

## A STUDY ON CONSUMERS' BUYING BEHAVIOUR IN RETAIL OUTLET

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### **Abstract**

The retail sector is tending to spread quickly in India over the last few decades. The Indian retail industry is composed of organized and unorganized retail markets. It has experienced high growth over the last few years with a recognizable focus towards organized retailing formats. The industry is shifting towards a modern concept of retailing. As India's retail industry is combatively expanding itself, great demand for retail outlets is being created. Moreover, easy availability of debit/credit cards has contributed significantly to a strong and growing retail consumer culture in India. Customers are becoming more powerful, more knowledgeable and more sophisticated, and research into modern consumer behavior is increasingly significant for the retailing sector. Store attributes are important to consumers when they make the decision where to shop. Store attributes are presented by retailers according to their specific functional strategies. Store attributes must be offered that are desired by the targeted consumer. The challenge to retailers is to determine which store attributes are relatively more important to the targeted consumer. The face of Indian consumerism is changing: not Indian consumerism is evolving from Bajaj Scooter family man to Bajaj Pulsar trendy youngster. This changing consumer's taste and lifestyle, somewhere automatically give some advantage to organized sector. This makes imperative for unorganized retail sector to restructure itself in order to withstand the increasing competition and to meet consumer expectations by moving with trends. Hence, the present study focusing on the customers' buying behaviour in Retail Outlet and findings were by primary and secondary sources of data collections.

**Keyword:** Modern Concept, Retail Consumer culture, Store Attributes, Changing Consumers' Needs and Expectations.

### **Introduction**

Retailing in India is one of the pillars of its economy and accounts for about 22 percent of its GDP. The Indian retail market is estimated to be US\$ 500 billion and one of the top five retail markets in the world by economic value. India is one of the fastest growing retail markets in the world, with 1.2 billion people. The recent economic downturn has taught discipline to the customers. In today's rapidly changing and digitally connected world, customers are more value-conscious while making purchase decisions. India's retail

market is expected to touch a whopping Rs. 47 trillion (us\$ 782.23 billion) by 2016-17, expanding at a compounded annual growth rate (CAGR) of 15 per cent, according to a study by a leading industrial body. The total organized retail supply in 2013 stood at approximately 4.7 million square feet (sqft), witnessing a strong year-on-year (y-o-y) growth of about 78 per cent over the total mall supply of 2.5 million sqft in 2012. The foreign direct investment (FDI) inflows in single-brand retail trading during the period April 2000-January 2014 stood at us\$ 98.66 million, as per data released by department of industrial policy and promotion (DIPP). As of 2013, India's retailing industry was essentially owner manned small shops. In 2010, larger format convenience stores and supermarkets accounted for about 4 percent of the industry, and these were present only in large urban centers. India's retail and logistics industry employs about 40 million Indians (3.3% of Indian population). On 7 December 2012, the federal government of India allowed 51% FDI in multi-brand retail in India.

The Indian retail experience has gone beyond the traditional brick-and-mortar store and includes numerous touch points such as online stores, social networks, call centers, etc. Changing economic dynamics, diverse choices in products and services, numerous shopping formats and unparalleled access to information has empowered customers to expect more from their retail experience.

#### **Objectives of the Study**

The present study aims with following objectives:

1. To know the need for studying Consumer Behaviour.
2. To study the Indian Retail Store and Changing Consumer Behaviour.
3. To analyse the various factors involving to understand Consumers' Buying Behaviour.
4. To know the factors influencing the Behaviour of the Consumers.

#### **Operational Definitions**

“Buying behaviour is Purchase decision making pattern that is a complex amalgam of needs and desires, and is influenced by factors such as the consumer's (1) societal role (parent, spouse, worker, etc.), (2) social and cultural environment and norms, and (3) aspirations and inhibitions”.

“Retailing is the functions and activities involved in the selling of commodities directly to consumers”.

#### **Reviews of Related Literatures**

Rama Venkatachalam and ArwahMadan (2012) in their have highlighted on level of prices, quality of fresh groceries & availability of exotic fruits and vegetables, display & cleanliness and hygiene, home delivery & credit facility provided by both the organized and unorganized retailer. Change in customer preference has been noticed while shopping fresh grocery from unorganized or organized retailers. The author has also mentioned that organized retailing is doing the right things to sustain, survive and grow.

Sanjay Manocha and Anoop Pandey (2012) has discussed modern retailing is not threat to independent mom and pop stores as most of the consumers said that they never stopped visiting Kirana store. Organized retailing is beneficial for India because it's not alarming to create conflict with unorganized stores but reshaping unorganized stores into nascent organized stores. The author has also discussed the growth of modern retailing in India which is not at a very fast pace.

