. The behavioural issues resulting from boredom etc. can be related to the iceberg under the sea that the management fail to appreciate most often. Needless to say, these covert factors- attitude, behaviour etc.-have great implications for the organisations. Empathy related concepts/techniques like ‘Theory Z’, TQM or EQ have emerged as a result – showing the way forward to more of involvement of employees rather than less. The present paper is an interesting contribution in that direction. The author has carried out a questionnaire based study in a supermarket chain on boredom and hence the quality of life in the work place. The results show that boredom at work had serious consequences for some workers inching towards mental imbalance. The management must therefore look into the issue of job enrichment. “…better match between employee skills and abilities and the job tasks might help when coping with the more routine elements of the job” in a situation of what the author terms as work under load,
particularly in present harsh times. Further, attempts should be made to take care of ‘boredom proneness’ of employees right at the time of selection. Indeed, these negatives should not be allowed to accumulate. Unless taken care of at early stages, the organisations concerned might face unsavoury situations in industrial relations – something they would rather avoid.

The second paper by Shaw is about SMEs and their strategic position vis a vis the large firms.

In the world of business, it is now well accepted that SMEs, in many ways, provide better value to the society than their larger counterparts. Keeping this as the context, several strategically related issues have been woven together in this highly interesting paper titled “CSR, SMEs and Food Retailing”. They cover globalisation and its corollary in the shape of economics of large scale organisations, the issue of corporate social responsibility and the existence of SMEs for the many intangibles they offer apart from their economic appeal as employment providers. While globalisation, supported by big multinationals, has spread far and wide through the economies of scale route resulting in lower prices, its raison has been tarnished through many unethical practices by the participants in the globalisation process—labour exploitation for example. As the author notes “….the appeal of globalisation, with its vast corporations encircling the world in order to provide lower prices, has looked decidedly tarnished over the past few years”. Indeed, the management literature is now littered with failure stories of multinationals the world over- Enron, Tesco, BP, Shell and others. That way, globalisation is no longer an avowed for religion anymore. Indeed, in the USA, confidence in large organisations has been continuously on the decline and that rather alarmingly. As per the Harris Poll, while 55% of the population there had a positive image about them i.e. the large organisations in the 60s, the percentage was at a low of 17 in 2005. Another indicator of this negative image is provided by the Yankelovich Monitor through its question to the public – does business balance profit and public interest – and the ‘yes’ answer having fallen from a high of 70% in mid 60s to a low of around 30% by the end of the last decade. This apathy has led to an astonishingly high percentage of CEO time being spent on CSR activities to regain public sympathy. All these will tend to explain the attractiveness of SMEs on the whole. There is yet another angle to this – something unique to this group of organisations. Though they retain the price advantage through size, large scale organisations fail conspicuously to provide certain intangibles where low price is less of a consideration. In the author’s own words “If the shopper is willing to pay more than the minimum price, the relational marketers may well infer from this that this consumer is probably looking for other intangible quality attributes to the food they purchase, including environmentally sustainable production and socially responsible conduct by the retailer”. With this strategic advantage, the SMEs “…are able to define themselves themselves in terms of their beliefs, values, norms…Not only are these values explicit in the workplace environment but also in terms of their CSR strategies….emphasising their local connections and responsibility the communities within which they operate..”. The SMEs stand on their own in another area. The author’s research suggests that they are better placed in
providing food solutions to prevent some health related problems as well- obesity for example. Tuning in to the local characteristics by these organisations is the force of appeal where the multinational show poor results because of their inability to provide a personal touch to such issues. The result of all this is customer loyalty and sustained growth even when times are difficult. The author convincingly suggests that in providing to the needs of a large section of the populace, the SMEs in the food retailing sector stand a much better chance of success than large multinationals. And in spite of their financial discomfort, the SMEs have also been able to activate successfully their CSR initiatives. They are “...in a superior position ... to address local community concerns ...assimilating social responsibility into all core business activities”. The large corporations can only stand to benefit if the SMEs are made a part of their value chain – the author convincingly puts up a case for an overall win -win situation for both the parties from a strategy point of view.

The third paper by Mukherjee and Goyal examines the employment aspects in the context of the retail industry. Retailing has been a hotly debated issue in India for quite some time now, particularly with regard to the question as to whether to open the sector up for foreign competition or not. Ever since the economy was liberalised in the early 1990s, the world retail leaders have been very eagerly waiting for policy initiatives on this count. The industry that employs a staggering 35 million people and has a tiny 5% in the organised sector is too attractive a market to be missed out. Naturally, any entry of the likes of Wal-mart or Tesco would have serious consequences for the remaining 95% highly fragmented unorganised sector and the country as a whole in terms of job creation and job losses, the quality of labour required to run the organised sector (and the rather unlikely labour shortage for the unorganised sector). These are some of the issues investigated by the authors their paper “Employment conditions in Organised and Unorganised Retail: Implications for FDI Policy in India”. The objectives of the study are threefold – evaluating job creating potential in both the sectors of the industry but more particularly in the organised sector, quality of employment in them and the future of the industry in terms of employment. The investigation involved 500 retail employees and employers. Several of their- the authors’- observations are worth noting. First, the authors suggest that although total employment in the industry is recorded as 7% of the workforce, the actual figure was likely to be much higher because of the high probability of the existence of disguised unemployment as is often evidenced in developing countries-a result of perfectly elastic supply of labour. Secondly, since labour laws are mostly irrelevant for the unorganised labour, workers are vulnerable and are subject to exploitation. Because of the observance of labour laws in the organised sector, employment conditions would be much better there and hence the non-existence of disguised unemployment. Thirdly, the unorganised sector would have too many intermediaries – an anti-thesis of the organised sector characterised by an effective and efficient supply chain management devoted to the cause of consumer interests. The issue of quality of employment is, therefore, of great importance to the industry. This is important because the incidence of high quality
employment makes a nation more competitive. This, in turn, can happen upon the creation of skill in the workforce. This is reflected in the fact that organised sector retailers in India employ diploma holders as workers. That way, a very fast modernisation programme in the industry might experience labour shortage – a scenario not unanticipated by the Nobel laureate W. Arthur Lewis in his famous paper “Economic Development with Unlimited Supply of Labour”. Pointedly, skill creation takes time. Further it is a matter of attitude that does not change overnight – a very important lesson in development economics. The authors further observe that because of the country’s high trajectory of growth, there would be expansion in both the sectors and this would impact the overall demand for labour. However, “Most unorganised retailers do not seem to be adversely affected by retail modernisation...” the authors have noted. They further make the point that there should be more phased entry of multi brand retail allowing sufficient time for skill development. They also make a very valid point that labour laws should be changed/modified to create the scope for rotational employment thereby giving a philip to employment generation over all.

Inventory and logistics management form the core of discussion in the fourth paper by Ranjan and Puri. Corporate communication experts would know how difficult it is to build up a corporate image that remains positive over time. Just one-time effort would not pay any dividends. Continuous and conscious efforts have to be there as an organisational strategy to remain competitive. When the strategy is successfully executed, customer loyalty is assured and this remains in place in spite of occasional operational hiccups. These and other associated issues are examined in the context of India’s retail industry by the authors in their paper titled “Out of stock conditions affecting customer satisfaction and customer loyalty”. Being a low margin industry with the spectre of fierce competition all around, retailing remains particularly vulnerable to the effects of discontinuous customer loyalty. As the authors point out, customers will be loyal only when they are satisfied with their shopping and their satisfaction would be consequent upon their experience and all these must be built into the organisational strategy. Besides, because of a long array of linkages – backward and forward (to borrow the terminologies from by Albert Hirschman)- success in retailing is subject to how effective and efficient the supply chain management is. Inventory management is intricately connected with this and the authors have gone into some details as to how stock conditions become a variable in the realm of customer loyalty. In the India specific situation, the authors have rightly contended that because of the country’s achieving a high growth trajectory, retailing as an industry has assumed great importance because of its potential in generating economic wealth. Though currently at a low base, organised retailing is likely to grow very rapidly – some estimates even quote a CAGR of 40%. As this industry passes from traditionalism to modernity and as customers are confronted with more choices and alternatives, organisations have to have a strategic vision to retain a loyal customer base, more so when the power of information technology creeps into the industry that is characterised by a large customer base. As the
authors maintain “In the retail industry, customer experience, satisfaction and service are going to become the limiting differentiators. Increasing competition is creating pressure on retailers to improve both inventory turnover and customer service... Retailers need to have excellent supply chain management (SCM) in place... (and) IT is the backbone of a great SCM”. The study looks extensively into the issue of stock management and suggests that the inventory system should be scrutinised from a cost-benefit angle. As previously noted, the corporate image to the retailer should be of critical importance and so should, logically, be the logistics management to support that. Although in certain conditions, stocking less could yield more profit, yet to universalise that approach would basically be short termism from a strategy point of view. “Clearly”, the authors rightly contend “there is a minimum out of stock rate where (the) cost to reduce (it) further is more than the benefit to a retailer”. In the end, the study also points that no industry will be at its best on a stand-alone basis. In times of increasing competition, industrial inter-dependence should be the order to create a competitive edge and not industrial independence. That way, technology is a sine-qua-non for industrial and hence economic growth. The relevance of IT in retailing has been noted above to support this view.

The fifth article by Lara Penco also examines the logistical issues in retail industry through a case study in Italy.

In order to remain competitive, industries and hence the organisations within them have to change and evolve over time because of the pressures brought on them by the external forces. The systems and the subsystems that comprise an organisation have, accordingly, got to be reengineered in consonance with the dictates so created, particularly in the growth phase. The changes need to be such, even if substantive, because resource utilisation has to be optimised. In many cases, scale economies will follow (through the M&A route for example) with the result that consumers will have the benefit of lower prices consequent upon cost reduction possible throughout the production-distribution-consumption continuum. The paper titled “The Evolution of Retail Logistics in Italy. The Case of Coop Italia” reflects on this scenario through a case study in the Italian grocery industry. Given the characteristics and uniqueness of the retailing industry, production but more particularly the distribution channel remains highly vulnerable to inefficiency. This calls for an effective and efficient logistics management so that consumers do not lose out because of non-standardised and non-centralised distribution system. This will also will impact the balance of relationships between the manufacturer and the retailer and hence the bargaining power of either side. The author’s work suggests that retailing in Italian conditions stands to benefit considerably because of the phenomenon of market fragmentation and the slow progress of performance oriented and innovation driven distribution system. The case study investigates how logistics reengineering translates itself to a more efficient supply chain management bringing in benefits to the industry and hence to the society at large through the creation of competitive edge at the industry level and hence at the national level as well. The author rightly points out that such development “…needs the collaboration of all the manufacturers such that all the agents co-ordinate their delivery
operations…” to bring about “…cost cutting and hence enhancing consumer service”. (Interestingly, such phenomena became quite visible in the UK with the development of infrastructure along the England - Scotland motorway corridor). Case studies of this nature have obvious lessons to be learnt by the industry operators.

The sixth paper by Ravi Kiran and Deepika Jhamb is about the development of retail formats in India, Punjab in particular. Shopping is an experience and this is what consumers look forward to when they go to plazas and malls – the present day structures that house the modern versions of retail outlets. It is but obvious that this experience is translated into value for money including other parameters like product quality, service standard etc. This is the central focus of this article titled “Emerging retail formats of Punjab in India: A retailers perspective” where they examine in detail the two pillars namely product attributes including price, quality etc. and store attributes like ambience, location, working hours, service etc. in the context of what many observers believe retailing to be almost like a revolution in India. The field study was carried out in the Punjab state of India. The focus was, as the title suggests, on how the retailers have to be preparing themselves to have a successful business. The Punjab state in north west India is one of the most prosperous states in India. Often noted as the Ukraine of India, the state boasts of a very high per capita income of its citizens and a growing middle class. This generates a high degree of interest amongst the major retailers of India including Reliance, Piramal and Tata amongst others. The study notes that the consumers have been seen to be more interested in the quality and proper display of products as major product attributes and convenience and long working hours as major store attributes. Although regional differences in customer preferences must not be overlooked, the findings of such studies do provide insights as to where to focus in developing actionable and hence effective marketing strategies not only for the existing businesses but also for prospective new entrants.

The next paper, seventh in the series, by Shamsher and Chowdhury titled “Relationship of demographic characteristics with purchasing decision involvement: A study on FMCG laundry soaps” concerns the highly researched area of consumer behaviour that relates to retail sales of finished consumer goods in the FMCG category. The question is – what are the factors that influence this behaviour and is this influence uniform across all products or are there variations and if so, how these variations are to be explained. It can be hypothesised that the low priced products (falling in what an economist would call the inelastic range of the demand curve) would have low involvement of consumers in decision making, keeping all other factors constant. For a marketing executive though, these other factors need careful consideration. In that context, the present study looks at the case of low involvement laundry soaps in the FMCG category that need frequent replenishing because of their being necessities and examines the influence of demographic factors – gender, age, occupation and income in purchase decisions. The findings, though restricted to the city of Chittagong, a
metropolitan city in Bangladesh, would provide valuable inputs to the multinationals in marketing these products in other places also with similar cultural background.

The eighth article by Jain examines consumer behaviour from the psychological angle. The nature of retail industry is such that it allows fierce competition to prevail. The result is that profit margin in the industry is rather on the lower side compared to other industries. While competition generates good value for money for the consumers, it also weeds out inefficient operators and creates the ground for the emergence of oligopolistic market structure as the experiences of industrialised and emerging economies show. Under the circumstances, the firms have to be highly strategy oriented in matters pertaining to CRM to address the pertinent question – how to attract customers and retain them. And this cannot be achieved without going deep into the purchase behaviour of consumers. This forms the basis of investigation in this paper by Jain titled "The Psychology of Consumer Behaviour for Retail Sector - An Indian Perspective". The Indian retail industry, contributing 13% to GDP, employing 15% to employment, dominated by food and grocery and supported by a vast middle class, offers great opportunities to the existing businesses and prospective new entrants. The investigation focused on three areas namely customer characteristics, their perception about organised and unorganised retailers in terms of functional benefits (discounts, courtesy from sales personnel, credit facilities, home delivery etc.) and preference for retailer type to shop. The findings, according to the author, seemed to suggest “....that actual choice of the retail format was decided by factors other than functional benefits..” and could include situational factors like sales promotion, product availability, opinion of relatives etc. Another point that the author would like the readers to look into is this “.....that they (the customers) purchase from more than one outlet despite having preference for a particular type of retail format” which again point to the importance of situational factors. The author suggests that more such studies needed to be taken up to establish more firmly the factors that have a greater bearing on purchase behaviour.

The ninth paper by Ramesh discusses brand building – an activity so essential for organisations to survive. Differentiation is critical to the creation of competitive advantage in businesses in general retailing included. This can be achieved through product features or service quality parameters. That differentiation pays off and that firms adopt this as a strategy to succeed in business goes back to the early 1930s when firm behaviour was subjected to investigative research by scholars of the likes of Edward Chamberlin and Joan Robinson. However, that remained focused primarily to physical aspects of products. In later years, with the spread of organised retailing, customer satisfaction became critically important to ensure business success so that the retailers were concerned both with product features and service quality as sources of differentiation and as a pathway to brand development. These are the issues addressed to in the paper by Ramesh titled “Brand building measures for organized retail outlets: an empirical study”. The author mainly used secondary research and also an exploratory pilot study to provide strategic inputs to retailers in their task of brand building. Several interesting points
have been highlighted including the soul searching views of a former CEO of P&G. Those views include very importantly the internalisation of empathetic personal relationships practised within the confines of the shop floor and extending that into behavioural expressions when dealing with customers. In other words, people centric attitude of the organisation needed to be upheld so that the attitude and the brand could go together. Secondly, quantity is important but should not be an end in itself. The end must be quality oriented in the long run but not putting quantity aside. In other words, short termism, while important, should not overwhelm long term perspectives. Thirdly, the author quotes the thought provoking observation of the CEO “what we find with the strongest brands is that they have strength and competitive advantage in emotional areas that drive brands”. Fourthly, the needs and expectations of target customers must get due attention and the retailers’ marketing activities must be centred around them and brands have to have “proximity to customers”. The author notes that field studies covering these aspects would pay dividends.

In the tenth paper “Retailing Trend and Retailers Perception: A Study on Pharma Industry”, authors Sulaiman and Balakrishnan examine, as the title suggests, the application of retailing principles to an important industry in the Indian context – the pharmaceuticals, the investigation having been carried out in the state of Tamil Nadu. Interviews were carried out on a sample of 600 retailers in the state. The results bring out some very important facts that needed attention. They include the lack of proper development programmes for those in the business. There is no mechanism to make them aware of the changes taking place in and around the industry for them to be able to compete effectively. The development of competitive rivalry, to take a lesson from Porter, was rather nascent. The firms lacked focus on such parameters as “…price, margin, subsidies, tax concessions, loans and credit policy…”. The interest of the industry needed to be scrutinised so that the full potential of the industry was yet to be realised. The study further suggests that the businesses themselves did not have the resources to train their manpower and hence “…the human resource development in pharmaceutical retail must be placed before educational planners”. This would not only help the businesses to upgrade themselves but would also would take care of customer aspirations that come with changing lifestyles consequent upon rising incomes.

The eleventh paper, second of a two part article, in this series “Hairdressers in the UK: Time to Regulate the ‘Candy Floss Profession? attempts at regulation – or at the very least, at registration” by Sears is about an industry whose services we use frequently in our daily lives and yet we have little knowledge about it, the hair dressing. Part one of the paper was published in the Oct 2011 edition of this journal and it gave an account of the historical evolution of the profession, noting that the profession did not require compulsory registration. “In the UK, anyone is free to practise as a hair dresser without registration, qualification, even without proper training. In short, hair dressing is totally unregulated. This…amazes consumers” notes the author. The idea behind registration, of course, is to have standards established for those practising the profession rather than the consumers being served by “unqualified, untrained and incompetent hairdresser. It
is not that attempts have not been made to bring this profession in line with others. Way back in the late thirties, the author reminds his readers, the position of the government was not sufficiently in favour of a bill. “…claims of danger in unhygienic conditions… (claims of) untrained, unregulated hairdressers were exaggerated”. The rulings were, as quoted by the author, “…we are not satisfied that there is any sufficient public interest at stake to justify the stringent statutory restrictions on the right to practise this ancient craft”. Later, another attempt was made to pass a bill that “…will have a direct bearing on the health of the people” but it failed- the war being there. Post war, again, bills had been placed but were faced with apathy. In the 1960s, the status quo prevailed “…market forces are a sufficient regulator” was the observation. The situation has not changed much. And the author reminds us all “…injuries, suffered by…clients are real, serious, and in some case, permanent” and “..regulation, or at the very least, registration, is long overdue”. The importance of such well researched contributions should be appreciated because they raise public awareness in areas where the government fails to take proper initiatives.

The penultimate article by Das discusses the role that innovation plays in giving businesses a competitive edge. It has long been established that the survival and growth strategies of organisations have to embrace innovation, particularly in economic systems where capitalism has an upper hand. Innovation is the pathway to develop competitive advantage for a firm without which exit is the sure outcome particularly when times are difficult. This is the central message in this article titled “Walking innovation landscape”. It has very rightly been noted “…companies need to look for newer means of value creation without carrying much baggage from the past”. And in doing so, the organisations must always be open to new ideas as the external environment is a dynamic phenomenon. What is happening there must be properly diagnosed to identify the constraints that might hold up further progress. It would be difficult to tide over the difficult situations without being innovative and without reengineering business processes. Just pumping in more money to hold on to status quo might merely have a temporary effect because the root problem of a falling market share, for instance, might lie elsewhere. It is rather an unfortunate assertion that management often becomes too rigid when the question of ‘change’ confronts them. The author quotes several examples where newer and innovative products - hybrid cars, micro finance for example- are causing headache to organisations still glued to traditional methods of production; and this at a time when information and the technology that goes with it is playing an increasingly crucial role in everyday life. The paper thus provides interesting insights for organisations eager to do things new thereby enabling them to perform better in terms of the businesses they are in.

In "Willing suspension of disbelief: Implications for marketing", last article in this edition, the authors Kalla and Arora first take us to the world of literature and then help us to descend to the real world - the world of business. First about their thoughts on literature. Many of us will have gone through this experience that the quality of, say
a drama, is such that we become at one with what is happening on the stage - sharing the anger, the sorrow, the despair and other emotions engulfing the lives of the actors in the scenes. It is almost hypnotic but the person thus hypnotised must have been ready for this state of mind - otherwise this cannot happen with someone always remaining cautious and conscious not to pass into that state. The Aristotelian statement also finds expression in our buying behaviour as the authors rightly contend. Consumers are people with passion and this gets reflected sometimes in the way they behave. As they are confronted with the constraint of limited resources in the face of insatiable demand, the question of choice appears before them as to what to buy and what not to buy (case for the so-called opportunity cost). That way, consumers are shown to be rational people reflecting the logicality of their decisions. However, economists also use what is known as the ‘law of large numbers’ to highlight that there is likely to be a minority of people who might behave otherwise - not according to norms. In marketing terms, the phenomenon referred to as impulse buying, has important strategic considerations. These are the issues examined in the paper – the focus being on those consumers who get mesmerised by the appeal of items in the market place and feel the urge to buy them not supported by a rational decision making process. There are …blurred boundaries between thought and action and yet indulging into buying and making an allowance for emotions to dominate the buying process”. The authors suggest that there is scope for investigating the phenomenon further so that marketing executives could take decisions befitting the situation.

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Boredom at the checkout Causes, coping strategies and outcomes of Workplace Boredom in a Supermarket setting

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Key Words
Boredom, boredom proneness, workplace emotions

Abstract
The current study explores boredom within the context of a retail environment in order to explore ways in which the experience of workplace boredom can be managed. The questionnaire-based study of 117 employees of a national supermarket chain found that although only 17% of participants experienced chronic boredom at work, 40-50% claimed that workplace boredom leads to potentially serious consequences such as making mistakes or leaving their jobs. Multiple regression analysis suggests that routine is the biggest contributor to workplace boredom, followed by the personality trait of Boredom Proneness. Implications for retail organisations are outlined.

Introduction
Contrary to popular wisdom, boredom is not the result of having nothing to do. Rather, boredom stems from a situation where none of the possible things that a person can realistically do appeal. This renders the person inactive, and generally unhappy. For most people, boredom is a negative experience; even described in one study as ‘an extremely unpleasant and distressing experience’ (Martin et al. 2006, p.193).

Some researchers have attempted to define boredom although there is no real consensus. What is agreed about boredom is that it is a ‘complex phenomenon’ (Martin et al. 2006 p.196). Pekrun et al. (2010) describe it as ‘an affective state composed of unpleasant feelings, lack of stimulation, and low physiological arousal’ (p. 532). Lack of external stimulation leads to increased neural arousal in search of variety – failure to satisfy this leads to experience of boredom. There is little consensus as to whether boredom is an emotion, state or a trait. Many argue that boredom is a distinct emotional state leading Fisher, one of the forerunners in boredom research, to define boredom as ‘an unpleasant, transient affective state in which the individual feels a pervasive lack of interest in and difficulty concentrating on the current activity....[such that] it takes conscious effort to maintain or return attention to that activity’ (Fisher 1993, p.396).

Boredom at work
Early studies into workplace boredom focussed on the idea that boredom is caused by low external stimulation such as monotonous work (O’Hanlon 1981) which
led to a plethora of studies in jobs requiring vigilance or repetition. Thus, workplace boredom has been studied in the context of a limited range of tasks such as mechanical assembly, vigilance tasks and continuous manual control. Professions studied include drivers (Heslop et al 2010), manual workers (Branton 1970), government clerks (Dyer-Smith and Wesson 1997), assembly autoworkers (Grubb 1975), clerical employees (Lee 1986), long distance truck drivers (McBain 1970) and repetitive press-operators (Hill 1975). More recently, research has begun to diversify into those jobs that are less likely to have those elements of routine and repetitiveness that so characterised the early research. It is acknowledged now that “boredom has a permanent seat in many workplaces, no matter the level of employee” (Joyce, 2005 p.2).

Boredom has been associated with a range of negative outcomes at work including poor performance at work (Vodanovich 2003), correlations with anger (Vodanovich 2003), accidents (Branton 1970, Drory 1982), absenteeism (Brisset and Snow 1993, Saito et al 1972), more errors (Cox 1980, Drory 1982, O’Hanlon 1981), stress, increased risk taking/thrill seeking (Hamilton 1983, O’Hanlon 1981, Orcutt 1984, Wasson 1981, Zuckerman 1979), sleepiness (Grose 1989), stress-related health problems e.g. heart attacks (eg Alfredsson et al 1982), job dissatisfaction (Caplan et al 1975) and property damage (Drory 1982). Some of these consequences are clearly symptoms of the boredom experience; accidents, mistakes, sleepiness etc are all the result of being unable to sustain attention. Other consequences are a result of the ways that individuals try to cope with their boredom; these coping strategies can be classified into two categories: (1) refocusing attention on the task and (2) seeking additional stimulation.

** Causes of workplace boredom

There are two main categories that are thought to cause individuals to experience boredom in the workplace: these are task/work environment effects and person effects.

**Task/environment effects:** This category is concerned with the nature of the job itself. Tasks which are high in skill variety, task identity, task significance, autonomy and feedback are thought to produce less boredom (Hackman and Oldham 1980). For example, one study found that 55% of boredom incidents were due to quantitative underload (Fisher 1987). More recently a study by the Teacher Training Agency in the UK in 2004 in which 28% of employees claimed to be bored with their jobs, found that the most common reasons given by respondents to explain why their jobs were boring were to do with the nature of their job; lack of job challenge, not using skills/knowledge and routine in their jobs were the top causes for being bored.

**Person effects:** The tendency to be easily bored has been viewed as a personality characteristic that differs from person to person (Harris 2000) and this tendency has been termed Boredom Proneness. Farmer and Sundberg (1986) developed the Boredom Proneness Scale and since then, a large number of studies have been carried out to examine the psychological correlates of the boredom-prone individual. Research has found, for example, that individuals scoring higher on ‘boredom proneness’, are more likely to be impulsive (Watt and Vodanovich 1992), less vigilant (Sawin and Scerbo 1995) and less sociable (Leong and Schneller 1993).
**Current Study**

The current study aims to examine the experience of boredom in a specific retail setting, the supermarket, in order to better improve motivation and engagement of employees; frontline employees who are engaged and enthusiastic are more likely to encourage customer loyalty and perceptions of quality (Lemmink and Mattsson 2002). Previous researchers have suggested that employers in the retail sector should ‘train employees to deal with emotions and learn empathic behaviors’ (Lemmink and Mattsson 2002) and it is hoped that the current study will go some way towards this aim in dealing with employee boredom. A qualitative pilot study in which employees were asked qualitative questions about their experience of boredom, was used to develop the survey items for the current study (Mann 2006). The aim of the current study is to examine the causes, coping strategies employed, and outcomes of boredom at work within supermarket employees.

**Method**

**Participants**

117 employees of a national supermarket chain in the UK were recruited for this study. The researcher pledged anonymity to the participating retail group in return for access. 59% of participants were female and 41% male. Their job roles included General Assistant, Customer Service Assistant and Checkout Operator.

**Materials**

A questionnaire was devised to measure the causes, consequences and moderators of boredom.

*Causes: (work environment effects):* This section was concerned with measuring ‘work environment effects’ and this consisted of a list of possible work environment effects that may contribute to workplace boredom, such as those to do with other people, work overload, work underload etc. Respondents were asked to select those items, from a list of eleven, that they feel contribute to their feeling bored at work.

*Cause (person effects):* The second ‘cause’ section of the survey was designed to measure the individual difference Boredom Proneness as a possible contributor or moderator of the experience of boredom. The scale used was Farmer and Sundberg’s 1986 Boredom Proneness Scale which consists of 28 items that require a true/false response. The range of possible scores was 0-28, with higher scores indicating higher boredom proneness.

Many studies have documented the psychometric properties of the BPS which generally yields reliable scores (e.g. Vodanovich 2003). Farmer and Sundberg (1986) reported the internal consistency of the scale to be .79. Similar reliability estimates, ranging from .72 to .77, have been found by other researchers (see Vodanovich 2003 for review). In addition, the temporal stability of the BPS has been assessed in several other studies. For instance, the test-retest reliability of the scale has ranged from .79 to .91 across time intervals of between 1 to 3 weeks (Farmer & Sundberg, 1986; Vodanovich 2003).
Coping strategies: This item asked participants “What do you tend to do to try to combat any boredom you might feel at work?” with a list of 12 possible coping strategies to select from. The 12 items were based on items generated in the pilot study (Mann 2006). Some of these items could be classed as refocusing activities such as taking a break (allowing fresh focus after the break) or thinking (if it is about the task). Other strategies are more stimulation-seeking, such as doodling or daydreaming.

Short-term Consequences: This was measured with the item, ‘Imagine that you have had a really boring day at work. What might you do when you get home (that you might not do after a more fulfilling work day)’. Respondents were given a list of 14 possible options, some of which were ‘negative’ (e.g. smoking, or drinking alcohol), but some of which were ‘positive’ (such as do something creative or drive more carefully).

Longer-term Outcomes: Longer-term consequences or outcomes of being bored at work were measured in a question, asking, ‘What are the consequences of being bored in your job?’. This was designed to tap into more general, longer-term consequences of being bored, such as causing mistakes or accidents at work or leaving the job. 11 items were listed.

Other items: Other items on the survey asked for gender and a general Likert measure of workplace boredom: ‘Do you ever feel bored at work?’ with responses ranging from ‘never’ to ‘all the time’.

At the front of the survey was a briefing sheet containing instructions for completion and at the end a debriefing sheet with contact details for more information.

Procedure
A number of UK retail organisations were approached, using convenience and opportunity sampling techniques. One national retail group was recruited and the questionnaires were sent to the occupational psychology section of the retail group; the questionnaire was put into a ‘house’ style appropriate to the organisation and mailed to section heads around the UK. Section heads distributed the surveys in hard copy format to employees who were asked to complete them. 150 were sent out from the occupational psychology department and 117 were returned via section heads.

Results
The data was analysed using SPSS.
How often are they bored at work?
17.1% of respondents reported being bored at work quite often or all the time, with 39% only sometimes bored and 43.8% claiming to be rarely or never bored.

Coping strategies
The most popular responses to the question of what people do when they are bored, is ‘think’ with 54% of respondents selecting this and ‘chat with colleagues’ (53%). Other common responses are ‘take a break’ (34%) and daydream (33%). Other strategies include having a drink (16%) or doodling (12%) and eating (9%).
**Short-term consequences of being bored at work**

The most common popular consequence of experiencing a boring day at work is to watch TV with almost half of respondents doing this. Other common consequences are seeking stimulating people to talk to (e.g. going to the pub) with 34%, taking a bath (27%), drinking alcohol (27%) and going to bed early (26%). Less common strategies were doing something creative (19%), smoking, taking exercise or arguing with a partner (all 15%) and driving more recklessly (9%).

**Longer –term Outcomes of being bored at work**

The most common longer-term consequences of being bored in their job selected by respondents was that it causes them to ‘lose concentration’ (57% of respondents selected this) and to ‘make mistakes’ (56%). 40% of respondents felt that their boredom at work might lead them to consider leaving their job, whilst 26% felt that their workplace boredom caused them stress. For some, there were positive consequences; 20% felt being bored helped them come up with new ideas.

A new variable was created in order to classify boredom scores as high (scores of 1 or 2) or low (scores of 3-5). This allowed Chi-squared tests to be performed in order to ascertain if there are significant differences between numbers of respondents from the high and low boredom groups who admit to various outcomes of being bored at work. None of the Chi-squares were significant except for one variable. Significantly more people from the ‘high bored’ group indicated that ‘workplace boredom leads me to seek more stimulation outside of work’ than from the ‘low bored’ group; \( x^2 (1, N=105) = 4.22, p<0.05. \)

**Causes of boredom: work environment**

The most common aspect of the work environment that is likely to contribute to workplace boredom is repetitive work (58%) followed by routine (48%). Over a quarter of respondents cited not having enough work to do, restrictions on talking, not needing to think much and having little control over what tasks they do or how they do them, as aspects of the work environment likely to induce boredom for them. Slightly fewer (22%) claimed that their boredom was caused by not having enough to do of interest or the work not being demanding enough.

**Causes/Moderators of Boredom: Person Factors (Boredom Proneness)**

The mean BP score was 10.44 with a standard deviation of 4.5. The range was 1-22 with a mode and median of 11. The cases were split into low and high BP groups such that those scoring 11 or below were classed as low BP and those scoring above 11 classed as high BP. 70 cases (60%) fell into the low group and 47 cases (40%) in the high group.

A Pearson’s correlation conducted on BP and the ‘bored at work’ item revealed an r of -0.493 (p<0.01) which suggests that as BP scores go up, boredom scores go down. As lower boredom scores indicate greater boredom (ie the closer to one), this suggests that the more boredom prone an individual, the more they claim to be bored at work.
27.5% of respondents in the high BP group claim to be bored quite often or all the time, compared with only 10.8% of the low boredom prone group. The mean and SD of boredom score for the two BP groups is shown in Table 1 below:

**Table 1: Mean and SD of Boredom score for low and high BP groups**

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>High BP</td>
<td>2.95</td>
<td>0.845</td>
</tr>
<tr>
<td>Low BP</td>
<td>3.6</td>
<td>0.897</td>
</tr>
</tbody>
</table>

An Independent t-test was conducted on the boredom score for the two groups. The results showed a significant difference between the two groups (t = -3.68, p< 0.005) with the means showing that high BP group reported higher levels of overall boredom at work.

**Effects of BP on coping strategies and consequences**

The low and high BP groups were compared in terms of the short-term strategies/coping responses selected and independent t-tests indicated that there were no significant differences between the two groups except for daydreaming whereby the high BP group was more likely to daydream than the low BP group (t = 2.1, df = 87.7, p<0.05).

In terms of short term consequences of boredom, independent t-tests show that there are significant differences between high and low BP groups for three consequences; exercise, sleep and reckless driving. Significantly more respondents in the high BP group indicated that they slept more and that they drove more recklessly following a boring day at work (than they would after a less boring day at work) compared with those from the low BP group. For exercise, however, an examination of the mean scores for each group shows that significantly fewer respondents from the high BP group (mean 0.06) indicate that they exercise after a boring day at work compared with those from the low BP group (mean 0.2). These results shown in Table 2.

**Table 2: Mean scores for low and high BP groups for consequences of boredom and the independent t-test results.**

<table>
<thead>
<tr>
<th>Consequence</th>
<th>Low BP mean*</th>
<th>High BP mean</th>
<th>T-test result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sleep</td>
<td>0.2</td>
<td>0.4</td>
<td>t= 2.6, df = 115, P&lt;0.05</td>
</tr>
<tr>
<td>Reckless driving</td>
<td>0.04</td>
<td>0.14</td>
<td>t=2.03, df = 115, p&lt; 0.05</td>
</tr>
<tr>
<td>Exercise</td>
<td>0.2</td>
<td>0.06</td>
<td>t=-2.2, df = 115, p&lt;0.05</td>
</tr>
</tbody>
</table>

*Range = 0-1 where 1 indicates that agreement that this strategy is undertaken.

With outcomes of workplace boredom, there is only one out of the list of 11 consequences in which there is a statistically significant difference between the low and high BP group. Significantly more members of the high BP group (mean = 0.36) indicated that a consequence of being bored is that ‘being bored causes me stress’ than those of the low BP group did (mean = 0.18). Here, t=2.16, df = 115 and p< 0.05.
Influence of BP on other causes of workplace boredom (work environment)

In terms of the work environment, four out of the 12 sources of workplace boredom show effects of boredom proneness. These are ‘there is not enough to do that interests me’, ‘the work is routine’, ‘the work is repetitive’ and ‘I don’t need to think much’. In all cases, significantly more of the high BP group indicated that these were causes of workplace boredom than the low BP group (see Table 3).

Table 3: Mean scores for low and high BP groups work environment as a cause of boredom and the independent t-test results

<table>
<thead>
<tr>
<th>Cause</th>
<th>Low BP mean*</th>
<th>High BP mean</th>
<th>T-test result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not enough that interests</td>
<td>0.14</td>
<td>0.34</td>
<td>T=2.56, df=115, p&lt;0.05</td>
</tr>
<tr>
<td>Routine</td>
<td>0.35</td>
<td>0.65</td>
<td>T=3.33, df = 99.3, p&lt;0.005</td>
</tr>
<tr>
<td>Repetition</td>
<td>0.5</td>
<td>0.7</td>
<td>T=2.19, df=115, p&lt;0.05</td>
</tr>
<tr>
<td>Don’t need to think</td>
<td>0.18</td>
<td>0.38</td>
<td>T = 2.4, df = 115, p&lt;0.05</td>
</tr>
</tbody>
</table>

*Range = 0-1 where 1 indicates that agreement that this is a cause of boredom

Multiple Regressions

A forward stepwise multiple regression was conducted (due to the exploratory nature of the study) with ‘experience of boredom’ as the criterion (dependent) variable and the causes of boredom that were selected by more than 25% of respondents; repetition, routine, not enough to do, restrictions on talking, no thinking required, no control over job tasks and being over skilled for the job. Overall boredom proneness scores were also put into the model as a predictor. Before this was performed, a correlation matrix (see Table 4) was produced between these variables to check for multi-collinearity.

Table 4: Correlation Matrix

<table>
<thead>
<tr>
<th></th>
<th>Repetition</th>
<th>Routine</th>
<th>Not enough to do</th>
<th>Restrictions on talking</th>
<th>No thinking required</th>
<th>No control</th>
<th>over skilled</th>
<th>Boredom proneness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repetition</td>
<td>.56*</td>
<td></td>
<td>-.07</td>
<td>.23 **</td>
<td>.28**</td>
<td>.19**</td>
<td>.24*</td>
<td>.25*</td>
</tr>
<tr>
<td>Routine</td>
<td>.56*</td>
<td>.01</td>
<td>.08</td>
<td>.25**</td>
<td>.36*</td>
<td>.34*</td>
<td>.23*</td>
<td>.36*</td>
</tr>
<tr>
<td>Not enough to do</td>
<td>-.07</td>
<td>.01</td>
<td>.08</td>
<td>.14</td>
<td>.14</td>
<td>-0.05</td>
<td>.06</td>
<td></td>
</tr>
<tr>
<td>Restrictions on talking</td>
<td>.25**</td>
<td>.08</td>
<td>.16</td>
<td>.26**</td>
<td>.12</td>
<td>.21*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No thinking required</td>
<td>.28**</td>
<td>.37**</td>
<td>.14</td>
<td>.16</td>
<td>.37**</td>
<td>.22**</td>
<td>.31*</td>
<td></td>
</tr>
<tr>
<td>No control</td>
<td>.19**</td>
<td>.34*</td>
<td>.14</td>
<td>.26**</td>
<td>.37</td>
<td>.22**</td>
<td>.15</td>
<td></td>
</tr>
<tr>
<td>over skilled</td>
<td>.24**</td>
<td>.23**</td>
<td>-.05</td>
<td>.11</td>
<td>.22**</td>
<td>.22*</td>
<td>.21*</td>
<td></td>
</tr>
<tr>
<td>Boredom proneness</td>
<td>.25</td>
<td>.36*</td>
<td>.06</td>
<td>.21*</td>
<td>.31*</td>
<td>.15</td>
<td>.21**</td>
<td></td>
</tr>
</tbody>
</table>

*P < 0.005, **p < 0.05

A significant model emerged: F (4,100) = 9.97, p<0.0005. Four of the 8 predictor variables were entered and the model explains 42% of the variance (Adjusted R² = 0.44).
Table 5 shows the information for the predictor variables that were included in the model.

