

A STUDY ON EMERGING VALUE PROPOSITION OF MAJOR APPAREL RETAIL OUTLETS IN AN INTENSIVE COMPETITIVE ENVIRONMENT IN BANGALORE CITY

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Abstract : This paper emphasizes on the emerging value propositions as perceived by different set of customers in the emergent market scenario and also provides an insight into the consumers' expectations of apparel retail outlets in the city of Bangalore. This paper aims to get an insight about the emerging value proposition in the highly competitive apparel retailing industry in Bangalore. It also helps the apparel retailers to identify the contemporary value propositions making their customers glued to their outlet.

Keywords:

Apparel Retailing, Value Propositions, consumer behaviour,Store Loyalty

1.INTRODUCTION

Apparel retailing is a billion-dollar industry globally. The potential for retailing apparel in the present scenario is still huge. The most profitable segment of it is women's clothing and children wear. Apparel is a very seasonal business, with a majority of sales coming during the festivals in India. It consists of number of large branded players to many small players, such as boutique, niche apparel stores as well as street vendors. The larger apparel retailers have store branding and apparel branding and they get better pricing from suppliers because of large quantities of apparel. That means their profit margin is greater and they can offer better retail pricing to their customers. Smaller apparel retailers make up for the high pricing by selling certain types and styles of clothing rather than offering everything for everyone like many larger apparel stores. One of the major trends affecting the retail apparel industry is the increase in the online shopping for apparel through the Internet from their home rather than shopping at a traditional brick-and-mortar store. Emerging technology such as mobile applications and social media is changing the way apparel retailer's strategy. The use of customer data to figure out the customers profiling is another change in apparel retailing.

i) Literature review

There are literatures available on fashion retail industry but very little emphasis is placed on the application of marketing strategy in fashion retailing. Marguerite Moore, Ann Fairhurst, (2003) emphasised that fashion retailers should focus on customer service aligned to target customer's expectations. They should distinguish their outlets in terms of ,product offering, advertising, image and communicational

action. According to Omera Khan (2003) handling risks in fashion retail could yield functional efficiency and ensures fashion retail firms to achieve a greater competitive edge.

Andrew G. Parsons, (2011) is of the opinion that Interactions between physical sensory stimuli have a major impact on shopper's perception towards store image. Fashion retailers are less sensitive towards the application of sensory or emotional motivation than they could be to attain the response they anticipate. Monotonous exposure can reduce the effect for the store image whereas small alterations in planogram can revitalize and increase the effect. The dual factors generate different and varied experiences for the customers with regards to presenting fashion online. The first area recognised product viewing, enables the customers to customize how they see and interact with the garment stimulating more serviceable effects, and the second portal, aesthetic fashion information is determined by the retailer tendering information about the garments motivating hedonic effects.

Helen McCormick and Charlotte Livett, (2012) opined that the online fashion retailers have to adequately interlace hedonic leisure with realistic utilitarianism to provide an exciting e-shopping experience.

a) **Theoretical background:**

Determinants of Customer Loyalty in Organized Apparel Retail Industry

The organized retail in India has gained momentum since the last two decades. Foreign retailers especially in apparel segment are increasing their presence, not only in metros, but also even in smaller cities too. Small sized Indian players also effectively competing with the foreign entrants like Armani, Gucci, Burberry etc. Till the year 2011, majority of the apparel sales were through exclusive apparel retail outlets only. According to Retail Association of India (RAI), in 2011, the CAGR for last 5 years was in excess of 12% . The predicted CAGR by industry experts is 6% for the next 5 years. The recent amendments done in FDI policy by Indian Government of India in both single and multi-brand retail outlets has further fuelled the growth momentum in this booming sector. There has been a significant swell in the strata of consumers, particularly the middle class. Today's customer is flooded with information and expects quality, comfort and value for money. An understanding of patronage behavior is a critical issue for retail managers because it enables them to identify and target those consumers who are most likely to purchase the product. Trust, commitment and customer satisfaction are some of the proven dimensions extracted by most of the researchers. However, some other important dimensions given by various researchers are: shopper demographics, psychographic characteristics, store attributes, store appearance, store image and shopping orientations. Some of the other factors which have an impact on the customers are loyalty drivers, experience enhancers, customer service, courtesy of the employees , convenient store operating hours , parking facilities, perceived reliability, employee performance , store atmosphere, return policies and the level of problem solving. All these would help in developing customer focused business strategies which will lead to win-win situation for customer as well as the retail outlets.