Lakshmi Narayana k, AjataShathruSamal and P Nagarajarao (2013) in their study unorganized retailers in the vicinity of organized retailers are heavily affected in terms of profit and volume. The factors which are attracting the customers towards unorganized retailers are location convenience, goodwill, credit facility, bargaining, loose items, convenient timings, and home delivery.

### The Need for Studying Consumer Behaviour

The key challenge faced by the retailer is creating products and services which would be successful in the market. An accurate understanding of consumer need helps the retailer create product that is likely to be successful in the market. Understanding consumer buying behavior is the starting point of strategy creation. The understanding helps in determining the channels of communication, proving consumer knowledge which can help a firm assess how well it has achieved its product positioning goals. The firm with the help of studying consumer behavior tries to see how its products are perceived, whether there is a good match or not and then to consider the positioning strategy deemed a success. The retailer should know the consumers, because it is imported to know how, when and where the customers use the product or service that the retailers sell. When the retailer understands consumer behavior he is able to make an objective analysis of internal strengths and weakness. This analysis may reveal certain startling facts and provide direction for future differentiation strategies.

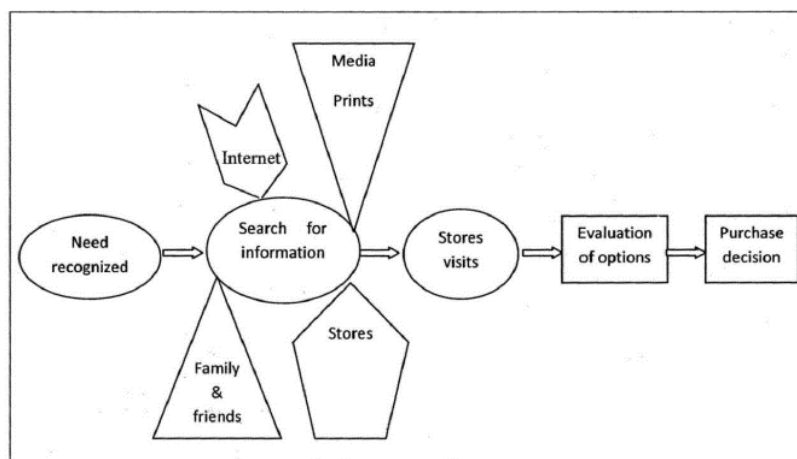


Figure 1: Customer's decision making process

## Analysis Part of the Study

Table 1: General Demographic Profile of the Respondents

Basics	Classification	No. of Respondents	Frequency	Cumulative Frequencies
Gender	Male	50	50.00	50.00
	Female	50	50.00	100.00
<b>Total</b>		<b>100</b>	<b>100.00</b>	
Age	Below 25	38	38.00	38.00
	25 - 50 years	42	42.00	42.00
	Above 50	20	20.00	100.00
<b>Total</b>		<b>100</b>	<b>100.00</b>	
Educational Qualification	Up to Under Graduate	40	40.00	40.00
	Post Graduate	35	35.00	75.00
	Professional	20	20.00	95.00
	Others	5	5.00	100.00
<b>Total</b>		<b>100</b>	<b>100.00</b>	
Monthly Income	Below Rs.10,000	25	25.00	25.00
	Rs.10,001-Rs.20,000	32	32.00	57.00
	Rs.20,001-Rs.30,000	23	23.00	80.00
	Rs.30,001-Rs.40,000	18	18.00	98.00
	Above Rs.40,000	2	2.00	100.00
<b>Total</b>		<b>100</b>	<b>100.00</b>	
Average monthly purchase at retail outlets	Below Rs. 2,000	49	49.00	49.00
	Rs. 2,001 - Rs. 4,000	23	23.00	72.00
	Rs. 4,001 - Rs. 6,000	20	20.00	92.00
	Above Rs. 6,000	8	8.00	100.00
<b>Total</b>		<b>100</b>	<b>100.00</b>	
Employment status	Self-employed	20	20.00	20.00
	Business	25	25.00	45.00
	Private Employee	35	35.00	80.00
	Government Employee	15	15.00	95.00
	Others	5	5.00	100.00
<b>Total</b>		<b>100</b>	<b>100.00</b>	