**Table 5: Multiple Regression Model**

<table>
<thead>
<tr>
<th>Step</th>
<th>Variable</th>
<th>Beta</th>
<th>$R^2$</th>
<th>$R^2$ change</th>
<th>$T$</th>
<th>Sign t</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Routine</td>
<td>-.33</td>
<td>.27</td>
<td>.27</td>
<td>-3.9</td>
<td>&lt;0.0005</td>
</tr>
<tr>
<td>2</td>
<td>BP</td>
<td>-.34</td>
<td>.37</td>
<td>.11</td>
<td>-4.2</td>
<td>&lt;0.0005</td>
</tr>
<tr>
<td>3</td>
<td>Not enough to do</td>
<td>-.2</td>
<td>.42</td>
<td>.05</td>
<td>-2.6</td>
<td>&lt;-.05</td>
</tr>
<tr>
<td>4</td>
<td>No control</td>
<td>-.17</td>
<td>.44</td>
<td>.02</td>
<td>-2.1</td>
<td>&lt;0.05</td>
</tr>
</tbody>
</table>

The multiple regressions shows that routine contributes most to experience of boredom as it accounts for 26.8% of the variance. The inclusion of BP in step 2 resulted in another 10% of the variance being explained, whilst the addition of ‘not enough to do’ in Step 3 only explained an additional 4% of the variance. Model 4 added ‘control’ which accounted for a further 2% of the variance.

**Discussion**

The findings suggest that employees within the retail sector have a somewhat contradictory attitude towards boredom. On the one hand, only 17% claim that they experience frequent boredom (defined as quite often or all the time) which seems to be good news for the retail industry. However, these cheering findings must be examined in the light of longer-term outcomes of being bored at work that this research has uncovered. Although the numbers claiming to suffer from chronic boredom are relatively low, much higher numbers of respondents claim that there are worrying consequences of being bored in their job. Over half claimed that being bored leads them to lose concentration and make mistakes, whilst 40% of respondents felt that boredom at work might lead them to leave their job which concurs with previous research suggesting that dissatisfied staff are more likely to leave the organisation (e.g. Hendrie 2004).

It might have been expected that there would be differences in these outcomes of boredom depending on whether the respondent considers themselves to experience high or low workplace boredom. It would seem logical to predict that those experiencing higher boredom would indicate significantly higher levels of outcomes of that boredom, but this is not the case (except for one item, ‘workplace boredom leads me to seek more stimulation outside of work’). A possible explanation for this finding could be that people underestimate their levels of boredom, for various social desirability reasons. Asking people how much they experience boredom at work may not yield totally truthful answers, especially when, as in this study, there may be worries about line managers viewing answers. It might be that the question asking about outcomes or consequences of boredom yields a more truthful, though less direct, picture of the amount of boredom really experienced.

Either way, boredom is clearly perceived to have a range of very negative consequences or outcomes for the majority of employees. However, positive aspects of boredom are evidenced in the findings too; 20% felt that being bored at work helped them come up with new ideas whilst 12% felt it made them more creative at work.
Positive consequences of boredom are often overlooked so these findings add weight to the argument that boredom is not always bad for us.

In terms of coping strategies, the current study adds to the body of knowledge about what people do to cope with boredom. Thinking is the most popular strategy with over half doing this. This is likely to be a refocusing strategy, helping to refocus attention onto the task at hand. Of course, it is not known what respondents are thinking about when they are bored and it is possible that they are thinking about matters unrelated to the boring task – but this thinking would fall outside the definition of ‘daydreaming’, which is a separate category. Even if the thinking is not directly related to the boring task, it could be argued that ‘thinking’ as such, is likely to be a positive coping strategy that could lead to constructive outcomes.

The next two most popular strategies were taking a break and daydreaming, each selected by a third of respondents. Taking a break can help refocus attention back to the task but is a strategy that may not be freely available to all within a supermarket setting. Only those with the ability to structure their own working day have the freedom to take a break from a boring task when they choose to do so. Daydreaming is, perhaps a more freely available technique and could be seen as seeking extra stimulation when a task is boring. It is interesting to note that 16% drink something like coffee as a means of coping with boredom; this could be both a refocusing and stimulation seeking activity. Caffeine is often perceived to be a stimulant and can thus be used in order to help refocus on a boring task. About one in ten respondents eat something like chocolate as a means of coping with boredom and it is hard to see this as anything other than a negative strategy. Eating when bored, especially fatty or sugary snacks, is potentially an unhealthy way of coping.

Short-term consequences of boredom, ie what people are likely to do after a boring day (that they would not do after a less boring day) can also be either positive or negative. Positive consequences such as ‘doing something creative’ were selected by almost 20% which again lends credence to the suggestion that boredom can have positive outcomes. Most of the short-term consequences are about seeking extra stimulation to compensate for the stimulation that was lacking during the boring day. Thus, watching TV and seeking stimulating people to talk to are clearly stimulation-seeking. Some stimulation-seeking could fall into ‘thrill’ or ‘risk’ seeking such as driving more recklessly or doing something daring. Other strategies do not seem to fall into either stimulation-seeking category and seem to be more tied in with some kind of energy or stress outlet. Thus, taking a hot bath, doing exercise, arguing with partner, going to bed, smoking or drinking alcohol all seem to be related to stress or the need to burn excess energy. This could be related to the descriptions in qualitative studies of boredom as ‘feeling stressed, agitated, yet at the same time lethargic’ (Martin et al 2006, p.208) discussed in the Introductory material. If workplace boredom is indeed leading to such outcomes as arguing with partner (15%), drinking alcohol (27%) and driving more recklessly (9%) then these are potentially important outcomes to be aware of.

Aspects of the work environment that contribute to workplace boredom can be themed into: work under load (qualitative), work under load (quantitative) work overload, other people, repetition and threats to freedom as shown in Table 6:
Table 6: Aspects of the work environment that contribute to workplace boredom

<table>
<thead>
<tr>
<th>Theme</th>
<th>Questionnaire item</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work under load (qual)</td>
<td>There is not enough to do that interests me</td>
</tr>
<tr>
<td></td>
<td>The work is not demanding enough</td>
</tr>
<tr>
<td></td>
<td>I am over skilled for the task</td>
</tr>
<tr>
<td></td>
<td>I don’t need to think much</td>
</tr>
<tr>
<td>Work under load (quant)</td>
<td>There is not enough to do</td>
</tr>
<tr>
<td>Work overload</td>
<td>The work is too demanding</td>
</tr>
<tr>
<td>Other people</td>
<td>Another person bores me</td>
</tr>
<tr>
<td>Threats to freedom</td>
<td>There are restrictions on talking</td>
</tr>
<tr>
<td></td>
<td>I don’t have enough control</td>
</tr>
<tr>
<td>Repetition</td>
<td>The work is routine</td>
</tr>
<tr>
<td></td>
<td>The work is repetitive</td>
</tr>
<tr>
<td></td>
<td>There is too much paperwork</td>
</tr>
</tbody>
</table>

The category that scores most highly is ‘repetition’ with 58% citing repetitive work and 48% routine as the source of workplace boredom (paperwork received a lower score but this may well because of the nature of retail work restricting the amount of paperwork involved). Other people and work overload receive lower ‘hits’ and are thus unlikely to be important sources of boredom for this group. Work under load (qualitative and quantitative), and threats to freedom tend to be selected by around a quarter of respondents which suggests that these are important factors contributing to boredom.

The second sphere of causes of boredom is that of ‘person characteristics’. In this case, Boredom Proneness was measured and was found to correlate significantly with levels of boredom such that the higher the BP score, the more boredom respondents claim to experience. Clearly, boredom prone individuals experience more boredom and it is likely that being boredom prone moderates the experience of boredom. This is suggested by the multiple regressions that show routine to be the most significant cause of boredom, with BP being the second factor. It could be that boredom proneness moderates the experience of boredom such that those who are more boredom prone will be likely to find routine boring, for example; indeed, t-tests did show that the more from the high BP group did indeed indicate that routine work was a source of boredom than those from the low BP group.

In terms of the effects of BP on short-term consequences of boredom, there were three factors identified as being significantly more likely to be selected by the high BP than the low BP group; exercise, sleep and reckless driving. It has already been suggested that taking more exercise and going to sleep are likely to fall into a ‘stress-related’ category of consequences, but it had been suggested that driving more recklessly could be an example of ‘thrill-seeking’ activity. However, it might be that all three fall in the ‘stress-related’ category, because people may drive more recklessly because they are weary and tired rather than for the sake of seeking extra risk or thrills. It is possible then, that the results suggest that boredom proneness is associated with more stress-related outcomes. In concordance with this premise, of all the longer-term consequences of boredom measured, only one showed a significant difference between
the high and low BP group; this was ‘being bored causes me stress’ and those in the high BP group selected this more than those in the low BP group.

**Practical Implications for the Retail Industry**

Although only 17% of participants claimed to suffer chronic boredom at work this relatively low figure might conceal more serious effects of workplace boredom; for example, high numbers reported potentially high levels of negative consequences of being bored – and these figures were the same for the 73% who claim not to suffer chronic boredom as for the 17% who do. These consequences include mistakes and intentions to quit their jobs; both of these outcomes imply negative repercussions for organisational productivity. It is interesting to note that previous research into environmental and organisational factors that contribute towards retail staff turnover only accounted for 38.7% of total variance in labour turnover (Booth and Hamer 2007), leading the authors of that research to conclude that there must be other factors not previously considered that lead to turnover within retail; the current findings suggest that boredom might be an important additional factor.

Other consequences are potentially negative for the individual, including increased consumption of chocolate and alcohol. These unhealthy coping patterns could impact on the long-term health of the organisation.

The findings do suggest then that the retail industry should take measures to manage workplace boredom and the study contributes further by highlighting the main sources of boredom. Routine work is the most significant factor and, whilst there may be little that organisations can realistically does to vary the work tasks, they might be able to look at aspects of the work environment that could be moderated to help employees cope with the routine better. For example, ‘threats to freedom’ such as lack of control or restrictions on talking could, in some cases be lifted to enable employees to seek extra stimulation to cope with the more routine elements of the job. ‘Work under load’ is another relevant factor and a better match between employee skills and abilities and the job tasks might help when coping with the more routine elements of the job; for example, workers who are over skilled should, in theory, be found work more appropriate to their abilities. In today’s climate of austerity and recession, it is acknowledged that ‘work under load’ might be a growing problem as more qualified and capable workers seek positions below their abilities as they are unable to find work that better matches their qualifications.

Apart from routine, the trait of Boredom Proneness appears to be the most important contributor to workplace boredom. A quarter of high BP individuals experienced chronic boredom compared with only 17% of low BP. Boredom prone individuals do not only experience more boredom, but the findings suggest that boredom also cause them more stress-related outcomes. These findings suggest that screening for Boredom Proneness might be a useful selection strategy for those jobs with a high degree of routine built into them. This could be incorporated into existing selection methods; however, care should be taken to restrict such screening to only those high routine jobs in order not to screen out candidates who might be able to make an important contribution in other positions. Care should also be taken when the ‘high
routine’ jobs are a possible starting point for other positions, such as managerial posts; screening out high BP individuals at this stage, could leave organisations vulnerable higher up the organisational structure.

**Limitations of study and Implications for further research**

 Tweaks to the methodology of the current study would address some of its limitations; for example, including more than one question to measure the amount of boredom experienced would allow greater scope; a longer scale was considered but the practical need for brevity became a more over-riding concern as it was extremely difficult to gain access to organisations to study a topic such as boredom (which is seen as something very negative by many employers who would prefer to think that none of their staff were ever bored).

The Boredom Proneness scale is in the original true/false format and it might be more useful to convert this into a Likert format as this could increase the sensitivity of the scale; this was not done at this time because of the increased length of the questionnaire that would have resulted – difficulty gaining access to employees required a reduction in the length of the document they were asked to complete in order to increase compliance. It would also be useful to examine the relationship between stress and boredom that is suggested by this study in future research.

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CSR, SMEs and food retailing:
The advantages of being a lesser god

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Key Words
CSR, ethnicity, grocery, retailing, supermarkets

Abstract
Large supermarket chains can offer lower prices through economies of scale but their size can be a disadvantage when CSR issues become important because smaller retailers may be more connected to their local community. In an era when disillusionment with globalisation is rife and many consumers are aware of the importance of ethics in trading, Tesco and even the Co-op may be at a disadvantage compared to retailers such as Waitrose and Booths. In the UK, areas of poverty and of high ethnicity exist where people may eat unhealthily; this situation may call for CSR initiatives to improve diet, and so alleviate future dietary-related health costs. As the barriers to a healthy diet are often local in character, smaller food retailers are in the best position to implement meaningful initiatives here. Larger grocery retailers need to adopt a more localised company structure, and to co-operate with smaller companies in the food chain to adopt best CSR practices.

Globalisation: a tarnished God?
Food is a basic commodity; one that we need on a daily basis. However food is far more than that, it is deeply culturally significant, it speaks volumes both to us and about us, food is eloquent about its origin and geography, about our class, ethnicity, and culture. Food has been described as ‘noisy’ (Smith J et al, 2007:397). In an increasingly connected and environmentally-aware world, consumers are becoming more aware of the social-responsibility implications of their food, and the CSR values of companies within the food chain. CSR has become a major feature of the business world over the last decade, as companies strive to demonstrate their good corporate citizenship. Increasingly, retail giants such as Tesco, which have relied on the lower prices facilitated by the globalisation of supply chains and the massive buying power that comes with sheer size, are finding that these low prices alone cannot guarantee customer loyalty. If the consumer priority is low prices alone, she can always patronise one of the hard discounters. If the shopper is willing to pay more than the minimum price, the relational marketers may well infer from this that this consumer is probably looking for
other, intangible, quality attributes to the food they purchase, including environmentally sustainable production and socially responsible conduct by the retailer.

Globalisation has arguably assumed the mantle of a religion over the past two decades, with bankers as High Priests, imposing temples such as Canary Wharf, and a mysterious economic mantra of derivatives and futures that the common laity cannot understand. The God of Globalisation offers, not some future heavenly bliss but the present Earthly satisfaction of lower grocery bills now. Tesco has been one of the most successful ‘churches’ of globalisation, rising to a market share of 32% in the UK in 2007, operating in over a dozen countries with a combined population of some three billion, and posting profits for 2010/11 of nearly £4 billion. But when your God totters, so do you; the appeal of globalisation, with its vast corporations encircling the world in order to provide lower prices, has looked decidedly tarnished over the past few years. The 2011 anti-Tesco riots in a Bohemian part of Bristol are a sign that, at least for some, the ‘God We Trust’ on US Dollar Bills, Our Father who art in Wall Street, has begun to lose credibility. A central location of the Bristol rioters has been the so-called ‘Telepathic Heights’, supporting the assertion of G K Chesterton that “When people stop believing in God, they don’t believe in nothing, they believe in anything”.

Bristol is by no means the only place where Tesco has faced problems. In Hampshire, where Tesco had upgraded former One-Stop stores, the retail giant was accused of precipitating the closure of smaller independent stores in market towns such as Four Marks (Wrigley N et al, 2007). In Whitchurch, Hampshire, Tesco’s larger delivery lorries as compared to the vehicles One Stop had used, were alleged to be blocking the road, creating traffic hazards, and even interfering with Methodist funeral corteges. Protests against Tesco in Hampshire focussed on small neighbourhood issues; the removal of an olde-worlde ‘Hovis’ sign in one village, the eviction of the post office in another. On the other side of the country, Tesco finally won a protracted battle to open a store in Sheringham, Norfolk, where many would have preferred a Waitrose; rather a Pyrrhic victory, given the negative publicity associated with the saga. Tesco’s habit of grinding down any council opposition by repeatedly submitting planning applications, when Tesco’s profits exceed the GDP of many small countries, never mind a rural council, has not improved its corporate image. Meanwhile, nationally, its market share has fallen to below 31% as it is squeezed on both sides, by the discounters and by the upmarket retailers.

In recent years a number of British towns, including Saxmundham and Sheringham, have been celebrated in the media as the smaller combatants in a sort of ‘David versus Goliath’ battle against the supermarkets (Shaw H, 2008). Saxmundham, a small Suffolk town, is another example where local communities have worked together to help the small retailer. Tesco finally opened its Saxmundham store in 2010, after a 13-year battle to keep it out. Although Tesco uses the clawback of trade principle to argue that a large supermarket can actually boost the footfall to local shops, the clawback factor seems to work only if the supermarket is close to the other small shops, bringing
people past their front doors; also the local economy needs to be prosperous, already supporting a diverse array of shops, and if those small retailers can diversify and complement, rather than compete, with the supermarket by offering specialist foods that Tesco doesn’t sell. Three factors were evident in Saxmundham which appear to have contributed to the success of the town in preserving a small-shop economy. Firstly, the efforts of the main campaigner Lady Cranbrook, in galvanising residents and local SMEs to face Tesco together as a community. Secondly, the co-operation of all stakeholders, including non-grocery shops, wholesalers and local farmers. Thirdly, a supportive approach by Suffolk Coastal District Council. Saxmundham SMEs have continued to make a real effort to attract business and maintain a good rapport with the local community, especially with the spectre of Beccles down the road to spur them on; in Beccles, the local market ‘died the same week Tesco opened’. Neighbourhood stores often source food locally, pride themselves on the freshness of their produce, and give local services to those unable to access them easily, such as the elderly and disabled. SMEs are better able, therefore, to be aware of local community issues and respond in a way which benefits their customers, the wider community as well as their profit margins (Shaw J J A et al, 2010).

SMEs and CSR in the community: the good and the bad

Every organisation has a goal or set of ideas which originate within the organisation itself, much like other ‘living organisms’, “each [entity]... contains the reason for its existence within itself, all the parts react on one another” (Goethe, W, 1988:121). Each small business therefore has a distinctive social identity and SMEs active within the community are able to define themselves in terms of their beliefs, values, norms and peculiar characteristics. Not only are these values explicit in the workplace environment but also in terms of their CSR strategies, their vision and mission statements which will indicate a preference for a particular cause. Booths and Waitrose are two examples of supermarkets that emphasise their local connections and responsibility to the communities within which they operate, and both enjoy customer loyalty and sustained growth even in the current Credit Crunch. Waitrose has maintained its status as a worker-owned co-operative, and has an innovative way of involving the consumer as part of its CSR initiatives; every Waitrose shopper is given a token at the till which they can put in one of several clear plastic boxes at the store exit, each box being labelled with a different local charity. Regular customers can see which charity is being favoured by popular referendum, and a new set of charities appears each week. Booths is a regional supermarket in the north west of England, and makes much of its family-owned status; it supports ‘Slow Food’ as well as Comic Relief (Booths, 2011). Booths is careful where it locates new stores, and what facilities (e.g. cafes) it provides in these stores, so as not to undermine existing businesses in the market towns it operates in (Shaw H, 2003).

The Co-operative may be used as a counter-example to show how community relations may suffer if a store chain grows too large. When the Co-operative bought the Somerfield chain in 2008 it almost doubled its market share to over 8%, although it has
since fallen back somewhat. Nevertheless, the Co-op is still Britain’s fifth largest supermarket chain, and in some suburbs and rural areas of Britain it has a virtual monopoly over supermarket retailing (fooddeserts.org, 2011). The phrase ‘Co-op towns’ has yet to become popularised, as ‘Tesco-towns’ has been, but this may not be far off when “the Co-op... has more outlets in Brighton and Hove than Sainsbury’s and Tesco all together” (Trimingham A, 2009), and it is selling similar premium products to the upmarket independent bakers and butchers in its vicinity. Sometimes in its quest for scale the Co-op abandons an area entirely; in west Shrewsbury the Co-op relocated from the centre of Bicton Heath to larger premises on the Welshpool Road, leaving parts of the area over one kilometre from any food store for nearly a year, until a Nisa shop took over the old store. For a while, the former retail centre of Bicton Heath looked very run down, attracted vandalism, and the lack of footfall imperilled smaller shops in this centre. This neighbourhood abandonment, the flip side of opening new stores in a town and out competing the independents, has been an accusation levelled at the larger supermarkets, but more ethical stores such as the Co-op may be guilty here too.

**SMEs overcoming obstacles to meeting community dietary and health requirements**

Diet and health are areas in which SMEs have an important role to play, especially as obesity and weight-related diseases are on the increase in the UK. For consumers having trouble accessing a healthy diet, the access problems and coping strategies are often very local in character; having effects over distances of no more than a kilometre or two. Difficulties experienced by consumers in the Yorkshire area (Shaw H, 2003) included main roads with numerous pedestrian crossings or steep hills, arduous for pensioners to carry food up or mothers with children to cross in safety when weighed down with shopping bags. These are areas where small local retailers may be better able to respond to local needs. In deprived suburbs such as Longley in Sheffield local community shops and cafes selling healthy food and snacks have opened with good results. In Longley, which has traditionally suffered disproportionately high unemployment, small grocery shops have been set up by local people; employment was generated out of the shop’s profits, and the shop enabled people to access reasonably-priced fresh fruit and vegetables without necessitating an £1.20 bus fare each way; a considerable sum to somebody on only approximately £60 a week in State Benefits (fooddeserts.org, 2011). Farmers markets are also a popular way of reconnecting local consumers with local producers, and because of their relatively small turnover, farmers markets can risk selling lesser known fruit and wider vegetable varieties and thereby introduce a greater variety of healthy foods into the local diet, in contrast to the standardised choice in many superstores. For example, the most common supermarket strawberry is the tasteless and hard *Elsanta*, most plums are of the similarly unappetising *Angelino* variety (mass produced for their durability on long journeys), and the range of apple types in large supermarkets represents but a small sample of the range once grown in British orchards (Guardian, 2005). However farmers markets can prosper or decline on purely local factors; for example the farmers market in Barton
failed because it was 100 metres away from the main pedestrian flows of this small Lincolnshire town.

**Responding to the needs and collective conscience of the diverse local environment**

Rural SMEs in more affluent areas can often specialise in an upmarket range of goods; for example, stocking unusual cheese, organic wines and other locally-made goods. This non-food merchandise then cross-subsidises the grocery side of the business. Small grocery shops have the advantage of flexibility of stock range and can offer unusual and exotic foods such as tri-coloured pasta or squid ink pasta. They may even stock a different foodstuff each week to maintain interest, following the WIGIG strategies of the discount supermarkets in non-food. In this way, the local shop attracts tourist trade and also draws custom from a large radius of neighbouring villages and towns; generating profits and enabling the shop to maintain a range of general groceries. Of course, not every village can have such a specialist shop and it depends on the general demographic composition as to whether such an enterprise is necessary or even desirable. A town in Memphis, Tennessee had a large number of film buffs and so the town opened a shop which stocked a wider range of films than the local *Blockbuster*, and staff were chosen on the basis of their love of movies as they were expected to spend several hours a day watching the films so they could help customers with their choices. This endeavour produced both happy employees, satisfied customers and a thriving business. A local independent building supplies shop, again in the USA, stocked not only power tools but carried the spare parts for them, unlike the major chains, as a response to the needs of the community. Specialisation also works well in less affluent areas, for example North Lincolnshire has many canals, rivers and dykes, and is a key centre for recreational fishing. Recognising the need for a supplies shop and the owner being a keen fisherman himself, the fishing tackle shop was opened in a deprived area in Scunthorpe which now draws in custom from a wide area of Lincolnshire and Yorkshire. The shop also brings trade to other shops in the area, and a local pub, enabling them to stay open and offer grocery items and has invigorated what was a depressed community.

The customer has also become more aware of wider societal issues which have implications beyond their local community, for example the environment and less-developed-country issues often inform their shopping choices. An ICM poll commissioned to mark the launch of *AsdaWatch* found that 83% of shoppers wanted tougher rules on ethical trading for supermarkets, with 75% of those polled believing that supermarkets should pay their staff and suppliers in less-developed countries, a fair wage (Shaw H, 2009). The size of corporations has made them less sensitive to consumer democracy, whereas in the case of SMEs, transferring custom from one shop to another on ethical grounds could make a real difference to the small factory owner or shopkeeper’s profits. This gives customers a real say in many aspects of the business, from its prices and range of stock to the service provided and even where it sources its goods and raw materials. In a world of small wholesalers, manufacturers, and primary
producers, customers might even exert influence further up the supply chain; for example, they may be concerned that the copper in a particular radio has been sourced from mining companies with a reputation for acting in a socially responsible way, minimising pollution and helping the economic development of the local community living near the copper mine. Being aware of the possible significance of sourcing to his market, a small retailer may make the effort to know the identity of the wholesaler, who in turn knows the manufacturer, who in turn can verify its primary sources. In a world of many small companies, an ethically-aware customer might choose to buy the radio from such a shop whose supply chain lead back to a sustainable copper mine, albeit at a probably higher price.

As well as responding to ethically enlightened customers, SMEs can do much to promote relevant local ethical issues and help educate their customers even in areas where there are a significant number of poorer, excluded and less articulate individuals; the ‘subalterns’, who anticipate failure in getting their views heard above those of central government and the powerful corporate lobby because they ‘self-censor’ themselves ensuring their opinions are never heard or acted upon (Atkinson R, 1999:62). Small shopkeepers have been central to facilitating community groups and related agencies towards alleviating this problem of ‘organisational desertification’, targeting and subsequently mobilising resources to improve the local environment (Wacquant L, 1996). Getting the wrong agencies involved in a local CSR endeavour can create problems, for example, misdirected aid can arouse resentment towards the donor and those involved in eliciting the help. CSR initiatives need to be directed purposefully and practically, not just applied with passion and with liberal amounts of funding but in an unfocussed manner.

What is necessary for effective CSR policies is accurately aiming these where they will be most effective. This entails, rather than making assumptions based on a set of random and unreliable indicators, the SME actively engaging with its customers as to what their priorities and actual concerns are, also how they might get involved with a local socially responsible project. When customer groups give an explicit indication as to what they would like to support, that company then has a much clearer idea as to how to maintain and develop its customer loyalty base. This is important because after the initial burst of enthusiasm and once the CSR measure is implemented, then questions are asked about the real impact on the local environment, social value creation, and socio-environmental progress. Pendleton remarked that, as a symptom of increased [but possibly undirected] investment in CSR, assets in socially responsible mutual funds grew 40% faster than other comparable assets between 1995 and 2003, yet questions were still being raised about the real and tangible benefits to local people (Pendleton A, 2004). Christian Aid, for example, has observed that increased financial backing for CSR initiatives has not always produced a corresponding improvement in the everyday quality of life for recipient communities. It is likely however that SMEs are able to more effectively direct their efforts at the appropriate targets than their larger
counterparts and ensure the better deployment of CSR funds and endeavours with good results, because of operating at the ground level.

**SMEs, CSR, and catering for the diet of ethnic minorities**

One area which illustrates how SMEs are able to use their limited resources to implement successful CSR initiatives is in catering for the preferences of an ethnic diet in areas of mixed ethnicity. Since EU enlargement in 2004, for example, many communities have witnessed an altered and enhanced demographic representation of migrant groups. This has often demanded a rapid response to transformation in the local community as many ethnic minorities have their own set of food preferences which may not be adequately met due to, for example, economic and cultural factors. The consequences of the absence of culturally familiar or favoured foods can result in a poor diet, with attendant health issues and this has a detrimental knock-on effect within these communities. Instructively, small businesses in these areas have been particularly successful at responding quickly to the changing needs of their local neighbourhood environment whereas “the mainstream supermarkets have been too slow to cater for Asian and African customers and mainly aim specialist foods at the non-ethnic minority consumer” (Nazir M, 2007:6).

In localities with a number of ethnic minorities, there are usually a large number of independently-owned grocery shops, catering for their local dietary preferences, as well as the more general ‘continental’ stores offering a range of world foods. These small grocery shops have often changed their offerings in relatively little time in order to successfully cater for the ethnic palate where it has been evidenced that a local market has development for this endeavour. The mainstream supermarkets have already entered many ethnic-food markets, predominantly Indian, Chinese, Italian, and to a lesser extent, Thai and East European; although mostly in relation to selling ready-meals influenced by well-known ethnic recipes. This means it is still very difficult to find, in a large supermarket, the dedicated spices and other essential ingredients for home cooking of authentic ethnic dishes in these large supermarkets. There are also smaller ethnic-food markets such as Greek, Jewish and Vietnamese, which are catered for by the small retail operation but not by the supermarkets, because of a lack of economies of scale.

Nutritional information is another area in which the SME can have an important role, as many ethnic minority groups are in need of better nutritional advice, especially when they are incorporating some national staples in their diets. Camden Primary Care Trust recently successfully used the Bengali Channel to promote its anti-smoking message, which inspired the Smethwick Bangladeshi Centre to use this channel in order to alert members of the community to which foods are high in salt. They combined this initiative with printing dietary advice booklets and posters and deposited these at Asian-owned grocery stores and small supermarkets. This is an area where SMEs need further guidance in that Asian grocery stores are often cramped and filled to capacity which may mean less room for displaying diet and nutrition-related posters, also
booklets might be ignored by many consumers especially if not available in a particular language. A multiplicity of languages is necessary for this sort of initiative as India alone has 24 languages with a million speakers each and an estimated 415 extant tongues. A small independent Asian retailer might not be able to bear the cost of producing such literature, although medium-sized Asian chain stores might fund this as part of a corporate social responsibility initiative. Asian food wholesalers might also promote healthier food consumption at ethnic minority community centres, perhaps paying for this advertising by sponsoring use of these facilities where such financial arrangements were appropriate (Shaw H, 2007:21). The larger ethnic minority charities might contribute to the production and dissemination of dietary information, for example Islamic Relief (Islamic Relief, 2008)); also a community centre in Smethwick successfully held ‘taste tester’ sessions, promoting healthier foods from a range of different cultures. On a wider scale the Local Public Service Agreement team in Liverpool set up a scheme in 2000 whereby local doctors gave their patients vouchers redeemable for fruit and vegetables from local Co-op stores (Baines C, 2006). Although the fruit and vegetable consumption in many households returned to pre-scheme levels once the voucher scheme had ended, it was noted that there were improvements in the diet of others, especially schoolchildren. This is a good example of collaboration between local suppliers of goods and services in promoting healthy lifestyle options. Schools with high numbers of ethnic-minority pupils could also be the venue for educational initiatives, either by local retailers and wholesalers or by other agencies such as health or government bodies. There are a number of ways in which SMEs can enhance their contribution to the local community although in respect of the relationship between food and health, further research is needed to determine which form of initiative produces the most effective and enduring improvements in diet.

**Mutual benefits of choosing appropriate initiatives in a multi-ethnic community**

For the small and medium-sized food retailers concerned about financing CSR initiatives, the ethnic food market also presents health-based marketing opportunities. As ethnic minority members become more affluent and as concerns about fitness, nutrition and obesity are on the rise, demand for health-oriented ethnic minority foods is likely to grow. Lifeway Foods is one example of developing both a socially responsible and profitable initiative, namely the promotion of two yoghurt/milk based drinks (Kefir from the Caucasus region of Russia and Lassi from northern India) as probiotic health drinks for Western consumers with fast lifestyles (Lifeway, 2007). Sales are to be targeted first at the Indian community, then at White consumers; Lifeway hopes to emulate the success of Activia, whose yoghurt brand was launched as a dietary supplement in January 2006 and a year later had sold US$ 100 million of their product.

The supply of Halal-based foods represents another significant marketing opportunity. Manchester University main campus canteen serves Halal menu options, supplied locally, which are taken up by some 400 of the 2,500 daily customers and growing. Overall there are around 90,000 Muslim students in the UK, and the absence
of Halal menu options meant many students had to go off-campus to get hot lunches meaning some missed the beginning of afternoon lectures. It has been suggested that some Muslim students based their university choices on whether or not Halal food was available on-campus; a crucial financial consideration for British universities in the era of student fees. On a wider scale, The Grocer retail trade journal reported on the expansion of the medium-sized Birmingham-based Pak supermarket chain, which in 2007 opened the UK’s largest ethnic food supermarket. (Lyons T, 2007:10). As well as catering for the considerable south Asian Muslim community, this store will cater for the culinary tastes of Somalis, Afro-Caribbeans and other ethnic minorities such as east Europeans. A great deal of the meat being sold to the Muslim population a short while ago was not only sub-standard but some of it was not even Halal, and it came to light that poor quality animals were used that had been treated inhumanely. As the Muslim community becomes wealthier, suppliers such as Abraham Natural Produce are supplying organic Halal meats which have been slaughtered correctly and above all from animals that have been treated with compassion (The Grocer, 2007:63). Robust religious ties combined with a higher than average birth rate and increasing affluence render this specialised food sector highly attractive in terms of combining appropriate CSR initiatives with retail expansion in a generally saturated UK food market.

The local clawback of trade effect and a gradual rise in the per capita income of migrant groups relative to the UK average presents a significant opportunity for small independent ethnic shops, as spending power in local ethnic minority neighbourhoods continues to grow. Independent specialist stores are in the best position to compete against and, therefore co-exist with, local supermarkets such as Tesco Express. It is the generalist SMEs, selling little in the way of fresh fruit and vegetables, and often located in poor White areas, that may have most to lose from supermarket expansion. However stores such as The Polish Deli are not confident about the likes of Asda and Tesco stocking more Polish products; the manager of the Deli opined, “I have mixed feelings towards the competition we are facing”. Whether the outcome is positive or negative for small independent ethnic food stores will depend on various individual factors such as its location, local demographic make-up of its customers and not least of all, the manager’s business acumen.

Just as intangibles such as brand value form an increasingly important part of the balance sheet of large corporations, similarly companies of all sizes particularly SMEs need the intangible assets of customer and local community goodwill in order to trade successfully. Company spending on CSR initiatives may be regarded as ‘investments in a goodwill bank’ (Vaughn S, 1999). This ‘bank’ may not yield returns immediately, but then neither do many capital construction or corporate investment projects. If the possible short-termism or scepticism of financial investors and other stakeholders can be overcome, such a bank can eventually produce handsome returns, even giving the company a survival edge over its competitors in the long run.
Conclusion

The first stage in adopting appropriate and effective CSR measures is to identify the key stakeholder group with which to engage. The examples above demonstrate that this may incorporate not only those within the supply chain and customers, but also ‘neighbours’ and other localised clusters which may be interested in or affected by the business’ output and/or operations. Not always as obvious for SMEs as their corporate counterparts, for example, large corporations in third world locations are presented with a clear CSR agenda, perhaps clean water, poverty eradication, schooling and so forth. Where SMEs are concerned, the process of connecting with the full range of possible stakeholders is limited by financial restraints as well as competing interests, within which there may be difficulties in deciding the merit of each one. However SMEs often have an advantage over larger corporations in that the business manager is closer to, and has more knowledge of, the local needs of the community. By contrast the individual store managers of large chains such as Tesco may be rather ‘emasculated’ in that they have little or no discretion over initiatives such as local CSR, whilst the head office managers who do determine such matters are in distant, remote Cheshunt.

CSR remains a loosely defined and often misunderstood idea, yet a useful definition is provided by the World Business Council for Sustainable Development, “the commitment of business to sustainable development, working with their employees, their families, the local community and society at large to improve their quality of life” (Dunning J, 2003). While profit maximisation is a legitimate goal for SMEs, engaging in proactive socially responsible behaviour whilst making money ensures that everybody connected with or affected by the business’ activities is able to benefit. Also not all CSR initiatives need vast sums of financial backing because, generally operating at a local level in response to local needs or concerns, the small trader is likely to find a ready-at-hand group of willing supporters; as evidenced in the above-mentioned examples. Although larger companies are better able to adopt the full range of CSR policies (and being incentivised by the desire to enhance their already pervasive brand reputations), a great number of SMEs are already contributing to local socio-environmental concerns and looking for ways to improve employee relationships, for example where funds are available for skills and training, SMEs are keen to apply. So although large companies have the ability and resources to achieve ‘big things’ they are constrained by the need for economies of scale, buying power, and efficiency. They may be less able to innovate; for this we must look to the nimbler SME. Large corporations can help themselves therefore by incorporating SMEs in their value chains. In turn, SMEs can benefit from the extra investment by being in a superior position to adopt perhaps a range of policies which address local community concerns and help to alleviate poverty, assimilating social responsibility into all core business activities.

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Employment Conditions in Organised and Unorganised Retail: Implications for FDI Policy in India

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Key Words
Retail, Employment, FDI, Public Policy, International Policy

Abstract
In India, retail is the second largest employer after agriculture, providing employment to over 35 million people. Employment in this sector has witnessed changes after the 1990s with the modernisation of retail. Since retail is labour-intensive, the FDI policy on retail is linked with employment. This paper examines employment conditions in organised and unorganised retail and provides policy recommendations for the Indian government. The paper is based on a survey of around 500 retail employees and employers, using descriptive techniques. The paper found that the quality of employment and future job prospects are better in the organised sector than in the unorganised sector. The focus of the government should, therefore, be on generating quality employment. The policy recommendations, if implemented, can generate employment in the organised sector while minimising the adverse impact on the unorganised sector.

Introduction
Globally, retail is one of the largest employers; it provides employment to around 11 per cent of the workforce in the US and the UK. In India, retail is the second largest employer after agriculture, providing employment to over 35 million people (Economic Survey, 2011). However, the share of retail in total employment in India is only around 7 percent, primarily because a large part of retail is still in the traditional or unorganised sector where there is a high incidence of disguised unemployment.

