

What Makes Shoppers Buy and Decide From Where to Buy- A Guide to Successful Retailing

Gurpreet Kaur Chhabra

ABSTRACT

Retailing is an age-old activity, which takes place whenever we buy anything, anywhere for our personal use. In India it is growing and getting organized at a very fast pace. The aim of the study is to understand how by having a through knowledge of a retail customer, a retailer can profile his customers, serve them better and build a competitive advantage over competitors. The problem has been dealt with, with the help of a primary data collected through a field survey conducted with around 200 retail shoppers' in various organized sector retail outlets such as Reliance fresh, Spencer's, Vishal mega-mart, Lifestyle malls & Shoppers Stop . Despite of the limitations of the research which are inherent to any such study, following major conclusions have been arrived at:

- a) In selecting a retail outlet, shoppers look for the following points, in there order of preference:
Brand Name> Reliability> Product Mix> Billing Time
- b) Shopping experience is the most crucial factor that determines the success/ failure of the retail outlet.
- c) Sales personals with which a customer actually interacts play most important role in making the shopping experience of a shopper, a memorable one.

Keywords: Consumer, Customer, Customer profile, Merchandize, Purchase Decision, Retailing, Retailer, Retail Shopper, Retail Shoppers Behaviour, Retail Image, Retail Sales Personal, Shopping Motives, Shopping Malls, Trading Area, Trading Area Analysis

Introduction

Any activity that brings a product or service to a consumer falls under the ambit of retailing. In India, it is one of the largest sectors. It is the second largest employer after agriculture and contributes around 11-12 % to the country's GDP. In last five years, retailing has seen unprecedented growth in India, largely at the corporate level. There are 15 million retailers in India. World's highest figure. However the Indian retailing sector is highly fragmented and consists predominantly of small, independent and owner- managed shops. At present only 5% of the total sector is organized but this %tage is increasing at a very rapid speed and the trend of conversion of this highly unorganized sector into an organized one is here to stay. The reason for this unprecedented growth of retail industry can be attributed to the growing Indian economy which has been growing at a steady rate of 8% since the year 2003-2004 until the beginning of the year 2008. Although the retailing sector was greatly affected by the world economic crisis of the 2008-2009 but the silver lining is, that the growth trends are here again and if RBI's prediction is to be believed, we are likely to touch GDP figure of 8.5% by the end of current financial year. Higher GDP has had a positive effect on consumption levels. Coming up of more industries has created more jobs. The salary levels of existing workers have gone up. People have more money in their hands, which they are spending on buying household goods as well as lifestyle accessories. An increased buying power implies two things: more people will buy goods and some people will buy more luxury products. Over the last few years, Indian retail has witnessed a major transformation. Business models became more scalable and profitable. The traditional markets are losing out. New formats like hypermarkets, supermarkets and shopping malls are coming up in every part of the country. These modern stores are becoming the destination for shoppers, who are looking for shopping to be an ultimate experience instead of a necessary chore (as it was considered only 5 years ago). Shoppers are also looking for ambience and convenience and faster services. However, the major challenge faced by the retailer today is how to run a sustainable operation. For this a retailer must understand how and why people buy? Why is it, that they prefer one vegetable vendor or a grocer over another? Has it got something to do with the person, the gender or the place? Or it is more due to product quality and service? If everybody gives the same product (which happens at the grocery stores), then how come customers behave differently towards each retailer? These and many other intriguing questions form part of what is called shopping or buying Behaviour. In retail sector,

Gurpreet Kaur Chhabra : Faculty, Shikshapeeth College of Management & Technology

understanding the customer is becoming more & more important as market is seeing more brands, larger stores, affluence. All this will be in vain if the customer does not spend. Shoppers Behaviour can be defined as the process through which shoppers make decisions regarding the utilization of their time, money, and efforts in order to procure, use and dispose off goods and services. As soon as a need for a product is realized by a customer, the first thing that comes to his or her mind is what to buy so as to fulfill his need and then starts the process of taking purchase decision. The way of taking this decision varies from person to person and from situation to situation. Although there are many factors that shape shopping behavior, and it is almost impossible to know and understand each one of them, still some most crucial factors that influence shopping are:

a) Shopping attitude- means the way customers perceive shopping. Although shopping is considered to be a fun activity by majority of youngsters in urban cities, some (mainly elderly or middle aged) however still consider it a waste of time.

b) Lifestyle- the way people spend their time and money. The lifestyle of Indians not only in urban areas but in rural areas too, is undergoing a major transformation. While urbanites are spending their leisure time in shopping for national and international brands from up market malls and shopping plazas, there rural counterparts are becoming aware about brands and there advantages over unbranded products. In today's scenario shopping is becoming a source of entertainment and a wonderful stress buster in this highly stressful life. Retail stores & shopping malls act as the destination point for these people. Plethora of brands, exciting food, discounts and offers, in a warm and out of the world ambience (of a shopping mall) helps people relax themselves and loosen their pockets.

