BUYING BEHAVIOR OF CONSUMER IN RETAIL SEGMENT, AND ITS IMPACT ON ORGANIZED RETAIL OUTLETS" – A STUDY WITH SPECIAL REFERENCE TO COIMBATORE DISTRICT

**Article Particulars**

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Introduction

Retailing is the flourishing sectors of India in the current scenario. The word retail is derived from the French word 'retailer' which means to 'cut a piece of' or to 'break bulk'. Thus, retail trade is one that cuts off smaller portions from larger lumps of goods. In simple terms, it implies a firsthand transaction with the customer. This term is defined and described in a number of ways, the highly acceptable approach and to explain clearly by many 'as the business activity of selling goods or services to the final consumer'1. It is a process through which goods are supplied to final consumer. It consists of all the activities involved in selling, renting and providing materials and services to ultimate customers for personal, family and household use. Retailing is highly effective activity. Not only the producers and consumers meet through retailing actions, but retailing also creates customer value and has a significant impact on the economy.


Figure 1. Digitally influenced in-store retail sales
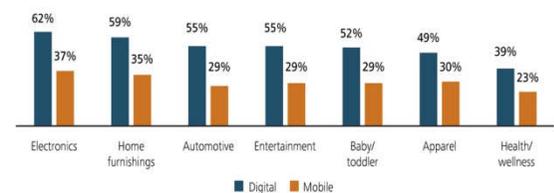
Source: Adapted from "Navigating the new digital divide: Capitalizing on digital influence in retail," Deloitte Consulting LLP, 2015.

Graphic: Deloitte University Press | DUPress.com

The retail store is a large departmental retail establishment offering a relatively wide and complete stock of dry groceries, fresh meat, perishable products and dairy products supplemented by a variety of convenience, non-food merchandise and operated primarily on a self-service basis.

Figure 2. Buying decision influence
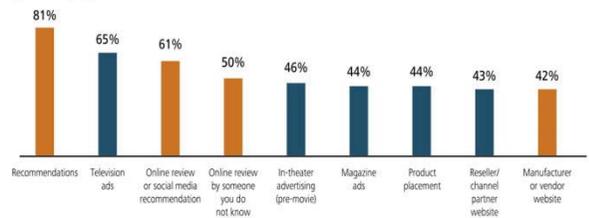
Source: Adapted from "Digital Democracy Survey 2015," Deloitte LLP.

Graphic: Deloitte University Press | DUPress.com

Retail industry can be broadly classified into two categories namely- organized and unorganized retail.

a. Organized Retail – In this traders/retailers refer to trading activities undertaken by licensed retailers, that is those who are registered for sales tax, income tax, etc. which includes the corporate-backed hypermarkets and retail chains, and also the privately owned large retailing business.

b. Unorganized retail – Indian retail is occupied by a large number of small retailers consisting of the local kirana shops, general stores, chemists, footwear shops, apparel shops, local betal leaf shops, hand-cart hawkers, pavement vendors, etc. which together make up the so-called "unorganized retail" or traditional retail. The last few years have witnessed the entry of some organized retailers opening stores in various modern formats in metros and other important cities.

c. Unorganized retailers usually do not pay taxes, most of them are not even enrolled for sales tax, VAT and income tax.

Retail Industry in India

Retail sector's high growth potential is attracting investors

• India has occupied a remarkable position in global retail rankings; the country has high market potential, low economic risk, and moderate political risk

• In market potential, India ranks eleventh (after United States, China, Canada, UK, Brazil, Germany, Austria and Mexico)

• India's net retail sales are quite significant among emerging and developed nations; the country is ranked third (after China and Brazil)

• Overall, given its high growth potential, India compare favorably with global peers among foreign investors

Retailing Formats in India

Since the retail industry covers a major part of corporation which can be classified in various formats. However, the most popular method of classification is by the type of business channel the retailer implements to do business. Some of the popular categories are;

a. Mom-and-Pop Stores: This is represented by the small, individually owned and operated retail outlet. It is often noticed that these are family-run businesses which cater to the local community and are capable of providing a high level of service. However, they often have a limited product selections.

b. Mass Discounters: These are the type of retailers who sell either general or specialty merchandise. But their forte is in offering discount pricing to their customers. Compared to department stores, mass discounters offer fewer services and lower quality product.

c. Warehouse Stores: This is a form of mass discounter retailer. The prices offered by these types of retailers is even less than traditional mass discounters. However, the constraint on buyers is that they need to make purchases in quantities that are greater the quantities that can be purchased at mass discount stores. The level of service is often low and product selection also limited. Another form of warehouse stores is warehouse clubs where customers need to be members to be able to make purchases.

d. Category Killers: Major retailers also focus on a concept of specialty stores wherein they service by providing multitude of options within that product category. In Indian parlance, the concept of "category killers" is often found in the product categories as electronics (The E-Zone), office supplies (Office Link) and Books (Crosswords).

e. Department Stores: These retailers offer mid-to-high quality products and strong level of service. However in most cases these retailers do not fall in full service category. Even though the Department stores are classified as general merchandisers; some retailers may opt to carry a more selective product line. For instance, while Big Bazaar carries a wide range of products from grocery to electronics, Shoppers Stop focuses primarily their products on apparel and lifestyle products.

f. Boutique: These are usually small stores catering very specialized or niche products which is often high-end merchandise. Also in all cases the level of service is very high for this format. They often follow the full pricing strategy and have prices which are more than the prices of merchandise available in any of the other format.

g. Catalogue Retailers: The concept of this form of retailing is that the customers will place orders after seeing products from a published catalogue. Tata Sons retail venture Croma utilizes this business channel. Orders can either be delivered by in house logistics or a third-party shipper. The format utilized by McDonalds and Pizza Hut outlets for their delivery model can be identified in this way.