Source: Primary data

Table 2: Preference of Customers towards Retail Outlets

Preference	No. of Respondents	Frequencies	Cumulative Frequencies
Organized Retail Outlets	45	45.00	45.00
Unorganized Retail Outlets	42	42.00	87.00
Not sure about Retail Outlets	13	13.00	100.00
Total	100	100	

Source: Primary data

**Table 3: Customer's Preferences towards the Retail Shops for Purchase of Daily Needs**

Preference	No. of Respondents	Frequencies	Cumulative Frequencies
Local Shops	52	52.00	52.00
Super Markets	24	24.00	76.00
Convenience Stores	23	23.00	99.00
Hypermarket	1	1.00	100.00
Total	100	100	

Source: Primary data

**Table 4: Retail outlets and change in consumer behavior**

Change in Consumer Behavior	No. of Respondents	Frequencies	Cumulative Frequencies
Yes, very much	49	49.00	49.00
Yes, to some extent	41	41.00	90.00
No, not at all	10	10.00	100.00
Total	100	100.00	

Source: Primary data

**Table 5: Products preferred by the Respondents towards Retail Outlets**

Products Preferred	No. of Respondents	Frequencies	Mean	Standard Deviation
Only products with discount offers	13	13.00	2.65	0.503
Lifestyle (Comfort, Luxury)	25	25.00	2.46	1.019
Basic (Food, Grocer and General Provisions)	40	40.00	2.54	1.158
Unbranded	10	10.00	2.66	1.304
Total	100	100.00	2.84	1.422
Branded	9	9.00	2.86	1.433

Source: Primary data

**Table 6: Impact on Budgetary Spending as Per Employment Status**

Response	Employment Status					Total
	Self-employed	Business	Private Employee	Government Employee	Others	
Yes, Higher Spending	10	15	18	8	3	54
Yes, Lower Spending	8	7	10	3	1	29
No	2	3	7	4	1	17
Total	20	25	35	15	5	100

Source: Primary data

Table 7: Changes of Buying Behaviour in Retail Outlets according to their Services

S. No.	Services	Responses (in Percentage)		Total
		Yes	No	
1.	Accepts Credit Card	82%	18%	100
2.	Free Home Delivery	79%	21%	100
3.	Cash Discount	92%	8%	100
4.	Free Gifts	86%	14%	100
5.	Best Quality	96%	4%	100
6.	Free Handling of Good	79%	21%	100
7.	Price Less than MRP	75%	25%	100
8.	Delivery within short time	92%	8%	100

Source: Primary data

Table 8: Thing to consider while purchasing

Thing to consider	No. of the Respondents	Frequencies of the Respondents
Agmark good	88	88.00%
Expiry date of the goods	92	92.00%
ISI mark on goods	79	79.00%
MRP on the goods	90	90.00%
Name of the company	75	75.00%

Source: Primary data

Table 9: Reasons to choose the Retail Outlets

Reasons	No. of the Respondents	Frequencies	Ranks
Good available in proper quantity	80	80.00%	V
Goods and Brand as per demand	92	92.00%	I
Knowledge about availability of goods while selection	88	88.00%	III
Knowledge of difference in prices of goods of different brand	79	79.00%	VI
No chance for deception	86	86.00%	IV
Self-purchasing is convenient	90	90.00%	II
Others	71	71.00%	VII

Source: Primary data

Table 10: Services Expected by the Consumers

Description	Highly Agree	Agree	Neutral	Disagree	Highly Disagree	Total
All credit and debit cards should accept	88	2	4	3	3	100
Ample parking	36	40	18	4	2	100
Fast billing	10	10	12	30	38	100
Home delivery	28	26	14	16	16	100
Ticker booking counter	28	32	8	18	14	100

Source: Primary data

Table 11: Frequencies of Individual Stimuli Influencing Buying Behaviour

Stimulus	Extremely influential	Influential	Neutral	Less influential	Not at all influential	Total
Magazine advertising	26	28	32	10	4	100
Newspaper Advertising	34	36	28	2	0	100
Price and discount	36	42	15	5	2	100
Quality	49	28	20	3	0	100
Radio/TV advertising	25	42	30	1	2	100
Salesperson	28	36	30	4	2	100
Window/In-store display	30	48	15	5	2	100
Festive season display	33	23	35	6	3	100
Emotional attachment	26	38	22	8	6	100
Disposal income	19	28	35	10	8	100
Company display	26	39	16	12	7	100

Source: Primary data

### Factors Influencing the Behavior of the Consumer

The behavior of retail consumer is a subject of study across the world. In India retailers and retail formats are evolving on a great extent. Understanding the reasons for consumer's behavior is very important for retailer. Following are the factors which influence the customer's decision making process.

