

# A STUDY OF CONSUMER BUYING BEHAVIOUR IN ORGANISED RETAILING

\*Dr. J.V. Vaishampayan  
\*\*Zubair Ahmad

## Abstract

*In order to develop a framework for the study consumer behaviour it is helpful to begin by considering the evolution of the field of consumer research and the different paradigms of thought that have influenced the discipline. As described in this article, a set of dimensions can be identified in the literature, which can be used to characterize and differentiate, the various perspectives on consumer research. It is argued that consumer behaviour itself emerged as a distinct field of study during the 1960s; and is characterized by two broad paradigms, the positivist and the non-positivist. The positivist paradigm encompasses the economic, behavioural, cognitive, motivational/trait/attitudinal, and situational perspectives; these perspectives are referred to as the traditional perspectives as they pre-date the development of the non-positivist paradigm. The positivist paradigm, which is still the dominant paradigm, emphasizes the supremacy of human reason and that there is a single, objective truth that can be discovered by science. This paradigm regards the world as a rational and ordered place with a clearly defined past, present, and future. The assumption of rationalism is therefore fundamental to the traditional perspective.*

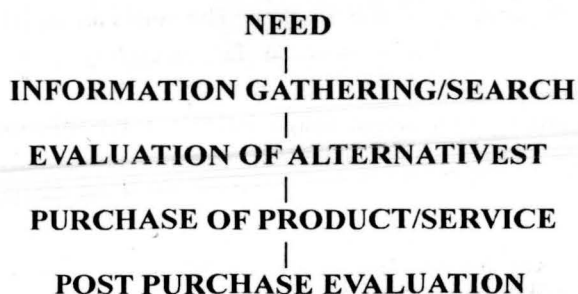
### Introduction:

Before understanding consumer behaviour let us first go through few more terminologies: Who is a Consumer ? Any individual who purchases goods and services from the market for his/her end-use is called a consumer. In simpler words a consumer is one who consumes goods and services available in the market. Example - Tom might purchase a tricycle for his son or Mike might buy a shirt for himself. In the above examples, both Tom and Mike are consumers.

### What is consumer Interest ?

Every customer shows inclination towards particular products and services. Consumer interest is nothing but willingness of consumers to purchase products and services as per their taste, need and of course pocket.

**A consumer goes through several stages before purchasing a product or service.**



### Factors affecting Consumer behaviour:

There are many factors affecting consumer behaviour are:

- a). Cultural factors
- b). Social factors
- c). Personal factors
- d). Psychological factors

### Literature Review:

Retailers and marketers often seek to learn how and why people shop. The consumer decision making process is a complex phenomenon. The purchase of goods and services includes a number of factors that could affect each decision. It is more important and complex today than in the past. Shoppers are exposed to advertising, news articles and direct mailing and provided an abundance of information, much of it with mix messages. In addition, increase in the number and variety of goods, stores and shopping malls and the availability of multicomponent products and electronics purchasing capabilities; have broadened the sphere for consumer choice and complicated decision making (Hafstrom et al., 2000).

Most of the study that is available on this subject is primarily related with store choice behavior rather than shopping malls. However, all these studies provide important input in analyzing the shopper's attitude towards selection, re-patronage and rating of various shopping malls. The choice of retail format has also been found dependent on socio-economic background of customer, their personality and past purchase experience. Lumpkin et al. (1985) found that as