Since the mid-1990s when the Indian economy was liberalised, there has been a shift in retail employment from the unorganised to the organised sector. The Indian retail sector mainly consists of small privately-owned single stores that largely depended on family labour. These are built on the model of entrepreneurship or sole proprietorship and provide self-employment. The need for hired labour is low and, because the labour laws do not apply to the unorganised sector, workers may be paid less than the minimum wage and have long working hours. With liberalisation, Indian corporates and foreign retailers started operating in the retail sector and modern retail evolved. Unlike the unorganised sector, the modern or organised retail has a corporate management with a transparent accounting system. Modern retailers have to abide by
the labour laws and employment conditions. The incidence of disguised unemployment is low. The working hours are fixed, so employees work on a rotation basis.

There are other differences between unorganised and organised retail. Unorganised retail generates a larger number of intermediaries in the supply chain (such as wholesalers), while organised retailers can reduce the need for multiple intermediaries by streamlining the supply chain. Further, organised retail generates more employment in allied activities, such as logistics, packaging and inventory.

Retail modernisation has led to a change in employment in India, but its impact is not clear. Modernisation could lead to job losses in the unorganised sector if the small mom-and-pop stores cannot compete with corporate retailers; at the same time, it could generate more employment in each outlet as shop sizes increase and employees are used on a rotational basis. It is difficult to prove either argument without adequate data. For the organised sector, data are available; official sources show that the share of wholesale and retail trade in employment increased from 2.3 per cent in 1993-94 to 8.3 per cent in 2007-08 (NSSO, 2010). However, there is no official data for the unorganised sector, which constitutes around 95 per cent of the total retail sector (AT Kearney, 2010). Since the Indian economy is on a high growth trajectory, both organised and unorganised retail are growing with no evidence of job losses in the unorganised sector.

The impact of modernisation on employment depends on factors such as speed of modernisation, corporate and government policies, the competitiveness of small retailers, and consumer preference for the two types of outlets. Organised retail offers some advantages for employees. It follows labour laws and other regulations that offer greater job security. If, in addition, it offers higher pay, benefits such as bonuses, and better working conditions such as holidays, the quality of employment is likely to improve. However, the organised retail may require different skills than the unorganised sector, making it difficult for employees to switch from one sector to the other.

In India, retail is one of the few sectors that has restrictions on foreign direct investment (FDI). In fact, when the Indian economy was liberalising, the government banned foreign investments in retail in 1997, primarily to protect employment in the unorganised sector. Since then, the government has partially liberalised FDI in single-brand retail subject to certain conditions, but FDI is still not permitted in multi-brand retail. In July 2010 the government released a discussion paper on “Foreign Direct Investment in Multi-Brand Retail Trading” (DIPP 2010) for discussion on whether FDI should be allowed in multi-brand retail and, if so, what the conditions should be. One condition proposed was that jobs in the organised sector should be reserved for rural youth. While this proposal aimed to create employment for rural youth, it has been criticised since organised retail is largely located in urban areas of India and this may lead to rural-urban migration. The discussion paper failed to address issues of quality of employment, future job prospects and skill development in retail, all of which are crucial in a country that has a large working population.

This paper compares employment conditions and job prospects in the organised and unorganised sectors in India. The objectives of this study are (a) to evaluate the employment-generating potential of the organised and unorganised sectors, (b) to...
compare the quality of employment in the two sectors, and (c) to evaluate future prospects of employees in organised and unorganised retail outlets. The findings of this paper may provide meaningful policy suggestions for the Indian government.

**Literature Review**

Hazra (1991) pointed out that the economic growth of countries has coincided with a shift in occupational structure from the informal to the formal sector, while UNCTAD (1994) has shown that FDI plays an important role in this shift. Jenkins (2006) pointed out that the impact of FDI on employment depends on the kind of investment and the nature of the sector where the investment is directed; if the investment is in labour-intensive sectors, employment generation by FDI is higher. The quality of employment is determined by the behaviour of individual firms with respect to wages, working conditions and training programmes; employment quality in the formal sector is better than in the informal sector. Papola (2006) has shown that unlike the organised sector, the unorganised sector is characterised by poor working conditions and lack of social security. He suggested that policies should promote organised sector employment.

Examining the employment impact of large retailers, Basker (2005) found that Wal-Mart creates approximately 100 jobs in a year, but by eliminating intermediaries there is a loss of around 40-60 jobs. Overall, the net employment effect is positive. The author also found that Wal-Mart employees work for fewer hours in a week, which creates opportunities for part-time employment. Reardon and Gulati (2008) have shown that employment in the organised retail sector has better pay and working conditions primarily due to the adherence to labour laws. They also found that the organised retail sector requires higher skills and education than the unorganised sector. They argue that the number of unorganised retailers may not decline with the growth of the organised sector.

Most studies on retail in India are either survey-based or perception-based. Survey-based studies like that of Mukherjee and Patel (2005) show that since both the unorganised and organised retail sectors are growing, there is no clear evidence of job losses in the unorganised sector. Joseph and Soundararajan (2009) found that the adverse effects of retail modernisation, if any, wear off with time. Perception-based studies (Guruswamy et al., 2005; Sarma, 2005; Singh, 2010) have shown that organised retail may have a negative impact on the unorganised sector because of malpractices due to buying power, employment loss in the value chain and price competition. This can be countered by slowing the pace of modernisation.

**Retail Employment Policy and FDI Policy in India**

Different authorities in India regulate retail employment. The country has a quasi-federal governance structure and employment is jointly regulated by the central and state governments. At the centre, it is regulated by the Ministry of Labour and Employment, but the state governments also have labour-specific regulations. The retail sector is under state government legislation and, therefore, retail employment comes under state jurisdiction. The Shops and Establishment Act of different states contains
laws on the working conditions for employees. Various Labour Acts of the central and state governments such as the Minimum Wages Act, 1948 and the Employees State Insurance Act are applicable, but only to employees in the organised retail sector.

India has a large population in the working age group (15-59 years) and the proportion of this group in the total population is likely to increase from approximately 58 per cent in 2001 to more than 64 per cent by 2021 (Ministry of Labour and Employment, 2010). Providing employment opportunities to this group has always been a key concern of the central and state governments, but recently employment quality has received significant attention. The Indian Ministry of Labour and Employment has laid down objectives to accelerate employment growth in the organised sector and improve the quality of jobs in the unorganised sector. According to the Ministry, quality of employment is determined by factors such as the level of job security, reasonable level of earnings and the living status of workers. The employment policy emphasises that there should not only be more jobs, but jobs that are decent and ensure minimum wages, safe working conditions and basic social security. This has particularly been highlighted in context of the retail sector. In addition, the retail sector policy has focused on the right to space and livelihood for very small, self-employed retail traders, like street-shop owners and vendors. Thus, the government policy has highlighted a need to balance quality employment creation in the organised retail sector with protection of employment in the unorganised sector.

The FDI policy in India is regulated by the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, which comes under the central government. The employment potential of a sector, the need for investment, the latest technical know-how and global best management practices play a key role in determining the FDI policy. In the case of retail, in 2006 FDI up to 100 per cent was allowed in wholesale cash-and-carry subject to certain conditions to facilitate investment in the supply chain. FDI up to 100 per cent is allowed in franchising, since it creates opportunities for self-employment; in trading items sourced from small-scale sectors since they are labour-intensive; and in manufacturing, which can generate employment. In 2006, 51 per cent FDI was allowed in single-brand retail subject to certain conditions. This partial liberalisation was based on the assumption that brand retailers will not directly compete with small mom-and-pop stores who largely sell non-branded products. At present, FDI is not allowed in multi-brand retail primarily to protect employment in the unorganised sector.

Research Design and Methodology

To examine whether there has been a change in the quality of employment with retail modernisation, a pan-India survey of employees and their employers (the retailers) in the organised and unorganised retail sectors was conducted in 2009-10. The survey covered 10 Tier I, II and III cities. This classification of cities into tiers is based on the population of a city, as given in Mckinsey (2007). Tier I cities include Delhi, Mumbai, Kolkata, Chennai, Pune, Hyderabad and Bangalore, Tier II cities include Surat and Tier III cities include Bhubaneswar and Amritsar. Rural areas were excluded, as organised retail presence in rural areas is low.
Face-to-face interviews were conducted with a randomly selected sample using a semi-structured questionnaire. Separate questions were designed for employees and retailers. Completed questionnaires were collected from 121 unorganised retail employees, 79 organised retail employees, 254 unorganised retailers and 78 organised retailers. Though the size of the sample is small (532 respondents), it is a representative sample as it covers a number of cities where organised retail has a presence, retailers across different product categories, different retail formats and different levels of employees.

**Measurement Instrument**

The employee questionnaire focused on their demographic profile, educational qualifications, years of experience, and details of the job including working hours, holiday entitlement, incentives, and remuneration. To assess the quality of employment in the unorganised and organised sectors, the indicators set by the Ministry of Labour and Employment, namely, employee remuneration, working hours and holiday entitlements were used. Survey respondents were also asked if they had received training and if it had affected their performance and their short-term and long-term job prospects. Employees in the organised retail sector were asked about differences in the pay package in domestic and foreign organised retail outlets. Retailers were asked about their shop size, average number of employees, employee qualifications and wages, and their training and skill development programmes. Some questions were common across retailers and their employees to cross-check the findings. The unorganised retailers were asked about the impact of organised retailers on their business and their future prospects as well as whether they were considering working in the organised sector. Since the sample size was small, simple statistical tools and descriptive techniques were used to analyse the data.

**Date Analysis and Results**

The survey data was analysed to assess and compare the employment-generating potential, quality of employment, education and skill development opportunities and future prospects in the organised and unorganised sectors.

**Employment-Generating Potential**

The survey found that most of the unorganised retail outlets were small with only 23 per cent of the stores larger than 1,000 square metres (sq.m.) compared to 75 per cent of the stores in organised outlets. To assess employment-generating potential, employment density as measured by average floor space in square metres per person in an occupied building was calculated. This helps to assess if there is disguised unemployment or if new employment opportunities have been created in the retail outlet. The survey results indicate the presence of disguised unemployment in unorganised retail outlets. For smaller shop sizes per square metre, employment density is lower in unorganised outlets. This implies that each employee gets less space in an unorganised retail outlet. As shop size increases, employment density in organised retail
outlets is lower than in unorganised outlets, indicating higher employment creation in the organised sector (Table 1).

**TABLE 1: Employment Density in Organised and Unorganised Outlets (in sq. m.)**

<table>
<thead>
<tr>
<th>Shop Size</th>
<th>Organised Outlets</th>
<th>Unorganised Outlets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1000</td>
<td>111.4</td>
<td>94.8</td>
</tr>
<tr>
<td>1001-2000</td>
<td>221.86</td>
<td>183.19</td>
</tr>
<tr>
<td>2001-4000</td>
<td>129.12</td>
<td>218.71</td>
</tr>
<tr>
<td>Above 4001</td>
<td>503.88</td>
<td>666.66</td>
</tr>
</tbody>
</table>

Unorganised retail outlets are mostly handled by family labour with a few employees. As the shop size increases, the average number of family workers declines and the number of hired workers increases. However, the total number of hired workers is still lower in unorganised outlets than in organised outlets (Figures 1a and b). Organised retail outlets have both permanent and contract employees. As the shop size increases, the number of permanent and contract employees increases. Moreover, the average number of workers employed at each level is much higher than in unorganised retail outlets.

**FIGURES 1a and 1b: Average Number of Employees by Shop Size**

*Note: 1= <500 sq.m., 2=501-1000 sq.m., 3=1001-2000 sq.m., 4=2001-4000 sq.m., 5= > 4001 sq.m.*

**Quality of Employment**

The quality of employment was assessed both in terms of salary earned and physical working conditions. Average salaries, increments and incentives (like overtime payments and performance-linked bonuses) were compared for employees with similar designations, educational qualifications and years of experience. To assess physical working conditions, the percentage distribution of employees by their hours of work and holiday entitlements was calculated.

While organised retail outlets have a wide gradation of employees, which includes senior managers, junior managers, store-help and contract employees (security guards, liftmen, housekeepers, etc.), such gradations are not present in the unorganised sector. As a result, it is difficult to compare salaries in organised and unorganised outlets.
Usually, the shop-owner in an unorganised outlet doubles up as the manager and has helpers to assist him. Comparing managerial salaries in organised outlets with the owner’s salary in the unorganised sector does not reveal the true picture, because of the differing nature of their work and the reluctance of self-employed owners to reveal their actual earnings. Therefore, the salaries of store-help with similar education and qualifications in the unorganised and organised retail sectors have been compared in Figure 2.

**FIGURE 2. Average Salaries of Store-Help in Organised and Unorganised Outlets**

Store-help with similar qualifications and experience get higher salaries in organised retail outlets than in unorganised retail outlets. The salary difference between the organised and unorganised sector employees is as high as 1/3rd the total salary of an employee in the unorganised sector. In addition, 70 per cent of organised sector employees pointed out that the package offered by foreign retail outlets is better than domestic organised retailers.

Increments in the organised retail outlets are linked to the performance of the employees, while in the unorganised retail outlets they are linked to employee’s years of experience. The survey found that organised retail outlets offer more opportunities to earn increments and incentives. Around 59 per cent of employees of the organised sector said that they received incentives compared to only 19 per cent in unorganised retail.

To assess the quality of employment, employees were asked about the average working hours in a week and holiday entitlement in a year. Weekly working hours were lower in organised retail outlets. While 69.2 per cent of unorganised sector employees claimed that on an average they work for 66 hours or more, only 29.4 per cent of organised sector employees did so. In fact, 7.69 per cent of unorganised sector employees worked for more than 72 hours a week, while none of the organised sector employees were made to work such long hours. In addition, 76.4 percent of organised sector employees claimed that they could take more than 15 days of leave per year compared to 11.54 percent of unorganised sector employees.

**Education and Skill Development Opportunities**

It was found that employees in the unorganised sector have lower qualifications than those in the organised sector. Around 66 per cent of the unorganised sector
employees did not have a Bachelor’s degree and 20 per cent did not even finish 12 years of schooling. In the organised sector, 53 per cent of the employees had a Bachelor’s degree. In contrast, none of the employees in the organised sector had qualifications lower than higher secondary (after 12 years of schooling). Around 5 per cent of the employees in the organised sector had taken specialised courses in retail management. Across employees with the same designation, it was found that 67 per cent of the store-help in the organised sector had a Bachelor’s degree compared to 33 per cent in the unorganised sector.

Employees were asked about the training that they received at work; this is an indicator of whether there are skill development opportunities in their workplace. Around 59 per cent of employees in the organised sector received formal training, while around 96 per cent in the unorganised sector did not receive any formal training at work.

Retailers were asked if they offered any training to their employees. Sixty three per cent of the unorganised retailers did not impart any formal training, whereas 93.5 per cent of organised retailers provided formal training. In the unorganised retail outlets, employees are primarily trained on sales promotion techniques, dealing with customers and product information; the training is largely provided within the shop for a maximum of seven days before the employee formally joins work. Only retailers dealing in specialised products like electronics send their employees to the corporate office of the brand for training. Organised retailers, on the other hand, provided training on sales promotion techniques, customer handling, product information, store management techniques, operational management, visual merchandising, personality development and grooming, stock and inventory management, including verification of the stock and ordering process, and product storage techniques for perishable products. Moreover, most employees are formally trained by the head office of the company (brand) and some employees are sent abroad for training; this is an ongoing process. The survey found that all organised retailers who provided formal training were satisfied with the skills of their employees.

The employees in organised retail outlets were asked to rate their level of satisfaction on working in organised outlets along various parameters. The responses were analysed using a five-point rating scale, with 1, 2, 3, 4, and 5 representing ‘very low’, ‘low’, ‘average’, ‘high’ and ‘very high’ levels of satisfaction, respectively. The responses were ranked based on the percentage of respondents who rated the parameters as 4 or 5. The ranks are given in Table 2.
TABLE 2: Ranking of Factors Determining Working Conditions in Organised Retail Outlets

<table>
<thead>
<tr>
<th>Rank</th>
<th>Response</th>
<th>Respondents (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Provides job skills training programmes</td>
<td>88.24</td>
</tr>
<tr>
<td>2</td>
<td>Enough growth opportunities</td>
<td>64.71</td>
</tr>
<tr>
<td>3</td>
<td>Overall satisfaction</td>
<td>64.71</td>
</tr>
<tr>
<td>4</td>
<td>Working conditions are good</td>
<td>52.94</td>
</tr>
<tr>
<td>5</td>
<td>Prospects do not get affected by any external shocks</td>
<td>47.06</td>
</tr>
<tr>
<td>6</td>
<td>Monitors employee satisfaction &amp; makes changes</td>
<td>41.18</td>
</tr>
<tr>
<td>7</td>
<td>Recognises hard work of the employees</td>
<td>17.65</td>
</tr>
</tbody>
</table>

The majority of the respondents gave a high rank to the training and skill development programmes in the organised retail outlets, followed by higher growth opportunities. However, they seem to have some concerns about job recognition which is usually reflected in performance-based bonuses, promotions, etc. One reason is that the survey was conducted during the global slowdown and retail business was impacted.

Future Job Prospects of Employees

Respondents were asked about their short-term job prospects in their retail outlet and long-term job prospects in the overall retail sector. The responses (Figures 3a and b) indicate that short-term job prospects are mostly good in the organised retail sector, while it is moderate in the unorganised sector. However, most unorganised retail sector employees found long-term employment prospects in the retail industry good. This is because the retail sector is growing and this is generating job opportunities, particularly in the organised retail sector. Sixty-five per cent of the unorganised sector employees pointed out that they would like to work in organised retail outlets. They felt that they are not threatened by the growth of organised outlets since it offers job opportunities.

FIGURES 3a and 3b: Percentage Distribution of Employees by Short- and Long-term Prospects
Although the majority of the unorganised sector employees are interested in moving to the organised sector, the transition from the unorganised to the organised sector is not smooth as shown in their responses in Table 3.

**TABLE 3: Responses of Unorganised Retail Employees on Prospects in Organised Sector**

<table>
<thead>
<tr>
<th>Categories</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, I have tried but I did not get an opportunity</td>
<td>46.15</td>
</tr>
<tr>
<td>Yes, I tried and I got some opportunities</td>
<td>11.54</td>
</tr>
<tr>
<td>Yes, I tried and I got many opportunities</td>
<td>0.00</td>
</tr>
<tr>
<td>No, I did not try but I think there are opportunities</td>
<td>34.62</td>
</tr>
<tr>
<td>No, I did not try and do not know about the opportunities</td>
<td>7.69</td>
</tr>
</tbody>
</table>

This is primarily due to the difference in the skill requirements of the two sectors, which makes it difficult for an employee in the unorganised retail outlet to get absorbed in the organised sector.

The unorganised retailers were asked about the impact of organised retail on their business. The impact was assessed separately for those who did and did not have an organised retail outlet in their vicinity. Of the 254 unorganised retailers, 130 had organised retail outlets in the vicinity. Of these, around 40 per cent pointed out that they have been negatively affected by the presence of organised retail outlets due to increased competition, but 80 per cent of them also faced competition from other unorganised retailers. Some unorganised retailers pointed out that the impact of organised retail was positive as the number of customers in their location had increased, leading to an increase in business. They argued that loyal clientele and personalised services such as sale on credit have helped them face competition. Only 23 per cent have experienced a decline in their profits since 2007. Of the 124 unorganised retailers who did not have organised retail outlets in their vicinity, only one said that he was adversely affected by organised retailers. Of the 254 unorganised retailers, only 5 per cent said that shops were closing due to competition.

When the retailers were asked about their future prospects, around 43 per cent of the unorganised sector retailers were uncertain about their future prospects, compared to 15 per cent in the organised sector.
Discussion

The impact of FDI in retail is widely debated in India, primarily due to its likely adverse impact on employment in the unorganised sector. Given the large size of the unorganised retail sector in India and the lack of a formal data collection mechanism, it is difficult to quantify the impact of FDI and retail modernisation on employment. An equally important aspect of modernisation is its impact on quality of employment. By comparing employment in organised and unorganised retail outlets, the study found that the organised sector has higher potential for employment generation. The quality of employment is better in the organised sector as they have a corporate set-up and professional management, they follow labour laws and working hours and holidays and job responsibilities are clearly defined.

Globally, most people with a higher secondary diploma (after 12 years of schooling) get absorbed in the retail sector, but in India the level of education required in organised retail outlets is higher. The educational qualifications of employees in the unorganised sector are low as it does not require special skills. Hence, unskilled workers can easily be absorbed by this sector. However, in the long run this may not benefit the country, since there is limited scope for training and upgrading skills. Salaries in the unorganised sector are lower. This will adversely impact per capita income, purchasing power, poverty level and human capital development. Although most employees in the unorganised sector would like to work in the organised sector, the skill levels required by the unorganised and organised sectors are different, which makes it difficult for employees to transition from the unorganised to the organised sector.

Most unorganised retailers do not seem to be adversely affected by retail modernisation, while employees seem to have benefitted in terms of pay and quality of employment. This finding questions whether it is appropriate to link the retail FDI policy to loss of employment in the unorganised sector.

Policy Recommendations

Given that the quality of employment and future job prospects are better in the organised sector and there is strong willingness among employees to work in the organised sector, the Indian government is and should continue to focus on generating employment in the organised sector, while minimising the adverse impact on the unorganised sector. Instead of banning FDI in multi-brand retail, the government can allow FDI in multi-brand retail in a phased manner, starting with 49 per cent. This will create more employment in the organised sector in line with the government objectives and will give time to the unorganised sector to adjust to the changes and upgrade their skills. Since the survey found that foreign retailers offer higher salaries, overall salaries in the retail sector are likely to improve.

As retail modernises, there is likely to be labour demand in the modern retail sector. To enable the unskilled workers to get employment in the organised sector, the government can focus on specific training programmes in collaboration with organised retailers on a public-private partnership model. The government can also work with management and labour institutes to design appropriate academic courses and training programmes to facilitate skill development in retail. The government can initiate labour
and other reforms that will enable organised retailers to employ workers on a rotation basis. This will help to generate more employment.

References


Out of Stock conditions affecting
Customer satisfaction and customer loyalty

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Key Words
Out of stock conditions, Customer Satisfaction, Customer Loyalty, Customer Service and Indian Retail Management

Abstract
In the retail industry, customer experience, satisfaction and service are going to become the limiting differentiators. Increasing competition is creating pressure on retailers to improve both inventory turnover and customer service. Poor logistic management can result in either over stocking (leading to cash flow problems and unnecessary discounts) or lost sales due to stock outs. Stock outs can have serious impact on the business as it affects retailer’s credibility and consumer’s satisfaction. It is important to understand the cost of a retail stock out before the implementation of any retail inventory model. This paper gives valuable insights about customer value, satisfaction and loyalty that can be used by retailers in designing their logistics and inventory models. First, it examines the relationship between customer loyalty, customer value, customer satisfaction, logistics value and out of stock conditions. Second, it explores the role of improved inventory control and the logistics management on customer service. Finally, this study provides valuable insights to retailers on managing consumer’s store attitude by making more informed and rationalized decisions regarding retail product offering and relevant environmental variables.

Introduction
India’s overall retail sector is expected to rise to US$ 833 billion by 2013 and to US$ 1.3 trillion by 2018, at a compound annual growth rate of 10 per cent (AT Kearney, 2007). The share of retail trade in the country’s gross domestic product is currently around 12 per cent, and is likely to reach 25 per cent by 2012. As a democratic country with high growth rates, consumer spending has risen sharply since the youth population has seen a significant increase in its disposable income. Also, organized retail, which accounts for almost 5 per cent of the market, is expected to grow at a CAGR of 40 per cent to reach US$ 107 billion by 2013. Retailing in India is booming in line with information technology (IT) and is becoming a key contributor to service economy.
In the retail industry, customer experience, satisfaction and service are going to become the limiting differentiators. Increasing competition is creating pressure on retailers to improve both inventory turnover and customer service. Good customer service is going to be the success mantra for retail. Retailers need to have excellent supply chain management (SCM) in place to win the customers. If SCM is a backbone of a retailer then IT is the backbone of a great SCM. The basis for Retail logistics starts with a thorough understanding of customer’s requirements. While establishing logistics strategies, we need to study the impact it has on corporate profitability decisions. Critical success factor here will be availability of stocks in the shelves. Many retailers still consider logistics just as back end activities of their operations but the modern logistics can play a much bigger role. It can help the retailers to differentiate themselves from the competition and achieve a higher and sustainable growth. This can also help them to offer better service and satisfaction to their customers. Higher costs can severely impact a segment's profitability. Intelligent supply chain management and strategic alliances will play critical role in achieving the required levels of service performance. As markets fragment, it will be important to identify the profitability of customers and products. It will also be critical to understand the affect of alternative supply chain strategies on the profitability of these segments.

In order to survive in a global economy, Retailers needs to be involved in the value-adding activities of inbound logistics, operations, outbound logistics, marketing and sales, and service at a lower cost. It is going to be necessary to have a low cost producer and a value-added supplier. One need to manage its merchandising and logistics functions as cost effectively and efficiently. Underperformance in these two functions not only reduces retailer’s effectiveness but also affect the shopping experience for the customers that can affect satisfaction and loyalty of customers.

Inventory management and logistics in particular has become a critical activity in retail. Poor logistic management can result in either over stocking (leading to cash flow problems and unnecessary discounts) or lost sales due to stock outs. Stock outs can have serious impact on the business as it affects retailer’s credibility and consumer’s satisfaction. It is important to understand the cost of a retail stock out before the implementation of any retail inventory model. Unless these critical costs are known, retailers at large cannot balance the costs (and risk) of holding inventory with the loss of sales and profits when an item is out of stock. The relevant costs include both the lost sales from the current order because of cancellations, and the long-run costs if stock outs reduce the likelihood of future orders and visits by the customers.

As per one of the study by IBM and FinListics, out-of-stock rates in the Grocery sector on average range from 7-10% worldwide and 70-75% of out of stocks conditions happen because of poor management of merchandising and logistics functions. Customers usually feel unsatisfied when they cannot get the merchandise of their choice. The same study also estimates that 31% of customers go to other outlets and 9% did not buy anything. This point is further strengthened by the American Customer
Satisfaction Index in which the customer satisfaction with the US Retailers fell from 75 to 72 on a 100 point scale during 2001-2005. The study suggested that retailers had given more emphasis to productivity at the expense of customer service.

Retailers should consider shelf space as their biggest asset and what occupies the shelf is the key to the success for retailers. Here the focus should be on logistics combined with technology for ordering the right inventory so as to ensure the availability of right product at the right time at the right place and in the right quantities. This strategy can help to offer better customer service.

We also went through various international papers, some of which highlighted the affect of stock outs on customer value, satisfaction and loyalty. There are many studies based on customer surveys in Retail management. Schary and Christopher (1979) found that nearly 50% of all consumers who reported that an item was out of stock intended to make their purchase at another retail outlet, while approximately 20% reported they would not make any purchase. Schary and Christopher (1979) also asked consumers to rate the image of the store. Store image ratings were lower for consumers who had reported a stock out than for consumers who had not. It is found that customers usually stay loyal to a company if they feel that they are receiving greater value than they would from the competitors (Bitner and Hubbert 1994; Bolton and Drew 1991; Sirdeshmukh et al. 2002).

This paper gives valuable insights about customer value, satisfaction and loyalty that can be used by retailers in designing their logistics and inventory models. First, it examines the relationship between customer loyalty, customer value, customer satisfaction, logistics value and out of stock conditions. Second, it explores the role of improved inventory control and the logistics management on customer service. Finally, this study provides valuable insights to retailers on managing consumer’s store attitude by making more informed and rationalized decisions regarding retail product offering and relevant environmental variables.

The discussion is organized as follows. Next section enumerates motivation, review of literature and research methodology along with the study of relationships between Customer Value, Customer satisfaction, Customer Loyalty and Out of stock conditions. Third section elaborates managerial discussions and implications. Fourth section enumerates the recommendations and final section concludes the paper.

**Motivation, Review of literature and Research methodology**

Effective inventory management is vital to retailing success. Most of the research in this area has focused on understanding consumer’s response to out-of-stock situations in retail (Walter and Grabner, 1975; Schary and Becker, 1978; Zinszer and Lesser, 1980; Motes and Castelberry, 1985; Emmelhainz et al., 1991; Charlton and Ehrenberg, 1996). Few researchers have focused their research in examining relationships between retail inventory, sales, customer service and customer satisfaction.
According to Nevill et al, (1998) inventory tops the list of most valuable physical assets on nearly every trader's balance sheet. After cost of goods sold, the major costs incurred by retailers involve the resource trinity: space, labor and stock (Lusch, 1986; Larson and Lusch, 1990). Thus, essential measures of retail efficiency are sales per square foot, sales per employee, and stock turnover. Inventory provides product availability, a key dimension of customer service (LaLonde and Zinszer, 1976; Copacino, 1997). Stock outs (lack of availability) bring lost sales, backorder costs, delayed cash flow and lost customers.

The traditional way to create customer value is to offer a wide assortment of products at as low a price as possible (Bowersox et al., 2000). However, widening of the product assortment also increases the costs of the retailer (Bayus and Putsis, 2001; Boatwright and Nunes, 2001). Successful companies create customer value in such a way that an optimal cost/benefit trade-off is reached and the profit contribution for the company is maximized (Christopher, 1992). Nevertheless, the most important solutions are those that increase customer value while reducing costs at the same time.

There is a growing interest among researchers towards inventory management/sales data systems that can help retail stores to make the most of its merchandise assortments and scarce shelf space (Orenstein, 1999). According to Coopers and Lybrand (1997), major areas of efficient consumer response (ECR) activity in the grocery business include: sales forecasting and statistical management of safety stock. Best practices in retail management call for a proper balance between inventory and service levels, recognition of the importance of merchandise availability, and accurate store sales/inventory data (Wilson et al., 1995).

Research in the last 2 decades has given lot of attention to customer satisfaction as a potential determinant of customer loyalty (Fornell 1992; Oliver 1999). Apart from improving customer satisfaction, increasing switching costs is a common strategy adopted by many companies to increase customer loyalty as the costs of switching to alternative suppliers can discourage customers from using other suppliers (Gronhaug and Gilly 1991; Heide and Weiss 1995). It is found that customers usually stay loyal to a company if they feel that they are receiving greater value than they would from the competitors (Bitner and Hubbert 1994; Bolton and Drew 1991; Sirdeshmukh et al. 2002).

There are many studies based on customer surveys in Retail management. Schary and Christopher (1979) found that nearly 50% of all consumers who reported that an item was out of stock intended to make their purchase at another retail outlet, while approximately 20% reported they would not make any purchase. Schary and Christopher (1979) also asked consumers to rate the image of the store. Store image ratings were lower for consumers who had reported a stock out than for consumers who had not. Walter and Grabner (1975) employed a similar methodology to estimate the costs of single and repeated stock outs based on consumer responses to their survey.
Another study by Emmelhainz et al. (1991) performed in-store interviews with customers who experienced stock outs and indicated that 32% switched brands, 41% purchased a different size or variety, while 14% planned to go to another store. Peckham (1963) categorized behavioral responses to out-of-stock conditions into three types: (1) Go for a substitute brand; (2) Buy different stock keeping unit (size/colour) in same brand; and (3) Do not buy.

Few studies that described why consumers responded in these ways related behaviors to buyer and product characteristics (Schary and Christopher, 1979); “product-related attributes” and “situational factors” (Emmelhainz et al., 1991); “retail competition”, and “shopping patterns” (Verbeke et al., 1998); consumer, situational and perceived store characteristics (Zinn and Liu, 2001); product, consumer and situational characteristics (Campo et al., 2003).

Customer Loyalty, Customer Value, Customer Satisfaction, Logistics, Logistics value and out of stock condition

Customer loyalty is a buyer's overall commitment to a product, service, brand, or organization (Oliver 1999). Customer loyalty concept is quite similar to relationship commitment, which is described in the literature of relationship marketing as a continuing desire to be in a cherished relationship (Anderson and Weitz 1992; Moorman et al. 1992; Morgan and Hunt 1994). Customer loyalty manifests itself in a variety of behaviors exhibited by the customers, the more common one being the positive word of mouth about a retailer to other customers and repeatedly patronizing the provider (Dwyer, Schurr, and Oh 1987; Fornell 1992).

Customer value can be conceptualized as a comparison of weighted "get" attributes to "give" attributes (Heskett et al. 1994). Customer value is a ratio or trade-off between total benefit received to total sacrifices, taking into consideration the available suppliers' offerings and prices (Buzzell and Gale 1987). The sacrifice or price that a customer pays or considers consists of transaction costs, life cycle costs, and some degree of risk (Naumann 1995).

Customer satisfaction is usually defined as a positive emotional state resulting from the assessment of all aspects of a firm's working relationship with the customer. Two general conceptualizations of customer satisfaction exist in the literature: service encounter or transaction- specific satisfaction and overall or cumulative satisfaction (Bolton and Drew 1991; Cronin and Taylor 1994; Shankar et al. 2003). While transaction-specific satisfaction may provide specific analytical information about a particular product or service encounter, cumulative satisfaction (satisfaction that accumulates across a series of transactions or service encounters) is a more fundamental indicator of the firm's past, current, and future performance (Bitner and Hubbert 1994; Oliver 1996; Rust and Oliver 1994).
The Council of Logistics Management defines Logistics as the process of planning, implementing, and controlling the efficient, effective flow and storage of goods, services, and related information from point of origin to point of consumption for the purpose of conforming to customer requirements. Logistics can also be defined as a systems approach to planning, operating and controlling the total materials flow (raw-material, in-process inventories and finished goods) within the firm. Effective and efficient logistics management results in the right materials getting to the right place at the right time in useable condition for the lowest total logistics cost.

There are many definitions and descriptions of how logistics creates value. The traditional ones are based on the attributes of the creation of time and place utility (Mentzer et al., 1989; Perreault and Russ, 1974). The “Seven Rs” describes the attributes of the company’s product/service offering that lead to utility creation for customer through logistics value, i.e. part of a product’s value is the company’s ability to deliver the right product in the right amount at the right place at the right time for the right customer in the right condition at the right price (Coyle et al., 1992; Shapiro and Heskett, 1985; Stock and Lambert, 1993). This definition implies that part of the value of a product is created by logistics service, i.e. the attributes of the process by which the item gets to the end user.

La Londe and Zinszer (1976) provide a good explanation of how customer service adds logistics value through three components (1) An activity to satisfy customers’ needs; (2) Measures to ensure customer satisfaction; and (3) A philosophy of a firm-wide commitment.

Out of Stock condition from a retailer’s perspective can be described as condition when a particular percentage of products are not there on the retail store shelf at a particular point in time. It is usually measured by audits, normally in selected categories, and then aggregated.

Out of Stock condition from a shopper’s perspective can be described as condition when a shopper looks for an item in the store and does not find it on the expected shelf. This can be calculated as a percentage and is usually measured by estimation from store POS data. This is quite helpful for examining fast-moving items.

**Relationship between Customer Value, Customer Satisfaction, Customer Loyalty and Out of stock conditions**

**Customer value affects customer satisfaction**

Existing models of customer satisfaction which are based on the disconfirmation-of-expectations model (e.g., Cadotte et al, 1987) have rarely addressed the role of customer perceived value as a precursor of customer satisfaction. Although most of these models incorporate benefits as a measure of performance, they ignore any sacrifice component of the customers. Shortcomings in benefits (such as stock outs) may be offset
by perceived reduction in sacrifices (e.g., price), making a customer still satisfied. Thus, sacrifices made by customers need to be taken into account when the precursors of customer satisfaction are investigated.

Review of service management literature suggests that customer satisfaction is the result of a customer’s perception of the value received in a transaction or relationship (Heskett et al. 1997). Customer value can be considered as a cognition-based construct capturing benefit-sacrifice incongruity, whereas customer satisfaction is primarily an affective and evaluative response (Oliver 1993). Satisfied customers are found to be more willing to repeat patronizing the particular retailers and also to recommend the retailer to other customers.

**Customer satisfaction affects customer loyalty**

Customer satisfaction is considered a critical value driver of the long-term relationship between retailers and customers (Geyskens et al. 1999). Many studies have found that customer satisfaction affects variables that are indicators of customer loyalty (Ganesan 1994; Mittal and Kamakura 2001; Ross, and Baldasare 1998). A satisfied customer’s response toward a retailer could motivate the customer to patronize the retailer again and recommend the retailer to other customers. Previous research has found support for both increasing and decreasing returns to scale in the effect of customer satisfaction on repurchase intention (Anderson and Sullivan 1990; Mittal and Kamakura 2001). Heskett et al. (1997) suggested that customer loyalty increase rapidly after customer satisfaction passes a certain threshold—that is, there are increasing returns to scale in the relationship between customer satisfaction and customer loyalty. Consistent with this "threshold" argument, research on the concept of customer delight has found that "tremendously satisfied" or "delighted" customers are much more likely to remain customers of a retailer than those who are merely "satisfied" (Oliver, Rust, and Varki 1997).

**Customer loyalty has a reciprocal effect on customer satisfaction.**

Customer loyalty can drive customer satisfaction in a positive manner, and there could be a reciprocal effect between the two constructs. Loyal customers could derive important personal, noneconomic satisfactions from repeated social exchanges with a retailer and consequently find the overall experience more satisfying than disloyal customers (Dwyer et al. 1987; Shankar et al. 2003). Furthermore, loyal customers are much less susceptible to negative information about a service than are disloyal customers (Ahluwalia, Unnava, and Burnkrmut 1999). Therefore, there is a reciprocal effect of customer loyalty on customer satisfaction.

We can suggest that customer value affects customer satisfaction and customer satisfaction affects customer loyalty. Customer value is also found to be positively related to customer loyalty (Bolton and Drew 1991; Sirdeshmukh et al. 2002).
Out of stock conditions affect on customer satisfaction

Research by Emmelhainz et al. (1991) which performed in-store interviews with customers who experienced stock outs and indicated that 32% switched brands, 41% purchased a different size or variety, while 14% planned to go to another store. Peckham (1963) categorized behavioral responses to out-of-stock conditions into three types: (1) Go for a substitute brand; (2) Buy different stock keeping unit (size/colour) in same brand; and (3) Do not buy.

Review of literature also suggests that consumer response to stock outs is driven in large part by two factors: the effect of a stock out on the complexity of making a choice from the set and the degree of personal commitment to the out of stock alternative. It is found that personal commitment to an out of stock choice option is a function of preference for the alternative. As personal commitment to the out of stock option increases, consumers react substantially and negatively to the stock out—they report lower satisfaction and show a higher likelihood of switching stores on subsequent shopping trips. Overall it is found that out of stock conditions have negative impacts on the customer’s satisfaction.

