ABSTRACT OF
"A STUDY OF BUSINESS PRACTICES ADOPTED BY SUPERMARKET ON BUYING BEHAVIOUR WITH SPECIAL REFERENCE TO SELECTED SUPERMARKETS IN PUNE CITY"

SUBMITTED TO
UNIVERSITY OF PUNE

FOR THE DEGREE OF
DOCTOR OF PHILOSOPHY
IN
BUSINESS PRACTICES
FACULTY OF COMMERCE

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ABSTRACT

1. INTRODUCTION

Retail is the final stage of any economic activity. Retailing includes all the activities involved in selling goods or services to final consumers for personal, non-business use. Any organization selling to final consumers whether it is a manufacturer, wholesaler or retailer- is doing retailing. By virtue of this fact, retail occupies an important place in the world economy.

The Indian retail industry remained a large unorganized sector till the eighties. Corporate houses like Aditya Birla Group, Pantaloon, Reliance entered into retailing after recognizing the vast potential of this sector. The retail industry in India has even been attracting major manufacturing firms and the retail industry is poised to grow at 28% per annum over next five year period.

A Global Retail Development Index developed by A. T. Kearney has ranked India as the third, among the top 30 emerging markets in the world. With a contribution of 10% to the national GDP and employing 8% of the total workforce (only agriculture employs more) in the country, the retail industry has emerged as one of the main pillars of the Indian economy. Now, in order to excel in the marketplace, retailers aim at developing strategic advantage, they need to effectively manage their critical resources, real estate and locations and above all their customers.

Although the share of organized retail in India is low as compared to other countries, its share has been consistently increasing over the years. The growth rate of organized retail in almost all categories like clothing, textiles & fashion accessories, jewellery, watches, footwear, health & beauty care, catering, entertainment has been higher than unorganized retail. In organized retail sector, clothing and fashion accessories is the largest category with 38.1 percent of market share valued at Rs. 29,000 crores, followed by food & grocery accounting for 11.5 percent of the organized retail market at Rs. 9,000 crores. Footwear with 9.9 percent of the organized marketshare at Rs. 7,750 crores. The mobile & accessories retail market has shown the fastest growth in 2007 (25.6%) over the previous year, the other two prominent categories being catering
services where growth was 25.1 percent and books, music & gifts category which achieved 23.3 percent growth.

The consumer landscape is changing very fast. Occupational changes and expansion & penetration of media have caused a significant change in the way the consumer lives and spends his money. Consumers today see an exciting explosion of choices, new categories and new shopping options and have increasing disposable income to fulfill their aspirations. They are seeking more information to make these choices. Consumers are increasingly seeking convenience in shopping and want the shopping experience to be enjoyable. Shopping is no longer seen a mundane chore, but it is now more exciting and keeps the prospect engaged.

There are different formats of retail and one of the booming business formats of retail is Supermarkets.

2. STATEMENT OF THE PROBLEM

Having studied the relevant literature and preliminary data gathered, the researcher thought it best to conduct an extensive and conclusive study to understand the effect of business practices adopted by supermarkets on buying behaviour of consumers. With this intention the researcher intended to undertake a research titled: ‘A study of the business practices adopted by supermarkets on buying behaviour with special reference to selected supermarkets in Pune city’.

3. SIGNIFICANCE OF THE STUDY

The significance of the study can be explained as follows:

1. Academic significance: The study has an academic significance considering the new & emerging trends in the field of marketing, specially retailing. The retail business specially has acquired a great significance in terms of contribution to economy, generation of employment, as well as expansion of marketing activity more so over to satisfy the customer needs with minimum efforts on each part. Every research in retailing shall help to know about new theory & innovations in marketing, their applications in Indian context & limitations in implementation.
2. Professional significance: The study shall definitely be of use to professionals & practicing marketing managers more particularly those engaged in retailing. The marketing managers shall know the changes & development in the field of retailing, new facets of competition & as well as consumers response to innovations in marketing.

3. Significance for policy makers & regulating authority: the study shall help the policy makers to decide various policies related with governance of supermarkets & retail houses. It shall also help the policy makers to decide as to how the supermarkets & big retail houses are working in the present context & what should be the governments response to various retailing activities. The town planners and the tourism development authorities will be guided to draw new maps.

4. **OBJECTIVES OF THE STUDY:**
   1. To study the growth & development of retail sector in India.
   2. To understand the business practices adopted by supermarkets.
   3. To analyse the buying behaviour of the consumers visiting supermarkets.
   4. To find out the factors influencing buying decisions of the consumer visiting supermarkets.
   5. To evaluate the effect of business practices adopted by supermarkets on the buying behaviour of consumers.

5. **HYPOTHESES:**
The researcher was fully aware that hypotheses remain the guiding force for the research in his endurance to complete the task undertaken. For a research to be conclusive the researcher needs to formulate hypotheses and validate them. The researcher had formulated the following hypotheses, and validated them in the later part of the study.