c) Psychological factors-(i) People's motives: a motive can be defined as an internal energizing force that orients a person's activities towards satisfying a need or achieving a goal. A sound understanding of the need level of shoppers can help a retailer in knowing, what motivates consumer preference towards a particular retail format or store. (ii) Attitudes: is the consumer's predisposition to respond positively or negatively to an element of retail mix. The success or failure of a retail store greatly depends upon the attitude majority of shoppers have towards a particular store. (iii) Personality: refers to all the internal traits and Behaviors that make a person unique. Shoppers try to match their self images with that of brands and retail stores and therefore select those which match their personalities.

d) Social factors-(i) Culture: refers to the set of values, attitudes & ideas that are accepted by a homogenous group of people and transmitted to the next generation. Culture determines people's choice of brands, retail stores, purchase quantity, response towards sales offers etc. for example: North Indians prefer to eat outside on special occasions whereas South Indians prefer home cooked meals. This explains the phenomenal success of national and international restaurants in North India. (ii) Social class: refers to the classification of members of a society into a hierarchy of distinct status classes, so that members of each class have relatively similar status and members of all other classes either have more or less status. Social class greatly affects shopping behavior. For example: Middle class prefers to buy grocery once in a month and therefore are always in look out for deals and bulk purchase offers from retailers. The success of Big Bazaar and its 'Maha Bachat' schemes can be attributed to this fact. (iii) Reference groups: refers to the groups, of which people are a part of or aspire to be part of. They serve as a source of information and reference to shoppers in taking decisions related to their shopping. For example: Delhi- Haat, shopping plazas, McDonald's etc. is favorite hang outs for teenager groups.

e) Consumer Knowledge- awareness about various retailers, there pricing strategies, brands offered, merchandise range etc. also affect the choice of shoppers. For example: a shopper planning to buy an electronic item will search through various organized (Tata Croma, e-zone, Next etc) as well as

unorganized sector retailers and compare the deals offered by each one of them on various brands before deciding upon buying a particular brand from a particular retailer.

f) Gender roles- dual career couple families, DINKS (double income, no kids) families, single parent families have substituted the traditional family life cycle model mainly in metro cities. Shopping is no longer a women's activity, men are equally sharing the responsibility of shopping for household items. Role of kids can also not be ignored as they have a greater say in the choice of brands that will be bought. For example: In this tech savvy generation where kids are more aware about various brands, then their parents, its they who decide the brand of toothpaste as well as the brand of LED TV to be bought by the family.

g) Time poverty-shortage of time is making today's customer a time starved customer looking for precision shopping. No doubt these one stop shops like Shoppers Stop, Big Bazaar, and Lifestyle are generating hoards of customers every day. Online shopping is also on rise, this opens another low cost opportunity for retailers i.e. e-tailing. Speed & promptness in services is the key to success for e-tailers.

h) Perceived risk-tendency of the shoppers to take risk, of trying new retail outlets, retail formats and new brands is termed as perceived risk. Although as per research the risk taking ability in Indians is found to be low but the younger internet savvy generation is quite influenced by their western counterparts and therefore don't hesitate in trying out new trends, fashion & fads(of course with calculated risk, an effect of Indian culture).Although it is very difficult to know which factor is contributing, how much in shaping shopping behavior, however a brief understanding of these factors can help a retailer in profiling majority of its customer.Customer profiling can be defined as the process through which a retailer can understand the nature, attitudes, perceptions, motivations, needs, wants and desires of its customers. The success of a retailer largely depends on its sales strategy and success of the sales strategy completely depends on the accuracy of customer profiling. The following steps are involved in profiling customers:

a) Trading Area Analysis- The process of analyzing the trade area i.e. the geographical area from which a retailer derives majority of its customers is called trading area analysis. While 60-65% of a retailers' customers are residing in primary trading area (up to 15 km radius), 20-25% of the customers are residing in secondary trading area(up to 20 km radius), 10-15% of the customers are coming from tertiary trading area(up to 30 km radius). GIS Software can serve as a helpful tool in analyzing trading areas.

b) Once the trading area has been thoroughly analyzed, the next step is to do detailed analysis of the people residing in the respective trading areas. The retailer should focus mainly on primary trading area as majority of its shoppers are coming from this geographical area. The main objective of this activity is to understand the shopping needs, motives and desires of the people residing in the trading area. Consumer research through surveys, interviews, observations etc. can be a helpful tool. The information collected from these methods can serve as the base in profiling trading area customers.

c) Developing a profile of shoppers residing in different trading areas of a retailer-the information collected through consumer research helps the retailer in designing consumer profiles based on answers to certain crucial questions such as:

- i) How far will customers travel to get to the retailer?
- ii) Are they pricing sensitive? If so, to what extent?
- iii) What is more important: shopping convenience or price or services
- iv) Are there any special niches existing within the selected market segments and do they have any special needs? If so, what are they?
- v) What is the acceptable level of quality of goods, majority of shoppers in an area would expect?

