

Journal of Marketing Vistas

Volume 7, No 1, January-June 2017

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Framework by Indian Auto Component Manufacturers
for Balancing Supply with Demand**

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Editorial

It is a great honour for me to be invited to become the Guest Editor of the Vol.7 No.1 of this prestigious Journal. As the Head, School of Marketing in IPE and also the Convenor of the National Conference on “Modern Retailing – Social & Economic Perspectives”, I immediately accepted the invitation.

I am witness to the growth of Journal of Marketing Vistas since its inception in 2011. Over the years, a good number of articles have been published. Earlier, a special issue focusing on International Conference was also brought out. Today, the Journal of Marketing Vistas has emerged as one of the very few Academic Journals that are focusing on the discipline of Marketing Management.

It is pertinent to say a few words about the two-day National Conference on “Modern Retailing – Social & Economic Perspectives” organized by IPE during 30-31 January, 2017, sponsored by Indian Council of Social Science Research (ICSSR). It was a well attended conference with delegates representing various institutes presenting their papers and also many brain storming sessions and intellectual debates taking place. Marketing luminaries such as Prof Abraham Koshy, Prof Ajay Pandit, Prof A Vidyadhar Reddy, and Prof Navin Mathur graced the Conference. The Conference was well supported by the professionals from the Retail Industry.

Modern-day Retailing is still evolving and has many facets to it. Technology is playing a major role in Modern-day Retailing’s journey. E-commerce has become the order of the day. Many online shopping sites are providing huge opportunities for companies to market their products and services. Pressed for time

due to the pressures of modern-day lifestyles and easy accessibility of a wide variety of products and brands at the click of a mouse, more and more customers are preferring online shopping sites.

The present issue of the Journal is a rich blend of papers on Marketing and Conference Papers on Retailing. This issue carries 6 papers – three papers focusing on Retailing which were presented at the Conference and the rest focusing on the area of Marketing Management. The first paper makes an attempt to explore the level of adoption of Sales & Operations Planning by Automobile Component Manufacturers (ACMs) in the Indian scenario. The second paper analyses the growth of fashion retailing in Guwahati city. The article draws out how the market players are gauging the dynamic market forces and how they have developed efficient and flexible business models. The third paper finds out consumer buying behavior pattern in the retail sector. The fourth paper explores new dimensions of retailing consumer essentials. The fifth paper is on Risk Response and its Impact on CRM Solution Implementations. The sixth paper on Sales Force Ethical Behavior highlights the consequences of sales force ethical behaviour and suggests ways to improve sales force ethical behaviour from control system perspective.

A few more papers presented at the Conference shall be published in the next issue of the Journal. I am confident that the Journal of Marketing Vistas shall scale greater heights as an Academic Journal of Repute in the years to come.

Dr V Srikanth
Guest Editor

Adoption Levels of Sales and Operations Planning (S&OP) Framework by Indian Auto Component Manufacturers' for Balancing Supply with Demand

Chandraiah Esampally

Professor of Commerce
IDE, University of Swaziland, Swaziland
Email: esampallyc9@gmail.com

G.D. Pawan Kumar

Faculty (M&H)
Mahatma Gandhi Institute of Technology, Hyderabad
Email ID: gdpawan@gmail.com

Abstract

Sales and Operations planning (S&OP) is a framework to balance supply and demand. It is an offshoot of supply chain management (SCM) and facilitates to improve customer service and helps organizations to have maximum control on businesses. It has been in use since long, but, has become a popular tool, of late, for variety of organizations' where demand fluctuations are rampant due to changes in micro and macro environment. S&OP is a disciplined process comprising a number of stages. At each stage few processes are undertaken in order to balance supply and demand. The paper attempts to explore the level of adoption of S&OP by automobile component manufacturers (ACMs) in Indian scenario. The findings show that ACMs are not adopting most of the stage-wise process of S&OP but use costly methods to balance supply and demand. Suggestions have been provided stage-wise to enable ACMs reap the benefits of S&OP.

Keywords

Auto Components, Customer Service, Demand, Operations, Supply

Introduction

Sales and Operations Planning (S&OP) is a framework/model for gaining competitive advantage in the market. Lately, it has caught the attention of various industry stalwarts due to the benefits it brings to the organization in terms of higher productivity, better demand-supply balance, improved customer service and enhanced visibility of future opportunities.

It is a known fact that when demand outstrips supply, manufacturing might fail to provide the required volume and consequently, customer service is bound to suffer. Alternatively, when supply exceeds demand, inventories could increase resulting in cut in production, plant shut downs and lay-offs which could hurt the profits of the organizations.

The above two scenarios could be managed competitively, if a proper balance between demand and supply is organised and an advance warning system is put in place to avoid the imbalance (Vollmann et al, 2005). It is here that S&OP comes to the rescue of business executives. The premise of S&OP is that customer service and inventory are 'outcomes' and to effectively monitor them the drivers, namely, demand and supply, have to be managed effectively.

Association of Operations Management (APICS) defines S&OP as *"the process that provides management the ability to strategically direct the businesses to competitive advantage on a continual basis by integrating customer focused marketing plans for new and existing products with the management of supply chain....Executed properly, the Sales and Operations Planning process links the strategic plans for the business with its execution and review performance measures for continuous improvement"*.

It is believed that conceptually, S&OP has evolved from aggregate production planning in the early 1950s (Thome et al, 2011, Grimson and Pyke 2007). It is also reported that S&OP was coined in the late 1980's by Dick Ling when manufacturing resource planning (MRP II) was popular in operations management and was considered as an important input to make MRPII work effectively.

Wallace and Stahl (2008) observed that the coordination between the sales planning and production planning morphed into S&OP and that it worked as a lubricant between different partners in supply chain to function harmoniously with minimum disruption.

According to Ferreira (2006), S&OP is positioned at the centre of the supply chain that extends backward to suppliers and to customers in the forward direction with the

support of technology enablers like enterprise resource planning (ERP) and organizational enablers like structure, skills etc.

As regards the objective, Majumdar & Fontanella (2006) opine that S&OP is an integrated decision making process connecting strategic and tactical goals of an organization with a set of management practices to respond effectively to demand variability and take timely decisions which could have direct impact on profitability and customer satisfaction

Thomé et al (2011) observed that S&OP is a tool that unites different business plans into one integrated set of plans. Its main purpose being twofold:

- (1) To balance supply and demand
- (2) To build bridges between the business or strategic plan and the operational plans of the firm.

Further, it is essentially seen as a value chain and an enterprise-wide risk management process (APICS and Protiviti, 2008). Palmatier (2015) sums it up by observing that over the period, S&OP has developed from an industry best practice to an industry standard practice and finally to a company-wide management process.

As a process, S&OP comprises series of steps with monthly meetings involving designated and empowered participants from functional departments. Regular monitoring and evaluation of results is done with the help of information technology (Lapide, 2004, Grimson and Pyke, 2007).

It comprises five stages – Data Gathering, Demand Planning, Supply Planning, Pre-S&OP balancing meeting and Final Executive S&OP meeting (Wallace and Stahl, 2008). It is distinguished by single forecast managed by a cross-functional team with the primary

aim of aligning business and operation strategy to meet organizational goals ranging from customer service to financial metrics. With top management involvement, a well designed and implemented S&OP framework could provide a handle on business.

When one considers automobile sector, there is a decline in aggregate sales every few years in total or in one or two segments due to macro and micro economic factors. ACMs supply parts/ components and sub-assemblies to original equipment manufacturers (OEMs) comprising passenger cars, commercial vehicles, 2/3 wheelers and tractors. The importance of this industry comes from the enormous economic dividend it provides to Indian economy.

A study was conducted to find statistically, the relevant processes and practices of auto component manufacturers against the backdrop of S&OP framework. The results showed that most of the processes and procedures were not being followed by these companies. By complying with S&OP framework auto component manufacturers could improve their performance, for which, suggestions have been offered at each stage based on the gaps found in the findings.

Importance of the Study

A volatile, uncertain, complex and ambiguous (VUCA) market is a result of declining product life cycle (PLC), disruptive products, demanding customers and brutal competition leading to missed targets, demand and supply gaps, high inventories, and cash flow problems. Automobile market is not spared either and in turn, auto component suppliers/manufacturers' (ACMs) face a part of the burden. Auto components comprise machined components, auto electrical, auto ancillaries and body parts which are supplied to original equipment manufactures' (OEM's)

like passenger cars, commercial vehicle, 2 wheelers, 3 wheelers and tractors.

The heightened importance of Indian auto industry could be gauged from the factual information that it is among the top ten in the world production, holding 2nd position in two wheelers, 6th largest in cars, 8th in commercial vehicle and largest in tractors segment. Further, it is home to 15 international and national companies manufacturing passenger cars(PC) and multi-utility vehicle (MUV), 9 companies of commercial vehicle(CV), 16 companies of 2/3 wheelers (2/3W), 14 companies of tractor and 5 engine manufacturers (ACMA, 2015)

During 2015-16, auto industry has produced around 23.3 million vehicles covering PC/ MUV, CV, 2/3W and tractors. Over 70 % of manufacturers are located in North, West and South of India. In terms of component consumption by various segments, it is seen that the major consumption is by PC/MUV segment at 45%, followed by 2/3W at 22%, CV's at 19%, tractors at 8% (ACMA, 2015). As a critical driver of economic growth, it contributes 7.1% to GDP and generates around 2 million direct and 27 million indirect employment with a turnover of Rs 2,55,600 Cr (\$39 billion) (ACMA, 2016).

Customer service in case of ACMs could range from quality supplies, timely delivery and annual cost reduction, apart from other planned initiatives like collaborating with OEM's, who are their ultimate customers, to meet their requirements consistently from time-to-time.

Any improvement in efficiencies and customer service by adoption of S&OP would directly impact the bottom lines of ACMs and hence, the study attempts to find the level of compliance to the various processes and procedures in terms of balancing supply with demand.

Objective of the Study

To explore the adoption level of S&OP framework by Indian auto component manufacturers' for balancing demand with supply.

Hypotheses

The paper has attempted to analyse the data as per S&OP processes in four stages only. To simplify the processes, data collection stage is combined with demand planning stage thus using only four stages. The stages considered are Demand Planning, Supply Planning, Preliminary Meeting and Final S&OP Meeting.

H_{01} : ACMs do not follow processes and procedures of S&OP framework to assess *demand* of automobile manufacturers' (OEMs).

H_{02} : ACMs do not follow processes and procedures of S&OP framework to *meet the demand* of automobile manufacturers (OEMs).

H_{03} : ACMs do not follow S&OP process and procedures to *balance supply with demand*.

These hypotheses have been tested using sub-hypotheses comprising parameters with nomenclature as H_{01} , H_{02} , H_{03} , H_{04} , H_{05} and H_{06} separately for each hypothesis H_{01} , H_{02} and H_{03} (H_{03-1} and H_{03-2}). For testing hypothesis H_{03} , both the variables in Preliminary (H_{03-1}) and Final S&OP (H_{03-2}) were considered together.

Limitations of the Study

The sample size consisted of 50 numbers of ACMs. Almost 50% of the surveyed companies were not listed in the Indian stock exchanges. The study confined to passenger car/ multi-utility vehicle, commercial vehicle, 2 wheeler and 3 wheeler segments only. Further, the survey was confined to Tier-1 suppliers only, accordingly, Tire-2 suppliers were excluded

deliberately so as not to dilute the study for fear of impact of extraneous factors.

Research Methodology

The study is based on primary and secondary data. The population for the study comprised all the major auto component companies at Tier-1 level registered in India, numbering around 250 serving passenger cars/ multi-utility vehicles, commercial vehicles, 2 wheelers, 3 wheelers and tractors. The sample size considered for the study was 50.

The primary data was collected between February 2014 and April 2015 by serving the questionnaire to the executives at the highest level – CEO, Director, VP, GM, and Plant head. Further, the study was conducted by telephone and online through Google Form. The questionnaire was designed to capture responses on S&OP processes and practices as per the framework.

A visit to Auto Expo 2014 was made to meet with the executives of the targeted auto-companies. The secondary data is collected from companies' websites, ACMA and SIAM websites, consultancy organizations, text books and articles by researchers. For research analysis the statistical measures used was Chi-square/ Likelihood ratio.

The data was analysed through cross tabulation and the testing of hypotheses was achieved through Likelihood ratio. The reason for using the Likelihood ratio instead of Pearson's Chi-square was due to the violation of two major conditions for tables larger than 2 x 2 namely,

No expected category is less than 1 (one).

No more than 20% (one-fifth) of expected categories are less than 5 (five) (Yates, Moore & McCabe, 1999).

Moreover, Cooper and Schindler (2006) have opined that Likelihood ratio based on

maximum likelihood theory produces results similar to Pearson's chi-square.

Results and Findings

The analysis was done considering only four stages of S&OP framework-demand planning, supply planning, preliminary meeting and final S&OP meeting. At each stage, the processes were explored using S&OP framework. The details are as follows.

Stage I: Demand Planning (Testing of H_{01})

In this stage, 'Forecast Variance' was used as the construct / outcome to study the demand planning process. The sub-hypotheses having nomenclature as H_{01} , H_{02} , H_{03} , H_{04} , H_{05}

and H_{06} were analysed and the results are shown in table: 1.

It was found from the survey that forecast variance was not having any association or relationship with:

- 1.Importance of demand planning accorded by auto component manufacturers.
- 2.Regular updating of rolling demand plan/ forecast.
- 3.The length of the period considered for demand plan/forecast.
- 4.The members who provide inputs for the demand plan/ forecast and
- 5.The level of difficulty in predicting demand plan / forecast.

Table:1 Demand Planning Stage Processes

S. No	Sub-hypothesis- H_{01}	Df	Asymp Sig (2-sided)	Test Result
H_{01}	The Forecast variance is independent of the importance accorded by auto companies for Demand Planning.	8	0.068	Accept
H_{02}	The Forecast variance is independent of updating rolling plan of demand regularly.	16	0.087	Accept
H_{03}	The Forecast variance is independent of the period considered for demand plan / forecast.	16	0.138	Accept
H_{04}	There is no association between department(s) who prepares and finalise demand plan and Forecast Variance.	16	0.036	Reject
H_{05}	The forecast variance is independent of the members who provide inputs for preparation of demand plan / forecast	12	0.692	Accept
H_{06}	There is no association between the level of difficulty in predicting demand plan and Forecast Variance.	12	0.199	Accept

Source: Survey data

Only one parameter with likelihood ratio of 0.036 which was found having moderate strength of association (Coefficient of Contingency=0.568) with forecast variance was associated with specific department(s) which prepare and finalizes demand plan/forecast (H_{04}).

As 5 out of 6(83%) sub-hypotheses are accepted, the null hypothesis, H_{01} , that ACMs do not follow processes and procedures of S&OP to meet the demand of auto OEMs is accepted.

Stage 2: Supply Planning (Testing of H_{02})

In this stage, the supply practices and processes of the auto component manufacturers were studied as per S&OP framework using 'Costly Transportation' as the construct/outcome and the results are shown in table:2

Table:2 Supply Planning Stage Processes

S. No	Sub-hypothesis- H_{02}	Df	Asymp Sig (2-sided)	Test Result
H_{01}	Costly transportation is not associated with functional plans which are based on single demand plan/forecast.	12	0.670	Accept
H_{02}	There is no relation between resources and capacity constraints based on demand plan and costly transportation.	6	0.521	Accept
H_{03}	Supply plans made category-wise are not associated with costly transportation.	9	0.846	Accept
H_{04}	Aim of Supply plans to meet demand plan fully are not associated with costly transportation.	6	0.259	Accept
H_{05}	There is no association between origin of supply and costly transportation.	9	0.084	Accept
H_{06}	There is no association between inventory holding period and costly transportation.	9	0.022	Reject

Source: Survey data

For the supply planning stage, it was found from the survey that costly mode of transportation was not having any association or relationship with:

1. Single demand plan being the basis of all functional plans.
2. Resource and capacity constraints worked out based on demand plan.
3. Supply plans based on categories.
4. The aim of supply plans to fulfill demand plan.
5. The origin of supply.

However, tests revealed a strong association between inventory holding period and costly transportation (Likelihood ratio=0.022, Coefficient of Contingency=0.556).

Overall, the survey findings showed that 5 out of 6 (83%) sub-hypotheses were

accepted. Accordingly, the null hypothesis, H_{02} , that ACMs do not follow processes and procedures of S&OP framework to meet demand of auto OEMs is accepted.

Stage 3: Preliminary Meeting (Testing of H_{03-1})

In this stage, the process of balancing demand and supply is studied by using customer service levels as construct/outcome. The sub-hypotheses are analysed and results are shown in table:3

It was found from the results that customer service levels were not having any association or relationship with:

1. Meetings of balancing demand-supply conducted to allocate supplies.
2. The periodicity of demand-supply meetings.

3. Approval of final demand-supply strategy by designated head.
4. The process used to balance demand-supply.

Table:3 Preliminary Meeting Stage Processes

S. No	Sub-hypothesis :Ho3- 1	df	Asymp Sig (2-sided)	Test Results
H ₀₁	Balancing of demand-supply meetings for allocating components to different customers is not associated with customer service levels.	12	0.163	Accept
H ₀₂	There is no relation between attendance of designated members in balancing meetings and customer service levels.	9	0.033	Reject
H ₀₃	Periodicity of balancing of demand–supply meetings has no impact on customer service I	9	0.196	Accept
H ₀₄	The aim of balancing of demand–supply meetings to meet business plan fully has no association with customer service levels.	6	0.005	Reject
H ₀₅	There is no association between approval of final demand-supply strategy by designated head and customer service levels.	12	0.997	Accept
H ₀₆	The process of balancing demand-supply has no association with customer service levels.	12	0.863	Accept

inferring that most of the ACMs are not using or following the above process at preliminary meeting stage, which are major parameters in improving customer service.

However, attendance of required executives, H₀₂ (Likelihood ratio=0.033) and the aim of these meetings to meet business plan fully, H₀₄ (Likelihood ratio=0.005) is related to customer service is substantiated statistically with the former having a medium strength of association (Coefficient of Contingency =0.481) compared to latter which has a strong association (Coefficient of Contingency=0.591) respectively. Both these, H₀₂ and H₀₄ were rejected.

As 4 out of 6 (67%) sub-hypotheses were accepted, the null hypothesis, H₀₃₋₁, that ACMs do not follow S&OP process and procedures to balance supply and demand is accepted.

D. Stage 4: Final S&OP Meeting (Testing of H₀₃₋₂)

This stage is the final process of S&OP for approval of plans and strategy by top management. Here, an attempt was made to study the processes through the construct/ outcome of 'Vendor Rating'. The results of the analysis are shown in table: 4.

Table:4 Final S&OP Stages Processes

S. No	Sub-hypothesis :H ₀₃₋₂	df	Asymp Sig (2-Sided)	Test Results
H ₀₁	Attendance of designated members in the balancing of demand-supply meetings is not associated with vendor ratings.	6	0.456	Accept
H ₀₂	The meetings of balancing demand- supply to improve customer service levels have no impact on vendor ratings.	6	0.559	Accept
H ₀₃	Periodicity of balancing of demand–supply meetings has no impact on vendor ratings.	6	0.123	Accept
H ₀₄	The aim of balancing of demand-supply meetings to meet business plan fully has no association with vendor ratings.	4	0.279	Accept
H ₀₅	The approval of final demand-supply strategy by designated head has no impact on vendor ratings.	8	0.500	Accept

It was found from the results that vendor ratings were not having any association or relationship with:

1. Attendance of designated members in demand–supply meetings.
2. The balancing meetings to improve vendor ratings through customer service.
3. Periodicity of balancing of demand-supply meetings.
4. Aim of balancing of demand- supply meetings to meet business plan fully.
5. Approval of final demand-supply strategy by designated head.

Inferring that most of the ACMs were not following process which is major parameters in improving vendor ratings. Overall, the survey findings show that none of S&OP processes and procedures are being followed by ACMs in Final S&OP meeting stage, hence, null hypothesis, H₀₃₋₂, that ACMs do not follow S&OP process and procedures to balance supply and demand is accepted.

E. Combined summary of Preliminary and Final S&OP stages processes (Testing of H_{03-1&2})

The findings of Preliminary and Final S&OP are consolidated to test the H₀₃. It can be seen from the combined hypothesis test of H₀₃₋₁

and H₀₃₋₂, that out of eleven sub-hypotheses, nine are accepted (82%). Hence, the null hypothesis, H₀₃, (combined-1&2) that ACMs do not follow S&OP process and procedures to balance supply and demand is accepted.

