"A Study on Factor Influencing Buying Behavior of Organized Retailing in India"

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Abstract:

The present study has been undertaken with the prime objective to determine the factors influencing customers buying behavior while purchasing food commodities from Reliance Fresh. It also focuses on finding out the current status of Reliance Fresh and determine where it stands in the current market. People mostly come to organized retail as they get quality products at affordable prices at more discounts/ offer under one roof. It is also clearly known that organized retail stores sells their goods at a discounted price as compared to the market. Even it provides good service and ambience to its customers which encourage them to visit and shop more and more times. The project involves main aspects namely industry profile, company profile, project topic overview, research methodology and analysis part. In the methodology part, detailed discussion is made on objectives, research design, data collection method and sampling design. Herein, the primary data have been collected through structured questionnaires. Based on the analysis of the collected data, findings, recommendations, limitations and conclusion have been derived.

This market field survey is a sure shot help in knowing the present customers tastes and preferences. And also to know what are the factors which customers think before visiting Reliance Fresh. It helped me in estimating the customer's future needs, wants & demands. (To improve customer walk-in at Reliance Fresh). It also gives an idea how company can enhance its business or increase its sales by working on these things - provide better customer service than its competitors, increase the variety of merchandise with deep assortment, arrangement of product in a proper way that creates good store image and provide membership card to the customers. The study also reveals that consumers also want the company to include more categories in the food section of the store, provide parking space and employ knowledgeable sales staff.

Keywords: Retiling, FDI, Outlet,

Introduction

The Retail Sector is the most booming sector in the Indian economy and it is presently the largest employer after agriculture. Some economists say that Retailing is one of the pillars of the economy in India. Some of the biggest players of the world are going to enter into the industry soon. It is on the threshold of a big revolution after the IT sector. Although organized retail market is not as strong as of now, but it is expected

to grow manifolds by the year 2015. Indian Retail Industry was valued to 427 b in 2010 and is expected to grow $ 637 b in 2015. The retail market is most fragmented in the world and only 5% of the entire retailing business is in the organized sector. There are about 300 new malls, 1500 supermarkets and 325 departmental stores being built in the cities very soon. Consumers now want the cheapest, biggest and the quickest products/services from their retailers. The project depict the main drivers of the retail revolution and how this revolution changes the buying behavior of the customer, increase in disposable income of the middle class, infrastructure development and changing customer choice. Organized Retailing was introduced in the last decade and has emerged as one of the sunrise industries in India. The survey intends to analyze the factors influencing consumer behavior towards organized retailing, their source of purchasing and the factors which influences their habit of purchasing from malls and high end retailing sections in Hyderabadword „retail‟ means to sell or be sold directly to individuals. Retail is India‟s largest industry, and arguably the one with the most impact on the population.

Objectives of Study:
➢   To analyze the socioeconomic profile of organized retail customers purchasing commodities from Reliance Fresh.
➢   To study the Factors influencing the preference of organized retail outlet.
Scope of the study

The study is completely focused upon the objectives. The result obtained from the objectives will be helpful to the organization in knowing the different opinions of the customers about the companys products and services. The study will also be helpful for the company to take steps for solving the issues related with problems in the service offered. In addition, this will be useful in finding out the valid steps to trigger the sales. Lastly, the study will also be a corner stone for improving ideas to bring up positive results in customer satisfaction. The study was undertaken at the Reliance Fresh outlet located at Malkajgiri, Hyderabad by surveying the visiting customers eliciting their opinions on various parameters affecting their satisfaction level

REVIEW OF LITERATURE

Malati, Maheshwari & Jain, (2012) found that customer satisfaction has become a major source of concern in retail business. The entry of foreign retail players into the Indian market has made it tough for the Indian players. To keep pace with the demands of the new age customers, the retail outlets have to devise new strategies and techniques in understanding their needs and fulfilling their requirements. It was proposed that quality of service is an important indicator of customer satisfaction. Measuring service quality involves objective feedback from existing customers. The study is based on the five overall dimensions of service quality and the extent to which the customers expect and perceive services provided by two retail outlets Reliance Fresh and More. This paper aims to understand the service quality gaps of these outlets with

respect to the customer expectations and perceptions. The study gives useful and innovative insights to boost customer satisfaction towards Reliance Fresh and More.

