

IMPACT OF PROMOTIONAL ACTIVITIES ON CUSTOMERS- A STUDY ON ORGANIZED RETAIL SECTOR IN TUMKUR DISTRICT

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Abstract: India retail Industry is classified into organized sector and unorganized sector, India is the second largest market of unorganized sector after China. The recent revolution in field of retail, the Foreign Direct Investments have increased the scope of organized retail markets in India. The Indian retail industry is expected to grow by 25% by 2020. But in a country like India is organized retailing is a boon or a curse, the major disadvantage of the unorganized sector is the promotional activities devised by the organized sector to attract customers. Is the organized retail sector actually providing benefit to the consumers or just exploiting consumers through their marketing strategies. Rural India is more prone to exploitation due to lack of awareness on the various strategies used by these retail giants to make profits. This research focuses on studying the impact of promotional activities used by the organized retail sector on the customers. 100 customers are selected as respondents from 10 Taluks across Tumkur district. Age is taken as the basis for the demographic difference between the respondents and the study emphasis the importance of age on the changing perception of the customers in relation to Indian organized retail industry. Statistical validation of the statements was made using SPSS Software, the study further concludes whether the promotional activities really make a difference on the buying patterns of the customers and is there a scope of development of the Indian Retail Industry In Rural India.

Indexed Terms: Organized retail Industry, consumer perception, promotional activities, Customer attitude, services offered.

I. INTRODUCTION

The inception of retailing in India can be followed back to the development of kirana stores & mom and pop stores. These stores used to cook neighborhood individuals. Inevitably the Govt. of India upheld the provincial retail and many retail shops accompany the assistance of KHADI and VILLAGE INDUSTRIES COMMISSION. The initial couple of organizations concoct retail chains were in material part in the year 1980. The organizations are Bombay Dyeing Kumar's, Raymond and so forth. Later Titan propelled retail demonstrates rooms in sorted out division.

On the off chance that you will pursue the above models, there are extraordinary changes happening in retail area. The retail business is moving from a chaotic one to a composed one.

The development of the retail exchange India is related with the development in the Indian Economy. (GDP) developed by a yearly rate of 8 percent. The universal counseling firm, A.T. Kearney, every year positions developing business sector economies dependent on in excess of 25 macroeconomic and retail-particular factors through their Global Retail Development Index (GRDI). Throughout the previous three years (2005, 2006, and 2007) India has been positioned as number one demonstrating that the Country is the most appealing business sector for worldwide retailers to enter. The high monetary development amid the most recent couple of years raising expendable earnings quickly, good more youthful populace with less reliance, and socioeconomics setting salaries on urbanization are a portion of the central point filling the Indian retail showcase.

II. REVIEW OF LITERATURE

Kumar (2008): in his article, emphasized on explaining the growth potential of organized retail Industry in India. it is a country which is primarily dependent of agriculture and after agriculture retail sector is the industry where vast population is employed. There are around millions of people involved in retail industry of which 25% are employed by the organized retail sector. The researcher defined the actual meaning of organized retail industry and classified them. Organized retail sector runs a

number of chain stores which are uniquely monitored and controlled by marketing strategies, this kind of retail stores are mostly found in urban cities. Rural India is also witnessing the emergence of organized retail sector.¹

Hamilton Ryan (2009) in his study focused on studying the arrangement pattern of items in organized retail stores. The customer perception and customer behavior is influenced by the promotional strategies employed by the organized retail stores. This study lays emphasis on studying the relationship between the services offered by the organized retail sector and customer preferences in relation to the shopping patterns, also a main cause of the study was to find the size of the items assorted between organized sector and unorganized sector, does size assortment act as an advantage or disadvantage to both organized sector and unorganized sector. The consumer decision of choosing between organized or unorganized sector is influenced by many factors especially the assortment size and the promotional activities.²

Kamaladevi (2010) in her study stated that the key to success of organized retail industry is to understand the buying preferences of the customers. Customer is the king of the business hence highest emphasis should be laid on his likes and dislikes. The Indian Organized retail industry has the potential to grow in the years to come if the customer profile and behaviour is understood and strategies are prepared accordingly.³