Once a retailer is ready with answers to the above questions an attempt can be made in designing a profile of the shoppers. At this point Values and life style profiling (VALS) in Indian scenario can prove very helpful. As per VALS model the majority of Indian customers (mainly in urban areas) can be profiled in the following manner:

THE SELF DRIVEN MATERIALIST:-ambitious & practical. Want to achieve materialistic success. Responsive to sales & discounts. Do a lot of impulse shopping. A. majority of people, are from the service class. Above 25 years of age, often graduates. Easy to handle and highly brand and status conscious.

THE INDEPENDENT EXPLORER:-Fiercely independent people, not materialistic in nature, not influenced by family or friends, go for value based brands, 58% of this group fall in the age group of 18-24 and 42% falls in age group 25-34, mostly post graduates. Hard nuts to crack but once convinced can be loyal customers. Act as trend setters in their reference groups.

THE PASSIVE TRADITIONALIST: Epitome of tradition and conservatism, prefer job security, family oriented, averse to risk, prefer Indian brands, influence of family is the most, planned purchases. Majority is in the age group of 35-49 and is often graduates. Prefer simple deals and often remain hooked to specific brands and retailers.

THE ENTHUSIASTIC EXPERIMENTERS: Ardent followers of fashion, trends, and fad. Ever ready to try out new brands and prefer newer formats of retail to do shopping. Purchase heavily during festive season and are attracted by sales & offers. Majority of the group fall in the age group of 18-24. The most desirable shoppers, by any retailer but loyalty factor is low.

THE OPINIONATED REALISTS: Self centered people, not ready to experiment much, don't accept new ideas, brands or retail formats so easily. In the age group of 18-49. Complicated people, unpredictable shopping Behaviour.

THE MATURE SENSIBLES: Polite, well mannered people who prefer a formal work environment. Family oriented, non experimental. Very cautious and logical in approach. Not easily influenced by retailers and their offers. Evenly spread across ages. Mostly graduates. Difficult to make them switch brands.

Once a retailer is ready with the profile of the customers residing in its trading area, he/she can then decide the retail sales strategy according to the respective profile of its customers. It is very important that the retailer should be able to develop its retail image in the initial stages of its business. Retail image should match the profile of the majority of retailer's customers. Every retail store possesses an individuality that differentiates it from its competitors. A retailer must devise an image building strategy to communicate its individuality or personality across to its target segments to build their confidence in its merchandise and services. While deciding the place from where to shop the image than has been formed in the mind of a shopper regarding a particular retail store plays the most crucial role. Where there is a strong degree of congruity of individual's self- image and his image of a store or brand, there is a strong possibility of positive Behaviour towards that particular store or shopping centre. As per Fisk's Conceptual model, image of a retail store in minds of majority of store's customers, is formed along the following dimensions:

- a) Locational Convenience- Access route, traveling time & Parking availability etc.
- b) Merchandize suitability- Brands stocked, breadth & depth of assortment.
- c) Value for price- Price of a particular item in a retail store and its comparative price in some other retail store.
- d) Sales effort & store services- attitude and behavior of sales personals towards the customers for

example: courtesy shown by sales personals towards customers even the window shoppers, how helpful Sales people are in assisting customers with their shopping. Delivery promptness and care etc. Sam Walton, founder of Wal- Mart, was seen assisting customers with their shopping bags in the initial years of the opening of the store. No doubt, today it's the largest retailer of the world.

- e) Retailer's brand name & its related congeniality- Store layout, Store décor, Merchandize display, class of customers, store traffic and congestion.
- f) Reliability on retailer and its merchandize- this relates to the past experience of the customer / post transaction satisfaction i.e. Satisfaction with goods in use, Satisfaction with returns and adjustments, Satisfaction with price paid, Satisfaction with accessibility to store etc.
- g) Billing time is considered to be another very crucial factor in selection of a retailer i.e. the time saved in avoiding billing queues. However it is observed that if the customer experience is positive for the above mentioned factors they don't mind spending a few minutes extra in waiting lines, especially during sales or discounts season.

From the above mentioned points it is quiet evident that in this highly competitive world of retailing, though plush showrooms, well designed shop windows, pleasing ambience, ultra- modern facilities and variety of brands can attract customers but what hooks them to a retailer and brings them back again and again to the same retail store is the art with which the retailer/ sales people handled them and this art in turn depends on the ability of the retailer to know its customers and that too, very well.

REFERENCES

- Retail Management, a strategic approach by Barry Berman & Joel R Evans
- Retail Management by Dr. Harjit Singh
- Retail Management by Chetan Bajaj, Rajnish Tuli, Nidhi V Srivastava