**Convenience of Shopping at a particular outlet:** The element of convenience is a fast gaining promises in the world of organized retail. This is especially true in case of items like grocery/fruits and chemists. For example, while buying medicines, most patients would prefer the buy from the chemist near the doctor clinic or near the hospital.

**Range of Merchandise:** The range of merchandise is perhaps the most important reason for customers to patronize a particular outlet. The initial curiosity of the store may draw a consumer to a retail store, but converting him into a buyer and retailing him over a period of time is largely dependent on the quality and the range of merchandise offered by the store. The range of merchandise offered plays an important role in case of categories like devalues, books and music.

**Socio economic factors:** Socio economic factors are seen as a fundamental to development. India is a nation which has a large middle class a youth population which is happy spending and a steady rate of growth of G.D.P. The Socio-economic background of the consumer largely determines his lifestyle. Consumer buying behavior varies from market to market and is largely influenced by the culture of the region. This can be explained with the help of an example. That is a culture of Asia is different than Western Culture, therefore accordingly consumer behavior also shifts. The retailer needs to understand that the need hierarchy is different for each market.

***Time to travel:*** The time required to reach a particular retail location is again fast becoming critical. This is very much relevant in cities or metros like Mumbai, where travel time is high. This has resulted in many local areas developing in terms of shopping to facilitate buying.

### **Indian Retail Sector and Changing Consumer Behavior**

The Indian retail sector is still predominantly unorganized. However, organized retail units are fast emerging and becoming the preferred choice of consumers, especially in urban areas. This development is attributed to a number of factors. Firstly, economic liberalization has facilitated the entry of multinationals into the cash-and-carry business and single brand retailing. Multinational companies are also taking advantage of India's low-cost labor and raw materials to make India a sourcing hub, as well as a market for their products. Secondly, increasing income levels and a growing sense of brand consciousness among India's middle and higher income groups have led to increased popularity of organized retail units. The changing consumer behavior is increasingly shaping organized retailing and is, in turn, evolving with new found options and opportunities. On the socio-cultural side, the growing number of nuclear families, general improvement in education levels and, most importantly, continuous rise in women's economic independence through jobs, as well as entrepreneurship, has made women play a more proactive role in shopping for the family. This has led to an increasing number of customers availing of convenience options such as super markets, where most of the shopping for daily necessities can be done under one roof.

Changing income levels and occupation have resulted in a change in the consumer's buying behavior. More urban women are seeking employment resulting in dual income families. This results in more disposable income that in turn spawns consumerism. Moreover, in households with working women there is greater work pressure and increased commuting time resulting in adjustments being made to the food habits (cooking vs. ready to eat) as well as clothing. The focus shifts to convenience and comfort. The size and composition of the shopping basket has changed over time. Today's consumers are looking for shopping convenience and want to have all their requirements under one roof, coupled with speed in the retail store operations. Due to time constraints, families are now looking for shoppertainment combining shopping with entertainment. This is one of the causes of increased footfalls at malls with multiplexes. As India moves into modern retailing with several changes with regard to its markets, brands and consumers there are unique challenges that a multinational company entering India has to cope up with, whether it is a fast moving consumer goods (FMCG) company or a multinational retail chain like Tesco or Wal-Mart. There are unique retailing aspects that need to be studied in detail by these companies. While the world over the retail density (number of shops per 1000 consumers) is on the decline, the retail density in India is on the increase.



## Conclusion

Modern retailing, despite its cost-effectiveness, has come to be identified with lifestyles particularly the affluent one, thereby excluding an important and larger segment of consumers. In fact, in order to appeal to all classes of society, organized retail stores would have to identify with different lifestyles and socioeconomic strata and respond to their respective requirements and shopping patterns. To some extent, this trend is already visible with the emergence of stores with an essentially 'value for money' image. Consumer expectations are very high from the organized retail stores and such expectations have also rubbed off on the conventional retailers. While insisting on value for money and cost effectiveness, today consumers want a better shopping experience, recreation, friendly interactions and a wide choice of products and services. Retail stores have to live up to these expectations in order to flourish, prosper and grow in the Indian market. The retailer in order to satisfy customer needs must have a thorough understanding of how customers make store choice and purchase decisions. Customer's behavior provides some valuable insights into the process and therefore is useful for retail management decision making. It is important to realize that the purchase of product involves motivational, social, psychological and economic factors. There are also important stages involved in the purchase process and the type of purchase and the users of the purchase that will affect the buying behavior.

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