BEHAVIOURAL PATTERN OF CONSUMERS TOWARDS THE ORGANIZED RETAIL OUTLETS - A REVIEW

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ABSTRACT:
Retailing in India is increasing with a tremendous growth due to the rise and improvement of several factors - mainly, income dynamics, literacy rate, easy access to online shopping lifestyle, health consciousness, migration of the population from rural to urban areas and the increasing educated middle-income groups and women empowerment.

The main objective of this paper is to strategically analyze the Indian retail industry by reviewing different groups. The study represents that infrastructure, economic growth and changing demographics of consumers are the major contributors of organized retail in India. The location of the retail store, store brands, consumer preferences, sales promotion perceptions and adequate services are some of the variables that augment the efficacy of retail business and are important factors for retailer's success.

KEYWORDS: Consumer behaviour, Distribution, retailing, stores, technological development.

1. INTRODUCTION:
Retailing is supplying the right kind of product at the right time and the right price in smaller volume with greater variety. There are different factors which have kept the sector growing like foreign direct investment, economic growth, urbanization, government policies, technological development and entrepreneurship skills, from buy-anywhere, fulfil-anywhere supply chain management and recommendations that produce Amazon-like experiences, Artificial Intelligence powered solutions can help retailers combat fierce competition.¹ 1.4 cr is the sales from it.

The Indian retail market has around 14 million outlets, (Sinha and Uniyal, 2007). As India is the second highest populated country in the world, the consumption and usage of goods or the demand is huge for goods and services. It provides largest source of employment. Growth of real-estate and Improvement in infrastructure also welcomes the competition, the government allowing the foreign direct investment has opened the doors for big investors and global brands like IKEA and Walmart will not only bring better technology and wide range of products but also will create a healthy competition and environment. With huge agricultural sector offering an abundance of raw materials the product and materials will create a better producer.

Consumer behaviour is dynamic and the variables that are significant and associated with the decision making shall be discussed, it is important so that

effective decisions can be taken in respect of marketing mix. Finally, it was important to review the papers to understand the gap and scope for the study.

Global retail sales through the convenience stores channel reached US$3,256 billion in 2017, rising 6.7% on 2016, and are projected to register a CAGR of 8.5% over the forecast period 2017-2022 to reach US$4,902 billion in 2022. Increasing consumer affinity towards smaller format stores that offer convenience is driving sales in the channel, economic growth, coupled with rapid urbanization, has contributed considerably towards the growth of convenience stores in the past few years. Industry experts project duty-free retailing market to grow at a CAGR of 6.06% during the period 2017-2021. It also talks about the market size of different segments and their growth aspects along with key leading countries in Americas, Asia-Pacific, Europe, the Middle East, and Africa regions. Increasing consumer affinity towards small format stores that offer convenience is driving sales in the channel.

1.2. Importance: This study serves as the basis for various other features of retailing in future and contributes to the basis of retail spending among corporate houses. By growing globally, the results will provide the firm some insights and information on how retailing is viewed by Indian consumers, it focuses on the retail institutions, growth and type of channels that is interested and liked by the consumers.

1.3. Distribution Channel: Frequently there may be a chain of mediators each passing the product down the chain to the next level, before it finally reaches the market. Each of the elements in these chains will have their own specific needs, which the producer must consider along with those of the all-important end-user.

1.4. A look at the history of retail: India was sometimes been called a nation of storekeepers having its roots with huge number of retail entrepreneurs in India, even among retail enterprises that employ hired workers, the bulk of them use less than three workers. Its retail sector is not so developed compared by the standards of industrialized countries but also in comparison with several other emerging markets in Asia and elsewhere. Retail sales in a developing country like India, a large chunk of consumer expenditure is on necessities, especially food related items. Food, beverages and tobacco accounted for as much as 71% of retail sales, 29% of retail sales are non-food items. This is to be expected as, with income growth, Indians, like consumers elsewhere, spent more on non-food items compared with food products.

