

A STUDY ON FACTORS THAT INFLUENCE THE CHOICE OF CONSUMER'S TOWARDS THE SUPERMARKET

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ABSTRACT : *The Indian retail industry is dynamic and fast growing industries due to the entry of several new players. It contributes 10 per cent of the country's Gross Domestic Product (GDP) and around 8 per cent in the employment. India is the world's fifth-largest global destination in the retail space. Indian Retail Industry has immense potential as India has the second largest population with affluent middle class, rapid urbanisation and solid growth of internet. Shopping today is much more than just buying- it is an experience itself. In Additional, because "retailing includes activities that involved the selling goods and services directly to the final consumer", retailing industry may affect many other industries like transportation, logistics, services. In India post liberalization (1991), organised retailing has become more attractive for both the Indian companies and the Multinational companies. In the organised retailing supermarket and hyper market formats are very popular in India. Organised retailing is in the nascent stage in India. Main focus of this study are, to find various format of organized retail, to find out most promising supermarket stores & to study various Factors influencing the customers to shop at modern supermarket chains.*

Key Words: Retail, Supermarket stores, factors affecting supermarket choice.

Introduction:

Retailing includes all activities in selling goods or services directly to final consumers for personal, non-business use. A retailer or retail store is any business whose sales volume comes primarily from retailing. Any organisation selling to final consumers – whether it is a manufacturer, wholesaler, or retailer – is doing retailing. It does not matter how the goods or services are sold (in person, by mail, telephone, vending machine, or on the Internet) or where (in store, on the street, in the consumer's home) (Kotler et al 2013). Why are retailers needed? Would it not be easier and cheaper to buy directly from manufacturers? The answer, generally, is no because retailers are more efficient at performing the activities that increase the value of products and services for consumers (Levy et al 2012). These activities include

1. Providing an assortment of products and services
2. Breaking bulk
3. Holding inventory
4. Providing services

In India now days organised retailing has become more attractive that way many big Indian companies like Future Group, Raheja Group, Tata Group, Reliance Group, Aditya Birla Group, RP-SG Group, Bharti Group, etc. have entered into retailing. Most of these groups have made their presence in Food and Grocery retailing. In organised retailing of Food and Grocery category, convenience store, supermarket and hypermarket formats are very popular in India. Initially, these Food and Grocery retail chain stores in metros and major cities and now they are entering into smaller cities and big towns.

Objectives of the study are as follow:

- To study the different format of organized retail.
- To study the major play of supermarket stores in Delhi.
- To study the different factors affecting the choice supermarket stores.

Research Methodology of the Study: Research is descriptive research in nature and as well as comparative study and analytical logic developed through the understanding from various research papers, reports, books, journals, newspapers and online data bases.

Types of Retailers:

Consumers today can shop for goods from either retail stores (traditional format or modern format) or online stores. The store-based retailers are further classified into food-oriented and general merchandise retailers. In India most of food-oriented retailers are convenience stores, supermarkets, hypermarkets, box (limited-line) stores and warehouse stores. These formats as defined by Sinha & Uniyal (2012) are discussed in this section.

Convenience Stores – A convenience store is a neighbourhood store. Convenience stores are often referred to as mom-and-pop stores & kirana stores. In India, they are generally over-the-counter (OTC) serviced outlets. Convenience stores face most competition from supermarkets that have started providing longer hours and better stocks of non-food items.

Supermarkets – A supermarket is a self-service food store offering wet and dry groceries and with a limited range of non-food items, such as health and beauty aids and general merchandise. They carry 5,000 to 10,000 SKUs.

Hypermarkets – Hypermarkets are combination stores that unite supermarket and general merchandise sales in one store, with the latter typically accounting for 25-40 percent of the total sales. Consumers choose them for one-stop shopping and do not mind travelling to visit

these stores. Hypermarkets achieve operational efficiencies and cost savings through their large-scale operations. Impulse sales are high in such stores, even when the visit is planned.

Box (limited-line) Stores – The box (limited-line) store is a food-based discounter that focuses on a small selection of items and few additional services. The merchandise consists of few or no refrigerated items. Items are displayed in cut cases. Customers carry the merchandise in their own bags. Box stores depend on low-priced private label brands. They are very similar to convenience stores, except in terms of merchandise, price and service.

Warehouse Stores – A warehouse store or club is a retailer that offers food and general merchandise with limited services and at low prices, mainly to other retailers, although the final consumers can also buy directly from these stores. These stores appeal to price-conscious consumers who do not mind buying in large quantities and stocking them at home. Warehouse stores are membership-based retail outlets. Such stores are large in size and are generally located in low-rent areas.

