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Private Super Markets and Margin Free Markets in Kerala: A Comparative Study of Factors Influencing Consumers

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Abstract

Retailing occupies a predominant position in the economies of almost all the developed countries. It is one of the fastest growing sectors and contributes more than one-fourth of the GDP of many countries in the world. The sector gives nearly 20 per cent of the employment in the world. In India, organised form of retailing stared in 1990s and presently possesses nearly ten percent of total retail turnover and grows at a CAGR of 24 per cent – the highest rate in the world. In Kerala, organised retailers consists of supermarkets owned by private chains as well as independent large retailers, Margin free markets and government controlled retailers. Here, Private Supermarkets are supposed to compete with Margin Free Markets. In this study, the factors influencing the choice of stores among the consumers of Private Supermarkets and Margin Free Markets are identified and examined using 17 variables. The variables, as part of dimension reduction, are grouped into three prominent groups using the statistical tool Exploratory Factor Analysis. It is found that for the factors 'Assortment and Service' and 'Quality of Goods', Private Supermarkets are far better than Margin Free Markets. But in the case of the factor, 'Price of Goods', Margin Free Markets are better than Private Supermarkets as the former one sells goods at lesser prices than the latter.

Key words: *Organised retailing, Private supermarkets, Margin free markets,*

I. Introduction

Retailing is one of the largest industries in the world and significantly contributes towards the economic growth of many countries. It is also the fastest changing and dynamic industry in the world today. According to recent reports, the US$9 trillion retail industry is the world's largest industry and the sector is still growing. According to Forbes Magazine, 47 of the 'Global Fortune 500 Companies' and 25 of Asia's top 250 companies are retailers. Retailing is a significant contributor to the worlds GDP (about 28 per cent) and contributes more than 20 percentage employment. Organised retailing is the form prevalent in most of the developed counties in the world. It accounts for more than 50 per cent of the retailing business. In Europe, it is about 70 per cent, 50 per cent in Malaysia, 40 per cent in Thailand, 40 per cent in Brazil and Argentina and 25 per cent in China.

The Indian retail market, over the last decade, has shown greater acceptance for organized retailing formats. Domestic retailing is emerging from a multitude of unorganized family-owned business to organized modern retailing. Indian retail sector accounts for 22 per cent of the country's GDP and contributes to 8 per cent of the total employment. Hyper markets, currently accounting for 14 per cent of mall space, are expected to witness high growth. More than 90 per

cent of retailing in India fall into unorganized sector. Organised retailing, initially concentrated in large cities but later the trend was changed and supermarkets and chain stores started to expand their activities to semi-urban and rural areas. Organized retailing in India is expected to grow 25-30 per cent yearly. Industry experts predict that the next phase of growth in the retail sector will emerge from the rural markets. Kerala has accepted the entry of organized retailers at a high level. Modern retail formats- supermarkets and hypermarkets are started to function in the state in an extraordinary nature in the form of both chains and independent entities. More than 1100 Private Supermarkets function in the state including 470 Margin Free Markets claiming that they sell a large assortment with high quality at low prices.

II. Statement of the Problem

Kerala is rather considered a consumer state. Nearly 4 lakh small independent retailers engage in the retailing sector and a lion share of them are dealing with food, grocery or household items. They have been replaced at a higher rate by large formats such as supermarkets and hypermarkets with the claim that they sell large variety and considerable number of goods at lower prices. The supermarkets in the state consist mainly of two categories based on their nature and management aspects, viz. Private Supermarkets and Margin Free Supermarkets. Both classes of retailers are seen different in related variables such as pricing, quality of products, assortment of products, display, customer service, etc. It is also seen that in many places they compete each other. In this study, an analysis is made with respect to the performance of both the classes of modern retailers by considering their customer responses on the selected 17 variables.