Discussions and Managerial Implications

Discussions

In order to survive in a global economy, Retailers needs to be involved in the value-adding activities of inbound logistics, operations, outbound logistics, marketing and sales, and service at a lower cost. It is going to be necessary to have a low cost producer and a value-added supplier. One need to manage its merchandising and logistics functions as cost effectively and efficiently. Underperformance in these two functions not only reduces retailer’s effectiveness but also affect the shopping experience for the customers that can affect satisfaction and loyalty of customers. Inventory management and logistics in particular has become a critical activity in retail. Poor logistic management can result in either over stocking (leading to cash flow problems and unnecessary discounts) or lost sales due to stock outs.

We conducted several rounds of discussions with managers of retail stores, logistic managers, purchase managers, consultants and customers visiting the retail stores to have a view about the impact of stock outs on customers. Retailers visited and consulted for this study are: Big Bazaar, Easyday, Planet M, LM365, Vishal Mega Mart, Artinox and Shoppers Stop in New Delhi, India. We discussed the problems faced by retailers and customers in relation to stock out conditions. Some of the findings of our discussions are:

- In spite of heavy investments to improve retail logistics, average stock out conditions faced by the shoppers still range between 8-10%
- Approximately 20% of shopper’s time is wasted in looking for out of stock item
- Stock outs reduce the effectiveness of approximately 15% of promotional campaigns
One of every 12 items on a shopper’s list is usually not available. Usually a retailer loses about 4 percent of sales due to having items out-of-stock. 70-75% of out of stocks conditions happen because of poor management of merchandising and logistics functions. Wrong ordering and forecasting accounts for 50% of stock outs. 25-30% times goods are in the store but not on the shelf.

Intuitively most of us may think that supply-chain inventory levels positively correlate with on-shelf availability but we found the opposite to be true. Higher supply-chain inventory actually correlates with higher rates of stock outs. This obvious paradox can be explained by the fact that the retailers with lower inventory levels tend to manage their logistics better and have their inventories in the right places.

It is found that although many retailers have invested heavily in new technologies but the impact of technology improvements implemented by the retailers have been offset by process complexity because of SKU proliferations, store level assortments and promotional proliferation. Many hindrances in retail logistics are faced at point of sales (POS). Here if the data does not get transferred from the warehouse to POS then neither is the store in a position to sell the products nor does it reflects in their stocks & this finally leads to stock discrepancy. This poor inventory control could lead to either over stocking or lost sales due to stock outs.

Consumer’s when faced with stock out conditions have exhibited the following behaviour:
- Do not purchase
- Purchase elsewhere
- Substitute with the same brand
- Substitute with a different brand
- Delay their purchase

Managerial Implications
Too much dependence on “rule-of-thumb” forecasting and past historical data, multiple inventory databases and inadequate planning integration make it hard to manage the required inventory levels, promotions and replenishment effectively. Poor store replenishment procedures, manual ordering systems and contradictory goals and metrics also contribute to stock outs and inventory errors. In aggregate, these problems mean that the retail shelves are filled with goods customers do not want, while the goods they require are out of stock.

Our discussions and findings lead us to the following implications of stock out conditions at retail stores:
- Stock outs lower the impact of promotions and trade promotion funds.
- Stock outs distort the true shopper demand and thus decreases the accuracy of forecasting and ordering.
Stock outs distort the true store demand so forecasting and category management becomes less accurate and effective.

Stock outs result in direct loss of brand loyalty and brand equity for products.

Stock outs result in direct loss of store loyalty.

Stock outs prompts the trial and adoption of competitor’s brands

Stock outs encourages the trial of other competitor’s stores

Stock outs impacts customer value and satisfaction

Stock outs lead to increase in operational costs through personnel looking for stock out items

Stock outs reduce the effectiveness of special promotional campaigns

Not all stock outs are the same. A slow-moving item that is out of stock will be less costly to the store than a fast-moving item.

In fact, shoppers consider stock out as a negative factor and many times stop visiting a particular retailer after 2-3 such incidences. Many times a good experience is also affected by stock outs of promotional products. In the long term stock out conditions may also affect future patronage of the retailer; either by the same customer or by others because of negative word of mouth by dissatisfied customers.

The implications of our findings suggest that the cost of stock outs to retailer is greater than what has been considered by the retailers earlier. Based on our study, we felt that stock out is a serious condition that can have a long term impact on the revenues and profits of a business.

Recommendations

In today’s volatile economic environment retailers need to implement advanced technology solutions that optimize prices, incorporate intelligent inventory planning, and implement high-powered POS systems to speed checkout and enhance customer experience. Monitoring and analyzing real time inventory, forecasting accurate sales, optimizing store and shelf replenishment to reduce stock outs, and providing advanced customer analytics: This will help them to offer better service to shoppers and will increase customer value and satisfaction. This will also help food and grocery retailers do all of the above in ways that optimize costs and improve productivity.

Upon thorough review of literature and detailed discussions and interactions with various stakeholders, we advocate the following measurements to manage stock outs in retail logistics that can help to increase customer loyalty, value and customer satisfaction:

• Understand consumer’s reactions to retail stock outs

Understanding of consumer’s reactions to stock out conditions can help retailers to develop better merchandising and inventory management practices. Sometimes consumers shifts to private labels of the retailers because of stock out of their preferred brand and here stock out is having a positive impact on the retailer in the short term.
• **Inventory control Management**

Retailers and suppliers need to work in tandem to reduce total supply chain inventory. Too much dependence on “rule-of-thumb” forecasting and past historical data and inadequate planning integration need to be avoided as it reduce the effectiveness of inventory management.

• **Develop a completely integrated merchandising and supply organization.**

Retailers will have to develop common planning mechanisms, systems, processes, metrics and information flows to connect employees working in different merchandising and supply chain functions. This will help their staff to work as teams, share expertise and skills, and coordinate their activities. They will eventually have to include external suppliers and partners to leverage the full potential of this integrated structure. This will help to reduce the stock out conditions at point of sales.

• **Make use of supply chain analytics and systematic data to further improve forecasting and ordering process.**

Supply chain analytics combines technology with human effort to identify trends, perform comparisons and highlight opportunities in supply chain management even in the cases where huge amount of data is involved. It helps retailers to control, measure and improve their business strategies, plans and operations. Retailers will have to foster a culture that embraces the extensive use of store data, implement the latest technologies and tools required to collect and analyze that data efficiently, and develop methodologies and practices to encourage data-based forecasting and ordering.

• **Align the offerings with actual customer demand.**

Retailers will have to know what different customer segments value, and how those values shape their behavior while shopping. They will have to give dynamic access to this information to their employees in the merchandising-supply chain networks, so that they can make decisions which take the needs and preferences of specific customer segments into account. In addition, retailers need to measure their performance for customer satisfaction parameters on a regular basis.

• **Modify operations to develop the most effective and efficient paths to market.**

Retailers will have to reconfigure their merchandising and supply chain processes and infrastructure to meet the needs of different customer segments, products, and markets. They will have to mold their service levels, sourcing strategies, transportation methods, distribution centers, stock levels and replenishment cycles accordingly. This model of retail logistics will enable retailers to cater to different customer segments, make their products more innovative and appealing. This will also ensure that different products are available in the right amounts and the right channels at the right times.
Conclusions

This paper gives valuable insights on relationships between retail logistics, customer service, customer satisfaction, loyalty and out of stock conditions affecting them. Long-term stock out problems affects not only the sales of the product, but also the likely potential of a consumer to switch retailers.

In today’s unpredictable economic climate, retail logistics is becoming more important than ever before. Getting the right amount of goods to the right place at the right time is significant, especially in an age when budgets are tight and customer’s demands are unpredictable and unforgiving. In the best of times, logistics managers only execute 80% of the time. However, in tougher economic times, this margin for error is too high. Logistics management is evolving in significant ways to address these problems. Internet utilization, combined with the proliferation of reverse logistics and the impact of technology advancements in real-time logistics event management and visibility, are fundamentally changing the role of retail logistics in organizations. In order to succeed in today’s competitive marketplace, companies must be aware of these trends and develop a retail logistics strategy that capitalizes on the best-of-breed technology solutions available today, so that they can meet the demands of their customers today and be well prepared for the future.

It is found that the retailers with efficient logistic practices that satisfy customers with lower rates of stock outs are more likely to succeed in this tough economic environment. As retailers improve their logistic management and meet the demands of customers more efficiently, they are more likely to generate greater value for all their stakeholders.

In conclusion, we can say that reducing stock outs is essential but it comes at a price. Retailers in India need to take initiatives that cut across functional boundaries and also require a basic rethinking of retailer processes. Thus, it’s not surprising that some of the retailers and suppliers did not follow through with the necessary actions even after having measured the extent of stock outs in their business. Clearly, there is a minimum out-of-stock rate where cost to reduce further is more than the benefit to a retailer. In fact, in some cases, occasional stock outs can be even beneficial as certain availability may eventually increase price competition. In these cases, a retailer can gain more by stocking less. Regardless, stock outs remain a major issue for not only the retailers, but also for all parties in the retail logistics. As many retailers in India begin to address stock outs with the newer, technologically superior solutions, they are benchmarking new standards followed in the western countries.

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The Evolution of Retail Logistics in Italy.  
The Case of Coop Italia

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Key Words  
Retail, logistics, Italy, vertical relationship

Abstract  
The present paper examines on the basis of a single case-study the evolution of logistics in the Italian grocery industry. It analyses the effects of the reengineering the logistic system on efficiency and, in particular, on the manufacturer-retailer relationship. The paper sheds light on new logistic strategy made by the largest retailer in Italy. It shows also that the reorganisation of the supply chain affects the relationship between manufacturer and retailer. This reorganisation leads to important changes in the balance of power along the distribution channel. This paper is based on a specific case study, therefore it may not be generalised outside Italy. However, it represents a first example applying the principles of logistic centralisation in the Italian retail industry, which is characterised by a low level of innovation in logistics, due to its fragmented market structure. Our work aims to suggest managers of retailing firms operating in Italy the main operational guidelines to run their company. The study, in fact, provides important lessons on how the adoption of innovative logistic system can positively affect operational efficiency and vertical relationship.

Introduction  
The present paper uses a single case-study to examine the evolution of logistics in the Italian retail industry, by analysing the impact of reengineering the logistic system on retailers’ efficiency and on the manufacturer-retailer relationship. The reorganisation of logistics does not only impact the relationship between manufacturer and retailer in the form of a change in the balance of power in the distribution channel, but also affects the vertical relationship among retailers and manufacturers.

As retailers centralise their Distribution Centres, they centralise the negotiation phase and gain scale, thereby outpacing manufacturers through an increase in bargaining power. However, reengineering the supply chain requires vertical collaboration between retailers and manufacturers in the management of logistic activities; information-sharing regarding different activities amongst market partners and increased harmonisation are regarded as a performance driver to overcome the unsatisfactory profit situation of a stagnant grocery industry. In other words, logistics spurs manufacturers and large retailers to adopt a business model based both on competition and collaboration. 
The paper is organised as follows.
First, it discusses the innovative features of the supply chain and compares it with the traditional logistic system, outlining the impact of reorganisation of the supply chain on the relationship between manufacturer and retailer. Secondly, it describes the main characteristics of Italian retail industry which represents the sector under analysis.

Finally, it describes the restructuring of logistics implemented by one of the most important Italian retailers. The case-study examines the reorganisation carried out by the retailer under analysis. This reorganisation mainly consists in the creation of an important logistic hub for the Italian North West Area.

Literature review

Several works have studied the evolution of retail industry and the logistics strategies of grocery retailers (Fernie, 1999; Dawson, 2000, 2001; Sparks and Wagner, 2003). Fernie (1994, 1995, 1999) cites the main strategic factors to explain variation in supply chain network. The strategic factors are:

a) the extent of retailers’ power;

b) the penetration of store brand in the market;

c) the degree of supply chain control.

The balance of power between manufacturer and retailer has recently changed with retailers taking the control of many aspects of the value chain, including logistics (Dawson, 2001; Dawson Shaw, 1990; Fernie, 1997; Fernie 2003). The integration of logistics is implemented after the “Retailing Revolution” i.e., the development of large retail corporations together with the increase of market concentration.

In the past, logistics is controlled by manufacturers that had the responsibility for the physical distribution of goods from factory to the single points of sale (time 0).

As retailers grow in scale (Retailing Revolution), logistics becomes retailer driven. The process consists in integrating warehouse and transport activities and reengineering the entire supply chain (time 1). In this way, logistics becomes increasingly important in large retailers’ value chain (Norek, 1997). By investing in their own regional (or interregional) Distribution Centres, many retailers take control of store replenishments from suppliers and wholesalers. The Distribution Centre becomes the barycentre of the logistic system in the distribution channel and it can be seen as the hub serving the single points of sale (spoke) of a certain catchment area: in other words, the integration of logistics made by the retailer is implemented by the consolidation of the main logistic activities at the Distribution Centre level (Fernie, 2003).

The main reasons that spur retailers to integrate and consolidate physical and information flows related to the distribution of goods along the channel are:

1. efficiency/efficacy improvements in the bargaining process, by means of to discounts made by sellers arising from the optimisation of load transport and delivery/replenishment processes;

2. efficiency improvements in operational processes by reducing stock levels and storing costs, by increasing labour productivity and the size of shelf areas at the point of sale;

3. consumer-service improvements by reducing the risk of going out-of-stock in the point of sales and by enhancing the service quality and the freshness of goods.
The integration and consolidation of logistics are not only pursued by big retailers to gain scale in the operational processes, but also in the negotiation phase (Bonet e Panchet, 2005), because they centralise purchasing activities from point of sale to regional, inter-regional or national level.

To gain strategic benefits and logistics cost saving, literature recognised that it is not enough to optimise retailers’ internal operations; vertical collaboration between retailers and manufacturers in the management of logistic activities is a potential and fundamental competitive requirement (Kotzab, 1999; Kotzab, H., Teller, C, 2003; Soosay, Hyland, Ferrer, 2008; Barrat, 2004). During the 1990s, the main interest of the grocery supply chain management was the publication of the Kurt Salmon Report on Efficient Consumer Response, showing the “waste” activities in the grocery supply chain. In the 2000s, the ECR movement stresses the importance of new principles of collaborative management along the supply chain, aiming at gaining efficiency in the logistic process and serving consumers better, i.e., more quickly and at lower cost (Kurt Salmon, 1993; ECR, 2006). This result is called a “win-win-win situation” since all partners in the supply chain (manufacturer, retailer, and end-user) can gain profitability by doing more with less (Svensson, 2002a; 2002b).

Vertical collaboration takes place at different level of the supply chain and enables better physical and information flows, improvement in the trade-off between quality and average stocks, more economical inventory management and better transportation system (Caputo and Mininno, 1996; Soosay, Hyland and Ferrer, 2008). Vertical collaboration is a form of supply chain integration strategies, oriented towards the linkage of organisations with the purpose of reducing operational costs through asset-specific investments that yield superior efficiency (Caputo and Mininno, 1996).

Retailers have been more proactive in their approach, developing partnerships primarily in operational improvements such as delivery, storage and packaging patterns. Continuous Replenishment Project (CPR), Vendor Management Inventory (VMI), Co-Management Inventory (CMI), and Collaborative Planning Forecasting and Replenishment (CPFR) represent the strategic logistics projects in which the collaborative orientation prevails. Moreover, large manufacturers and large retailers are jointly testing the application of Radio Frequency Identification systems, in order to control physical and information flows from the factory to the point of sale (Jones, 2004; Prater, 2005).

The focus on logistics brings retailers and manufacturers to cooperate on other strategic activities of the value chain such as marketing and customer services (ECR, 2006).

This strategic orientation leads to Supply Network Strategies apt to activate relationships with suppliers in order to become more efficient and innovative. Since the late 1970’s, a number of studies in relationship marketing have laid the bases for research in the organisational area that have shifted the focus from the internal process of organizations towards the organization-environment interface (Hakansson, Snehota, 1997). Thus, a new perspective of research in marketing and strategic management which stressed the importance of dyadic business relationships (Brandenburger, Nalebuff 1996) emerged; the dyadic perspective was then extended to networks in
which several firms are linked in interdependent relationships and governance structures (Hakansson, 1989). In the manufacturer-retailer relationship, the business model is moving towards co-opetion, which combines competition and cooperation between partners belonging to the same value-net (Achrol and Kotler 1999).

The case of Coop Italia, the leading firm in the Italian retail industry

Procedure

The paper is constructed on a single case study. Case-study research is an empirical inquiry that allows for a phenomenon to be analysed within its real context (Yin, 2003). The single case methodology is applicable for representative and revelatory cases. The case study organisation can be described as representative of Italian large retailers and as revelatory because it show an innovative supply chain organisation for the Italian retail industry.

In order to construct the case-study, we interviewed three managers of Coop Italia: the head of Logistics of Coop Italia, the manager of Budgeting Control of Coop Liguria, the Logistics manager of the new body - North West District - that manages the retailer’s physical flows in the North West of Italy. Semi-structured interviews were used in data collection.

The head of Logistics gave us an overview of the evolution of Logistics and Supply Chain Management in Retail in general and in Coop Italia in particular. The second interviewee focused on the organisational problems that three Cooperatives met in pursuing the creation of the North West District, whilst the third explained the critical role of operational activities in the North West District.

Access to several internal documents on the evolution of logistics in Coop was provided by the head of Logistics. We also collected some information about the retail industry in Italy, analysing sectorial databases and specialised press.

The collected information allows us to answer the following research questions:

a) what paths of logistic reorganisation are followed by the firm studied;

b) what implications are delivered by these paths, in terms of operational efficiency and effectiveness;

c) what implications in terms of manufacturer-retailer relationship.

Structural features of the Italian retail industry

The retail market in Europe has become increasingly concentrated both at national and EU level (Dobson, 2003). Highly fragmented retail markets, consisting predominantly of traditional independent retailers, have shifted towards high levels of market concentration, driven by a process of growth and mergers by leading retailers.

The results are: (i) the “marginalisation” of small independent retailers, which continue to act as convenience stores; (ii) market dominance by a limited number of large-format; (iii) multiple-store retailers that account for the main share of consumer spending. As they saturate their home markets and as opportunities for expanding their business arise, large retailers have also tried to expand their operations internationally.

However, with respect to the development stage and the type of business model, the European Union retail industry varies from nation to nation and region to region.
For example, the retail industry in Northern Europe is more concentrated and sophisticated than its Southern counterpart; Eastern Europe is a new emerging market, as European retailer giants have recently begun to invest in Russia. The most prominent are Germany’s Metro, a cash-&-carry operator, and Auchan, the French hypermarket chain. Other major global retailers known to be considering Russia are Carrefour, Tesco and Wal-Mart.

Focusing on the Italian grocery retail industry, it is immediately clear that level of development are lower compared to other European countries. The Italian retail industry is generally fragmented and is characterised by the presence of both traditional shops and large retailers (Table 1). Italian small shops account for 25% of grocery sales, while in France, Germany and the UK they have a considerably smaller sale ratio (respectively 4%, 5% and 17%) (Federdistribuzione, 2010).

**Table 1: Modern channel vs traditional channel**

<table>
<thead>
<tr>
<th>2009</th>
<th>Italy</th>
<th>Spain</th>
<th>Germany</th>
<th>France</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypermarket</td>
<td>27%</td>
<td>30%</td>
<td>28%</td>
<td>55%</td>
<td>55%</td>
</tr>
<tr>
<td>Supermarket</td>
<td>48%</td>
<td>50%</td>
<td>68%</td>
<td>41%</td>
<td>28%</td>
</tr>
<tr>
<td>Traditional shops</td>
<td>25%</td>
<td>20%</td>
<td>4%</td>
<td>4%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: Federdistribuzione 2010

Italian retailers can be classified in different group, namely (see Table 2):
- associations among small shops (retailers’ cooperative, i.e. an organization of independent retailers with the aim of sharing marketing expenses and obtaining better discounts from upstream suppliers);
- Cooperatives among consumers, recognised by Art. 45 of the Italian Constitution, with the goal of protecting consumers’ interest.

**Table 2 - Sales Ratio 2009 (Grocery)**

<table>
<thead>
<tr>
<th>Retailer</th>
<th>% grocery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coop Italia</td>
<td>15.2</td>
</tr>
<tr>
<td>Conad</td>
<td>9.7</td>
</tr>
<tr>
<td>Selex</td>
<td>8.3</td>
</tr>
<tr>
<td>Carrefour</td>
<td>8.2</td>
</tr>
<tr>
<td>Auchan</td>
<td>8.2</td>
</tr>
<tr>
<td>Esselunga</td>
<td>7.3</td>
</tr>
<tr>
<td>1. Despar</td>
<td>4.4</td>
</tr>
<tr>
<td>Interdis</td>
<td>4.0</td>
</tr>
<tr>
<td>Pam</td>
<td>3.6</td>
</tr>
<tr>
<td>Eurospin</td>
<td>3.2</td>
</tr>
</tbody>
</table>

Source: Federdistribuzione (2010)

In 2009, the main retailers in the Italian grocery market are Coop Italia (a Consortia of Consumer Cooperatives), CONAD (a Consortia of Retailers’ Cooperatives),
followed by international retailers (Auchan and Carrefour) and wholesales’ association (Selex, Despar, Interdis).

Retail chains keep gaining share at the cost of independent stores, by exploiting economies of scale, which allow them to maintain lower prices and spend more resources on advertising. Non-store retailing continues to gain share in 2009, but accounts for less than 3% of total retailing in Italy.

As regards competitive structure, retailers (especially the large ones) mainly compete on price, especially in the food segment, where great attention has been given to price positioning, because of the economic crisis. Consumers keep looking for the best price among different retailers and formats, therefore this shopping behaviour pressures retailers to obtain better deals from manufacturers.

**The logistic reorganisation pursued by Coop Italia in the North-West**

Coop Italia is the largest Italian distribution chain; it is a Consortia of Cooperatives among consumers and operates in every Italian Region through 1,427 sales outlets and a staff of around 56,500 people. Coop Italia’s shareholders total about five million people.

The major cooperatives are co-joined in regional district (Table 3):

<table>
<thead>
<tr>
<th><strong>Table 3 - The Coop Italia System</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>North West District</strong></td>
</tr>
<tr>
<td>Coop Liguria (Genoa, Savona, La Spezia, Imperia, Alessandria, Cuneo);</td>
</tr>
<tr>
<td>Coop Lombardia (Varese, Como, Milan, Monza e Brianza, Lodi, Pavia, Cremona, Brescia);</td>
</tr>
<tr>
<td>Novacoop (Turin, Biella, Vercelli, Novara, Verbania, Varese, Milan, Cuneo, Asti, Alessandria).</td>
</tr>
<tr>
<td><strong>Adratic District</strong></td>
</tr>
<tr>
<td>Coop Adriatica (Belluno, Vicenza, Padua, Venice, Treviso, Rovigo, Bologna, Ferrara, Ravenna, Forlì-Cesena, Rimini, Pesaro e Urbino, Ancona, Macerata, Ferrara, Ascoli Piceno, Chieti);</td>
</tr>
<tr>
<td>Coop Consumatori Nordest (Piacenza, Parma, Reggio Emilia, Mantova, Brescia, Venezia, Treviso, Rovigo, Pordenone, Udine, Gorizia, Trieste);</td>
</tr>
<tr>
<td>Coop Estense (Modena, Ferrara, Foggia, Barletta-Andria-Trani, Bari, Brindisi, Taranto, Lecce, Matera).</td>
</tr>
<tr>
<td><strong>Tirrenic District</strong></td>
</tr>
<tr>
<td>Coop Centro Italia (Arezzo, Siena, Perugia, Terni, Rieti, L’Aquila);</td>
</tr>
<tr>
<td>Unicoop Firenze (Lucca, Pisa, Pistoia, Prato, Firenze, Arezzo e Siena);</td>
</tr>
</tbody>
</table>

*Sources: Coop Italia*

Coop Italia operates by means of hypermarkets (Ipercoop), large supermarkets (Coop), small supermarkets (inCoop) and discount stores (Dico). In the past, this complex store system was usually replenished through a distribution network of local warehouses for dry grocery and fresh products.
With respect to the logistics, large cooperatives started to centralise their Distribution Centres from local to regional level (one for each Cooperative), with the aim of gaining economies of scale in warehouse management. Such process of centralisation is still ongoing and represents a key point in the process of reorganisation of the company.

It is important to underline that Coop Italia along with the biggest manufacturers negotiate at the national level to fix contractual national standards (discount and bonus criteria, new product penetration, price spread, etc.), while specific clauses pertaining quantity, quality, price and time of delivery are established at Cooperative level or, in case of particular products, at hypermarket level.

Since 2006, the head of Logistics in Coop Italia has been working to plan a new logistic system that has been tested so far in the North West District.

In the North West, Coop Italia runs its business through three Cooperatives (CoopLiguria, CoopLombardia and CoopNova) that operate at regional level.

Until 2006, each cooperative was replenished by a specific regional Distribution Centre. Every single point of sales operated with a particular logistic system of replenishment, while Coop Hypermart (Ipercoop) placed its orders directly to suppliers and had a personal warehouse; Supermarkets and Discounts sent order-forms to the regional Distribution Centre (D.C.) belonging to the same Cooperative.

Only for slow moving consumer goods, was the Hypermart warehouse replenished from the D.C. (Fig. 1).

Fig 1: The previous Coop logistic system

Since 2006, Coop Italia’s process of logistic reorganisation has created an important logistic hub for the Italian North West Area, shifting the logistic D.C. from a local to an interregional level. North West Consortium is the company owned by the three cooperatives belonging to North West District; it supplies storage and delivery services to the three aforementioned cooperatives (Table 4).
The economic and financial profile of the Consortium is represented by the following table that shows the dramatic growth of the company, due to the progressive centralisation of supply and logistic services pursued by the three shareholders Cooperatives (Table 5).

**Table 5 - The Consortium’s Profile**

<table>
<thead>
<tr>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(.000 €)</td>
<td>(.000 €)</td>
<td>(.000 €)</td>
<td>(.000 €)</td>
<td>(.000 €)</td>
</tr>
<tr>
<td>Revenues</td>
<td>2,178,250</td>
<td>1,733,056</td>
<td>1,154,263</td>
<td>671,896</td>
<td>278,850</td>
</tr>
<tr>
<td>EBITDA</td>
<td>10,907</td>
<td>10,954</td>
<td>10,302</td>
<td>8,123</td>
<td>5,986</td>
</tr>
<tr>
<td>EBITDA/Sales (%)</td>
<td>0,49</td>
<td>0,62</td>
<td>0,87</td>
<td>1,16</td>
<td>1,99</td>
</tr>
<tr>
<td>ROS (%)</td>
<td>0,04</td>
<td>0,02</td>
<td>0,12</td>
<td>0,25</td>
<td>0,43</td>
</tr>
<tr>
<td>Net profit</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total Assets</td>
<td>590,352</td>
<td>616,680</td>
<td>389,367</td>
<td>202,389</td>
<td>222,497</td>
</tr>
<tr>
<td>Capital and reserves</td>
<td>6,000</td>
<td>6,000</td>
<td>6,000</td>
<td>6,000</td>
<td>6,000</td>
</tr>
<tr>
<td>ROA (%)</td>
<td>0,15</td>
<td>0,04</td>
<td>0,38</td>
<td>0,88</td>
<td>0,58</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Aida - Bureau Van Dijck Electronic Publishing

With the establishment of the new company, Coop Liguria, Coop Lombardia, Coop Nova are now co-jointed, from a logistic point of view, in a unique logistic area that covers the entire North West District. The North West Consortium, consisting of an hub (D.C.) and four Regional Warehousing Points (Platform – P), manages the entire system and supplies each Cooperatives.

Different projects pertaining the logistics are carried on the base of:
  a) types of goods whose logistics requirements are similar with respect to the selling speed;
  b) the distribution format (supermarket, hypermarket, discount store).
However, this distinction is becoming less and less important as the North West Consortium is increasing the control on every process.

In the first years of activities, in fact, the North West Consortium has stored and managed only slow moving consumer goods for the point of sales of the three cooperatives, while faster moving consumer goods (such as fresh products) have been stored by the Regional Warehousing Points (Fig. 2).

Since hypermarkets have wider and deeper assortments of goods, they are simultaneously served by the Hub for slower goods, by Regional Warehousing Points (Platform – P) for the fastest, and directly by manufacturers for goods that are sold only through this format, as, for example, non-food goods.

Every regional Platforms (P) is in charge of the storage and the transport of faster consumer goods up to the points of sale (supermarket, hypermarket and discount), while the North West District Hub takes orders and delivers directly to Hypermarkets and to the four regional Warehouse Points for slower moving consumer goods.

Faster moving consumer goods are replenished directly at the Warehouse Point (P.) or at hypermarkets.

Since 2009, North West Consortium has increased the level of centralization of deliveries to the hypermarket channel. Hypermarkets are replenished by North West Consortium for all products (food and non-food).

At the end of 2009 and during the whole 2010, the Consortium has increased the centralization of logistics for the three cooperatives, particularly in the area of fresh and dairy products. In the past, on the contrary, the hub was specialised only for dry products (Table 5).
Table 5: Packages moved by Consortium

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dry goods</td>
<td>62,242,220</td>
<td>63,323,751</td>
<td>62</td>
<td>65</td>
<td>-1.70%</td>
</tr>
<tr>
<td>Frozen</td>
<td>4,600,647</td>
<td>4,449,583</td>
<td>5</td>
<td>5</td>
<td>3.40%</td>
</tr>
<tr>
<td>Fruit and vegetables</td>
<td>18,762,096</td>
<td>18,004,399</td>
<td>19</td>
<td>18</td>
<td>4.20%</td>
</tr>
<tr>
<td>Dairy products and salami</td>
<td>11,105,917</td>
<td>10,640,519</td>
<td>11</td>
<td>11</td>
<td>4.50%</td>
</tr>
<tr>
<td>Meat</td>
<td>3,508,090</td>
<td>1,513,635</td>
<td>4</td>
<td>2</td>
<td>131.80%</td>
</tr>
<tr>
<td>Total</td>
<td>100,218,970</td>
<td>97,931,887</td>
<td>100</td>
<td>100</td>
<td>2.30%</td>
</tr>
</tbody>
</table>

Source: Coop Italia

At present, the process of centralisation and reorganisation is ongoing and becoming critically important. The managerial team of the Consortium is now studying and designing the reorganisation of logistics for fresh products. The new logistic system for fresh products will be formed by one or two storage facilities for dairy products and by a single meat processing centre. The new logistic system should allow a substantial reduction of costs of the supply chain logistics of fresh goods.

The tasks of the Consortium have gone beyond the field of the logistics, aiming to promote innovative projects in accounting, human resources, consumer service, marketing etc.

Concluding remarks

We acknowledge that it is difficult to draw any final conclusions from the North West Consortium project of Coop Italia.

The project of reorganising the logistics is ongoing and subject to continuous changes to adjust the relationship between the Cooperatives and the North West District and to improve efficiency of the whole system.

Therefore, it would be too ambitious to assess the impact of the actions enhancing the logistics efficacy and efficiency of Coop.

However, we can attempt to make some preliminary observations that may allow to partially answer the research question addressed in this paper.

In terms of operational efficiency and effectiveness, the centralization of logistic management at the District level has provided significant opportunities for the three Cooperatives; more specifically, such opportunities regard: i) costs optimization and exploitation of economies of scale; ii) increase of the number of products sold by the points of sale; iii) enlargement of the sales areas of the points of sale; iv) improvement of the return on investment and of financial management.

The centralization of logistic operations at interregional level exploits economies of scale and optimises the use of resources and structural facilities; in particular, it responds to the need of gaining scale in the management of the warehouse and in the transport/delivery system.
The process of centralization increases the number of products for the entire system of the three Cooperatives. The North West Consortium moves 12,000 products, of which 6,500 are sold in supermarkets and hypermarkets and 4,500 only in hypermarkets, the rest is promotional products. The centralization of logistics helps to widen and deepen the assortments of goods in the retail outlets as an important tool for customer satisfaction.

The centralisation also reduces the warehouse area in retail outlets and consequently enlarges the sales area. The hypermarket of Savona (Coop Liguria), for example, has expanded the sales area of more than 800 mq, thereby increasing its revenues.

Moreover, the North West District Hub becomes a profit centre since manufacturers offer discounts to the retailer in exchange of the economic benefits obtained by using this logistic system.

Coop Italia has evaluated in percentage terms the reduction of costs due to the adoption of different delivery processes as follows:
1. delivery costs from manufacturer to the single point of sale: 100;
2. delivery costs from manufacturer to hypermarket: 45;
3. delivery costs from manufacturer to regional DC: 17;
4. delivery costs from manufacturer to interregional DC: 12.

These benefits are transferred from manufacturer to retailer in terms of contractual conditions.

The centralisation at the District level has provided significant opportunities for the three Cooperatives to reduce costs, to generate better returns on invested capital, and to improve cash flows.

As regards the technological facilities, the integration/centralisation of the logistics has been supported by the implementation of significant investments in new technology. The North West District has implemented the Electronic Data Interchange (EDI) system in particular for the relationship with large and frequent manufacturers and extranet (web-enable) for contacts with small-medium or non frequent manufacturers. New Information and Communication Technologies are consistent with a supply chain managed as a pull and not a push system, according to the best practices defined by the Italian ECR initiative.

EDI allows the implementation of Fast Perfect Order (FPO). The application of EDI-FPO has decreased errors in orders (-23%) and invoices (-77.3%) and has reduced the average lead time (-1.5 days); the consequence is the reduction of the costs of legal disputes, of order management and billing.

The proliferation of the number of goods, the reduction of the average size of orders, the pressure on delivery times have increased the complexity of managing the operation at DC. Despite a complete automation of the management of DC is not currently feasible, in North West District, the application of Radio Frequency technology leads to a reduction of errors in picking activity from 1% to 0.01%.

The centralisation of the logistic activities for the three cooperatives has been followed by the centralisation of other activities of the value chain, such as purchasing and strategic marketing. As regards the marketing, the three cooperatives autonomously
manage their commercial activities, focusing on the specific needs in the catchment area where they operate (due to local differences in consumers’ culture, preference and behaviour), while strategic activities are managed at District level.

Moreover, concentrating the activities of the value chain in a local area may help to set up virtuous circles, through long-lasting and consolidated collaboration between resources belonging to different value chain activities; this process could generate an increase in the competitiveness of the entire North West District Hub and, as a result, of the entire Consortia Coop Italia.

For example, the marketing and logistics departments cooperate in scheduling the promotions and in organising the category management.

These features show that the North West District Consortium differs from a mere D.C., because the former defines the negotiation process, as well as interregional marketing and commercial policies.

In terms of vertical relationships, the centralisation of the logistics implies a centralisation of the negotiation process which process was previously carried out individually by each Cooperative or hypermarket. Such reorganisation allows Coop to obtain better contractual conditions thanks to an increase in its bargaining power. However, the successful implementation of this logistic model needs the collaboration of all the manufacturers such that all the agents coordinate their delivery operations and delivery equipments that enable both cost cutting and enhancing consumer service.

Manufacturers, in fact, can benefit from the integration/centralisation of the logistic system implemented by Coop, thereby achieving efficiency results that might not be achieved otherwise. It is worth noticing that Coop Italia is the first retailing company in Italy that has bred a business model based on such co-opetition.

In conclusion, the case of Coop Italia and North West Consortium illustrated that logistics can improve operational efficiency and change the relationship with manufacturers.

As far as the reorganisation of the logistics is concerned, some ideas from this case study may be applied to other Italian big retailers (especially Cooperatives), which currently operate with a fragmented logistic system and base their vertical relationship on the mere negotiation.

References


Emerging Retail Formats of Punjab in India: A Retailers Perspective

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&
Ravi Kiran
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Key Words
Retail formats, Attributes, Retail Strategies, Convenience and Shopping Goods.

Abstract
The organized retail sector in India is witnessing a transformation, where the traditional retailers are making way for new formats. Both existing and emerging players are experimenting with modern retail formats. These modern retail formats offer wide variety to customers and present an ideal shopping experience with an amalgamation of product, entertainment and service, all under a single roof. Consumer dynamics in India is also changing and the retailers need to take note of this and formulate their strategies and tactics to deliver the exact expected value to the customer. The main objective of this paper is to study the pricing strategies, promotional strategies and retention strategies adopted by different retailers in Punjab and attributes they are providing to consumers while shopping. The retail attributes that considered in this paper are divided into two types: Product attributes and Store attributes. Quality, Price, Brand, Assortment of merchandise, Easy availability of products, Proper display of products and Exchange facilities are major product attributes and Ambience, Location, Convenience, In-Store promotions, Store atmosphere, Parking facility, Long working hours and Trained sales personnel are store attributes.

The result of the study shows that consumers give more preference to product attributes than store attributes. This paper also demonstrate that strategies that give economic benefits to consumers like discounts, coupons, free gifts are more successful as compared to non-economic strategies like better internal environment, Entertainment facilities, loyalty programs etc.

