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CONSUMERS BUYING BAHAVIOUR IN A RETAIL OUTLET

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Abstract: Retailing involves a direct interface with the customer and the coordination of business activities from end to end – right from the concept or design stage of a product or offering, to its delivery and post delivery service to the customer. The objective of the study is to study the buying behaviour pattern of the consumers in organized retail formats. Data was collected from primary sources in the following manner structured questionnaires were used for customers and Retailers. Samples of 200 consumers are taken of organized retail. The study concluded thatshopping in a retail market is easier and faster as it is a one stop shop i.e. a customer finds almost everything under one roof rangingfrom garments, cosmetics to food

INTRODUCTION: The word 'retail' is derived from the French word 'retaillier', meaning 'to cut a piece off' or 'to break bulk'. In simple terms, it implies a first hand transaction with the customer. Retailing involves a direct interface with the customer and the coordination of business activities from end to end – right from the concept or design stage of a product or offering, to its delivery and post delivery service to the customer. Retailing consists of those business activities involved in the sale of goods and services to consumers for their personal, family or household use.

Retailing involves

- Interpreting needs of the consumers
- Developing good assortments of merchandise
- Presenting them in an effective manner so that consumers find it easy and attractive to buy.

Retailing is the second largest industry in the world, one of the largest employers of the world and an index of economic growth. In India there are about 5 million retail outlets varying in sizes and nomenclatures.

RETAIL INDUSTRY IN INDIA: The retail sector in India is witnessing a huge revamping exercise as traditional markets make way for new formats such as departmental stores, hypermarkets, supermarkets and specialty stores. Western-style malls have begun appearing in metros and second-rung cities alike introducing the Indian consumer to a shopping experience like never before.

India's vast middle class and its almost untapped retail industry are key attractions for global retail giants wanting to enter newer markets.

The organized retail sector is expected to grow stronger than GDP growth in the next five years driven by changing lifestyles, strong income growth and favorable demographic patterns.

The structure of retailing is developing rapidly with shopping malls becoming increasingly common in large cities, and development plans being projected at 150 new shopping malls.
The annual growth of department stores has been estimated at 24 per cent, which is faster than overall retail; and supermarkets have taken an increased share of general food and grocery trade over the last two decades.
Disposable incomes remain concentrated in urban areas, "well-off" and affluent classes and the growing number of double-income households. The size and potential of the rural segment has been underestimated.
Rated the fifth most attractive emerging retail market, India is being seen as a potential goldmine. It has been ranked second in a Global Retail Development Index of 30 developing countries drawn up by AT Kearney. The list was developed as a response to requests from retail chains facing saturated demand in most western markets.

- A.T. Kearney has estimated India's total retail market at US$ 202.6 billion, which is expected to grow at a compounded 30 per cent over the next five years.
- With the organized retail segment growing at the rate of 25-30 per cent per annum, revenues from the sector are expected to triple from the current US$ 7.7 billion to US$ 24 billion by 2009.
- The share of modern retail is likely to grow from its current 2 per cent to 15-20 percent over the next decade, analysts feel. No wonder a heavyweight like the Reliance group is planning to do a Wal-Mart in India. In the next couple of years, India will see at least two Indian retail businesses attaining the magic figure of US$ 218 million in sales. Several others are expected to attain a critical mass as growth in the industry picks up momentum. This will be driven by two key factors:
    1. Availability of quality real estate and mall management practices
    2. Consumer preference for shopping in new environs.

While the industry is in the introduction stage in most geographies, it has just entered the growth region in the metro cities. Today, the right product mix, right sourcing strategy, and the right communications are the mantras for success.

The bottlenecks in the industry continue to exist in the form of issues on FDI, infrastructural problems and lack of support from the government. But consumer acceptance of modern formats has ensured growth of retail. In apparel retailing, we expect the chain stores to become a powerful force, diminishing the role of manufacturer retailers. Sourcing and merchandising are the backbone of organized retail. Private label sales are contributing increasingly to the top line and about 20 per cent of sales are estimated from this category. However, Indian retailers are lagging behind in key areas like planning and merchandise classification practices like category management are not intensively practiced.