1.5. The emergence of organised retailing in India: dates to the pre-independence era with textile majors setting up their own retail stores. However, the phase between 1990 and 2005 saw organised retail grow rapidly with the entry of pure-players like Pantaloons, Shoppers’ Stop etc in the organised retailing scene in India. Thereafter, growth has been sustained by the foray of corporate like Tata, Reliance and Aditya Birla in the retailing market. Growth of the Indian retail industry is driven by favourable demographics, rising disposable income, nuclearization of Indian households, improving credit facilities and increasing urbanization levels, among others. Organised retail penetration in India is very low at present, implying the huge untapped potential for organised retail players.

1.6. The Indian Retail industry: divided into the organized and the unorganized sector. The non-store and the retail outlets in the unorganized sector mainly include the local convenience store and the haat system, and one stop shop. The organised sector includes the big company’s like RPG, Pantaloons and the foreign players like adidas, Reebok, McDonalds and Pizza hut.
1.7 Emerging Trends: Most fail to consider how price elasticity changes over time, particularly for fashion merchandise, or how market segments react differentially to price changes. In addition, many retailers find it difficult to know how to price merchandise when their suppliers offer temporary "deals." They are also generally unaware of how their pricing strategy influences their overall image.

1.8 Role of Store Image and Retail Brands: Three critical facets that need to be examined include, the role of national brands, the role of private labels and the role that the store itself plays as a brand according to Sayman and Raju (2004). They provide interesting insights into the complex interplay between national and store brands. Specifically, the relative strength of the national brands seems to be the key factor in determining whether a store should have one or two store brands within a category.

1.9 Suppliers and Buyer Organization: Abhishek Kumar Singh, Naak and Seshadri (2014) studied that the tendering process from structural, supplier, and buyer perspectives. It explores mechanisms through which superior value delivered by the supplier firm can be captured in the tendering process. Suppliers can extract returns for the value of their offerings in a tendering situation by early engagement with buyers and the buyer organization should leverage the opportunities inherently available to improve price-discovery via structural changes to the tendering process by using a tiered adjusted price bid mechanism.

1.10 Chain stores: are the significant innovation in organizational form of the early 20th century. Chains competed differently and therefore had several competitive advantages, including more buying power and lower costs, over their independent competitors. This greater efficiency is likely to enhance recession survival.

1.11 Attitude of the Consumers: Afzal saifi and Kamalun Nabi Mohd has felt that organized retailing explored the attitude of customers towards modern retail formats and unorganized traditional formats in Delhi and NCR and admitted that due to the changing demographics, increase in income, rapid urbanization and advent of electronic media especially internet as a source of product information, customers preferred to purchase from organized outlets because of variety, easy availability, convenient shopping timings, cleanliness, and facility of entertainment for children. It is also observed that unlike higher age group sample respondents who prefer to visit kirana stores, the younger generation and higher income group customers have more inclination towards organized retailing; also more product lines should be added with a focus on quality of product and most customers have a positive image about organized retailing.

1.12 Mall Kiosks: Anjala S. Krishen (2010) believes that retail kiosks and the impact of consumer regret on shopping are becoming an increasingly common avenue for the release of innovative products and quick entry into the retail market; this paper introduces the importance of consumer decision making in such environments. Retailers must minimize the perception of risk involved in purchases and relates two constructs (regret and variety), which have proven to be very important inetail and retail shopping, to show how they can minimize consumer's perceived risk during a shopping experience.

1.13 The Wheel of Retailing: According to the theory of wheel of retailing, retail innovators often first appear as low-price operators with low cost and low margin requirements. Over time, the innovators upgrade the products they carry and improve their facilities and customer service and price rise. As innovation mature, they become vulnerable to new discounters with lower costs, the rise and fall of forms of retailing follows a cycle called the wheel of retailing.

Retail Attributes: Bone (1991) suggest that the mature market can be attracted by offering special discounts based on age.

