

A STUDY ON AGE AND INCOME WISE PREFERENCE OF CUSTOMERS TOWARDS DIFFERENT RETAIL FORMATS IN WEST BENGAL

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Abstract: The sprawling growth of retail formats in recent years has imbibed consciousness among customers in relevance to their store selection, brand choice and amount of spending. Introducing uniqueness and variety in retail offerings are the essence for generating customer preference and satisfaction as well as a means of sustainability for retailers in an intensely competitive and dynamic environment. Though the unorganized retail outlets are dominating the Indian market but rate of growth for organized market is equally attention drawing . The successful coexistence of traditional and modern structure has gained the notice of the authors. The authors have tried to identify the impact of age & income of customers on their frequency of visit to the retail outlet in West Bengal. This study involves primary and secondary data and also adopts qualitative and quantitative measures for analyzing the scenario.

Keywords: Organised retail store, traditional retail market , Customer preference.

Introduction: Retailing in India set to grow massively [Vasal 2008], as the retail sector is becoming one of the India's largest industries in India. IBEF [2008] considered India as the 5th largest retail destination globally. This prosperity and growth is triggered by few factors which include large young population, increasing disposable income, media exposure, credit facilities and government policy & support etc. In India, unorganized & strip- type kirana store, local convenience stores, roadside vendors of fruits and vegetables still dominate the market. Gradually the emergence of organised retail stores in the form of departmental stores, hyper market, specialty stores and malls has unveiled the new experiences for the customers during shopping. The organized retail outlets are also spreading its businesses in small cities and towns in India. It is evident that customers prefer to purchase different products ranging from staple goods to luxury items from variety of retail formats. The entry of organized retail has introduced hedonistic experience among customers. Traditional retailers are also trying to modernise their interior & exterior design, display, offerings and services to retain existing clients and also to attract new pool of customers. This has ensured the conglomeration of organized and unorganized retail format to exist in India.

West Bengal, an eastern state of India is no exception to this fact. This study has been conducted in three cities of the state. These cities are different in terms of its economic condition, demographic base and consumption pattern. This study involves three cities such as Kolkata (Metro city), Durgapur (Industrial city) and Burdwan (Agricultural city) which represent the retail market of West Bengal. Kolkata market has been a very attractive destination for mall developers, multi branded outlets , departmental and specialty stores like South city mall, forum, City

centre, Mani Square, Pantaloons, Westside, Bigbazaar, Spencer, Raymond, United colour of Beneton, KFC, McDonald and many more. Though the traditional market is still existing with its same old charm and importance. The unorganized market which includes New Market, Burrabazaar, Chandni market, Gariahat market and other convenience stores are also pulling large number of customers. The organized market of Durgapur and Burdwan is at nascent stage and also dominated by old unorganized format but started adopting new formats with the establishments of Bigbazaar, Inox, Spencer, World of Titan, Souhatta mall, KFC, Raymond etc.

Literature review: Agarwal and Mehrotra [2009] observed that "Favourable 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 set for an emphatic phase of growth. Disposable income is increasing rapidly in India as average spending has increased to 11.5% & estimated to increase at the rate of 8.5% per annum till 2015 [India Report, 2009 A.T. Kearney Report, [2006] , IBEF ,[2008] ,PWC India retail report, [2007]]. This "growing high income population is triggering the demand for consumer goods leading to the proliferation of high quality/ higher priced products" Vadaman [2007] Sinha and Uniyal, [2007] has rightly pointed out that there is a hike in consumer spending and due to the impact of higher education, women are entering into the workplace and this double income has increased the spending in lifestyle products . Jhamb and Kiran [2012] explored that age group between 18 – 30 and 31 -45 prefer to purchase from malls and older groups show different pattern of purchases.

According to Joseph , Soundararajan ,Gupta, Sahu [2007] the wide availability of products increases the expenditure of Indian people . PWC [2006-07] depicted that discretionary expenditure has gone up to 16 % for urban upper and middle class. Rapid customer acceptance of luxurious goods & services and spending has been enhanced on personal care products and recreation etc. In India retail market food & beverage segment is being emphasized in the form of super market and hyper markets. A.T Kearney [2006, Nov] has classified the retail market which represents segment like clothing, textile, fashionable accessories 40%, food & grocery 19%, as maximum organized retail share holder. IBEF [Dec, 2008] illustrated that traditional retail market is popular in different small cities and towns and kirana type small stores prevail the market. Gupta [2012] observed most of the customers are visiting organised retail format for product and brand 'variety', 'easy availability', 'cleanliness', 'entertainment for children', and 'convenient parking facilities'. Unorganised stores are characterized by ' immediacy' of the store , bargaining and credit facilities.