Wani and Tariq Wani (2011) in their study entitled „A study of comparative customer satisfaction with special reference to retail outlets of Big Bazaar and Reliance Mart in Pune city‟; found that the competition among the retail outlets have greatly affected the customer satisfaction.

Dinesh Kumar & Thirunavukkarasu (2012) conducted a study on the awareness of Reliance fresh among the customers. The study mainly concentrated on general price level, quality about products, overall satisfaction about Reliance fresh, general awareness, and consumer preferences of Reliance fresh. The study analyzed the primary data collected through a structured questionnaire with a sample size of 50 selected through Simple random sampling method and concluded that customer awareness play dominant role in ensuring their satisfaction.
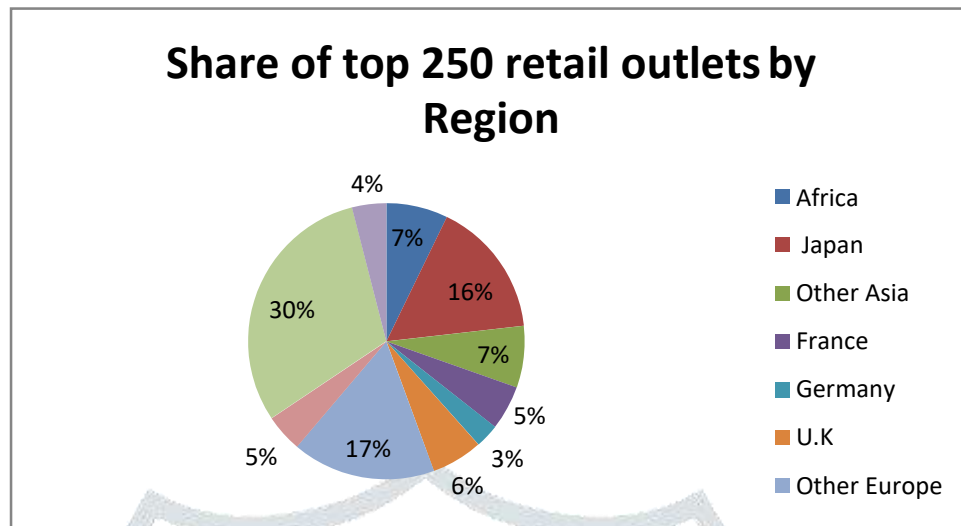
Michael Conklin, Ken Powaga and Stan Lipovetsky, (2004) A problem of identifying key drivers in customer satisfaction analysis is considered in relation to Kano theory on the relationship between product quality and customer satisfaction using tools from Cooperative Game Theory and Risk Analysis. We use Shapley Value and Attributable Risk techniques to identify priorities of key drivers of customer satisfaction, or key dissatisfies and key enhancers. We demonstrate the theoretical and practical advantages of Shapley Value and Attributable Risk concepts in elaborating optimal marketing strategy.

Global Powers of Retailing

Emerging markets see continued high growth in retail demand. Despite the economic slowdown in 2011, composite retail revenue soared for companies based in Africa/Middle East, Latin America and Asia/Pacific (excluding Japan).

Nevertheless, Japan‟s share of Top 250 companies and revenue increased owing to the exchange rate effect of a stronger yen relative to the U.S. dollar in 2011.The performance of North American retailers improved in 2011, with above-average revenue growth and profitability. Productivity, as measured by return on assets, was also well above average, outperforming all other regions. This group‟s strong results are a bit surprising given the various negative influences faced by U.S. consumers in 2011. Unemployment remained uncomfortably high and real disposable incomes continued to decline. However, there was considerable pent-up demand, and even though consumers remained price sensitive, their willingness to take on new debt increased. As a result, consumption regained much of the vigor lost during the recession.