The Dilemma of Value Proposition

The various research studies have revealed proven value proposition models for apparel retail in different markets globally. But, these models may or may not fit as such in all the markets. It necessitated testing the

validity and changes in those models for executing the marketing strategy. In this context, the theoretical model of value proposition is tested for the apparel retailing in the Bangalore city.

2. Research Plan: Methodology:

i) Objectives:

A number of previous studies have revealed a strong positive association between price, customer satisfaction, and loyalty in business-to-consumer settings (Hidalgo, Manzur, Olavarrieta, & Farías, 2008; Kukar-Kinney, 2006). Hence, core objective of this paper is to get an insight about the emerging value proposition in the highly competitive apparel retailing industry in Bangalore. It helps the retailers to identify value propositions for making their customers glad in their apparel outlet.

The study was descriptive in nature. The research is based on primary data collected from apparel buyers in the city of Bangalore. A structured questionnaire was administered among various apparel buyers in the city of Bangalore to collect the responses. The random sampling technique was used to identify the respondents. The questionnaire was predominantly to capture the value propositions perceived by consumers of different apparel retail outlets. The sample size in this study is 307. The data was analysed using PLS smart software. The sample size in this study is 307. In this study, we have mainly attempted to find the co-relations between the variables rather than the causal relationship

Hypothesis:

H0: There is no difference in the value proposition model among consumers towards apparel retail outlets in Bangalore

Ha: There is difference in the value proposition model among consumers towards apparel retail outlets in Bangalore.

ii) Research Design:

The study was descriptive in nature.