In addition, it is concluded with a view that older age group prefer to visit traditional market where as younger people tends to visit organized outlets. Income level of customers are also determining factor for preferences of outlets for shopping.

In this backdrop, this article is aimed at to know whether age and income of an individual are the determining factors for frequency of visit to traditional and modern market.

Objectives: 1. To examine the age and income wise preference of consumers towards both organized and unorganized retailing in West Bengal

Methodology: The present study is based on qualitative and quantitative approach. Observation method and interaction with the customers have helped the authors to focus on the issue and to analyse the situation. Secondary data has been taken from various journals, magazines, website etc. This study employs convenience sampling to select retail destination in traditional and modern retail market in Kolkata, Durgapur and Burdwan in West Bengal

Income Group	Once in a month	Twice in a month	Thrice in a month	Once in a week	More than that	Total
5000-10000	76	25	13	14	14	142
Expected Count	50.16	27.55	18.72	21.55	24.02	
% of respondent	53.52	17.61	9.15	9.86	9.86	
11000-20000	45	26	22	16	12	121
Expected Count	42.74	23.48	15.95	18.36	20.47	
% of respondent	37.19	21.49	18.18	13.22	9.92	
21000-30000	18	21	11	18	24	92
Expected Count	32.50	17.85	12.13	13.96	15.56	
% of respondent	19.57	22.83	11.96	19.57	26.09	
31000-40000	2	3	3	6	8	22
Expected Count	7.77	4.27	2.90	3.34	3.72	
% of respondent	9.09	13.64	13.64	27.27	36.36	
41000-50000	0	2	2	3	6	13
Expected Count	4.59	2.52	1.71	1.97	2.20	
% of respondent	0.00	15.38	15.38	23.08	46.15	
Above 50000	1	1	2	4	4	12
Expected Count	4.24	2.33	1.58	1.82	2.03	
% of respondent	8.33	8.33	16.67	33.33	33.33	
Total	142	78	53	61	68	402

Calculated Chi-Sq (χ^2) = 72.906, Table value of $\chi^2_{20, 0.05}$ = 31.410

The customers who were present in the retail market have been chosen randomly. A structured questionnaire was prepared to collect relevant information. In the process of data collection 500 questionnaire had been distributed randomly among customers. After an extensive scrutiny, 402 filled in questionnaire had been accepted for the purpose of the study.

A number of experts, both from corporate and academics including research scholar in the field of marketing management and retailing had confirmed the content validity of the questionnaire. The statistical tool like chi-square test has been used for data analysis in this study.

Analysis: The table I represents association, if any, between different income groups and frequency of visit to modern market

Chi-Square Test (χ^2): Null hypothesis (Ho): There is no association between income groups and frequency of visit to malls or modern markets. Cross tabulated Chi-Square table

Chi-Square table value < Calculated chi-square value. So null hypothesis is rejected.

The Chi square table Shows that at .05 % level of significance Observed (χ^2) = 72.906. It can be mentioned that there is a significant association between income level of the respondents and the frequency of visit to the modern market. The table II shows the association between Income group and frequency of visit to the traditional market.

Null hypothesis (Ho): There is no association between income groups and frequency of visit to traditional market.

Cross tabulated Chi-Square table

Income Group	Once in a month	Twice in a month	Thrice in a month	Once in a week	More than that	Total
5000-10000	9	12	24	43	54	142
Expected Count	16.25	16.25	23.67	36.74	49.10	
% of respondent	6.34	8.45	16.90	30.28	38.03	
11000-20000	11	14	20	32	44	121
Expected Count	13.85	13.85	20.17	31.30	41.84	
% of respondent	9.09	11.57	16.53	26.45	36.36	
21000-30000	11	12	14	22	33	92
Expected Count	10.53	10.53	15.33	23.80	31.81	
% of respondent	11.96	13.04	15.22	23.91	35.87	
31000-40000	5	2	8	3	4	22
Expected Count	2.52	2.52	3.67	5.69	7.61	
% of respondent	22.73	9.09	36.36	13.64	18.18	
41000-50000	5	3	1	2	2	13
Expected Count	1.49	1.49	2.17	3.36	4.50	
% of respondent	38.46	23.08	7.69	15.38	15.38	
Above 50000	5	3	0	2	2	12
Expected Count	1.37	1.37	2.00	3.10	4.15	
% of respondent	41.67	25.00	0.00	16.67	16.67	
Total	46	46	67	104	139	402

Calculated Chi-Sq (χ^2) = 45.215, Table value of $\chi^2_{20, 0.05} = 31.410$

Chi-Square table value < Calculated chi-square value. So null hypothesis is rejected.

