

CONSUMER BEHAVIOUR IN MODERN RETAIL Stores

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Abstract:

Indian retailing today is at an interesting crossroads. The retail sales are at the highest point in history and new technologies are improving retail productivity. Retailing is the most active and attractive sector of last decade. The future is promising; the market is growing; government policies are becoming more favourable and emerging technologies are facilitating operations. It has been one of the fastest growing sectors and contributes more than one-fourth of the GDP of many countries in the world. The sector contributes more than 20 percent employment in the world. Organized retail is a new phenomenon in India and despite the downturns, the market is growing exponentially, as economic growth brings more of India's people into the consuming classes and organized retail lures more and more existing shoppers into its open doors. She has talked about FDI. The new FDI policy implies greater autonomy in functioning for foreign single-brand retail players who can now own 100% of their Indian stores, up from the previous cap of 51% with only the stipulation that they will have to source 30% of their goods from small and medium-sized Indian suppliers. The new policy allows a maximum 51% ownership for the multi brand retail sector with various conditions. She has mentioned some threats they are Besides posing several opportunities, industry is facing various threats like political issues, social issues, Inflation, lack of differentiation among the malls that are coming, poor inventory turns and stock availability measures, current independent stores will be compelled to close, India does not need foreign retailers if we remember East India Company it entered India as trader and then took over politically, and the most important is the inability of government to build consensus.

Keywords: -

Modern retail, Consumer Behaviour, Buying habits of Consumer.

1. Introduction:

The retail industry in India is currently growing at a great pace and is expected to go up to US\$ 833 billion by the year 2013. It is further expected to reach US\$ 1.3 trillion by the year 2018 at a CAGR of 10%. As the country has got a high growth rates, the consumer spending has also gone up and is also expected to go up further in the future. In the last four year, the consumer spending in India climbed up to 75%. As a result, the India retail industry is expected to grow further in the future days. By the year 2013, the organized sector is also expected to grow at a CAGR of 40%. According to Indian experts these major opportunities are available in Indian retail sector.

1.1 Customers Habits and Preferences

Understanding retail industry means understanding its customers.

Customers' shopping habits and preferences largely defines and determines the growth of retail industry in any market. Customer habits are defined as "an individual's or group's normal purchases. [2]

It is the products that a particular customer usually buys and the places where he buys them.[3]

Buying habits are the tendencies customers have when purchasing products and services.[4]

Whereas customer preferences are defined as what type of product an individual customer likes or dislikes.[5]

They are defined as the subjective (individual) tastes, as measured by utility, of various bundles of goods.[6]

In recent times, India has witnessed a sea change in customer preference, which created new prospects for modern retailers to innovate new business ideas and introduce new product offerings with creative marketing strategies to grab the untapped potential in tier-2 and 3 towns as well apart from establishing themselves in metros. From street-vendors to cart-riders to traditional mom-and-pop stores, the new-age customer is fancying new-look and modern retail formats, from local and regional brands to national and international brands, from being 1

1. <https://www.indiaretailing.com/2014/09/17/retail/why-should-a-retailer-move-to-tier-ii-iii-cities/>
2. <https://financial-dictionary.thefreedictionary.com/Buying+Habits>
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4. <https://thrivehive.com/why-do-customers-buy-how-to-identify-customer-buying-habits/>
5. <https://www.collinsdictionary.com/dictionary/english/customer-preference>
6. <https://www.usi.edu/business/cashel/331/consumer.pdf>

Literature Review:

The massive Indian Retail Market is changing fast. Customers are moving fast from Brick and Mortar Retailing Stores to E-Stores or E-Retailing or E-Tailing.

The e -Tailing Value Proposition (Factors attracting customers to buy online)

- Convenience – Browsing/Availability at a click of a mouse.
- Choices – Large Selection and Research Experience-Exhaustive Information
- Comparison Shopping
- Low prices/Discounts & Offers
- Different Payment Options [1]

The retailers in India have to learn both the art and science of retailing by closely following how retailers in other parts of the world are organizing, managing, and coping up with new challenges in an ever-changing marketplace. But to become a truly flourishing industry, retailing needs to face the following challenges effectively and efficiently.