III. Objective and Methodology

The study intends to identify and examine the factors influencing the choice of stores among the consumers of Private Supermarkets and Margin Free Markets in Kerala based on the perception of their common consumers. Exploratory Factor Analysis is done on the consumers' perception to identify the factors responsible for the performance of these stores. The perception on performance variables were collected from 432 customers who have been buying their household needs both from Private Supermarkets and Margin Free Markets. A multi-stage random sampling method is used for arriving the sample customers. The sample is collected from the selected 25 places consisting three districts of Kerala, namely: Thiruvananthapuram, Ernakulam and Kozhikode. Secondary data were collected from journals, websites, books, etc. Statistical tools such as mean, cumulative mean, F and three-way ANOVA are also used in the study to substantiate the findings.

IV. Results and Discussions

Kaiser-Meyer-Olkin measure is used for testing to identify whether the data can be used for factor analysis or not. The data considered is satisfied with the test as the value is 0.963, which is above 0.7, an accepted level (Table 1).

Table 1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.963
Bartlett's Test of Sphericity	Approx. Chi-Square	16925.354
	df	595
	Sig.	.000

Source: Survey data

IV (A). Identification of Factor Variables

The Total Variance explained in Table 2 is drawn as under to reduce the number of variables in to factors variables which will represent all variables. Factor Analysis is a dimension reduction technique designed to represent a wide range of variables on a smaller number of dimensions.

Table 2: Total Variance Explained

	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	14.483	41.380	41.380	14.483	41.380	41.380	14.379	41.082	41.082
2	9.399	26.855	68.236	9.399	26.855	68.236	9.448	26.995	68.076
3	1.022	2.920	71.156	1.022	2.920	71.156	1.078	3.079	71.156
Extraction Method: Principal Component Analysis.									

Source: Survey data

As per the total variance explained in Table 2, three factor variables explain 71.156 per cent of the loading and therefore, the three variables will represent all the seventeen variables. To identify the variables to be included in the three factor variables, Rotated Component Matrix is drawn and based on the co-efficient values of variables, they are grouped together and is necessary to name the factors.

Table 3 gives out the first factor variable representing 11 variables (those given bold in component 1 column) which are related with assortment of goods, attractiveness in display and service, therefore, the factor is named '**Assortment and Service'**. The second factor contains 4 variables, given in component 2 column in Table 3, represents the quality of the items dealt by supermarkets and so the factor is named **'Quality of Goods'**. Certainly, **'Price'** is the third factor which contains 2 variables.

V (B). Assessment of Variation in the Customer Perception Level of Factor Variables

The performance of Private Supermarkets and Margin Free Markets perceived by customers may vary between them. Similarly, considering them separately as two groups, their performance may also vary among urban, semi-urban and rural areas of Kerala, and also considering southern, central and northern regions as well as various income groups.

V (B) 1. Factor 1-Assorment and Service in Private Supermarkets: Variation in the Perception of Customers among Areas, Regions and Income levels.

It is observed that there exists difference in the customer perception of Factor variable-Assortment of Goods of Private Supermarkets and Margin Free Markets among urban, semi-

Table 3. Rotated Component Matrix

Variables	Component		
	1	2	3
Attractiveness in display	**.937**	.051	-.011
Availability of brands	**.934**	.040	.025
Quality of Packing	**.929**	.043	-.006
Space layout in store	**.929**	.046	-.008
Quality of food grains	0.26	**.926**	-.044
Speedness in billing	**.922**	.032	-.007
Quality of convenience goods	0.32	**.922**	-.048
Cleanliness in the shop	**.920**	.036	-.015
Price of convenience goods	-0.15	-.005	**. 919**
Availability of fresh stock	.187	**.919**	-.013
Location advantages	**.912**	.036	-.012
Price of food grains	-0.47	-.009	**. 907**
Customer personal care	**.900**	.036	-.018
Working hours	**.887**	.049	-.101
Complaint redressel	**.887**	.017	.042
Quality of Packing	.153	**.819**	.121
Facilities available	**.780**	.058	.071
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 4 iterations.			