The table value 31.41 < calculated chi-square value 45.21. They are significantly associated.

Managerial Implication: It is observed that the higher income group people visit organized market like mall, supermarket, specialty stores and departmental stores more frequently than the lower income group among respondents. The huge availability of branded products and services in Rs.21000-30000 because of the availability of unbranded product with reasonable price, convenient

organized modern stores along with trained and professional customer service clubbed with quality products and enjoyable ambience attract higher social class.

Traditional unorganized market is frequently visited by the income group of Rs 5000-10000, Rs. 11000-20000 and Rs.21000-30000 because of the availability of unbranded product with reasonable price, convenient

A STUDY ON AGE AND INCOME WISE PREFERENCE OF CUSTOMERS

location near locality, bargaining facility, and installment payment facilities based on personal relation. They are comfortable in visiting familiar kirana and convenience store in the nearby areas. It indicates that price conscious customers are more prone to traditional retail formats for their purchases.

Table no III shows the association between different age group and frequency of visit to modern markets
 Chi-Square Test (χ^2): Null hypothesis (H_0): There is no association between age groups and frequency visit to modern market

Cross tabulated Chi-Square table

Age Group	Once in a month	Twice in a month	Thrice in a month	Once in a week	More than that	Total
15-25	11	12	24	27	37	111
Expected Count	22.64	18.22	18.78	19.88	31.48	
% of respondent	9.91	10.81	21.62	24.32	33.33	
26-35	14	13	16	26	55	124
Expected Count	25.29	20.36	20.98	22.21	35.16	
% of respondent	11.29	10.48	12.90	20.97	44.35	
36-45	25	19	16	12	17	89
Expected Count	18.15	14.61	15.05	15.94	25.24	
% of respondent	28.09	21.35	17.98	13.48	19.10	
45-60	24	18	10	6	4	62
Expected Count	12.65	10.18	10.49	11.10	17.58	
% of respondent	38.71	29.03	16.13	9.68	6.45	
Above 60	8	4	2	1	1	16
Expected Count	3.26	2.63	2.71	2.87	4.54	
% of respondent	50.00	25.00	12.50	6.25	6.25	
Total	82	66	68	72	114	402

Calculated Chi-Sq (χ^2) = 82.234, DF = 16, 5 cells with expected counts less than 5., Table value of $\chi^2_{16, 0.05} = 26.296$
 The table value 26.29 < the calculated chi-square value 82.234 and there is a strong association between different age group and frequency of visit to the modern market.

The table IV shows the association between different age group and frequency of visit to the traditional market
 Chi-Square Test (χ^2): Null hypothesis (H_0) : The two variables age group and frequency of visit are not associated Cross tabulated Chi-Square table

Age Group	Once in a month	Twice in a month	Thrice in a month	Once in a week	More than that	Total
15-25	9	13	20	29	40	111
Expected Count	9.94	14.91	19.88	28.99	37.28	
% of respondent	8.11	11.71	18.02	26.13	36.04	
26-35	8	14	28	33	41	124
Expected Count	11.10	16.66	22.21	32.39	41.64	
% of respondent	6.45	11.29	22.58	26.61	33.06	
36-45	9	18	10	25	27	89
Expected Count	7.97	11.96	15.94	23.25	29.89	

% of respondent	10.11	20.22	11.24	28.09	30.34	
45-60	4	9	11	16	22	62
Expected Count	5.55	8.33	11.10	16.19	20.82	
% of respondent	6.45	14.52	17.74	25.81	35.48	
Above 60	6	0	3	2	5	16
Expected Count	1.43	2.15	2.87	4.18	5.37	
% of respondent	37.50	0.00	18.75	12.50	31.25	
Total	36	54	72	105	135	402

Calculated Chi-Sq (χ^2) = 27.605, DF = 16, 5 cells with expected counts less than 5,
 Table value of $\chi^2_{16, 0.05} = 26.296$

So null hypothesis is rejected. The calculated chi-square value 27.605 > table value 26.296. Null hypothesis is rejected. So, the two variables are significantly associated.