1.14 Retail Store Design: Consumers are sighted and visually attuned to labels, colours, lighting, point-of-purchase displays, point-of-sale information, and merchandising. These visuals provide a symbolic system that is assumed to be cognitively processed by consumers as they move through the shopping environment. However, many handicap and legally blind people are impaired to the degree that reading signs and other printed materials, and/or distinguishing landmarks and faces is difficult, if not impossible.

1.15 Retail Training: should include information on how to recognize the uniqueness of consumers, ask questions, what type of assistance is desired so that the consumer can maintain control, and how to
communicate that the shopper is expected. A key aspect of this training needs to be to educate retail employees that consumer tastes are driven by characteristics inside a person, not by characteristics that are visible to the employee, switch retailers as they become accustomed with the retail store.

1.16. Identified Mainly the Challenging Factors: SudhansuSekhar & Sarat Kumar Sahoo (2009) like technology, supply chain, human resources, store positioning faced by the retailers and trying to tackle with the issues and overcome it to face the challenges around at the operational strategic and conceptual level.

1.17. Shopping Practices: AbdulMajed Amin studied the effects of the massive arrival of foreign distribution concepts in emerging countries on the evolution of the local buyers' shopping observes. The conflict of the latter, long adapted to the traditional network, with the new retail outlets gives rise to the emergence of new modes of shopping and purchasing, trends in consumption in an emerging country Morocco for instance, the differences in social classes gives place to varied shopping strategies. Where the consumers change some values and shopping behaviour inherited from the traditional trade into the modern distribution stores. Global and local retail banners laying on their perceived images, store attendance and shopping practices which reflect their contrasted positioning strategies and that the implications on the public policy to manage the balance and the future of local traditional shops and modern retail stores.

1.18. Sales Promotion: Smith and Moschis (1985) suggest that age relates positively to the use of money-saving sales promotion offers, such as cents off and/or coupons; yet, their research does not support this view. In many instances, price and price related aspects are of lesser importance, which could explain the preference for department store shopping by the mature patron as opposed to discount store shopping and Bearden (1978) agree that the most important attributes of store selection relate to the relationship of quality to price and the finding of satisfactory products. Manoj Verghese and Pooja luniya felt that price form of promotion influences impulse buying among consumers TPR is the major tool. Consumer as it provides direct off on the product. Mostly females are more attracted towards TPR further other forms of price promotion also influences impulse buying behaviour non-price forms.

1.19. Segmentation: Bone (1991) concludes: "Thus, chronological age does not seem to be an appropriate segmentation variable". Lifestyle or psychographics has emerged as a very robust technique of identifying distinct categories of buyer behaviour. French and Fox (1985) discussed about the adjustment patterns of the elderly to old age. They were able to identify two factors that underlie a list of behaviours and attitudes of the elderly. The first factor is how much the elderly enjoy retirement living, the second factor is the extent to which the elderly is secure in the adjustment process. Indian Customer. With an evolving demography, the market for retail is gradually getting segmented. For retailers, the key is to tap rising lifestyle spends like mobile phones and cars.

1.20. Layoffs: The temptation for retailers facing a recession is to engage in layoffs. when measured by recession survival, people are an asset and not a liability. the segment diffusion of conventional supermarkets is complete, and that while the new superstore format enjoys better perceptions than the conventional supermarket, the dominant constraint on both modern formats' market share growth continues to be limited penetration of the perishable'scategory. The goal is to develop a set of guidelines, contingent on the retail context, for managers and policymakers who have a stake in the modernization process.

1.21. Customer as an asset: the availability of data has led to loyalty programs and other initiatives designed to deepen the relationship between individual shoppers and their preferred retail outlets. Under the right conditions, shoppers will switch stores. While it is well accepted that price and promotions on certain products may induce shoppers to switch stores, and that some segments (e.g. cherry pickers) will actively look for differences across stores, less is known about the longevity of the switch. In our view, this question needs to be answered if retailers are to effectively manage one of their most important assets – the customer base. Moreover, we consider that a "switch" takes place only when a shopper moves most of the share of wallet from one store to another.
1.22. Customer Service: Kotler et al. (1998) emphasized the importance of effective interaction between service providers and customers to create superior value during service encounters. Studies on well-managed companies show that good customer service can set one business apart from other competitors. Customers use these cues to ascertain the quality and value of the intangible services the firm provides (Teas and Agarwal, 2000).