Conclusions

From the statistical analysis and survey findings, it is found that ACMs are not following most of the processes and procedures of S&OP. But, are able to maintain balance between demand and supplies to OEM's, by virtue of

- Preparation and finalizing of demand plan by specific department in the company to meet OEM requirements.
- Holding sufficient inventory to meet demand of the OE customers.
- Attendance of designated and right persons in balancing meetings to increase customer service levels.
- Aligning customer service levels with the aim of meeting the business plan fully.

The above were the sub-hypotheses that showed association with respective constructs /outcomes.

Suggestions

From the survey findings and statistical

analysis it is found that most of the ACMs were not following processes and procedures aligned to S&OP framework to a large extent. However, if the same are followed conscientiously, ACMs could be benefited in innumerable ways. Accordingly, based on the findings, suggestions for each stage are offered to improve the customer service levels and other performance measures.

Demand Planning / Forecasting stage

Demand planning process needs to be done independently by each ACM to improve forecast accuracy and to have a "second opinion".

The planning period should be between 15 to 18/24 months to have a long term view of expected sales, new product introduction and capacity enhancements.

The inputs for the demand plan should be from front-line sales, customer's orders, suppliers, and micro and macro environment elements.

Finally, the demand planning exercise to be done by sales and marketing department as they are close to customers and thus need to own the responsibility.

Wallace and Stahl (2008) and Thomé et al (2012) have confirmed that S&OP consists of a 'Planning Horizon' of 15 to 18 months for implementation of important decisions like capacity expansions, if need arises and observed that It is a complex construct which can be measured as a planning process covering frequency of meetings, trust and confidence of designated participants, agenda, etc

Supply Planning stage

All functional plans should be based on demand plan to have alignment of plans. Only one plan should be in circulation to guide the organization supply plans.

Resources and capacity issues have to be based only on demand plan to integrate sales and operations.

Points of supply should be closer to OEM plants to ensure timely delivery, preferably through warehouses, consignment service agents (CSA) or third party logistic (3PL's) providers.

Inventory holding should be preferably 7-10 days to take care of any breakdown in supply chain as the same has a strong impact on finances and on customer service. Longer periods would impact financial position of the companies.

Lapide (2004), who popularized S&OP in early 2000's, similarly observed that companies that fully embrace S&OP process meet customer demands at the highest levels by maintaining reduced inventories and supply chain costs.

Preliminary Meeting stage

The balancing meetings should be attended by cross-functional team to have views from all functional departments.

The periodicity of S&OP meetings is monthly in S&OP. If any emergency occurs a contingency meeting could be more appropriate to sort out the issues.

Use of specific software packages for balancing demand-supply will improve the decision making process.

The suggestions are in line with the observation of Milliken (2007) and Lapide (2004) who said that S&OP is a cross functional process for collaborative decision making. Similarly, Dougherty (2015), opined that S&OP fosters an approach of executive consensus in running the business as opposed to one of functional selfishness and competitiveness between various functional departments.

Final S&OP Meeting stage

The vendor rating is the ultimate test score for ACM performance which is dependent on levels of service rendered.

The final demand-supply strategy should be approved by MD/COO to endow with the stamp of authority for unwavering support for implementation.

Other Important Suggestions

A few more suggestions are being made based on the survey findings. They are:

By adopting S&OP process, even a 3% savings by auto component manufacturer's on turnover of Rs. 2,55,600 Cr (\$39 billion) in 2015-16 could transform into a saving of Rs. 7,700 Cr. The cascading effect could be almost Rs 10,000 Cr when Tier-2 companies are also included.

Auto component companies could have their own demand planning exercise apart from what is received from OEM's to plan and organize supplies efficiently and effectively.

As indicated by the survey, many suppliers cater to more than one OEM's, which may prompt OEM's not to disclose true demand scenario creating imbalance and bull-whip effect in the supply chain. Hence, it is very important that OEM's and component suppliers collaborate for arriving at demand plan.

Alternatively, apex bodies of automobile manufacturers, SIAM, and auto component manufacturers, ACMA should organise a joint study on collaborative approach to demand planning to improve forecast accuracy, thus, generating better financial returns for both the partners.

To have a sustainable approach, it is appropriate to reiterate what Vishwanathan (2006) has observed. He said that netting demand and supply more frequently could

result in reduced working capital, improved customer service, better supplier relationship along with growth and market share gains which the ACMs could achieve by embracing S&OP framework.

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An Analysis of growth of Fashion Retailing in Guwahati city

Kasturi Goswami

Research Scholar
Dept. of Economics, Gauhati University
kasturigoswami2011@gmail.com

Gayatri Goswami

Associate Professor
Dept. of Economics, Gauhati University
ggbezbarua@gmail.com

Abstract

Retailing is one of the most lucrative industries and has evolved through ages. This paper is an attempt to explain the growth of fashion retailing with special reference to Guwahati city. The study is based on secondary data on trade licenses issued in the apparels and accessories segment from different zones of Guwahati Municipal Corporation (GMC). The data was regressed to find the growth rate of the apparel and accessories market in the Guwahati city. It was seen that the retailing landscape in North east has changed over decades and Guwahati is in the forefront of this development and fashion is one of the leading sectors in this development. The new entrants as well as the existing traditional fashion retailers understand the changing market dynamics and have become more adept and flexible in their business models. The future prospect seems bright as the rental values and price are low, and there is large availability of commercial space as compared to the metros where the markets are already saturated. Besides the youths are fashion conscious and the spending power of the people are fairly good and are ready to accept new formats of fashion retailing.

Keywords

Potential Market, Apparel and Accessories, Zones, Trade Licences, Compound Growth Rate

Introduction

Retailing is one of the largest private sectors in India and one the key contributors to the GDP of India after agriculture. According to Indian Brand Equity Foundation retailing contributes around 10% to the gross domestic product (GDP) of India and generates 6-7 percent of employment (IBEF, Retail: March 2013). According to A.T. Kearney, Global Retail Development Index 2012 report

India ranked at 5th place amongst the high-potential market with an accelerated retail market growth of 15 to 20 per cent expected in the coming years.

The Indian retail Industry is divided into two segments: organized retail or unorganized retail (sometimes also called the traditional retail). According to Indian Council for Research on International Economic Relations, 2005, any retail store that is

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professionally managed can be termed as organized retail in India. On the other hand, the unorganized retail are those that are run locally either by the owner or the caretaker of the shop. Yet another format which is gripping attention of the Indian population but has a minuscule share is the online retailing.

India is a nation of shopkeepers. According to Images F&R Research, 2007, India has the highest retail density in the world with more than 15 million retail outlets. However, the retail landscape in India has been dominated by the local kirana stores or the mom and pop stores through ages. However with the globalisation the Indian retail landscape has undergone a massive change and much of it is driven by the advent of the organised retail. But organised retail penetration is low in India as compared to its western counterparts. In 2009, Images F&R Research found that in a span of 10 years, the share of organized retailing in total retailing was 40 percent in Brazil and 20 percent in China, while in India it was only 6 percent. But in a study by IBEF in August 2013, share of India's organized retail was found to be slightly higher at 8 percent.

According to IBEF report in March 2013, India is the fifth largest preferred retail destination internationally. With the passing time the Indian retail industry witnessed the entry of various modern formats across the major cities and many smaller metros. But the share of these organized formats continued to stay low. However, the overall growth of the retail market is driven by the explosion of the organised market and its share is expected to increase in the coming time with increase in the number of chain outlets, department stores, supermarkets, hypermarkets etc.

The emergence of modern retail formats dates back to the days of barter system when goods were exchanged for each other, and India is not an exception to this. However, for India the growth is only 8 percent compared to USA (84%), Singapore (71%) and Malaysia (53%)¹. One of the highest engrossing sectors of the Indian retailing is the apparels and accessories retailing.

Empirical studies on Apparel Retailing in India:

With all the national and international brands swarming up to capture a share in the market, fashion retailing provides one of the most lucrative business opportunities worldwide. The fashion retail market is a dynamic one and it encompasses a number of trends. The Indian fashion market is one of the most targeted markets for both national and international players because of the immense variety and diversity in the taste and preference of the consumers. As such it provides ample opportunities for all types of fashion retailers to experiment with the new products and trends. "The Indian merchandise retail market in 2014 was valued at USD 525 billion, of which apparel alone contributed USD 41 billion i.e. around 8 percent. Thus the apparel market is expected to grow at a compound annual growth rate (CAGR) of 9 percent in the coming decade from US\$ 41 billion in 2013 to US\$ 102 billion in 2023, which seems quite promising"².

The visible upswing in fashion trend can be attributed to a number of factors like the increase in population along with an increase in disposable income of the people, easy access to fashion trends and availability of international brands. But what is more noteworthy is the rapid growth of organized retail and its penetration into smaller cities.

1 <http://www.rai.net.in/images/reports-2016/Kight-Frank-think-india-think-retail-2016-3500.pdf>

2 Gugnani, Amit and Kanti Prakash Brahma (2015): "Top trends in Fashion Retailing", Feb 12, 2015; <http://www.indiaretailing.com/2015/02/12/fashion/top-trends-in-fashion-retailing-2/> (accessed on 10thDecember2015)

The growth of these organized formats is offering improved products in terms of quality, price and trend. This massive growth in the fashion retailing with an ever increasing consumer base has led to the development of various segments within the apparel retailing itself so that it can cater to the needs of the various segments of the population.

India has successfully carved its name as one of the fastest growing and most promising markets. "The Indian apparel retail market is expected to grow from around Rs 2.1 lakh crore in 2012 to 3.2 lakh crore by 2017 approximately 9 percent CAGR" (www.indianretailing.com). The apparel segment is mainly categorized into men's wear, women's wear and kids' wear. Initially it was men's wear that had a greater market share than that of women. The brand conscious behavior which was initially restricted to men has rapidly caught in the women's apparel line as well. Another segment that is experiencing an impressive growth is the kids wear segment. "In 2013 this segment alone contributed 20 percent of India's entire apparel market which is approximately US\$ 8.3 billion and the share is expected to increase to 22 percent by 2023"³. However, the boys wear section is more developed than the girls wear section in the kids wear. But growth in the girls wear is expected to be high in the near future.

The apparel retailing has many segments in itself viz. formal wear segment, casual and sportswear. Besides, uniform wear is another section that is catching up the imagination of the style concerned generation. Amongst all the segments, the casual wear segment is expected to have a higher growth than the other segments. The wide spread acceptability for casual wear is fuelling up the growth of this

segment. However it's the men's casual wear that had a greater market share than that of women. But the women's wear segment is expected to display a higher growth in future.

The ethnic wear segment within apparel has a deep acceptance amongst the people in India. "The ethnic wear market of India stood at US\$ 13,100 million in 2013 out of which the contribution of men's ethnic wear was only 3 percent, contribution of kid's ethnic wear was 9 percent and that of women's ethnic wear was a whopping 88 Percent. The ethnic wear market as a whole is expected to grow at a CAGR of 8 percent to reach US\$ 19,600 million in 2018"⁴. With the advent of brands like Biba, Aurelia etc and retailers like Westside, Big Bazaar, Pantaloons, Reliance Trends, Lifestyle, Shoppers Stop etc offering wide range of products, ethnic wear segment is no longer considered a market driven by local retailers and tailors. It has transformed itself to ready-to-wear category which provides choice across the products in terms of price, quality, colours and style. With brands like Manyavar offering men's ethnic wear, this section has risen above age and sex barrier. Along with the festive wear another major category is winter wear which is expected to grow at a CAGR of 8 percent to reach Rs.33, 590 crore by 2024 from 15,670 crore in 2014. However this segment is mostly unbranded with a share of 70 percent in the total winter wear segment⁵.

Along with apparels, fashion accessories are also finding its place in the world of retailing and have formed a separate market in itself altogether. The contribution of fashion accessories in the Indian market is expected to grow at CAGR of 12 percent to attain US\$10.6 billion by 2024 from US\$ 3.4

3 Gugnani, Amit and Kanti Prakash Brahma (2015): "Kids wear market in India", Jan 20, 2015; <http://www.indianretailing.com/2015/01/20/fashion/kidswear-market-in-india/> (accessed on 7th September 2015)
2 Gugnani, Amit and Kanti Prakash Brahma (2015): "Top trends in Fashion Retailing", Feb 12, 2015; <http://www.indianretailing.com/2015/02/12/fashion/top-trends-in-fashion-retailing-2/> (accessed on 10th December 2015)

billion in 2014. The major modern fashion accessories are apparel accessories which includes scarves, shawls, stoles, dupattas, caps, hats, mufflers, gloves, mittens, muffs, hosiery, neckties & bows, handkerchiefs, socks etc; leather and other accessories including watches, bags, belts and wallets along with different fashion jewellery which have precious and semi precious jewellery and also the junk jewellery. Besides it also include footwear and eyewear. The market for fashion accessories is mostly unorganized, with organized retail having a share of 16 percent for bags, belts and wallets and 45 percent for watches⁶.

Objectives of the Study

The objective of the study is to examine the status of fashion (apparel and accessories) retailing in India with special reference to Guwahati city.

Statement of the Problem

Clothing and accessories are no longer a matter of compulsion; it has become a part of lifestyle. People prefer clothes, accessories and footwear suitable for various occasions and to add to their personality. As such people prefer quality goods and mostly the demand for branded merchandise is on rise. This demand for goods of international standard which was earlier confined to metros and large cities has made inroads into the smaller cities which present a potential market for such goods. Apparels and accessories in today's time is more for adding dynamism to the look and to keep oneself in vogue than merely being functional. Choosing the right apparel and accessories seems a good way to alter and add to ones look and style. As such the demand for apparels and fashion

accessories are on rise and the Indian fashion market is all set to absorb these new trends and undergo the necessary change. The retailers are offering diverse range of products within these categories and are penetrating deeper and deeper into smaller cities which seemed a distant dream in the past.

Methodology

The objective is based on secondary data on trade licenses issued in the apparels and accessories segment from different zones of Guwahati Municipal Corporation (GMC). The data would then be regressed to find the growth trend of the apparel and accessories market in the Guwahati city.

Status of Apparel and Accessories Retailing in Guwahati

North-east India especially Guwahati has witnessed a significant development in various retail formats. However initially retailers were reluctant and hesitant to enter the region and had no plans for expansion in this region due to lack of information. Initially it was the local markets mainly Fancy Bazaar, Ganeshguri market or Paltanbazaar that catered the needs of the masses in Guwahati. But ever since Hub opened in Guwahati in 2004, followed by Sohum Shoppe and Vishal Megamart in 2005 the people in the city and its neighbouring areas are experiencing an altogether different shopping experience. There was no turning back since then and the city has been at the forefront of the revolution in the organized retail sector. A number of hyper markets like big bazaar, specialist stores like pantaloons, Westside, reliance trends and shopping malls like, Sohum Emporio, Dona Planet, Cube, Max mart and many other such stores and also stand alone stores like

- 3 IMAGES Business of Fashion (2015): "Winter Wear Market of India", Oct 23, 2015; <http://old.indiaretailing.com/7/1/83/14099/Winter-wear-Market-of-India-> (accessed on 10th December 2015) (accessed on 10th December 2015)
- 2 Gugnani, Amit and Kanti Prakash Brahma (2014): "The Fashion Accessories Market In India", Oct 20, 2014; <http://old.indiaretailing.com/7/1/83/12326/The-Fashion-Accessories-Market-In-India/> (accessed on 15 December 2015)

Biba, Manyavar, Aurelia, Global Desi Tanishq etc have come up in the region. The latest addition to this bandwagon is the Central Mall which happens to be the city's first mall. The consumer response is promising with fashion and brand conscious youth segment and steady increase in purchasing power with the increase in disposable income and also growing consumer awareness. This has led to a change in consumer buying behaviour and is also fuelling up the growth of the organized segment of the business.

Results and Discussions

To study the status of apparel and accessories retailing in Guwahati city data on trade licenses issued in the apparels and accessories segment from different zones of Guwahati Municipal Corporation (GMC) was collected during the month of August-September, 2016. The period considered for the study was for the years 2005-06 to 2015-16 i.e. a

period of 11 years was considered from six different zones in the Guwahati Municipality Corporation. The different zones of the city are viz. Central, Dispur, East, Lakhara, South and West Zones. However there were missing data for various years mainly due to the wear and tear of the demand book which are maintained manually. Besides there was loss of data owing to various reasons like double entry, wrong entry, cancellation of licences which are not corrected and, illegible handwriting, and also defect in the order of entry of the data. As such the missing data has been imputed by "Multiple Imputations Using Chained Equations Technique". Once the missing data was imputed the Compound Annual Growth Rate is calculated for all the six different zones. Besides an overall Compound Annual Growth Rate is calculated using the following formula for compound annual growth (r) rate as-

$$r = (e^{\beta} - 1) * 100$$

The results are presented in the table 1:

Table 1: Compound Annual Growth Rate of Fashion Retailing in Guwahati City (2005-06 to 2015-16)

	Overall growth in new trade licenses	Growth of new trade licenses in apparels	Growth of new licenses in accessories
Guwahati City	2.12	5.65	6.4
Central	2.22	7.90	4.81
Dispur Zone	2.94	7.25	2.63
East Zone	0.40	26.49	13.88
Lakhara Zone	1.92	6.93	1.41
South Zone	2.22	-5.35	1.21
West Zone	2.63	10.96	9.42

The data presented in the table 1 clearly indicate that the growth has not been even for all the six zones. While the overall growth in new trade licences has been more or less the same, the same cannot be assumed for the growth in new trade licenses in apparels and accessories. A deeper study reveals the overall growth in new trade licences in the city is not just affected by the apparel and accessories section alone. The other sections of retailing like the food and grocery retail, furniture retail, pharmaceuticals retail etc also plays a role in the overall growth new trade licences. And the available data on these various segments shows

a slow growth which can be cited as a prime reason for the overall low growth in the issue of new trade licences. As can be seen from the table 1 the overall CAGR for Guwahati city is 2.12 % and all the other five zones are at par with the overall CAGR except the East Zone where the growth rate was just 0.40% which was quite low. It is followed by the Lakhara Zone with a CAGR of 1.92%.

As seen in the table 1 the apparel segment for the Guwahati city for the period of 11 years (2005-06 to 2015-16) registered a CAGR of 5.65%. All the 5 zones (Central, Dispur, East, Lakhara and West) except South zone registered a higher growth rate than the overall growth of new trade licences in apparels. The East zone however had the highest growth rate of 26.49% followed by west zone with CAGR of 10.96 %. But the south zone registered a negative growth rate with CAGR of -5.35%. On further enquiry it was found that the East Zone which mainly comprised of the Narengi, Noonmati, Chandmari and some other areas of Kahilipara, Ganeshguri and G.S road was experiencing a high growth in apparels due to the opening up of many apparel readymade garment stores and also boutiques and other such stores which deals with apparels in general. Similar is the case of the West Zone which comprises of mainly of Maligaon, Adabari Jalukbari and other neighbouring areas. During the same period of 2005-06 to 2015-16, it has experienced a growth in the apparel section. During the first half of 2016 a new mall came up in the Adabari area further boosting the growth of apparel retailing. On the contrary to this the South Zone registered a negative growth with CAGR of -5.35%. This area mainly comprises of the Fancy bazaar, a part of Pan Bazaar and Paltanbazaar. The issue here is that Fancy Bazaar being oldest market in the city is congested with many retail outlets and market complexes. New market, Lohia market etc are not new terms

for the people of Guwahati. But the market is highly saturated leaving no room or very minuscule room for new entrants in apparel retailing. Goenka Ready-mades, Beach Fashion, John Players, R D Store, United Colors of Benetton, Meenus, The Raymond's Shop are some the main players dominating the market. Sohum's original store is located in Fancy Bazaar. These stores cover an area of 500 to 2500 sq ft. The issue of new trade licences in apparels is almost negligible for this zone. Most of the licences are renewed and they dates back to the 1990s or even earlier.

Similarly it is seen that the overall Growth in new trade licences in accessories for the city is 6.4%. But the East zone and West Zone are registering a higher growth rate with CAGR of 13.88% and 9.42% percents respectively. The available data shows that new accessories stores are developing fast in these zones and therefore are registering a higher growth rate. But the Lakhara zone and the South zone are experiencing low growth rates. South zone is experiencing the lowest growth because the markets located in the South Zone are saturated and have little scope for issue of new trade licences in the accessories segment as well. As for the Lakhara Zone the markets are still developing and the retailers seems more focused on capturing a market share in the apparel segment.