Figure No. 1.1

Share of top 250 retail outlets by Region

RETAIL SCENE IN INDIA

Retailing is one of the oldest businesses that human civilization has known. It acts as an interface between the producer and consumer, improves the flow of goods and services and raises the efficiency of distribution in an economy. For a strong, stable and consistently growing economy, a well-organized and efficient retail sector is a must. Most of the developed and even emerging economies had adopted the organized retail long ago and percentage share of organized retail in total retailing has increased over the years. However, India, traditionally a land of self-sufficient villages, has continued to rely primarily on small, close to home shops. It is only off-late with pick-up in pace of urbanization and rising disposable incomes that the country started to take a few steps towards the organized retailing. A good progress has been made in last few years, and the retail industry is off late being hailed as one of the sunrise sectors in the economy. With India emerging as an important economic power and per-capita income crossing the $1000 mark, the country has come to be regarded as the „most attractive retail destination‟ globally. This has resulted in many foreign companies eyeing India to continue their growth stories. Although the foreign direct investment (FDI) in the sector has not been completely liberal, foreign firms have entered in partnership with local companies and the retail industry is ready to take off.
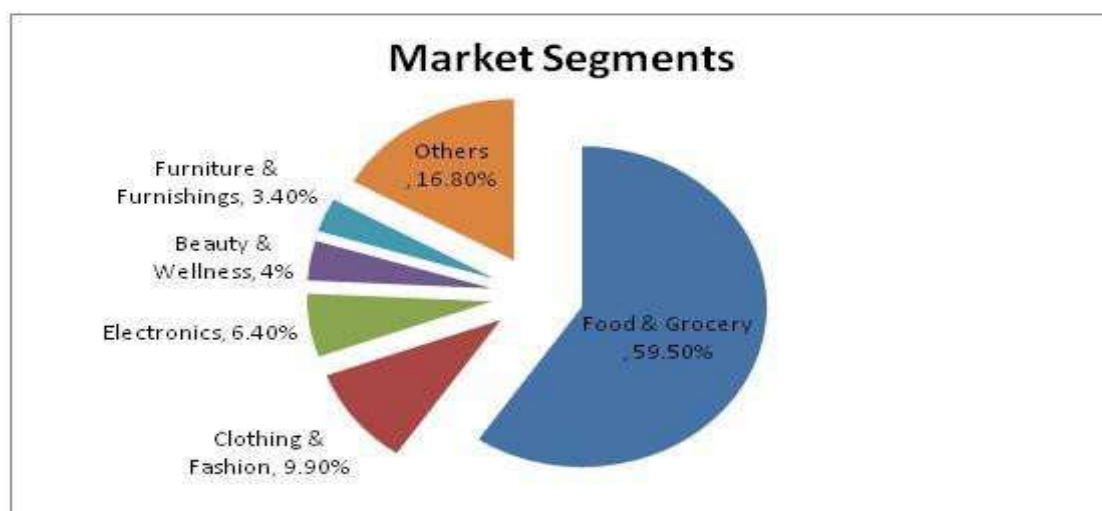
Industry Structure:

In India the retail sector is the second largest employer after agriculture, although it is highly fragmented and predominantly consists of small independent, owner – managed shops. Retail trade in the country has burgeoned in the past decade, mainly on account of a gradual increase in the disposable incomes of the middle and upper-middle class households. More and more corporate houses including large real estate companies

are coming into the retail business, directly or indirectly, in the form of mall and shopping center builders and managers. New formats like super markets and large discount and department stores have started influencing the traditional looks of bookstores, furnishing stores and chemist shops.

This category has the highest consumer demand across all income levels and various retail formats. The Indian consumer behavior of preferring proximity to retail formats is highly pronounced in this sector, with food, grocery and allied products largely sourced from the local stores or push-cart vendors.

Fig 1.2 Indian Market Segment(Indiabulls)

Apparels and consumer durables are the fastest growing verticals in the retail sector. Mobile phone as a product category has witnessed the highest growth in consumer demand amongst all retail product offerings, with increasing penetration of telecommunications in towns and villages. Many other product categories are also gaining traction predominantly in the urban areas and emerging cities, with increasing average income and spending power of young urban India. Also, this segment has the fastest pace of adoption towards organized retail as consumers are getting increasingly willing to try new and innovative products.

Top Retail Companies in India

Here is a list of top Retail Companies in India ; these are the best companies in retail sector offering fashion, lifestyle, food, electronics, vegetable products and solutions. Ranking process of these top Retail Companies in India is frequently being updated the expert team of India.