Introduction
With changing business environment in India, retail sector is at an inflexion point and the organized retailing is carving out a higher growth trajectory. The Indian retail sector has strong linkages with the economic growth and development of the economy. AT Kearney (2010), identified India as the third most attractive retail destination globally from among thirty emergent markets. As per this report Indian retail market is worth about $410 billion, out of this 5% of sales are through organized retail. Further GRDI (2010) is of the view that Retail should continue to grow rapidly up to $535 billion in 2013 with 10% coming from organized retail. The Indian retail market has around 15 million outlets and has the largest retail outlet destiny in the world, (India Retail Report,
The retail sector in India is witnessing a huge revamping exercise as the traditional retailers are making way for new formats. These modern retail formats provide wide variety to customers and offer an ideal shopping experience with an amalgamation of product, entertainment and service, all under a single roof. The formats considered in the present study are:

i. **Malls**: Malls range from 60,000 sq ft to 7,00,000 sq ft, are the largest form of organized retailing today. These lend an ideal shopping experience with an amalgamation of product, service and entertainment; all under a common roof.

ii. **Convenience Stores**: These are relatively small stores located near residential areas and open for long hours for all seven days a week. These carry a limited line of high-turnover convenience products and fill an important consumer need. People are willing to pay for the convenience.

iii. **Department Stores**: Department Stores are another type of emerging formats and these carry several product lines- typically clothing, home furnishings and house-hold goods- with each line operated as a separate department managed by specialist buyers or merchandisers.

iv. **Hypermarkets/Supermarkets**: Hypermarkets and Supermarkets are the latest formats located in or near residential high streets. Hypermarkets carry a product range varying from Foods, Home-ware, Appliances, Furniture, Sports, Toys and Clothing and Supermarkets are large self service outlets, catering to varied shopper needs and mainly focus on Food and Grocery and personal sales.

v. **Discount Stores**: Consumers preferring to pay a low price can visit the Discount Stores or Factory Outlets, which offer discounts on the MRP, as they sell in bulk and have higher economies of scale.

vi. **Specialty Stores**: These stores especially cater to consumers who are looking for assorted brands at one store for instance: apparel stores, sporting goods stores, furniture stores and book stores are some of the examples of specialty stores. (Kotler, 2006, Sinha and Kar, 2007, Srivastva, 2008)

The modern Indian consumer is seeking more value in terms of improved availability and quality, pleasant shopping environment, financing option, trial rooms for clothing products, return and exchange policies and competitive prices. According to Swar (2007), several demographic indicators show favorable trends for the growth of organized trade in India. These are: i) **Rapid income growth**: consumers have a greater ability to spend, ii) **Increasing Urbanization**: larger urban population that value convenience, coupled with the higher propensity of the urban consumers to spend, iii) **Growing young population**: growth of the post-liberalization maturing population, with the attitude and willingness to spend and iv) **Spend now vs. save earlier**: consumers are willing to borrow for present consumption, which has resulted in the emergence of big retail chains in most metros; mini metros and towns.
Table 1- Share of Organized Retail to Total Market

<table>
<thead>
<tr>
<th>Retail Segments</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clothing, Textiles and Fashion Accessories</td>
<td>13.60%</td>
<td>15.80%</td>
<td>18.90%</td>
<td>22.70%</td>
</tr>
<tr>
<td>Jewelry</td>
<td>2%</td>
<td>2.30%</td>
<td>2.80%</td>
<td>3.30%</td>
</tr>
<tr>
<td>Watches</td>
<td>39.60%</td>
<td>43.50%</td>
<td>45.60%</td>
<td>48.90%</td>
</tr>
<tr>
<td>Footwear</td>
<td>25.00%</td>
<td>30.30%</td>
<td>37.80%</td>
<td>48.40%</td>
</tr>
<tr>
<td>Health and Beauty Care Services</td>
<td>6.00%</td>
<td>7.60%</td>
<td>10.60%</td>
<td>14.30%</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>1.80%</td>
<td>2.20%</td>
<td>2.6%</td>
<td>3.20%</td>
</tr>
<tr>
<td>Consumer Durables, Home appliances and Equipments</td>
<td>7.80%</td>
<td>8.80%</td>
<td>10.40%</td>
<td>12.30%</td>
</tr>
<tr>
<td>Mobile Handsets, Accessories and Services</td>
<td>6.50%</td>
<td>7.00%</td>
<td>8.00%</td>
<td>9.90%</td>
</tr>
<tr>
<td>Furnishings, Utensils, Furniture- Home and Office</td>
<td>6.70%</td>
<td>7.60%</td>
<td>9.10%</td>
<td>11.00%</td>
</tr>
<tr>
<td>Food and Grocery</td>
<td>0.50%</td>
<td>0.60%</td>
<td>0.80%</td>
<td>1.10%</td>
</tr>
<tr>
<td>Out of Home Food (Catering) Services</td>
<td>5.70%</td>
<td>5.80%</td>
<td>6.90%</td>
<td>8.00%</td>
</tr>
<tr>
<td>Books, Music and Gifts</td>
<td>9.80%</td>
<td>11.70%</td>
<td>12.60%</td>
<td>13.40%</td>
</tr>
<tr>
<td>Entertainment</td>
<td>2.60%</td>
<td>3.30%</td>
<td>4.10%</td>
<td>5.30%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3%</td>
<td>3.60%</td>
<td>4.60%</td>
<td>5.90%</td>
</tr>
</tbody>
</table>

Source: India-retail-report-2009

As depicted in table 1 the share of organized retail is showing an increase for all years in all the sectors. With the acceleration in growth of organized retail, Indian market has immense potential for retail sector. Punjab, located in the north west of India, is one of the emerging and the most prosperous state of India. A number of changes have taken place on the Punjab’s retail front such as exponentially increased availability of international brands, increasing number of mall and hypermarkets as a result of easy availability of retail space. The state provides best opportunities to all the retailers at large to exploit its huge consumption potential. With high consumption trends of the population, Punjab’s per capita income at Rs 44,411 is higher than the national per capita income of Rs 33283 in 2007-2008. The country’s leading retail chains like Reliance, Piramil, TATA, Raheja, ITC, Godrej, RPG Enterprises and Future Group have announced major plans for the Punjab’s retail sector (Talwar 2010). Due to rapid growth in retail sector, global retailers like Wal-Mart, GAP, Tesco, J.C Penney, Sears and Carrefour are trying to establish themselves in Indian market (Bhardwaj and Makkar, 2007, Halepete, 2008). Having emerged as the world’s most attractive market for global and Indian retailers; the retailers of Punjab are also focusing upon different retail strategies which this paper tries to cover.

**The present study has been taken with the following broad objectives:**

i. To identify the preferred category of emerging retail format.

ii. To identify the preferences of product attributes and store attributes from retailers perspective.

iii. To identify the important pricing strategies, promotional strategies and retention strategies adopted by retailers.
iv. To identify the major drivers of retail business.

**Review of literature**

The review of literature has been broadly categorized into three headings, namely:

1. Retailer’s Perspective
2. Attributes of Retailing
3. Consumer Preference and Choice of store

**Retailer’s Perspective**

According to Levy et al (2004), pricing optimization is currently one of the hottest topics in the retail industry. This paper represents the first of several editorials to appear in the *Journal of Retailing* designed to examine the nexus between retail practice and research, with the goal of stimulating further research. This paper explores with a review of how retailers typically make pricing decisions using time-honored heuristics and attempt to infer the optimal decisions. Retailers must be able to react quickly to changes in the environment or sales patterns. This paper also provides examples of the more sophisticated pricing techniques that are currently being tested in practice. Finally, this paper concludes with a discussion of the critical components that must be incorporated into retail competitive pricing. The study by Dash et al (2009) revolves around the opportunities and challenges faced by organized retail players in Bangalore. The results of the study depict that competition faced by the unorganized sector is the biggest challenge for organized retailers. Inefficiency of distribution channels, internal logistical problem and retail shrinkage are other challenges faced by organized retailers. On the other hand, Growing middle class, large number of earning youth customers, increase in spending and India’s booming economy are the opportunities for organized and unorganized retailers. According to India retail report (2009), liberalization of Indian economy and rationalization of business procedures have already ensured a high economic growth for the manufacturing and retailing sectors. Healthy investment climate, retail revolution, retail market segments, growing shopping centres, malls, supermarkets and departmental stores are the major factors that have earned India the top spot among the favored retail destination. Corporate giants such as Reliance, AV Birla, Tata, Godrej, Bharti, Mahindra, ITC, RPG, Pantaloon, Raheja and Wadia group are expected to invest close to Rs. 1 trillion in the business of retail over the next five years. These developments indicate that this is just the right time to think of retail. The study by Mittal et al (2008) helps retailers to determine the most important drivers of retail store choice. The 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. For apparel shopping the loyalty drivers are attractive merchandise mix, sales promotions, price, and recommendation/relationship whereas the shopping experience enhancers are store reputation/advertisements, temperature (air conditioning), return/guarantee, and ambient conditions. The study by Fam et al (2010) highlighted strategies aspects of in-store marketing, by focusing on two key components of in-store marketing, namely in-store promotions and price markdowns. These seem to be the two most important aspects of in-store marketing. The results indicate that a
discount marketing strategy, environmental uncertainty and emphasizes on price promotions are key to explaining retailers perceptions and use of marketing in-store activities.

**Attributes of Retailing**

Indian economy branding has emerged as an important marketing tool and brands play an important role in facing competition. Now the consumer has multiple options to choose- ranging from the shopkeeper to the most sophisticated supermarkets, departmental stores, plazas and malls which provide the latest and better quality products. The results of the study show that people generally prefer to purchase and stock for a month rather than keep purchasing frequently. Department stores and wholesale shops emerge as consumer no. 1 choice. However different categories of products are purchased from the different types of shops, (Gupta, 2004). The study by Tender and Crispen (2009) investigates the influence of in-store shopping environment on impulsive buying among consumers. The result of the study shows that among poor consumers, factors of an economic nature like cheaper prices, coupons and helpful shop assistants were more likely to influence impulsive buying. On the other hand, factors with an atmospheric engagement effect like music, fresh scent and ventilation may have only been important in helping to keep consumers longer in shops although they were unlikely to directly influence impulsive buying. According to Gopal (2006), recreational facilities, location of the store, store loyalty, product attributes and services, brand value, perceived value and price are the major factors affecting leisure shopping behavior. The product categories that are largely affected by the leisure shopping consumption are food and beverages, apparel, cosmetics, toys, general merchandise and household electronics. The wide choice, atmosphere, convenience, sales people, refreshments, location, promotional activities and merchandising policies are associated during leisure shopping. The study by Jacobs et al (2010) identify the factors that influence consumers in their patronage of a particular store format and to categorize department and specialist food store consumers according to their preferences in store layout and product range in a South African context. The results emphasize that the store-related factors such as store location, appearance and hygiene, service quality, convenience of trading hours, and consistency in store layout predominantly influenced participants in their patronage of a specific store format. Furthermore, product-related factors such as quality, price, product range and convenient packaging enhanced consumers’ store preference. Department store consumers were orientated towards one-stop shopping and time-saving strategies, while specialist food consumers were focused on food shopping and the trading hours of the store.

**Consumer preference and choice of store**

Mishra (2007), The Indian market has seen vast changes in political, economical and social environment which has a great impact on consumption. The study was conducted in major cities like Delhi, Chennai, Kolkata, Hyderabad, Bhubaneswar and Mumbai. The results show that consumers buy essentially convenience goods with low level of risk from organized outlets and essential products of more involvement from
traditional retailers. The hypermarket, mall, supermarket are the preferred kind of stores by consumers and organized retail is preferred due to convenience and variety. Gopal (2008) opines that shopping malls contribute to business more significantly than traditional markets which were viewed as simple convergence of demand and supply. The objective of this study was to examine the impact of growing congestion of shopping malls in urban areas on shopping convenience and shopping behavior. This study referred to personality traits of shoppers affecting the preferences for shopping malls in reference to store assortment, convenience, and economic advantage and leisure facilities. The results of the study show that narrowing the shopping streets and the rise of shopping malls has been major trends in retailing in emerging markets. The ambience of shopping malls, assortment of stores, sales promotions and comparative economic gains are the major factors which attract higher customer traffic to the mall. The social demand for environment friendly shopping malls is increasing as a result of rapid urbanization. In view of growing competition among retailers and increasing market congestion in urban areas, retailing firms need to adapt to a dynamic strategy for gaining success in the business. Growth rate of modern retailing has increased in recent years because greater numbers of higher income Indians prefer to shop at super markets due to higher standard of hygiene and attractive ambience. Food retailers, health and beauty products, clothing and footwear, home furniture and household goods, durable goods and personal goods are the major Indian retail sector. This study highlights certain hurdles that need to be removed for flourishing this sector. These are: lack of FDI status, complexity of taxes, lack of proper infrastructure and high cost of real estate. The retail sector is bound to take big leaps in the years to come, (CII, 2008). The study by Singh (2007) examines the degree of brand awareness and consumption pattern of various food products among rural and urban people in Haryana. The study further explores the possibility to find out the impact of education and income level on the expenditure pattern of food products. The results of the study show that the degree of brand awareness of various food products among urban respondents is more in comparison to rural households. Post-graduate rural and urban respondents have high degree of brand awareness for many food products in comparison to other educational levels of the households. A large amount of expenditure (69.5%) is incurred on milk and milk products, Moreover the study indicated that the expenditure on food products containing more vitamin and protein contents are made more by rural and urban households. With an increase in income level, the household deviates from basic commodities to protein-vitamin rich commodities.

Data and research methodology

The data has been collected from 50 retailers from major cities of Punjab viz. Patiala, Bathinda, Amritsar, Ludhiana and Mohali. Punjab characterizes a rich state a land of exciting culture. As seen from literature, Punjab is an emerging economy drawing entrepreneurs to establish emerging retail formats. But this new trend has started only recently around four to five years earlier, thus, there are not yet many empirical studies on changing trends of retailing from retailers perspective. The present study is a step in this direction using a survey technique to gather inputs from retailers
regarding emerging retail strategies. The study uses a self structured questionnaire tested for validity and reliability. The questionnaire has four sections. Section 1 represents the profile of the retailers. Section 2 focuses on product and store attributes. Section 3 covers the pricing, promotional and retention strategies. Finally section 4 highlights the drivers of retail business. The overall reliability of the questionnaire as depicted by Cronbach alpha is 0.936. The study has used the descriptive statistics, i.e., mean and standard deviation for highlighting the importance of attributes, retailing strategies and drivers of retailing.

The profile of the formats chosen for the survey is depicted in Figure 1.

The results of figure 1 depict that Hypermarkets/Supermarkets commands lion share (21 out of 50) in the profile of formats. Similarly, specialty stores, convenience stores and discount stores are other major formats opted by retailers. On the other hand, department stores are lowest in the profile of formats.

![No. of retail outlet](image)

**Results**

**Table 1- Retailer preferences of product attributes:**

<table>
<thead>
<tr>
<th>Product Attributes</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>d) Quality</td>
<td>4.51</td>
<td>.869</td>
<td>1</td>
</tr>
<tr>
<td>e) Price</td>
<td>3.35</td>
<td>1.128</td>
<td>5</td>
</tr>
<tr>
<td>f) Brand</td>
<td>3.49</td>
<td>1.516</td>
<td>4</td>
</tr>
<tr>
<td>g) Assortment of merchandise</td>
<td>2.76</td>
<td>1.109</td>
<td>7</td>
</tr>
<tr>
<td>h) Easy availability of products</td>
<td>3.76</td>
<td>.830</td>
<td>3</td>
</tr>
<tr>
<td>i) Proper display of products</td>
<td>3.92</td>
<td>.449</td>
<td>2</td>
</tr>
<tr>
<td>j) Exchange facilities</td>
<td>3.18</td>
<td>1.439</td>
<td>6</td>
</tr>
</tbody>
</table>
The results as shown in table 1 highlight that from the above seven product attributes, quality had the highest average score of 4.51; this was followed by proper display of products. Easy availability of products ranked next in preferences of product attributes by retailers. The least priority was given to assortment of merchandise by retailers.

Table 2- Retailer preferences of store attributes:

<table>
<thead>
<tr>
<th>Store Attributes</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ambience</td>
<td>3.30</td>
<td>.505</td>
<td>7</td>
</tr>
<tr>
<td>2. Location</td>
<td>4.02</td>
<td>.714</td>
<td>3</td>
</tr>
<tr>
<td>3. Convenience</td>
<td>4.22</td>
<td>.582</td>
<td>1</td>
</tr>
<tr>
<td>4. In-store promotions</td>
<td>3.50</td>
<td>1.129</td>
<td>5</td>
</tr>
<tr>
<td>5. Store atmosphere</td>
<td>3.68</td>
<td>.978</td>
<td>4</td>
</tr>
<tr>
<td>6. Parking facility</td>
<td>2.86</td>
<td>1.525</td>
<td>8</td>
</tr>
<tr>
<td>7. Long working hours</td>
<td>4.04</td>
<td>.699</td>
<td>2</td>
</tr>
<tr>
<td>8. Trained sales personnel</td>
<td>3.42</td>
<td>1.180</td>
<td>6</td>
</tr>
</tbody>
</table>

The results of major store attributes as shown in the table 2 depict that retailer’s gave 1st preference to convenience. This was followed by long working hours and location. Store atmosphere, In-store promotion and trained sales personnel rank next in preference. The lowest rank was accorded to ambience and parking facility by retailers.

Table 3- Pricing Strategies adopted by retailers:

<table>
<thead>
<tr>
<th>Pricing strategies</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Competitive pricing</td>
<td>1.68</td>
<td>.844</td>
<td>2</td>
</tr>
<tr>
<td>2. Pricing below competition</td>
<td>3.74</td>
<td>1.509</td>
<td>1</td>
</tr>
<tr>
<td>3. Pricing above competition</td>
<td>1.34</td>
<td>1.409</td>
<td>4</td>
</tr>
<tr>
<td>4. Psychological pricing</td>
<td>.74</td>
<td>.443</td>
<td>6</td>
</tr>
<tr>
<td>5. Multiple pricing</td>
<td>.98</td>
<td>.714</td>
<td>5</td>
</tr>
<tr>
<td>6. Discount pricing</td>
<td>1.42</td>
<td>1.090</td>
<td>3</td>
</tr>
</tbody>
</table>

Table 3 depicts the importance of pricing strategies adopted by different retailers. Most of the retailers adopt pricing below competition strategy. Competitive pricing and discount pricing have been ranked 2nd and 3rd by retailers. Multiple pricing and psychological pricing are least important strategies.
Table 4- Promotional Strategies adopted by retailers:

The results of table 4 highlight that retailers give more preference to discount strategy for promoting their retail business. Coupons ranked 2nd followed by free gifts and loyalty programs. On the other hand, developing public relations and advertisements are ranked rather low on priority.

Table 5- Retention strategies adopted by retailers

<table>
<thead>
<tr>
<th>Retention strategies</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Better Internal Environment</td>
<td>1.82</td>
<td>1.508</td>
<td>4</td>
</tr>
<tr>
<td>2. Entertainment Facilities</td>
<td>3.44</td>
<td>.577</td>
<td>1</td>
</tr>
<tr>
<td>3. After Sale Services</td>
<td>2.24</td>
<td>.716</td>
<td>2</td>
</tr>
<tr>
<td>4. Trained Sales Personnel</td>
<td>1.44</td>
<td>1.716</td>
<td>5</td>
</tr>
<tr>
<td>5. Reduction in Prices</td>
<td>1.96</td>
<td>2.258</td>
<td>3</td>
</tr>
<tr>
<td>6. Customer delight</td>
<td>1.16</td>
<td>2.093</td>
<td>6</td>
</tr>
</tbody>
</table>

As per table 5, now days, entertainment facilities are very important for retaining consumers. It includes music, food courts, children play places etc. After sale services and better internal environment are the other important retention strategies followed by reduction in prices. It is surprising to see that retailers don’t give much importance to retention strategies of training of sales personnel and customer delight otherwise these are very important for retaining consumers.

After analyzing the retailers’ perspective regarding store and product attributes and also about the strategies pursued by retailers, an attempt has been made to identify the major drivers of retailing business. The results of the same are depicted in:

Table 6- Drivers of retail business

<table>
<thead>
<tr>
<th>Drivers</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>d) Location of retail business</td>
<td>4.70</td>
<td>.505</td>
<td>1</td>
</tr>
<tr>
<td>e) Management style</td>
<td>4.18</td>
<td>.873</td>
<td>2</td>
</tr>
<tr>
<td>f) Reputation</td>
<td>3.48</td>
<td>1.165</td>
<td>8</td>
</tr>
<tr>
<td>g) Sound retail policy</td>
<td>3.02</td>
<td>1.220</td>
<td>10</td>
</tr>
<tr>
<td>h) Training in retailing</td>
<td>3.90</td>
<td>.707</td>
<td>4</td>
</tr>
<tr>
<td>i) Incentives for achievement</td>
<td>3.70</td>
<td>.789</td>
<td>6</td>
</tr>
<tr>
<td>j) Teamwork</td>
<td>3.86</td>
<td>.756</td>
<td>5</td>
</tr>
<tr>
<td>k) Opportunity in career</td>
<td>2.86</td>
<td>.756</td>
<td>11</td>
</tr>
<tr>
<td>l) Independence in working</td>
<td>2.00</td>
<td>.700</td>
<td>15</td>
</tr>
<tr>
<td>m) Conveyance facility</td>
<td>2.28</td>
<td>.497</td>
<td>14</td>
</tr>
<tr>
<td>n) Job security</td>
<td>2.70</td>
<td>.863</td>
<td>12</td>
</tr>
<tr>
<td>o) Safety at work place</td>
<td>2.52</td>
<td>1.111</td>
<td>13</td>
</tr>
<tr>
<td>p) Working hours</td>
<td>3.30</td>
<td>.463</td>
<td>9</td>
</tr>
<tr>
<td>q) Adequate salary</td>
<td>3.94</td>
<td>.767</td>
<td>3</td>
</tr>
<tr>
<td>r) Hygienic work environment</td>
<td>3.52</td>
<td>1.129</td>
<td>7</td>
</tr>
</tbody>
</table>

The results of the table 6 clearly depict that location of retail business is most important for effective retail business. Management style and adequate salary are rank 2nd and 3rd by retailers.
Conclusion

The retail sector in India is witnessing a huge revamping exercise as the traditional retailers are making way for new formats. Now the consumer has multiple options to choose-ranging from the shopkeeper to the most sophisticated supermarkets, departmental stores, plazas and malls which provide the latest and better quality products. The result of the study represents that the quality and proper display of products are major product attributes. On the other hand, convenience and long working hour of stores are the major store attributes of retail formats. Most of the retailers adopt below competitive and competitive pricing strategy. Moreover, retailers give discounts to promote their business and focus mainly upon entertainment facilities for retaining consumers for longer time. The results of the study further reveal that the retailers need to implement pricing strategies, promotional strategies and retention strategies effectively to enhance their business.

References


Relationship of demographic characteristics with purchasing decision involvement: a study on FMCG laundry soaps

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&

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Key Words
Purchase decision, low involvement product, demographic variables.

Abstract
Despite the large amount of theory and research on consumer purchase decision, current interest is in the cases where involvement with or importance of the product choice is low and the product is purchased frequently or repeatedly. The present paper provides a view of decision making based low involvement product where consumers are not motivated to engage in a systematic decision process rather they apply very simple, quick and effortless decision. To examine the understanding of consumer buying behaviour the marketing manager should have a thorough knowledge regarding the influence of demographic variables. This article is dedicated to exploring and examining the influence of demographic perspective on consumer decision making for low involvement product. Analyses of the results reveal significant difference between gender and purchase decision, age and purchase decision, income and purchase decision occupation and purchase decision. At the end of the paper, a few recommendations along with some agenda for future research studies are proposed.

Introduction

In recent years, different researchers has been devoted a considerable amount of effort to the understanding of consumer purchasing decision process. Information acquisition (Bettman and Park 1980; Jacoby 1977) and information integration (Ryan and Bonfield 1975; Wilkie and Pessemier 1973;) were two basic issues on these research areas. Besides how information about alternatives are evaluated to arrive at a final purchase decision are also emphasized in some literature on consumer decision making (Bettman, Johnson, & Payne, 1991). In today’s highly competitive business environment understanding consumer decision-making process is a very necessary issue for the corporate managers (Sheth and Mittal, 2004). Firms can satisfy those needs only to the extent that they understand their customers. Thus the strategic marketing plan along with the marketing strategies must incorporate knowledge in the field of consumer behavior (Solomon, 2002).

Consumer decisions has been divided in the consumer behavior texts as low involvement and high involvement purchase decisions. Low involvement decisions cover all Fast Moving Consumer Goods (FMCG) that represent the majority of consumer purchases. The fast moving consumer goods (FMCG) industry is highly fragmented and...
consists of segments like house-hold products (laundry soaps, detergents, toiletries’, air fresheners, etc.), personal care products (soaps, cosmetics, perfumes) and food and beverages (processed food items, bakery products, processed fruits, soft Drinks etc.) These FMCG products move off the shelves of retail shops quickly and require constant replenishing (“A dictionary of business”, 1996, p. 200). The sector has been dominated by multinational companies with strong distribution network and intense rivalry among firms (Dhopatkar, 2011).

Like other developing countries in Bangladesh, changes in consumer’s buying behavior, growing urbanization, increasing disposable income in rural and urban market, increase in consumption levels, changing life styles of middle income group, etc have been contributing in growing demand for FMCG products. The significance of this research interest is to analyze the purchasing decision for low involvement product laundry soaps in the context of Bangladesh. However, in Bangladesh, no research works in these contexts is found to appear in the literature. Therefore, the benefit of the study is to explore marketers’ awareness to understand the purchasing decision for low involvement product that will necessarily increase the FMCG companies’ ability to obtain sustainable competitive advantage and future growth opportunities.

**Literature Review**

**Purchasing Decision Making**

Consumer decision making have been considered in the literature from several perspectives (Hansen, 2005). For making the purchasing decision in the marketplace a customer used to play the roles of buyer, payer and user (Sheth and Mittal, 2004). Purchase decisions are made by individuals, households, spouses or sometimes even by committees in business organizations. It can be defined as an act of information processing: the transformation of knowledge and information into action (Galbraith 1974). Different literature focuses on traditional five phases in the decision-making process (Kotler and Kelle, 2006). This process of decision making includes the need for recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behavior (Kotler and Keller, 2006). These five stages of decision making process are most widely used tools for marketers to gain a better understanding about their customers and their behavior (Commegys et al., 2006). In this regard Wright (1975) state that five stage of decision making process requires a considerable degree of cognitive effort which the consumer may be unwilling to expend. However, a considerable amount of the research on consumer decision making has focused on cognitive processing that occurs immediately prior to the act of purchase (or selection). Yet many decisions are made repeatedly or frequently over time and thus in these instances, consumers may rely not only on previously acquired product information stored in memory, but also on judgments of brand satisfaction or dissatisfaction which occur in the post-purchase evaluation (or usage) stage of the decision process (Hoyer, 1984). Thus for many purchases situation deliberate decision process never occurs, because consumers are not sufficiently motivated to think deeply about the ordinary consumption decisions they usually face. Indeed, in-store decision making during the
purchase of laundry detergent customers simply choose the cheapest brand (Hoyer, 1984).

**Classification of product Involvement**

Product involvement is commonly defined as a consumer’s enduring perceptions of the importance of the product category based on the consumer’s inherent needs, values, and interests (De Wulf, Odekerken-Schröder and Lacobucci, 2001; Mittal, 1995; Zaichkowski, 1985). For understanding consumer decision-making behavior the importance of product involvement cannot be disregarded (Chakravarti and Janiszewski, 2003). Past research has suggested that product can be classified into high involvement and low involvement category depending on the nature of importance to the customers (Zaichkowski, 1985, 1986; Wells, Burnett, & Moriarty, 1995).

In the consumer decision making process, consumers spend a lot of time, effort, and energy for more expensive and personal products which are called ‘high involvement products’ (e.g. computers, automobiles and medical care). Research shows that under high involvement conditions, buyer decision processes are thought to proceed through extended decision-making, a series of sequential stages involving information search and evaluation of criteria (Celebi, 2009; Browne and Kaldenberg, 1997). On the other hand, consumers spend less time, effort, and energy for inexpensive and less exciting products which are called ‘low involvement products’, such as, soft drinks, cereals, and washing powders (Celebi, 2009; Wells, Burnett, & Moriarty, 1995; Chung and Zhao, 2003). However, literature suggested, different people may show high involvement or low involvement to the same products (Zaichkowski, 1985). Thus the main feature of product involvement is the personal relevance of the product to the need and values of the consumers. If consumers perceive that the product is relevant, their involvement is higher (Celebi, 2009). The current interest of this study is to analyze the low involvement product’s purchasing decision. In this study two selected laundry soaps namely 1937 Bangla Shaban and Wheel are considered as low involvement products.

**Importance of demographic variables**

Different literatures are found to have conflicting views on whether consumer demographics are related to purchasing decision behavior (Ahmed, Mohamed and Ismail, 2011; Creusen, 2010; Sidin et al., 2004). This phenomenon has generated a growing interest in how this demographic shift will impact consumer behavior and decision making processes (Cole and Balasubramanian 1993; Moschis 1994; Lumpkin and Hunt 1989; Rousseau, Lamson and Roger 1998). Consumers’ diverse traits in aspects of age, gender, income, education and occupational status affect the marketing presentation of the goods and services (kotler and Amstrong, 2008). Therefore, this paper, seeks to investigate how the purchasing behaviour for low involvement product varies across gender, age, income and occupational groups.
Research Objective and Hypothesis

This paper attempts to empirically examine the extent to which demographic characteristics are related to the purchasing decision process. Therefore, the following objectives are determined to achieve from the study:

1. To understand the effect of gender on purchasing decision for low involvement product.
2. To determine the effect of age on purchasing decision for low involvement product.
3. To assess the effect of income on purchasing decision for low involvement product.
4. To determine the effect of occupation on purchasing decision for low involvement product.

Gender and purchasing decision

Studies have revealed gender differences in shopping behaviour (Fischer & Arnold, 1994; Zeithaml, 1985). The importance of decision making according to gender differences are well acknowledged by researchers (Kassarjian 1982; David, 2006). It has been noted that women active participation at all levels of decision making is important in order to achieve equality and peace in family as well as the country (Sultana, 2011). Women are apt to be more involved with purchasing than men, since women have traditionally been the family purchasing agents (Slama and Tashchian, 1985). Males are generally self-focused while females are responsive to the needs of both self and others (Meyers-Levy, 1988). However, despite the importance women participation in family decision-making, in third world countries, especially Bangladesh and Pakistan women decision-making power is limited to some extent (Sultana, 2011). Literature suggested that purchasing decision had found significant differences between men and women for products like clothing, consumer electronics and books (Coley and Burgess, 2003). However Goldsmith (2002) found consistency for both men and women while examining personal characteristics of frequent clothing buyers. Therefore, the first hypothesis for this study is as follows:

\[ H_1: \text{There is no difference regarding purchasing decision for low involvement product with respect to gender.} \]

Age and purchasing decision

Both young and old age groups increasingly show their active participation in consumer decision-making and purchasing behaviour. Due to the increased knowledge of the marketplace and growing number of product alternatives, consideration are given for both age groups as an attractive segments for the marketer. Different literatures have recognized that marketing and advertising efforts excessively target both young and old aged groups (Boush et al., 1994, John, 1999). Younger consumers are normally more willing to try new products, seek greater information and are more self-confident in decision-making (Barak and Gould 1985). As people became older they gain more experiences and create deeper relationships with purchasing behaviour which make
them reluctant to switch from a familiar brand. Besides, older persons consider fewer brands before a purchase (Cole and Balasubramian, 1993). Equally, Uncles and Ehrenberg (1990) observe that older households buy on average fewer brands and concluded that for fast moving consumer goods (FMCG) there was no difference in purchasing decision of brand loyalty between younger and older consumers. Therefore it is hypothesized

H2: There is no difference regarding purchasing decision for low involvement product with respect to age.

Income and purchasing decision

It is difficult to separate the influence of income from purchasing decision as income leads the general socioeconomic status. This would direct to the assumption that higher income might be associated with higher purchasing involvement. Studies showed positive relationship between income and search effort (Salma and Tashchain, 1985). However, it would seem that the marginal utility of purchasing involvement would be low for high income groups, since they can purchase almost anything they want and also low for low income groups (Salma and Tashchain, 1985). Therefore, the third hypothesis for this study is

H3: There is no difference regarding purchasing decision for low involvement product with respect to income.

Occupation and purchasing decision

In addition to gender, age, and educational consideration; it is important to examine occupational considerations with purchasing decision. In general, compared to low occupied persons a highly occupied persons seem to place more emphasis on convenience, education, and leisure activities and view purchasing decision as less personally relevant and be less involved with it (McCall 1977; Reynolds, Crask, and Wells 1977). But for the present study the researcher assumes that for low involvement product occupational differences might not be affecting the purchasing decision. Therefore, the fourth hypothesis for this study is

H4: There is no difference regarding purchasing decision for low involvement product with respect to occupational groups.

Research Methodology

The study was geographically confined to Chittagong metropolitan area and all laundry soap users initially formed the sampling frame of the study. The study followed the survey approach using a structured-non-disguised closed-end questionnaire. Both primary and secondary information were used in the study. Secondary data were collected from various published sources including books, online journals, newspapers, magazines, and reports. Primary data were collected from interviewing a total of 200 respondents through questionnaire from the major super
stores of Chittagong Metropolitan City. For the ease of possible bias due to time period, respondents were interviewed in the morning, afternoon, and evening. Every consumer who entered in the super stores was approached immediately with the questionnaire after selecting a brand of laundry soaps. The sample size for the study was calculated by Cochran’s (1963) formula. On the basis of the formula, at 95% confidence level and 7% precision level with maximum degree of variability (p=.5, q=.5), the sample size arrived at 196. After sorting the collected questionnaires, 35 were found to be incomplete. Finally 165 questionnaires were used for the purpose of data analyses.

The questionnaire had two sections. The first section with four questions was developed to collect the demographic information of the respondents including their gender, age, income, and occupation of the laundry soap purchaser. In the second section, the respondents were given 8 statements to analyze their purchasing decision regarding the factors of importance of the laundry soaps. It was interesting to observe that respondents were choosing only two brands of laundry soaps. Thus the study has to conduct on the two selected brand of laundry soap. Reliability of the instrument was calculated employing the Cronbach’s Alpha (Cronbach 1951) since it is the most commonly used tool in measuring the internal consistency. Since all the scales in the present study produced desirable Cronbach’s alpha (Churchill and Peter, 1984; Nunnally, 1978), the data reliability issue in the study can be considered highly satisfactory. The statements were measured on a five-point Likert Scale ranging from Most important with scale point 5 to least important with scale point 1. Data were collected on the basis of natural observation with simple random sampling. All the data were collected during the 2nd and 3rd week of June 2011. Statistical tools including percentage, average, frequency distribution, and t-test were employed to analysis the data. All the calculations were conducted by using SPSS (Leech, Barrett, and Morgan, 2005), version 13.5. Referencing was done by the publication guidelines of the American Psychological Association (2001).

Findings of the Study

Demographic Profile of the Respondents

| Decision to Purchase | Gender of the respondent | | | |
|----------------------|--------------------------|---|---|
|                      | Male frequency | Female Frequency | Male Percentage | Female Percentage |
| 1937 Bangla shaban    | 22 | 43 | 43.1 | 37.7 |
| Wheel                | 29 | 71 | 56.9 | 62.3 |
| Total                | 51 | 114 | 100 | 100 |

| Decision to Purchase | Age of the respondent | | | |
|----------------------|------------------------|---|---|
|                      | Below 30 frequency | Above 30 frequency | Below 30 Percentage | Above 30 Percentage |
| 1937 Bangla shaban    | 31 | 34 | 36.0 | 43.0 |
| Wheel                | 55 | 45 | 64.0 | 57.0 |
| Total                | 86 | 79 | 100 | 100 |
Table 1 indicates the results of how purchasing decision varies with gender, age, income and occupational status. In the case of gender, out of 51 male respondents, 43.1% (22) were the purchaser of 1937 and 56.9% (29) were the purchaser of Wheel; whereas out of 114 females, 37.7% (43) decide to purchase 1937 and 62.3% (71) decide to purchase Wheel. In terms of age, out of 86 respondents under 30 years of age 36.0% (31) were found to purchase 1937 and 64.0% (55) were found to purchase Wheel compared to 43.0% (34) were purchaser of 1937 and 57.0% (45) were purchaser of Wheel of the 79 respondents above 30 years of age. Under the income category, 98 respondents belong to the ‘lower income’ group and the remaining 67 respondents constituted the ‘higher income’ group. In the lower income group 40.8% (40) were the purchaser of 1937 and 59.2% (58) were the purchaser of Wheel compared to 37.3% (25) were purchaser of 1937 and 62.7% (42) were purchaser of Wheel of the higher income group. Finally, in occupational categories 53 person were found to be employed in against of 112 unemployed (Housewives). In the employed sub-category 43.4% (23) were found to purchase 1937 and 56.6% (30) were found to purchase Wheel. In the unemployed sub-category 37.5% (42) decide to purchase 1937 and 62.5% (70) and decide to purchase Wheel.

Test of hypotheses

The analyses used five null hypotheses which were assumed previously to fulfil the objectives of the study. The Chi-square test was used to find out difference between gender and purchasing decision, age and purchasing decision, income and purchasing decision and occupation and purchasing decision.

H0: There is no difference regarding purchasing decision of low involvement product with respect to gender.
To test this hypothesis the analysis used chi-square test shown in table 2:

**Table 2**  
Chi-square test for difference between gender and purchasing decision

<table>
<thead>
<tr>
<th>Chi-square Value</th>
<th>Degree of Freedom</th>
<th>N (Sample Size)</th>
<th>Level of Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>24.055</td>
<td>1</td>
<td>165</td>
<td>.000</td>
</tr>
</tbody>
</table>

The result of Chi-square test in table 2 indicates a significant relationship between gender and purchasing decision. The analysis used gender differences and purchasing decision of low involvement product to run the Chi-square test. At 0.05 level of significance for 1 degree of freedom, the calculated chi-square value exceeded the critical value of 3.841. Hence, H01 should be rejected and significant relationship was found between gender and purchasing decision. Past research in this regard, suggested that females play the role of family purchasing agents (Salma and Tashchain, 1985) and engage in a larger responsibility in the purchasing decision compared to men (Singh, 2006).

**H02:** There is no difference regarding purchasing decision of low involvement product with respect to age.

To test this hypothesis the analysis used chi-square test shown in table 3

**Table 3**  
Chi-square test for difference between age and purchasing decision

<table>
<thead>
<tr>
<th>Chi-square Value</th>
<th>Degree of Freedom</th>
<th>N (Sample Size)</th>
<th>Level of Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>29.097</td>
<td>1</td>
<td>165</td>
<td>.000</td>
</tr>
</tbody>
</table>

To analyze the relationship between differences in age and purchasing decision of low involvement product Chi-square test was conducted. Result of the Chi-square test in Table 3 indicates that at 0.05 level of significance for 1 degree of freedom, the null hypothesis should be rejected since the value falls within the rejection region as the calculated chi-square value exceeded the critical value of 3.841 indicating significant relationship between age differences and purchasing decision of respondents. Therefore, it is evident that, age differences of respondents have significant relationship with purchasing decision of low involvement product which is also supported by prior research (Barak and Gould 1985). Younger consumers are more interested for preferring new products, seek greater information and are more self-confident in decision-making (Barak and Gould 1985). With the growing age people gather more experiences and knowledge which make them reluctant to switch from a familiar brand.

**H03:** There is no difference regarding purchasing decision of low involvement product with respect to income.

To test this hypothesis the analysis used the chi-square test shown in table 4:

**Table 4**  
Chi-square test for difference between income group and purchasing decision

<table>
<thead>
<tr>
<th>Chi-square Value</th>
<th>Degree of Freedom</th>
<th>N (Sample Size)</th>
<th>Level of Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.824</td>
<td>1</td>
<td>165</td>
<td>.016</td>
</tr>
</tbody>
</table>
The analysis used income differences and purchasing decision to run the Chi-square test. The Chi-square test result indicated in Table 4 finds out significant difference between income group and purchasing decision. At 0.05 level of significance for 1 degree of freedom, the calculated chi-square value exceeded the critical value of 3.841. Hence, H03 should be rejected. Therefore a statistically significant relationship was observed between income level and purchasing decision of respondents. This might be attributed of the fact that higher income groups might be associated with higher education and therefore higher purchasing involvement, while lower income groups are less educated and gather less information in purchasing decision (Salma and Tashchain, 1985).