Conclusion

Over the years, the retailing scenario in the North east has changed and Guwahati is in the Forefront of this development. Many shopping malls and large format retail outlets have come up in the region. Big players in the retail sector are looking to consolidate their retail business in the region as the future prospect seems bright as the rental values and price are low, and there is large availability of commercial space as compared

to the metros where the markets are already saturated. Besides the youths are fashion conscious and the spending power of the people are fairly good. People are aware of the international brands are ready to accept the different store formats. This has provided the retailers with the necessary opportunity and impetus to expand their footprints in the region. Even the existing traditional fashion retailers understand the changing market dynamics and have become more adept and flexible in their business models.

“A large population of fashion and brand conscious youth is looking to get into the latest in jeans wear fashion. So, consumer response has been extremely promising, prompting us to double our store count in the region over the last one year,” says Shyam Sukhramani, Marketing Director of Levi Strauss (India) Pvt. Ltd.

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Consumer Buying Behaviour Pattern in Retail

Sreelata

Ph D Research Scholar,
School Of Management Studies,
IGNOU, New Delhi
E-mail:sreelata79@yahoo.co.in

N.V. Narasimham

Professor,
School Of Management Studies,
IGNOU, New Delhi
E-mail: nvnarasimham@hotmail.com

M.K. Gupta

Associate Professor & Principal,
Dept of Commerce,
Govt. College, Hodal (Palwal),
Haryana
E-mail:mkgupta1965@yahoo.co.in

Abstract

This study was conducted for finding consumer buying behaviour pattern in the retail sector. It has been analyzed w.r.t. income group and location. The study covers groceries items like staples (atta, rice, cooking oil, sugar etc), personal care and toiletries (Oil, shampoo, soaps), & fruits and vegetables. These items constitute major part of the monthly grocery requirements of consumers. A survey of 450 consumer households was conducted in Delhi NCR Region. The study makes suggestions to retailers on the basis of research findings.

Keywords

Retail, Buying Behaviour, Consumer Behaviour in Retail, Food & Grocery Retail

Introduction

Habit is a tendency towards an action which by repetition has become spontaneous. **Applebaum (1951)** observes each customer has his or her own buying habits. But buying behavior pattern represents the design of behaviour of many customers. **Jayachandran (2006)** gives a classification of consumer products. Products are classified on the basis of consumer shopping habits as convenience goods, shopping goods and specialty goods. Convenience goods are like toothpaste, soap, detergents etc. These goods are frequently purchased with minimum search

effort. The current study focuses on these goods. The present study attempts to identify consumer buying behavior pattern in retail sector, & analyze it with respect to income group & location.

Review of Literature

While reviewing consumer behaviour in retail, one comes across many studies focused on store choice behavior of consumers like **Sinha et al (2002), Roy (2005), Carpenter and Moore (2006), Mittal and Mittal (2008),**

Prasad and Aryasri (2011) etc. Sinha et al (2002) conducted a study by way of a field survey of 247 respondents in Ahmedabad to find the primary reasons why a shopper chose a store. They found that for buying groceries, and fruits & vegetables, shoppers visit such stores based more on proximity and patronization. Shoppers seemed to be loyal to stores in this category. So, when the experience of shopping is good, there is a high likelihood of the next visit. **Roy (2005)** found out the factors that govern the choice of retail supermarkets based on a field survey of 100 respondents from the cities of Hyderabad, Bangalore, and Kolkata. Add on benefits (like early opening, in-store pharmacy, availability of regional food, home delivery etc), general services (like fast billing, employee behaviour, collection of popular brands), convenience (in terms of better space for movement, display) were important factors for store choice. Consumers were then clustered based on frequency of visit. Frequent visitors were housewives in lower income group. Infrequent visitors were executives in middle income group. **Carpenter and Moore (2006)** conducted a study to understand of grocery consumers' retail format choice in the US marketplace by surveying 454 shoppers. In specialty grocery format, income was the only predictor of patronage with respondents having higher income group more likely to shop in specialty grocery store. For traditional format category, household size was a significant predictor of patronage. In supercentre format, income, household size, and education were predictors of patronage. Shoppers' demographic, geographic, and psychographic dimensions were explored by **Prasad and Aryasri (2011)** in the state of Andhra Pradesh. They found that shoppers' age, gender, education, occupation, monthly household income, family size, and distance travelled had significant association with retail store format choice.

Shopping pattern variables were analyzed by Makhani 1979, Byund et al 1999. **Makhani (1979)** conducted a study on Super Bazaars and collected information related to frequency of visit, time of month when visit is made, type of product categories purchased, etc which were used to reflect on the buying habits of Super Bazaar consumers. **Byund et al (1999)** observe that shopping pattern variables have substantially greater predictive validity in determining a household's price sensitivity than typically much more difficult to procure household level demographic data. **Gopal & Ranganath (2012)** in their article "Behavioral Changes of Consumers on Indian Organised Retailing" examine that socio-cultural differences, coupled with other demographic and psychographic factors, are influencing buying behavior and choice of the store even after the emergence of egalitarian shopping malls. In a study **Neilson (2013)** found that shopping trips are most frequent for fruits and vegetables (3.2 times per week).

Mckinsey (2007) in its report titled "The Bird of Gold: The Rise of India's Consumer Market" making use of Market Information Survey of the households (MISH) database predicts that by 2025 India' market will be the fifth largest in the world and income growth will be the biggest driver of consumption. The category of food will remain the largest consumption category. **Srivastava (2008)** found that malls in 2006 are more developed in the North and West part of India. Food, groceries and apparel purchase by customers contributed to 52 percent. **Amin (2009)** observes that the number of non-workers in the household, a proxy for time cost of shopping, has a large effect on competition. So competition policies that are currently focused exclusively on firm-behavior should pay more attention to consumer behavior and consumer attributes that shape consumer behavior.

Sinha & Banerjee (2004) identify the drivers of store choice in various product categories observing that on an overall basis no distinct clear store choice parameters could be suggested. But with respect to groceries proximity and patronization of the store were important for store choice. **Prashar (2013)** found that customers value availability and variety of products at store, store ambience, service and facilities, and value for money offered at store.

Research Objectives

The objectives of the research are:

To find out buying behaviour pattern in retail buying.

To analyze consumer response for buying behaviour w.r.t. income groups, location, and type of retailer preferred.

Research Methodology

Research design: Research is both exploratory and descriptive in nature.

Sampling Unit: The main buyer of monthly household groceries.

Area of Study: National Capital Region of Delhi

Sampling Method: Two stage stratified judgment sampling method adopted:

Stage 1: Identified 3 localities based on access to organized retail stores

Table 1: Access to Retailers

Access to Organized Retailer	Sample Locality	Access to Retailers	
		Distance from Organized Retailer (Supermarket)	Distance from Unorganized Retailer
Easy Access	Sectors 16 to 18 in Faridabad	Within 1 km	Within 1 km
Moderate Access	Staff Quarters in IGNOU	1-2 km	1-2 km
Tough Access	DDA Flats in Dilshad Garden	Above 2 km	0.1 km

Stage 2: Households in sample localities stratified into 3 groups based on monthly household income

Table 2: Consumers' Sample

Sample Locality	No of sample households in income groups			Total Households Sample
	Lower income group (up to Rs. 40,000 pm)	Middle income group (Rs. 40,001 to 80,000 pm)	Higher income group (Rs. 80,001 & above pm)	
Sectors 16 to 18 in Faridabad	50	50	50	150
Staff Quarters in IGNOU	50	50	50	150
DDA Flats in Dilshad Garden	50	50	50	150
Total	150	150	150	450

Sources of Data

Secondary data from Books, Newspapers, Magazines, Journals, Reports, the Internet.

Primary data from 450 consumer households

Instrument of Collecting Primary Data: Survey conducted using interviewer-administered structured questionnaires January 2012 to April 2013.

Tools of Data Analysis: Descriptive Analysis using averages presented through tables.

Findings and Analysis

Buying behaviour pattern in retail buying are arrived by subjecting the data to descriptive statistical analysis. It is presented through the analysis of

Buyer information

Consumer buying behaviour pattern.

Analysis of Buyer Information

Buyer information was collected w.r.t.:

Age of buyer

Gender

Occupation

Education

Type of Family

Table 3 gives analysis of buyer information location wise. We can observe that in all locations:

Nearly 60% of buyers belong to age- group 31-50 in all the three locations.

In all the 3 localities the buyer is more females than males. But we see that as the access to store is becoming difficult the number of male buyers is decreasing. This is supported by **Sinha et al (2002)** who observed that men showed an inclination to take shopping as a chore and drudgery and would like to complete the job with least possible effort.

In all the three locations more than 40% buyers belong to the category of housewife.

Majority of buyers are graduate

Majority of buyers belong to nuclear family

Table 3: Buyer information location wise

Buyer Information								
	Location						Total	
	Dilshad Garden		Faridabad		IGNOU			
	No.	%	No.	%	No.	%	No.	%
Age Group of Buyer								
21-30	17	11.33	21	14.00	5	3.32	43	9.56
31-40	42	28.00	44	29.33	61	40.67	147	32.67
41-50	49	32.67	41	27.33	61	40.67	151	33.56
51-60	25	16.67	30	20.00	22	14.67	77	17.11
61-80	17	11.33	14	9.34	1	0.67	32	7.10
Total	150	100.00	150	100.00	150	100.00	450	100.00
Gender of Buyer								
Male	60	40.00	42	28.00	32	21.33	133	29.55
Female	90	60.00	108	72.00	118	78.67	313	69.55
Total	150	100.00	150	100.00	150	100.00	450	100.00

Occupation of Buyer								
Student	3	2.00	0	0.00	1	0.67	4	0.89
Service	40	26.67	65	43.33	81	54.00	186	41.33
Business	17	11.33	8	5.33	2	1.33	27	6.00
Profession	8	5.33	1	0.67	0	0.00	9	2.00
Housewife	66	44.00	62	41.33	65	43.33	193	42.89
Retired	15	10.00	11	7.33	1	0.67	27	6.00
Others	1	0.67	3	2.00	0	0.00	4	0.89
Total	150	100.00	150	100.00	150	100.00	450	100.00
Education of Buyer								
School	17	11.33	33	22.00	33	22.00	83	18.44
Graduation/PG	91	60.67	79	52.67	94	62.67	265	58.89
Professional	38	25.33	28	18.67	20	13.33	86	19.11
Other	4	2.67	9	6.00	3	2.00	16	3.55
Total	150	100.00	150	100.00	150	100.00	450	100.00
Type of Family								
Nuclear	107	71.33	97	64.67	125	83.33	329	73.11
Extended	13	8.67	15	10.00	5	3.33	33	7.33
Joint	23	15.33	21	14.00	10	6.67	54	12.00
Others	7	4.67	17	11.33	10	6.67	34	7.56
Total	150	100	150	100.00	150	100.00	450	100.00

Source: Primary Data

Table 4 gives buyer's information income group wise. We observe that in all the income groups:

- More than 60% of buyers belong to the age group of 31-50.
- There are more female buyers.
- Highest percentage of buyers are graduates
- Majority of buyers have a nuclear family
- But as the income group is increasing
- The percentage of female buyers is increasing.
- There is decrease in percentage of buyers belonging to the housewife category.
- More number of buyers are working. It may be because in higher income group families there may be more couples where both spouses work so household income is more
- There is increase in number of buyers who have professional degree.

Table 4: Buyer Information Income Group Wise

Buyer Information								
	Income Group (Monthly Household Income in Rs)						Total	
	Up to 40,000		40,001- 80,000		80,001 & Above		No.	%
	No.	%	No.	%	No.	%		
Age Group of Buyer								
21-30	18	12.00	8	5.33	17	11.33	43	9.55
31-40	51	34.00	47	31.33	49	32.67	147	32.67
41-50	50	33.33	48	32.00	53	35.33	151	33.56
51-60	15	10.00	33	22.00	29	19.33	77	17.11
61-80	16	10.67	14	9.34	2	1.34	32	7.10
Total	150	100.00	150	100.00	150	100.00	450	100.00
Gender of Buyer								
Male	51	34.00	46	30.67	36	24.00	133	29.55
Female	99	66.00	104	69.33	114	76.00	317	69.55
Total	150	100.00	150	100.00	150	100.00	450	100.00
Occupation of Buyer								
Student	3	2.00	1	0.67	0	0.00	4	0.89
Service	50	33.33	56	37.33	80	53.33	186	41.33
Business	6	4.00	15	10.00	6	4.00	27	6.00
Profession	2	1.33	5	3.33	2	1.33	9	2.00
Housewife	76	50.67	59	39.33	58	38.67	193	42.89
Retired	11	7.33	13	8.67	3	2.00	27	6.00
Others	2	1.34	1	0.67	1	0.67	4	0.89
Total	150	100.00	150	100.00	150	100.00	450	100.00
Education of Buyer								
School	53	35.33	20	13.33	10	6.67	83	18.44
Graduation/PG	74	49.33	102	68.00	89	59.33	265	58.89
Professional	17	11.34	21	14.00	48	32.00	86	19.11
Other	6	4.00	7	4.67	3	2.00	16	3.55
Total	150	100.00	150	100.00	150	100.00	450	100.00
Type of Family								
Nuclear	105	70.00	114	76.00	110	73.33	329	73.11
Extended	11	7.33	12	8.00	10	6.67	33	7.33
Joint	16	10.67	18	12.00	20	13.33	54	12.00
Others	18	12.00	6	4.00	10	6.67	34	7.56
Total	150	100	150	100.00	150	100.00	450	100.00

Source: Primary Data

Consumer Buying Behaviour Pattern

For buying habit purposes the type of product category has been identified as

Staples (like atta, rice, cooking oil, suger etc),

Toiletries and personal care (like hair oil, shampoo, soap etc),

Fruits & vegetables

The information about consumer buying pattern was collected with regard to monthly household expenditure, & frequency of buying.

Consumer buying behavior w.r.t. income group, location, and type of retailer is analyzed using this information. Table 5 shows monthly household expenditure location wise. As access to stores gets easier:

The expenditure on staple is increasing.

The expenditure on personal care & toiletries is increasing.

But in Dilshad Garden there is lowest expenditure on Fruits & Vegetables while it is the highest in Faridabad. It may be because in Dilshad Garden there is a weekly market on Tuesdays during which vegetables are sold cheaper. So fruits & vegetables may be costing less in Dilshad Garden.

Table 5: Monthly Household Expenditure Location Wise

Location	Staples		Personal Care & Toiletries		Fruits & Vegetables		Total Expenditure
	Amount	SD	Amount	SD	Amount	SD	
Dilshad Garden	3551 (51.8%)	2004	1318 (19.2%)	813	1985 (29.0%)	978	6854 (100%)
Faridabad	3293 (50.6%)	2079	1165 (17.9%)	808	2053 (31.5%)	1381	6511 (100%)
IGNOU	2994 (51.0%)	1430	924 (15.7%)	673	1950 (33.2%)	1048	5868 (100%)

Source: Primary Data

Table 6 shows monthly household expenditure income group wise. As income is increasing

The expenditure on staple is increasing.

The expenditure on personal care & toiletries is increasing.

The expenditure on fruits & vegetables is increasing

Table 6: Monthly Household Expenditure Income Group Wise

Income Group (in Rs p.m.)	Staples		Personal Care & Toiletries		Fruits & Vegetables		Total Expenditure
	Amount	SD	Amount	SD	Amount	SD	
Up to 40,000	2160 (49.4%)	1089	747 (17.1%)	537	1462 (33.5%)	733	4369 (100%)
40,001-80,000	3421 (51.9%)	1661	1157 (17.6%)	758	2012 (30.5%)	1113	6590 (100%)
80,001 & Above	4257 (51.4%)	2086	1502 (18.2%)	834	2514 (30.4%)	1278	8273 (100%)

Source: Primary Data

Table 7 gives frequency of buying location wise. We observe that:

Majority of buyers buy staples, and personal care & toiletries on a monthly basis.

Buyers in IGNOU buy fruits & vegetables mostly on weekly basis (63.33%). This may be because of tough access. In Dilshad Garden also weekly visits for Fruits & Vegetables is high at 46%. This may be because there is a weekly market for fruits & vegetables.

Total visits in a month are lowest in IGNOU for all the three product categories. It may be because in IGNOU the stores are very far. Though in Dilshad Garden, stores are nearby but the total visit in a month is not highest. This may be because there are more male buyers in Dilshad Garden (See Table 5). This is supported by **Sinha et al 2002** who observed that men showed an inclination to take shopping as a chore and drudgery and would like to complete the job with least possible effort.

The amount spent on per visit is highest in Dilshad Garden for Staples, and Personal care & toiletries but lower that Faridabad for fruits & vegetables. It may be because in Dilshad Garden there is weekly market for fruits & vegetables where these are sold cheaper.

Table 7: Frequency of Buying Location Wise

Location	Frequency of Buying					Total Visit in a Month	Per Visit Spend
	Daily	2-3 times a week	Weekly	Monthly	Others		
Staples							
Dilshad Garden	1	0	43	95	11	308	2912
Faridabad	3	4	40	80	23	397	2536
IGNOU	0	2	19	104	25	227	2669
Personal Care & toiletries							
Dilshad Garden	0	0	42	96	12	276	1318
Faridabad	2	3	35	93	17	343	1165
IGNOU	0	2	17	105	26	221	924
Fruits & Vegetables							
Dilshad Garden	33	47	69	0	1	1784	167
Faridabad	68	44	38	0	0	2676	115
IGNOU	14	38	95	0	3	1221	240

Source: Primary Data

Table 8 gives frequency of buying income group wise. We observe that:

The number of total visits in a month to store for buying staples is decreasing as the income group is becoming higher. Also as the income group is increasing the amount spent on per visit on staples is increasing from Rs 831 per visit to Rs 2494 per visit.

The number of total visits in a month to store for buying personal care & toiletries is decreasing as the income group is becoming higher. Also as the income group is increasing the amount spent on per visit on personal care & toiletries is increasing from Rs 329 per visit to Rs 1473 per visit.

Fruits and vegetables are the items bought very frequently. This is supported by **Neilson 2013** study where it was found that Shopping trips are most frequent for fruits and vegetables (3.2 times per week).

As the income group is increasing the amount spent on per visit on fruits & vegetables is increasing from Rs 109 per visit to Rs 195 per visit.

Table 8: Frequency of Buying Income Group Wise

Income Group (in Rs per month)	Frequency of Buying					Total Visit in a Month	Per Visit Spend
	Daily	2-3 times a week	Weekly	Monthly	Others		
Staples							
Up to 40,000	2	2	54	80	12	390	831
40,001- 80,000	2	0	26	106	16	286	1794
80,001 & Above	0	4	22	93	31	256	2494
Personal Care & toiletries							
Upto 40,000	2	1	51	82	14	341	329
40,001- 80,000	0	0	22	116	12	216	803
80,001 & Above	0	4	21	96	29	153	1473
Fruits & Vegetables							
Upto 40,000	45	35	70	0	0	2015	109
40,001- 80,000	30	51	68	0	1	1734	174
80,001 & Above	40	43	64	0	3	1932	195

Source: Primary Data

Table 9 gives type of store where purchases are made location wise. We observe that:

Less number of buyers in Dilshad Garden buy staples, and fruits & vegetables from organized stores and more number of buyers from IGNOU buy from organized stores. The reason may be though in IGNOU access to stores is moderate but both organized & unorganized stores are located together (i.e. they are located in proximity to each other). Whereas in Dilshad Garden the organized stores are far (with nearest store being 2 km away) and the unorganized stores are very near which are just walk able distance. So for monthly groceries buyers from Dilshad Garden prefer unorganized stores more

Buyers in Dilshad Garden buy fruits & vegetables from unorganized sector only. This may be because the nearest organized store is 2 km away. People may want to buy fruits & vegetables nearby so buyers in Dilshad Garden buy from unorganized sector only. The frequency of buying fruits & vegetables very high, so the per visit expenditure is very less (See Tables 7 & 8). Also since these are perishable items, people buy small quantities more frequently so they want to buy nearby. In IGNOU more buyers buy fruits & vegetables from organized stores as compared to the other two locations. The reason may be though in IGNOU access to stores is moderate but both organized & unorganized stores are located together.