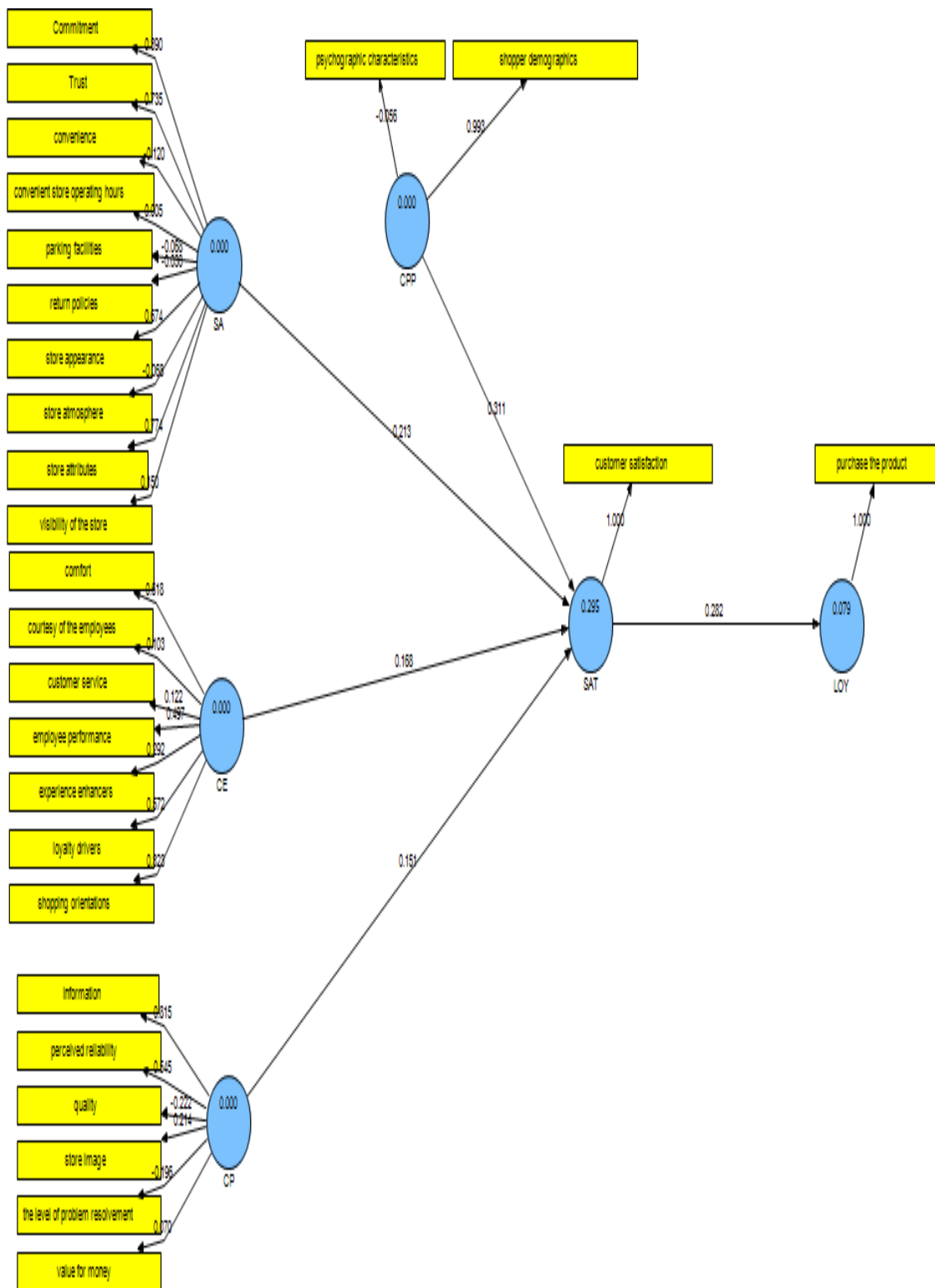
- **Data Source:**

a) **Primary data:** The research is based on primary data collected from apparel buyers in the city of Bangalore. A structured questionnaire was administered among various apparel buyers in the city of Bangalore to collect the responses. The sample size in this study is 307. The data was analysed using PLS smart software. The sample size in this study is 307. In this study, we have mainly attempted to find the co-relations between the variables rather than the causal relationship