Source: Survey data

urban and rural areas, three regions and five income groups. For assessing the variation, the mean values of the factor is drawn area wise, region-wise and income level of the customers. To statistically substantiate the difference, A Three-way ANOVA is resorted. The following hypothesis is important in this respect:

H0: There is no difference between the observed mean of Factor 'Assortment and Service' of Private Supermarkets among areas, regions and income levels

H1: There is difference between the observed mean of Factor 'Assortment and Service' of Private Supermarkets among regions, areas and income levels.

List of Variables in the Factor Variables

Factor 1	Factor 2	Factor 3
Assortment and Service	Quality of Goods	Price of Goods
Attractiveness in display	Quality of food grains	Price of Food grains
Availability of brands	Quality of convenience goods	Price of Convenience Goods
Parking facilities	Availability of fresh stock	Discount
Space layout in store	Quality of packing	
Speediness in billing		
Cleanliness in the shop		
Location advantages		
Customer personal care		
Working hours		
Complaint redressel		
Facilities available		

Table 4: Assortment and Service Area-wise Mean of Private Supermarkets

Area of customer	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Urban	56.114	.544	55.045	57.183
Semi-urban	57.253	.554	56.164	58.343
Rural	56.711	.547	55.637	57.786

Source: Survey data

Table 5. Assortment and Service – Region- wise mean of Private Supermarkets

Region of Customer	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Central	57.968	.530	56.926	59.009
Southern	54.828	.550	53.748	55.909
Northern	57.282	.565	56.172	58.393

Source: Survey data

Table 6: Assortment and Service – Income-level Mean of Private Supermarkets

Monthly Income of Customers	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
less than 5000	55.309	1.854	53.664	60.953
5000-10000	55.776	.682	54.434	57.117
10000-20000	56.231	.384	55.475	56.986
20000-30000	57.173	.401	56.385	57.960
Above 30000	57.976	.683	55.633	58.319

Source: Survey data

Table 7. Tests of Between-Subjects Effects: Assortment and Service of Private Supermarkets

Source	Type I Sum of Squares	df	Mean Square	F	Sig.
Area	70.049	2	35.024	1.466	.232
Monthly income	223.131	4	55.783	2.336	.055
Region	748.216	2	374.108	15.664	.000
Error	9959.236	417	23.883		
Total	1376555.000	426			
a. R Squared = .095 (Adjusted R Squared = .077)					

Source: Survey data

Table 7 gives the variation in the customers' perception level of Private supermarkets on factor variable 'Assortment and Service' among three areas, regions and income levels. Considering the area-wise means, semi-urban has got highest mean, which is 57.253 than other areas (Table 4). Region-wise, the mean of central area (57.968) is more than other regions (Table 5). Similarly, the mean of highest income groups is more than other customers (Table 6). But the ANOVA Table 7 shows that, statistically, the variation exists in the means between regions (F 1.466 with df 2, $p=0.00<0.05$) only and not between areas and income level means ($p>.0.05$). This clearly depicts that regarding the 11 variables in the factor 'Assortment and Service' of Private Supermarkets in Kerala, selected customers have no difference in the opinion either area or income wise. That is, the performance of Private supermarkets are perceived better and similar in urban, semi-urban and rural areas and all income groups, but have variation among southern, central and northern regions. The null hypothesis is rejected in the case of region and accepted for area and income levels.

V (B) 2. Factor 1-Assorment and Service in Margin Free Markets: Variation in the Perception of Customers among Areas, Regions and Income levels.

To identify the variation of customer perception in the performance of MFM, region, area and income-wise, means of regions, areas and income level are drawn and three way ANOVA is used to test the hypothesis. The following hypothesis is needed to be validated in this respect.

H0: There is no difference between the observed mean of Factor 'Assortment and Service' of MFM among areas, regions and Income levels

H1: There is difference between the observed mean of Factor 'Assortment and Service' of MFM among regions, areas and income levels.