Table 9: Type of Store where Purchases are made Location Wise

Location	Type of Store				Total
	Unorganized	Organized	Govt Sector	Others	
Staples					
Dilshad Garden	121 (80.7)	26 (17.3)	1 (0.7)	2 (1.3)	150 (100)
Faridabad	109 (72.7)	38 (25.3)	0 (0.0)	3 (2.0)	150 (100)
IGNOU	57 (38.0)	76 (50.7)	5 (3.3)	12 (8.0)	150 (100)
Personal Care & toiletries					
Dilshad Garden	121 (80.7)	26 (17.3)	1 (0.7)	2 (1.3)	150 (100)
Faridabad	104 (69.3)	42 (28.0)	0 (0.0)	4 (2.7)	150 (100)
IGNOU	52 (34.7)	78 (52.0)	7 (4.7)	13 (8.7)	150 (100)
Fruits & Vegetables					
Dilshad Garden	150 (100.0)	0 (0.0)	0 (0.0)	0 (0.0)	150 (100)
Faridabad	138 (92.0)	12 (8.0)	0 (0.0)	0 (0.0)	150 (100)
IGNOU	103 (68.7)	46 (30.6)	0 (0.0)	1 (0.7)	150 (100)

Source: Primary Data

Table 10 gives type of store where purchases are made income group wise. With increase in income group:

Purchases of staples from organized stores are increasing from 15.33% for lower income group to 35.33% for middle income group, & 42.67% for higher income group. This is supported by **Neilson 2013** study which finds that among one-third of Asia-Pacific Internet respondents, which skew to a more affluent, educated and younger demographic, modern trade supermarkets, are preferred more.

Purchases of personal care & toiletries from organized stores are increasing from 16.67% for lower income group to 37.33% for middle income group, & 43.33% for higher income group.

Fruits & vegetables are mostly bought in the unorganized sector. This may be because frequency of buying fruits & vegetables is very high, so the per visit expenditure is very less (See Tables 7 & 8). Also since these are perishable items, people buy small quantities more frequently so they want to buy nearby. This is also supported by a study conducted by **Mukherjee et al (2012)** in which respondents reported buying fresh fruits & vegetables mainly from traditional retailers, street vendors & hawkers.

Table 10: Type of Store where Purchases are made Income Group Wise

Location	Type of Store				Total
	Unorganized	Organized	Govt Sector	Others	
Staples					
Up to 40,000	113 (75.33)	23 (15.33)	4 (2.67)	10 (6.67)	150 (100)
40,001- 80,000	94 (62.67)	53 (35.33)	1 (0.67)	2 (1.33)	150 (100)
80,001 & Above	80 (53.33)	64 (42.67)	1 (0.67)	5 (3.33)	150 (100)
Personal Care & toiletries					
Up to 40,000	109 (72.67)	25 (16.67)	6 (4.00)	10 (6.67)	150 (100)
40,001- 80,000	89 (59.33)	56 (37.33)	1 (0.67)	4 (2.67)	150 (100)
80,001 & Above	79 (52.67)	65 (43.33)	1 (0.67)	5 (3.33)	150 (100)
Fruits & Vegetables					
Up to 40,000	136 (90.67)	13 (8.67)	0 (0.00)	1 (0.67)	150 (100)
40,001- 80,000	126 (84.00)	24 (16.00)	0 (0.00)	0 (0.00)	150 (100)
80,001 & Above	129 (86.00)	21 (14.00)	0 (0.00)	0 (0.00)	150 (100)

Source: Primary Data

Type of Retailer:

The type of retailer from where purchases are made has been identified as

Unorganized retailers/vendors: Like kirana shop, roadside vegetable vendors and hawkers.

Organized retailers: Supermarkets & hypermarkets like Big Bazaar, Reliance Fresh, etc.

Table 11 gives age group of buyers and their preference for type of retailer.

Table 11: Age Group of Respondents and Their Preference for Type of Retailer

Age Group	Type of Retailer Preferred				Total	
	Unorganized Retailer		Organized Retailer			
	No.	Percent	No.	Percent	No.	Percent
For staples						
21-30 years	25	58.1	18	41.9	43	(100.0)
31-40 years	89	60.5	58	39.5	147	(100.0)
41-50 years	106	70.2	45	29.8	151	(100.0)
51-60 years	56	72.7	21	27.3	77	(100.0)
61-80 years	28	87.5	4	12.5	32	(100.0)
Total	304	67.6	146	32.4	450	(100.0)
For Personal Care & Toiletries						
21-30 years	23	53.5	20	46.5	43	(100.0)
31-40 years	87	59.2	60	40.8	147	(100.0)
41-50 years	104	68.9	47	31.1	151	(100.0)
51-60 years	54	70.1	23	29.9	77	(100.0)
61-80 years	28	87.5	4	12.5	32	(100.0)
Total	296	67.6	154	32.4	450	(100.0)
For Fruits & Vegetables						
21-30 years	41	95.3	2	4.7	43	(100.0)
31-40 years	132	89.8	15	10.3	147	(100.0)
41-50 years	124	82.1	27	17.9	151	(100.0)
51-60 years	63	81.8	14	18.2	77	(100.0)
61-80 years	32	100.0	0	0.0	32	(100.0)
Total	392	87.1	58	12.9	450	(100.0)

Source: Primary Data

Figures in parenthesis refer to row totals

It can be seen that though overall 32% buyers prefer to buy from organized retailers but in the age groups 21-30 and 31-40 years, around 40% buyers prefer organized retailers. Similarly, for personal care & toiletries though 34% buyers prefer buying from organized retailers but in the age group 21-30 47% buyers and in the age group 31-40, 41% buyers buy from organized retailers. Hence proportionately more buyers visiting organized stores for buying staples, and personal care & toiletries belong to younger age of up to 40 years. It can be seen that fruits & vegetables are mostly bought in unorganized sector.

Table 12 gives gender of buyers and their preference for type of retailer. It can be seen that there is no clear preference for type of retailer based on gender.

Table 12: Gender of Respondents and Their Preference for Type of Retailer

Gender	Type of Retailer Preferred				Total	
	Unorganized Retailer		Organized Retailer			
	No.	Percent	No.	Percent	No.	Percent
Staples						
Male	88	70.4	37	29.6	125	(100.0)
Female	216	66.5	109	33.5	325	(100.0)
Total	304	67.6	146	32.4	450	(100.0)
Personal Care & Toiletries						
Male	88	70.4	37	29.6	125	(100.0)
Female	208	64.0	117	36.0	325	(100.0)
Total	296	65.8	154	34.2	450	(100.0)
Fruits & Vegetables						
Male	115	92.0	10	8.0	125	(100.0)
Female	277	85.2	48	14.8	325	(100.0)
Total	392	87.1	58	12.9	450	(100.0)

Source: Primary Data

Figures in parenthesis refer to row totals

Table 13 gives occupation of buyer for staples and their preference for retailers. It can be seen that though overall 32% buyers prefer to buy staples from organized retailers but more than 44% buyers in the occupation categories of service and profession buy from organized retailers. In case of personal care & toiletries though overall 34% buyers prefer to buy from organized retailers but here also 46% buyers from occupation category of service and 44% buyers from occupation category of profession prefer organized retailers. Unorganized retailers are preferred more by buyers belonging to the category of housewife (35.9%) business and profession (81%) and retired (85%). Fruits & vegetables are mostly bought from organized retailers.

Table 13: Occupation of Respondents and Their Preference for Type of Retailer

Occupation	Type of Retailer Preferred				Total	
	Unorganized Retailer		Organized Retailer			
	No.	Percent	No.	Percent	No.	Percent
Staples						
Service	104	55.9	82	44.1	186	(100.0)
Business/Profession	29	80.6	7	19.4	27	(100.0)
Housewife	143	74.1	50	35.9	193	(100.0)
Retired	23	85.2	4	14.8	27	(100.0)
Others	5	62.5	3	37.5	8	(100.0)
Total	304	67.6	146	32.4	450	(100.0)
Personal Care & Toiletries						

Service	100	53.8	86	46.2	186	(100.0)
Business/Profession	29	80.6	7	19.4	27	(100.0)
Housewife	139	72.1	54	27.9	193	(100.0)
Retired	23	85.2	4	14.8	27	(100.0)
Others	5	62.5	3	37.5	8	(100.0)
Total	296	65.8	154	34.2	450	(100.0)
Fruits & Vegetables						
Service	158	85.0	28	15.0	186	(100.0)
Business/Profession	34	94.4	2	5.6	27	(100.0)
Housewife	165	85.5	28	14.5	193	(100.0)
Retired	27	100.0	0	0.0	27	(100.0)
Others	8	100.0	0	0.0	4	(100.0)
Total	392	87.1	58	12.9	450	(100.0)

Source: Primary Data

Table 14 gives education of buyer and type of retailer preferred. Though overall 32% buyers prefer to buy staples from organized retailers but among the buyers having professional education 48% prefer organized retailers. Similarly for personal care & toiletries, though overall 34% buyers prefer to buy from organized retailers but 49% buyers having professional education prefer organized retailers. So, proportionately more buyers having professional education prefer to buy staples and personal care & toiletries from organized retailers. Among buyers having education of school level, 82% buy staples, and 80% buy personal care & toiletries from unorganized retailers. For fruits & vegetables mostly buyers prefer to buy from unorganized retailers.

Table 14: Education Level of Respondents and their Preference for Type of Retailer

Education	Type of Retailer Preferred				Total	
	Unorganized Retailer		Organized Retailer		No.	Percent
	No.	Percent	No.	Percent		
Staples						
School	68	81.9	15	18.1	83	100.0
Graduation/PG	178	67.2	87	32.8	265	100.0
Professional	45	52.3	41	47.7	86	100.0
Other	13	81.3	3	18.7	16	100.0
Total	304	67.6	146	32.4	450	100.0
Personal Care & Toiletries						
School	66	79.5	17	20.5	83	100.0
Graduation/PG	173	65.3	92	34.7	265	100.0
Professional	44	51.2	42	48.8	86	100.0
Other	13	81.3	3	18.7	16	100.0
Total	296	65.8	154	34.2	450	100.0

Fruits & Vegetables						
School	71	85.5	12	14.5	83	100.0
Graduation/PG	226	85.3	39	14.7	265	100.0
Professional	80	93.0	6	7.0	86	100.0
Other	15	93.7	1	6.3	16	100.0
Total	392	87.1	58	12.9	450	100.0

Source: Primary Data (Figures in parenthesis refer to row totals)

Conclusions

As the income level increases

More buyers belong to the category of working

Percent of male buyers decreases

More buyers have professional education

There is higher expenditure on all the three product categories

Total number of visits in a month to buy staples, and personal care & toiletries is decreasing

Amount spent per visit on buying staples, and personal care & toiletries is increasing

More trips are made to organized stores for buying staples, and personal care & toiletries

As the access to unorganized stores becomes easy:

The percentage of male buyers increases

Expenditure on staples, and personal care & toiletries is increasing

Validity & Reliability

Reliability

Reliability of items was assessed through coefficient alpha (.906) which measures the internal consistency of items of scale (Neil 2006 & Aagja et al 2011). Values above .8 are considered good and generally good

of reliable i.e. internally consistent scale (Hersen 2004)

Face Validity

The questionnaire was shown to academicians and retailers before being finalized. Their suggestions were used to reframe questions and include more probing questions. The questionnaires were administered personally by the researcher. Relevant material like newspaper ads & newspaper flyers were used to ensure that respondents understood the questions well.

Content Validity

Content validity is the primary and sine qua non ("without which nothing") form of validity (Rossiter (2011)). The variables were identified from review of literature and a preliminary study. The preliminary study was carried out through Review of Literature: Secondary data collection: In store observation of pricing strategies in retail sector: Meetings with store personnel: & interviewing consumers. An extensive study of dissertation, theses and research papers was done which helped in identifying important factors for the current research study. Relevant articles from the newspapers were collected. Price advertisements of retailers published in the print media were also collected. It was very evident from these ads that retailers in the organized sector are using price as an important tool to attract customers to their stores. Many advertisements appear on the newspaper quite frequently which show

the price offerings of the retailers. These strategies were included in the research. The research scholar visited the kirana and other stores in the unorganized retail sector of Old Faridabad Market in Faridabad. She interacted with the retailers. The researcher also went to the organized retail stores in Faridabad. She interacted with store personnel to enquire about their pricing strategies. The research scholar interviewed consumers coming out of stores and at other casual interactions also to get an idea about their preferences and what they consider as important in a retail store. The interviews were non-structured and casual in nature.

Limitations of the Study

The results from the study may not be indicative of country wide scenario. Survey of Rural households and BPL households might provide more comprehensive understanding of the phenomenon. The study does not cover online retail which is fast entering food & grocery sector.

Scope for further Research

The study explores consumer behaviour and pricing elements in the period after major retailers came in retail sector like Reliance Fresh 2006, More 2007, & Easyday 2008. They brought changes in the retail scene and new pricing strategies were employed. The empirical findings indicate a relation between consumer behaviour and pricing strategies. This is an exploratory cum descriptive study. The two streams of literature (i.e. consumer behaviour and pricing elements in the post period of advent of organized retail in India specifically for groceries) have not been linked at a theoretical level in previous studies. Future studies would be suggested to link this literature in a more unified theoretical framework and empirically test the framework using experimental research design. Online food & grocery retail has emerged in the

recent past. The pricing elements used in the present study may be used in the online retail sector in future studies. Future studies may cover areas in other parts of the country.

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Exploring New Dimensions of Retailing Consumer Essentials

Rajeshwari Panigrahi

Associate Professor, GITAM Institute of Management
GITAM University, Visakhapatnam
E-mail: rajeshwari.panigrahi@gmail.com

Abstract

Today the market has become so dynamic that the marketers are even ready to change their age old ways of marketing. With the improvement in the information technology, consumers have gained power and now it is such that they can get any information about anything they want, they can demand for it and can have it in any point of time. Initially it was a producer's market now it has been converted in to consumers market, where the power lies in the hands of consumer and marketer has to take care of his needs. Marketers in every way are trying to attract the consumers and have their relative market share. This study explores the buyer's behavior towards online vegetables purchase, as this is a whole new concept in the field of online Retail. Indians are very price conscious in buying products but in case of vegetables the concept is totally different. Hence in order to have an idea about it this study is carried out. The study completely depends on the primary data collected from different respondents. Data is collected through the questionnaire using purposive sampling and Likert scale and Graphic Rating scale are used to quantify the response. This study explains the apprehensions relating to online vegetables purchase and suggests ways to curb them.

Keywords

Digital Retail, Consumer Behaviour, Digital Store, Logistics and Distribution Channel

Research Problem

India seems to be heading towards an era of digitalization. The current trend shows the penetration of digital stores with gradual increase in the penetration of internet through gadgets like smart phones which are available for a very reasonable price. Availability of affordable gadgets and increasing penetration of internet has made online

stores popular across the country and these stores provide items at a competitive price.

Marketers have identified the inability of the customers to spend their time towards shopping and have created an opportunity for the customers to shop without being physically present at the store. Though slowly these stores are gaining acceptance

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but when it comes to purchasing vegetables the quality and freshness is always doubted because it's a perishable product and it's not possible for the seller to take the product back in case the customer is not satisfied with the quality. Stores selling products which are shopping goods or durables and have a reasonable amount of shelf life to instill confidence in the minds of customers with a return back option but when it comes to vegetables it's not possible Thus, leading to suspicion about the quality of the goods.

E-Commerce is gaining momentum and is getting acceptability among the customers. The retailers are now looking forward to extend E-Commerce to vegetables and food retail. This study thus, intends to explore the factors related to success of E-Retailing especially in vegetable category and its acceptance levels amongst customers of Vishakhapatnam which is one of the fast growing cities in Andhra Pradesh.

Introduction

Digital shopping and online grocery in the recent years has seen significant growth. Some authors suspect the growth of traditional business with the growth of online stores and some authors contradict such opinion. An organization intending to continue performing successfully is expected to make its presence in the online market. Initial Inhibitions of the digital market were against the success of this model. Marketers felt that for a customer to take purchase decision touch and feel of the product is essential. But with the start of the new digital era the whole system changed and the concept of selling has transformed to online selling. The psychographic variables like values, interests, opinions, motives and lifestyle have contributed immensely to the store formats like discount store, convenience store, supermarkets, hyper markets, digital stores etc (Prasad & Reddy, 2007).

A study published in the Economic Times portrays that the E-Commerce Industry in India is likely to grow at a compounded annual growth rate (CAGR) of 35% and cross the \$ 100 Billion mark over the next five years from \$ 10 Billion at present according to a study by ASSOCHAM-Price water house Coopers.

E-Commerce sector is estimated to experience a 72% increase in the average annual spend on purchases made online per individual in 2016 as compared to 65% in 2015. Success of Amazon not only in US but also in the other parts of the world speaks about the success story of E-Business models. (Economic times, 2015). Five million earned in a span of 6 years from its inception clearly states the quantum of business Amazon is able to make and the acceptability of digital marketing culture (Amazon.com 2002) on the other hand Times Now contradicted to this opinion of the authors stating that marketers were doubtful about the success of online marketing business model as the psychology of the people is to verify the quality of the product before purchasing. In absence of such possibility in case of online retail stores where they products cannot be verified the business model may fail. But the present day marketers are trying to solve this problem by providing easy returns and verify and buy options. Lens kart has developed a new E business model which is a try and buy model providing consumers the facility to buy the good after trying. This store allows the consumer to order few frames of their choice and then finally keep the one which is selected by the buyer and return the rest.

Developments of better technology and logistics service providers have made the dream of these online business stores come true. Boom in the usage of technology and higher disposable income, Growing GDP and working women leading to constraint of time lead to success stories of E-Tailersthus,

according to (The Economic Times, 2014) Indian E-Commerce Industry is expected to cross Rs 88000 Crore in 2018.

Initial Research on retail Industry indicated that there is no replacement of Brick and Mortar stores. A study by (Catelletal, 2004a) involving surveys on consumers, retail Centre managers, Investors and tenants indicated that there is no reduction in the leased retail space as a result of E Commerce. Both the store managers and consumers stated that e-commerce has a favorable impact on the business and is not a threat to brick and mortar stores. (Forrester Research 2001) found that even if there is a decline in the penetration of the internet users there is still an increase in the consumers using internet for shopping. European market is the initial successful user of internet and online shopping (GFK group 2002).

One of the studies by Catel 32e00tall (2004b) by sampling CapeTown shoppers found that customers do not prefer to buy groceries online citing the security of the internet transactions as the reason. The research also indicated that there is a significantly higher potential of growth in online purchase of groceries than any other good or service which is quite contradicting to the intention and choice of the customers. In one of the findings which were equally contradicting like the Catel another author Goldstuck in 2004 also reported that grocery shopping accounted for the largest proportion of online sales when compared to any other category of goods.

Review of Literature

In a **Journal of Asia Business Studies(2006)** named "*Factors influencing consumers online shopping in China*", the authors developed an understanding of the factors which influence a Chinese consumer to buy

online by exploring the impact of consumer demographics. Authors of this journal are Wen Gong, Rodney L. Stump and Lynda M. Maddox. They could find that for Chinese consumer's age, income, education marital status and their perceived usefulness are main factors predicting their online shopping behavior.

"*What drives consumers to buy online? A Literature review*" written by Tonita Perea Y Monswe, Benedict G.C. Dellaert, Ko de Ruyter in **International journal of Service Industry Management (1990)** stated that attitudes towards online shopping and shopping intention are impacted not only by ease of use, usefulness and enjoyment but also because of some external factors like consumer traits, characteristics of products and their previous shopping experiences.

A study on "*Consumer response to online grocery shopping*" by Michelle A. Morganosky and Brenda J. Cude, **International Journal of Retail & Distribution Management (1990)**, states that majority of the US population's primary reason was convenience and time saving but along with that demographics and shopping variables like perception regarding time spent online vs in store, experience with online shopping, also played a major role for online grocery shopping.

In this article titled "*The relationship between consumers characteristics and attitude towards online shopping*", (2003) **Marketing Intelligence and planning** written by Shwu-Ing Wu in 2003, examined the concerns of internet users and perception towards online shopping by using Fishbein model. The output of this model showed that consumers who usually shop online have higher attitude and this in turn is directly related to online purchase decision, and according to the study this should be the target market for the marketers.