- Automatic approval is not allowed for foreign investment in retail.
- Regulations restricting real estate purchases, and cumbersome local laws.
- Taxation, which favors small retail businesses.
- Absence of developed supply chain and integrated IT management.
- Lack of trained work force. [2]

RETAIL STORES IN INDIA is one of the pillars of its economy and accounts for about 10 percent of its GDP. Organized retail sector is growing rapidly and consumers are shifting to shopping in organized retail stores. This shows India's growth potential in organized retail penetration also improving economy, changing demographic profile, increasing disposable incomes in hands of the middle class, changing tastes and preferences and growing urbanization along with rising discretionary spends are the main growth drivers in the organized retail market in India. The success of any format of retail industry solely depends on how it performs in the market place at a given point of time. Thus, understanding of shoppers' behaviour is the key to success for the retailers. Consumer purchase behaviour is an important factor that affects the strategies adopted by the retailers. The study has successfully achieved results in line with objective of the study. Customers prefer purchasing from organized retail outlets. Also, most of them are satisfied with the quality of service, price and product range of the goods provided by organized retail outlets. Research results indicate that location and offers are the most important criteria to choose the outlet. The wide range of product attributes, ambience, fast billing process, customer service, parking facility, systematic display, attracts the consumers to buy from organized retail outlet.[3]

The main objective of the study is to analyse why the consumer prefers the organized retail shops for their purchase instead of an un-organized retail shops and their level of satisfaction. For the purpose of the study a questionnaire was constructed and survey taken from a finite number of customers as consider them as samples where the total population was infinite in nature. The research design used for the study is descriptive research which will analyse the current market status and consumers. The collected data is analysed and interpreted with the help of suitable statistical tools and accordingly the findings, suggestions and recommendations are constructed which is consider to be the important part of the project.

The present study confirms to know the preference of the consumers towards organized retailing (Big Bazaar). The result of the study reveals the brand preference of Big Bazaar. The consumers have good opinion on the factors such as price, supply, quality and brand image. However, the consumers feel the quality has to be improved and price has to be cut down the good and well. As per current situation organized retailing is growing well and the expectations of the consumers also developing a lot on organized retail shops. If all the retail outlets identify and satisfy the consumer expectation.[4]

As competition is becoming stiff, retailers are working on new marketing strategies to sustain in the market, one such strategy being private branding adopted by most of the retailer. Private brand is one of the strategies decisions for most of the retail organizations in recent years and hence many retailers' have introduced varieties of private label in different categories like apparel, food and grocery, health care, personal care, consumer durables, lifestyle etc. Major driving force behind introducing store brand is to ensure the customer store loyalty. This can be accomplished as brand is available only in specific stores. The study aims to analyse the Consumer Perception towards Private Label Brands on Big Bazaar, Lucknow. The objective of the study is to understand the possibility of success when retailers introduce private brands. The research is aimed to explore if buying choices are made based on brand loyalty and to analyse whether customers actively seek for new brands or strict to the old brands private labels are able to position themselves significantly in the mind of customers and are gaining acceptance. Growth in specific private label segments like food and apparel segments are growing at a faster rate. While, the future of private labels is dependent on the retailer's ability to overcome key challenges such as adaptive supply chain practices, quality infrastructure, accelerated growth in new categories, blurring dividing lines between private label and national brands. From the study, it was found that good quality, price, trustworthy, large variety are the most influencing factor which drive the customer to buy the private label brand. Therefore, these are the factors which should be considered while coming with the future private brand. This in return it will help the retail stores to increase sales. [5]

