

SHIFTING CONSUMER SHOPPING PREFERENCES: A STUDY OF ORGANIZED RETAIL OUTLETS IN NCR

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Abstract: The Indian retail sector is going through a revolution and this up-coming market is witnessing a momentous change in its growth. Organized retail segment is growing at a fast pace. According to a study India's retail market is expected to grow at 7% over the next 10 years, attaining a size of US\$ 850 billion by 2020. Shopper dynamics in India is shifting and the retailers need to take note of this and put together their strategies and plans to deliver value to the consumer. The objective of this study is to identify the factors affecting customer preferences when they have to choose between an organized retail outlet and unorganized outlets. This study would target conduct of customer's exhibits whereas visiting or creating purchase in recently opened malls. It might investigate the explanation and purpose behind the Indian patrons visit's to those recently opened searching malls. For this purpose the 400 respondents visiting organized retail outlets in NCR (National Capital Region) were chosen. Factor analysis is conducted to identify the main factors affecting customer preferences. The factors evaluated are availability of products, services provided, ambience, pricing and quality and proximity.

Keywords: Retail, Shopping Behavior, Organized Retail Outlet, NCR.

Introduction:

Retailing in India: The retail sector in India is highly fragmented, and is divided into two segments – unorganized and organized. The entire sector is mostly dominated by Mom and Pop shops, i.e. small retailer's consisting of local kiranya stores, general stores, footwear's, and apparel stores, handcart hawkers and pavement vendors. These together form the unorganized retail or "traditional retail" in India (Goyal and Dewan, 2011). Whereas organized retailing is defined as professionally managed retailing activities undertaken by licensed business houses i.e. hypermarkets, supermarkets, departmental stores, specialty stores, shopping malls etc.

According to Investment Commission of India there are over 15 million Mom and Pop outlets running in India. The share of organized sector is as low as 8% in Indian retail sector, which indicates the strong potential for growth of organized retail in India (IBEF, 2013). The Indian retail industry has experienced the growth of 10.6% between 2010 and 2012 and is expected to increase to USD 750- 850 billion by 2015 (Deloitte, 2013). Retailing in India is one of its business enterprises of its economy and accounts for 14-15% of its GDP. The Indian retail market is estimated to be US\$450 billion and one of the top five retail markets of the world (CCI, 2013).

The industry is touching towards a current concept of retailing. The size of India's retail market was estimated at US\$ 435 billion in 2010. Of this, US\$ 414 billion (95% of the market) was traditional retail and US\$ 21 billion (5% of the market) was organized retail. India's retail market is expected to grow at 7% over the next 10 years, reaching a size of US\$ 850 billion by 2020 (FICCI).

From the past a few years there has been fast shift in shopper's orientation towards searching. The innovations brought by retailers and marketers within the observe of marketing are providing the new paradigms within the method shoppers are disposed towards the act of searching (Zia and Azam, 2013). In given state of affairs, companies ought to work on what attracts shoppers and what is going to build them to not shift their alternative towards competitors. Understanding methods during this direction needs a radical understanding of preferences of shoppers on attributes that are thought of abundant significance (Goyal and Dewan, 2011). The current study is an endeavor in this direction. The study aims to investigate the customer's preferences whereas selecting between an unorganized market and arranged market.

This study would target conduct of customer's exhibits whereas visiting or creating purchase in organized retail outlets. It might investigate the explanation and purpose behind the Indian patrons visit's to those recently opened searching malls.

Review of Literature

1. Martineau (1958) classified the store attributes in two major categories: Functional store attributes like location, assortment of products and store layout. Second are psychological store attributes consisting of feeling generated by functional elements of store. In the subsequent research in store choice former category has gained more consideration than the latter.
2. Fisk (1961) identified six attributes as most important- location, accessibility, merchandise suitability, value of price, sales efforts and store service.