Anand and Sinha (2008): in their study emphasized on the various types of organized and unorganized retailers available in the country. The organized retail sector amounts only 5% of the retail industry in India. Open markets, kirana stores, peddlers, hawkers, departmental stores, provision stores etc are various predominant types of retailers in India. When there is such a wide choice of markets available it becomes difficult to access the consumer behavior in relation to retail industry.⁴

III. STATEMENT OF THE PROBLEM

The Indian retail industry is growing at a faster pace, but in a country like India where the major population is of rural demographics, is it a good move to have organized retail sector in those areas. are the high end marketing and promotional strategies adversely or positively affecting the consumers. it is important to know the impact of promotional strategies on consumers buying preferences in rural areas(Tumkur district) in India.

IV. OBJECTIVES

- To study on Indian retail sector.
- To study the perceptions of consumers on organized retailing in Tumkur district.
- To study the impact of promotional activities on consumers by organized retailing in Tumkur district.

Hypothesis:

There exists a statistically significant relationship between promotional activities of unorganized and organized retail industry in Tumkur district (correlation)

There exists a statistically significant difference between perceptions of consumers belonging to various age groups towards organized retail industry in Tumkur district (anova)

V. RESEARCH DESIGN

Table: Research Design

Geographical Area	Villages Of Tumkur District
Population	Consumers Of Tumkur District
Research Area	Organised retail Industry
Sample Size	100 consumers
Sampling Method	Convenient Sampling
Data Collection	Primary Data Collection: Questionnaire And Interview Schedules
	Secondary Data Collection: Journals, Govt Websites, Articles And Magazines
Statistical Tools	Pearson's Correlation One Way Anova
Research Type	Survey Based Descriptive Research

¹ Kumar A., Kim Y.K. and Pelton L., —Indian Consumer's purchase behavior towards US versus local brandsl, International Journal of Retail and Distribution Management, Vol.37 No.6, pp.510-526, 2008

² Hamilton Ryan, "Assortment size and option attractiveness in consumer choice among retailers", Journal of Marketing Research, Vol. XLVI, pp. 410-420, 2009.

³ Kamaladevi B., —Customer Experience Management in Retailingl, Business Intelligence Journal, Vol. 3 No. 1, pp. 27-54, 2010.

⁴ Anand K.S. and Sinha P.K., Store format, choice in an evolving market: role of affect cognition and involvement. International Review of Retail, Distribution and Consumer Research, 19(5), pp. 505- 534, 2009

Table: Sample Design

Sample design					
Taluks	Sample (Age Group)				
	15-25	25-35	35-45	45-55	55-65
Tumkur	2	2	2	2	2
Gubbi	2	2	2	2	2
Koratagere	2	2	2	2	2
Kunigal	2	2	2	2	2
Madhugiri	2	2	2	2	2
Pavagada	2	2	2	2	2
Sira	2	2	2	2	2
Tiptur	2	2	2	2	2
Chiknayakanalli	2	2	2	2	2
Turuvekere	2	2	2	2	2
	20	20	20	20	20
			100		

VI. THEORETICAL BACKGROUND

Organized and Unorganized Retail in India-

To the extent India is worried, there is need of both sorted out and sloppy retailing. Both the organizations have points of interest and inconveniences. Finish association of retailing stores will make joblessness, destitution and might be terrible for the poor buyers too. In the meantime a completely disorderly retail organization will unfavorably influence monetary development, govt. incomes and will be an impede during the time spent improvement of the nation.

India is at the intersection as to the retail division. A few developing business sector economies have felt free to receive the rewards of present day retail. India is anyway a latecomer to sort out retail extension and the image still stays vague as to its future heading. The investigation advocates a decent way to deal with retail and proposes that the legislature assumes a noteworthy job in molding its future course.

There is almost certainly that conventional retail has been playing out an indispensable capacity in the economy and is a noteworthy wellspring of work. In any case, it experiences gigantic wasteful aspects because of which purchasers don't get what they need, and agriculturists regularly get costs for their deliver much underneath what is viewed as reasonable. Interestingly, composed retail furnishes purchasers with a more extensive selection of items; bring down costs, and a wonderful shopping condition. It gives agriculturists a superior elective channel for offering their items at a superior cost.