1.　　Reliance Retail Limited

Corporate office – Mumbai, Maharashtra | **Establishment** – 2006

Business –Retail | **Website** – *www.ril.com* |

Reliance retail limited was incorporated in 2006, a part of Reliance industries. The company has been rated among the best retail companies in India. It offers complete retail solutions such as food items, lifestyle, fashion, consumer electronics products, home decorative products etc. The company has a total of 1500 outlets in the country.

2.   Pantaloons Retail Limited

Corporate office – Mumbai, Maharashtra | **Establishment** – 1997

Business – Retail | **Website** – *www.pantaloonsfashion.com* | It is a flagship company of Future group and one of the leading

retail company in India. The company has more than 1000 outlets across the India and 35000 employees. Company‟s brands include Big Bazaar, food Bazaar Brand factory, Top 10 and Sitara.

3.   Provogue India Ltd

Corporate office – Mumbai, Maharashtra | **Establishment** – 1997 **Business** – Retail and Manufacturing | **Website** – *www.provogue.com*

It is a lifestyle and fashion company which was established in 1997. The company‟s offering include men‟s wear, women‟s wear, fashion accessories, apparel and numerous other products. It has over 250 stores all across the country and rated among the top most trusted brands in India by trust research committee in year 2011.

4.   Shoppers Stop

Corporate office – Mumbai, Maharashtra | **Establishment** – 1991

Business – Retail | **Website** – *www.shoppersstop.com* |

Shoopers Stop is a well known name in retail industry in India and ranked among the top retail brands in India. The company is operated and managed by K Raheja Corp Group and was incorporated in year 1991. It has total 61 stores in India and offers national and international brands of apparel, fashion and lifestyle.

5.   ITC –LRBD

Corporate office – Kolkata, West Bengal | **Establishment** – 1910

Business – Retail | **Website** – *www.itcportal.com* |

Lifestyle Retailing Business division is a premier clothing retail company in India branding through Wills Lifestyle and John players. The Company has a diversified range of business activities in FMCG, Hotels, Paper board, Packaging and Agriculture.

6.   Trent Ltd.

Corporate office – Mumbai, Maharashtra | **Establishment** – 1998

Business – Retail | **Website** – *www.mywestside.com* |

It is a fully owned Tata group company which was incorporated in 1998 operates under brand name of Westside, Star Bazaar,

Fashion yatra and Landmark. The company offers Mens &

womens footwear, cosmetics and fashion accessories from their retail store located in more than 30 cities in the country whereas Landmark store deals in book and music business.

7.   McDonald's

Corporate office – Oak Brook, Illinois, U.S | **Establishment** –1940 **Business** – Restaurants | **Website** – *www.aboutmcdonalds.com* | McDonald is leading global food service provider which has existence in more than 130 countries worldwide. The company started India operation in 1996 and has more than 300 food chain restaurants in the country. It is a Joint venture with two Indian companies in north & east and south & western region respectively.

8.   Aditya Birla Retail

Corporate office – Mumbai, Maharashtra | **Establishment** – 2006

Business – | **Website** – *www.adityabirla.com* |

Aditya Birla retail limited is a subsidiary of Aditya Birla group established in year 2006 which owns over 500 supermarkets and 15 hypermarkets. The company is rated as top 10 retail companies in India and received prestigious Master brand Award 2012 by World Brand congress in retail brand category.

9.   Titan Industries

Corporate office – Bengaluru, India | **Establishment** – 1984| **Business** – Jewellery and Watch retail| **Website** – *titan.co.in* | Titan is joint venture between Tata group and the Tamil Nadu Industries development corporation established in year 1984. Titan is dominating the Indian Watch Industry since then and become global international brand. Titan also has a great retail presence in jewellery business and its brand Tanishq is one amongst the top jewellery brand in India.

Data Analysis and Interpretation:

Research in retail is very important, as customer preferences and choices are dynamic and change frequently, the retail company needs to understand these before redesigning its processes for enhancing business and many more. Since customer interaction takes place at the store and nearby store, there is a big opportunity to gather first-hand information and feedback from customers through research and survey.