Many changes are occurring across the industry and are already visible in the apparel business. Large brands are realizing that they have to become more flexible to stay successful. The benefits that private labels bring to the table are clearly seen contributing higher margins (at least six per cent more than established brands even when priced 20% less) to the store and better value to shoppers. The apparel market will see stiff competition with multiple brands vying for a higher share of the market.

Malls are coming up in most cities and in key catchment areas and many will open in the current calendar year itself. Realistic rentals, access and convergence of retail, food and entertainment should bring in consumers in good numbers. Lack of retail space will cease to be a constraint for the spread of organized retail. Malls are positioning themselves as attractive destinations. If that happens, consumer shopping may shift away from the traditional shopping places entirely. This pattern will intensify as more malls open up and people spend most of their leisure time at these shopping-cum-entertainment zones. IT is one of the key success factors in an organized retail set-up and surveys shows that Indian retailers are gradually but steadily upgrading their IT infrastructure. Companies are willing to increase their IT spends from 1 per cent of sales at present to 5 per cent but except clear benefits in vital areas like inventory management and customer interfaces. At the end of the year, it is the bottom-line that counts. Without doubt, there is tremendous opportunity in retail.

India is witnessing an unprecedented consumption boom. The economy is growing between 7 and 8 percent and the resulting improvement in income dynamics along with factors like favorable demographics and growth in inspirational consumption are the drivers.

ORGANIZED RETAILING IN INDIA: In late 1990's the retail sector has witnessed a level of transformation. Retailing is being perceived as a beginner and as an attractive commercial business for organized business i.e. the pure retailer is starting to emerge now. Organized retail business in India is very small but has tremendous scope.

Organized retailing will grow faster than unorganized sector and the growth speed will be responsible for its high market share, which is expected to be $ 17 billion by 2009.

Retailing will show good prospects in cities like Mumbai, Delhi, Chennai, Kolkata, Bangalore and Kanpur. After Dubai, Singapore and Hong Kong, Delhi will be the next big retail destination. According to Confederation of Indian Industries whose findings have shown that Delhi has the good resources and good conditions for the retail sector. Out of the total earnings of the Government of Delhi Rs 11,000 crore, Rs 6,500 crore is achieved from the retail sector.

The organized sector is expected to grow faster than GDP growth in next few years driven by favorable demographic patterns, changing lifestyles, and strong income growth. This organized retail sector mix includes supermarkets, hypermarkets discounted stores and specialty stores, departmental stores.

Growth drivers in India for retail sector:

- Rising incomes and improvements in infrastructure are enlarging consumer markets and accelerating the convergence of consumer tastes.
- Liberalization of the Indian economy
- Increase in spending per capita Income.
- Advent of dual income families also helps in the growth of retail sector.
- Shift in consumer demand to foreign brands.
- Consumer preference for shopping in new environs.

- The Internet revolution is making the Indian consumer more accessible to the growing influences of domestic and foreign retail chains. Reach of satellite T.V. channels is helping in creating awareness about global products for local markets.
- The increasing share of young population in total population of India.
- Availability of quality real estate and mall management practices
- Foreign companies' attraction to India is the billion-plus population.

RETAILING FORMATS IN INDIA

Some of the prevalent relating formats in India include:

Malls: It is largest and most common form of organized retailing today. Located mainly in metro cities, in proximity to urban outskirts which ranges from 60,000 sq ft to 7, 00,000 sq ft and above. They lend an ideal shopping experience with an amalgamation of product, service and entertainment all under a common roof.

Departmental Stores: These are large stores ranging from 20000-50000 sq. ft, catering to a variety of consumer needs. They are further classified into localized departments such as clothing, toys, etc. Departmental Stores are expected to take over the apparel business from exclusive brand showrooms.

Specialty Stores: Chains such as the Bangalore based Kids Kemp, the Mumbai books retailer Crossword, RPG's Music World and the Times Group's music chain Planet M, are focusing on specific market segments and have established themselves strongly in their sectors.