Table 8. Assortment and Service of MFM Region-wise

Region of customer	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Central	48.715	.474	47.783	49.647
Southern	43.818	.492	42.850	44.786
Northern	49.647	.557	48.551	50.743

Source: Survey data

Table 9. Assortment and Service of MFM Area- wise

Area of customer	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Urban	45.891	.488	44.931	46.850
Semi-urban	48.242	.518	47.224	49.260
Rural	48.048	.514	47.038	49.057

Source: Survey data

Table 10. Assortment and Service of MFM Income levels

Monthly Income of Customers	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
less than 5000	46.758	1.660	45.495	52.021
5000-10000	47.261	.630	46.023	48.499
10000-20000	47.064	.376	46.324	47.804
20000-30000	48.900	.376	46.162	47.639
Above 30000	47.984	.618	45.769	48.198

Source: Survey data

Table 11. Tests of Between-Subjects Effects: Assortment and Service-MFM

Source	Type I Sum of Squares	df	Mean Square	F	Sig.
Region	2355.687	2	1177.844	61.631	.000
Area	458.740	2	229.370	12.002	.000
Monthly income	25.713	4	6.428	.336	.853
Error	7166.765	375	19.111		
Total	848702.000	384			
Corrected Total	10006.906	383			
a. R Squared = .284 (Adjusted R Squared = .269)					

Source: Survey data

Considering the marginal means of factor 'Assortment and Service' of Margin Free Markets, the northern region has highest mean, ie. 49.647 (table 8), similarly mean of semi-urban is more than other areas (48.242) and mean of income group 20000-30000 is highest than other groups (48.900). The finding are tested with the help of three way ANOVA (table 11) and found that statistically high level of difference exists between regions and also areas. However, no difference exists between income levels in the factor variable of MFM. The null hypothesis is rejected in the case of area and region, however, the null hypothesis is proved correct in the case of income levels. This shows the level of customer perception is varied among three regions and three areas but no variation can be seen among the income levels of MFM customers.

V (B) 3. Factor 2 – Quality of Goods in Private Supermarkets: Variation in the Perception of Customers among Areas, Regions and Income levels

To arrive at the variation between the regions in the perception of customers on Quality of Goods among the southern, central and northern regions of private supermarkets, regional means are drawn in table no.12. Similarly means of three areas of residence and five income levels of customers are also drawn separately in table 13 and fourteen. To identify whether a considerable difference in the quality of goods exists in the perception of customers between regions or areas or income groups of customers of Private supermarkets, Three way ANOVA is used. The following group hypothesis is framed and tested:

H0: There is no difference between the observed mean of factor 'Quality of Goods' of PSM among regions, areas and Income levels

H1: There is difference between the observed mean of factor 'Quality of Goods' of PSM among regions, areas and Income levels.

Table 12 : Quality of Goods in PSM- Regional Means

Region of customer	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Central	21.716	.231	21.261	22.170
Southern	20.818	.240	20.346	21.290
Northern	21.344	.247	20.860	21.829

Source: Survey data

Table 13: Quality of Goods in PSM- Area Means

Area of customer	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Urban	20.992	.237	20.526	21.459
Semi-urban	21.354	.242	20.878	21.829
Rural	21.532	.239	21.063	22.001

Source: Survey data

Table 14: Quality of Goods in PSM- Income Level Means

Income of Customers	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
less than 5000	21.618	.809	20.027	23.209
5000-10000	21.217	.298	20.632	21.803
10000-20000	21.081	.168	20.751	21.411
20000-30000	21.271	.175	20.927	21.615
Above 30000	21.276	.298	20.690	21.863

Source: Survey data

Table 15: Tests of Between-Subjects Effects: Quality of Goods PSM

Source	Type I Sum of Squares	df	Mean Square	F	Sig.
Region	60.435	2	30.217	6.641	.001
Area	20.534	2	10.267	2.256	.106
Monthly income	4.544	4	1.136	.250	.910
Error	1897.317	417	4.550		
Total	193351.000	426			
Corrected Total	1982.829	425			
a. R Squared = .043 (Adjusted R Squared = .025)					