   1. Convenience of shopping & Store image are the major factors that influence the consumers in their buying.
   2. The more the educational qualification of consumers, the more is the brand consciousness.
3. There is an association between influence of children on buying decision in terms of price & quality of products

6. RESEARCH METHODOLOGY

a. Research Design The research design for the purpose of the study is drafted and the steps to be taken in the research were set out in a systematic manner. The present research design explains how the research process is carried out.

b. Method Adopted: Having known and studied advantages & disadvantages of different research methods the researcher decided to conduct a survey, as the objectives of the study were related to gathering opinions, attitudes, feelings that could not be easily observed.

c. The researcher has used different sets of data collection techniques in order to have a comprehensive and desired level of information. The nature of the study demanded that the researcher should collect data from varied reliable sources. The researcher has used and relied on both the primary and secondary sources of data collection.

i). Tools for primary data collection: The primary data for the purpose of the study were information and responses from consumers & store managers of supermarkets in Pune city.

The required data was collected by addressing the appropriate class of respondent and requesting them to provide necessary information. In order to collect primary data, the researcher has approached following two classes of respondents.

1. Consumers
2. Store Managers.

The consumers are respondents who provide information regarding their understanding, experiences, opinion and perception towards marketing practices adopted by supermarkets. The questionnaire for the consumers consisted of twenty five closed ended questions. The questions were appropriately measured. The questionnaire incorporated different scaling techniques as demanded by the study.
The store managers were identified as the respondents. They were the key personnel in making decisions, drawing & implementing plans to achieve the goals for their organizations. Their experience and interaction with customers is an important source of information to understand how different classes of customers respond, react and reciprocate to business practice adopted by supermarkets. A well structured and comprehensive questionnaire was prepared to collect data from these respondents. The questionnaire consisted of both open and closed ended questions. As it was thought to be appropriate in depth interviews of the store managers were also conducted in order have a detailed view of their vision about the business practices in organized retailing.

Pilot testing of questionnaire was done before finalizing them. The questionnaires were then administered on the respondents. The responses of the respondents were recorded. To remove any bias all the answers to the multiple questions were read out, it was appealed to the respondents to choose the option they felt was more true than false.

ii) **Tools for secondary data collection:** As with any research, the researcher was aware about the value of secondary data. The secondary data provided the researcher with the information regarding the activities, scope and opinions of other researchers and experts in the initial stages. The data further guided the researcher in defining the variables of the study, identifying the classes of the stakeholder involved in the study. The secondary data provide useful and necessary information supplementing the qualitative aspects of research finding.

For this purpose, secondary data was collected from all associated sources that include:
   c). Magazines & Periodicals.
   d). Newspapers, Published materials, directories & websites.

d. **UNIVERSE & SAMPLE:**
The phenomenon of supermarket became a major marketing event in the city of Pune. The marketing environment has changed drastically with the emergence of supermarkets. Though the phenomenon is of recent origin with a history of a decade
and half, it has changed many dimensions of retailing in the city. Hence it becomes essential to study the business practices adopted by supermarkets.

Considering the nature of the study, the researcher has set two-tier universe.

i). **Territorial Universe:** For the purpose of the study, the territorial universe is the city of Pune, which is having a geographical area of 700sq.km. and estimated population of 51 lacs as of 2009. Pune is recognized as ‘A’ class city and is 8\textsuperscript{th} largest city in India.

ii). **Special Universe:** There are five major companies operating their supermarkets in Pune city. The researcher has proposed to select 30 supermarket managers as a part of the study.

**Selection of Sample:**

Given the nature of study, the units of the population and the different constraints that the researcher had to overcome in conducting the study, the researcher had to resort to sampling techniques in order to make this study very conclusive. The researcher had sufficient knowledge as to the advantages of adopting sampling techniques. Considering the universe, the researcher has selected a sample which benefits the specific requirement of the study. The sample selection process is completed by using following parameters.

i). Nature of the study.

ii). Technique of sample selection available to the researcher.

iii). Possibility of assessing data.

iv). Respondent willingness to answer.

**Sample size determination**

On above parameters the sample selection process is completed as follows:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Respondent Class</th>
<th>Sample size selection method</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Consumers</td>
<td>Non-probabilty Convenience Sampling</td>
<td>620</td>
</tr>
<tr>
<td>2</td>
<td>Supermarket Managers</td>
<td>Non-probabilty Convenience Sampling</td>
<td>30</td>
</tr>
</tbody>
</table>
Justification for sample size determination

In a paper ‘Determining Sample Size for Research Activities’, by Robert V. Krejcie & Daryle W. Morgan (1970), the authors tried to remove the dilemma that many researchers have to resolve while deciding the number of respondents to be sampled, out of the population. Outcome of their study has been taken into consideration while deciding the appropriate sample size. The authors recommend that optimal no. of respondents for a population of 51 lakhs is 384 for 95% level of confidence. However the researcher has collected data from 620 customers in Pune city, that comprised the total number of respondents for this study.