1.23. Buying Motives: According to Sheath (1983) there are two classes of motives underlying shopping patronage: functional and non-functional, of which Tauber’s (1972) motivations are the non-functional. If the shopping motive is solely a function of the buying motive, the decision to shop will occur when a person’s need for goods becomes sufficiently strong to allocate time, money, and effort to visit a store.

1.24. Brand Relationship: Arvind Sahay has felt that young consumers do form relationships with brand(s) on all the six dimensions of consumer brand relationship and found that love and passion dimension of brand relationship is stronger amongst teenagers as compared to young adults and that family has a relatively stronger influence than peers, and that consumers do compare price irrespective of how strong the brand relationship is.


1.26. Perceived value: has intermediating role between quality, charge fairness and satisfaction. Fair price has positive direct impact on customer satisfaction; operators are recommended to formulate operations and marketing strategies that focus on expectations of customers to enhance level of satisfaction quality of the service provided to them.

1.27. Buyers black box: Ravindar reddy highlighted that the key factors in influencing the perceptual processing of the buyers’ black box in selecting the retail store and retail brands. The perceptual changes about store brands and retail store may influence the purchase attitude of shoppers.

1.28. Customer Loyalty: Acc to Mariyam Rehman Bilal (2012) Customer Loyalty is a psychological motive which today’s managers are considerate about and concludes that long-term success and sustainable, it is one of the most important issues organizations face today, customersloyalty has become more vital due to substantial increase in competition.

1.29. Customer Satisfaction: Enrique Bigne felt that the cognitive and affective antecedents and consequences of satisfaction in the context of hedonic services indicated that the impact of satisfaction is not limited to loyalty, its effects extend to behavioural responses like consumers’ willingness to pay more for the service.

1.30. Consumer Decision Making Process: According to Mumtaz Jing Fengjie and Naveed Akhter customer behaves differently at the time of purchasing goods/services as it depends on number of factors such as family, age, culture, and advertising have an impact on an individual’s way of thinking, whereas price is associated to product.

1.31. Economic Reforma in India: Suchi Patel Anand and Zerna (2013) studied that Economic reforms in India have brought about major changes in the whole market environment. With those changes rural marketing has become an important concern to marketers. Environment, proper understanding of the nature and profile of the rural consumers, designing the right products to appeal to them, and suitable media for communication and distribution. The Indian marketers, therefore, needs to change their traditional view about the rural India’s rural consumer that settles for less.

1.32. Location: Sunil Chopra (2010) decisions regarding the role, location, capacity, and flexibility of facilities have a significant impact on supply chain’s performance. It is an important factor that influences the customer’s choice of the outlet, regular visit of the customers to the outlet, repeat purchases at the same outlets etc.

1.33. Store Brands: Sandeep (2014) revealed that most of the youth have positive opinion towards the store brands in fashion-wear and accessories. Most of the respondents opined that quality, reliability and brand image are the dominant aspects that differentiate store brands with national and regional brands.

1.34. Store Formats: Vipul Jain (Apr 2012) argues that consumers purchases from more than one outlet despite some preferred store or store format, this indicates that consumers perception of outlets and
preference do not result in patronizing of retail outlet and so situational factors should be considered for better predictability of consumers buying behaviour, modern consumer is increasingly realizing his nature in acquiring more and more assets, and/or articles in general and electronic gadgets, electronic produces/devices in particular (Erich From) including digital based services, the modern consumer is expecting the organizations to uphold business ethics in general and that of Business Transparency in particular.