Kirana Stores: Retail outlets also include the outlets that are basic mom – and- pop stores --- the traditional 'kirana' shops in the locality, which are smaller than 500 sq. ft. in area with very basic offerings, fixed prices, zero use of technology and little or no ambience. The number of outlets in India has increased from 0.25 million in 1950 to approximately 12 million today. This translates to a growth of 48 times over a certain period when the population has trebled.

Hyper marts/Supermarkets: Large self service outlets, catering to varied shopper needs are termed as Supermarkets. These are located in or near residential high streets. These stores today contribute to 30% of all food & grocery organized retail sales. Super Markets can further be classified in to mini supermarkets typically 1,000 sq ft to 2,000 sq ft and large supermarkets ranging from of 3,500 sq ft to 5,000 sq ft. having a strong focus on food & grocery and personal sales.

Convenience Stores: These are relatively small stores 400-2,000 sq. feet located near residential areas. They stock a limited range of high-turnover convenience products and are usually open for extended periods during the day, seven days a week. Prices are slightly higher due to the convenience premium.

Literature Review: According to the report of American Management Consulting Firm A. T. Kearney's 2006 Global Retail Development Index (GRDI), India is on the first position , continuing for two years (2005 and 2006), among 30 countries as the world's most attractive market for mass merchant and food retailers seeking overseas growth. On the other hand, China is loosing its attractiveness and making the way to India GRDI helps retailers to prioritize their global development strategies by ranking emerging countries based on a set of 25 variables including economic and political risk, retail market alternatives, retail saturation level, and the difference between gross domestic product growth and retail growth. The

study quotes: "The Indian retail market is gradually but surely opening up, while China's market becomes increasingly saturated."Mishra (2007) elaborated that organized retail has started to spread its roots in the Indian market since past one decade and is gradually making mark among all sections of the society. This paper tries to explore the way organized retail has dramatically changed not only the Indian traditional retailing structure by also the consumption behavior. The consumption behavior was examined with the help of a structured questionnaire. The results show that, for consumers, the shopping mall or variant of organized retail format is the preferred type of retail store, due to convenience and variety." Sarker (2008) explained that Lifestyle centers are commercial urban villages or open-air shopping centers, where consumers can do a lot more than just shopping. These lifestyle centers are replacing the conventional shopping malls because of many reasons. This paper highlights those reasons. The nature of consumption in these lifestyle centers is largely hedonic in nature, rather than being only utilitarian. This study describes what hedonic consumption is and how it dominates lifestyle center purchasing. This study also seeks to highlight the important demographic and psychographic variables (independent variables) which influence the buying behavior (dependent variable) of consumers in a lifestyle center.Rajgopal(2008) Found that Shopping malls contribute to business more significantly than traditional markets which were viewed as simple convergence of supply and demand. Shopping malls attract buyers and sellers, and induce customers providing enough time to make choices as well as a recreational means of shopping. However, competition between malls, congestion of markets and traditional shopping centers has led mall developers and management to consider alternative methods to build excitement with customers. This study examines the impact of growing congestion of shopping mall in urban areas on shopping conveniences and shopping behavior. Based on the survey of urban shoppers, the study analyzes the cognitive attributes of the shoppers towards attractiveness of shopping malls and intensity of shopping. The results of the study reveal that ambiance of shopping malls, assortment of stores; sales promotions and comparative economic gains in the mall attract higher customer traffic to the malls.Singla and Goyal found that India's retail sector is going to transform and with a three-year compounded annual growth rate of 46.64 per cent, retail sector is the fastest growing sector in the Indian economy. Traditional markets are transforming themselves in new formats such as departmental stores, hypermarkets, supermarkets and specialty stores. Western-style malls have begun appearing in metros and near metro cities, introducing the Indian consumer to a new shopping experience.In this article the author has made an attempt to analyze the areas where retail sector is growing and will grow, what will be the target market segment for the retailers and how will they try to serve this segment. Saha (2017) explained four P's plaguing in Indian Retail, P's — 'politics' plaguing the growth of retail industry, cost of good talented 'people', development issues of 'property' and supply of 'products' — are the major issues in the Indian retail, according to Steve Gilman, chairman, Big Idea, UK. Elaborating on the issue of politics in Indian retail, Gilman further said: "International retailers have limited options of franchising or wholesaling or operating as a single-brand identity in India and this is not what the international retailers want. Even the domestic retailers are bound to approach differently in different states. For instance, Reliance Fresh, which has been facing difficulties in opening its stores in different states in India.

