Consumer Behavior towards Retail Outlets in India - Literature Review

Shailesh Pandey¹, Dr. Vipin Chand Rai²
¹Research Scholar, RDVV, Jabalpur, INDIA
²Jabalpur College of Computer & Communication, Jabalpur, INDIA

ABSTRACT

Indian retailing is at all time growth today. The industry is flooded with footfalls of foreign retail giants; in this situation the discussion is open on the survival of kirana stores (unorganized retailers) in India. Retailing in India is one of the pillars of its economy and accounts for 14 to 15 percent of its GDP. The customer taste is also changing according to the change in whole retailing environment. Wal Mart entering in Indian market is still talk of the town in the country. The government of India has allowed 51% FDI in multi brand retailing. India is one of the fastest growing retail markets in the world, with 1.24 billion people ,the main focus of the research will be highlighting the tools which can help Kirana stores to provide a better retail mix for attracting more customers and their securing their long time existence.

Keywords: Organized Retailing, Unorganized Retailing, FDI in Retailing, Retail Mix, Consumer Behavior.

I. INTRODUCTION

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.

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 (sq ft), witnessing a strong year-on-year (y-o-y) growth of about 78 per cent over the total mall supply of 2.5 million sq ft in 2012.

II. LITERATURE REVIEW

Rama Venkatachalam and Arwah Madan(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.

According to Ms. Monika Talreja and Dr. Dhiraj Jain (2013) both modern and traditional retailers will co-exist in India for some time to come, as both of them have their own competitive advantages. The Kirana stores have a low- cost structure, location advantage, and customer familiarity whereas organized retail offers a mixture of product width and depth and a better shopping

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 government managed to get the approval of multi-brand retail in the parliament despite heavy uproar from the opposition (the NDA and leftist parties).[which?] Some states will allow foreign supermarkets like Wal-Mart, Tesco and Carrefour to open while other states will not.
experience. Organized retailing is becoming a destination shop for buying fresh fruit and vegetable.

Naganathan Venkatesh (2013) in his paper has mentioned overall forecast from different researches have stated that retail growth will grow 15 to 20 percent over the next five years, based on strong fundamentals of macroeconomic conditions of india and its younger population rising disposable incomes and rapid urbanization. Key success factor for foreign retail investors are the younger population of India’s who are under the age of 25, a huge potential market is waiting to explore and the internet accessibility is also a key factor where from rural to urban city everyone has the easy access to the internet. As many as 121 million Indians have internet access, and more than half of them access the web via their mobile phones.

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, Ajata Shathru Samal and P Nagaraja Rao (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, good will, credit facility, bargaining, loose items, convenient timings, and home delivery.

Mitul Deliya, Bhavesh Parmar and Dr. K. K. Patel (2012) has focused in their study titled impact of organized retailers on unorganized retailers, the finding suggest that there is a decrease in no. Of footfalls of the customer visiting unorganized retail due to emergence of more organized retailers. Another finding of the paper suggest that majority of middle class is buying from unorganized retailers.

Swapna Pradhan in her book “retailing management text & cases” this book will provide a wide picture of Indian retailing and global perspective. The book through light on a complete knowledge on retailing from its evolution to the current market situation and emerging formats of retailing and its worldwide growth. The types of retailers and location strategies and its importance also give complete retail knowledge.

According to Deloitte (global powers of retailing 2013) a robust retail strategy must include: a strong vision of the experience the customer desires across all channels, a nimble operating model that can adapt as the retail environment changes, a deep understanding of how to support the vision through inventive digital solutions and retail technologies, such as playbooks to operationalise the Omni-channel strategy.

According to Dr. Seema S. Shenoy, Dr. Sequeira and Dr. Devaraj, K. (2013) India as a business opportunity for global retailers. The development of Indian retail has been discussed in the paper. The organized sector current situation has been also concluded as growing at a frenzied pace. From a simple activity of selling in small markets to a more sophisticated task of bidding on-line, retailing has showcased several successful forms and facets. India has been discussed as a young nation having 60% population within 35 years and a huge market.

Sivaraman P. (2010) in his paper has the impact of organized retailing on unorganized retailing has been focused. According to the author there are few important factors which are measured by customers while shopping from any retail outlet like assortment of the products shop proximity, brand choices, price, store ambience, credit availability, store image, and complements.

