



## **Consumer Behavior Towards Organized Retail - A Study in Hyderabad**

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### **Abstract:**

Organized retail is mounting very fast in India from last one decade. Formerly, consumer depended on unorganized retail. Now, the current situation is very encouraging for organized retail so, this study focused on organized retail consumers and to know their behavior patterns. Mainly this study examined demographical and behavioral factors of organized retail consumer.

**Key words:** Consumer Behavior, Organized retail.

### **INTRODUCTION:**

Today the world is undergoing a sea change, due to the ever changing societal and technological forces that are shaping the modern society of 21<sup>st</sup> century. If one looks at the evolution of the human civilization, one can see the pattern of change that has shaped his destiny. In the initial stages it is, the evolution of society, furnish the development of certain rules, customs, traditions and later the emergence of kingdoms. In ages gone by one can visualize the concept of the basic marketing techniques that were predominated by the selling techniques. Here one can find the early proponents of business that have tried to understand the needs and want of the buyers and have oriented their selling strategies accordingly. This clearly shows that “understanding the behavioral pattern of consumers or buyers will go a long way in creating products that satisfy the buyers and generate profits for the sellers”. Retailing is one of the largest sectors in the global economy, is going through a transition phase not only in India but all over the world.

For a long time, the corner grocery store was the only choice available to the consumer, especially in the urban areas. This is slowly giving way to international formats of retailing. The traditional food and grocery segment has seen the emergence of supermarkets/grocery chains (Food World, Nilgiris, and Apna Bazaar), convenience stores (Convenio, HP Speed mart) and fast-food chains. It is the non-food segment; however that foray has been made into a variety of new sectors. These include lifestyle/fashion segments (Shoppers' Stop, Globus, Lifestyle, Westside), apparel/accessories (Pantaloons, Levis, Reebok), books/music/gifts (Archie's, Music World, Crosswords, Landmark), appliances and consumer durables (Viveks, Johnsons, Vasant & Co.), drugs and pharmacy (Health and Glow, Apollo).

The Indian retailing sector is at an inflexion point where the growth of organized retail and growth in the consumption by Indians is going to adopt a higher growth trajectory. The Indian population is witnessing a significant change in its demographics. A large young working population with median age of 25 years, nuclear families in urban areas, along with increasing working-women population and emerging opportunities in the services sector are going to be the key growth drivers of the organized retail sector. Big in size and turnover, Indian retailing industry is characterized by certain attributes. The network of retailers reaches every nook and corner of the country. So any product produced anywhere in the country can be easily accessed by the buyers from any location. Thus the spatial convenience of Indian retailers is very high.



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In this scenario, urban consumer is encompassed with diversified commodities at a retail outlet. Consumer's focus is on availability of all commodities with reasonable price. Hence, there is a change in their buying behavior so this study is completely focused on affecting factors of organized retail on consumer.

## NEED & IMPORTANCE OF THE STUDY:

India is no alien to these changes that are taking pace globally and this concept of retail chains has caught the imagination of big corporate houses like Tata, Birla, RDG's, Reliance to name a few. The only hindrance at this point of time to the international retail chains is the FDI rules allowing only up to 70% in their ventures in India. This clearly establishes the importance of Indian market which is supported to have the world's largest middle class segment and whose purchasing power is increasing day by day. These factors have enabled the Indian market to be profitable to the aspiring multi-nation retail chains desirous of entering the Indian market. Thus the present research is focused on the evolution of Indian Retail and its coming of age in general and the behavior of Indian consumer towards these large retail chains that are opening day by day. In particular, by studying the behavior of the consumer, this study aims at understanding the motive that is behind the consumer behavior in getting attracted towards these organized retail formats.

## REVIEW OF LITERATURE:

**Goswami and Mishra (2009)** aimed to understand whether Indian consumers move to organized retailers instead of kirana store for purchasing groceries. They took 4 cities for their study in which two major and two small cities. It took sample of 100 respondents from each city. They used the stratified systematic sampling design with sample size of 400 and used multivariate statistical techniques to analyze the data collected through structured questionnaire. They found that customer are positively related to location, helpful, trustworthy, salesperson, home shopping, cleanliness,

quality and negatively related to travel convenience. They found that kiranas do well on location but poor on cleanliness, offer, quality, helpful, trustworthy salesperson.

**R Shashikalar and J Gangatkar (2015)** tried to compare and contrast the consumer perceptions towards supermarkets and provisional stores. They studied provision stores as well as supermarkets in India particularly in Bangalore. They framed the hypothesis. They took the sample of 100 respondents. Convenience sampling techniques was adopted. They found that while purchasing grocery quality, price, proximity, hygiene are the most important factors than services, ambience, store image, variety and availability.