OBJECTIVES OF THE STUDY

The main objectives of the study are follows:

1. To study the buying behaviour pattern of the consumers in organized retail formats.

2. To identify the factors that are responsible for the consumer buying pattern in a retail outlet and how these factors affect their behaviour.

RESEARCH METHODOLOGY

SCOPE OF STUDY: This study incorporated within its scope, an exhaustive analysis of the various factors that affect the consumer‘s buying behavior in organized retail formats.

RESEARCH DESIGN:we followed a descriptive research design. This is because a lot of studies regarding consumer buying behavior have already been conducted. Therefore, a lot of literature was available to clarify the related concepts and understand the issues involved.

DATA COLLECTION METHODS

SECONDARY SOURCES: The existing data relevant to our objectives was collected from secondary sources such as Internet, Magazines etc.

PRIMARY SOURCES: Data was collected from primary sources in the following manner-

- Structured questionnaires were used for customers and Retailers
- In, above cases, respondents were personally administered.
- The purpose of study was made clear to the respondents, which helped in gaining all the required information from them in a direct manner.

SAMPLING

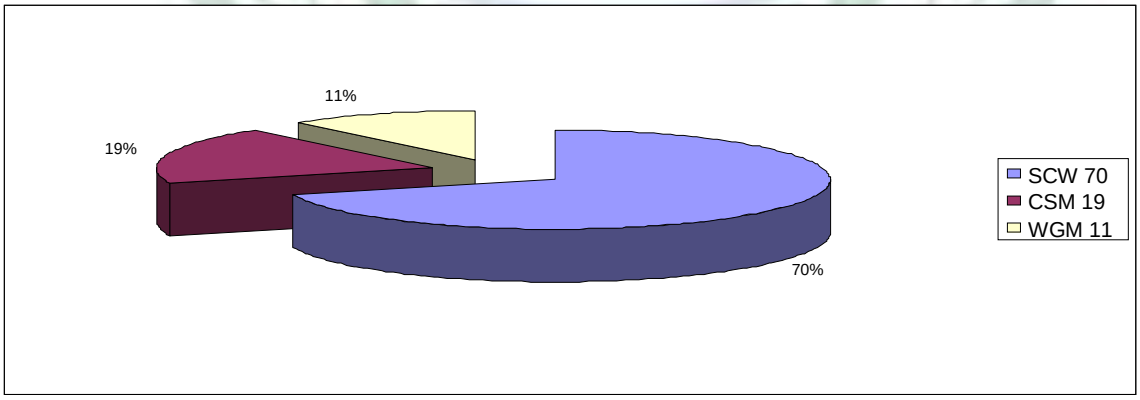
I) The **target population** and their respective **sample size** were as follows:

1. A sample of 200 consumers of Organized Retail (Malls).

ANALYSIS & INTERPRETATION

1. PLACE PREFERED:

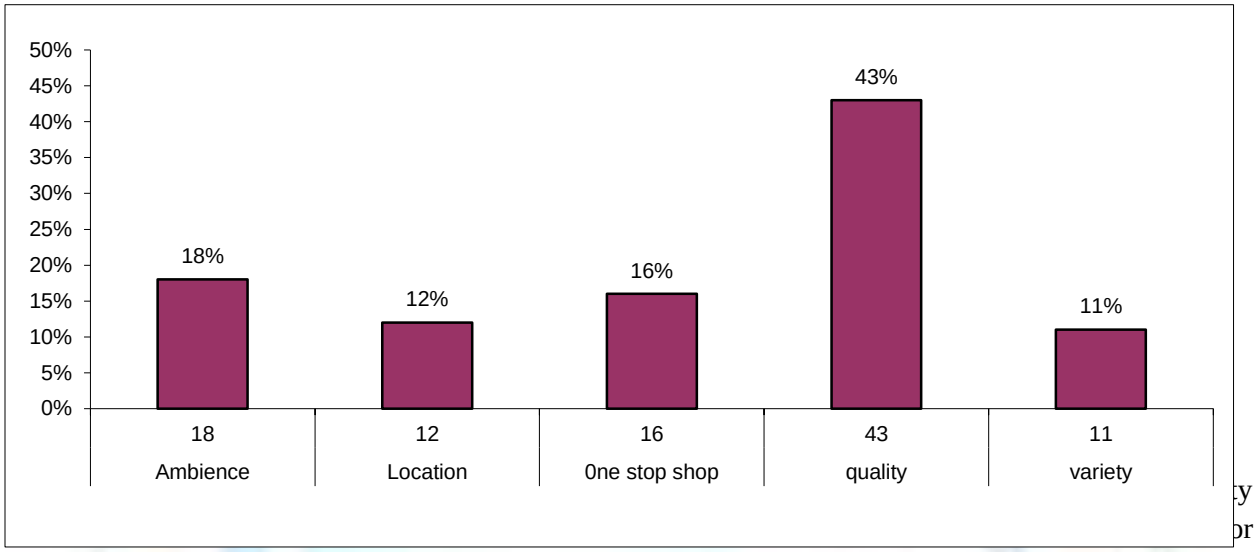
This question was asked to know the most popular place in Delhi for shopping.



Interpretation: From the pie chart it was found that 70% of the respondents prefer Retail Market, 19% prefer Locality and 11% prefer forwholesale shopping.

2. REASON FOR PREFERENCE:

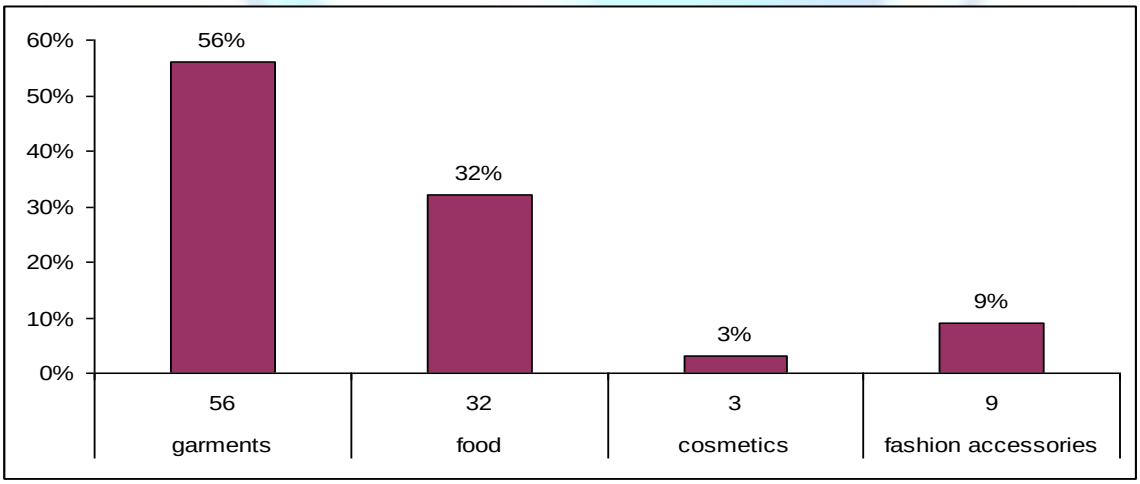
The respondents were asked the reason behind preferring the place of their choice over others.



Variety.

3. MOST SHOPPED ITEM:

The idea behind asking this question was to ascertain the item that is shopped mostly by the respondents from this market to know about the consumer buying behaviour.