3. A twelve factor scheme was anticipated by Kunkel and Berry (1968) in a study conducted in department stores in Aerizona. The twelve factors include price of merchandise, quality, assortment, fashion of merchandise, sales promotion, sales personnel, advertising, store atmosphere, location accessibility, service, reputation on adjustment and other accessibility factors.
 4. Tauber (1972) identified eleven shopping motives in a market based economy apart from acquirement of product and services. The eleven shopping motive are role playing ,diversion, learning about new trends, self gratification, sensory stimulation, , physical activity social experience outside the home, communication with others with similar interest, pleasure of bargaining, enjoying status and authority, peer group attraction.
 5. Lindquist (1974) in his study reviewed 19 research articles, and generated the framework for study into set of nine groups- store atmosphere, merchandise, physical facilities, , institutional post transaction satisfaction, promotion accessibility, , service, clientele
 6. Doyle and Fenwick (1975) proposed major attributes based on a study evaluated by consumers in a grocery store. The attributes likely are- price, product, variety, general appearance of the store one stop shopping, quality, location of the store, advertisement, and convenience.
 7. Bearden (1977) discovered seven potentially significant attributes for store patronage- price, location, quality of merchandise, parking facilities, assortment, atmosphere, friendly staff,
 8. Meson, Mayer and Ezell (1994) studied that the store having reasonable prices will have a larger market share, which will lead to increased customer loyalty.
 9. Hasty and Reardon (1997) categorized store attributes into three general categories - accessibility, facilitation of sales and auxiliary attributes.
 10. Kamath, (2009) Consumers Preference of Retail Store Attributes: A Case Study of Mangalore The study reveals six major factors namely shopping experience and ease, entertainment, promotion, low prices discounts and gaming facilities, add-on facilities and services, variety of products and other factors for shopping convenience influence consumers to prefer a retail store.
 11. Das and Kumar (2009) Impact of sales promotion on buyer's behavior: An empirical study of Indian retail customers. The study revealed that after product satisfaction, sales promotion is the main reason for purchase of convenience goods.
 12. Swaroop and Jain (2011) Perception about shopping malls in India: Evidences from factor analysis. Findings from the study suggest that consumer today has high focus on getting value for money along with comfort and recreational activities as a part and parcel of Indian consumers.
 13. Bhardwaj, Sharma and Aggarwal (2011) Perception of Consumers towards Shopping Mall- A Case Study with reference to Aligarh and Mathura City Shopping malls are perceived to be a choice because of the eating joints and recreation centers in the malls. Perception towards the malls is influenced significantly by the referrals and the customer service factor.
 14. Devgan and Kaur (2010) Shopping Malls in India: Factors Affecting Indian Customers' Perceptions. The research revealed six important factors namely value for money, information, productive excellence , customer delight, credibility, store charisma, security
 15. Mittal, Arora and Prashar (2010) An empirical study on factors affecting consumer preferences of shopping at Organized retail stores in Punjab. The research revealed that the 'shopping availability' and 'variety' of products are the most significant factors that determine the retail outlet preference.
 16. Yadav (2009) Customers' attitude and perception towards shopping malls: A study in Ghaziabad and Noida .The study revealed that customer attitude towards shopping malls is strongly influenced by the absence or presence of certain elements, like infrastructure, amenities, ambience, entertainment value, merchandising and pricing, and personal value. The presence of optimum level of these elements has led a positive attitude and perception towards the malls.
- Objectives of study:** The research objective of study are-
1. To identify the variants/determinants of consumers when they choose to shop at an organized retail outlet.
 2. To evaluate how consumer lifestyle is changing with forthcoming retail formats, purposely malls.
- Research Methodology:** Following is the research methodology used to achieve the above specified objectives.
- On the basis of prior review of literature a questionnaire was developed to conduct the analysis. Keeping in mind the various factors which respondents wish to see in organized retail outlets, 25 close ended questions were framed on the basis of pre validated factors in previous studies. A five point Liker Scale ranging from strongly disagree- 1 to strongly agree-5 was developed to evaluate various customer responses related to the attributes

questioned. The questionnaire was refined by two academicians who are expert in research and various items were removed and altered as per the suggestions of them. The final edition of data compilation instrument consisted of two parts- first is demographic profile and second part consisted of various questions to evaluate customer preferences at various organized retail stores of NCR.

The target population consisted of people visiting organized retail outlets and the data was gathered outside retail outlets on the basis of convenience random sampling. The data has been collected from the various retail outlets operational in NCR. In total 450 questionnaires were distributed out of which 400 complete questionnaires were evaluated and rest 50 incomplete questionnaires were discarded.

Statistical Analysis: The 400 completed questionnaires were evaluated by conducting Factor Analysis using SPSS version 20.0.