**Kumar Ravi and Devi Anita (2015)** the purpose of this study was to evaluate the consumer perception towards organized and conventional retail store and to study the effectiveness of point of purchase advertisement and displays in organized and conventional retail stores. They set the hypothesis. They took the sample of 200 respondents which were selected by stratified random sampling method. They applied descriptive analysis to study consumers perception towards organized and conventional stores and z test to study the effectiveness of point of purchase advertisement and displays in organized and conventional retail store. They found that there is no much difference between consumer's perception towards organized retail stores and conventional retail store. They also concluded that point of sale advertisement and displays are more effective in organized retail stores than conventional retail stores.

## OBJECTIVES OF THE STUDY

The main objectives of the study are:

1. To study the influence of various demographic variables on the behavior of consumers towards the purchase of convenience / household

- provisions and other related goods by organized retailing;
- To find out the behavior of consumers towards organized retailing with special reference to urban consumers; and
  - To find out the factors that has a bearing on the consumer behavior and act as cues for the consumer to consummate his purchases at these stores.

**RESEARCH METHODOLOGY:**

The **primary data** are those which are collected afresh and for the first time, and thus happen to be original in character.

The **secondary data** are those which have already been collected by someone else and which have already been passed through the statistical process.

**SAMPLE DESCRIPTION:**

The present study is based on both primary and secondary sources of data and this is an exploratory kind of research study. The data has been collected by canvassing a structured questionnaire among 200 sample respondents of four select cases. Representative sample of 50 each from Reliance Fresh, MORE, Spencers and Subhiksha retail outlets from the urban limits of the Ancient and Historical City of Hyderabad based on convenience sampling method.

**Hypothesis:**

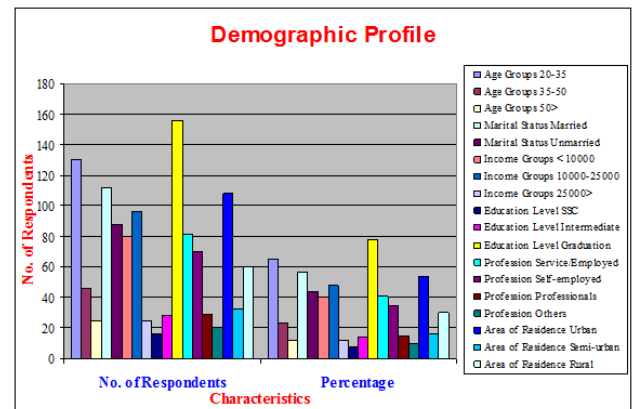
The present study is based on the following **null hypothesis** and was tested to find out the association between the variables, the **chi-square test** has been used.

- There is no significant association between the demographic variables and attitude of consumers towards of organized retail outlets offering convenience products / household provisions, etc.
- There is no significant association between the behavioral characteristics and attitude of consumers towards organized retail outlets.

**Table – 1 Demographic Profile of Sample: (N=200)**

Characteristics	No. of Respondents	Percentage
Age Groups	20-35	65.00
	35-50	23.00
	50>	12.00
Marital Status	Married	56.00
	Unmarried	44.00
Income Groups	< 10000	40.00
	10000-25000	48.00
	25000>	12.00
Education Level	SSC	08.00
	Intermediate	14.00
	Graduation	78.00
Profession	Service/Employed	40.50
	Self-employed	35.00
	Professionals	14.50
	Others	10.00
Area of Residence	Urban	54.00
	Semi-urban	16.00
	Rural	30.00

Source: Questionnaire data



**Hypothesis (Table-1) Demographic characteristics.**

- There is a significant association between the age of the consumers and their behavior towards organized retailing. It reveals that the age of consumers significantly influence their behavior towards organized retailing.
- There is no significant association between the marital status of the consumers and their behavior towards organized retailing. It is found that marital status of consumers does not influence their behavior towards organized retailing.
- There is a significant association between the income of consumers and their behavior towards organized retailing. It is also reveals that the income of consumers certainly influences their behavior towards organized retailing.
- There is a significant association between the education level of consumers and their behavior

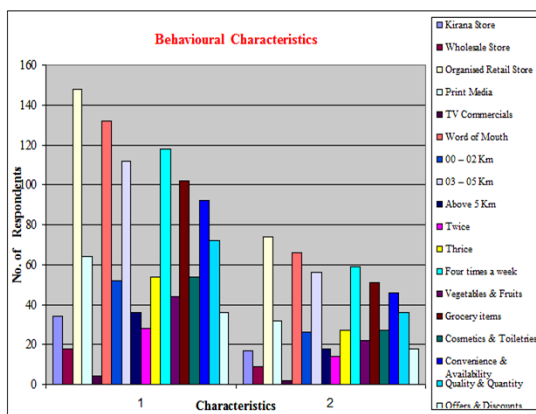
towards organized retailing. It is observed that the educational background of consumers significantly influences their behavior towards organized retailing.

- There is no significant association between the profession and behavior towards organized retailing. It is found that profession/occupation of consumers does not influence their behavior towards organized retailing.
- There is a significant association between the residential area of consumers and their behavior towards organized retailing. Since the consumption pattern, socio-economic background and also lifestyle of Urban Consumers differs to a large extent from that of Rural Consumers.