M. Hameedunissa (2013) in his paper consumer psychology towards supermarkets has focused how people’s thoughts, beliefs and perception influence consumer behavior. The role of consumers psychology has been discussed in this paper that how it affects a consumer towards buying from any outlet.

Indian retail market opening more doors (Deloitte report) organized retail, which constitutes 8 per cent of the total retail market, will grow much faster than traditional retail. It is expected to gain a higher share in the growing pie of the retail market in India. Various estimates put the share of organized retail as 20 per cent by 2020.

According to R.K. Srivastava (2013) retail in India and retail in South Africa has been compared in the study. The finding suggests that branding of the retail store is actively followed in South Africa but in India retailers perceives it as a part of business. Security system on purchase & prevention of theft is good in South Africa than Indian system and it has to be developed as a prime concern. The segmentation strategy for both the countries retailers are somewhat matching which are on the basis of income and age.

According to PWC report (2012) the driving forces for Indian retail industry are, higher incomes driving the purchase of essential and non-essential products, evolving consumption patterns of Indian customers, new technology and lifestyle trends creating replacement demand increase in rural income as well as urbanization, increase in easy access to credit and consumer awareness, growth of modern trade format across urban, tier i, tier ii and tier iii cities and towns and rapid urbanization and growing trend towards nuclear families.

According to Manish Jain, Shilpa Raghuvansh, Anamika Hardia and Abhiruchi Arora availability and variety, service, ambience/show of the store, discounts and price, quality of goods and promotion are the major factors.
which are considered and preferred by customers while choosing a organized retailer for shopping.

Cherukuri Jayasankaraprasad (2010) has studied the multiple discriminant analysis for the various existing retail formats considering physical surroundings (ambience, store design and visual merchandising), task definition (regular purchase, purchase in large quantities and getting ideas / knowing new products), perceived risk (time, financial, and physical), temporal aspects (time spent and convenient timing hours), and social interactions and experiences have significant affect on supermarket and hypermarket store format choice decisions.

Dr. Sangeeta Mohanty (2012) in their study drivers of retail shopping has focused more on consumer attitude towards big bazaar and shopping malls, has also studied the age wise preference to the said stores. The study is also putting some light on store choice behavior based on product offered and locational conveniences on gender basis.

R. Sathya and Dr. S. Sheela Rani (2012) have done their research on private labels (retailer’s own brand). Grocery and food retailers are able to popularize their private labels brands, which have attracted consumers and have created keen interest in making purchase decision of these brands. Private label brand is emerging due to the growth of organized retailers.

Karthikeyan Sundarraj (2011) has done a study of apparel consumers on wide range of their choices on apparel buying. Social responsibility and green fashion has also taken into consideration while studying.

Anuja Shukla, Ankur Shukla (2013) the authors have focused on shifting preference of customer from traditional retail to emerging new retail formats. Value of customer to be treated as a king can be seen today because of the competition. The shopping experience of increasing due to increase in the share of organized retailing.

Nisha Rathore in her paper has shown a retailing growth from Kirana stores to supermarkets. She has also mentioned that how the shift has taken place from kirana to supermarkets emergence. The study has been done for studying consumer behavior for both Kirana stores and emerging retail formats. Unorganized retailers near organized retailers have been adversely affected in terms of their volume of business and profit. Unorganized retail has maintained employment levels perhaps because of competitive response.

Gupta and Tandon have highlighted the preference of consumer towards unorganized and organized retailing. In relationship study of researcher majority of the customer of all age prefer kirana stores on weekly and monthly basis but the younger generation have started prefers organized retailers. So it can be taken from the paper that age has a significant role towards store preference.

III. CONCLUSION

The Indian organized sector is emerging, in this situation it is important for small retailers to keep the below mention point in their mind and draft a new strategy for their long time survival.

1. Level of prices,
2. Quality of fresh groceries & availability of exotic fruits and vegetables,
3. Display & cleanliness and hygiene,
4. Home delivery & credit facility,
5. Variety
6. Service
7. Ambience

Some of the finding are younger generation have started preferring organized retailers, grocery and food retailers are able to popularize their private labels brands, key success factor for foreign retail investors are the younger population of India’s who are under the age of 25, a huge potential market is waiting to explore and the internet accessibility is also a key factor where from rural to urban city everyone has the easy access to the internet

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