From this study we came to know that Customer Habits and Preferences is based on changing economic conditions of Indian, stated that according to the population report, there are 192 million families in India, of which around 6 million families collectively have annual earnings of about INR 2,15,000. Further, 75 million households have yearly income that ranges from INR 45,000 to INR 2,15,000. Most popular reasons for customers to shop at modern retail stores include one-stop shopping facility (20.8%), quality products (23.25) and time-saving (20.8%). Shopping is fun only to a very small portion (6.7%) of them while only 9.9% of them agreed that it's like a feeling of status shopping at these stores. Packaged-food (30.8%), groceries (23.3%) and personal-care products (21.7%) are the mostly bought items at these stores whereas, apparels (15%), fruits & vegetables (7.5%) and consumer durables & electronics (1.7%) lag behind their shopping list. Coming to the benefits the derived from shopping at modern retail stores, factors like time-saving (20.8%), money-saving (19.2%), status (19.2%), fun-experience (17.5%) and varieties of merchandise (17.5%) stood ahead in list while window-shopping is mentioned only by a few (5.8%). This signifies that the new-age shoppers don't just restrict themselves for window-shopping unlike in the previous days Modern retail stores gradually entered deep into tier-2 and tier-3 town of India. Customers in these places gradually if not instantly, started preferring these stores over traditional mom-and-pop stores. These modern retail stores are thriving on their quality product offerings, money-saving and varieties of merchandise to customers on these small towns. In addition, their sheer ability to satisfy all the needs of shoppers, modern amenities and enticing shopping ambience made these stores right choice to a major chunk of customers. However, there is more to go for these retailers in terms of better

customer experience and interaction which improves loyalty among shoppers. With the passing of time, if competition catches it would be difficult for these stores to get along in the market, unless they create a differentiation appeal and gain customer loyalty.[6]

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Objectives of the Study: -

The study aims at gaining more practical insights on changing retail landscape with the following objectives.

1. To study the habits of customers towards shopping at modern retail stores.
2. To find out the preferences of customers towards shopping at modern retail store
3. To determine the factors influencing their preferences.

Scope of the Study: -

The inferences from the study are based on the responses given by the customers in a specific area. This study is helpful in getting insights on shopping habits and preferences of middle and higher socio-economic group of customers of modern retail store (bigbazar,d mart, reliance)in **PUNE.**

Methodology: -

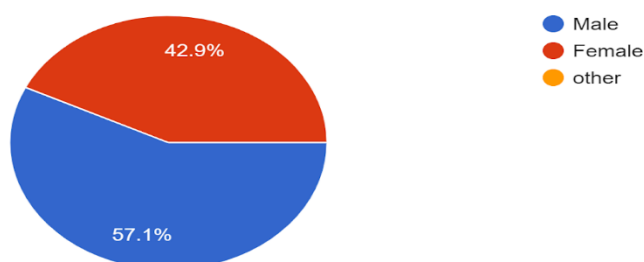
The study is based on both primary data and secondary data. The primary data will be collected through structured questionnaire for which samples of 70 respondents will be selected for this study. The collected samples using convenient sampling method was validated and took it for further analysis. Secondary data is also collected from database sites and articles. Survey method is used for collecting data from customers visiting various retail outlets. Respondents will be requested to respond to various questions through a google form and the responses will be recorded in the questionnaire. The questionnaire contained both open and close-ended questions in a structured format. The members of the sample selected will be requested to participate in the survey voluntarily.

- **Analysis and interpretation**

Profile of respondents

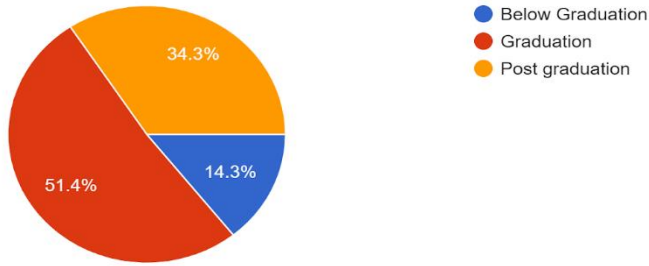
Gender?