**Table-2 Behavioral Characteristics**

Characteristics	No. of Respondents	Percentage	
Area of Purchase	Kirana Store	34	17.00
	Wholesale Store	18	09.00
	Organised Retail Store	148	74.00
Publicity	Print Media	64	32.00
	TV Commercials	04	02.00
	Word of Mouth	132	66.00
Distance	00 – 02 Km	52	26.00
	03 – 05 Km	112	56.00
	Above 5 Km	36	18.00
Frequency	Twice	28	14.00
	Thrice	54	27.00
	Four times a week	118	59.00
Purchases	Vegetables & Fruits	44	22.00
	Grocery items	102	51.00
	Cosmetics & Toiletries	54	27.00
Motives	Convenience & Availability	92	46.00
	Quality & Quantity	72	36.00
	Offers & Discounts	36	18.00

Source: Questionnaire data



**Hypothesis (Table-2)**

**Behavioral Characteristics**

- A considerable number of consumers (12%) having age of above 50 years were also shown positive behavior towards this malls as a convenience and modern shopping experience. It is because of their grown up children’s decisions to have such branded products.
- There is no significant association between the format of the stores and the behavior of the consumers and their attitude towards organized retailing. This shows that the consumers are not able to differentiate between the various formats of retail stores in their vicinity.
- The awareness regarding the organized retail outlets is not that much created through various media channels, however the awareness is created through word of mouth publicity to a large extent as can be seen from this research findings.
- There is significant association between the distance of the stores from the residences of the consumers and the behavior of the consumers towards the organized retail outlets. It is observed that the distance of the outlets from the residences of the consumers significantly influences their behavior towards organized retailing.
- There is a significant association between frequency of the visits and the consumer behavior towards organized retail. It is seen that the greater the frequency of visits results in more favorable behavior towards the organized retail.
- There is a significant association between the purchase of various types of items and the consumer behavior towards organized retail. It is seen that the consumers are basically coming to the retail outlets to purchase mostly grocery items followed by veg’s & fruits and also cosmetics and toiletries. Thus the presence of various types of products under a single roof enables the consumers to visit the organized retail outlets.
- There is no significant association between the various cues and motives and the behavior of the

consumers towards organized retailing. However it is found that the various cues and motives are having a profound influence on the behavior of the consumer towards organized retailing as these cues are pulling the consumers towards the organized retail outlets and are shaping their behaviors.

8. From the primary data it is seen that the spouse makes the purchase decisions regarding the purchase of groceries in the family to a large extent.
9. Even though the Organized Retail Outlets are supposed to stock a large variety of items, most of the respondents felt that the required products are not available.
10. The perception of the customers regarding the service of the sales staff is not satisfactory and needs to be looked into. The sales staff should be provided with regular training regarding customer service and customer satisfaction.
11. The pricing of the products in retail outlets is average and consumers are satisfied on this count.
12. The respondents felt that they get a variety of special offers in the retail outlets like discounts, bonus offers and loyalty purchases.

#### **CONCLUSIONS AND SUGGESTIONS:**

1. Customers of younger generation ranging from 20-35 and significant number of unmarried customers are more interested in shopping at retail outlets of both provisional items and readymade garments. The retailers should look into the requirements to meet their needs and made available as many as familiar branded items as possible in order to retain the loyal customers of those products. For instance, LIVE-IN jeans (Trousers) are not made available in Pantaloon.
2. Customers from middle income and employed groups almost forty percent each shown positive attitude towards retail malls should be targeted and positioned by conducting market research. Since, employees of service sector like, software, BPO,

etc remains unstable and accordingly pricing strategies must suit the segments targeted.

3. It further reveals that the thirty percent of consumers from rural background becoming fashion conscious, brand loyal, etc. To attract many more from this area, retailers should not create confuse with multiple and unknown brands but see that availability of popular and known branded products to suit the requirements of those loyal customers.
4. As the electronic media is widely used now-a-days and accessible to the rural India, it would not require further costs on advertisements and if the retailers concentrate on the rural areas, there will be huge new business opportunities for the retailers.
5. Traditional and hybrid consumers are also showing interest towards these retail outlets and their offerings. It is due to brand consciousness among the young generation and their impact on family buying behavior and therefore they may be considered /targeted by offering suitable products and ad campaigns.
6. Most of the customers are dissatisfied regarding the service rendered by the sales personnel so, the sales staff should be provided with regular training regarding customer service and customer satisfaction.
7. The vegetables section needs to be continuously monitored and stale and damaged vegetables should be continuously removed.
8. The prices of the products are to be displayed by big labels so that it would be easy for the customers to choose the items and make their purchase decision.
9. The number of billing counters is to be increased especially during the peak hours viz. 8 A.M to 10 A.M in the morning and 5 P.M to 8.30 P.M in the evening.
10. The number of sales personnel needs to be increased and they are to be placed at the respective sections to guide the customers.



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