\*Dr. J.V. Vaishampayan, Professor, Applied Economics Deptt. Lucknow University

\*\*Zubair Ahmad, Lecturer, Eusiness Administration Deptt., Azad Institute of Engineering and Technology

compared to young shoppers, elderly shoppers were more price-conscious and proximity of residence to store was an important factor for them. The young shoppers considered shopping as recreational activity and thus choose a format that is perceived to be high on entertainment value. Experience is also affected by the personal characteristics of teenagers that in turn influence their shopping mall perceptions. **Tabak, Ozgen and Aykol (2003)** conducted a research study on teenagers shopping attitude and concluded that shopping practices at malls are perceived as a social experience. **Haytko and Baker (2004)** study on the shopper's attitude towards mall experience, found that several factors determine the selection of a mall. One of the factors was the image of the shopping mall. Image refers to how a format is perceived by the customer and others. To succeed, a firm must communicate a distinctive, clean and consistent image. Numerous factors contribute to a retailer's image, and it is the totality of them that forms an overall image (**Berman and Evans 2004**). In **Haytko and Baker's study (2004)**, five image attribute of the shopping mall found to influence the shopper's attitude of their experiences: comfort, safety, retail-mix, accessibility and atmosphere. Additionally, two characteristics, namely education cohort and trend consciousness affected how they perceived their experiences. Also the situational influence of mall companion and motivations for going to the malls were uncovered. According to **Catalogue Age (1999)** reports, teenagers have been considering the shopping activity as "an experience rather than a job, an event rather than a duty" (as cited by **Taylor and Cosenza, 2002**). Age is a factor affecting shopping motivations significantly. For example, the teen shoppers group has stronger diversion/ browsing, and social experience shopping motivation as compared to other age groups. This age group has a vital importance for the marketers. Firstly, they have orientation because they provide a convenient/ efficient way to compare shops across a variety of goods and/or a way to complete several purchase in one trip.

Available literature on shopper's buying behavior assumes that all consumers approach shopping with certain decision making traits that combine to form a customer decision making style. Academicians and researchers have long been interested in identifying these underlying decision styles of shoppers. For example, consumers are identified as instrument to profile the decision making style of consumers. Further, there are researches that study relationship between mall shopping frequency and background variables, both demographic and those related to shopping motivations. **Grewal et al. (2003)** used the classification of shoppers where they are divided into two broad categories as functional economic and recreational shoppers. A high degree of

correlation was found between the visit frequency and degree of recreational shopping motivation. This support the hypothesis that people who shop to satisfy affective and cognitive needs, such as needs for affiliation, power and stimulation, visit malls frequently. Functional -discretionary spending power, secondly, when they spend, they use their parent's money and affect parents spending decision also.

Some research studies have reported gender differences in terms of shopping preference and behaviour for many years and research shows that men's and women's shopping behaviour differs on many levels like they process information differently (Peter and Olson, 1999). Besides, they load different meanings to value and material possessions, go shopping for different reasons. Women go to shopping to browse and see shopping just to meet their needs seeing it as a duty. Available research on shopping behaviour seems to suggest that it is women who go shopping and that shopping is described as a "female typed" task. Dholakia (2001) also found a positive relationship between gender and liking shopping activities.

**Meoti, Feinberg and Westgate (2000)**, discuss the plausible factors responsible for the attraction of customer towards the malls. According to them, there is a basis for assuming that consumers may be attracted to a mall by feelings evoked by qualitative aspects of a particular amalgamation of stores rather than a variety of stores with a limited depth and width.

**Stoltman, Jeffery, J. James, W., Anglin, K.A. (2002)** view mall shopping as a relative choice phenomenon i.e. a consumer choose to shop at mall over the other outlets and choose some mall over other malls where the choice is available. Patronage is contingent upon the choice variation. Mall shopping can also reflect more economical, or functional, shopping economic type shoppers might be induced to make secondary purchase when visiting the mall. A lot of these strategies are in fact being adopted by new malls that are coming-up, thereby creating perceptible differences for themselves in the market. The analysis of literature available on this subject so far, doesn't give us some conclusive evidence to understand about customer's attitude formation, their re-patronage intentions towards shopping malls. The buying behaviour differs significantly in a developed and developing market. Most of the research studies that are available in this regard are more applicable in European and American market which collectively represent the 'Western Model' of consumption behaviour which has narrow significance in Indian context. The rate, at which new developments are taking place in Indian retail market, fosters an urgent need to understand the shopper's attitude and

perception in relation to emerging formats of retailing. The study becomes imperative keeping in view the reported dismal performance of various new formats which are unable to attract customer effectively in a period when international economy is facing a severe slowdown