The opposition from composed retail has influenced the matter of customary retailers however they are attempting endeavors to remain on. In their battle to confront this opposition, they are crippled by an absence of access to formal credit from business banks. As in different nations, government arrangement can and should assume an essential job in modernizing the disorderly part and enhance its aggressiveness. Then again, an approach of assurance of customary retailers by confining sorted out retail will hurt the development prospects of the nation by prior the gigantic advantages that are produced by composed retail. In any case, the accompanying measures can be taken to unravel the worldview of sorted out and disorderly retail.

- Liberalization arrangement for local retailers to end up composed retail.
- More credit offices for country sloppy stores to build up their stores.
- Appropriate administrative body for sloppy retailers for building up retail shops.
- Roof on costs by the govt. to control value level of various sorted out retailers against ruthless estimating.
- Instructing country individuals and enhancing their way of life.

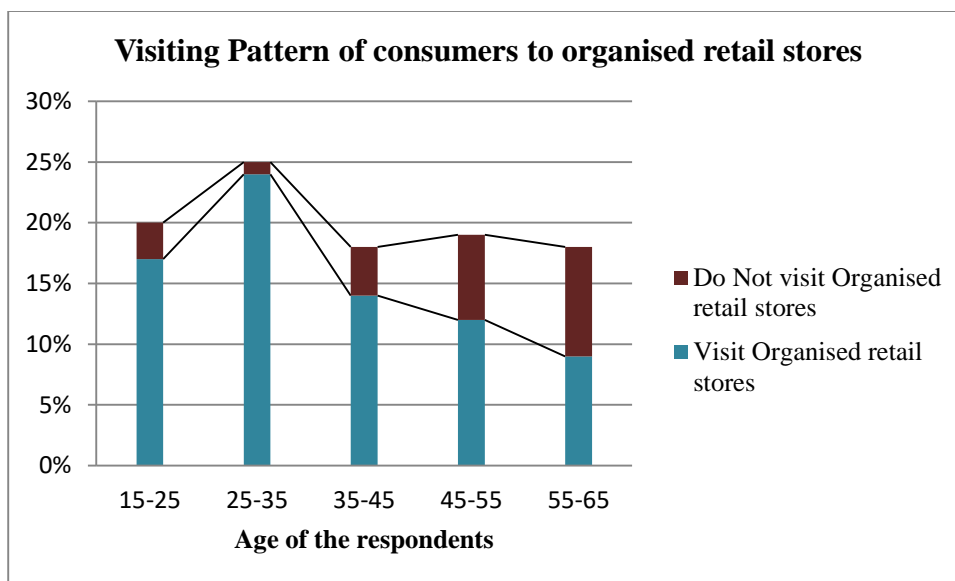
In this way, Indian retail requires a decent procedure for sorted out and sloppy retail locations that might be called as REORGANIZATION OF RETAIL SECTOR.

VII. OBSERVATIONS AND DISCUSSIONS

7.1. Perceptions of consumers on organized retailing in Tumkur district.

The research revealed that 76% of the respondents prefer organized retail markets in comparison to the unorganized retail markets. The age wise study shows that consumers under the age bracket of 15-35 mostly prefer going to these retail giants. On

the other hand 24% of the rural consumers do not want to visit the organized retail stores of which age group 45-65 were the highest. it clearly indicates that age plays a major role in the choice of selecting the type of shopping consumers prefer in Tumkur district.



Graph No: 1 visiting Pattern of consumers to organized retail stores

The table below indicates the customer perception, customer attitude towards promotional activities and services offered. as seen earlier out of the 76% of the respondents the age group 15-35 are more likely to visit the organized retail stores as recreational places, enjoyment and modern ambience. age group 35-45 is concerned with quality of services, offers and discounts as they are at the edge of saving. age group 55-65 are not very keen of visiting these malls and supermarkets but the family pressure and peer group suggestions influence them to go to these organized retail stores. Some advantages of the organized retail stores like cheap prices, cleanliness advertisement strategies influence all the respondents.