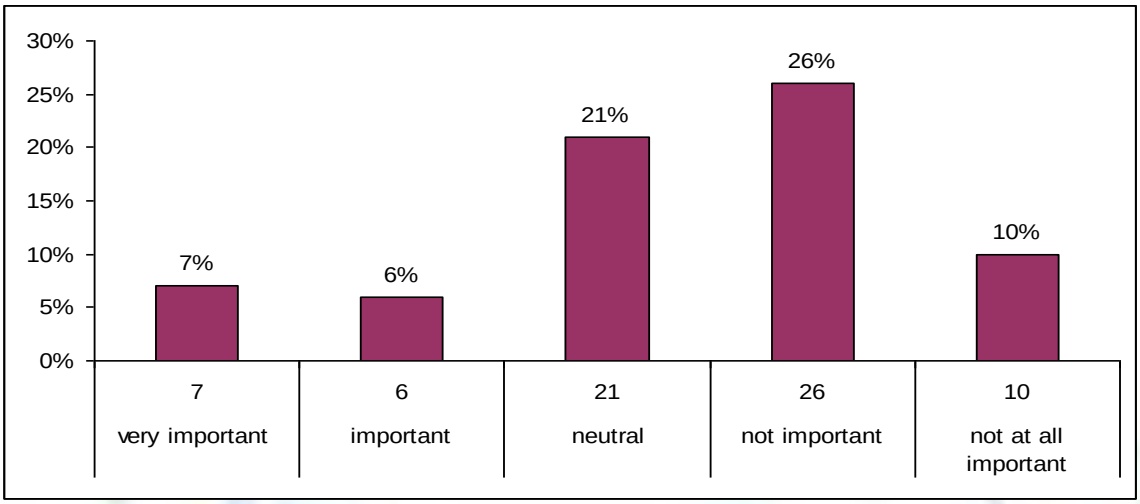


Interpretation: When asked about the item mostly shopped, 56% of the respondents said that they shop garments generally, 32% food, 9% fashion accessories and 3% cosmetics.

FACTORS CONSIDERED WHILE SHOPPING:

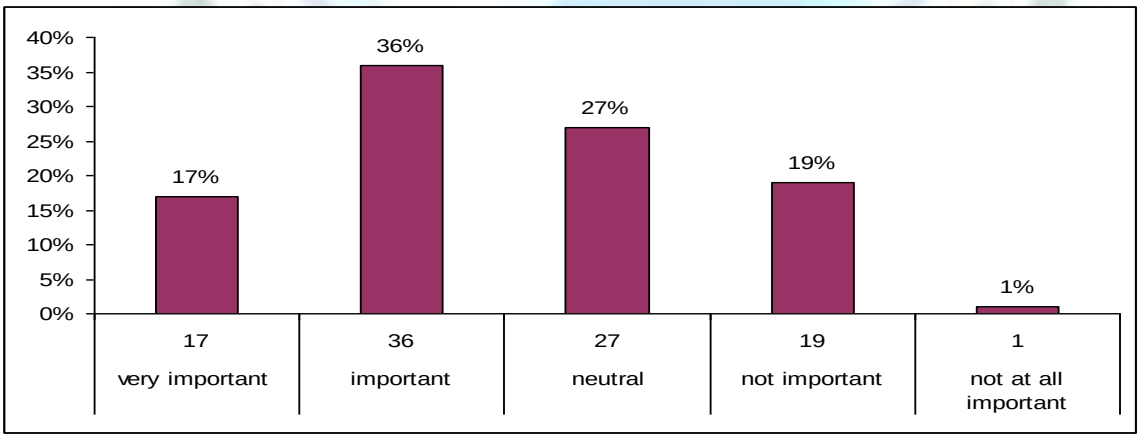
The respondents were asked to rate various factors on the scale of 1-5 and on the basis of that the importance of these factors were ascertained.

LOCATION:



Interpretation: This question was asked to understand what factors actually play an important role while shopping in a different place. Amongst the factors considered while shopping, maximum respondents said that they do not consider location as an important factor. 26% consider location as not an important factor while only 7% consider it important.

PRICE:



Interpretation: From the graph we can see that price is an important factor while shopping. 36% considered price as an important factor, 17% as very important factor and 19% as not important.

CONCLUSION OF THE STUDY: The study concluded that we have noticed that the concept of pricing is yet not very clear in peoples mind they still prefer buying more and quality products at a comparatively cheaper price. Therefore the SALE period is the best according to them where they can get a lot more merchandise at a comparatively lesser price. As observed the young trend savvy buyers have also managed to get their mothers to take interest in themselves, therefore explaining a higher money spending capacity. The other factors included that shopping in a retail market is easier and faster as it is a one stop shop i.e. a customer finds almost everything under one roof ranging from garments, cosmetics to food.

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