H04: There is no difference regarding purchasing decision of low involvement product with respect to occupational groups

To test this hypothesis the analysis used the chi-square test shown in table 5:

Table 5  Chi-square test for difference between occupational group and purchasing decision

<table>
<thead>
<tr>
<th>Chi-square Value</th>
<th>Degree of Freedom</th>
<th>N (Sample Size)</th>
<th>Level of Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>19.691</td>
<td>1</td>
<td>165</td>
<td>.000</td>
</tr>
</tbody>
</table>

The Chi-square test is used to find out the difference between occupational group and purchasing decision of the respondents. Results of the Chi-square test in Table 5 indicated that at 0.05 level of significance for 1 degree of freedom, the null hypothesis should be rejected since the calculated chi-square value exceeded the critical value of 3.84. Therefore, a statistically significant relationship was observed between occupation and purchasing decision of the respondents. This is also supported by prior research focusing on the fact that working people seem to emphasis on convenience, education, and leisure activities in purchasing decision and see purchasing as less associated with their role in the family and be less involved with it compared to non-working people like housewives (McCall 1977; Reynolds, Crask, and Wells 1977).

Conclusion, Limitations, and Future Research Agenda

The present study is an attempt to explore the influence of demographic perspective on consumer decision making for low involvement product. Analyses of the results reveal significant difference between gender and purchase decision, age and purchase decision, income and purchase decision occupation and purchase decision. The brand of laundry soap is one, which seeks low involvement purchasing decision due to the frequent use by customers. These findings, in addition to its contribution to the marketing literature, have important implications for the FMCG companies in terms of adopting strategic marketing decisions by expanding the product portfolio and global foot prints. As the domestic FMCG companies are facing intense competition from the new as well as the existing players therefore they should aggressively focus on branding, sales promotion, product development, and innovation techniques to grab the untapped rural and semi urban market of Bangladesh.
However, the study suffers from some limitations. First, the study was conducted only in Chittagong metropolitan city of Bangladesh, though the largest laundry soap users are geographically concentrated in rural areas of the country. Hence, it does not represent the complete picture of the nation as long as purchasing decision is concerned. Moreover additional category of washing material like detergent power and other laundry soaps were not included in the research design. These variables might have had their influences on the results of current study. Additionally, the behavioral aspects of users could have been widened with the inclusion of some other factors such as word-of-mouth communication, impact of promotional offers and the like. Despite these limitations, the researcher confidently believe that the results of the study deserve consideration for strategy formulation by FMCG companies as a way to improve the purchasing decision toward the customers’ preferred brand.

Reference


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The Psychology of Consumer Behaviour for Retail Sector: 
An Indian perspective

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Key Words
Organized and Unorganized Retail Format, Stock Carrying Unit, Grey Market, Patronage Behaviour, Grocery Retailing.

Abstract
Psychology of consumer seeks to explain human or consumer behaviour, in two basic ways: what the consumer wants? and what the consumer needs? Consumer behaviour involves the use and disposal of products/services. For every sector, the usage of products/services is often of great interest to the marketer, because this may influence how a product is best positioned or how we can encourage increased consumption. This paper provides detail information about the consumers' preferences for organized and unorganized retail formats of Indian retail industry. In India, retailing is one of the pillars of the economy and accounts for 13% of GDP. In this paper, an attempt made to investigate the preferences along with perception of functional benefits offered by the two formats of retailing along with demographic and personal factors. This study resulted in useful insights about better prediction of consumers' behaviour. Consumers' purchase from more than one outlet despite some preferred store or store format. This indicates that consumers' perception of outlets and preference do not result in patronizing of retail outlets. The paper also argues that situational factors should be considered for better predictability of consumers' buying behaviour.

Introduction
The Indian Retail Industry is the largest among all the industries, accounting for over 13 per cent of the country’s GDP and around 15 per cent of the employment. The retail industry in India has come forth as one of the most dynamic and fast paced industry 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 food and grocery retail sector is getting lot of attention from organized retail entrepreneurs. Food and grocery segment constitutes about 62 per cent of the total INR 12000 billion (USD 270 billion) of Indian retail market (*Source: Processed Food Industry). This indicates that there is a huge opportunity for organized retail formats in food and grocery retailing as compared to organized retailing of other types of product categories. It is one of the reasons why big business houses in India show interest to enter into food and grocery retailing.
In India the vast middle class and its almost untapped retail industry are the key attractive forces for global retail giants wanting to enter into newer markets, which in turn will help the Indian retail industry to grow faster. Indian retail is expected to grow 25 per cent annually. Modern retail in India could be worth US$ 175-200 billion by 2016. The food retail industry in India dominates the shopping basket. The future of the Indian retail industry looks promising with the growing of the market, with the government policies becoming more favorable and the emerging technologies facilitating operations.

**Review of Literature**

Enis and Paul, 1970; Dunn and Wrigley, 1984 Economically poor people are likely to show store loyalty. Knox and Walker, 2003 Reports a weak but significant relationship between involvement and brand loyalty in grocery markets. Miranda et al., 2005 Consumer’s intention to remain loyal to any store is influenced by factors like frequent-buyer reward schemes, travel distance, preference for an in-store delicatessen, size of the average grocery bill, store signage and the level of sale assistance. Shanon and Mandhachitara, 2005 Due to different culture, Indian grocery consumers are required to be investigated separately to determine, what kind of grocery store attributes influence store patronage. Taylor, 2003 Grocery retailing is strongly affected by price competitiveness. Sullivan and Savitt, 1997 Credit purchase is a predictor of grocery shopping expenditures. Carpenter and Moore, 2006; Teller et al., 2006 Product selection, assortment and courtesy of personnel are also very important in determining retail store choice. Cleanliness is the most important attribute regardless of the type of grocery store. Singh and Powell, 2002 Grocery consumers consider quality to be most important factor, followed by price, locality, range of products and parking. Fox et al., 2004 Spending vary much more across than within formats, and expenditures respond more to varying levels of assortment and promotion than price, although price sensitivity was most evident. Seiders et al., 2000 Consumers of food identified low price and assortment more often as the reason for store choice, traditional supermarket main consumers were less willing to sacrifice spatial convenience or, in some cases, quality and assortment. Shanon and Mandhachitara, 2005 There is difference in the result of the studies of different researchers. Grocery shopping patterns vary with culture. Baltas and Papastathopoulou, 2003 Private label is found to be a store selection criterion of low importance for grocery consumers. Bawa and Ghosh, 1999 For some households shopping may have a recreational aspect. Chetthamrongchai and Davies, 2000 Time orientation and shopping goals provide a clearer picture of consumer behaviour than socio-demographic data or information on shopping attitudes. Kim and Park, 1997 70% of consumers visit grocery stores with random intervals and 30% with relatively fixed intervals. "Routine" consumers spend more money for a given shopping trip but have difficulty in visiting grocery stores more often and in switching stores. Bergadaa, 1990; Berry, 1979, Umesh et al., 1989; Chetthamrongchai and Davies, 2000 Time-pressured consumers value certain specific store attributes. Darian and Cohen, 1995 Mostly poor consumers place a premium on saving mental energy & confirmed that they could be segmented on time pressure. Kenhove and Wulf 2000 Integrates the demographic
variable "income" and the situational variable time pressure" for grocery retail shopping. Schmidt et al., 1994 In some countries like Germany and UK, consumers practice two-stop grocery shopping by frequenting a multiple and a limited line discounter on a regular basis. Alawi, 1986; Tuncalp and Yavas, 1990 Multi-store shopping patterns is a one of the aspects of grocery shopping behaviour pattern of consumers in developing countries due to dietary habits, preference for fresh food. Smith and Carsky, 1996 Consumers with high involvement are likely to shop at different stores. Park et al., 1989 Unplanned buying impacts grocery-shopping behaviour in a major way. Thomas and Garland, 1993 Written shopping list reduces the average expenditure whereas presence of children increases expenditure and time spent on shopping. Sinha and Banerjee, 2004 In India nearness to the home and personal relations with the retailers are the major drivers of retail shopping behaviour. Broadbridge and Calderwood, 2002 Traditional retailers should focus on local residents to beat modern retailers. Smith and Sparks, 1997 Consumers particularly who shop locally see local shops to performing social and community functions.

Factors that can influence the choice of retail format, identified from the above review of literature are: economic status, income, promotional schemes, loyalty programs, cultural differences, price competition, credit sale, store location, product assortment, courtesy of personnel, cleanliness, quality, private label, age, habit, time and time orientation, recreational aspect, multi-store shopping habit, consumer involvement, personal relationship, major and minor shopping and regularity of shopping.

One fact is very clear from the above literature review that consumers’ buy from more than one outlet. So, the idea of having absolute loyalty towards any particular type of retail format is not true. Also going by the above review it can be said that there is no one single factor which influences the choice of consumers for retail formats. It is an indicator that researchers need to look at the problem of foot-fall prediction from the perspective of factors other than perception of any particular retail format as far as grocery retailing is concerned.

Objective of the Study
This study tried to understand that how people in an area, where both organized and unorganized retailers were operating, preferred to shop in the light of their perceptions of both types of retailers’. This study focused on three aspects:

i) Customer characteristics.

ii) Perception of organized and unorganized retailers in terms of functional benefits.

iii) Preference for retailer type to shop.

This study can give insight regarding:
(1) Possibility of success of both types of retailers’ working in similar marketing environment as considered by the study.
(2) Areas of improvement for becoming more competitive.
(3) To predict consumers' behaviour, both retail formats can survive since Indian population and prosperity both are growing provided retailers’ differentiate themselves in valuable way to serve different segments of the market. Indian economy will do the best if both types of retail outlets functions profitably.

Research Methodology

While doing the review of literature important factors for the study were identified. Based on that, exploratory interviews of consumers’ were performed to get the idea of how consumers think in terms of functional benefits. On the basis of insights gained, a questionnaire was prepared with mostly closed ended questions. It contains ten functional benefit factors related questions to seek responses from respondents regarding perception using a three-point scale for rating.

Factors considered in the study were – 1) Good discounts and gifts, 2) Easy replacement and exchange, 3) Helpful and courteous salesmen, 4) Rendering of personal treatment, 5) Taking of suggestions into account, 6) Selling products on credit, 7) Special treatment for being loyal, 8) Better recommendation for products, 9) Free home delivery and 10) Adequacy of assortment.

Though location is an important factor driving consumer choice but in this study special advantage does not play any role since in the geographical area of study both organized and unorganized retailers’ were equidistant to the customer.

Sample size was 100 and all the respondents were residents of eastern part of Delhi. The respondents were the consumers coming out of retail outlets. Since all respondents were intercepted at modern format retail outlet premises, it can be assumed that all have been exposed to both organized and unorganized form of retailing. Convenience sampling was practiced for the purpose of the study. The survey was done in the month of February and March’ 2011. For the purpose of data analysis SPSS software was used and relevant parametric and non-parametric tests were applied.

Research Questions, Data Analysis and Interpretation

Question 1: If there exists any difference between the perceptions of organized & unorganized retail formats among consumers in terms of functional benefits?

<table>
<thead>
<tr>
<th>Age</th>
<th>15-25</th>
<th>25-35</th>
<th>35-45</th>
<th>Above 45</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>11</td>
<td>20</td>
<td>21</td>
<td>8</td>
<td>60</td>
</tr>
<tr>
<td>Female</td>
<td>8</td>
<td>17</td>
<td>6</td>
<td>9</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>19</td>
<td>37</td>
<td>27</td>
<td>17</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 1
Table 2: Difference between the perceptions of organized and un-organized retail formats

From the table 2, it is evident that out of ten factors we considered for our study, respondents' perceptions of functional benefits of two types of store format were significantly different. Out of ten factors considered, it was found that unorganized sector has favorable mean as compared to organized grocery retailers. So the problem inherent in research question 1 has a solution that unorganized sector has favorable perception among respondents. It should be taken into account that not all factors have been considered but only functional benefits have been taken into account.

**Question 2:** If store format choice is significantly related to demographic and personal factors?

| Cross tabulation |
|------------------|-----------------|-----------------|-------|
| Perceptually which type of format is superior in terms of functional benefit | Organized | Kirana and Mandies | Total |
| Organized | 8 | 15 | 23 |
| Un-Organized | 24 | 36 | 60 |
| Equal | 6 | 11 | 17 |
| Total | 38 | 62 | 100 |
Table 3: Perceptually which type of format is superior in terms of functional benefit * from where you purchase most of your requirement of grocery.

<table>
<thead>
<tr>
<th>Chi-Square Tests</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Value</strong></td>
</tr>
<tr>
<td>Pearson Chi-Square</td>
</tr>
<tr>
<td>N of Valid Cases</td>
</tr>
</tbody>
</table>

(a) 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.46.

Table 4: Chi-Square Test

<table>
<thead>
<tr>
<th>Chi-Square Tests</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Value</strong></td>
</tr>
<tr>
<td>Pearson Chi-Square</td>
</tr>
<tr>
<td>N of Valid Cases</td>
</tr>
</tbody>
</table>

(a) 0 cells (.0%) have expected count less than 5. The minimum expected count is 15.20.

Table 5: From where you purchase most of your requirement of grocery * gender of the respondent Cross tabulation

From the Table 5, it is evident that gender has no impact on preference for any of the two types of retail format

<table>
<thead>
<tr>
<th>Chi-Square Tests</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Value</strong></td>
</tr>
<tr>
<td>Pearson Chi-Square</td>
</tr>
<tr>
<td>N of Valid Cases</td>
</tr>
</tbody>
</table>

(a) 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.46.

Table 6: from where you purchase most of your requirement of grocery * age of respondent Cross tabulation

From the Table 6 it is evident that age has no impact on preference for any of the two types of retail format

<table>
<thead>
<tr>
<th>Chi-Square Tests</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Value</strong></td>
</tr>
<tr>
<td>Pearson Chi-Square</td>
</tr>
<tr>
<td>N of Valid Cases</td>
</tr>
</tbody>
</table>

(a) 0 cells (.0%) have expected count less than 5. The minimum expected count is 14.44.

Table 7: from where you purchase most of your requirement of grocery * are you a frequent shopper Cross tabulation

From the Table 7 it is evident that being a regular shopper has no impact on preference for any of the two types of retail format.
Chi-Square Tests

<table>
<thead>
<tr>
<th></th>
<th>value</th>
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</table>

(a) 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.70

Table 8: from where you purchase most of your requirement of grocery * what is the monthly house hold income Cross tabulation

From the Table 8 it is evident that income has no impact on preference for any of the two types of retail format.

Chi-Square Tests

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</table>

(a) 2 cells (20.0%) have expected count less than 5. The minimum expected count is 4.56.

Table 9: from where you purchase most of your requirement of grocery * what is the respondent occupation cross tabulation?

From the Table 9 it is evident that occupation has no impact on preference for any of the two types of retail format.

Question 3: If store format preference is dependent on the difference in perception measured in the research question 1?

If we go by the Table 3 and Table 4 then it is evident that there is no association between perceptions of functional benefits and preference for retail shop format.

It can be argued that people may not shop just because of the fact that a retail outlet has superior functional benefits. Other factors do count.

Conclusion

From the data analysis it is clear that respondents have different perceptions of modern and traditional forms of grocery retailing, but it is not associated with their actual patronage behaviour. Also, individual demographic and personal factors are not related to the store patronage behaviour. Further, the benefits on the basis of which responses were sought regarding perception for grocery outlets were functional in nature. On the basis of above findings it can be argued that perception of functional benefits, demographic factors and personal factors have no impact on the overall patronage behaviour of consumers, towards different formats of grocery retailing.
In different words, it is evident that functional benefits have statistically insignificant impact on the grocery store format choice. It is also evident that demographics have little impact as well. It can be argued that actual choice of retail format is decided by factors other than functional benefits and it may include situational factors. The situational factors may be any kind of sales promotion, availability of products, opinions of relatives or it can be verity seeking tendency and similar factors which cannot be accounted by demographic and personal factors. It can also be argued that managers need to think in terms of benefits other than functional benefits, demographic factors and personal factors and should take into account situational factors driving consumer choice.

Also it become evident while collecting the responses of respondent that they purchase from more than one outlet, despite having preference for any particular type of retail format, which again emphasizes the importance of situational factors, else everybody will be purchasing from just one outlet and which is not the case. It can be concluded that retail formats may be designed to satisfy consumers’ situational needs. Better predictability of consumers’ behaviour can lead to better management and creation of shelf-space, which can benefit industry, economy and consumers as well.

**Limitation and Direction for Further Research**

Like all research works, this study has some limitation: First the sample size was relatively small. Second, the results are specific to the eastern part of Delhi and last but not the least maximum variables considered are based on an International Literature Review.

The present study is exploratory in nature, focusing on Psychology of consumer behaviour for retail sector in India. Further research can be undertaken to examine the impact of consumer behaviour on retailer’s behaviour including situational factors.

**References**


Brand Building Measures for Organized Retail Outlets
An empirical study

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Dept of Corporate Secretary Ship, Alagappa University, Tamil Nadu, India.

Key Words
Actual Shopping, Music and Customer Satisfaction, Fragrance and Customer Satisfaction, Playing Area/Activity, Customer Service etc.

Abstract
Brand Building in general is one of the issues concerning Strategic Brand management. Retailer issues in Branding are a branch out of this. The purpose of this paper is to identify certain measures for building Retail brand especially in the organized sector, with objectives such as to identify which activity the customers most prefer in any Retail Outlet, to identify the customers level of satisfaction towards a Retail outlet through a survey, to establish the relationship between satisfaction level and existence of Play area in an organized Retail outlet and to suggest some ways and means such application of Music and fragrance in an organized retail outlet as brand building measure. This paper also discusses on specific literature study on the Retail Brand building measures. In order to study the feasibility of existence of certain parameters, an exploratory pilot study was conducted and a quantitative analysis using Chi-Square testing was also done by defining suitable Research question and Hypothesis. The results were compiled in the findings. Based on the secondary research, some specific suggestion as propounded by some eminent academicians, were also brought out in the findings. A few recommendations based on the primary research findings have also been provided.

Introduction
It is indeed a well known fact that the retail industry is undoubtedly on the raise and a definite market for expansion. A report in the Business world dated 20 Dec 2010 indicates that low penetration of organized retail in India allows scope for growth and this organized retail has grown at 24% CAGR over the past four years. Although the concept of Retail is quite old, it has assumed significant role in terms of business with the advent of Organized Retail. Though on the whole the size of the Retail Industry in India is about $360billion, the share of Organized Retail is only about 5% (about $17 billion). This clearly shows that Organized Retail can well be equated to a treasure hunt waiting to unravel the hidden potentialities. These hidden potentialities are going to be the cornerstone for the Brand building measures for the Organized Retail. Keeping this as the objective, a simple but an empirical study was conducted to identify some
possible factors as brand building measures of Organized Retail Outlet. The details of the study are provided in the subsequent paragraphs.

Objectives
- To identify which activity the customers most in any Retail Outlet as this could be a vital factor in building a retail brand.
- To identify the customers level of satisfaction towards a Retail outlet through a survey
- To establish the relationship between satisfaction level and provision of Play area in a Retail outlet
- To suggest some ways and means as brand building measure with regard to Retail Outlet (Organized).

Importance of Study of Brand Building-A Literature review
Professor Deborah Roedder John in the paper “Strategic Brand Management on the Cutting Edge: Building, Leveraging, Identifying, and Protecting Brands” presented at the Institute for Research in Marketing’s Carlson on Branding May 19-20, 2006 discusses about a specific model called BLIP Model i.e. Building, Leveraging, Identifying, and Protecting Brands. In this paper, we are concentrating our focus on to the first element i.e. Building Brands of Organized Retail Outlets.

Brand Building as a Concept
In the old German tale “The rat catcher of Hameln”, the rat catcher finds a way to lead all rats out of the city by playing a flute so seductively that they all follow him in streams. Advertisers often sell the brand as the magic flute, a spellbinding force which makes people go far for that one fabled product. So is the flute playing the right tune? Brand can be compared as a flute producing a fine tune, driven by the feeling of the flute player and his knowledge to play the right notes. People can be seduced by the brand tune only as long as the product experience holds its promise. This gives an indication of the brand getting build. But the tale from Hameln points to a crucial point in another important way: Conceptualizing and understanding something is an intrinsic figurative process.

A brand is made great by the following aspects
- Consistency in delivering promise.
- Superior Product and Service
- Distinctive Positioning and customer experience.
- Alignment of commitment to the brand.
- Ability to stay relevant

Elements that build brands
In building brands the following aspects plays a strong function.
Sponsorship: Role of Sponsorship such as mobilizing the organization for brand building, Providing an experience for customers, Demonstrate new products/technologies, Create brand exposures, Develop brand associations and Becoming part of an event/customer bond. Also Role of the Web and Role of Media plays a vital part. Apart from this, there are other elements which contribute to the brand building measures. They are Brand Positioning, Brand Name Selection, Brand Sponsorship, and Brand Development

Brand Positioning: The different elements under Brand Positioning are Attributes (P&G Pampers (fluid absorption, fit and disposability)), Benefits (Volvo (Safety), FedEx (on-time delivery), Nike (performance) Mercedes Benz (quality) ) and Beliefs and values (Cadbury, Starbucks, Apple, Kingfisher (creating surprise, passion and excitement))

Brand Name Selection: This consists of issues such as Suggesting something about the product or its benefits( Fair &Lovely, Sugar free Natura, Fair and Handsome), are easy to pronounce, recognize and remember (Tata, Tide, Nirma, iPod, Geo, SONY, etc), are distinctive (Lexus, Indica, etc), are extendable (Amazon.com), Translate well into other languages (Exxon (Enco was rejected as it means stalled engine when pronounced in Japanese)) and Can protect the brand name from becoming generic (Cellophane, aspirin, nylon, kerosene, linoleum, trampoline, escalator, thermocole) and Can be registered and legally protected.

Brand Sponsorship: Brand Sponsorship can be worked through the following strategies. They are

Private Label brands
- Shoppers Stop has several in-house brands such as STOP, Kashish, LIFE, Vettorio Fratini, Elliza Donation and Acropolis.
- Reliance Fresh sells grocery such as pulses, rice, tea, noodles under the Reliance Food brand and the dairy products such as its curd is sold under the Dairy Life brand

Co Branding: Co branding is a strategy wherein two brands come together on related or unrelated issues such as
- Jet Citi Travel Card - Citibank & Jet Airways
- Citi BigBazaar credit Card - Citibank & Big Bazaar
- Nike + iPod

Manufacture’s Brands: A brand owned or controlled by an organization the primary commitment of which is to production rather than distribution; also called a National Brand.

Licensed Brands: An arrangement which a brand requires a licensing agreement. A licensing agreement authorizes a company which markets a product or service (a licensee) to lease or rent a brand from a brand owner who operates a licensing program (a licensor).
Brand Development: Various brand development activities that can be covered in order to build a brand could be
(a) Line Extensions (b) Brand Extensions (c) Multi Brands (d) New Brands

Glimpses of Indian Retail – A Literature Review
A panel moderated by Harvard Business School professor V. Kasturi Rangan brought together veterans of the retail world to share strategies for cashing in on what could be a new wave of organized retail in India. The discussion took place at the India Business Conference at Harvard Business School (HBS). Appended below are the glimpses of the discussion.

India's economic growth is an exciting new playing field for the retail industry and for entrepreneurs looking to get in on the ground level, a panel of that country's businessmen agreed. Rising incomes, increased advertising, and a jump in the number of women working in the country's urban centers have made goods more attainable and enticing to a larger portion of the population. At the same time, trade liberalization and more sophisticated manufacturing techniques create goods that are less expensive and higher quality.

Mr. Kishore Biyani launched the country's first ready-made trouser brand in 1987 and diversified from there. Now, as CEO and managing director of Pantaloon Retail (India) Limited, he oversees more than thirty-two department stores in over fifteen cities.

"Ordinary people are buying what the rich can afford," Mr Biyani said, adding that a surprising number of consumers have accepted private label brands in a country where small, individual stores selling no-name goods have been the rule for decades.

The forecast for branded products was somewhat mixed. There is plenty of opportunity for goods and services that offer new consumer concepts or new product qualities, but most Indians believe brands are more expensive—even when they're not. It can be difficult for a new product to get over that initial hump with a customer, but yet another successful retailer Mr. Raheja estimated that the number of branded goods would grow from 2 percent to 20 percent of the consumer market over the next five years. The largest retailer in the world WalMart has already tied up with Bharti to form Five Bharti Walmart Best price cash – and- carry stores and 111 Bharti Easy Day stores. While Bharti has plans to invest Rs 9,000 crore for a total of 140 front end stores, Walmart itself also has huge expansion plans. It has plans to invest more than Rs 500 crore for cash and carry business in opening 10 more cash and carry stores

Building Retail Brands – A Secondary Analysis
Terilyn A. Henderson and Elizabeth A. Mihas (2008) establishes that a new breed of multi category retailer combining functional benefits with the emotional and relationship benefits that give a brand a true personality in the eyes of consumers has already emerged. Terilyn A. Henderson and Elizabeth A. Mihas (2008) also brings out the fact in their paper that translating brand building aspirations into reality calls for management attention across the entire business system and a couple of examples that
they imply are that Wal-Mart honouring the promises it makes—the lowest everyday price—by stocking national brands at low prices in a down-home service environment. To ensure that the goods offered at these prices are actually available in the stores, the company has developed Retail Link, an information system that informs both suppliers and store managers of each product’s inventory level, order status, and location in the distribution system. The electronic sharing of data permits buyers and store managers to plan precisely how to meet demand in each store. Every Saturday morning, the company’s senior management takes part in a teleconference that focuses on the rapid correction of lapses in supply chain product deliveries. Wal-Mart also assures a high level of service by offering performance-based incentives to employees at virtually every level. The paper also brings out the fact that while the marketplace is overflowing with stores, most retailers have spent the past several years tirelessly searching for new ways to grow. In the case of runaway successes such as the apparel manufacturers Nike and Calvin Klein, the secret appears to be strong, well-leveraged brands, which, McKinsey research shows, add five points on average to shareholder returns. Some retail brands have been built from the ground up virtually overnight. One vertically integrated single-brand retailer—Old Navy, Gap’s retro-hip discount concept, offering a proprietary line of value-priced family apparel—sprang onto the scene in 1994. Five years of phenomenal growth later, Old Navy had sales of $2.6 billion and could claim to be the first retail chain to have reached $1 billion in sales within 48 months of its launch. There seems to be no end in sight: Old Navy added upward of 140 stores to its base of more than 420 during the year 2000 and then to expand overseas. The building of a brand starts with a precise definition of the target customer group and its needs and expectations and proceeds to a realistic assessment of how well the brand currently meets them. Next, the retailer decides which of the benefits it can offer will give the brand a distinctive position in the marketplace. Then the retailer’s marketing and advertising efforts must fashion an image around the brand that is not only consistent with these benefits but also credibly promises that they will bring excitement and satisfaction.

For example, the single-brand clothing retailer Abercrombie & Fitch (A&F) has developed a powerful personality that is fun-loving, independent, and sexually uninhibited—a winning formula with teenagers and college students. To remain familiar with teen tastes and to spark ideas for new merchandise, A&F sends about 30 staffers to college campuses each month to chat with students about what they play, wear, listen to, and read. This kind of research led to A&F’s recent success with wind pants. (These resemble track-and-field pants but are generally made of nylon.) The stores themselves, featuring comfortable armchairs, are designed to be gathering places. They are staffed by high-energy "brand reps" recruited from local campuses and dressed in A&F clothes.

Another important step in the brand-building process is assuring a brand’s proximity to consumers. For the sake of customers’ convenience, the office supply competitors Staples and Office Depot, for example, have begun putting smaller stores in
more locations, expanding the definition of the brand by giving the consumer access to a killer assortment of goods through whatever format or channel best suits a given transaction. The culmination of this trend, of course, is electronic commerce over the World Wide Web. Big-box retailers in particular increasingly face the challenges of multichannel management and the need to provide a consistent brand statement across each channel. The ultimate mix of channels remains to be seen.

Music and Retail Consumer Satisfaction

Graham Chant & Dr Claudia Amonini (2010) in their research paper titled “Music Soothes the Savage Customer; Impact of Music on Customers “strongly suggested that music had a very positive effect on customers’ experiences in store. Music had a significant positive effect on 9 key variables such as Emotions, Service Quality, Store Quality, overall satisfaction with store quality, perceived waiting time in queues, perceived total time spent in store, overall satisfaction with overall store experience and avoidance. The research found no significant differences in the mean ratings between those who said they heard the music and those who said they did not hear the music while in the store. This suggests that music may have had an unconscious effect – that is, respondents did not have to be consciously aware of the music for it to have an effect. It has been reported that music in an outlet creates a soothing effect for the customers to move around and spend more time in the outlet.

Fragrance and Retail Consumer Satisfaction.

It is suggested that creating an excellent ambience with specific fragrance will make the customers to enjoy their shopping experience. It also gives a touch of professionalism and freshness. A research is underway by this author on the issue related to the impact of fragrance in an organized retail outlet increases the retention period, customer satisfaction and repeat patronizing which in turn increases the business and sales.

Provision of Play area in an organized Retail Outlet

As the norm of one parent and one child is call of the day especially with the educated couples, it has been observed that the lonely child requires attention during his or her growing stage. As such when the parents go out for any place either they need to take the child along or the child requires pampering through the so-called nani or the maid. The situation is no different when the couple go for the routine visit to an organized retail outlet of their choice. It was a simple thought that by creating a provision of an all-exclusive play area in the said outlet, the child could concentrate on the much-awaited play under constant observation and the parents could peacefully enjoy the shopping and complete the planned purchase with full satisfaction. In this research paper, from among the various innovative strategies that were discussed, we chose to check the consumer response and their satisfaction level with reference to the aspect of provision of play area in an organized retail outlet. A simple survey was conducted keeping on the basis of the abovementioned chosen aspect. The Research design that was followed is described as under.
Research Design

Keeping in mind the various lessons stated earlier, in order to explore the feasibility of different avenues in the Retail Sector, we followed a qualitative, and empirical approach by carrying out a simple survey among families at Mira Road (East). A questionnaire was designed and was put up to the target population of Regular and Non Regular Purchasers chosen on the basis of convenience. A total 15 families (members above the age of 25) were chosen. The Sample composition is families comprising of Business people, Employed (Govt. & Private) and Housewives. The copy of the questionnaire is placed as Appendix to this paper. The detailed methodology followed is as follows: The design is summarized in the following Figure.

**Data Analysis: Coding**

- **Mode**:
  - Walk - 1
  - Car - 2
  - Motorbike - 3
  - Public Transport - 4

- **Activity**:
  - Actual Shopping - 1
  - Window Shopping - 2
  - Consuming Food - 3
  - Playing Children - 4
  - Enjoying Customer Service - 5

- **Satisfaction Level**:
  - Very dissatisfied - 1
  - Dissatisfied - 2
  - Neutral - 3
  - Satisfied - 4
  - Very Satisfied - 5

- **Existence of Children Play area/activity**:
  - Yes - 1
  - No - 0
Table 1

<table>
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<tr>
<th>Family</th>
<th>Time (in mts)</th>
<th>Mode</th>
<th>Activity</th>
<th>Satisfaction</th>
<th>Play area</th>
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Table 2

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<tr>
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Total  15  5  4  2  4

Mode of Travel

Table 3

<table>
<thead>
<tr>
<th>Mode(code)</th>
<th>Walk(1)</th>
<th>Car(2)</th>
<th>Motorbike(3)</th>
<th>Public Transport(4)</th>
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<td>%</td>
<td>33</td>
<td>33</td>
<td>7</td>
<td>27</td>
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</table>
Interpretation
The preferred Mode of travelling to the retail outlet is apparently either by car or by walk when the family visiting the outlet.

Satisfaction Level

Table 4

<table>
<thead>
<tr>
<th>Level (code)</th>
<th>Very Satisfied(5)</th>
<th>Satisfied (4)</th>
<th>Neutral (3)</th>
<th>Dissatisfied (2)</th>
<th>Very Dissatisfied (1)</th>
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<td>47</td>
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Interpretation
By and Large, the respondents are satisfied with the retail outlets they preferred.

Preferential Activity

Table 5

<table>
<thead>
<tr>
<th>Activity</th>
<th>Actual Shopping(1)</th>
<th>Window Shopping(2)</th>
<th>Food Consuming(3)</th>
<th>Playing Children</th>
<th>Experiencing customer service</th>
<th>Total Activities</th>
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<td>15</td>
<td>5</td>
<td>4</td>
<td>2</td>
<td>4</td>
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</tr>
<tr>
<td>%</td>
<td>50</td>
<td>17</td>
<td>13</td>
<td>7</td>
<td>13</td>
<td>100</td>
</tr>
</tbody>
</table>
Interpretation

Although customers do visit a Retail outlet for other purpose such as Window shopping, getting good service experience, predominantly, the preferential activity is Actual Shopping

Quantitative Analysis Using the above data and Chi-Square Testing

Research Question

Is the existence of children play activity/area in the Retail Outlet may gain higher Customer satisfaction?

Hypothesis

HO: The existence of children play activity/area in the Retail Outlet may not gain higher customer satisfaction.

HA: The existence of children play activity/area in the Retail Outlet may gain higher customer satisfaction

<table>
<thead>
<tr>
<th>Play activity/area</th>
<th>Satisfaction level</th>
<th>0</th>
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<tbody>
<tr>
<td>1</td>
<td></td>
<td>0(0.2)</td>
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<td>5</td>
<td></td>
<td>3(1)</td>
<td>2(4)</td>
<td>5</td>
</tr>
</tbody>
</table>

| Grand Total        | 3 | 12 | 15 |

Chi-Square Computation

From the above table, using the formula of Chi Square, the calculated value is 7.5 whereas the table value with reference to degrees of freedom as 4 and level of significance as 5% is 9.49. Since the calculated value is less than the table value
(7.5<9.49) we accept the Null Hypothesis. Thus we conclude that the existence of children play activity/area in the Retail Outlet may not gain higher customer satisfaction.

Findings and Recommendations

Findings based on Secondary Research

Based on a secondary research, a generalized finding on how to build a brand is appended below.

Five Lessons of Brand Building:
The former CEO of P&G Mr. Stengel propounded five lessons for better brand building before his retirement from P&G. They are:

Lesson One: Put people at the center of all you do. : Treat your people the way you would want your customers treated. “We too often forget brands are people. It’s the collective intent of people behind them,” he says.

“I have learned in my career that the most important legacy is the impact you will have with the people you work with. We all have rough months, rough years, which blend together, but what you will remember is relationships and people.”

Lesson Two: Engage your heart and mind in everything you do. : Stengel Says, “We need balance. Too often as an industry we approach everything with head, not heart. We often talk within P&G of personal relationship as a metaphor for marketing. How many of us internalize that and apply it to how we approach business and customers?”

“If we thought about everything we do in marketing, if they all tried to emanate from this idea of great relationship we would do and measure things differently.”

He offered brands other than P&G’s as examples: Apple, Southwest Airlines, online shoe company Zappos, and Amazon.com. “What we find with the strongest brands is they have strength and competitive advantage in emotional areas that drive brand,” he said.

Lesson Three: Results. : “In our industry we tend to make things complicated, focusing on activities that don’t drive brand,” said Stengel. “Why are CMO tenures short? Look at organization designs across companies; they are all over the place. Too much spend goes to short term and tactical that doesn’t build loyalty and relationship with consumers.” He asked, rhetorically, why many CEO’s and CFO’s don’t value marketing. “Because too much we focus on a bustle of activities, not the few things that drive growth of brand. Sales are important but if you don’t look at other measures of brand health, you are being short sighted.”
Lesson Four: Creativity is about solving problems. We too often have the wrong discussion with agencies. We talk fees, etc, short term stuff, not how to come together about how to create a powerful brand.”

Lesson Five: Have a purpose. He cautioned that, by purpose, he doesn’t mean cause-based marketing, but an inspirational, motivational reason for being. “For example, Nike’s purpose is to build self esteem, to be an inspiration for athletes around the world.” The purpose of Pepperidge Farm Goldfish? “To bring optimism to children. Old Spice? To help guys navigate the seas of manhood,” he said.

Three pronged Strategy
Firstly, the building of a brand starts with a precise definition of the target customer group and its needs and expectations and proceeds to a realistic assessment of how well the brand currently meets them. Secondly, the retailer decides which of the benefits it can offer will give the brand a distinctive position in the marketplace. Thirdly, the retailer’s marketing and advertising efforts must fashion an image around the brand that is not only consistent with these benefits but also credibly promises that they will bring excitement and satisfaction.

Proximity to Customers
Another important step in the brand-building process is assuring a brand’s proximity to consumers by putting smaller stores in more locations, expanding the definition of the brand by giving the consumer access to a killer assortment of goods through whatever format or channel best suits a given transaction.

Findings based on Primary Research (Pilot Study)
Based on the Pilot study which was conducted among select Family, a few findings are appended below:

Mode of Travel: The preferred Mode of travelling to the retail outlet is apparently either by car or by walk when the family visiting the outlet.

Satisfaction Level: By and Large, the respondents are satisfied with the retail outlets they preferred.

Preferential Activity: Although customers do visit a Retail outlet for other purpose such as Window shopping, getting good service experience, predominantly, the preferential activity is Actual Shopping.

For the research question - Is the existence of children play activity/area in the Retail Outlet may gain higher Customer satisfaction? The finding is that the existence of children play activity/area in the Retail Outlet may not gain higher customer satisfaction.

Recommendations
Following are some of the recommendations:
As walking is a preferred mode of travel, the spread of retail outlets should be of reachable proximity. However care is also required to be taken with regard to the
spacing between the retail outlets of the same brand as otherwise the market will turn out to be a similar to that of a fish market.

In order to build brand the Retail outlets should invariably concentrate on the customer centric

Based on the pilot study conducted, it was explored that there is no significant relationship between the satisfaction level of the customers and the existence of Play area/activity in a retail outlet although many of them preferred to have an exclusive area for playing in an outlet.

Limitations and Future Scope of Study

The limitations of the study

Although, we carried out only an exploratory Pilot study the sample size was too small and the area chosen was Mira Road, Mumbai and despite the actual respondents are the Family as a whole, the responses were dominated by the women member of the family.

The Future Scope of Study

The study can be extended to area covering major posh areas of Mumbai taking bigger sample size and carrying out analysis using Probability Sampling Techniques.