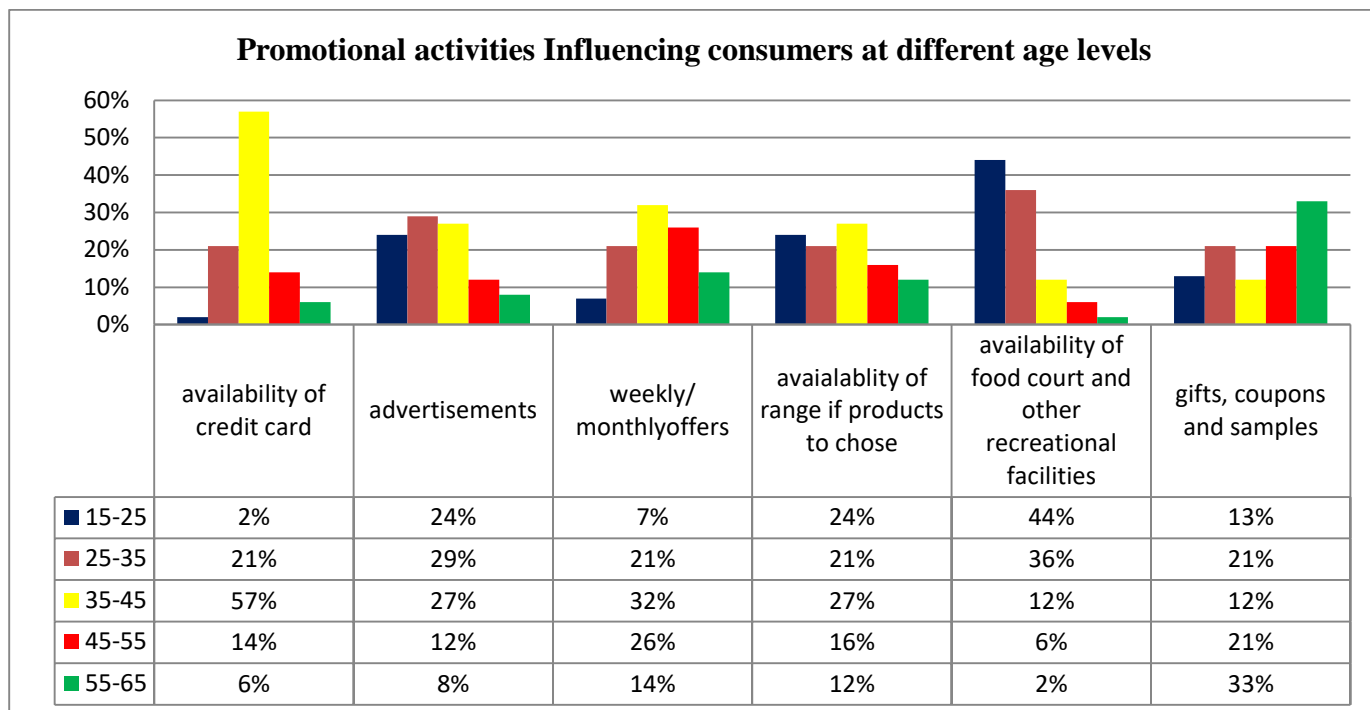
The customer services provided by the organized retail sector are also cause of influence to the customers. the availability of home delivery, parking spaces and organized assortment of products also impact the decision of the buyers. In rural areas consumers are not likely to look for ambience and enjoyment but prefer decreased cost and increased value for money spent.