"Factors influencing consumer perception of brand trust online" by Hong-Youl Ha, (2004), in **Journal of Product & Brand Management**, examines how brand trust is affected by many factors like: security, privacy, brand name, word-of-mouth, good online experience and quality of information. The author says that all the loyalty building programs doesn't succeed but is established by the interrelationships between different factors.

Author Chanaka Jayawardhena Len Tiu Wright Rosalind Masterson (2003) in an **International Journal** titled "*An investigation on online consumer purchasing*" found that the outcomes of purchase intentions are not according to the consumer segmentation. It also found that e-retailers need to recognize that online financial services consumers have higher level of control in the purchase process and they get motivated by involvement of technology in the process. The availability of information and accessibility to the consumers allow them to get involved in making online purchase.

The paper titled "*Online Grocery shopping: the influence of situational factors*" by Chris Hand, Francesca Dall'Olmo Riley, Patricia Harris, Jay want Singh and Ruth Rettie, (2009), in **European Journal of Marketing**, seeks to understand factors which influences the use of online grocery shopping. The findings of this study is that certain situational factors such as having a baby or developing health problems are the reasons behind the preference of online shopping. It is also mentioned that once the situation is over they stop using the online method of buying and continues with their conventional or traditional way of buying things.

To investigate and compare the perception of the online groceries buyer from other online consumers, whether they perceive differently or not, the study "*Consumer adoption of online*

grocery buying: a discriminant analysis" by Torben Hansen, (2005), in **International Journal of Retail and Distribution Management** is carried out. Majority of the factors show that online grocery shoppers attach higher compatibility, higher relative advantage, more positive social norms and lower complexity to internet grocery shopping when compared to other online shoppers. Also it mentions that online grocery usually have higher household incomes than non-adopters.

In order to find out the impact of delivery charges and other situational factors on the choice of grocery shopping channel this study "*Why consumers hesitate to shop online: An experimental choice analysis of grocery shopping and the role of delivery fees*" by Yan Huang and HarmenOppewal, (2006), in **International Journal of Retail & Distribution Management**. They could find that delivery charges doesn't play a very important role but they could identify a peculiar factor which says that 15 minute difference in travel time to the grocery store had strong impact on the selection of shopping channel.

Mark Brown, Nigel Pope and Kevin Voges, (2003) "*Buying or browsing?: An exploration of shopping orientations and online purchase intention*" is a study to identify different factors affecting consumer influencing factors. They concluded saying that more than convenience other factors like product type, prior purchase, and gender influences the purchase intentions of the consumers.

"*Typology of online shoppers*", **Journal of Consumer marketing**, by Ah KengKau, Yingchan E. Tang and SanjoyGhose, (2003), explore the channels to get the information as well as the factors which motivate them and the concerns pertaining to online shopping. They could gather that the most important factors related convenience for in house

shoppers is reduction in shopping time, time flexibility, saving physical effort. These are the factors which majorly affect the online shoppers.

To study college students attitude and online shopping intentions relating to apparel products, using the theory of reasoned actions this study titled "*College students attitudes towards shopping online for apparel products*" was carried out by Yingjiao Xu V. Ann Paulins, (2005), published in a **Journal of Fashion Marketing and Management**. It showed that students usually had positive attitude towards online apparel shopping. Also internet usage, employment status and car access had major impact on the their attitude towards online apparel shopping.

The document written by Dana-Nicoleta Lascu, Ajay K. Manrai, Lalita A, Manrai, Fabienne Brookman Amisshah, (2013), in "*Online marketing of food products to children: the effects of national consumer policies in high-income countries*" seeks to explore policies related to the online food products related to children as they are not being properly monitored and which now-a-days is leading to serious problem of obesity. This research was carried out in three countries as mentioned by the author i.e. France, Spain, and the USA. A comparative analysis of these three countries suggest that only French food companies placed emphasis on nutritional related features but whereas the other two countries emphasized on games-related, reward-related and brand-related features. According to author online food products especially related to children should be properly taken care, so that it doesn't impact their health in long run.

Hyun-Hwa Lee Yoon Jin Ma, (2012), explores the role of online consumers reviews in purchasing decision in his paper "*Consumer perceptions of online consumer product and service reviews*", published in **Journal**

of research in Interactive Marketing. The research found that consumers perceived both benefits and costs from online consumer reviews. Confidence in the information and consumer susceptibility to interpersonal influence was shown to determine how online consumer reviews were perceived.

"*Consumer behavior in online context*" by Shannon Cummins, James W. Peltier, John A. Schibrowsky and Alexander Nill, (2014), in the **Journal of Research in Interactive Marketing** reviews the consumer behavior related to the online and e-commerce context. Eight categories of online consumer behavior research are described, they are: cognitive issues, user-generated content, internet demographics and segmentation, online usage, cross culture, online communities and network, strategic use and outcomes and consumer internet search.

Jennifer Rowley, (1998), in "*Internet food retailing: the UK in context*", in **British Food Journal**, seek to explore how fast the internet shopping is growing and will grow in future, in UK context. It explores the issues related to food shopping and retailing. With this research they could finally conclude a list of major problems with internet shopping, they are:

- Transactional problems/concerns
- Lack of credit card security
- Difficulty in locating products/ services
- Poor product quality / insufficient information
- Technical problems in software / slow interface

They have also suggested that a marketer has to definitely address the issues if the consumer experience of internet shopping has to be enhanced and provide more satisfaction. "*Creating customer value in online grocery shopping*" by Bill Anckar,

Pirkko Walden and Tawfik Jelassi, (2002), in **International Journal of Retail & Distribution Management**, identifies different ways in which customer value can be generated and concludes that there are four factors which impact the customer value, they are:

- Competitive prices
- A broad and specialized assortment
- Superior shopping convenience
- Superior customer service

Offering these factors will depend on the business model of the organization and would impact accordingly.

To understand the online preference structure of consumers the paper titled "*Understanding shoppers expectations of online grocery retailing*" was published by Muriel Wilson-Jeanselme and Reynolds, (2006), in **International Journal of Retail & Distribution Management**. The authors could identify that there is no single attribute which can allow the retailer to have a competitive edge over the other competitors but a significant market advantage can be gained by providing "best in class" other than the top four attributes.

Kenneth C. Gehrt, Mahesh N. Rajan, G. Shainesh, David Czerwinski and Matthew O'Brein, (2012), aims to study India online shopping in the research named "*Emergence of online shopping in India: Shopping orientation segment*". They could identify, through this study, three segments i.e. value singularity, quality at any price and reputation/recreation. The quality at any price and reputation were the dominant factors for online shoppers. But on a contrary, the US consumers are motivated by the price factor.

By using the concept of Theory of planned behavior (TPB), the authors Kim Ramus and Niels Asger Nielsen, (2005), tried to

explore the consumer beliefs and attitude towards the online grocery shopping in the paper "*Online grocery retailing: What do consumers think?*", which is an **Internet research**. They could find that when it comes to online grocery shopping then there are both advantages and disadvantage as viewed by the consumers. Advantages are in terms of convenience, product range and price, whereas the disadvantages are mental barriers like inferior quality and the loss of recreational aspect of grocery shopping.

The reviews clearly indicate that Age gender Income and attitude are the major profile elements which affect online purchase behavior and most of the studies also state that convenience time saving and price are those dimensions which attract consumers to buy products online. The study thus, intends to examine the impact of these dimension and additionally the convenience of the buyer in understanding the technology and making purchase & Store loyalty are the variables studied. Internet penetration is to the extent of just 34.8% in India in the 2016 (live stats) thus, the penetration of E stores also is questioned. Consumers are yet to get used to the use of technology and trust online transactions. Vegetable purchases online is always questioned because the freshness and quality cannot be tested and there is no return option in these stores in absence of the expected quality. This study thus intends to examine the possible success of E stores in India especially Consumer necessities which have limited shelf life and are highly perishable like grocery and vegetables.

Methodology

This study intends to explore the viability of E Retail stores for consumer perishable goods and identify the scope of success as these stores vis-a vis the E Retail stores for other products. The study depends on primary data

collected from those who are internet savvy and make online purchase, largely computer literate (Male and female) comprising of both working and non working Adults. Judgmental/ Purposive sampling is used for this study Respondents who use internet and have access to internet are only sampled. The size of the sample is 250 and the Geographic area selected is Vishakhapatnam city due to ease of access. The questionnaire consists of closed ended questions with multiple choices, Likert and Graphic Rating scaling techniques being used to elicit responses. The data generated is nominal data thus, Chi-square is used for hypotheses testing SPSS is used for tabulating and drawing necessary statistical outputs.

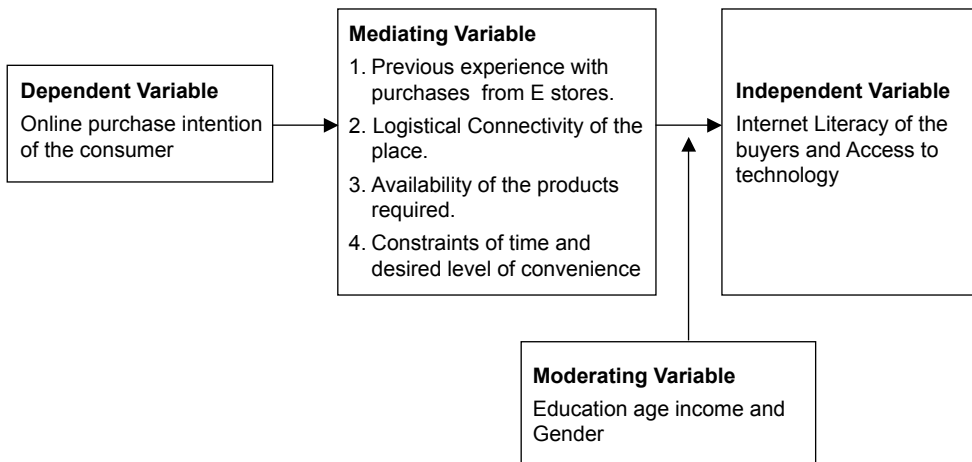
Constraints

- The population for the study is too large this sample is expected to be representative but still with the increase in size of the sample the findings might change and the data collected is only from the residents of Vishakhapatnam.
- The responses received from the sample may not portray true & accurate intention.

Objectives

- Examining the intention of Visakhapatnam consumers to purchase food and groceries online leading to understanding the success of online food and grocery stores in the city.
- Develop a suitable model that solves the problem of online retail stores in marketing perishable goods at Visakhapatnam.

Theoretical Frame Work



Theoretical frame work comprises of the variable identifiable for understanding the study. These variables are indentified from the various studies in the past which is presented in the review of the study. It's quite evident from the studies reviewed that purchase intention of a consumer through digital stores would largely depend on his comfort level of using technology

and his access to technology. These two factors (Variables) i.e. Purchase decision and technology literacy has an established relationship. The factors which moderate and mediate this relationship are presented in the flow chart above.

Hypotheses Tested

Age, Gender, education and Income do not have any Association on the respondent's intention to purchase from E-Stores.

H₀-Income has no Association with price consciousness of the buyers

Respondents Profile

Sample is collected from 250 respondents and thought it is purposive sampling technique that is being used and only internet literacy is being considered as criteria for sampling, due care is taken to ensure that data is collected from the people belonging to different demographic profile. Table (Annexure) Presents the details of the profile elements of the respondents. 52.8 % of the respondents are male and 47.2% are female showing an almost equal contribution from both genders. Age wise classification shows that largest 74.4% of the respondents are

between the age group 20-30 as this age has grown with the growth of technology and are the largest and most frequent user of technology. In a research study Vinod E & Panigrahi R (2013) found that Gen Y is matured enough to take their own decisions or participate in the family decision making process thus, it's quite obvious that this is the largest group of respondents in the sample. Contribution of the other age group i.e. "Less than 20", "30 to 40" and "Above 40" is 4.8%, 16% and 4.8% respectively all together 26%. 69% of the respondents are post graduates and the rest being undergraduates (15.6%) and Professional Course (14.8%).

Occupational classification of the respondents shows that 47.6% are private sector employees, 10.4% have their own business, 6% work in public sector and 35% have some other occupation which is not specified. Thirty seven percent of the respondents earn between "Rs.20000 to Rs.30000", 20.3% earn above Rs.40000 20% earn between "Rs.30000 to Rs 40000" and 18.5% earn Less than Rs.20000 per month. It's evident from the demographic profile of the respondents that there is a representation from the categories of tech savvy internet users.

Table-1 Respondents opinion on the important purchase decision elements pertaining to E- Vegetable retail stores

S.No	Response options	Strongly disagree	disagree	Neutral	Agree	Strongly agree	Total
		-2	-1	0	1	2	
1	Price of the vegetables online is lesser compared to the prevailing market prices	27 (10.8)	31 (12.4)	111 (44.4)	46 (18.4)	35 (10.8)	250
	Scale point*No. of responses	-54	-31	0	46	70	+31-5
2	Online orders provides vegetables on time	16 (6.4)	41 (16.4)	70 (28)	84 (33.6)	39 (15.6)	250
	Scale point*No. of responses	-32	-41	0	46	78	+51-4
3	It's very complex for a common man to order online	10 (4)	17 (6.8)	56 (22.4)	93 (37.2)	74 (29.6)	250

	Scale point*No. of responses	-20	-17	0	93	148	+204-3
4	There are very few websites which provides groceries online	0 (0)	17 (6.8)	57 (22.8)	95 (38)	81 (32.4)	
	Scale point*No. of responses	-0	-17	0	95	162	+240-1
5	Online orders do not provide opportunity to negotiate.	14 (5.6)	13 (5.2)	56 (22.4)	66 (26.4)	101 (40.4)	250
	Scale point*No. of responses	-28	-17	0	66	202	+223-2

(Note-The figure in the Parentheses indicate Percentage)

Table No.1 presents a summarized response of five dimensions sought from the respondents which are largely the decision dimensions of Indian consumers especially when comes to FMCG. Likert scale value is used for quantification and analysis of data. Most of the statements in the above table intend to explore the purchase decision factors of a consumer which are the price, quality and availability of a Product and ease of procurement.

The data in Table 1 shows that respondents opined positively with either agree or highly agree for most of the statements as summated value for almost all the statements is positive. Respondents are in least agreement (+31) when it comes to the pricing dimension the respondents do not really agree that the price of the vegetables when purchased online is cheaper when compared which brick and mortar stores. The respondents also seem to be not in highly agreement (+51) with the promptness of the supply of vegetables and food items purchased online.

Respondents are seem to the highly in agreement (+223) with non availability of bargaining power while purchasing vegetables online and the number of websites which provide vegetables are very few in

number(+240). Most of the respondents are also found to be in agreement with the statement that it's not easy to order products online (+204).

It's quite evident from the respondent's opinion that online vegetable retail stores have to improve all the factors studied above and are the most important consumer decision influencers. The online retail stores have to ascertain the quality and make the price competitive. It's not very easy to order products online for many of the Generation X buyers as they are not tech savvy but when it comes to buying vegetables online but when it comes to taking the decision of buying vegetables its usually taken by Gen X (greater than 28 years of age).

This clearly shows a gap of reach between the buyers and the online retailers' .The buyers are usually non tech users and the online retailers who are developing towards a more futuristic model of digital store and bridging this gap is the next challenge for the retailers.

Table 2 comprises of the purchase intention of the respondents on 10 point scale. One (1) being the least and positive consideration for the given statement and "10" is being the highest.

Steps in the calculation of the scale point percentage

Step 1 – Total scale value=Total number of responses X Respective scale

Step 2 – Total possible scale=250 X 10=2500

Step 3 – Scale value percent=Total scale value /total possible scale x 100

Table-2 Respondent's opinion on factors influencing purchase decision

Scale Points	1	2	3	4	5	6	7	8	9	10	Total
Response Criteria.	Number of Respondents										
Quality consciousness of the buyers	1 (0.4)	1 (4)	1 (4)	0 (22)	0 (0)	15 (6)	6 (2.4)	10 (4)	51 (20.4)	165 (66)	
Scale points*No. of responses	1	2	3	0	0	90	42	80	459	1650	2327 (93.08)
Purchasing from digital stores saves time and effort.	15 (6)	13 (5.2)	17 (6.8)	27 (10.8)	61 (24.4)	23 (9.2)	54 (21.6)	20 (8)	12 (4.8)	8 (3.2)	250
Scale points*No. of responses	15	26	51	108	305	138	378	160	189	80	1450 (58)
Purchasing from digital stores saves transportation cost	16 (6.5)	22 (8.9)	6 (2.4)	22 (8.9)	51 (19.8)	34 (13.7)	44 (17.7)	18 (7.3)	14 (5.6)	23 (9.3)	250
Scale points*No. of responses	16	44	18	88	255	204	308	144	126	230	1433 (57.32)
Physical check of the product is important while purchasing vegetables	17 (6.8)	22 (8.8)	6 (2.4)	24 (9.6)	49 (19.6)	33 (13.2)	43 (17.2)	18 (7.2)	15 (6)	23 (9.2)	250
Scale points*No. of responses	17	44	18	96	245	198	301	144	135	230	1428 (57.12)
Availability of off-seasonal vegetables online	12 (4.8)	11 (4.4)	11 (4.4)	22 (8.8)	46 (18.4)	71 (28.4)	31 (12.4)	34 (13.6)	9 (3.6)	3 (1.2)	250
Scale points*No. of responses	12	22	33	88	230	426	217	272	81	30	1411 (56.44)
Impact of COD on the preference of online purchase	18 (7.2)	13 (5.2)	20 (8)	18 (7.2)	48 (19.2)	39 (15.6)	38 (15.2)	33 (13.2)	10 (4)	13 (5.2)	250
Scale points*No. of responses	18	26	60	72	240	234	266	264	90	130	1400 (56)
Availability of categorized vegetables on an E store.	16 (6.4)	7 (2.8)	24 (9.6)	23 (9.2)	50 (20)	55 (22)	27 (10.8)	33 (13.2)	5 (2)	10 (4)	250
Scale points*No. of responses	16	14	72	92	250	330	189	264	45	100	1372 (54.88)

Connectivity of the websites selling vegetables and fruits on an E store.	19 (7.6)	13 (5.2)	5 (2)	35 (14)	61 (24.4)	38 (15.2)	38 (15.2)	21 (8.4)	18 (7.2)	2 (0.8)	250
Scale points*No. of responses	19	26	15	140	305	228	266	168	162	20	1349 (53.96)
Perception regarding the affordability of online vegetables	17 (6.9)	6 (9.4)	35 (23.7)	27 (34.7)	59 (58.8)	30 (71)	52 (92.2)	15 (98.4)	1 (98.8)	8 (80)	250
Scale points*No. of responses	17	12	105	108	295	180	364	120	9	80	1290 (51.60)
Responses regarding the quality of vegetables online	28 (11.2)	17 (18.1)	23 (27.3)	27 (38.2)	43 (55.4)	34 (69.1)	45 (86.7)	23 (96)	0 (0)	10 (100)	250
Scale points*No. of responses	28	34	69	108	215	204	315	184	0	100	1257 (50.28)
Awareness regarding the availability of online vegetables	25 (10)	21 (8.4)	38 (15.2)	25 (10)	40 (16)	24 (9.6)	28 (11.2)	26 (10.4)	7 (2.8)	16 (6.4)	250
Scale points*No. of responses	25	42	114	100	200	144	196	208	63	160	1252 (50.08)
Opinion on the intention to buy vegetables and fruits if available on digital stores	30 (12)	20 (8)	11 (4.4)	37 (14.8)	49 (19.6)	26 (10.4)	42 (16.8)	21 (8.4)	9 (3.6)	5 (2)	250
Scale points*No. of responses	30	40	33	148	245	156	294	168	81	50	1245 (49.80)
Price consciousness of the buyers.	82 (32.8)	103 (41.2)	34 (13.6)	18 (7.2)	10 (4)	0 (22)	1 (.4)	2 (.8)	0 (0)	0 (0)	250
Loyalty towards a particular store for buying vegetables.	81 (32.4)	57 (22.8)	31 (12.4)	21 (8.4)	60 (24)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	535 (21.4%)
Scale points*No. of responses	81	114	93	84	300	0	0	0	0	0	672 (26.88)
Availability of variety of vegetables online	84 (33.6)	67 (26.8)	30 (12)	57 (22.8)	12 (4.8)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	250
Scale points*No. of responses	84	134	90	228	60	0	0	0	0	0	596 (22.84)
Scale points*No. of responses	82	206	102	72	50	0	7	16	0	0	535 (21.4)
convenience factor impact	101 (40.4)	68 (27.2)	46 (18.4)	16 (6.4)	19 (7.6)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	250
Scale points*No. of responses	101	136	138	64	95	0	0	0	0	0	534 (21.36)

*Note-1 – The figures in the bracket indicate Percentage

**Note-2 – Figures in the bracket in the total column indicate scale value percentage

Respondent's opinion on the various factors that would help the digital stores selling consumers necessities are captured on a scale of 1 to 10 is presented in **table 2** the response options are presented in order from the highest to lowest. It's quite evident from the data that buyers are extremely quality conscious with the overwhelming positive response 2327(93.8) scale points. Respondents are also in agreement that E-Stores also save time 1450(58%) and cost of transportation for the buyer 1433 (57.3%²). Physical check is also given prime importance with 1428 (57.12) response options. Respondents also opine that E stores usually provide a wide array of vegetables including some special category or imported 1411 (56.44%) and non seasonal goods which are not available at other brick and mortar stores.