70 responses



Education?

70 responses



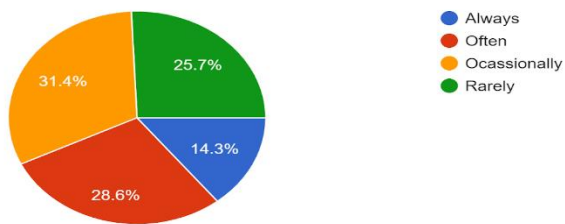
Interpretation: -

From the above diagram it can be inferred that male took active participation in the survey comprising around 57.1% of total respondents. This represents the dominance of male over female in shopping at modern retail store. Respondents (34.3%) are post-graduates. Graduates comprise 51.4% and the rest (14.3%) are non-graduates. This specifies that most of the shoppers are well educated.

General shopping habits of customers:

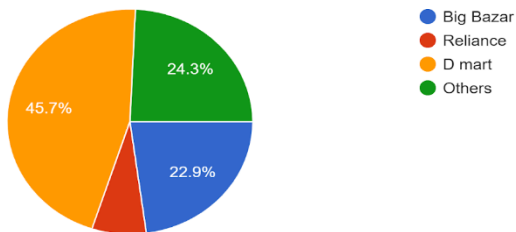
How often do you shop at retail stores in malls?

70 responses



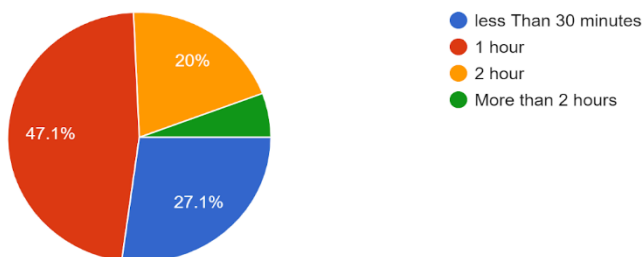
Which Hypermarket you usually shop at?

70 responses



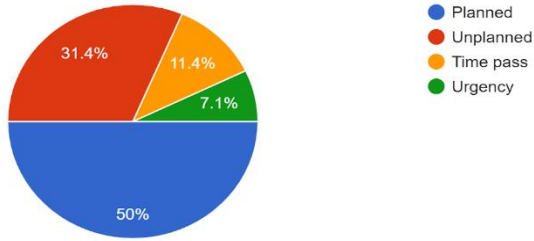
How Much time u usually spend on store?

70 responses



What is your usual nature to visit the store?

70 responses



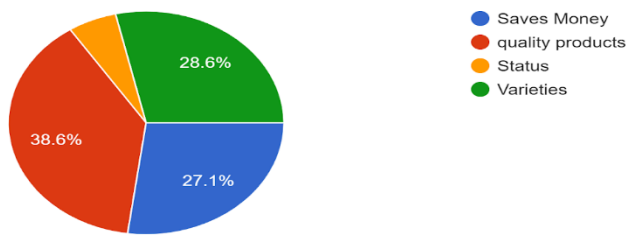
Interpretation: -

The above table unearths the general shopping habits of customers. It is found that very less of the respondents (14.3%) always shop at modern retail stores. Also, many of them (25.7%) rarely shop at these types of stores, which signifies that the modern retail has yet to get acceptance from a significant number of customers in market. Most of the respondents stated that they shop more at D mart (45.7%) and other modern retail store (24.3%). Most of the shoppers (47.1%) spend 1 hour on an average on shopping at these stores whereas, only a few of them (5.7%) spend more than 2 hours inside the stores, which may mean that shopping to most of them is an ordeal and not fun or entertaining. many respondents (31.4%) are not serious shoppers. 50% of them make prior plans to shop at these stores. This points out that retailers are successful to promote and attract customers to their stores.