### **Development of Organised Retail Sector:**

#### **1. The Indian retail sector:**

A shopping revolution is ushering in India where, a large population in the 20-34 age group in the urban regions is boosting demand. This has resulted in huge international retail investment and a more liberal FDI policy making India currently the most attractive destination for global retailers with a GRDI score of 92 and a growth rate of 25 to 30% in the year 2007 (Global Retail Development Index, 2007). Since the time the Narsimha Rao Government kicked off reforms in 1991 and interest rate deregulation became a reality, the retail sector has been like a toddler waiting to grow big. It has taken some time but finally it seems that the evolution of organized retailing in India is picking up momentum.

The world of retail merchandising has come a long way since the days when general stores, that stocked everything from groceries to stationery, and small shops that sold limited varieties of products, reigned supreme. There is a movement now from the unorganized to the organized sector. Several companies are setting up exclusive showrooms and large format stores such as Pantaloon, Shoppers Stop, Westside and several others are expanding. The whole concept of shopping has altered in terms of format and consumer buying behavior, changing the face of shopping in India. These trends indicate that retailing, as an industry, has come into its own.

According to the Global Edge report on Market Potential for Emerging Markets (2008), India ranks eleventh in the list and has been able to maintain itself around this figure for quite some years now. In fact, according to Global Retail Development Index (2007), India is positioned as the leading destination for retail investment topping the chart above Russia and China. Indian organized retail is growing at a faster pace than was expected and could constitute 25% of the overall retail sector by 2011. According to a study on retail sector prepared by Deloitte Haskins and Sells, organized retail in India had 8% share of overall retail market (total retail pie) in 2007 in comparison to 5% in the year 2006 and is expected to grow still further in the future.

#### **2. Reasons for growth:**

Favorable demographic and psychographic changes relating to India's consumer class, international exposure, increasing availability of quality retail space, wider availability of products and brand communication are all bringing forth major opportunities in the organized retail

sector in India, which is poised for an emphatic phase of growth. For a successful retail story what is required is the proper exploitation of these opportunities. Over the last few years, many international retailers have entered the Indian market on the strength of rising affluence levels of the young Indian population along with the heightened awareness of global brands and international shopping experiences and the increased availability of retail real estate. Development of India as a sourcing hub shall further make India as an attractive retail opportunity for global retailers. PricewaterhouseCoopers in its third edition of Retail & Consumer study, "From Beijing to Budapest: New Retail & Consumer Growth Patterns in Transitional Economies," assesses growth opportunities in fourteen countries in Asia, Central and Eastern Europe (CEE) and Russia; it has determined six countries with "GO" recommendations in terms of investment: China, India, Turkey, Thailand, Malaysia and Hungary. The study determines that the most immediate opportunities in the retail and consumer sector lie in China and that India offers more long-term potential for investment in the sector. The biggest positive point as far as the sector is concerned is that Indian population is witnessing a significant demographic transition. A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing working-women population and emerging country.

The highly fragmented structure of the Indian retail sector is also helping the growth of the sector. There is a great potential for the organized retail industry to prosper in India, as a market for final consumption is very large. Many researches show that the total private consumption market in India is about Rs.15 trillion out of which about Rs 8.5 trillion is towards retail consumption. Though lucrative opportunities exist across product categories, food and grocery, nevertheless, presents the most significant potential in the Indian context as consumer spending is highest on food. While food and grocery represents about 6.5 trillion of retail consumption, clothing comes second with consumption of about Rs 600 billion (The Indian Retail Report 2005).

The next level of opportunities in terms of product retail expansion lies in categories such as apparel, jewellery and accessories, consumer durables, catering services and home improvement. These sectors have already witnessed the emergence of organized formats though more players are expected to join the bandwagon. Some of the niche categories like books, music and gifts also offer interesting opportunities for the retail players.