Result and Analysis of survey: As stated earlier, a survey was done to evaluate the factors affecting

customer's preferences when they visit organized retail outlet. The survey covered the customer's visiting various organized retail outlets in various regions of NCR. Based on the survey, following is the demographic profile of respondents visiting organized retail stores.

Out of 400 respondents surveyed 41% were male and 59% respondents were female. Most of the people visiting organized retail stores were graduates i.e. 50%, post graduates 27%, 16% were below graduates and 6% were professionals. Most of the respondents were from service class (37%), where as 16% respondents belonged to business class, 15% belong to professions such as medical, Chartered Accountants etc and 37% respondents were unemployed. The survey further depicts most of the respondents belong to the income group of 2 - 5 lakhs (66%) and remaining 34 % were having income above 5 lakhs.

Figure 1. When asked about the frequency of shopping 51% respondents visited retail outlets monthly, 23% visited fortnightly and 27% visited weekly.

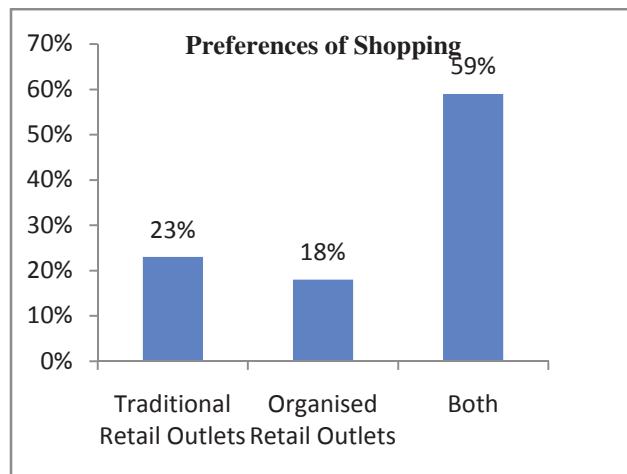
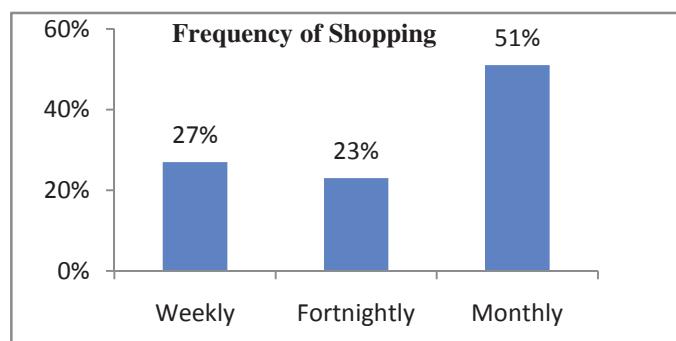


Figure 2. Most of the respondents preferred to shop from both organized and unorganized retail outlets (59%), 23% respondents preferred traditional retail outlets and 18 % respondents shop from only organized retail stores.

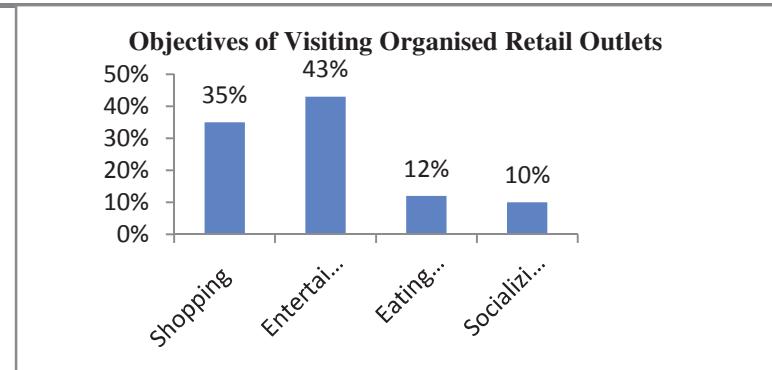


Figure 1. 43% people visited organized retail outlets for entertainment, 35% visit for shopping, and 12 % visit for eating out and 10% for socializing.