Though the pilot study explored the lack of significant relationship between the satisfaction level and existence of play area in an outlet, a similar study is underway in select Malls as the experience realized by the consumers is certainly different in Malls in comparison with specific formats of Retail outlets. Also a more detailed study taking into account other parameters such as Availability Music, Application of fragrance in the outlet, Floor spacing, availability of brands, Parking facility, Technology application etc and a causal study studying significance in relationship between various parameters can be always done by preferring wider area and larger sampling size since the level of satisfaction differs geographically and also on SEC categorization.

Conclusion

The exploratory pilot study combined by a descriptive one that was carried out has given a clear indication on the satisfaction level among the respondents in their shopping experience. However, the quantitative study did not find a significant relationship between the Satisfaction level increase and the existence of playing area/activity for children notwithstanding the fact that majority of the respondents preferred to have a playing area/activity for children. Although this could not generalized owing to the restricted sample size, the main reason would be on the specific choice of format of retail outlet. A futuristic study is underway by conducting a similar research in select Malls. Based on certain secondary studies, some important
issues such as Proximity to customers, five lessons for building brand etc were brought in.

References
http://www.csom.umn.edu/Assets/75903.pdf
http://www.hardknoxlife.com/2008/10/20/five-lessons-on-brand-building-from-jim-stengel-pgs-former-chief-marketing-officer/
2010 Annual Report of Pantaloon Retail India Limited

Appendix

Questionnaire
Family is the observation number of the questionnaire. One questionnaire was filled by for one family or a representative of the family. You are requested to take some time to fill in the questionnaire.
Time is a quantitative data type, measured in minutes. It is the activity time of the family in the RETAIL OUTLET

Which of the following RETAIL OUTLET You or your family member visit for your regular purchase?
Reliance Fresh   (b) More (c) Spinach (d) Foodland Fresh (e) Kirana Store (f) Any other _________________ (Please mention)

2. Which of the following Mode would use to go to the RETAIL OUTLET
Walk, (b) car (c) Motor cycle (d) Public Transport. (e) Other____
3. For which of the following Activities you normally visit the RETAIL OUTLET: (You may choose multiple options)
   Actual Shopping, (b) Window Shopping (c) Consuming Food
   (d) Playing Children (e) Enjoying Customer Service

4. Kindly rate your Satisfaction level (Put a tick in the appropriate box)
   Very dissatisfied [ ] Dissatisfied [ ] Neutral [ ] Satisfied [ ] Very Satisfied [ ]

5. Time taken by you in the Retail Outlet (in minutes)
   (a) 30  (b) 60  (c) 90  (d) 120  (e) 180

6. Do you feel that the existence of children play activity in the Retail Outlet would increase the satisfaction level in the customers? Yes [ ] No [ ]

### Personal Details

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<td>Student [ ]</td>
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Retailing Trend and Retailers Perception
A Study on Pharma Industry.

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Annamalai University Study Centre, Karnataka, India

P V.Balakrishnan
Anna University of Technology, Coimbatore, Tamil Nadu, India

Key Words
Convince, Health Care, Greater Accessibility, Personalised Care, Organised Pharma

Abstract
To Market the products knowing the consumers is not the only part for the companies. Also they have to concentrate the channel members. “Consumer is king”, the statement carries profound truth in it. Today the success of any firm depends upon consumer satisfaction. To contact, to convince, to stimulate the consumers, help of retailers is most important. Retailers are considered as main source to contact all kinds of consumers irrespective of market areas like rural, urban, & semi-urban. Retailers’ perception is playing a pivotal role for gaining consumer attention. This study deals with the retailing trend and perception of retailers towards Pharma industry.

Introduction

Indian Pharma market
The total Indian healthcare market is estimated to be worth US $ 30 billion and includes pharmaceuticals, healthcare, medical and diagnostic equipment, and surgical equipment and supplies. Revenues from the healthcare sector account for 5.2 per cent of the gross domestic product (GDP) and it employs over 4 million people. Private spending accounts for almost 80 per cent of the total healthcare expenditure. The Indian pharmaceuticals market is typical in the sense, that the pharmacist has a great control over brand availability. Hence, this market is a combination of over-the-counter and prescription (OTX).

The Indian pharmaceutical sector is emerging as one of the major contributors to Indian exports with export earnings rising from a negligible amount in early 1990s to Rs.29,139.57 crores (US$7.24bn) by 2007-08.

The exports of Drugs, pharmaceuticals & fine chemicals of India have grown at a compounded annual growth rate (CAGR) of 17.8% during the five-year period 2003-04 to 2007-08. The Indian domestic pharmaceutical market size is estimated at US$10.76bn in the year 2008 and was expected to grow at a high CAGR of 9.9% percent till 2010 and
thereafter at a CAGR of 9.5% till 2015. The global pharmaceutical exports to major exporting countries of the world in 2006 are presented in table below:

| Global Pharmaceutical Exports by Major Countries (figs. in US$ bn.) |
|-------------------|--------|--------|--------|--------|--------|--------|
| Germany           | Belgium| Switzerland| USA    | UK     | India  |
| 44                | 38     | 31      | 29     | 26     | 7.2    |

**Source:** WTO

**Trends in Indian pharmaceutical industry**

The Indian retail pharmaceutical market size is estimated at US$7.8bn in the year 2008 and is expected to grow at a high CAGR of 9.9 percent till end of 2010 and thereafter at a CAGR of 9.5 till 2015.

<table>
<thead>
<tr>
<th>Estimated Indian Retail Pharmaceutical Market size</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$ bn.</td>
</tr>
</tbody>
</table>

**Source:** EIU Report, Data monitor, primary interviews, Deloitte Consulting LLP Analysis.

**Indian - Pharma retail**

India has 12 million retail outlets. The retail sector is the second largest source of employment and the job market is hugely receptive to retailing expertise as more and more B-schools are now focusing on the sector and large retailers are setting up retail academies. It is estimated to create 50,000 jobs a year in the next five years.

The retail market in India is estimated at Rs.5,88,000 crore. Of this the unorganized market is worth Rs.5,83,000 crore and the organized market is Rs.5,000 crore.

According to various estimates, Indian pharmaceutical retail segment is expected to grow at 11 percent over the next five years. Getting down to numbers, there are almost 8,00,000 pharma retailers in India, dispensing about $5 billion worth of pharma products per year. India ranks 13th in the world pharma market in value and 4th in volumes. The pharma market is roughly around Rs 38,000 crore per annum. If we add to it the healthcare and beauty care segments, it works out to Rs 45,000 crore per annum. Out of this, organised pharma contributes just Rs 400-600 crore which is roughly 1.5 to two percent of the total market size with players such as Apollo Healthcare, Medicine Shoppe, MedPlus, Guardian Pharmacy and Subhiksha.
There are approximately 25 organised retail chains in India, and still increasing, contributing to three percent of the market. However, this number is expected to increase due to the growing awareness about health and wellness which has increased the average consumer spend on health from eight percent to 20 percent in just two decades. In the last ten years, organised players have made a foray in pharma retail business, which was traditionally about 'Mom and Pop' stores, but their share of the market is less than one percent. Though, hospital chains, few pharma companies and big retailers have emerged, the retail segment largely remains a fragmented sector with its own set of challenges.

Key growth drivers

There are a wide range of factors fuelling the growth of this vibrant sector. First, the growth in population in terms of sheer numbers will translate into additional demand for medicines. Second, the strong economic growth profile of India in the past few years has had positive impact on the income demographics, leading to the emergence of affluent middle class having greater accessibility & affordability for healthcare facilities and medicare. Citing other factors contributing to the increasing net retail pharma industry in India, Dipta Chaudhury, Program Manager-Pharma and Biotech Practice (South Asia, Middle East & North Africa), Frost & Sullivan, elaborates, “Health insurance is also growing in India, with more private insurance providers offering increasing coverage, thereby driving the growth of pharma retail. The rural market is also growing strong in the country, providing the required boost to pharma retail. Also, the emergence and expansion of organised pharma retail is also providing a much needed impetus. In addition, pharma companies are vitalising the pharma retail sector by launching novel drugs with no or small time lag between global and Indian launches. Further, most of the recent launches are taking place in segments of oncology, cardiovascular, neurology, autoimmune diseases, etc, which are expected to grow stronger in India.” Besides, the Indian healthcare sector is also making significant impact with the introduction of personalised care & services. Such factors are also known to set the pace of the pharma retail sector.

P B Ramamoorthy, COO - Pharmacy Retail (Country Head- Operations), Apollo Pharmacy Retail Private labelling is one of the trends that may become popular in future. It represents an effective way to be competitive by differentiating one’s store and one’s brand.

This concept would result in increase in the number of repeat customers once private labels in different categories are established.

Avers Majumdar, “The healthcare sector in India is getting more sophisticated than it was earlier. The services side of the healthcare industry is growing substantially and rapidly. In a sense, pharma retailing is a proxy for the healthcare sector. Therefore, it will grow accordingly. Also, the disease profile in India is changing from infectious diseases to lifestyle diseases, which require more intensive care. This will entail medication on an ongoing basis,
Which will in turn make prescription based medicine mandatory.” Moreover, in the current scenario, life expectancy has increased considerably, which is another reason to boost the sales volume of this sector.

**Devarati Majumdar, Chief-Pharmacy, Max Healthcare Inst Ltd**, says, “Today, there are approximately 8,00,000 pharmacies in India, which include about 60,000 distributors. The segment is extremely fragmented and has its own set of challenges. Pharma retailing can be segregated into two parts, wherein chemists form the primary part, and pharma companies that are selling medicines through institutions like hospitals comprise the second part. Although hospitals are not classified as such, ultimately, the product is being sold at retail.”

Also, presently, the contribution of the organized pharma retail segment towards this sector is minimal, about two per cent of the retail market. However, with the organized sector maturing, this scenario is expected to change.

**Problems faced by retailers**

The organized retail industry in India is faced with stiff competition from the unorganized sector, there is a shortage of quality real estate and infrastructure requirements in our country, Opposition to Foreign Direct Investment from small traders affects retail industry, Very high stamp duties on transfer of property affect the industry, Shortage of retail space in central and downtown locations also hinders the growth of retail industry, Presence of strong Pro-tenancy laws makes it difficult to evict tenants and this is posing problems, Land-use conversion is time consuming and becoming complex, for settling property disputes, it consumes lot of time, rigid building laws makes procurement of retail space difficult, Non residents are not allowed to own property except they are of Indian origin, Prohibition of Foreign investment in real estate business, Customs duties are levied on import of goods in India.

The organized retail industry is also facing problems from traders, politicians and the government has to formulate a separate policy for the industry.

FDI needs to be encouraged and land acquisition rules required modification.

Retail has to be recognized as a separate industry and to be given fair treatment by all.

1. No economies of scale to small medical stores: These small stores buy in small quantities from drug distributors with higher prices with no schemes thereby it reduces profit margins

2. Small geographic area: These small retail medical shops operate from small lanes and by-lanes where it could cater to limited range of patients who belong to those surroundings only. This results in lower turnover of sales resulting in lower profits.
3. No home delivery services: These small medical shops generally run on low man power or sometimes run as a family business and therefore cannot effort to hire persons for home delivery of medicines.

4. Winding up of medical shops: Notwithstanding the business threats from large pharma chain stores most of these stores close their stores by sustaining huge loses.

5. Losses from expiry of medicines: New formulas are frequently launched into the market and doctors always want to try new formulas on patients thereby sales of old formulas are slowed down which causes huge quantity of expiry of medicines which in turn result in heavy losses.

6. Discounts cannot be offered: Small medical shops buy in smaller quantities and cannot avail the advantage of various schemes on quantity purchases, there by their unit purchase prices are higher and cannot offer discount to patients/ customers.

**Objectives of the study**
- To find out retailer perception on Pharma Industry.
- To find out the retailing trend in Pharma Industry.
- To identify retailer’s preferred factors for running the business.
- To find the attribute which highly influence the retailer.

**Sources of data**

Data was gathered mainly from primary sources.

Data from primary sources have been collected mainly by conducting survey with the help of structured, undisguised questionnaire.

The survey was done in the Coimbatore district, Tamil Nadu, India.

**Sample**

The elements were chosen non-probabilistically as per the “Convenience sampling” approach. The respondents are infinite in numbers. The number of respondents selected was 150. The study area is broadly classified in to three Locations such as Urban, Semi-urban and Rural.

**Limitations**

- The study is based on the attitude and preference of respondents. This attitude may change.
- The sampling size of retailers is one hundred and fifty. This does not represent the exhaustive population of respondents.
- This study was restricted to Coimbatore district only.
- Some time the wrong opinion expressed by the respondent can also affect genuinity of the results.
Tools used in Analysis of Data  

The following statistical tests were used to analyse the data collected:

1. Percentage Analysis
2. Chi-Square Test

The square of a standard normal variate is called chi-square variate with 1 degree of freedom, i.e., if \( x \) variable is normally distributed with mean \( m \) and standard deviation \( \sqrt{(X-M)/O}^2 \) is a chi-square variate with 1d.f abbreviated by the letter \( X^2 \) of the Greek Alphabet).

If \( x_1, x_2, \ldots, x_n \) are \( n \) independent random variables following normal distribution with mean \( m \), and standard deviation \( O \) respectively, then the variate,

\[
X^2 = \frac{\sum (O - E)^2}{E}
\]

which the sum of squares of \( n \) independent standard normal variate, follows Chi-square distribution with \( v \) degrees of freedom.

The chi-square, denoted by the Greek letter \( X^2 \), is frequency used testing hypothesis concerning the difference between a set of observed frequencies. In other words, a test statistic which measures the discrepancy between observed frequencies \( E_1, E_2, \ldots, E_n \) is called Chi-square\( (X^2) \) statistic.

Where \( E = \frac{\text{Row Total} \times \text{Column Total}}{\text{Grand total}} \)

Ranking test

In the ranking test several traits of factors are measured. Based on the factors, ranks 1, 2, 3... were given to each factor. Then for finding out the total weightage, based on the number of ranks, points were given to each rank. And then the rank, which has the highest weightage, is considered as the most preferred factors and Vice versa.

Location of retail outlets

<table>
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<tr>
<th>Location</th>
<th>No of Retail Outlets</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
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<td>Rural</td>
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<td>6</td>
</tr>
<tr>
<td>Semi-urban</td>
<td>41</td>
<td>27</td>
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<td>67</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
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b. Inference

Out of the surveyed samples, 6% of retail outlets are located in rural location, 27.5% are located in semi-urban location and the rest 66.5 are in urban location.
Store location is important

<table>
<thead>
<tr>
<th>Particulars</th>
<th>No of Retailers</th>
<th>Percentage</th>
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</thead>
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<tr>
<td>YES</td>
<td>108</td>
<td>72%</td>
</tr>
<tr>
<td>NO</td>
<td>42</td>
<td>28%</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
<td>100%</td>
</tr>
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</table>

Inference
From the above table it is cleared that 72% of retailers agrees that location of the store is most important and 28% feels that location has no importance. It is inferred from the opinion of retailers.

Confidence interval test
The above data should be applied for the whole universe. For this purpose, confidence interval and standard error have to be calculated.
Where
P = percentage of retailers having feel of importance of store location.
Q = percentage of retailers having no importance.
N = Total number of samples surveyed.
P=0.72%
Q=0.28%
N=200

S.E = √ P Q / N
S.E = 0.72*0.28/200  = 0.032
95% confidence limit = P ± 1.96 S.E
0.72 ± (1.96*0.032)
= 0.67 to 0.783

Hence it can be interpreted that @ 95% confidence level the percentage of retailers having feel for importance of store location ranges from 0.67 to 0.783.

ATTRIBUTES INFLUENCING RETAILERS TOWARDS VARIOUS PHARMA COMPANY PRODUCTS

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</table>
Inference

It is understood from the table that attributes demand ranks first, in influencing the retailers towards a brand. Profit margin ranks second, credit facility ranks third, Availability ranks fourth, quality of the product ranks fifth and followed by the other factors.

Chi-square test

To test whether the retailers’ frequency of purchase is dependent (or) independent of the monthly sales.

Null Hypothesis (H₀) = The frequency of purchasing is independent of the Monthly Sales.
Alternate Hypothesis (H₁) = The frequency of purchasing is dependent on the monthly Sales.

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<th>S.No</th>
<th>Observed frequency</th>
<th>Expected frequency</th>
<th>(O-E)²</th>
<th>(O-E)² E</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>40</td>
<td>47.79</td>
<td>-7.79</td>
<td>60.684</td>
</tr>
<tr>
<td>2.</td>
<td>19</td>
<td>11.21</td>
<td>7.79</td>
<td>60.684</td>
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<tr>
<td>3.</td>
<td>43</td>
<td>38.07</td>
<td>4.93</td>
<td>24.305</td>
</tr>
<tr>
<td>4.</td>
<td>4</td>
<td>8.93</td>
<td>-4.93</td>
<td>24.305</td>
</tr>
<tr>
<td>5.</td>
<td>40</td>
<td>39.69</td>
<td>0.31</td>
<td>0.0961</td>
</tr>
<tr>
<td>6.</td>
<td>9</td>
<td>9.31</td>
<td>-0.31</td>
<td>0.0961</td>
</tr>
<tr>
<td>7.</td>
<td>39</td>
<td>36.45</td>
<td>2.55</td>
<td>6.502</td>
</tr>
<tr>
<td>8.</td>
<td>6</td>
<td>8.55</td>
<td>-2.55</td>
<td>6.502</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>10.99</td>
</tr>
</tbody>
</table>

X² calculated value = 10.99
X² Tabulated value = 5.991
Degrees of freedom = (r-1)(s-1)(-k)
= (4-1)(2-1)(-1)
= 2

X² calculated value > X² tabulated value
Reject Hypothesis
The frequency of purchasing is dependent on monthly sales.

Managing expiries is a problem

<table>
<thead>
<tr>
<th>Particular</th>
<th>No of Retailers</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>54</td>
<td>36</td>
</tr>
<tr>
<td>NO</td>
<td>96</td>
<td>64</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
<td>100</td>
</tr>
</tbody>
</table>

Inference
From the above it is noted that 36% of retailers feels that managing expired stocks as a problem and 64% of retailers doesn’t give feels so.

a.

b. Confidence Interval test

For using the data to wider areas of application confidence interval and standard error has to be calculated.

\[ P = \text{Percentage of retailers thinks managing expiries as problem.} \]
\[ P = \text{Percentage of retailers not thinking so.} \]
\[ N = \text{Total number of samples surveyed.} \]
\[ P = 0.36\% \]
\[ Q = 0.64\% \]
\[ N = 200 \]
\[ S.E = \sqrt{PQ / N} \]
\[ S.E = 0.36 \times 0.64 / 200 = 0.034 \]

95% confidence limit = \[ P \pm 1.96 \times S.E \]
\[ 0.36 \pm (1.96 \times 0.034) \]
\[ = 0.293 \text{ to } 0.427 \]

Hence it can be interpreted that @ 95% confidence level the percentage of retailers thinks managing expiries is a problem ranges from 0.293 to 0.427

Frequency of Purchase

<table>
<thead>
<tr>
<th>Frequency</th>
<th>No of Retailers</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weekly</td>
<td>121</td>
<td>81</td>
</tr>
<tr>
<td>Fortnightly</td>
<td>23</td>
<td>15</td>
</tr>
<tr>
<td>Monthly</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
<td>100</td>
</tr>
</tbody>
</table>

Inference
It is evident from the above table that, 81% of retailers are Buying weekly, 15% are buying fortnightly and 4% are buying monthly manner.
IMPORTANT FACTOR IN PHARMA RETAILING

<table>
<thead>
<tr>
<th>Factor</th>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>V</th>
<th>VI</th>
<th>VII</th>
<th>VIII</th>
<th>Total</th>
<th>Points</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store Location</td>
<td>150</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>150</td>
<td>1600</td>
<td>I</td>
</tr>
<tr>
<td>Credit from Company</td>
<td>0</td>
<td>29</td>
<td>17</td>
<td>42</td>
<td>4</td>
<td>6</td>
<td>2</td>
<td>0</td>
<td>150</td>
<td>1106</td>
<td>III</td>
</tr>
<tr>
<td>Credit to Customers</td>
<td>0</td>
<td>1</td>
<td>18</td>
<td>12</td>
<td>28</td>
<td>23</td>
<td>2</td>
<td>150</td>
<td>743</td>
<td>VI</td>
<td></td>
</tr>
<tr>
<td>Doctor’s Prescription</td>
<td>0</td>
<td>62</td>
<td>16</td>
<td>12</td>
<td>12</td>
<td>1</td>
<td>1</td>
<td>150</td>
<td>1236</td>
<td>II</td>
<td></td>
</tr>
<tr>
<td>Working Hours</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>23</td>
<td>9</td>
<td>5</td>
<td>0</td>
<td>150</td>
<td>828</td>
<td>V</td>
<td></td>
</tr>
<tr>
<td>Door Delivery</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>8</td>
<td>35</td>
<td>27</td>
<td>18</td>
<td>150</td>
<td>544</td>
<td>VII</td>
<td></td>
</tr>
<tr>
<td>Availability of Medicines</td>
<td>0</td>
<td>8</td>
<td>41</td>
<td>3</td>
<td>7</td>
<td>1</td>
<td>40</td>
<td>1</td>
<td>150</td>
<td>854</td>
<td>IV</td>
</tr>
<tr>
<td>Others</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>16</td>
<td>3</td>
<td>78</td>
<td>150</td>
<td>288</td>
<td>VIII</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td></td>
</tr>
</tbody>
</table>

Inference

The table shows that Store location ranks first, Doctor’s Prescription ranks second, Credit from company ranks third, Availability of Medicines ranks fourth, Working Hours ranks fifth and followed by other factors.

Findings from Retailers Survey

- It has been found that majority of retailers feels that store location is important for pharma retailing. (72%). The monthly sale is dependent on the location of the outlet.
- Retailer was highly influenced by the demand of the product in purchasing a particular product from the company.
- From the market survey it is clear that 36% of retailers are facing problem with management of expired stock.
- Most of retailers are buying in a weekly frequency.
- Store Location ranks first as a factor in pharma retailing from the view of retailers.

3. Conclusion

India and China are the two most promising markets for pharma retailers, but the Indian market is unique as it has the largest middle income consuming population, many of whom suffer from chronic ailments. Over the next five years as baby boomers start ageing, consumption of chronic as well as preventive medications will increase. Pharma retailers hope to expand their market share significantly, and are going all out to woo this segment in the market.

Even though Indian markets register growth, problems like multiplicity of formulations, lack of effective regulatory mechanism, inadequate return on investments, lack of due recognition as a service provider, mushrooming growth, particularly in the urban areas, and ill equipped personnel are some of the key concerns of the retail segment. The need of the hour is to have an effective regulatory mechanism and uniform implementation to tackle the issue of multiplicity of formulations and effective enforcement, and also to encourage investments by providing higher returns as well as a provision to charge service fee when prescriptions are dispensed. However, the existing
Drugs and Cosmetics Rule to curtail mushrooming growth is vague. If the problematic circumstances are reduced the industry will grow.

References
Hairdressers in the UK:  
Time to Regulate the ‘Candy Floss Profession’?  
Part two – the attempts at regulation – or at the very least, at registration

Peter Shears  
University of Plymouth, England

Key Words  
Hairdressing, regulation, personal professional services

Abstract  
This article considers the perhaps remarkable fact that there is no regulation, nor even compulsory registration, of the hairdressing profession in the United Kingdom. Part one included a thumbnail history of its development, pausing to consider the colourful characters of fact and fiction which are part of the story. Part two examines the series of attempts at remedying the situation – up until the demise of the last effort – which failed because Parliament was more concerned on the day with banning foxhunting. It concludes that this apparently straightforward amendment of existing legislation is both necessary and long overdue.

Introduction  
In the first part of this article we traced the chequered history of the hairdressing profession in the UK. In this, the second part, we will consider the many and various attempts that have been made to regulate it. Many supporters of regulation might settle for mere registration. But, as will be seen, even this has proved politically, or procedurally, impossible.

The profession today  
There are around 35,000 salons and 3000 barber shops in the UK. The vast majority, nearly 95%, are small concerns, employing no more than 10 people. 50% are owned by men, although many of those are managed by women. They are mostly independent, although franchising is present and growing. There are small local and regional chains and there are several larger multiples, such as Vidal Sassoon, Regis Europe and Toni & Guy but these represent only about 2% of salons. (http://business.timesonline.co.uk/tol/business/industry_sectors/leisure/article5014558.ece).

Only 11,885 hairdressing and other beauty treatment businesses were registered for VAT in 2004 (ONS Business Monitor PA10030). There is considerable fluidity in the pattern of openings, closures and changes of ownership. About 100 salons close permanently every month. They are usually replaced elsewhere. Businesses last on average about 10 years. About 20% have job vacancies. Staff turnover is 14%. The
average time spent in the industry is about 8 years. The annual turnover is about £5 billion, reflecting 420 million client visits each year – around six by each client.

Around a quarter of a million people are employed across the wider industry, including nail bars/technicians, beauty salons/consultants, beauty therapists and those that work in spas - 90% are women. In hairdressing alone there are around 125,000 employees; 25% are men. About 30% of employees are aged 16-24, 22% are 25-34, 30% are 35-44, 15% are 45-59 and 3% are 60 and over. 60% are employed (rather than self employed) but only about 30% work full time. (Low Pay Commission Report 2005)\(^1\). In 1992 a set of guidelines for the legitimate operation of 'rent a chair' schemes in salons was agreed between the National Hairdressers' Federation and the then HM Customs & Excise. (http://www.hji.co.uk/blogs/business/2008/09/hairdresser-chair-rental-and-t.html)

About 3% of hairdressers are graduates. The national population in the UK is aging. This is increasing the need to cater for a widening age range of clients, but the proportion of young entrants is falling demographically and also as a result of government encouragement to continue into higher education, (http://www.habia.org/index.php)\(^2\)

Regulating the profession – unfinished business

What is a ‘profession’? Perhaps: ‘a vocation, a calling, especially one requiring advanced knowledge or training’. (Shorter Oxford English Dictionary, 6th ed. 2007) There have been a number of attempts to avoid the present unregulated position. The first was made in 1922 when hairdressers, both employees and employers, formed the Hairdressers Registration Council. It was a voluntary organisation intended to improve the standard, competence, training and public recognition of the craft by inviting hairdressers to become registered and certified.

After the First World War there was a doubling of those working in the industry. The number of ladies’ hairdressing salons grew rapidly and the Shops Act 1912 permitted an extra hour’s opening just for them. This was unpopular in some quarters and led to the Hairdressers' and Barbers' Shops (Sunday Closing) Act 1930. Lord Buckmaster said “Is there any particular reason why this particular industry should be carried on on Sunday? My submission is that not only is there no reason why it should be, but there is every reason why it should not be.” (HL Deb 09 July 1930 vol 78 cc355-64, 359). The effect of the Act was to replace the salons within the ambit of the Lord’s Day Observance Act, 1677.

Meantime, the movement towards statutory recognition – for the first time since 1745 – saw the Hairdressers (Registration) Bill presented in the House of Commons on the 29th of July 1936 "to provide for the registration of hairdressers and to regulate the practice of hairdressing; and for purposes connected therewith." (HC Deb 29 July 1936 vol 315 c1526)

It was presented by Mr. Joseph Compton, then the MP for Manchester, Gorton. It was set to be read a Second time on Thursday, 29th October, and supported by Mr. Barr, Colonel Baldwin-Webb, Sir John Haslam, Mr. Chorlton, Mr. Magnay, Mr. Temple Morris, Mr. Chater, and Mr. Kelly but it was doomed.
Earlier that same year, on the 20th January 1936, King George V had died. He was a heavy smoker and suffered from emphysema, bronchitis, chronic obstructive lung disease and pleurisy. Eventually these conditions weakened him to the point of death. It has been reported that his physician, Lord Dawson of Penn, had injected a lethal mixture of cocaine and morphine into the King’s jugular vein. The immediate family were consulted and their agreement, it is said, was linked to an aim to have the tragic news reported with suitable dignity in the next morning's papers, particularly The Times, rather than in "the less appropriate evening journals." (Watson, F. 1986, December 28. http://www.cocaine.org/misc/george-v.html)

Whilst the demise of the monarch no longer automatically brought an end to a parliamentary session, (Representation of the People Act 1867, s. 51). The death of George V sparked an extraordinary 11 month period at the end of which the new king, Edward VIII, son of George V, eventually abdicated (for the love of Mrs Simpson) on the 11th of December. He was never crowned, but he prorogued Parliament on the 3rd of November 1936, (13HL Deb 30 October 1936 vol 102 c487).

So to the next Parliamentary session: on the 2nd of July 1937 Lord Strabolgi introduced a registration Bill in the House of Lords, (HL Deb 02 July 1937 vol 105 c1039) but it was killed by the combined opposition of powerful pressure groups - as he explained when he returned in 1938 with a new edition: “[m]y Lords, this Bill has been reintroduced in a slightly different form from the Bill which I had the privilege of introducing in this House last year, and the alterations have been made to meet the objections …The object of the Bill is to give the hairdressing profession an opportunity of putting its own house in order, and imposing some means of internal discipline, as is the case in other professions, (HL Deb 23 March 1938 vol 108 c 374) … I submit that there is need of regulation of this industry, because the dressing of women's hair has become once again a very complicated matter, in which electrical machinery is used, and all sorts of chemicals and heating apparatus. It has become complicated, and, as your Lordships are no doubt aware, expensive, and in the hands of ignorant or unskilful people much damage can be done.” (HL Deb 23 March 1938 vol 108 c 375). “Not only have a number of ignorant people come into the industry without proper qualifications, especially in recent years, but some undesirable characters also, who, if they had been cases of dentists, surgeons, or architects, could have been removed by the ordinary machinery of their profession. With these cases, however, the respectable hairdressers have no means of dealing; they can only be dealt with by the police, and that is not always easy. (HL Deb 23 March 1938 vol 108 c 376).

However, he faced considerable opposition, for example, from Viscount Bertie of Thame who spoke on behalf of the Institute of Trichologists who feared that the Bill would prevent the its members from practising as trichologists unless they became registered hairdressers. (HL Deb 23 March 1938 vol 108 c 378) ” He raised other points and was answered: “... he asked about the man who cuts his friend's hair. I suppose he was thinking of the farmer's wife cutting her son's hair round a pudding basin and that sort of thing. We have an Act registering and regulating the practice of dentistry, and yet I would not be surprised if the noble Lord, when he was young, pulled out one of his
own teeth or even pulled out a brother’s tooth or that his father might have pulled out his son’s tooth when it was loose. Is he therefore practising as a dentist and liable to pains and penalties for not being registered as a dentist?” (HL Deb 23 March 1938 vol 108 c 381)

Crucially, it was government opposition that killed this Bill. Lord Eltisley denied support for “a Bill which in fact seeks to apply to the hairdressing trade restrictions similar to the most severe applied to doctors, dentists, midwives, nurses, and a host of other important occupations.” In essence it was felt in government that claims of danger in unhygienic premises were answerable by local government powers and claims of dangers from untrained and unregulated hairdressers were exaggerated. “The Government have every reason to sympathise with the desire of trades and professions to improve their status, but we are not satisfied that there is any sufficient public interest at stake to justify the stringent statutory restrictions on the right to practise this ancient craft.” (HL Deb 23 March 1938 vol 108 c 379). This governmental position in 1938 has echoed down the years.

Another Hairdressers (Registration) Bill was given a first reading the following year. (HL Deb 23 March 1938 vol 108 c 380). This time the familiar arguments were put by Sir Robert Tasker, then the MP for Holborn, as a Private Member’s Bill, using the Ten Minute Rule procedure. “This is a Bill which was introduced previously in another place. ... It will safeguard all legitimate, qualified hairdressers, raise the standard of the craft, and lead to efficiency and skill; and that, in turn, will have a direct bearing on the health of the people.” Sadly, however, the Bill was lost in the wash upon the outbreak of the Second World War. (HC Deb 28 March 1939 vol 345 cc1901-2).

It was to be 1949 before the debate about hairdressers was renewed. Joseph Sparks, then the MP for Acton, successfully introduced his Hairdressers (Registration) Bill on the 11th of February 1949, (HC Deb 11 February 1949 vol 461 c718). By then more than 40,000 hairdressers had joined the voluntary Hairdressers Registration Council. He said: “the time has come when we ought to decide whether all hairdressers should approximate to the standard of the most competent in the industry. We believe, therefore, that it is the duty of the State to have regard to what has already been done in a voluntary capacity and that, by means of the powers vested in us, we should take steps to effect a complete improvement over the whole field. ... Their customers are drawn from all classes and may be clean or dirty; yet any individual, without any knowledge whatever of hygienic standards or of various compounds and lotions, as long as he has a pair of scissors, a comb and a razor, can practise on a multitude of people without any degree of competence or efficiency being required of him. ... The Bill does not restrict the extension or development of hairdressing establishments, nor is it an attempt to make the trade a closed shop. It gives no power whatever to restrict the development of trade, but it does attempt to lay down a standard of competence for those who operate in the craft.” (HC Deb 11 February 1949 vol 461 c730).

Lieut.-Colonel Sir Thomas Moore, the then MP for Ayr Burghs,(a constituency abolished in 1950) regarded the Bill as worthwhile but premature, particularly regarding what he thought of as excessive power to be given to a regulatory board
(although he seems to have been confused about which board), (HC Deb 11 February 1949 vol 461 c731). John Paton, then the member for Norwich, declared himself as “the only registered, qualified trichologist in this House” and commented: “[i]t has always been to me a matter of great surprise that while we in this country, over the last 100 years, have built up a great mass of protective legislation to prevent deleterious practices arising in all sorts of trades and professions, affecting the health of our community, yet we have been content to allow this particular trade, which covers in its operation nearly every man, woman and child in the country, from the cradle to the grave, to carry on at its own sweet will.” (HC Deb 11 February 1949 vol 461 c734).

Beverley Baxter, then MP for Wood Green, added: “[t]here are two kinds of people we want to protect. First, we want to protect the honest hairdresser, who deals with a man's hair - or a woman's hair or hair that falls in between the two like that of the Under-Secretary. We also want to protect the customers from infection, inferior work and from disgraceful conduct. Therefore, we are in favour of giving this Bill a Second Reading.” (HC Deb 11 February 1949 vol 461 c737). This Secretary of State, Kenneth Younger, rose for the government: “It is really not right that we should compare, at any rate in degree, the dangers involved in medical practice by entirely untrained and unqualified people and those in hairdressing practice by untrained and unqualified people. There is such a difference in degree that it amounts almost to a difference in kind.” (HC Deb 11 February 1949 vol 461 c739). He went on to repeat the familiar governmental position – that health and hygiene problems would be dealt with by local authorities and that he was aware of little or no evidence of lack of public safety. Nevertheless, the admirable Osbert Peake, then the MP for Leeds North, offered: “modern woman spends something like three per cent. of her waking hours in the hairdresser's chair, and I had not fully appreciated ... the grave risks to life and limb, not to mention the risks of disease, to which our womenfolk are so frequently subjected and for such prolonged periods. I suggest, therefore, that, on motives of chivalry alone, we of the male sex ought to support the Second Reading of this Bill.” (HC Deb 11 February 1949 vol 461 c740).

Barbara Castle, then MP for Blackburn and later to be one of the most significant female politicians of her century, said: “I want very briefly in the few minutes that remain to appeal to the Under-Secretary to change the attitude he adopted this afternoon. His speech was a very great disappointment. After all, he has one of the best heads of hair on the Front Bench and we might have expected him to have been a little more hair-conscious. I feel very strongly that the case which he made against the Bill was not a case at all. We agree, perhaps, that some of the powers asked for go a little too far; the constitution of the proposed board could be altered, but the principle of the Bill he himself, in his opening remarks, had to accept, for he said that the claims put forward were perfectly legitimate. But he has given us no alternative or suggestion of how we shall meet what is a very serious potential and actual danger.

As a woman who has frequently availed herself of the hairdressing service, I know that this service today enters into the lives of nine women out of ten. It is because of the widespread use of these services that this matter has become one of vital public importance. Today, also, the complications, extent and nature of the hairdressing service are such that it is a matter of extreme seriousness that it should [not] be practised by
untrained people. ... I ask him, therefore, to withdraw his opposition, and I hope that, in the interests of the mass of the people of this country, hon. Members will go into the Division Lobby in support of the Bill.” (HC Deb 11 February 1949 vol 461 c743). The Bill was given its second reading, but it too was doomed.

It was washed away by the general election which was held on the 23rd of February 1950. This was the first to be called after a full term of a Labour government. Despite polling over one and a half million votes more than the Conservatives, it resulted in a Labour net majority of only five seats. Almost inevitably, they called another in 1951. This time Labour polled nearly a quarter of a million votes more than the Conservative Party (and its National Liberal allies), and more votes than in the 1950 election. Nevertheless, the Conservatives formed the next government. Labour’s extra votes mostly went to increased majorities for MPs in already safe seats, rather than winning new seats.

During the late 1950s the matter was raised from time to time: Percy Morris, then MP for Swansea West, asked the Secretary of State for the Home Department if he had agreed to the request of the Hairdressers’ Registration Council to introduce a Bill for the compulsory registration of hairdressers. This Secretary was none other than R. A. Butler - one of the few British politicians to have held the three posts of Chancellor of the Exchequer, Home Secretary and Foreign Secretary. He was never Prime Minister. He was passed over twice. In the present context however, he was characteristically brief: “The Government have not been asked to introduce a Bill on this subject and do not contemplate doing so.” (HC Deb 01 April 1958 vol 585 c137W. And see a similar exchange at HC Deb 26 June 1958 vol 590 c40W). There had been an interesting exchange earlier that year. Barbara Castle had asked: “Is the Under-Secretary aware that she is now receiving representations from the women Members of the House to do something in the matter? Will she take steps to give help and statutory encouragement to the Hairdressers’ Registration Council in its efforts to raise the professional standards in this important industry?” The reply, from Miss Patricia Hornsby-Smith, evinces the attitude of the government then and now: “In view of the intense competition in this industry, I should have thought that any hon. Lady, or anyone else, is perfectly free to ensure that she goes to a satisfactory and adequate hairdresser.” (HC Deb 19 February 1959 vol 600 cc530).