Wholesale trading is another area, which has potential for rapid growth. German giant Metro AG and South African

Shoprite Holdings have already made headway in this segment by setting up stores selling merchandise on a wholesale basis in Bangalore and Mumbai respectively. Manufacturers in industries such as FMCG, consumer durables, paints etc are waking up to the growing clout of retailers as a shift in bargaining power from the former to the latter becomes more discernible. Already, a number of manufacturers in India, in line with trends in developed markets, have set up dedicated units to service the retail channel. Also, instead of viewing retailers with suspicion, or as a 'necessary evil' as was the case earlier, manufacturers are beginning to acknowledge them as channel members to be partnered with for providing solutions to the end-consumer more effectively.

Rural Retailing has also being encased into by many companies. Of late, India's large rural population has caught the eye of retailers looking for new areas of growth. ITC launched the country's first rural mall 'Chaupal Saga', offering a diverse product range from FMCG to electronic appliances to automobiles, attempting to provide farmers a one-stop destination for all their needs. There has been yet another rural retail initiative by the DCM Sriram Group called the 'Hariyali Bazaar' that has initially started off by providing farm related inputs and services but plans to introduce the complete shopping basket in due course. Other corporate bodies include Escorts, and Tata Chemicals (with Tata Kisan Sansar) setting up agri-stores to provide products/services targeted at the farmer in order to tap the vast rural market. With IT being the buzzword today how can Electronic Retailing be far behind. Videocon Group has entered the organized retail sector through an electronic retail chain, „Next?, under the venture Emart India. The two other electronic retail chains in the country have a regional or city presence: Viveks and Vijay Sales. Thus, with the growing popularity of Internet electronic retailing presents a golden opportunity to retailers.

#### **Highly Contribution to the Indir's Retail Sector:**

**Pantaloon** is one of the biggest retailers in India with more than 450 stores across the country. Pantaloon launched the country's first hypermarket, Big Bazaar, which has the following retail segments: food & grocery: big bazaar, food bazaar, home solutions: hometown, furniture, bazaar, collection-I, consumer electronics: e-zone, shoes: shoe factory, books, music & gifts: depot, health & beauty care: star, sitara, e-tailing: futurebazaar.com, entertainment: bowling co.

**Tata Group** is another major player in Indian retail industry with its subsidiary Trent, which operates Westside and Star India Bazaar. Established in 1998, it also acquired the largest

book and music retailer in India, 'Landmark', in 2005. Trent owns over .04 million sq. ft retail space across the country.

**RPG Group** is one of the earlier entrants in the Indian retail market, when it came into food and grocery retailing in 1996 with its retail Food world stores. Later it also opened the pharmacy and beauty care outlets 'Health and Glow'

**Reliance Group** is one of the biggest players in Indian retail industry. With more than 300 Reliance Fresh stores and Reliance Mart, these stores are quite popular in the Indian retail market. It is expecting to reach sales of US\$ 20.32 billion by 2010.

**AV Birla Group** has a strong presence in Indian apparel retailing. The brands like Louis Phillipe, Allen Solly, Van Heusen and Peter England are quite popular. It is also investing in other segments of retail. It will invest US\$ 1800-2030 million by 2010

#### **Conclusion:**

Consumer behaviour is a vast topic and many factors are responsible for purchasing a particular product. In India organised retailing speed up very fast but the ratio of unorganised to organised is between 70%---30%. A wide scope for organised retailing is there in Indian market. So in near future organised retailing further goes in other sectors also.

#### **References:**

1. Satish K. Batra & S.H.H. Kazmi, Consumer behaviour Text and cases, Excel Books
2. Loudon D.L. & Bitta Della, Consumer behaviour, Tata McGraw Hill
3. <http://indianresearchjournals.com>
4. <Http://www.indiaretailnews.com>