Table No: 1 Customer perception and attitude

Customer Perception	15-25	25-35	35-45	45-55	55-65
visit due to large inventory	24%	21%	27%	16%	12%
visit due to shopping at single place	16%	21%	37%	20%	6%
visit for time pass	44%	36%	12%	6%	2%
visit due to cleanliness, packaging and hygiene	14%	36%	30%	8%	12%
visit due to cheap prices, discounts and seasonal offers	13%	21%	12%	21%	33%
Customer attitude	15-25	25-35	35-45	45-55	55-65
visit due to proximity	4%	1%	67%	16%	12%
visit due to computerized billing	24%	10%	48%	11%	7%
visit due to suggestions by peer group	7%	9%	27%	9%	48%
Services Offered	15-25	25-35	35-45	45-55	55-65
Promptness in services	57%	2%	21%	6%	14%
Multiple counters for billing	27%	24%	29%	8%	12%
Long working hours	32%	7%	21%	14%	26%
Polite and helpful staff	27%	24%	21%	12%	16%
Ambience	12%	44%	36%	2%	6%
Parking facilities	12%	13%	21%	33%	21%
Home delivery	7%	21%	32%	26%	14%

7.2 Impact of promotional activities on consumers by organized retailing in Tumkur district.

Promotional activities and marketing strategies play a major role in persuading consumers to visit the organized retail stores in any society, be it rural or urban. The various promotional strategies used by these big retailers include availability of different payment options like debit card credit card, advertisements outside the store all well as inside, both print and electronic media, various membership offers and discounts, availability of range of products, recreational services within the shopping area and gifts, coupons etc. In rural demographic of Tumkur there are about 20-25 organized retailers. The respondents had a varied opinion graph which shows that promotional activities influence the buyer decisions in organized retail sector. Age group 15-25 are not very keen of the promotional activities, they only show a positive liking towards recreational activities. Age group 35-45 is ones who are highly influenced by the promotional activities.



Graph No: 2 Promotional activities influencing consumers at different age levels

7.3 Hypothesis testing

7.3.1 Hypothesis: There exists a statistically significant relationship between promotional activities of unorganized and organized retail industry in Tumkur district (correlation)

	ORGANISED SECTOR	UNORGANISED SECTOR
Availability of credit card/ credit facility	72	41
Advertisements	100	0
Weekly/ monthly offers	92	76
Availability of range if products to chose	63	40
Availability of food court and other recreational facilities	69	51
Gifts, coupons and samples	59	42

	ORGANISED SECTOR	UNORGANISED SECTOR
ORGANISED SECTOR	1	
UNORGANISED SECTOR	-0.32026	1

There is no correlation between the promotional activities carried out by organized and unorganized sector. The correlation is -0.32, negative but very weak correlation. This means that the unorganized sector doesn't perform any activities which are even near to the promotional activities of organized sector.

7.3.1 Hypothesis: There exists a statistically significant difference between perceptions of consumers belonging to various age groups towards organized retail industry in Tumkur district (anova)

Customer perception	15-25	25-35	35-45	45-55	55-65
Visit due to large inventory	24	21	27	16	12
Visit due to shopping at single place	16	21	37	2	6
Visit for time pass	44	36	12	6	2
Visit due to cleanliness, packaging and hygiene	14	36	3	8	12
Visit due to cheap prices, discounts and seasonal offers	13	21	12	21	33

Anova: Single Factor

SUMMARY

Groups	Count	Su	Average	Variance
		<i>m</i>		
15-25	5	111	22.2	167.2
25-35	5	135	27	67.5
35-45	5	91	18.2	184.7
45-55	5	53	10.6	59.8
55-65	5	65	13	143

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	891.2	4	222.8	1.790421	0.170388	2.866081
Within Groups	2488.8	20	124.44			
Total	3380	24				

Hypothesis rejected

The f-ratio value is 1.79042. The p-value is .170388. The result is not significant at $p < .05$.

VIII. CONCLUSIONS

Organized retail sector is the fast growing industry in India, a major portion rural population is enjoying the benefits of the organized retail sector and a very less percentage is reluctant to accept the new model of retailing. Promotional activities are a major plus point of the organized sector and sole USP in comparison to the unorganized sector. The preferences of the consumers to visit the organized retail stores are high in younger generation as compared to the older generation. The rural India is ready for a change as the customers are taking pleasure in the various services offered by the big retailers. The organized retail sector in India should focus on understanding the needs and perceptions of the rural population to grow in all facets of the industry. The respondents of Tumkur District showed keen interest in the organized retail sector as it is advantageous to them.

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