Department Stores – A department store is known for its large assortment and service. The goods and services are organised into separate departments, with each department looking after its own operations. These stores cater to customers who are not price-conscious and are ready to pay for the service. Ambience plays a very important role in such stores. These stores offer a full range of products and services. They offer branded products as well as store brands that are known for quality. They have well-planned merchandise return policies and run loyalty programmes. These stores are the anchors in a shopping centre or mall.

Speciality Stores – A speciality store deals in a specific product or service. Speciality stores also provide a high level of service to their customers. These stores carry medicine, books, photography, toys, jewellery, hardware and home improvement products. Category killers and do-it-yourself (DIY) stores belong to this category.

A Category killer is a specialised discount store. It attracts customers by offering a particular product at the lowest price and the largest assortment. Category killers are known to kill brands by making price the most important buying consideration. In the process, they commoditise the category. Although they are generally large in size, some category killers are choosing to downsize their format to make it fit small towns, though to a mixed result.

Do-it-yourself stores are a popular format, but are yet to find success in many parts of the world. These stores are category specialists who offer equipment and material mainly to contractors to make home improvements. They look like warehouse stores. Sales people are available to assist customers in selecting merchandise through demonstrations and workshops. Individual customers also buy from such stores.

Full-line Discount Stores – A full-line discount store is known for offering an assortment at a price that is discounted up to 50 percent of the prices charged by department stores. It targets the mass market that looks forward to the best bargain. It is likely to carry the range of merchandise similar to a department store. It reduces its costs through a very low level of service, private brands and Spartan fixtures and ambience. Competition is forcing these stores to improve the experience and service to the customers without compromising on the price.

Off-price Stores – Off-price retailers sell branded merchandise and designer labels at a low price. They generally offer a range of out-of-season designs, seconds and order rejects. The buying is totally opportunistic, though many of them have evolved buying strategies that establish long-term relationships with suppliers. Three special types of off-price retailers are factory outlets, closeouts and single-price retail stores. Off-price retailers are affected most by discount stores and better planning by manufacturers.

Variety Stores – A variety store handles a wide assortment of inexpensive and popularly priced goods and services, such as stationery, gift items, women's accessories, health and beauty products, toys, imitation jewellery and greeting cards. They do not carry full product lines. Transactions are often on cash basis. They face competition mainly from speciality stores, discount stores, hypermarkets and closeout off-price retailers.

Non-store retailing is a form of retailing in which sales are made to consumers without using physical stores. Examples of non-store retailing are direct marketing, catalogue stores, vending machines and e-tailing & on-line stores. Non-store sales are now growing at a higher rate than sales in retail stores due to the growth of e-tailing.

Major Player of Supermarket store Chain in India:

- **Food Bazaar** – he retail chain was founded by Kishore Biyani under his parent organisation Future Group, which is known for having a significant prominence in Indian retail.
- **Spencer's Retail - Spencer's Daily:** It is earliest entrants in retail space in India; it has been instrumental in introducing Indian consumers to the concept of organised retailing, becoming the country's first grocery chain way back in 1920. It runs about 200 stores (including about 30 large format stores) across 35 cities in India. Currently, it offers customers two retail store formats – Supermarkets branded as Spencer's Daily and Hypermarkets branded as Spencer's Hyper. Typically, the store area is about 1500 – 2500 sq. ft. and stocks the minimum assortment of fruits and vegetables, food and non-food Fast Moving Consumer Goods (FMCG), staples and frozen foods, personal and home care products, baby care, basic apparels and electronics and electrical goods. Apart from many national brands, it sells private labels.
- **Reliance Fresh** – is the supermarket format of Reliance Retail Ltd., which was set up to lead Reliance Group's foray into organised retail. Since its inception in 2006, Reliance Retail Ltd. has expanded into many retail formats such as Reliance Fresh, Reliance Super and Reliance Mart in food and grocery retailing and other speciality formats such as Reliance Trends, Reliance Footprint, Reliance Digital, etc. Reliance Fresh and Reliance Super are supermarket formats and Reliance Mart is the hypermarket format. The

typical Reliance Fresh store is about 2000 – 2500 sq. ft. and located in high streets in the residential areas. It offers a wide range of products such as staples, groceries, processed foods, personal care products, other non-food items, bakery products and fruits and vegetables. The stores are well laid out, air-conditioned and have computerised billing counters. They also offer free home delivery to nearby areas if the purchase value is more than Rs.750. Apart from selling many national brands, Reliance Fresh also sells private labels in different product categories. Their popular private labels are Reliance Value and Reliance Select. Many products are sold at prices less than MRP and there are other offers and promotions. Reliance Fresh's loyalty programme is called Reliance One. Once the customer fills out the form and becomes the member of the Reliance One loyalty programme, he or she is offered the Reliance One card and after every purchase, reward points are added based on the purchase value and it can be redeemed at any one of the preferred Reliance outlets. The same card can be used in other Reliance formats also and the reward points can be accumulated.