Source: Survey data

By observing the means of the factor 'Quality of Goods' of three regions, areas and income levels it is seen that the mean of central region, rural area and lowest income groups are higher than those of others. However, the ANOVA table gives regional F=6.641 with p=.001<.05. This shows a high degree of variation exists in the consumer perception of 'Quality of Goods' between regions. Thus, the null hypothesis is rejected in the case of regions. But, statistically no variation exists between areas and income levels as per table 15. Therefore, the null hypothesis is accepted in both cases.

V (B) 4. Factor 2 – Quality of Goods in Margin Free Markets: Variation in the Perception of Customers among Areas, Regions and Income levels

For the purpose of identifying that any variation exists in the Quality of Goods as perceived by the customers of three regions, areas and various income groups, means of customer responses are calculated and given below in table 16, 17 and 18.

The following group hypothesis is framed and tested:

H0: There is no difference between the observed mean of factor 'Quality of Goods' of MFM among regions, areas and income levels.

H1: There is difference between the observed mean of factor 'Quality of Goods' of MFM among regions, areas and income levels.

Table 16: Quality of Goods in MFM- Income Level Means

Region of customer	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Central	18.255	.198	17.866	18.644
Southern	16.628	.206	16.223	17.032
Northern	18.182	.233	17.725	18.639

Source: Survey data

Table 17: Quality of Goods in MFM- Income Level means

Area of customer	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Urban	17.210	.204	16.810	17.611
Semi-urban	17.945	.216	17.520	18.370
Rural	17.909	.214	17.488	18.331

Source: Survey data

Table 18: Quality of Goods in MGM- Income Level Means

Income of Customer	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
less than 5000	17.982	.693	16.620	19.344
5000-10000	17.945	.263	17.429	18.462
10000-20000	17.452	.157	17.143	17.760
20000-30000	17.549	.157	17.241	17.858
Above 30000	17.512	.258	17.005	18.019

Source: Survey data

Table 19: Tests of Between-Subjects Effects: Quality of Goods in MFM

Source	Type I Sum of Squares	df	Mean Square	F	Sig.
Region	207.898	2	103.949	31.217	.000
Area	51.200	2	25.600	7.688	.001
Monthly income	10.173	4	2.543	.764	.549
Error	1248.707	375	3.330		
Total	119013.000	384			
a. R Squared = .177 (Adjusted R Squared = .160)					

Source: Survey data

As per the ANOVA table 19, region- wise and area wise variation exists significantly as region F=31.217 with p=.000<.05 and area F=7.688 with p=.001<.05. The null hypothesis for region and area for quality of goods are rejected. Therefore, customers of central region and semi-urban area are more satisfied with the quality of products supplied by the Margin Free markets. However, income wise, customer responses with respect to quality of goods are not varied significantly in Kerala considering income of customers and so the null hypothesis for income is accepted. Therefore, it is believed that the customer perception of quality of goods supplied by Margin Free Markets vary among regions and different areas but not by income levels of customers.

V (B) 5. Factor 2 – Price of Goods in Private Supermarkets: Variation in the Perception of Customers among Areas, Regions and Income levels.

The quantum of sales is depending on the pricing policy of the supermarkets. When the price perceived by customers is lower and if it has relation with the quality of goods supplied by a retailer which will surely be a success factor. Private supermarkets sell goods at low prices than traditional stores. However, the perception of customers are varied depend upon on the region they belong, the area of their residence and their income levels. With the help of the following hypothesis the perception of customers on price charged by private supermarkets in Kerala is evaluated.

H0: There is no difference between the observed mean of factor 'Price of Goods' of PSM among regions, areas and Income levels.
H1: There is difference between the observed mean of factor 'Price of Goods' of PSM among regions, areas and Income levels.