Managerial Implication: It is noteworthy that respondent between the age group of 15- 25 and 26 - 35 visit the modern market more frequently than the other higher age group. Younger people prefer to visit organized market because of its ambience, availability of branded products, entertainment and fun and also consider it as a place of hang out and recreation . Aged people visit modern market less frequently as they are habituated to purchase from traditional market because they feel free to interact with informal sales people, bargain on price offered, long term association with stores, vendors and sellers where they enjoy their shopping.

Table 1.4 shows Irrespective of all age groups the frequency of visit to traditional market is till high. Young customers are belonging to 15-25 & 26-35 age groups have a tendency to visit both the markets. The chi-square result shows an interesting prediction that today's traditional outlets are introducing significant structural transformation and value additions which help to retain customers and also attract younger generation too. It is also to note that essential commodities are available in a large quantity which compels them to visit regularly for their daily consumption like grocery, fruits, vegetables, fish etc. It is implied that

for daily visit convenient location of the store or vendors is important. The structured retail format has not been grown to that extent which can cover all the corners of neighbourhood areas in different parts of the cities.

Conclusion: It is evident that retail market is growing significantly in an structured manner. But still West Bengal market is predominated by fragmented and traditional market. The increasing number of young population and rising spendable income act as catalysts to the development of organized sector. The growth of retail market is the outcome of changing pattern of customers' attitude, preferences, quality consciousness and inclination towards branded items .The study has revealed that customers' consumption pattern is regulated by their demographic profile. High end customers prefer to spend for convenience of shopping, entertainment facilities, variety of product and brand availability, parking facilities etc. which make their shopping a wonderful experience and recreational activity.

Traditional retail market lacks in rendering value added services but has the advantage of prominent location. Daily necessity products are bought frequently from this market because of its reasonable price and availability of various products at nearby location. This market is trying to modernize its interior and exterior and enhancing customer service to compete with the organized retail sector

Recommendation:

- Durgapur is an industrial as well as educational city which caters a huge pool of people having varied demographic profile and cultural background. Young people come down to this place for their education and it is also a place for earning livelihood. Durgapur market is promising for the retailers to enter as there is a demand for more number of stores. The speciality stores of branded apparel, food & beverages, supermarket for grocery, departmental stores can expand their

- business with the help of franchising and opening up of new branches.
- Burdwan is an agriculture based city and is expanding considerably because of growing population. Retailers of modern market are suggested to consider this place as profitable market place.
 - In some cases it has also been noticed that a few traditional retail outlets specially shops of apparel, grocery , food & beverages , vegetables and fruits etc. have been operating successfully over the years but fail to develop any structural as well as decorative modification like proper civic amenities , convenience of shopping, arrangement of space , more display , packing facility etc .
 - Kolkata Municipality Corporation ,traditional retailers, state government agency and other civic bodies should sit together to bring certain modernization in civic amenities and parking facilities..
 - The organised retailers can offer free gifts , price discount , coupons etc. preferably at the time of special occasions and festivals to encourage deal prone customers. Moreover, familiar atmosphere and individual attention are also the expectations of customers who are visiting such outlets.
 - In general, customers do not get proper information about malls from vernacular newspaper, magazine and electronic media including local cable channels. Retailers can pay attention to this fact to penetrate the market.
 - It is also suggested that today customers prefer branded items at reasonable price . So traditional outlets may keep branded products to attract customers.
- Retailers have started penetrating rural retail market to explore new business opportunity but it is not in an adequate manner. Through the establishment of organized retail shop retailers can unfold the latent need of the rural customers. The availability of products sometimes induces customers to purchase .
- Limitation of this research work:** The researcher has tried her level best effort to present the real picture of retail market in the present study but this work suffers from few shortcomings:-
- The details of demographic profile of customers has not been considered
 - Sometimes the respondents are reluctant and non cooperative to give responses to the questions which are essential for the study.
 - There are other places in West Bengal which would have been included for representing better result. However this could not be done because of the paucity of time and inconvenience of data collection.

Future scope of the study: The present study has taken into account certain specific dimension of retail marketing. In the present retail marketing scenario , ample scope of further research can be identified.

- An investigation and analysis of retail marketing development in other parts of West Bengal as well as in other states of India can be carried out.
- The other element of demographic profile such as occupation, family structure, literacy level etc can be considered for the study.
- There is a vast scope of study for each product category and their consumption in retail market.
- A separate study can be undertaken for organized and unorganized retail structure in other states of India.

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