- **More-** is the supermarket format of Aditya Birla Retail Ltd., the retail arm of Aditya Birla Group. Since its launch in May 2007 More provides a good shopping experience, with a modern store layout, easy shopping with friendly staff providing assistance, computerised billing facilities and a good ambience. They also have customer friendly policies on exchange and returns that help customers to shop with ease and comfort. „More“ has adopted a competitive pricing policy ensuring that the customers receive the best possible value. They sell a wide range of products below MRP. They also have a wide selection of products on attractive offers and promotions that help customers get more from their shopping at „More“ stores. „More“ also offers attractive promotions such as “Buy and Get Free” and other special offers. From time to time, they also run festival promotions that help the customers shop on special and festival occasions. „More“ also offers a customer loyalty
- **Easyday** - owned by Future Retail Ltd. Bharti Enterprises announced its foray into retail in February 2007 and the first store was opened in Punjab in April 2008. Easyday presently has 523 stores across 12 states. Future Group, that owns and operates Big Bazaar, combined retail operations with Easyday in May 2015. The merger has created one of India's biggest retail chains with more than 890 stores in 246 cities in India
- **Nilgiris** - Nilgiris is the supermarket chain of The Nilgiri Dairy Farm Pvt. Ltd. Nilgiris has grown from being a Dairy Farm specialising in butter to a supermarket chain of over 90 stores spread across India's southern states viz. Karnataka, Tamil Nadu, Kerala and Andhra Pradesh. Nilgiris provides its customers a shopping experience that hinges around freshness of produce, superior quality and better value.

Factor affecting the choice of Supermarket stores:

Store Attributes: Why do consumers shop at the stores they do? There are a number of important criteria for consumers when they are choosing a store in general. Wahl has presented the following list:

- Cleanliness
- All prices labelled
- Co-operative Staff- they should offer accurate and faster billing service and better parking facility.
- low prices
- convenient store location- – first they should locate their stores closer to the customers (closer to major residential areas)
- Sales promotions
- family Shopping channel
- Self-service technology
- Retail merchandising- they should offer products that are of better quality, wider variety and better availability

Demographics and socio-cultural factors

- Gender and age
- Income
- Education
- Culture

Loyalty Card: Shopper awareness of the loyalty programmes offered by the modern supermarket chains is affect the choice of shoppers, who are aware of the loyalty programmes, are actually members of the loyalty programmes.

Conclusion:

Shopping behaviour of the shoppers at the modern supermarket chains, such as frequency of shopping, product categories preferred for purchase, proportion of monthly food and grocery purchased, when customers shopped and the time of shopping could be used by the modern supermarket chain operators, for better store management and for developing appropriate retail mix.

customers' compared modern supermarket chains to the kirana stores would help the modern supermarket chain operators in developing suitable competitive strategies, for attracting more customers and also making customers to do more of their food and grocery purchase (wallet share) at these supermarket chains than at kirana stores.

Store manager have to understand the important factors influencing the customers in their supermarket choice. Providing these factors /attributes to the expected levels of the customers would result in more customer satisfaction and would ultimately lead to more customer loyalty. This in turn would lead to more market share and customers' wallet share for the supermarket chains. This knowledge would also help supermarket chains to devise their retail marketing strategies – segmentation, targeting, positioning, location, product mix, pricing, communication and in-store / pre-sales / post-sales services (retail mix). This study should be done periodically to understand whether there are any changes in the importance given to different factors by the customers. Modern supermarket chains are at a nascent stage in India and as the market evolves, factors such as Value Added Services (Telephone Ordering, Free Home Delivery and Loyalty Programme) and Employee Competence (Knowledge of Customer Service Persons, Courteousness of Customer Service Persons and Helpdesk) which are rated low in importance level could become more important and periodic studies would help in identifying that. Also, periodically monitoring the performance level / customer satisfaction level of these important factors / attributes and comparing them with the competing supermarket chains would help in continuous improvement leading to more customer satisfaction and customer loyalty.

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