1.35. Green Marketing: Tanushri Purohit (Feb 2014) felt that the attitude of retail organizations towards green marketing in India is on the rise and this green image of the company can be a competitive advantage for the company and will help in creating a more positive image in the minds of the consumer. Touching the lives of millions Indian retail sector has emerged as most exciting challenging and fast growing.

1.36. Technological Development: the shopping experience According to Katole Hemant (2011) at malls is worthy and less time consuming, time taken for payment and obtaining suggestions from the consumers. Considering the retailers and the consumer’s point of view, it is inferred that most of the problems are due to overcrowding and these problems can be resolved to some extent by implementing new technologies. Thus, there are a few suggestions like electronic payment systems to avoid long queues, automated parking systems, flexible offers and facilities. Flexible offers can include food coupons, entertainment coupons, mobile recharge coupon etc as per the preferences of people.

1.37. Lifestyle: Kamalaveni (2008) has felt that India is witnessing a change in life styles and there is a need to understand the emerging markets and consumers has become a big challenge for the global brands in creating and managing a powerful brand. Branding is one of effective competitive tools and it is a challenging task for the marketer to nurture a brand into a strong, profitable brand. Today’s brands are more visible than those in the past. Intangible assets such as brands, patents and know-how have become increasingly dominant elements of company value.

1.38. Multiple Outlets: Lars Meyer Warden in his study of the retailing sector felt that consumers typically patronize multiple outlets, which leaves outlets striving to earn a greater portion of consumer expenditures and the researcher wants to give theoretical and empirical knowledge about the impact of retailing loyalty programmes on customer purchasing behaviour.

1.39. The Emergence of Private labels: on the shelves of retailers has become the integral part of retailing, manufactured or provided by one company for offer under another company’s brand, available in a wide range of industries from food to cosmetics to web hosting, positioned as lower cost alternatives to regional, national or international brands, although recently some private label brands have been positioned as “premium” brands to compete with existing “name” brands. Organized retail is a big revolution to Indian economy, which not only contribute national brands and private label brands

1.40. Consumer: According to Alba zamira and Samuel(2014) the consumer’s buying behavioural pattern towards online shopping (specially in case of flipkart.com users in Lucknow city), Thesuccess in India is dependent upon its popularity, brand image, unique, fair policies, and its customer relations etc.

1.41. FMCG and Employment: According to Amandeep (2011) India’s FMCG sector is the fourth largest sector in the economy and creates employment for more than three million people in downstream activities. Its principal constituents are Household Care, Personal Care and Food & Beverages.

1.42. Buying Behaviour: Bobby and Vishnu (2011) found out that the buying behaviour of Nepali teenagers towards mobile phones between urban, semi-rural and rural teenagers of Nepal. The aspects of buying behaviour assessed were choice of brand, source of information, factors affecting buying decision, source of finances and the level of satisfaction with the product

1.43. Buying Behaviour: Gopinat (2011) investigated men’s perception in buying decisions on branded shirts in Tiruchirappalli district. There is a need to understand the emerging markets and consumers has become a big challenge for the corporate world especially in creating and managing a powerful brand. By developing a powerful brand corporate can establish brand equity and the equity assists firms in a variety of ways to manage competition and to maintain market share. Branding is one of the most optimivemodest tools. And it is a challenging task for the marketer to nurture a brand into a strong, profitable brand.
FINDINGS AND CONCLUSIONS:

In a world of developing economies, where every week there is a product launch, the life cycle of the product has become short, lot of product variety is available, applications are used for the purchase of the products, it is found that the preferences and perceptions are different in various markets for different goods and services. But still there is every opportunity available to a challenger, no channel has completely replaced another channel. Both click and brick type of institutions are surviving. No matter where they are, the behavioural pattern of consumer has similar buying motives and follow the same steps in consume decision making process, but the behaviour is different in unorganised and organised retail outlets.

Back in India, liberalisation, globalisation, foreign direct investment, multinational companies are making the environment more environment, providing a better product offering.

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