The demerits cited by the respondents is the connectivity 1349(53.96%) and affordability 1290 (51.60%) scale values. Respondents opined that the E stores do not possess a delivery option across the city and the price of the fruits and vegetables is also high when compared to brick and mortar stores

COD on delivery is a preferred mode of payment when goods are purchased from a digital store with 1400 (56.5%) scale points. This is because of the assumed risk factor involved in making purchases online in terms of the safety of the banking transaction and the type of goods provided. Buyers normally want to pay after checking and ascertaining the quality the product instead of paying first and waiting for the product which they find it bit risky in the Indian scenario.

The low scale point factors as per the respondents opinion are the price and quality consciousness of the buyers 535(21.4%) Convenience Factor 534 (21.36%), More varieties are available 596 (22.84%) and loyalty towards a particular retail store 672

(26.88%) are the least rated statements.

It's quite evident from the responses that the success and failure of digital store depends a lot their ability to provide quality goods and services without hassles. Physical verification of the vegetables is also considered very important The consumers very clearly stated that they really do not perceive that digital stores provide better products that brick and mortar instead they feel that it is only considered because it saves time and transportation cost especially for working class where both partners work and there is no one take care of the day to day requirement of the family. In most of the cities vegetables are available during the day time and the morning but they are not available in the evening thus, buyers who are comfortable with buying on digital stores intend to purchase from E retailers. The response on the importance of physical verification 1478 (57.8%) scale values is a clear cut indication that for the success of online vegetable stores a system of providing a physical check is very important.

Price and convenience are not the determining factors for a store selection instead the quality of the goods and availability of the wide assortment of goods and time and energy that these stores save are the major factors which contribute to the purchase decision .Respondents opined that they do not suspect the quality of vegetables 1290 (50.28%) these stores provide but in absence of any measure to check the quality and no assurance regarding the quality of the product, customers refrain from buying perishable goods from digital stores.

In a nutshell, It's evident from the above data that consumers are slowly moving towards digital store .It might take some time for everyone to use such store because India is not a cent percent internet and computer literate country. As the data is only taken

from those who use internet and other technology the response is quite positive. These respondents are tech savvy and at least those who use technology are positive towards purchasing vegetables from E retailers.

The statements of responses in Table 3 are categorized as those which are favorable for the success E Retail and those which are unfavorable for the success of E Retail. Sixteen statements are identified 8 each categorized as favorable and unfavorable.

Table 3 Mapping perception of the customers with the expectations

S. No	Factors favoring E Vegetable retailers (Customers Perception)	Total scale points of responses and scale point percentages	S. No	Factors Against the success of E-Vegetable retailers. (Customers Expectation)	Total scale points of responses and scale point percentages
1	Purchasing from digital stores saves time and effort.	1450-1 (58)	1	Quality consciousness of the buyers	2327 (93.08)
2	Digital stores saves transportation cost	1433-2 (57.32)	2	Physical check of the product is important while purchasing vegetables	1428-3 (57.12)
3	Availability of off-seasonal vegetables online	1411-4 (56.44)	3	Connectivity of the websites selling vegetables and fruits on an e store.	1349-7 (53.96)
4	Impact of COD on the preference of online purchase	1400-5 (56)	4	Perception regarding the affordability of online vegetables	1290-8 (51.60)
5	Availability of categorized vegetables on an E store.	1372-6 (54.88)	5	Opinion on the intention to buy vegetables and fruits if available on digital stores	1245-11 (49.80)
6	Responses regarding the quality of vegetables online	1257-9 (50.28)	6	Availability of variety of vegetables online	596-13 (22.84)
7	Awareness regarding the availability of online vegetables	1252-10 (50.08)	7	Convenience factor impact	534-14 (21.36)
8	Loyalty towards a particular store for buying vegetables	672-12 (26.88)	8	Price consciousness of the buyers	535-15 (21.4)

Table 3 Presents the perceptual factors studied are divided into two dimensions one is those factors which are supporting the E Vegetable retailers and those factors which are unfavorable to the success of E-Retailers.

The other factors which play important role in consumer purchase decision are elements like time saving (58%) cost saving (57.32) and availability of non seasonal vegetables (56.44%) are the factors which got the highest positive response and also the convenience of paying by cash on delivery (56%) is an important criteria resulting in purchase decision which is provided by most of the online stores. Respondent's opinion clearly shows the factors which might contribute to the success of online stores. It's also evident from responses that quality of vegetables

and awareness of the respondents about E Stores (50.08%) and brand loyalty (26%) is the least positive response.

Largest number of respondents 2327(93.08) respondents are found to be extremely quality conscious as expected. Customers expect the retailers to provide them quality and goods which can be usually verified by physically checking most of the respondents thus, stated that they want to physically check and ascertain the quality and buy all types of goods including FMCG and consumer perishables like Vegetables and fruits. This expectation of the customer

The factors that are against the online stores is the respondents opinion that physical checking of the vegetables before purchasing is very important (57.12%). The information on the websites cannot replace the possibility of physical check and verification in brick and mortar stores, connectivity of the websites to various location (53.96%) and the vegetables affordability factors (51.60%) of the website is the major cause of concern. The other factors which are important and are against the success of the online stores is the intention of the buyers to buy vegetable for E stores (49.80), respondents also have a low opinion about the availability of variety of goods online (22.84%) and the respondents also do not really consider that online store prove them the convenience (21.36) as most of the vegetables retailers are in and around residential places small street vendors

also cater to the need of vegetables. Thus, respondents do not really feel that buying vegetables is inconvenient from brick and mortar stores

The areas of improvement which is desired by the respondents for the success of E-Vegetable retailing are.

Providing a system of quality assurance to the buyer.

Making the E retailers reachable across the city areas as of now the reach of these websites delivery options is very limited.

Providing a wide variety of seasonal and off seasonal special category of vegetables at affordable price.

In a nutshell, it can be stated that Quality and also the communication of quality is important in absence of physical check of the vegetables and besides the reach of the stores and the variety and availability of seasonal and off seasonal special vegetables also needs improvement for the success of E retailers.

Chi-square Test- Hypotheses Testing

(H₀): Age has no Association on the respondent's intention to purchase from E-Stores (Rejected)

(H₀): Gender has no Association on the respondent's intention to purchase from E-Stores (Rejected)

Table 4: Representing chi-square test values for relation between age and gender with the purchase intention at 5% level of significance

S. No	Consumer responses category	Age has no impact on the respondent's intention to purchase from E-Stores P value	If P Value is less than 0.05 = Rejected	Gender has no impact on the respondent's intention to purchase from E-Stores P value	If P Value is less than 0.05 = Rejected
1	Intention to buy vegetables and fruits from E-Stores	.000	Rejected	.005	Rejected

Chi Square test results presented in the **table 4** from the research it is found that the age and gender of the respondents have an association with Purchase intentions of the consumers from E stores. From the above p-value related to age (.000) and gender (.005) which mean that both are lesser than the standard P Value i.e. 0.05 and hence both the hypothesis are rejected. Thus, the alternate hypotheses i.e. both age and gender have significant influence on the intentions of the respondents to purchase vegetables from E stores. The intention of the respondents to buy from the digital store will vary across different age groups and would be different in male and female.

Usually it is perceived that the consumers who fall under the age group category of 20-30, are more techno savvy and prefer buying from E-Stores. Online and digital stores can thus be first targeted to the youngsters i.e., Gen-Y and these digital stores can be successful if they sell products that are related to Gen-Y or the products where this Gen has an important say in the decision. Marketers have to slowly penetrate into the other segments and also have to gain confidence of the other age groups who are not very tech savvy but are important decision

makers if this conversion rate is increased the E vegetable retailing can also be made successful and there can be an increase in the clientele of E-Retailers.

Gender is also found to be impacting respondent purchase intention and it's found from the data that male are more pro to buying from E Retailers than female probably as they are working paucity of time could be the reason for being considering making purchases from E Stores. Males are predominant in online purchase and female mostly prefer buying from physical outlets as found in some of the research studies reviewed.

The outcome of the research can be concluded that vegetables being perishable product most of the buyers prefer verifying the product before making a purchase leading to popularity of brick and mortar stores as these stores facilitate physical check and verification of the products before purchase.

(H0): Education has no association on the respondent's intention to purchase from E-Stores. (Rejected)

(H0): Income has no association on the respondent's intention to purchase from E-Stores. (Rejected)

Table 5: Represents chi-square test values for relation between education and income with respondent's intentions to purchase at 5% level of significance.

S. No	Consumer responses category	Education has no impact on the respondents intentions to purchase from the E-stores	If P Value is less than 0.05 = Rejected	Income has no impact on the respondents intentions to purchase from the E-stores	If P Value is less than 0.05 = Rejected
1	Agreement on intention to buy vegetables and fruits online	.000	Rejected	.000	Rejected

Table 5 presents the Chi square results of the relation between education & income Vis a Vis the purchase intention of the buyers. Education (P Value.000) and income (P value.000) are found to be having an association with online purchase intention of the consumers. The usage of technology has a very direct relationship with education and income. Income enables the

user to use and access technology similarly education also directly facilitates the usage of technology. It is found that usually people, who don't prefer branded products, started buying them after the introduction of online websites as they have allowed the prices to be relatively affordable along with many varied offers. Hence they have successfully created a huge market for the consumers to shop.

People who are educated become more competent to compare the products and

prices from various sources and markets thus they become more cost and quality conscious. This category of people believes in taking the best and wisest decision and they usually compare cost and quality before purchasing. Internet facilitates these buyers by making information from all the places available for a wise decision which was not possible earlier in absence of technology. Markets now days are very dynamic and competitive and consumer is well informed.

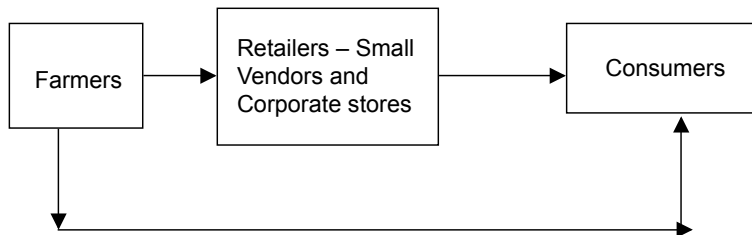
Table 6: Represents chi-square value for the relation between income and respondents price consciousness

S. No	Consumer responses category	Income has no relationship with price consciousness of the buyers	If P Value is less than 0.05=Rejected
1	Price of the vegetables online is lesser when compared to market prices	.002	Rejected

The above **Table -6** depicts the association between income of the consumer and the influence on the price of the vegetables. From the above table, the P-value (0.002) clearly shows that income has an impact on the price consciousness of the buyer. Null hypotheses "Income has no relationship with price consciousness of the buyers" is thus, rejected. Lower the income more price conscious is the buyer. This phenomenon is very true when it comes to other products and the data also proves the same.

Vegetables are perishable goods thus, buyers want to check the freshness and quality before making a purchase decisions which results in most of the buyers continue to purchase from the and they go with the conventional way of buying. Even if vegetables are cheaper and saves time of travel and transportation cost respondents do not seem to prefer buying vegetables from E Retailers. Respondents agree that it saves time and the E-stores also provide variety but in absence of physical verification of vegetables and the delay in the supply of the goods is a cause of concern .The quality and freshness of the vegetables is not verifiable with E-stores thus respondents prefer buying vegetables from brick and mortar stores only.

Present Distribution Channel for Vegetables



Present system of selling vegetables in Visakhapatnam (3 types of channels)

1. Small farmers from neighboring villages come directly to government specified vegetable Market called "Rayithu Bazaar"(Farmers Market) for selling vegetables
2. Small Retailers procure from the farmers and sell through their retail stores.
3. The corporate retail stores have the whole system in place to provide quality vegetables by efficient transport and logistics mechanism to purchase, Grade and clean and sell to the customers. These stores provide a comfortable buying experience and provide customers a wide variety of seasonal non seasonal and imported variety of fruits and vegetables.

Visakhapatnam is tier 2 city and most of the residents prefer buying vegetables from the vendors and corporate retail stores available at most of the residential areas.

Technology is providing a new opportunity for the sellers as well as the buyers E retail stores for vegetables .The City is witnessing lot of traffic from the E retailers like Flip kart and Amazon and people do purchase products from them and are found successful. The new retailers are looking forward for a technological way of selling vegetables. This lead to new grocery and vegetables E Retailers like Big Basket, Vizag Veggies, venturing into the city but the business opportunity is yet to be tested.

The facilities required for the success of digital stores

1. Facilities at the bank-Internet Banking , Debit card and Credit Card
2. Availability of internet
3. Technology Savvy Customers

All the above mentioned facilities are available

in Vishakhapatnam for the E Retail stores to start. The study shows that when it comes to purchase of vegetables and fruits consumers usually prefer verifying the quality and identifying the issues of freshness and quality being a cause of concern. The respondents do not have the facility of testing and buying vegetables and most of the retailers retailing the vegetables do not provide a return option in case the quality of the vegetable is not good.

The concerns of the buyers to be resolved

- Communication of quality and freshness standards to the buyer adopting the right through put strategies.
- Reducing the time lag between the time of procurement and consumption.
- Technology to retain freshness of the produce.
- Decision on level of safety inventory held so that the quality of the goods does not deteriorate

Problems pertaining to the digital retail store (Buyers View points)

1. Vegetables are perishable goods and any kind of delay in delivery deteriorates the quality and freshness.
2. The Retailers hence are unable to provide a return guarantee. The buyers thus, do not want to take a chance of buying vegetables from digital store and when not being sure about the quality in absence of quality testing mechanism and the retailer not providing any return opportunity. The earlier studies also show that in food retail groceries are the most purchased goods because they have a better shelf life than vegetables and fruits (Goldstuck 2005)

The Challenges in this business are as follows

1. *Highly perishable goods with Short shelf life*

2. **Protection of the freshness of the products.**
3. **Shortest possible channels so as to ensure that the product reaches the buyer before the expiry of the life and as it's a convenience good it has to be made available at the door step of the buyer.**

Proposed Solution

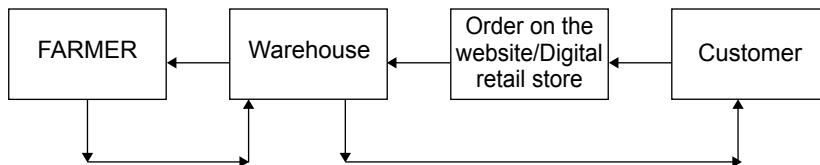
- Use of the shortest possible distribution channel.
- Use of proper logistics system to ensure that the time lag time between production and consumption is the least.
- Use of a proper inventory system.
- Technology of packing and transportation for longer retention of freshness.

The suggested model

Physical Flow channel



Communication Flow



1. The digital vegetable retail business needs some improvisations to reduce the time lag between the procurement and delivery and for the customer it's important to know and ascertain the quality of the goods.
2. The company procures vegetables directly from the farmer reducing the number of intermediaries and from the farmer takes it directly to the central warehouse of the E vegetable store for grading and sorting and packaging.
3. The vegetables are graded as "A, B & C" and marked "Best Before".
4. On the basis of the quality the Products are graded A, B, C. For the best quality A and the least is C.
5. The graded products are than packaged. The package should contain the quality grade i.e. A .B or C and the best before date for the customers to understand the quality.
6. FIFO method of inventory management is suitable.
7. Proper pricing mechanism should be used to sell the products which is suggested based on the freshness and the Grade
8. Day 1 after the goods are procured (A grade) will be the costliest and C Grade would be least.
9. Day 2 with the loss of the freshness price would be slashed for early clearance of the good before it expires.
- 10 Vegetables which lose their freshness before getting sold, discounts may be offered to increase the sales and clearance of the stock.
11. The website should provide the customer information on the Grade of the product,

best before date and products beyond the best before date should not be sold.

12. Warehouse is usually in the outskirts of the city and the supply of vegetables is done from the warehouse to the customer directly from the warehouse.
13. Vacuum sealed and airtight packaging can be used to retain the freshness and the pack should also contain the date of packing.
14. Information on the website for better understanding of the quality of perishables
 - (a) Grade
 - (b) Date of packing
 - (c) Best before

Findings

- Youngsters are very important target market for any online services, as they adapt to the changes and innovations.
- Complexity of the online ordering plays a very important role in preference of the online stores.
- Unwanted advertisements are impacting the consumers and are restricting consumers from making purchases online.
- The awareness towards online purchase of vegetables is very low and respondents found this concept very surprising.
- Numbers of websites that sell vegetables are very less in number and respondents said that these websites do not serve across the city.
- People are ready to invest time and effort to go to a physical store and buy vegetables rather than buying them online.
- Age has impact on the way the consumers buy vegetables. Physical check is very important in purchase of vegetables.
- Connectivity is very low, for online vegetables, in India.

- People are prefer buying vegetables especially seasonal vegetables from brick and retail stores or small vegetable vendors
- Income has impact on the price offered for the product and also on the preference of the website.
- It's also found that people tend to buy products from digital sores but refrain from buying vegetables from digital stores.

Conclusion

While consumers are used to making purchase online for different products, even online market has evolved drastically over the years but still there is exists a gap between the online market and the perception and intention of the consumer, when it comes to vegetables. Trust has already developed towards the online market, but regarding buying vegetables online still they are in dilemma. The dilemma is about the quality, timely delivery, storage, technical expertise and process. So in my view, if a marketer can come down and explain them clearly how the process takes place in case of online vegetables and clarify their doubts related to it, then we can hope that vegetables market will definitely improve in near future. So marketers should capture the market as early as possible in order to gain that market.

Once I met a person who gave a clear explanation for not preferring vegetables online. He said that if we consider any products in online market then we have brands for each of them that differentiate them from one other. But when it comes to vegetables we don't have any brand then how can we understand that the quality is good or bad. After we buy, who is to be blamed? So this is an important message to all the marketers to explore and create a powerful brand for vegetables such that people start trusting it.

Annexure

Respondents Profile

Gender	Frequency	Percent
Male	132	52.8
Female	118	47.2
Total	250	100.0
Age	Frequency	Percent
Below 20	12	4.8
20-30	186	74.4
30-40	40	16
Above 40	12	4.8
Total	250	100
Education	Frequency	Percent
Undergraduate	39	15.6
Post graduate	174	69.6
Professional course	37	14.8
Total	250	100
Occupation	Frequency	Percent
Public sector	14	6
Private sector	111	47.6
Business	26	10.4
Others	99	35.2
Total	250	100
Monthly Income	Frequency	Percent
Below 20000	46	18.5
20000-30000	93	37.3
30000-40000	51	20.5
Above 40000	59	23.7
Total	250	100
Size of the family	Frequency	Percent
3	58	23.2
3-5	139	55.6
Above 5	53	21.2
Total	250	100

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Risk Response and its Impact in CRM Solution Implementations

Hory Sankar Mukerjee

Principal, Education Training and Assessment,
Infosys Limited, Hyderabad
E-mail: Hory_Mukerjee@infosys.com

U Devi Prasad

Associate Professor,
Hyderabad Business School
E-mail: deviprasad.ungarala@gitam.edu

Abstract

Risks in technology solution implementations is one of the reasons why an implementation may get derailed. The risks could be coming from several fronts in a CRM IT project and it is important for project managers to manage this efficiently. Risks in CRM solution deployment could be a technical, organisational, external or a project management risk. While some of them are predictable, some of them are not. Also risks generally mean negative to the customer and not managing a risk may impact the final outcome of the project. It could impact the timelines, the deliverables and the solution delivered to the customer. It could also impact the budgets and timeline pre agreed upon. It is also important to look at how the risk response of the project managers, impact in CRM solution implementation.

