

CUSTOMER RETENTION STRATEGY OF ORGANISED RETAILERS IN FOOD AND GROCERY RETAILING

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ABSTRACT

Indian retail industry is one of the fastest-growing in the world. The retail industry is expected to reach Rs 76.87 lakh crore by 2020. India's retail sector is experiencing exponential growth with retail development taking place not just in major cities and metros, but also in tier II and III cities. Healthy economic growth, changing demographic profile, increasing disposable income, urbanisation, changing consumer tastes and preferences are some of the factors driving growth in the organised retail market in India. The opportunities for organised retailers were exceptionally high in Food and Grocery (F&G) retail. As far as F&G Retail in Coimbatore is concerned, it is unorganised, which poses challenge and competition to the corporate retailers to tap the market. Due to intense competition in the field of retailing, every retailer has to face stiff challenges, and the success and survival largely depend upon customer satisfaction and retention. In this scenario, the retailers had to work on the strategies that attract the customers and which make them not to shift their choice towards competitors. Hence, this study focuses on customer retention strategies of organised retailers in food and grocery retailing.

Keywords: Retail, Organised Retail, Food and Grocery, Customer Retention.

INTRODUCTION

The Indian F&G retail is the largest retail segment in terms of market share, and a most attractive segment in the world accounts for 69 per cent of the total revenue in the retail sector, followed by apparel segments (source: www.ibef.org). Indian retail sector is dominated by unorganised retailers, which consist of small, independent stores, owner-managed shops, and local Kirana stores which hold 91 per cent of the total retail market. A notable change in an economic scenario is in India's emergence of organised retail. The organised retail refers to the trading activities undertaken by licensed retailers who are registered themselves for sales tax, and income tax. These include corporate-backed hypermarkets, retail chains, and large private businesses.

Organised F&G retailing was initially started in South India. However, unorganised retailers and local players dominate Retail in South India. Homely retail experience, the comfort of the native language along with familiarity with local culture and purchase preferences have been the driving forces for the growth of these retailers (source: www.franchise India.com). The growth of organised retail is much faster in South India, especially in Tamil Nadu, where high-income households are growing faster.

In Tamil Nadu, notably, Chennai has emerged as a centre of organised retailing. In Chennai, nearly 20 per cent of food sales are now accounted for a supermarket. Next to Chennai, Coimbatore is the emerging centre for organised food retailing due to the operation of organised retail stores such as Big Bazaar, Megamart, Nilgiris and reputed Coimbatore-based stores, which has 28 outlets across cities such as Erode, Madurai, Salem, Pollachi, and Tirupur in the