Table 20: Price in PSM: Regional Means

Region of customer	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Central	12.332	.113	12.110	12.553
Southern	11.450	.117	11.220	11.680
Northern	12.217	.120	11.981	12.453

Source: Survey data

Table 21: Price in PSM: Area Means

Area of customer	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Urban	11.833	.116	11.606	12.060
Semi-urban	12.105	.118	11.873	12.336
Rural	12.061	.116	11.833	12.290

Source: Survey data

Table 22: Price in PSM: Income Level Means

Income of customer	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
less than 5000	11.823	.394	11.049	12.598
5000-10000	11.986	.145	11.701	12.271
10000-20000	11.900	.082	11.739	12.060
20000-30000	12.082	.085	11.915	12.249
Above 30000	12.207	.145	11.921	12.492

Source: Survey data

Table 23: Tests of Between-Subjects Effects: Price of Goods in PSM

Source	Type I Sum of Squares	df	Mean Square	F	Sig.
Region	68.383	2	34.192	31.678	.000
Area	5.505	2	2.753	2.550	.079
Mon Income	4.963	4	1.241	1.149	.333
Error	450.090	417	1.079		
Total	61993.000	426			
a. R Squared = .149 (Adjusted R Squared = .133)					

Source: Survey data

Table 23 provides F=31.678 with p=.000<.05 for regional means which shows a significant difference exists between regions for the prices charged by different Private Supermarkets in Kerala. The central customers believe that private supermarkets sell goods at higher prices than (mean 12.332) than southern and northern customers, however southern people favors the price levels of private supermarkets. In the case of price factor, no significant difference can be seen between areas and income levels. For region only the null hypothesis is rejected.

V (B) 6. Factor 2 – Price of Goods in Margin Free Markets: Variation in the Perception of Customers among regions, areas and income levels

To identify the variation in the customer perception with respect to price charged by Margin Free Markets in central, southern and northern regions of Kerala as well as three residential areas and various income levels, Three way ANOVA is used with concerned marginal means. The following hypothesis is used for the purpose.

H0: There is no difference between the observed mean of the factor 'Price of Goods' in MFMs among regions, areas and income levels.

H1: There is difference between the observed mean of the factor 'Price of Goods' in MFMs among regions, areas and income levels.

Table 24: Price in MFM: Regional Means

Region of customer	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Central	11.173	.151	10.875	11.470
Southern	9.231	.157	8.922	9.540
Northern	10.287	.178	9.938	10.637

Source: Survey data

Table 25: Price in MFM: Area means

Area of Customer	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
Urban	10.053	.156	9.747	10.360
Semi-urban	10.194	.165	9.869	10.519
Rural	10.444	.164	10.122	10.766

Source: Survey data

Table 26: Price in MFM: Income Level Means

Income of Customer	Mean	Std. Error	95% Confidence Interval	
			Lower Bound	Upper Bound
less than 5000	10.443	.530	9.401	11.484
5000-10000	10.226	.201	9.830	10.621
10000-20000	10.182	.120	9.945	10.418
20000-30000	10.072	.120	9.836	10.307
Above 30000	10.230	.197	9.843	10.618

Source: Survey data

Table 27: Tests of Between-Subjects Effects: Price in MFM

Source	Type I Sum of Squares	df	Mean Square	F	Sig.
Region	266.993	2	133.497	68.597	.000
Area	10.195	2	5.097	2.619	.074
Monthly income	2.142	4	.536	.275	.894
Error	729.792	375	1.946		
Total	40517.000	384			
a. R Squared = .277 (Adjusted R Squared = .261)					

Source: Survey data

While considering the marginal means of the factor 'Price' in Margin Free Markets, it is observed that means of central region (11.173) is more than those of other regions. Similarly rural mean is highest (10.444) and lower monthly income groups responded highest mean (less than 5000- 10.444). However, the ANOVA test reveals for region F= 68.597 with p=.000<.05 means a significant variation exist between regions with respect to the price levels of MFMs. But significant variation in the price levels cannot be traced between residential areas and income levels of customers in the state (p>,05) as the significant level for the cases are greater than the accepted level.