Keywords

CRM, Technology, Solutions, Risks

Introduction

IT implementations are risky.¹ Even though the CRM software vendors are providing a standard solution and is time tested across organisations, this does not mean that risks of failure are zero. Risks could often be a differentiator to the success or the failure of a project. The risks are inherent. While some of them are in built, some may come from the operating environment and some from the client or the CRM vendor. The risks lie in an

infinite space, where-in the possibility of risks could be many. However the final outcome of any CRM implementation would be its successful completion and for that it needs to effectively manage the risks. Risks generally have a negative impact on the final outcome of the project.

Literature Review

Solution implementation risks are generally defined as the factors that hinder the timely

¹ Tian, F., & Sean Xin, X. (2015). How do enterprise resource planning systems affect firm risk? Post-implementation impact. MIS Quarterly, 39(1), 39-A9.

completion of a software implementation project.² All software implementation process are bounded by schedules, cost and uncertainty in terms of technology and organisational support.³ The risks if ignored could cause failure if not mitigated or left unmanaged. As a result of this, the costs would increase, schedules cannot be maintained and thus the quality of the project will suffer. Not only that the customer (the organisation implementing the CRM in this case) would not be able to realize the benefits of the project and therefore the satisfaction levels would reduce.⁴ Although costs are an important factor in all software implementation projects, the value of missed benefits could be higher. Literature have suggested the need to assess the sources and types of risks and therefore take effective proactive steps to manage them.⁵

Risk management is thus essential is the solution implementation has to be timely and values need to be realized within a time bound schedule and cost. Identifying the risks, analyzing them and managing them proactively reduces or eliminates the chances of failures and thereby improving the chances of a successful implementation.⁶

Risk management is therefore to assess continuously on: What could go wrong, determine the importance of the risks,

strategies to deal with them, assessing continuously what can go wrong, determination of the importance of the risks and strategies to deal with those risks.⁷

Risks although primarily understood in the negative perspective can also have its own set of advantages.⁸

1. Understand the accuracy of the scoping of the project
2. Relevancy of the project scope
3. Quantify processes across benchmarks
4. Ensure accountability and stakeholder management
5. Identify the strengths and weakness of the approach in the project
6. Validating progress
7. Effective reporting and communication
8. Recommending project, process and technology controls

Another study done by Oracle Corporation on the advantages of the risk management process point out the following. It helps in improving awareness of the status of the total project, CBA (Cost Benefit Analysis) often helps to compare risk mitigation strategies, risk assessment means that the better planned, managed better and well understood.⁹

2 Bannerman, P. L. (2008). Risk and risk management in software projects: A reassessment. *Journal of Systems and Software*, 81(12), 2118-2133.

3 Bannerman, P. L. (2008). Risk and risk management in software projects: A reassessment. *Journal of Systems and Software*, 81(12), 2118-2133.

4 Abdul-Rahman, H., Mohd-Rahim, F. A., & Chen, W. (2012). Reducing failures in software development projects: effectiveness of risk mitigation strategies. *Journal of Risk Research*, 15(4), 417-433.

5 Li, J., Slyngstad, O. P. N., Torchiano, M., Morisio, M., & Bunse, C. (2008). A state-of-the-practice survey of risk management in development with off-the-shelf software components. *Software Engineering, IEEE Transactions on*, 34(2), 271-286.

6 Charette, R. N. (2005). Why software fails. *IEEE spectrum*, 42(9), 36.

7 Abdul-Rahman, H., Mohd-Rahim, F. A., & Chen, W. (2012). Reducing failures in software development projects: effectiveness of risk mitigation strategies. *Journal of Risk Research*, 15(4), 417-433.

8 <https://www.pwc.com/ca/en/controls/program-project-services/publications/project-risk-management-2011-11-en.pdf>; Accessed on 21st March 2016.

9 <http://www.oracle.com/us/products/applications/042743.pdf> ; Accessed on 21st March 2016

Risk management also leads to the following benefits. It gives a favorable alternate course of action to be taken, a confidence that the objectives would be met, and success rates, reducing the surprise elements, better and accurate estimates and reducing the duplicity of efforts.¹⁰

The risks and the risk mitigation strategy could ensure that the CRM IT implementation happens smoothly and without any hitches. Risks are inherent in any project and ensuring that there is proper risk management strategy plays a critical role for a project to succeed. There is sufficient literature available with the risk management and risk mitigation process available, standardized by PMP.¹¹ The objective of risk management includes the minimization of the possible risks and its impact. The effects of risk management includes creation of awareness, clarity in expectations, gaining acceptance, project commitment and trust, and setting the right priorities, thus a higher probability to succeed.¹² A lot of the success in IT projects are linked to successful risk management strategies.¹³

Studies by Sauer et al (2007) mention that the IT project managers, should not accept all the responsibility of delivering the projects successfully as the responsibility lies with others as well, like the top management and the sponsors to the project. The role of the steering committee is also essential in managing the project risks.¹⁴

The next crucial aspect is **responding to the risks** in implementations. The response to the risks can either be to: **Avoid, Transfer, Mitigate or accept the risks.**¹⁵

Avoidance of risks implies, changing the project management plan to eliminate the risk altogether. The project manager may change the objective in risk or isolate the objectives from the impact.

Transferring of risk means shifting of the risk to a third party. So the accountability of the risk lies with someone else. However elimination of the risk does not happen with this.

Mitigation of risks mean reducing the probability and impact of the risk and ensuring that the risks are kept within limits. Taking proactive steps than trying to repair the damage at a later stage is more helpful in this strategy.

Accepting of risks is adopted because it is near impossible to remove all kind of threats from a project environment. A project manager can remain active or passive in response to such risks.

Sharma et al (2011)¹⁶, provides a comprehensive list of risks in an Indian context. They identify 23 risk items which include:

1. Working with inexperienced team
2. Delay in recruitment and resourcing

10 Bannerman, P. L. (2008). Risk and risk management in software projects: A reassessment. *Journal of Systems and Software*, 81(12), 2118-2133.

11 Phillips, J. (2004). *PMP: project management professional study guide*. Tata McGraw-Hill.

12 DIDRAGA, O. (2013). The Role and the Effects of Risk Management in IT Projects Success. *Informatica Economica*, 17(1), 86-98.

13 DIDRAGA, O. (2013). The Role and the Effects of Risk Management in IT Projects Success. *Informatica Economica*, 17(1), 86-98.

14 Sauer, C., Gemino, A., & Reich, B. H. (2007). The impact of size and volatility on IT project performance. *Communications of the ACM*, 50(11), 79-84.

15 Guide, A. (2008). *Project Management Body of Knowledge (PMBOK® GUIDE)*. In Project Management Institute

16 Sharma, A., Sengupta, S., & Gupta, A. (2011). Exploring risk dimensions in the Indian software industry. *Project Management Journal*, 42(5), 78-91.

3. Less or no experience in similar projects
4. Insufficient testing
5. Team diversity
6. Lack of availability of domain expert
7. Lack of commitment from the project team
8. High level of attrition
9. Estimation errors
10. Inaccurate requirement analysis
11. Lack of top management support
12. Low morale of the team Pilot study
13. Miscommunication of requirements
14. Conflicting and continuous requirement changes
15. Language and regional differences with client
16. Lack of client ownership and responsibility
17. Inadequate measurement tools for reliability
18. Third-party dependencies
19. Inability to meet specifications
20. Inaccurate cost measurement
21. Poor code and maintenance procedures
22. Poor documentation
23. Poor configuration control

Studies done by researchers Wen et al (1998) focus on two types of risks. The first being physical risks and the second being managerial risks. While the physical risks relate to computer hardware, software and data, the managerial risks pertain to benefits not recognized, costs of implementing, time, end user resistance, performance of the systems and incompatibility issues with other systems.¹⁷

Baccarini (2004) studied the risks in information technology projects and ranked them as per the responses from project managers.¹⁸ Here are the list of 27 items that he had identified in his study.

1. Personnel shortfalls (insufficient human resources)
2. Unreasonable project schedule and budget
3. Unrealistic expectations (salesperson over sold product)
4. Incomplete requirements
5. Diminished window of opportunity due to late delivery of software
6. Continuous changes to requirements by client
7. Poor production system performance
8. Poor leadership (project manager and/or steering committee)
9. Inadequate user documentation
10. Lack of agreed-to user acceptance testing and signoff criteria
11. Inadequate third party performance
12. Politically motivated collection of unrelated requirements
13. Lack of executive support
14. Lack of single point accountability
15. Corporate culture not supportive
16. Technical limitations of solution reached or exceeded
17. Inappropriate user interface
18. Litigation in protecting intellectual property
19. Application (software) not fit for purpose
20. Over specification

¹⁷ Wen, H. J., Yen, D. D., & Lin, B. (1998). Methods for measuring information technology investment payoff. *Human Systems Management*, 17(2), 145

¹⁸ Baccarini, D., Salm, G., & Love, P. D. (2004). Management of risks in information technology projects. *Industrial Management & Data Systems*, 104(4), 286-295.

- | | |
|--|--|
| 21. Friction between clients and contractors | 17. Personnel changes and personnel management risks |
| 22. Lack of formal change management process | 18. Project manager experience |
| 23. Developing wrong software functionality | 19. Project size |
| 24. Poor quality of staff | 20. Project structure |
| 25. Harmful competitive actions | 21. Requirement management |
| 26. Software no longer needed | 22. Resource usage |
| 27. Failure to review daily progress | 23. Scheduling risks |

Gemino (2007) identified risks under two broad categories. They were: Prior risk category (sub classified as knowledge and structural risks) and emerging risks (organizational support and volatility).¹⁹ The researchers opine that risks may be at two points. First before the projects begin and second risks that may come up during the project.

Here is a list of risk items suggested by the researchers:

1. Application size
2. Changing requirements and scope
3. Complexity risks
4. Conflict between departments
5. Degree of Novelty
6. Experience with the technology
7. Expertise in user support
8. Firm requirements
9. Inappropriate staffing
10. Lack of expertise
11. Lack of knowledge
12. Lack of user involvement
13. Managing user expectations
14. Misunderstanding requirements
15. Organisational environment
16. Performance risks

24. Software infrastructure
25. Subcontracting risks
26. System functionality
27. Team risks
28. Technical complexity
29. Technological complexity
30. Technological newness
31. Top management support
32. Unreliable estimates
33. User involvement and commitment

The important step here is to understand the risk items that are associated with implementation of CRM IT projects as ranked by project managers, the relevancy of the risks and the appropriate response strategy to the risks.

Project managers are essentially risk managers. They guide a project to safety and successful completion. Risk management essentially has two aspects to it. The first being, risk assessment and the second, risk control. Assessment includes, identification, analysis and prioritization while risk control is about, risk management planning, resolution and monitoring.²⁰ An effective and standard way to steer this is through practice-based approaches like PRINCE, (PProjects IN Controlled Environments) or

19 GEMINO, A., REICH, B. H., & SAUER, C. (2007). A Temporal Model of Information Technology Project Performance. *Journal Of Management Information Systems*, 24(3), 9-44

20 Li, J., Slyngstad, O. P. N., Torchiano, M., Morisio, M., & Bunse, C. (2008). A state-of-the-practice survey of risk management in development with off-the-shelf software components. *Software Engineering, IEEE Transactions on*, 34(2), 271-286.

Capability Maturity Model Integration (CMMI) and Information Technology Infrastructure Library (ITIL). The project management body of knowledge (PMBOK) identifies a six step approach to the risk management process that is to plan, identify, qualify, quantify risk and then plan risk responses and monitor and control risks.²¹

Risk management is therefore a process to develop of options and actions that a project manager would take to avoid, transfer, accept or mitigate in case a risk occurs. A well-managed project can therefore steer off the risks that may come up and therefore ensure the timely completion of the project, within the budgets and with the desired outcome.

This leads to our hypothesis statement: ***Does an effective risk response strategy help in successful completion of CRM projects?***

Objectives of the study and Hypothesis statements

The objective for the study is to analyse the impact of project risks on successful CRM implementations. The implementation of CRM is a complex subject as implementations have still not reached its maturity. A continuous body of research is being conducted by academicians and practioners on it. The success rates of CRM implementation is low and one of the major contributors are the risk factors that engulf the process of implementation. As a first step, it is important to understand the key risk factors that impact the implementation process. It is also important to understand whether each of these risks can be mitigated and the influence it has on the overall project deliverables.

H1_a: There is a significant impact risk response strategy have in CRM project completion.

Details of the Study Conducted

The pilot questionnaire was administered to a panel comprising of seven experts from the Information technology consultants to check its adaptability to Indian conditions.

A pilot study was conducted initially to examine the reliability and validity of the questionnaire.

A total of 105 samples (Around 23 samples from each company) was included from the big five IT consulting companies based on simple random sampling.

Analysis of the Results

The age of the 105 respondents, ranged between 29 and 48 years, working in various designations of principal consultants, industry principals, project managers, senior project managers and so on. All the respondents have worked on a CRM implementation project across technologies, sometimes in multiple technologies and had a project management experience. 28.6% percent had more than 6 implementation experience, followed by 26.7% percent having more than 4 implementation experience.

To analyse the data further, we followed this methodology for our first hypothesis:

Part 1: The opinion of the project managers were collected on the various risk parameters

Part 2: A Cronbach's Alpha (to test the reliability) followed by a principal component analysis was conducted to find out the critical factors that were creating the maximum variance.

Part 3: Data was collected from the respondents on the impact that the risk response strategy had on the project cost, timelines and deliverables. Analysis of variance was used to test the hypothesis.

²¹ Pritchard, C. L., & PMP, P. R. (2014). Risk management: concepts and guidance. CRC Press.

Part 1: The opinion of the project managers were collected on the various risk parameters

Table 1: Questions asked to project managers on 'risk response strategy

What is your opinion about the following statements on 'risk response strategy'? (Please tick the appropriate boxes)					
Risk response can delay a project timelines	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
Risk response can impact the project deliverables	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
Risk response can impact the technical performance of the CRM system	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
Risk response can impact the cost and quality	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
Risk response can improve the customer satisfaction, post project completion	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
Risk response can lead into end user satisfaction	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree

Table 2: Tabulated responses of the project managers on 'risk response strategy

Factors	1	2	3	4	5	Total
Risk response can delay a project timelines	1	20	16	59	9	105
Risk response can impact the project deliverables	4	5	14	61	21	105
Risk response can impact the technical performance of the CRM system	1	16	25	54	9	105
Risk response can impact the cost and quality	1	6	13	68	17	105
Risk response can improve the customer satisfaction, post project completion	1	6	10	69	19	105
Risk response can lead into end user satisfaction	1	0	27	50	27	105

Part 2: A Cronbach's Alpha (to test the reliability) followed by a principal component analysis was conducted to find out the critical factors that were creating the maximum variance.

Reliability Statistics

Table 3: Results of Cronbach's Alpha on the questionnaire of the 'risk response strategy

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.738	.638	6

Factor Analysis

Principal Component Analysis (PCA) has been used for the study essentially to check if smaller number of variables can be used to explain risks in CRM implementations.

Here were the results for the PCA.

Table 4: Results of KMO and Bartlett's test of Sphericity

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.582
Bartlett's Test of Sphericity	Approx. Chi-Square	113.409
	df	15
	Sig.	.000

Table 5: Results of Eigenvalues extracted using PCA

Component	Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.166	36.096	36.096	2.166	36.096	36.096	2.023	33.712	33.712
2	1.454	24.229	60.325	1.454	24.229	60.325	1.597	26.613	60.325
3	.845	14.081	74.406						
4	.658	10.972	85.377						
5	.518	8.633	94.010						
6	.359	5.990	100.000						

Extraction Method: Principal Component Analysis.

Table 6: Results of Varimax rotation using Kaiser Normalization

Rotated Component Matrix ^a		
	Component	
	1	2
Risk response can delay a project timelines	.740	
Risk response can impact the project deliverables	.708	
Risk response can impact the technical performance of the CRM system	.750	
Risk response can impact the cost and quality	.636	
Risk response can improve the customer satisfaction, post project completion		.848
Risk response can lead into end user satisfaction		.878

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.
 Values less than 0.5 has not been shown.

a. Rotation converged in 3 iterations.

The above table shows the rotated component matrix for the three components, contributing to 60.3% of the total variations. The naming of the components was done in a way that all the highest loading reflects in the name of that factor. The **two major factors** identified after grouping of all the 6 factors are:

1. Impact on project deliverables
2. Impact on the satisfaction

The first component is related to impact of project risks on the deliverables of the project. Deliverables are the fundamental to a project. Any project has a starting point and an end. Therefore for CRM projects, there is a definite start and end. These are also referred to as deliverables. These could be both technical and functional deliverables. However the deliverables are to be handed over to the customer within a timeframe (0.740). This

explains the load on the component 1 and explains 36.09% of the variance.

The second component explains 24.22% of the variance and is related to the impact on satisfaction. Responding to the risk using any strategy leads into higher satisfaction. The satisfaction could be the final end user satisfaction or it could be the customer satisfaction. This needs no explanation as proper risk response is definitely going to impact the satisfaction of the customers and end users.

Part 3: Data was collected on the impact that the risk response strategy adopted on the project cost, timelines and deliverables. The data was pertaining to three of the projects that they have completed. The data captured the impact risk response had on cost, timelines and deliverables. Analysis of variance (ANOVA) was used to test the hypothesis.

Data was collected on the impact that the risk response strategy adopted on the project cost, timelines and deliverables. Analysis of variance (ANOVA) was used to test the hypothesis.

Table 7: Descriptive statistics on the impact of risk response on project costs

Descriptive - Project cost								
	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Pro1	105	.7000	1.25094	.12208	.4579	.9421	.00	12.00
Pro2	105	.3190	.60229	.05878	.2025	.4356	.00	3.00
Pro3	105	.3019	1.20575	.11767	.0686	.5352	-.50	10.00
Total	315	.4403	1.07417	.06052	.3212	.5594	-.50	12.00

Table 8: ANOVA for the impact of risk response on project costs

ANOVA					
Project cost					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	10.636	2	5.318	4.718	.010*
Within Groups	351.672	312	1.127		
Total	362.308	314			

Table 9: Descriptive statistics on the impact of risk response on customizations

Descriptive-Customizations								
	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
1.00	105	7.9619	9.12722	.89073	6.1956	9.7282	.00	35.00
2.00	105	5.0000	8.77606	.85646	3.3016	6.6984	.00	35.00
3.00	105	2.1048	6.28173	.61303	.8891	3.3204	.00	35.00
Total	315	5.0222	8.47981	.47778	4.0822	5.9623	.00	35.00

Table 10: ANOVA for the impact of risk response on customizations

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1801.149	2	900.575	13.523	.000
Within Groups	20777.695	312	66.595		
Total	22578.844	314			

Table 11: Descriptive statistics on the impact of risk response on project delays

Descriptives-Project delay								
	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Pro1	105	44.4857	66.94560	6.53322	31.5301	57.4413	.00	450.00
Pro2	105	17.0286	34.71711	3.38804	10.3100	23.7472	.00	220.00
Pro3	105	20.8190	71.50710	6.97838	6.9807	34.6574	-18.00	365.00
Total	315	27.4444	61.03460	3.43891	20.6782	34.2107	-18.00	450.00

Table 3.6: ANOVA for the impact of risk response on project delays

ANOVA					
Source of Var	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	46493.073	2	23246.537	6.457	.002*
Within Groups	1123226.705	312	3600.086		
Total	1169719.778	314			

ANOVA was used to test project costs, customizations and project delays with P value of 0.010, 0.000, and 0.002 at 5% level of significance. The values are less than 0.05. Therefore there is evidence to suggest that there is a significant impact risk response has on CRM project completion.

Conclusion

Risks can be a big game changer for CRM IT projects. It is essential that the risks are managed well by the project managers. A formal risk management procedure and a culture of risk management will do a great work in the process of managing risk. The second important conclusion is that the responding to the risks proactively leads to better satisfaction of customers and end

users. The third important conclusion is the ability of the risk response to impact the project deliverables. A high likelihood exists that an improper response would impact the quality of the project and the deliverables. The traditional measure of success, (Iron Triangle) may be severely impacted as a result of poorly responding to the risk and there is numerical evidence provided in the research to justify that. The internal project margins of the consultant may also be impacted as a result of the risk management procedures in place. Therefore the impact is therefore significant.