h. Franchise: This form of retailing comprises of a contractual channel where one part the franchisor controls the business activities of the other party franchise. The franchise has access to the franchisor's business methods and other important business aspects, such as the franchise name. In return the franchisee shares a part of the revenue with the franchisor. The common examples are McDonalds and Pizza Hut.

i. Convenience Store: As the name implies these general merchandise retailers cater to offering customers an easy purchase experience. Convenience is offered in many ways including through easily accessible store locations, small store size that allows for quick shopping, and fast checkout. The product selection offered by these retailers is very limited and pricing are also high.

j. Vending: This form of retailing involves utilizing automated methods for customers to quickly purchase the desired product. This can be interactive kiosks and vending machines. The presence of vending machines for purchase of smaller items, such as

beverages and snack food, is already common in case of products like beverages and magazines. However newer devices are entering the market which will be able to vend more expensive and bulkier products. By access of either Internet or telecommunications link, these systems will enable customers to use credit card.

k. Malls: These are the largest form of retail formats. They provide an ideal shopping experience by providing a mix of all kinds of products and services, food and entertainment under one roof. Examples are Sahara Mall, TDI Mall in Delhi, Brookefields and Fun Republic Mall in Coimbatore.

l. Speciality Stores: The retail chains, which deal in specific categories and provide deep assortment in them are specialty stores. Examples are RPG's Music World, Mumbai's bookstore Crossword, etc.

m. Discount stores: These are the stores or factory outlets that provide discount on the MRP items. They focus on mass selling and reaching economies of scale or selling the stock left after the season is over.

n. Hypermarkets/ Supermarkets: These are generally large self-service outlets, offering a variety of categories with deep assortments. These stores contribute 30% of all food and grocery organized retail sales. Example: Big Bazaar.

o. Kirana Stores: A small neighborhood retail store, usually family – owned shop selling groceries and other sundries.

Statement of the Problem

Major demographic and behavioural shifts in the population are occurring, with consumers exhibiting noticeable changes in shopping preference for products and services. Given these other environmental factors, retailers desiring high levels of performance and growth must be successful at intercepting sales directly from competitors therefore, understanding the shopping preferences of consumers is paramount to the success of shopping center developers and retailer.

The Major demographic shifts have been occurring in India over the past few decades, including a re-defining of the characteristics of a family. Retailers in the intensely competitive global market are struggling to keep pace with these shifting demographics. Consumers' desire for convenience and one-stop shopping has led to the use of scrambled merchandising strategies and the evolution of new retailing formats that offer a wide variety of merchandise such as mass merchandisers and supercenters. In response to the huge supercenter format, department store and specialty store retailers rely on differentiation strategies, such as exclusive products, brands and high levels of customer service, to remain competitive. Considering the shifts in the demographic makeup of an urban household and the competitive landscape of the Indian retail industry, it is imperative that retailers begin to dissect and understand each segment of consumers in the market. In addition, knowledge of demographic

profiles can lead to a better understanding of consumer preferences for various retail formats. Compared to manufacturing firms, retailers faced several unique problems in positioning and promoting their offerings. These include store attributes and the importance of store environment. Because these attributes are intangible, image and reputation have become the key factor in differentiating their service from that of the competition. Further, the marketing objective is to enable a consumer to link a specific image and reputation with a specific brand image or location.

In addition to location modeling, it is highly difficult to ascertain the product purchase pattern of the consumers, purchase potential at retail sites of the retail stores and customer satisfaction.

Importance of the Study
- Retail is a booming industry and it contributes a major part of the revenue to the Government.
- Organized retail outlets offer jobs to a huge number of individuals and groups too.
- The retail outlets are such a kind that it can fulfill needs of all sector of customers i.e., from lower class to upper class of the society.
- The retailers are the mediators by whom the products reach the end user from the manufacturers.

Objectives of the Study
1. To analyze the buyer behavior in retail stores.
2. To study the factors influencing buyer behavior and to ascertain their level of satisfaction.
3. To study the problems faced by the respondents in exploiting the retail stores.
4. To discover the impact on organized retail outlets.
5. To suggest better ways and mean to utilize the retail stores of optimum level.

Scope of the Study
- This study materializes the facts and factors that benefit the manufacturers and the End users (consumers) through the Mediator (Retail outlets) and how it Supports the Society.
- Through this, we can analyze this segment offers a sophisticated shopping experience to its customers by providing various products, brands, categories like Grocery to Jewellery under one roof.
- The promotional methods followed by this sector like Sound and Eye-catching advertisements, brand promos which minimizes the Customers Purchasing time and Maximizes their purchase volume are well described.

- It quenches the consumers shopping thirst in an easy way and with more options. It can fulfill the needs of all sector peoples i.e., from Lower Class to Upper Class people.
- The more the growth of this industry directly influences the Indian Economy growth by its various modes of Taxes. It causes a deep impact on the revenue of the government elaborately this study covers.
- This study also justifies its service to the society i.e., Eradication of unemployment through its wide range of employment opportunities for huge numbers. This way it fulfills the role of serving the society.

Conclusion

The retail sector has played a phenomenal role throughout the world in increasing productivity of consumer goods and services. It is also the second largest industry in the US regarding umbers of employees and establishments. There is no denying the fact that most of the developed economies are very much relying on their retail sector as a locomotive of growth. The India Retail Industry is the largest among all the industries, accounting for over 10 percent of the Country's GDP and around 8 percent of the employment. The Retail Industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. But all of them have not yet tasted success because of the heavy initial investments that are required to break even with other companies and compete with them. The India Retail Industry is gradually inching its way towards becoming the next boom industry.