Therefore, the price charged by Margin Free Markets in the central region is higher than other regions as per customer ratings.

V (C). Comparative Assessment between Private Supermarkets and Margin Free Markets

Customer responses with respect to the performance of Private Supermarkets and Margin Free markets on assortment of goods, quality of goods, price levels, service availability, etc were collected on a seven point scale and classified the variables in to three factor variables by using Exploratory Factor Analysis with the help of SPSS. The mean scores of factor variables are drawn separately for the two types of outlets and mean differences are assessed. One sample t- test is used to validate the differences between factor variables applicable to the outlets. The hypothesis used in this part of the study is given below.

H0: There is no difference between the observed means of factors variables between the Private Supermarkets and Margin Free Markets.

H1: There is difference between the observed means of factors variables between the Private Supermarkets and Margin Free Markets

Table 28: One Sample t- test for Comparing Factor Variables

Factor Variables	Mean Private SM	Mean Margin FM	Mean Differences	t- value	Sig.
Assortment and Service	56.617	40.112	15.887	40.112	0.000
Price of Goods	12.011	10.143	1.871	34.629	0.000
Quality of Goods	21.194	17.492	3.704	35.402	0.000

Source: Survey data

While comparing the Private Supermarkets and Margin Free Markets in Kerala it was observed from the responses of customers that Private Supermarkets are far ahead than Margin Free Markets in the case of two factors, namely 'Assortment and Service' and 'Quality of Goods'. However, the Margin Free Markets charge less price for commodities than the Private supermarkets. The null hypothesis is rejected and thus it is substantiated as customers believe that the Private Supermarkets and Margin Free Markets are different while considering brand availability, attractiveness in display, layout of the shop, parking facilities, quality of food and other convenience goods and their prices.

VI. Major Findings

The major findings of the study are given below

1. Assortment and Service, Quality and Price of Goods are the three resultant factors, which represent most of the retail variables.
2. Considering the factor 'Assortment and Service' in the Private Supermarkets, customer perception is significantly varied among the three regions of Kerala, however, the central customers are more satisfied than other two regions. But it was found that variation in the perception of customers is not significant considering urban, semi-urban and rural areas as well as income levels. Taking Margin Free Markets as another type of retailer, their customer perception is significantly varied among regions and area wise, however, no variation exists among income levels of customers considering the factor 'Assortment and Service'. The northern

customers and urban residence were more satisfied than those of others.

3. Quality of Goods supplied by Private Supermarkets is found comparatively better than Margin Free Markets in Kerala. Considering means of responses in regions, areas and income levels of customers of private supermarkets, significant variation exists among regions only. When considering the perception on Margin Free Markets, both regional and area level means of Quality of Goods varied significantly but not in the case of income level of the customers.

4. Price level in the Private Supermarkets is found higher than those of Margin Free Markets. Taking both types of retailers as separate groups, their price level is found to be varied among central, southern and northern regions of Kerala. But no significant variation was found among the urban, semi-urban and central customers with respect to the price levels of them.

5. Private Supermarkets offer more brands and their display and layout are better than Margin Free Markets. PSM offer quality services, parking facilities, etc than those of MFMs.

VII. Conclusion

Organised retailing of Consumer Goods is vibrant and an emerging sector in India. Two classes of organized retailers successfully function in Kerala, namely, Private Supermarkets and Margin Free Markets. Both the types of retailers are found different in their retail strategies. This was substantiated in the study by analyzing the customer responses. In the case of factors 'Assortment and Service' and 'Quality of Goods' Margin Free Markets have to move forward than Private Supermarkets. While the price levels of Private Supermarkets is found to be very high.

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