Shopping preferences of customers:

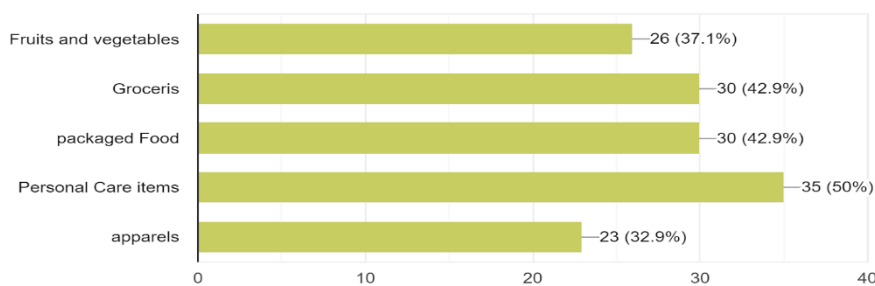
what is the more Appropriate reason for shopping at modern retail stores?

70 responses



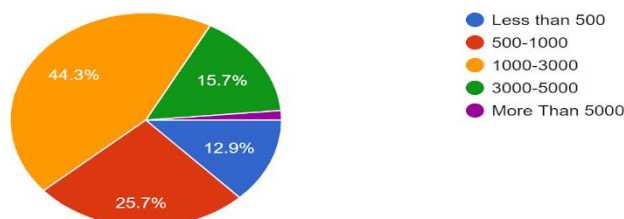
What do you mostly prefer at buying at these stores?

70 responses



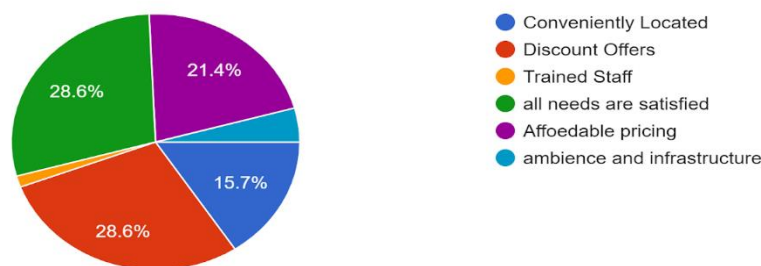
Howmuch Money Do you Spend at store at one time?

70 responses



What is your opinion on your Favorite store?

70 responses



Interpretation: -

Most popular reasons for customers to shop at modern retail stores includes quality products (38.6%), variety products (28.6%) and Money saving (27.1%). of them while only (5.7%) of them agreed that it's like a feeling of status shopping at these stores. Packaged-food (42.9%), groceries (42.9%) and personal-care products (50 %) are the mostly bought items at these stores whereas, apparels (32.9%), fruits & vegetables (37.1%). This signifies that the new-age shoppers don't just restrict themselves for window-shopping unlike in the previous days. A person when goes to shopping usually spends (1000-3000) (44.35) %. (25.7) % spends 500-1000. This shows that people usually go to shop on monthly basis. When asked about their opinion on their favourite retail store, a considerable amount of the respondents (28.6%) agreed that all their needs are satisfied in the store, a few opined that the store provide good ambience and amenities equally (28.6) said it was because of the discounted offers. (15.7%) respondents like because of location of the store. (21.4%) of the respondents agreed that the pries are affordable.

Conclusion: -

Modern retail stores gradually entered deep into tier-2 and tier-3 town of India. Customers in these have started preferring these stores over traditional mom-and-pop stores. These modern retail stores are thriving on their quality product offerings, money-saving and varieties of merchandise to customers on these small towns. In addition, their sheer ability to satisfy all the needs of shoppers, modern amenities and enticing shopping ambience made these stores right choice to a major chunk of customers. However, there is more to go for these retailers in terms of better customer experience and interaction which improves loyalty among shoppers. With the passing of time, if competition catches it would be difficult for these stores to get along in the market, unless they create a differentiation appeal and gain customer loyalty.

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