To analyze the Socioeconomic Profile of Organized Retail Consumers Purchasing Commodities From Reliance Fresh

Target Customers- Gender Wise:-

Table No. Gender of target Customer n= 50

Gender of Respondents		
Gender	No. of Respondents	% of Respondents
Male	35	70
Female	15	30
Total	50	100

Interpretation:

From the above chart, out of 50 respondents who visit Reliance Fresh the larger column is occupied by the respondents who are **Male** that is

70.% while 30% are **Female**. By this we can say that due to dual   incomes, even the male are participating in the household work.

Visit to Reliance Fresh	No. of Customers	Percentage
First Time	5	10
Once a week	20	40
Twice a week	10	20
Weekends	10	20
Once a Month	5	10
Total	50	100

Findings:

☐ Demography of Hyderabad city is perfect for retail business. In this area, majority of the consumers fall in the age group of 26-40 that is 32% and 32.5% of the respondents belongs to 41-50 as the most of the respondents come in the young age, these age group are tend to have a fast and busy life hence they prefer to shop in well organized outlet and old aged like to visit outlet, which is nearby rather than a unorganized mandi which is far off.

☐ Hyderabad city is a mixture of joint family and nuclear family as per the family life cycle, 46.6% come under family cycle with married with dependent Children, followed by 26% that is Newly married with no Children.

☐ Residential areas of the Hyderabad city are well employed which accounts for 49.3% 26.7% of the

respondents are entrepreneur because of which, they prefer to buy ready to eat, ready to cook sort hence they prefer organized store where everything is graded as per the quality norms.

☐ As we know, in this area, most of the respondents are service holders, this means, 30% respondents are under income group of 10000- 20000rupees/month and 30% under 30000-40000rupees/month, 25.3% comes under the income group of 20000-30000 hence at Reliance Fresh people come for shopping for their daily needs as they get value for their money.

Suggestions

✓ Store Atmospherics can be improved like Music; there was no music in the store, which plays an important part in setting up the mood of the customer. Music can control the pace of store traffic, create an image, and attract or direct consumers" attention. Odour, A smell from fresh fruits and vegetables and bakery stimulate the customer to make purchase.

✓ The 80 – 20 rules explains that 80 % of profits or sales comes from 20% of customers. Thus the company can group their customers like platinum segment, gold segment, silver segment etc on the basis of their spending and accordingly they should be given importance like giving them special offers / promotions, special attention could be given to the most profitable customers. This would help them in retaining most profitable customers.

✓ Billing should be fast because customers don"t want to stay in the store after purchasing the products.

✓ There should be different cash counters for different customers. Cash counter and credit card payment counter should be placed differently in order to reduce the rush and save the customer"s time.

Recommendations.

To make recommendations to improve the competitive position of Reliance Fresh with other organized retail competitors in Hyderabad.

☐ **Adopting customer-oriented thinking:-**

My first recommendation is to adopt customer-oriented thinking which requires the store to define customer needs from the customer"s point of view because "a customer is a person who brings us his wants. It is our job to handle them profitably to him and to ourselves".

Reliance Fresh should try to adopt some strategies like- Focus on target market, customer needs, integrated marketing.

☐ **Focus on Target market**- we know that we cannot satisfy every need or demand but we can define our target market and try to fill all the requirements of that market.

☐   **Customer needs-** Big Bazaar should take customer oriented thinking which requires giving chance to customer to think and state about his or her need. Store can respond to customers requests by giving customers what they want, or what they need. Store should try to convert somewhat satisfied customer into very satisfied customers.

☐   Store must gather customer ideas for product and service improvements and convey them to the appropriate store departments.

☐   **Integrated marketing-** The Stores success depends not only on how well each department performs its work but also on how well the various departmental activities are coordinated. For instance- HR department should hire good and educated sales persons and training department should train them perfectly time to time.

☐   **More Emphasize on Sales assistance:-**

Reliance Fresh should give more emphasize on the training of sales force available at the stores with the information of new products and schemes, so that they are fully equipped with the information and schemes related to the product, hence they can improve in their working skills.

☐   **The need for customer retention:-**

Losing profitable customers can dramatically impact stores profits. The cost of attracting a new customer is estimated to be five times of the cost of keeping a current customer happy.

☐   **Adding Financial Benefits:-**

Store should offer some financial benefits to the customer.

They are: Through "frequency marketing programs (FMPs), we can provide rewards to customers who buy frequently and/or in substantial amounts.

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