Managing risks is therefore critical as the usability of the CRM system lies in the hands of the end users. Another key aspect that needs to be looked at future research is to

check if the risk management process is ultimately impacting the project success. Another aspect for future research is to see if positive risks impact the IT consultants and to what degree.

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Salesforce Ethical Behaviour: A Control System Perspective

Zoha Fatima

Research Scholar,
Aligarh Muslim University, U.P.
E-mail:zoha_fatima22@yahoo.com

Abstract

In this competitive environment where companies are producing almost similar products, ethical behaviour of salespeople matters a lot. If salesforce behaves unethically, it will result in low customer trust and commitment with salespeople, which will ultimately result in low sales and profitability for the organization. Therefore, salesforce ethical behaviour has relevance in not only affecting customers, but also sales organizations. This paper, after highlighting the consequences of salesforce ethical behaviour, suggests ways to improve salesforce ethical behaviour from control system perspective.

Keywords

Salesforce Ethical Behaviour, Quota, Sales Audit, Territory, Sales Analysis

Introduction

Billions of dollars spent on product development and promotion can be negated by the poor performance of a salesperson and dissatisfying customer interaction, while similarly initial satisfaction with the salesperson may help a consumer overlook shortcomings in the areas of service or product difficulties (Goff, Boles, Bellenger and Stojack (1997). Salesforce ethical behaviour is of immense importance for the success of the product and services, salespeople and the organization. If salespeople are not ethical in dealing with their customers, it can result in

loss for the company as well as salespeople. As the competition among organizations is increasing, more and more organizations are trying to differentiate themselves through ethical and customer oriented selling.

Industrial field salespeople are likely to encounter ethical conflicts on a daily basis in their dealings with customers, competitors, and their own management (Robertson and Anderson, 1993). According to Futrell, (2002), "they work in relatively unsupervised settings; they are primarily responsible for generating the firm's revenues, which at times can be very stressful; and they are

often evaluated on the basis of short-term objectives". As sales job is so unique, it is important to analyse the ethical behaviour of salespeople.

There are various factors which are likely to have an impact on salesforce ethical behaviour. Previous studies have linked ethical behaviour with organizational as well as salesperson characteristics. This paper takes into consideration the impact of quota, sales audit, territory and sales analysis on salesforce ethical behaviour. The objective of this paper is to analyse the consequences of salesforce ethical behaviour and suggest ways to improve it from control system perspective. First, the paper defines ethical behaviour. Second, it highlights the consequences of ethical sales behaviour. Third, it provides control system perspective to improve salesforce ethical behaviour.

Salesforce Ethical Behaviour

Ethical sales behaviour is defined as fair and honest actions that enable the salesperson to foster long-term relationships with customers based on customer satisfaction and trust (Roma'n and Munuera, 2005). Unethical sales behavior is defined as a short-run salespersons' conduct that enables them to gain at the expense of the customer (Roma'n and Ruiz (2005). Examples of such activities are Lagace et al., 1991; Robertson and Anderson, 1993):

Lying or exaggerating about the benefits of a product

- Lying about availability
- Lying about the competition
- Selling products that people do not need
- Giving answers when the answer is not really known and
- Implementing manipulative influence tactics or high-pressure selling techniques.

Consequences of Ethical Behaviour

Various studies have found that salesforce ethical behaviour has positive impact on customer's trust, satisfaction and commitment with the salesperson. In their study on 249 consumers, Roma'n and Ruiz (2005) found that perceived ethical sales behavior has a positive effect on consumer's trust and commitment to the salesperson. Analysing the role of ethical sales behaviour in developing and maintaining relationships with customers, Sergio Román (2003) found that ethical sales behaviour has a positive impact on trust and loyalty to the company. Kennedy et al. (2001) developed a model of consumers' trust of salesperson and manufacturer. Their study on car buyers showed that customer satisfaction is positively associated with low-pressure selling tactics.

Control System

A control system comprises of quota, sales audit, sales territory and sales analysis.

Quotas

Quotas are quantitative objectives assigned to salespeople (Still, Cundiff and Govoni, 1988). The main rationale behind setting of quotas is to provide quantitative performance standards for salespeople, to obtain tighter sales and expense control and to motivate desired performance. There are different kinds of quotas – sales volume, budget and activity quota. Quotas can be derived by using different methods such as market estimates, past sales experience, executive judgment alone and compensation plan. Quotas should be accurate, fair and attainable.

1 Analyzing the Influence of Ethical Sales Behavior on Customers..., hrmars.com/.../Analyzing_the_Influence_of_Ethical_Sales_Behavior_on_Customers_...

Sales Audit

A sales audit is a systematic and comprehensive appraisal of the total selling operation (Still et al. 1988). A sales audit improves the effectiveness of sales organization.

Sales Territory

A sales territory is a grouping of customers and prospects assigned to a salesperson (Still et al, 1988). The objectives of establishing sales territory are as follows: Providing proper market coverage, controlling selling expenses, evaluating salespeople and contributing to salesforce morale. Establishment of sales territories help in matching selling efforts with sales opportunities (Still et al, 1988).

Sales Analysis

Sales analysis a detailed study of sales volume to detect strength and weaknesses (Still et al, 1988). It provides information related to strong and weak territories, high and low volume products and type of customers.

Framework for Organizing the Study

Taking into account the variables of salesforce ethical behaviour, quota, sales audit, articles from following management, marketing, and sales journals have been included - Journal of Retailing, Journal of Marketing, The Marketing Management Journal, Journal of Personal Selling and Sales Management, Journal of Business Research, Industrial Marketing Management, Journal of Business Ethics, Organization Science, European Journal of Marketing, Journal of the Academy of Marketing Science, Journal of Services Marketing, The Academy of Management Journal, Journal of Relationship Marketing and Journal of Marketing Management.

Ways of Improve: Control System Perspective

Setting Manageable Quotas

Quotas are quantitative objectives assigned to individual sales personnel (Still, Cundiff and Govoni, 1988). Sales quotas are often used to direct sales efforts toward selling a certain number of products, types of products, and reaching sales revenue target (Schwepker Jr. and Good (2004a). Improperly set quotas can lead to short-range thinking, dishonesty, and cheating (Latham and Locke 1984). Quota difficulty was found to negatively affect salespeople's moral judgment when negative consequences occurred for failing to meet quota (Schwepker and Good, 1999).

When manageable quotas are established, it is likely to result in increased professional commitment of both sales managers and salespeople and reduced unethical salesforce behavior.

Using regression analysis to analyse data of 240 sales managers, Schwepker and Good (2007a) found that sales manager's perceived quota difficulty is significantly negatively related to their professional commitment and the probability of them allowing salespeople to act unethically. Schwepker Jr. and Good (2004a) analysed the impact of sales managers' quotas on their response to salespeople's unethical behavior and customer orientation of the salesforce. The results indicated that sales quotas can negatively affect salesforce customer orientation via their effect on sales managers' responses to salespeople's selling behaviors.

Analysing data of sales representatives using regression analysis, Schwepker Jr and Good (1999) found that when the outcome for not reaching quota is negative, salespeople are more likely to engage in unethical behavior, particularly when the firm's climate is unethical. Schwepker and Good

(2007a) found that when sales managers perceive their quota to be difficult they are more likely to allow salespeople to behave unethically. Sales quotas should not just be based on previous years results, but actual current selling conditions and opportunities should be considered while setting up quota. Management needs to effectively communicate both the assignment of sales quota and its fairness to sales managers and salespeople (Schwepker Jr. and Good, (2004a). This will help salespeople understand the reason for establishing quota and will make the task of achieving quota seem easier.

Instead of sending a note to salespeople to announce individual sales objectives, it would be beneficial to meet with the salesperson and have a detailed discussion addressing how this amount was determined (Schwepker Jr and Good, 1999). When salespeople are provided information about the particular market, this makes the sales environment appear more attractive to salespeople and the quota appear less difficult (Schwepker Jr and Good, 1999).

Conducting an Ethical Audit

Realizing the fact that unless ethical performance is monitored, it will be taken for granted (Laczniak and Murphy, 1991) organizations these days are opting for ethical audit. Salesforce audits should be conducted regarding the ethics issue. In ethical audit, a series of questions should be developed in order to see that the ethical guidelines are being followed. The purpose of an ethical audit is to ensure that ethically relevant questions are being asked so that truly relational exchanges can be fostered (Gundlach and Murphy, 1993). Ethical audit is a systematic check to ensure that salespeople are behaving ethically. The sales organizations can ask a consultant or ethics

committee to periodically evaluate operations against a prescribed set of standards (Laczniak and Murphy, 1991).

Ethical audit should indicate ethical dilemmas faced by salespeople and should also determine the salespeople's feelings regarding corporate guidance for dealing with these situations (Weeks and Nantel, 1992). Ethical audit is also helpful in the sense that it will help management know salesforce's perception of management's overall commitment toward conducting ethical business. The audit will provide a chance to get feedback from the salesforce regarding their perceptions of how well sales managers are adhering to the code (Weeks and Nantel, 1992).

Suggesting a general framework that should help marketing managers in preparing corporate social audit, Kiszilbash, Hancock, Maile and Gillett (1979) stated that marketing management should view the corporate social audit as an opportunity for demonstrating its concern for the protection of consumer rights.

Assignment of Proper Sales Territory

Territories should be designed in such a way that it helps salespeople cover them economically. If there are less opportunities for salespeople, then salespeople will try using unethical tactics in selling their product as salespeople are required to achieve a given level of performance within their territories. Effort should be made by the management to assign such territory to salespeople which has enough opportunities for salespeople.

Ethics Analysis

When widespread unethical practices are discovered, top management and other policy makers cannot escape criticisms that they may be measuring performance by

results, and not by broader or more humane criteria (Ferrell, Weaver, Taylor and Jones, 1978). Just like sales analysis, ethics analysis can be conducted which gives information on the ethical and unethical behaviour of salespeople.

Self-administered surveys should be used by the managers to measure actual salesforce unethical behavior. Direct measures of the competitive pressures facing agents need to be developed so that their effects on salesforce unethical behavior can be observed and controlled (Hoffman, Howe and Hardigree, 1991).

Performance appraisals by taking customer's feedback could be of help in analysing salesforce unethical behaviour. Performance appraisals provide opportunities for sales managers to consider salesperson behavior in addition to sales outcomes (Boedecker, Morgan and Stoltman, 1991). Oliver and Swan (1989) found that buyers' perceptions of fairness are influenced positively by higher levels of seller input. If salespeople provide intangibles like timely information and post-sale service, customers will feel more fairly treated. By collecting customers' perceptions of salespersons' performance, sales managers can provide feedback to salespeople which will help salespeople contemplate on their own behaviour and give them the opportunity to self-correct themselves.

Top Management's Commitment to Ethics

Top management plays an important role in curbing unethical practices in the organization. Top management's commitment to ethics is a prerequisite for the successful implementation of above given ways to improve ethical behaviour. If the top management is not ethically oriented,

no importance will be given to setting of manageable quota and sales territory design and conducting ethics audit. Studies are discussed which have highlighted the importance of top management's commitment to ethics in influencing ethical behaviour.

When bribery, dishonest communication, and potentially dangerous products are exposed, top management is required to demonstrate that policies exist and are enforced to prevent such unethical activities (Ferrell, Weaver, Taylor and Jones (1978). During group meetings or through the use of video tapes, the President of the firm and the Vice President of Sales should make known their personal commitments regarding conducting ethical business (Weeks and Nantel, 1992).

Examining relationships between customers and sales associates using a qualitative research approach, Beatty, Mayer, Coleman, Reynolds and Lee (1996) found that sales associates' own customer orientation (which includes elements such as their commitment, motivation, and skills) is dependent upon top management's customer orientation. Top management should make clear to its sales managers and salespeople that it is committed to practising ethical selling and ethical behaviour. When the organization does not clearly delineate its stance on ethical behaviour, individuals may be unclear as to the degree of congruency between their ethical values and those of the organization (Schwepker, Ferrell, and Ingram, 1997). Weaver, Treviño and Cochran (1999) in their study found that top management's commitment to ethics was significantly and positively related to ethics program scope and values orientation. Ferrell and Gresham (1985) proposed that top management will have greater influence on the individual than peers, due to power and demands for compliance.

Deconinck (2005) analysed how an organization's ethical control system that incorporates both a compliance orientation and a values orientation influences sales managers' ethical perceptions of and behavioral intentions toward unethical salesforce behavior. Their study on sales managers showed that when top management is committed to a compliance-oriented ethics control program, sales managers will feel that an ethical problem exists.

Ferrell, Weaver, Taylor and Jones (1978) examined marketing managers' ethical belief, their perception about ethics of peers and top management and their understanding of the extent of enforcement of corporate policy. Their analysis on 133 marketing managers indicated that marketing practitioners believe that they are more ethical than peers, in many situations more ethical than top management, and that they have higher ethical standards of conduct than existing enforced corporate policy. These findings suggest that top management must assume at least part of the responsibility for the ethical conduct of marketers within their organization.

Emphasizing the importance of top management leadership, Laczniak and Murphy (1991) stated that the primary factor in setting a firm's ethical tone is the seriousness of purpose communicated by top managers toward this issue. By prescribing, monitoring, and evaluating marketing processes; and developing a code of ethics specific to marketing, top management can take the ambiguity out of the environment of the marketing function (Saini, Krush and Johnson, 2008).

Conclusion

The review of studies reveal that following steps can be taken to improve salesforce ethical behaviour:

Quotas

1. Fair and manageable quotas should be set.
2. Quotas should be based on current selling situation.
3. Assignment of quota and reasons for its assignment should be communicated properly to salespeople.
4. Salespeople should be involved in designing their own quota.

Ethics audit

1. Ethical audit should be conducted regularly.
2. Ethical questions should be asked to see if ethical guidelines are being followed by salespeople.
3. Ethical audit should highlight ethical dilemmas and guidelines of managers in dealing with them.
4. It should state salespeople's perception about management's commitment to ethics and sales managers' adherence to ethical codes.

Territory

1. Territories should be assigned properly.
2. Opportunities should be matched with the level of performance required of salespeople.

Ethics Analysis

1. Self-administered surveys should be used by the managers to measure actual salesforce unethical behavior.
2. Performance appraisals by taking customer's feedback should be used for analysing salesforce unethical behaviour.
3. Feedback should be given by sales managers, so that salespeople can improve their performance.

Top management's commitment to ethics

1. Top management should be committed to ethics.
2. Top management should make their commitment regarding conducting ethical business known to salespeople and sales managers.

Implications

The study reveals that salesforce ethical behaviour can be improved by taking several measures from the perspective of control system such as setting manageable quota, conducting ethics audit and setting proper sales territories. Findings also revealed the importance of top management's commitment to ethics in influencing salesforce ethical behaviour. The study holds important implications for sales organizations as this will help them increase the ethical behaviour of salespeople by focusing on the above mentioned aspects of control system.

Directions for Future Research

This study analysed salesforce ethical behaviour from the control system perspective. Researches in future should consider analysing it from sales management perspective. They should take into account the impact of salesforce recruitment, training, motivation and compensation on salesforce ethical behaviour and suggest ways to improve it.

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Training Calendar

List of Programmes for the Year 2017-18

S No	Title of Programme	Dates	Coordinator (s)
August 2017			
1	Turnaround Strategies	Aug 7-8, 2017	Mr KRS Sastry
2	Workshop on "MoU: DPE Parameters of Performance Evaluation & Monitoring and Global Perspective"	Aug 18-19, 2017	Prof RK Mishra & Ms J Kiranmai
3	Project Management	Aug 22-24, 2017	Mr S Satish Kumar
4	Business Analytics for Effective Decision Making: Basics and Advances	Aug 29-31, 2017	Dr Shaheen & Dr KV Anantha Kumar
September 2017			
1	Risk Management	Sept 4-5, 2017	Mr KRS Sastry
2	Supplier Development Training / Strategic Sourcing	Sept 11-13, 2017	Mr S Satish Kumar & Mr CV Sunil Kumar
3	International Conference on "Ease of Doing Business (EoDB) in Asia : Policies and Perspectives"	Sept 14-15, 2017	Dr P Geeta, Dr Usha Nori & Dr PS Janaki Krishna
4	Reservation Policy For SCs, STs & OBCs in CG, CPSEs, SLPEs And Banks	Sept 18, 2017	Prof RK Mishra & Ms J Kiranmai
5	e-Procurement	Sept 19-20, 2017	Mr AS Kalyana Kumar
6	Project Appraisal, Financing and Management	Sept 21-22, 2017	Dr SS Murthy
7	Social Media Marketing and Web Analytics	Sept 25-27, 2017	Dr Anup Kumar
October 2017			
1	Public Finance	Oct 2-7, 2017	Dr Ch Lakshmi Kumari & Urban Action School
2	Tenders & Contract Management	Oct 3-4, 2017	Mr KRS Sastry
3	Ethical Hacking & Cyber Security	Oct 4-6, 2017	Mr A Rakesh Phanindra
4	Corporate Finance – Insights for Investors, Policy Makers and Finance Professionals	Oct 11-13, 2017	Dr A Pawan Kumar
5	Managing Corporate Social Responsibility For High Impact	Oct 16-17, 2017	Dr Shulgana Sarkar & Dr Deepti Chandra
6	Finance For Non-Finance Executives	Oct 25-27, 2017	Mr KV Ramesh
7	Board Development Programme	Oct 25-27, 2017	Mr KRS Sastry
8	Certificate Course: Advanced Leadership Programme	Oct 30-4 Nov, 2017	Mr KRS Sastry & Mr S Satish Kumar

S No	Title of Programme	Dates	Coordinator (s)
November 2017			
1	Managing Change in Organizations	Nov 1-3, 2017	Dr Anupama Sharma
2	Urbanization and Environment	Nov 5-25, 2017	Dr Ch Lakshmi Kumari & Urban Action School
3	Valuation Using Financial Models	Nov 8-10, 2017	Mr M Chandra Shekar
4	Workshop for Liaison Officers of SCs, STs and OBCs in CPSEs, SLPEs and Banks	Nov 10, 2017	Prof RK Mishra & Ms J Kiranmai
5	Enhancing Effectiveness At Workplace	Nov 15-17, 2017	Dr A Sridhar Raj
6	Understanding Foreign Currencies and Global Finance	Nov 21-22, 2017	Dr G Rajesh & Dr M Karthik
7	Essentials of Business Analytics for Effective Decision Making	Nov 28-30, 2017	Dr KV Anantha Kumar and Dr Shaheen
8	Logistics Management and Analytics	Nov 29-30, 2017	Mr CV Sunil Kumar
December 2017			
1	Applied Financial Management	Dec 4-9, 2017	Mr KRS Sastry
2	Leadership and Change Management	Dec 7-8, 2017	Mr V Anji Raju
3	e-Marketing For Competitive Advantage	Dec 13-15, 2017	Mr P Mahesh
4	Strategic Financial Management	Dec 14-15, 2017	Dr SS Murthy
5	Workshop on Corporate Governance for Senior Executives of CPSEs	Dec 17, 2017	Prof RK Mishra & Ms J Kiranmai
6	National Conference on Diversity in Management-Development of Women Executives	Dec 27-28, 2017	Mr KRS Sastry & Dr Narendranath K Menon
January 2018			
1	International Conference on Decision Making Excellence in Management Research	Jan 8-9, 2018	Mr CV Sunil Kumar
2	Cloud Computing For Business Professionals across The Globe	Jan 9-11, 2018	Mr A Rakesh Phanindra
3	Board Development Programme	Jan 22-24, 2018	Mr KRS Sastry
4	Development Planning and Policy Design Using System Dynamics	Jan 29-31, 2018	Dr Anup Kumar
February 2018			
1	National Conference on Cyber Security	Feb 8-9, 2018	Mr AS Kalyana Kumar
2	Conference on "Data Analytics, Operations Research and Internet of Things"	Feb 15-16, 2018	Dr Shaheen & Dr KV Anantha Kumar
3	Conclave of Vigilance Officers	Feb 20-21, 2018	Mr KRS Sastry
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- Leading Sustainability Change
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Ph: +91-40-234 90 900 Fax: +91-40-234 90 999 www.ipeindia.org

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