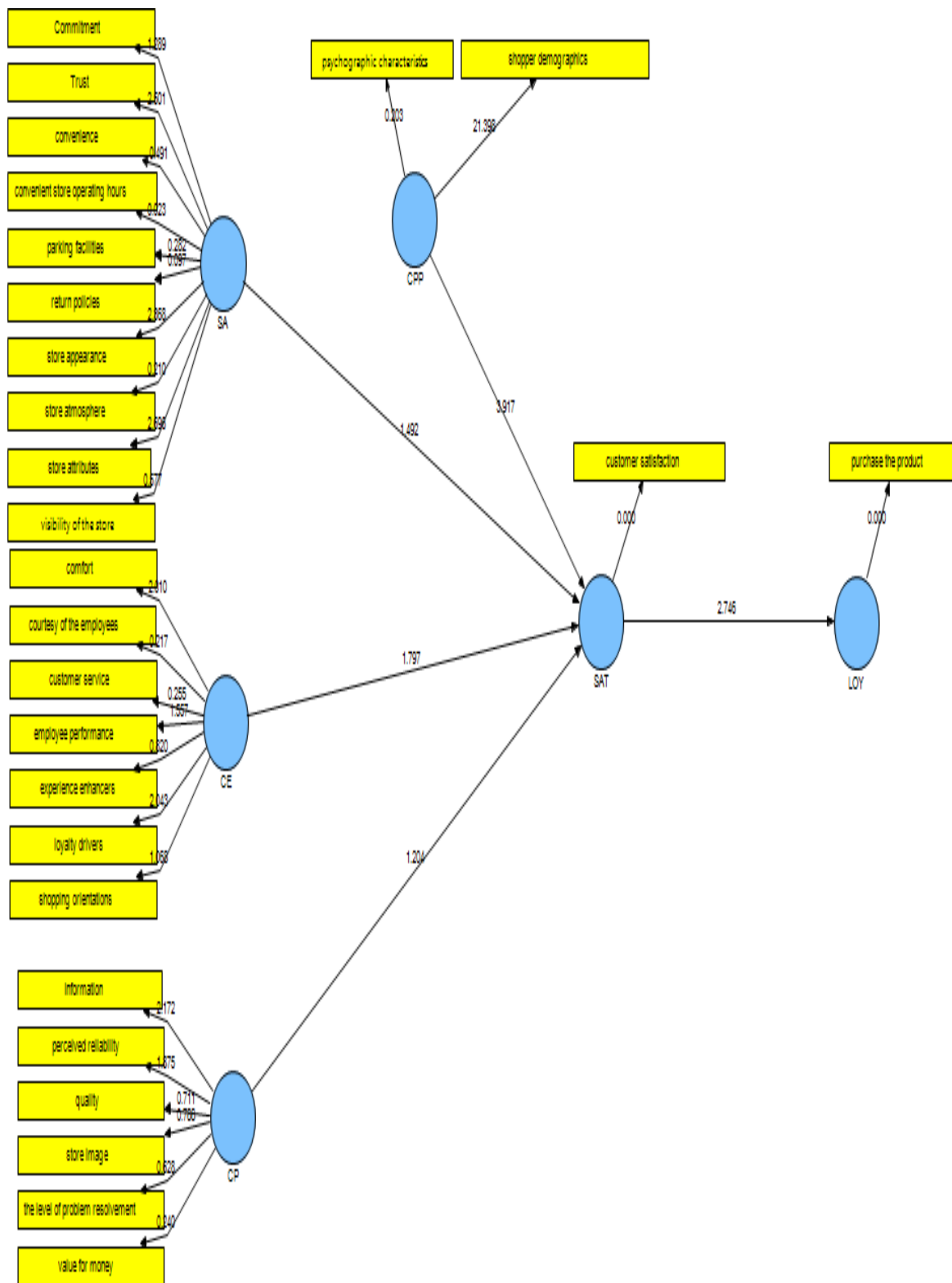
b) **Sampling Technique:** The random sampling technique was used to identify the respondents. The questionnaire was predominantly to capture the value propositions perceived by consumers of different apparel retail outlets. The sample size in this study is 307. The data was analysed using PLS smart software. The sample size in this study is 307. In this study, we have mainly attempted to find the co-relations between the variables rather than the causal relationship.

4.Result Analysis:

Result of Path analysis (Beta value).



Results of path analysis (t- statistics value)



Results of Hypothesis:

S. No.	Hypotheses	Beta	t-Statistics	Results
1	Store attribute (SA) → Customer satisfaction (SAT)	0.213	1.592*	Accepted
2	Customer Experience (CE) → customer satisfaction (SAT)	0.168	1.797*	Accepted

3	Customer Personality (CPP) → customer satisfaction (SAT)	0.311	3.917**	Accepted
4	Customer perception (CP) → customer satisfaction (SAT)	0.151	1.204	Rejected
5	Customer satisfaction (SAT) → Loyalty(LOY)	0.282	2.746**	Accepted

*at 0.1% significance level ** at 0.01% significance

5. Conclusion :

The above result indicates that the store attributes, the customer experience, customer personality has a significant impact on customer satisfaction. In the same way, the customer satisfaction has a significant impact on loyalty in the apparel retailing in the Bangalore city.

But, customer perception is not having impact on customer satisfaction. It implies that the store attributes and experience are more important and can change the customer perception in the apparel purchase behaviour.

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