The next step was taken in 1964. The Hairdressers (Registration) Bill was introduced as a Private Member’s Bill, and given a first reading on the 6th of February, (HC Deb 06 February 1964 vol 688 c1355) and a second reading (without debate) later that same month, and sent to standing committee for detailed consideration. (HC Deb 28 February 1964 vol 690 c873). It was at third reading on the 26th of June, (HC Deb 26 June 1964 vol 697 cc839-44) that the damage done to the Bill in committee was made clear by Ernest Partridge (Battersea, South) said: “[a]nxiety was expressed in the Standing Committee that some hairdressers who ought, perhaps, to be on the register might be excluded by some of the Bill’s provisions; that there was an exclusiveness about those entitled to be registered that was foreign to modern thinking.” Sir Barnett Janner, (Leicester, North West), referring to the voluntary Hairdresser’s Registration Council added: “ The Council … has been endeaouring to get a Statute, [and] would
have preferred the Bill to have gone further than it now does. I know that the hairdressers want their calling to be a good one, and to be as safe as possible for customers. [The] Council has taken preliminary steps in this matter. It conducts examinations and grants certificates so that the customer can see the certificate displayed in a shop and will know that the hairdresser is qualified. This process is carried further in the Bill. There will be registration of hairdressers, though it is true that it will be voluntary.” (HC Deb 26 June 1964 vol 697 cc839-41).

So the standing committee had amended the Bill so that whilst there was to be a Statutory Registration Council, no hairdresser would be obliged to register with it. The Joint Under-Secretary of State for the Home Department (Mr. C. M. Wood-house) confirmed that;” the Amendments made to the Bill in Committee have been so extensive as to alter its whole nature. While the Hairdressers' Registration Council to be established under the Bill will still have power to maintain a register and to prescribe courses of training or other qualifications required of those who wish their names to be entered on the register, failure to secure registration will no longer debar anyone from continuing to practise hairdressing, as it would have done under the Bill as originally drafted.” (HC Deb 26 June 1964 vol 697 cc842-43). The Bill was given its third reading and duly sent to the House of Lords for their consideration. One aspect of the original Bill which was particularly frowned upon by the government was that various Ministries were to have had to appoint members to the Council. Lord Derwent commented: “... the Ministry have said that they have no interest in the Bill and do not wish to become implicated in the way a voluntary body like the Council conducts its affairs. This is clearly right. The removal of all ministerial responsibility for the activities of the Council was one of the chief conditions on which the Bill obtained its passage through the other place, and it would be quite unacceptable for the Government to go back on that arrangement.” (HL Deb 20 July 1964 vol 260 cc521). So, having rendered the Council merely a voluntary body the government could distance themselves from it.

There have been attempts to reverse this move. In 1978 Stephen Ross, then MP for the Isle of Wight, introduced His Hairdressers (Registration) (Amendment) Bill: “I urge that it is time that we joined most of our partners in the EEC as well as our colleagues in the United States of America and most Western countries and put our house in order, giving, incidentally at the same time, some protection to registered established hairdressers. ... The Farriers Registration Act, which was passed by the House in two stages last year and the year before, now rightly requires people who shoe horses to be properly qualified. Surely it is time that we applied a similar criterion to those who treat our hair.” (HC Deb 24 January 1978 vol 942 cc1187-89). It was given a first reading, (1HC Deb 24 January 1978 vol 942 c1194). The date for second reading was set but deferred, (HC Deb 24 February 1978 vol 944 c1958). It gradually ran out of steam – as Private Members’ Bills without government support do. Nevertheless in June 1978 John Hunt, then MP for Ravensbourne, asked the Under-Secretary of State for Trade (Michael Meacher) about government plans for the 1964 Act. He was told that there were none, but this question seems to have been used as a vehicle for a discussion about the probity of the Hairdressers Council, (HC Deb 19 June 1978 vol 952 cc6-7). He
repeated the exercise in December 1979 (HC Deb 17 December 1979 vol 976 c8) and February 1980, (HC Deb 04 February 1980 vol 978 c4).

At the end of May 1982 Richard Alexander, then the MP for Newark, spoke: “[t]he Hairdressing Council receives an average of 50 complaints a week from the victims of unskilled hairdressers. The complaints are about burning and blistering of the scalp and broken and damaged hair. Psychological harm is done to women who feel unable to venture out in front of the common gaze. Staff at the Hairdressing Council are often in the front line, dealing with deeply distressed women who have suffered at the hands of untrained and unskilled practitioners. Women are surprised to learn that there is nothing at all to protect them from the activities of such people. They are surprised that there is no statutory control over who may practise for gain as a hairdresser. ... The primary objective is not to shut out competition, but to protect the public. The hairdresser is often taking money for his services from people who are unable to make a judgment about his competence. I refer to small children, teenagers, the elderly, the infirm and the handicapped. No British hairdresser can practise for gain in EEC countries unless he or she has the recognition of that country. He cannot open a salon there, yet anyone from those countries can put the British consumer at risk in this way without so much as a day’s training.” (HC Deb 28 May 1982 vol 24 cc1224-6). The Under-Secretary of State for Trade (Iain Sproat) replied: “I am conscious of the efforts of the Hairdressing Council ... [it] is wholly desirable that they should continue to strive for the high reputation of the hairdressing trade and to give encouragement to those engaged in the craft to aim for even higher standards. It has been a long tradition in Britain that entry to the crafts in general should be free, and it is no part of our philosophy to depart from that general principle without very strong reasons for doing so. My hon. Friend’s argument presupposes that the general public needs safeguards against inefficient hairdressers, yet there is certainly no shortage of competition, and we should expect that to ensure that good hairdressers drive out the bad. ... That is not to deny a strong public interest in the capable operation of the craft of hairdressing, but it is an assertion of faith in the free play of competition.” (HC Deb 28 May 1982 vol 24 cc1224-6). In June 1985, David Trippier, then a Junior Minister replying to a Parliamentary question, was more succinct: “Entry into the hairdressing craft has traditionally been free. It is important to maximise competition, and I have no plans to introduce legislation concerning compulsory registration.” (HC Deb 24 June 1985 vol 81 c275W).

So it was that the last attempt (so far) to amend the 1964 Act by means of a Private Member’s Bill was made by Austin Mitchell, MP for Great Grimsby, on the 7th of July 1997, (HC Deb 07 July 1997 vol 297 cc629-32): “I introduce this Bill with particular pleasure because it is unfinished business ... because it completes the intention of the Hairdressers (Registration) Act 1964, which provided for a framework of registration and set up the Hairdressing Council, of which I am a member. The council was created to supervise courses and examinations, to investigate hairdressing and to discipline hairdressers.
That Act did not take the necessary next step to make it all work by making registration compulsory. ... The industry has a turnover of £2.5 billion a year, but it is largely unregulated. Consumers believe it to be regulated, however, because a survey conducted by the Consumers Association in 1993 found that most people thought that their hairdresser was registered, insured for liability and accountable. (Which? April 1993, p.27). Many hairdressers are none of those things.

My Bill is a short back and sides measure. It aims to achieve three principles, the first of which is registration. That basic principle applies everywhere in hairdressing in Europe apart from Greece—I do not go there often for my haircuts—and Ireland. An anomaly exists whereby those who fail to qualify in France or Germany can come here and set themselves up in Grimsby as Anatole of Paris. The best qualified hairdresser in this country, however, is not allowed to set up in Paris as, romantically, Fred de Grimsby, and attract business. Our qualifications are not recognised there. Our hairdressers must be registered to bring them into line with Europe."  (HC Deb 07 July 1997 vol 297 cc629-32). Opposition came in the shape of Anthony Steen, MP for Totnes: “I wonder whether the hon. Gentleman has thought of the consequence of registering 110,000 hairdressers. First, not hundreds but thousands of inspectors would be needed to enforce the rules and regulations; so many would be needed because they would need time for their hair to grow before they could go back to the hairdresser to enforce the rules and regulations that the hon. Gentleman proposes.”  (HC Deb 07 July 1997 vol 297 cc629-32). Nevertheless, the Bill was given a first reading and set for its second on the 28th of November 1997.

The business of the House began at 9.38 that morning. The lead story everywhere (http://212.58.226.17:8080/1/hi/uk/35164.stm) was the first item when Private Members’ Bills came up for discussion). It was the Wild Mammals (Hunting with Dogs) Bill. There was so much interest that the Speaker said: “Before we commence the main business, let me tell the House that more than 50 hon. Members are seeking to speak in this debate. Therefore, I have imposed a time limit of 10 minutes on all speeches other than those from the promoter of the Bill and Front Benchers, but I hope that Front Benchers will respond to my appeal for short speeches.”  (Commons Sitting of 28 November 1997 Series 6 Vol. 301 c1197).

Item 4 on the agenda was ‘Remaining Private Members' Bills’. Number 6 amongst these was the Hairdressers Registration (Amendment) Bill. At 2.14 its second reading was formally ‘objected’ to, ((HC Deb 28 November 1997 vol 301 c1272). It was dead in the water, killed by the determination of Parliament to ban fox hunting.

The relationship between the client and the hairdresser

In 1882, the Hairdressers' Weekly Journal, in an effort to elevate the image of barbers at the time Parisian hairdressers were increasing in reputation, offered: “The Average Barber is in a state of perspiration and is greasy; he wears a paper collar; his fingers are pudgy and his nails are in mourning, evidently for some near relation; he snips and snips away, pinching your ears, nipping your eyelashes and your jaw until you think he must have cut off enough hair to fill a mattress. He always says, 'Shampoo, sir?' to which you say, 'No', and he says, 'Eh, sir?' to which you reply, 'No!' two octaves
higher. 'Head's very dirty, sah,' to which, if you have experience you respond: 'I always have it so,' and cut off further debate. But he has his revenge. He draws his fingers in a pot of axle grease, scented with musk and age, and before you can define his fearful intent, smears it all over your head, and rubs it in until you look like an animated gunswab. Then he showers weak bay rum down your back and over your shirt, ingeniously arranges your locks in a way that would make Socrates look like an idiot, and collects his stipend with an air of virtuous condescension.' (HAIRDRESSERS' WEEKLY JOURNAL, 3 June 1882, p.65)

Much more recently, in The Guardian: “…what with the 16-year-old male trainee hairdresser with blond hair and spots who insists on giving my scalp a really good rub, and always opens the conversation with: 'Been away on holiday yet this year?' Then, before I can answer, it's time for the cut and the 17-year-old apprentice hairdresser who begins with 'Been away on holiday yet this year?' 'Funny, I've just been asked that - and no, I haven't. 'Oh! Are you going anywhere nice, then?' 'No. 'Oh, you've got something to look forward to next year then. Now what did you say you wanted done to your hair?' 'Short please, but not too short if you know what I mean. 'OK.' 'How can you know what I mean, you're not a mind reader are you?' 'Mmm. 'About the same as last time, not short short, okay?' 'Yeah, but then again, last time I was here, you asked me if I had been anywhere nice for my holidays, and I told you I hadn't, so you probably don't remember much about me or how short my hair was. In fact, you probably don't remember me at all. ' All this, of course, is drowned out by the incessant clicking of the scissors and the constant hum of the blow driers. The hairdressers is no place to bare your soul.” (Beattie, G. 1987).

Whilst we may recognise our own experiences here, there seems little doubt that the relationship between many hairdressers and many of their clients is much more profound. Emory Cowen’s research into the relationships between clients or customers and four identified groups of service providers: hairdressers, family -practice attorneys, industrial supervisors, and bartenders suggested that what he called ‘moderate to serious personal problems’ were raised with all groups, but particularly with hairdressers and lawyers. He found that about a third of all hairdressers’ clients brought their problems with them. For hairdressers the "big three" were problems with children, health, and marriage, with depression and anxiety not too far behind. As to the ways in which such problems are handled he found a series of strategies ranging from “mental health standbys," such as listening and proposing alternatives, and others such as changing the topic, telling people to count their blessings and refusing to get involved. Hairdressers’ three most frequent tactics were ‘offering support and sympathy’, ‘trying to be light hearted’ and ‘just listening’.” (Cowen, Emory L .1982: pp.385-395). Of the four groups, he found that hairdressers said that they felt the most natural and comfortable when dealing with clients' personal problems. When asked about alternative careers, many hairdressers chose one of the helping professions.

The relationship between a hairdresser and a regular client is a matter of confidence and respect. Once established it is likely to last. If the hairdresser moves, the
client moves. However, with the current complexity of the craft and despite the training often (but not always) given to those who exercise it, accidents happen. Then the quality of the relationship will be seen in the way the hairdresser deals with it.

Brenda Howe’s story at the beginning of this article is far from an isolated incident. Nicola Crowley was 17 when she left school. She had promised herself a treat with her first pay packet. She took herself along to her hairdresser for highlighting. She left with a bald patch and second-degree burns. “How could I have known that one visit to the hairdresser could cause so much devastation or that the chemicals they use can be so dangerous? I presumed they knew what they were doing.”( Cohen, J. DAILY MAIL, December 29 1998, p.46)

Sarah George decided to have her hair permed for her 18th birthday party. Within a few weeks her hair began to fall out. There were bald strips across the top of her head. The perm did not cause permanent injury, but it took two years for her hair to grow back properly. “I went to see the doctor and he said it was nothing medical, but after a few months I looked like a zebra. … Like most people I didn't think twice about going to the hairdresser. I booked the appointment at the salon I'd used regularly. … I think all women should be aware that perming solutions and colours can have a devastating effect on your hair if not used properly. Everyone should take great care who they trust to do their hair.” (Cohen, J. DAILY MAIL, December 29 1998, p.46)

In summary - a small and overdue amendment to a statute butchered in committee

In the UK anyone is free to practise as a hairdresser without registration, qualification, even without proper training. In short, hairdressing is totally unregulated. This simple point amazes consumers. The Hairdressers (Registration) Act 1964 left registration as a voluntary option. Only about ten per cent of hairdressers have chosen to register. Consumers are in danger of being exposed to the work of unregistered and perhaps even unregister able practitioners every time they sit in ‘the chair’ Conservative governments have refused reform, arguing that ‘market forces are a sufficient regulator’. Labour governments have listened, taken the points, but still failed to act on the Act.

There has been a climate of deregulation in recent years, yet at the same time other professions have been afforded precisely the form of regulation argued for by the Hairdressing Council. Consider, as examples, two fields of complementary medicine, osteopaths and chiropractors. Each now has its own general council created to administer a register of the members of their professions. It is a criminal offence for anyone who is not on the appropriate register to call themselves an osteopath or a chiropractor. To be entered onto and to remain on the register practitioners have to meet educational requirements, adhere to a published code of conduct, undertake continuing professional development, and have public indemnity insurance. Thus standards are maintained and consumers can approach members of the professional body with confidence. The osteopaths were first: the General Osteopathic Council was established in 1997 following the Osteopaths Act 1993 to ‘provide for the regulation of the profession of osteopathy’. It produced the first Statutory Register of Osteopaths in 2000. Until then the law allowed anyone to call themselves an osteopath and set up in
practice. The General Chiropractic Council was created by the Chiropractors Act 1994. Since the 14th of June 2001 the title of 'chiropractor' has been protected.

Primary legislation is not required to provide similar protection for consumers against the unqualified, untrained and incompetent hairdresser. It would only take an amendment to an existing statute. The ‘Candy Floss Profession’ is an description credited to Harold Wilson, (British Prime Minister from 1964 to 1970, and again from 1974 to 1976) but injuries suffered by their clients are real, serious and in some cases permanent. Given the peculiar and often personal relationship between hairdresser and client, such personal injury, or just poor work, is more than tripping on an uneven pavement, more than a stomach ache from sausages fashioned from mysterious animal parts - it is an act of betrayal. Regulation, or at the very least registration, is long overdue.

Notes

1. According to the government’s Low Pay Commission Report 2005 the number of part time workers in this sector is steadily increasing, from 83,000 in 1998 to around 101,000 in 2004.

2. The figures are drawn from HABIA. See: http://www.habia.org/index.php?page=0,0,0,1&action=faq&status=show&id=617 and the Yellow Pages Business Database, now administered by Experian, (January 2006). HABIA The Hairdressing And Beauty Industry Authority) was created in 1997. It is the Sector Skills Council (formerly the National Training Organisation (NTO)) for the hairdressing and beauty industries. During 2005 HABIA became the government approved Standard Setting Body for the hair and beauty industry and is responsible for developing National Occupational Standards which form the basis of training and qualifications for the industry.

3. See: Watson, F. (1986, December 28) : The Death of George V , History Today 28. http://www.cocaine.org/misc/george-v.html; There is some dispute over King George V's last words. According to The Times, they were "How goes the Empire?" On another account, when a courtier remarked, "Cheer up, your Majesty, you will soon be at Bognor again", the expiring King replied: "Bugger Bognor".

4. Private Members' Bills are Public Bills introduced by MPs and Lords who are not government ministers. A minority of Private Members' Bills become law but, by creating publicity around an issue, they may affect legislation indirectly. They can be introduced in either House, but because as less time is allocated to these Bills, they are unlikely to become law without direct government support. There are three ways of introducing Private Members' Bills: the Ballot, the Ten Minute Rule and Presentation. Ballot Bills have the best chance of becoming law, as they get priority for the limited amount of debating time available. The names of Members applying for a Bill are drawn in a ballot held at the beginning of the parliamentary year. Normally, the first seven ballot Bills get a day's debate. Ten Minute Rule Bills are often an opportunity for Members to voice an opinion on a subject or aspect of existing legislation, rather than a serious attempt to get a Bill...
passed. Members make speeches of no more than ten minutes outlining their position, which another Member may oppose in a similar short statement. It is a good opportunity to raise the profile of an issue and to see whether it has support among other Members. Any Member may introduce a Bill by presentation if notice has been given. Usually only the title is given. They almost never become law. See: http://www.parliament.uk/about/how/laws/private_members.cfm

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Walking innovation landscape

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Innovation, networked information, disruptive ideas, value driver, creative destruction, genesis of new age.

Abstract
A difficult task before any company is to overcome stiff competition it faces. As companies are in the constant struggle to stop defection of customers to the enemy plank; creating balanced portfolios of growth opportunities are called for shaping the future of a company. Authors opine that companies need to look for newer means of value creation without carrying much baggage from the past. Important components of growth engine would be: to separate screening and development processes, to reduce the level of uncertainty and to encourage employees for disruptive ideas. Without mindless borrowing of core assets, companies should be open to new ideas by stripping empirical reality of creative destruction through flap reduction. They should induce passion amongst people and be prepared to fail. An understanding of consumer unconscious mind to read the real reason for buying would open the flood gate for profit and would shift the marketing paradigm. Or else, perhaps, the name of the company would be found in the history book.

Introduction
An uphill task before any company today is to overcome stiff competition it faces. The competition may be from old, well-known domestic firms or from ever prospering foreign competitors. The company finds itself in a continuous struggle for survival which is of immense proportions and complexity. One may produce a unique product or service but soon competitors enter the market. When a product is launched for the first time in the market, it may enjoy a unique position and sales figure may be encouraging. Slowly decay starts owing to the defection of customers to other products since their needs get satisfied in better ways. The performance of the product is perhaps not able to satisfy all aspects of value for its price (Lomesh, 1997).

Companies that create blue prints for growth construct innovation engines. Those support the engines with the systems and mindsets to establish favourable conditions for substantial innovation. Although to institutionalize innovation is hard work, companies that build and maintain the capability are able to create substantial shareholders’ wealth and differentiate themselves from competitors. The first pillar of creating capability to build new business involves articulating what the organization “wants to be” and allocating resources to achieve that vision. The senior management team must define strategic goals and boundaries, and create a balanced portfolio of growth opportunities that reflects their strategy (Anthony, Johnson and Sinfield; 2008).
Changing face of change across industries

Changes that appear to be sudden have usually been taking shape for years. The outgrowths include: novel operational models, alternative realities for accomplishing work, and interacting with customers, the exaltation of collaborative technologies, and updated matrix for evaluating performance. Abrupt as these transformations may seem, they all sprout from uncertain seedlings. The editorial team of Harvard Business Review canvassed its cadre of expert authors, sought ideas from editors at HBR’s international editions, from visitors to their website, and held brainstorming session in partnership with World Economic Forum in Nepal, California, June, 2007. Some of the findings were:

- The peer to peer, or P2P, networks had thrown the media industry in turmoil by changing the flow of information from a one-to-many model to (with newspaper publishers, Hollywood studios, and big music companies as sources) to a many-to-many model (with blogs, YouTube, and file sharing forums as venues). The ability of individuals to consume and create content – news, movies, and music – greatly threatened traditional players.

- The lending of small sums to, and then within, social groups at the village level in poor economies, with members collectively guaranteeing the bank’s loan (microfinance) would put the banking industry in turmoil when they would be powered with global digital network. The arbitrage enjoyed by the banks by lending at 15% and collecting deposit at 5% would be significantly strained.

- A great shock would likely fall upon the energy industry that would possibly make the electricity grid rudimentary. Here, again the consumer-producer would be the driving force. Installation of home-based solar or energy sources that would be the net power producers so that they could sell the surplus power to the grid. Energy production and distribution could ultimately shift from few key players to many participants. The real breakthrough would come when cars generate more electricity than they consume – not as outlandish as it sounds. Hybrid vehicles currently take the kinetic electricity generated by braking and use it to help fuel motion and prolong battery life. Kinetic and battery technologies could improve to the point where cars generate excess kinetic power from their motion to be stored back to the grid for micro-payments.

Although the changes have been fuelled by technology, it is not the driver. The driver is information, or more appropriately, the speed in distribution and understanding of networked information. The tremendous acceleration in the flow of information became the genesis of the new age. We started to see the glimpses of power breaking through the global connectivity but we were yet to arrive. We are still carrying too much baggage from the past, and we have not harnessed the force of connected information availability in global scale. Following are some emerging trends that are likely to occur as the information age unfolds.

- The Information Age will radically change the structure of both private and public organizations as knowledge joins capital as a primary source of value.
• Individual and organizations will increasingly gain access to information and knowledge necessary to understand the measurement of value delivered in goods and services they need and desire. This information would be made available by the provider.

• As the level of information and knowledge increases, competitive factors will demand that organizations be more efficient and effective.

• Through greater understanding, the customer will become part of the value adding process and gain tremendous power. This power will place the customer more in a partnership role with providers so that parties are motivated to achieve high value addition.

• As the customer becomes more enlightened through the understanding of value creation, he will demand reforms of the basic institutions that either increase value or stifle it. The most powerful reform may be in political process itself and may demand a combined vision for the future.

• These trends combined with organizational and institutional resistance to change and the huge opportunities created, will lead to flourishing of entrepreneurs. Entrepreneurial associations and strategic partnerships may replace many large organizations and institutions in the delivery of value to the society.

• The strongest driver of value is education, which is the fuel of knowledge and creativity required in the Information Age. The focus on education will parallel a shift in fundamental values.

• As information becomes the primary centre of value in the global economy, tens of millions of employees will move from low value added jobs to higher value producing jobs. Great opportunity will be abundant, as unheralded value is created from information (Harris, 2003)

**Institutionalizing innovation**

In Innovator’s Solution, author Clayton M. Christensen and Michael E. Raynor (2008) discussed how to institutionalize innovation. They argued that companies should begin planning for innovation well before they needed to by appointing a senior manager to oversee the resource allocation process, creating a team of “movers and shapers” and training employees to identify disruptive ideas. Ettenson emphasized that the best time to invest in a growth business was when the company seemingly did not need it. When core got sick, companies were under the guns to grow new business quickly. The pressure could precipitate a complex set of decisions- targeting large markets already populated with strong competitors or forcing a technology into a market before it was ready- that would stunt new growth efforts. Anthony, Johnson and Sinfield (2008) shared their long experience to emphasize that the two most important components of the creation of any growth engine were a separate screening and development process those focused on
reducing the level of uncertainty. An innovation structure managed by a new growth board that helped oversee highly uncertain projects. Unless these elements were in place, new ideas would tend to be modified to look like things the company had in the past, undermining company’s ability to pursue highly differentiated new strategies.

Vijay Govindarajan (2005), professor of international business at the Tuck School of Business at Dartmouth, advised against mindlessly “borrowing” core assets. Those assets would often carry wrong type of DNA which would limit the degree of freedom or would take the teams off their disruptive course. Although there was no one-size-fits-all way to structure for innovation, he recommended the following four different structures:

- Training units to help stimulate innovation
- Funding/over-site mechanisms to help shepherd innovation
- Incubator to help accumulate ideas, and
- Autonomous growth group to launch businesses.

Business leaders are often skeptical about notion of defining strategic goals and boundaries, believing that that the strategy is already well defined and broadly known. But the experience of various authors explained that:

- Mismanagement reigns even organizations those go to great lengths to develop strategic plans
- It helps to start at the centre
- Boundaries can be liberating; letting chaos reign can unleash company’s innovative energy (like in Japan, all sorts of disruptive and absurd ideas are also encouraged to come from any part/any person of the organization), and
- Managing a balance is critical.

Prof. Govindrajan offered a simple view of the innovation process. It is presented in figure 1.
Managing innovation

Prof. Julian Birkinshaw (2008) in an interview to World Business Magazine called upon to go for management innovation for survival and growth. Management innovation was a set of tools and ideas that could be applied to suggestions for better management of innovation:

- A company would better strip away the empirical reality of creative destruction by reducing the flap and inducing passion among people.

- People needed to be taught how the world was working and also to be taught how to challenge rules.

- Eliminating the whole budgeting process to “I can invest what I like as long as held accountable for what I invest” model.

- Companies had to have courage to develop their own models and to stick to that.

- Business houses had to learn how to run business without charismatic leaders.

- Companies had to be much more open to ideas and to be prepared to fail quickly and often by trying a number of things, and

- Connecting to scientists around the world and keeping a visible goal of getting at least fifty per cent of new ideas from outside as done by P&G.

Conclusion

Today, the consumer has more choice of media, more access to information, and has more control of his rights than at any point of time in the history. Previously one could understand a consumer arch-type and push information about one’s brand to the arch-type through, for example, three thirty second commercials that would reach eighty per cent of adults aged eighteen to forty-nine. Now, one has to understand each consumer as an individual (Meyers, 2007). The Internet is going to play a much important role than anyone ever imagined. Brands are going to be made and destroyed in the Internet, and there is a whole set of marketing rules for it. One cardinal rule is trust and respect (Pardy, 2007). But, at the same time, it has become important to understand the unconscious mind and the real reason people buy things. That is where the gold dust is. Of course, the products have to be well engineered and one has to give rational reasons to buy something (Fleming, 2007). Now, the time has come for the marketers to sit, take stock of the opportunities and threats the new marketing paradigm has thrown before them and act accordingly. If not, their names would be found in the pages of history book.

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Willing Suspension of Disbelief
Implications for Marketing

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Key Words
Willing, suspension, disbelief, impulse, impulse buying

Abstract
Poetry and drama, for a long time now, have been utilizing a celebrated phenomenon of ‘willing suspension of disbelief’ to make a setting for awestruck poetry and rapt drama performances. There is an element of believability in the thread of imagination that runs through fantasy, poetry, drama and the human wish to seek and revel in pleasure. This thread is tied around human ability to suspend disbelief to accept the fancies. This article explores the literature on the phenomenon and further proposes a link of the same with a well known marketing phenomenon - impulse buying. The article is structured in three sections- first section deals with a discussion on origin of the phenomenon. Second section deals with epistemology of the phenomenon and identifies a conceptual convergence of the thoughts on the process of suspended disbelief and third section explores the possibility of ‘willing suspension of disbelief’ as a powerful motivator to the act of impulse buying. The article concludes with implications and future research directions.

Literature review
The origin of the phenomenon
Though labeled later, the initial application of the phenomenon can be dated back to Aristotle (384 BC – 322 BC) (Mateas, 2002), he suggested that suspension of disbelief makes drama and tragedy valuable because through suspension, they provide the audience a catharsis, a purging of emotions. Audience members are able to experience the emotions (fear, disgust, revulsion, joy, etc.) of the "tragic hero" and to gain understanding of life from this experience without; however, having to actually endure the troubling events the tragic hero suffers through.

The phenomenon was used by many dramatists and poets including Shakespeare, but this agreement between audience and the theater or reader and the poetry was taken forward by Samuel Taylor Coleridge, a celebrated poet of 18th century, who summarized the entire interplay as ‘willing suspension of disbelief’. Coleridge defined it as an aesthetic theory that characterizes people’s relationships to art (Coleridge, 1817). It refers to the willingness of a person to accept as true the premises of work of fiction, if they are fantastic and even if they are
unreal or impossible. Coleridge further elaborated on it in the context of drama and stated that drama is a willing suspension of disbelief for the moment as in the audience knows that everything that’s happening is not real, but the playwright, the actors and the audience all enter into a conspiracy “of poetic faith” in an attempt to fully live the act that is played out on the stage. This original turn of the phrase (Millburn, n.d) was in reference to the reader's response to the work of poetry or drama wherein, for brief periods, the reader is not to disbelieve the improbabilities but this undisbelief constitutes a kind of imaginative belief.

Poets like John Keats, Walter Scott, and Robertson (O’Neil, 2004) used this concept of ‘willingly suspended disbelief’ as creative space in which unexpected and otherwise impossible connections were made, and it started to signal the reader's capacity to entertain and enter into unexperienced states of thought and feeling.

Epistemological Overview

This phenomenon originated in literature, but it was soon recognized as an apt epitomization of many a human experiences. Its understanding and relevance has been discussed in different theoretical domains.

Exploration in Psychology

This phrase has been further studied by psychologist Norman Holland (1961), who states that ‘willing suspension of disbelief’ is a regression to an oral merger of infant and the nurturing other, when the child feels the boundaries between itself and the mother are blurred, uncertain and permeable. Extending the understanding to the use of the phrase, the readers and spectators, when engaging in willing suspension of disbelief did not feel separate from the movie or book that was giving them satisfaction and pursuit for pleasure. Holland (1983) further observed that the viewers of an enjoyable movie would describe it as a ‘piece of cake’ and an interesting book was described as ‘treat’ or ‘delicious’. This led him to comment on the ‘oral imagery’ that fits well with the regression to an undifferentiated union of mother and child.

Marga Speicher (2005) offered a related perspective wherein it was stated that when a person enters the imaginable world of fiction through willingly suspending disbelief, the person tends to relax defenses and loosen boundaries between ego and non-ego; inner and outer; past, present, and future; thought and emotion. This concept of merged boundaries offers an explanation to vicarious pains and pleasures that one goes through in the context of media or literature, again linking it back to an emotional scene inducing tears or a pleasant seen inducing a mood changeover.

Philosophical Underpinnings

Coleridge’s creation of this phrase was much in link with works of German philosopher Immanuel Kant (Rader, 1967), who postulated the idea of “transcendental faculty of imagination," and regarded aesthetic creation as a special case of the generic imagination which essentially talked about the power of the human mind without which it would have been impossible to reproduce the image of an object. This was followed by Coleridge’s focus on midpoint of the ideal and actual, the intellectual and empirical (Coleridge, 1817). And in his attempt to discover an acceptable interaction to the processes of imagination, he worked further on it called it poetic faith which further got redefined as willing suspension of disbelief.
Evolution of the phenomenon

From the premises of literature, ‘suspended disbelief’ was increasingly used in the related paradigm of storytelling through many modes of entertainment industry and there are quite a few examples of the use of the same in movies, novels and videogames, where the semblance of truth makes the process of suspension of disbelief, a willing possibility and certainly enhances the interest of the audience in the literary depiction.

Application of the Phenomenon in Movies

Suspension of disbelief, wherein the participatory act on the part of the audience enhances the media offering and makes it enjoyable through letting the audience sink into the seemingly unrealistic plot of a real life story or a mind expanding fiction. It could range from a good guy who has been blessed with an ability to be invisible to a character who does not age over the course of a series but the actor eventually does. Hence this fundamental intellectual underpinning of entertainment industry, that successfully makes many a million cry over a tragic death in a movie, has the ability to create a deeper connect with the human mind (Ferri, 2007).

However, the entire constructed reality, as suggested earlier has to have a semblance of truth to make the initial mental engagement with the audience. And that’s where Superman's vulnerabilities form the foundational premises for the audience to accept his abilities. They did not accept a persistent inability for otherwise normal characters to recognize a close colleague solely because of changes in clothing.

Mental Construction in Videogames

Photorealism of videogames offers consumers an immersive experience that creates suspension of disbelief. Players readily immerse themselves, in exchange of a promise of entertainment, where empowerment for the time being. It is the cars that move at the speed of light and it’s the shot guns that can fire several miles that create the enjoyable experience of the master of the universe, which offers a stark contrast to the real world where powers and abilities are limited.

Expected gratification from suspended disbelief

The real world constraints, - limited resources and social restrictions, tend to contradict with the consumer’s unlimited desires (Ben Ze'ev et al., 2008) and he find a relief in either catharsis or escape. An objective look at the phenomenon tends to link it with a need for catharsis or escape that happen through self-indulgent activities. Taking the paradigm of self-indulgent activities a little further, certain aspects of marketing, tend to do just that and following section discusses the link between suspended disbelief and marketing.

Relevance of Willing Suspension of Disbelief in marketing

The phenomenon of wilfully losing oneself in the depths of literature can best be described as a subconscious and yet conscious journey from reality to a state of quasi reality where the world that one enters is uninvasive in one’s personal life and thereby guaranteeing a state of suspended disbelief, with a promise of entertainment (Coleridge, 1817), catharsis of pent-up emotions (Aristotle, as cited in Safire, 2007) or an escape from reality (Hunter, 2009).
Even though we have entered into postmodernism, this celebrated and much used concept has not been used less in marketing and so has not been explored much in link with marketing.

Through many recent studies, the present day consumer is established as someone who has limited resources but unlimited desires and many aspirations. The load of desires and unlimited aspirations do not interfere with his unrelenting desire to seek pleasure (Freud, 1920). This imbalance makes him suspend his better judgment in quest for pleasure. There can be many modes of seeking this pleasure through suspended judgment, however the following discussion looks into one:-

The state of consciously suspended judgment is likely to provide a respite from the mental state of emptiness or stress, and is likely to urge a person to relieve himself of the negative psychological state. This urge can manifest itself in many ways. One of it can be impulsive action. The ‘impulse’ has been studied and discussed by many psychologists, and one of the interesting explanations was offered by Freud (1920), he suggested that the instinctive action of any individual at any point in time is to maximize pleasure and that calls for a less thought through and a nearly a kinetic action at times, the impulse.

The above discussion on impulse, leads the paper to a manifestation of this in the form of ‘impulse buying, which is understood as an action that takes place when passion takes over deliberation (Dittmar & Halliwell, 2008). The argument presented below outlines the possibility of a relation between the phenomenons of ‘willing suspension of disbelief’ with a well studied marketing phenomenon of impulse buying.

As used in literature and observed in link with theatre and media consumption (Ferri, 2007), suspended disbelief presents an individual with an opportunity to momentarily modify the ‘present moment’ through delinking from the reality of that situation and allowing oneself to go with the flow, so as to psychologically expand the enjoyable moment, in an effort to live it to the hilt. This driving force behind suspended disbelief can be straightaway linked with an unrelenting desire to maximize pleasure through fully living the moment.

With this premise of ‘willing suspension of disbelief’ making an allowance for enjoying the moment through keeping aside the skepticism, it make immense sense to link this to the phenomenon of impulse buying which involves a similar thought process of knowing and yet ignoring the rational reasons, blurred boundaries between thought and action and yet indulging into buying and making an allowance for emotions to dominate the buying process.

As the studies on ‘impulse buying’ suggest, this is done so as to provide oneself the pleasure of indulgence and not just an act of acquisition (Bayley & Nancarrow, 1998) that has a higher order gratification (Hausman, 2000), which makes the moment special. Researchers have agreed in many studies that buying on impulse may at times defy the paradigm of need (Kollat and Willet, 1967) and so this phenomenon offers a plausible understanding of why the defined and well explained definitions in buying behavior take a back seat while deconstructing the phenomenon of impulse buying. It is likely that it’s not about the need of the product but it is more about the internal logic, which as suggested earlier, may deviate from the logic of real world, but it does dominate that moment because it links itself to willingly suspending the disbelief into actual utility of that purchase. This can be further explained by the fact this suspension allows a person to have an experience which he might not otherwise have. It tends to give that person a more interesting and emotionally richer life and a perceived or real lack of it might become an antecedent to impulse buying (Sneath et al, 2008). Also, this bubble that one may create through suspending disbelief, allow a person to live through emotions that have not, for some reason, found an expression in real lives.
Another possible explanation of impulse buying is a ‘will to escape’ from the reality (Stern, 1962). This is when, what reality is bounded by commitments, expectations and rules of society that possibly lead to monotony. To break this monotony, once in a while, the individual might escape into another world where the rules of one’s lived reality don’t apply. ‘Willing suspension of disbelief’ takes us away from ourselves for a while and so indulging in purposeless impulse shopping may provide an easy avenue for escape from negative affective states, depression, and low self-esteem (Silvera et al., 2008), that is socially acceptable, tangible and justifiable activity, unlike many others modes of escape.

The above discussion can be summarized as below –

**Fig.1: Suspended disbelief and Impulse Buying**

Through the above presentation of the concept of ‘willing suspension of disbelief’, it can be said that though the shoppers may visit the shopping places with an intention to buy but not all the time, he or she knows what to buy, who to buy for and whether at all to buy. Though the purpose may be shopping but the overriding emotion is to seek pleasure through indulgence. Since the act of buying is a rational decision and rationality is less lenient of indulgence (Frede & Striker, 1994), the shopping set-up has to provide avenue for suspension of better judgment and has to work towards making an allowance for extravagance. Though more research is required before anything can be claimed in this area, but a joyful treat for senses achieved through sights, sounds and smell of splendor, vibrancy and activities that are characteristic to celebratory mode of life, can help achieve a willing suspension of disbelief and may lead to consumer’s act of indulgence into impulse buying.

Taking the understanding a little further, ‘willingly suspending disbelief’ can be linked with three aspects (fig.2) wherein its ability to invoke an emotional result is of immense consequence to the marketer.
Fig.2: Gratification Achieved From Suspended Disbelief

This repertoire of consumer desires can lend itself to marketer’s intervention, wherein willing suspension of disbelief can enhance the consumer’s wish to indulge.

Conclusions and Future Research Directions

This paper proposes a link between a literary phenomenon of ‘willing suspension of disbelief’ and the process of ‘impulse buying’. Through presenting the origin and evolution of the phenomenon, the paper sets the note for discussion on relevance of the phenomenon in marketing. It further presents a proposed link between the suspended disbelief and impulse buying. It explores it further through expected gratifications of suspended disbelief, which is seen as having a bearing on the thought process of consumers. Based on the discussion on expectations and relevance, the paper provides implications for marketers. This paper proposes a theoretical link and needs to be explored further through research in the area. Also, the implications for marketers could be many and a qualitative research on the phenomenon would help complete the list.

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