Factor Description	Variables Included
1. Availability	One stop shopping, assortment of products are available, goods are never out of stock, everything under one roof, many brands are available. (1-7)
2. Services Provides	Good parking facilities, excellent sales staff, good customer services. (8- 10)
3. Ambience	Good interior, excellent ambience and attractive displays, easy to locate products.(11- 13)
4. Pricing and Quality	Sales promotion schemes, fair price products, qualitative products are sold. (14- 17)
5. Proximity	Convenient location. (18)

(Annexure: Table 3)

Factor Analysis of Survey: Step by step procedure of factor analysis was followed to evaluate the variables. As a first step correlation matrix was checked and the presence of higher degree of correlation supported further analysis. The ratio of respondents and the variables used is approx. 20:1. Then the KMO (Kaiser Meyer – Olkin) measure of sampling adequacy and the Barlett's Test of Sphericity was evaluated. The KMO for the analysis was 0.763, supporting the consistency of factor analysis to evaluate factors affecting customer choice's towards organized retail outlets. Also the Barlett's Test of Sphericity ($p < .000$), rejects the null hypothesis that the variables chosen are uncorrelated in the population (it was highly significant).

The communalities represent the proportion of variance in the original variables that is accounted by the factor solution. It can be seen from the table that most of the variables have communality of 0.05 or approx 0.05.

The study reveals five factors that affect customer perception when they choose between organized retail outlet and unorganized retail outlet. The table 4 reveals 5 extracted factors which also explains 56% of total variations. Following are the prominent factors

generated from the analysis which affects customer's perception in visiting at an organized retail outlet - availability of products, services provided, ambience, pricing and quality and proximity.

Conclusion: The learning is focused on to verdict the foremost factors, which influence the customers perceptions towards organized retail outlets in NCR through Structure Questionnaires. Principal Component Method analysis is used to achieve the research objectives. Following factors were generated using factor analysis, SPSS version 20.0

The study helps to evaluate customer lifestyle changes that are occurring frequently due to presence of Organized Retail Outlets. The lessons will also help the major retailers and market planners to formulate strategies in accordance with customer's perceptions. The customers don't visit the organized retail outlet such as Malls, not only for shopping motive but they also have other objectives behind visiting such Malls such as entertainment, socializing, eating out etc. to relieve the routine stress. They find the organized retail outlets / Malls a place to relax, which satisfies various needs of an individual. The following study will help the retailers to analyze the factors that attract the customers in organized retail outlets by enhancing overall shopping experience.

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Appendices:

Table 1 :Communalities		
	Initial	Extraction
1	1.000	.642
2	1.000	.585
3	1.000	.431
4	1.000	.477
5	1.000	.475
6	1.000	.506
7	1.000	.461
8	1.000	.716
9	1.000	.529
10	1.000	.567
11	1.000	.645
12	1.000	.602
13	1.000	.522
14	1.000	.571
15	1.000	.709
16	1.000	.600
17	1.000	.474
18	1.000	.600
Extraction Method: Principal Component Analysis.		

	Table 2: Component Analysis				
	1	2	3	4	5
1	.763				
2	.719				
3	.595				
4	.608				
5	.624				
6	.620				
7	.552				
8				.815	
9				.498	
10				.715	
11			.775		
12			.568		
13			.677		
14		.690			
15		.792			
16		.634			
17		.647			
18					.769
Extraction Method: Principal Component Analysis.					
Rotation Method: Varimax with Kaiser Normalization.					
a. Rotation converged in 6 iterations.					

Table 3: Total Variance Explained

Comp onent	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.360	24.223	24.223	4.360	24.223	24.223	3.169	17.606	17.606
2	1.835	10.193	34.416	1.835	10.193	34.416	2.234	12.410	30.016
3	1.514	8.414	42.830	1.514	8.414	42.830	1.951	10.839	40.854
4	1.251	6.948	49.777	1.251	6.948	49.777	1.595	8.861	49.715
5	1.093	6.074	55.851	1.093	6.074	55.851	1.104	6.135	55.851
6	.987	5.481	61.332						
7	.917	5.096	66.428						
8	.872	4.845	71.273						
9	.762	4.234	75.508						
10	.751	4.171	79.678						
11	.646	3.591	83.269						
12	.622	3.456	86.726						
13	.539	2.995	89.720						
14	.460	2.557	92.278						
15	.407	2.262	94.539						
16	.377	2.094	96.633						
17	.318	1.766	98.400						
18	.288	1.600	100.000						

Extraction Method: Principal Component Analysis.