With respect to the sampling of supermarket managers, there were five companies that were operating supermarkets in Pune city as on March 2009. All these companies were included in the study. 30 different supermarket managers of these five companies were contacted and interviewed. This comprised of sample of managers of supermarkets.

e. DATA ANALYSIS

The filled in questionnaires were numbered serially and checked for consistency of data, and any non responses / inconsistent data. The questions and the responses were codified. Quantitative data analysis was carried out. The data is represented in tabular / graphical form wherever appropriate. Correlations and coefficients were calculated using non-parametric techniques. Hypotheses were validated using the appropriate statistical tools. Data analysis was carried out using SPSS (Statistical Package for Social Science for Windows V14).

7. CHAPTERISATION SCHEME OF THE REPORT: The proposed chapterisation scheme of the thesis is as follows:

Chapter 1: Nature & Scope of Study: It deals with introduction to the topic of research, objectives of study and research methodology.

Chapter 2: Review of Literature: It talks of review of books & research papers at national & international level.

Chapter 3: Retailing: A Conceptual Analysis: In this chapter, the concept of retail, different formats of retail, contribution of retail sector, challenges faced by retailers, retail consumer behavior and CRM in retailing is discussed.
Chapter 4: Retail in India: A Review of Present Scenario: It deals with the evolution of retail in India, its growth and size. It also includes the drivers of growth in Indian retail and challenges faced by retailers

Chapter 5: Business Practices of Supermarkets: In this chapter, the business practices adopted by supermarkets in Pune are discussed.

Chapter 6: Analysis & Interpretation of Data: The data collected from customers and supermarket managers was analysed using statistical tools and interpretations were drawn.

Chapter 7: Conclusions & Suggestions: From the study, conclusions were drawn and suggestions are given to customers and supermarket managers.

CONCLUSIONS

1. Customers profile based on their demographics: The managers of the superstores even before starting the activity of retailing, do scout for locations for setting up the stores that cater to the profiled customers. The managers are experts in societal marketing, as they have opined that the consumers aspire to shop at the supermarkets because as the customers feel they belong to higher class of the society when they shop at supermarkets. Thus in order to achieve total customer satisfaction, generate and retain customers, the managers of supermarkets must take into consideration the demographic profile of the customers.

2. Shopping Pattern & Habits: The respondents although varied in their demographic characteristics, but were found to follow a pattern when it came to shopping. It was noticed that irrespective of their occupation, the number of visits to the supermarket in a month had a same pattern (20-27% customers visit 2-4 times in a month. It indicates that there is ample of scope for the managers to increase the frequency of visits. The more the number of visits, more would be the sales turnover. The managers of the superstores have got the pulse of the customers, they are quite sure when, the customer is likely to visit the store during the day of the week and at what time of the day. Therefore mangers leave no leaf unturned to get maximum benefit of increase in footfalls on the weekend evenings. The low percentage of customers making purchases above
Rs. 4000 per month is one major conclusion that can be drawn from the buying pattern.

3. **Responses to stimuli of supermarkets:** The phenomenon of marketing can best be termed as a game of action and reaction. The roles can be interchanged between the marketers and customers. The researcher had identified some important stimuli that the managers of the supermarkets induce and recorded the reaction of the customers. It can be concluded that the association / correlations found out by the researcher complete the story. Thereby implying that the marketing is a dynamic function of management and some older and newer factors that stimulate the purchasing at supermarkets can be utilized. It is concluded that the major features of supermarket that influence the customers and make it a place of attraction are price advantages, quality, higher POP displays. Similarly, it is noticed that ambience, variety and large product range work as major strengths of supermarket. The layout of the stores too is a major factor, it decides how the shoppers move in the shop, how the bond between the customer and the products is strengthened. The shopping at the supermarket is more of a pleasure than just a place to fulfill the needs. The managers have been found to use modern technological tools coupled with use of ICT, people and processes, to win over the customer from the unorganized retail stores. The researcher is of the opinion that these tools are going to take a while to show the results.

4. **Purchase influencing factors:** There is a definite association between the demographic factors of the respondent and the factors: Brand, Quality, Price, Discount, Environment, Necessity.

Thus it is of utmost importance for the supermarket managers to take these associations / correlations into consideration to reap the benefits of satisfying customer needs. The analysis of the responses of the managers of the supermarket supports the researcher to conclude that, the customers who visit the supermarket primarily shop for quality goods at affordable prices.

5. **Influence of social group on purchase decision:** The researcher has successfully attempted to have a deep look at the influencers among the
members of the social group of the respondents, be it family members / friends / peers. The analysis of the data showed that for variety of products, there were different key influencers, suggesting that the products bought by the customers who may not be the end user, has strong relationship with the social fabric.

SUGGESTIONS
There is a continuous and significant change in the approach of consumers towards organized retail. The change is witnessed in a phased manner from curiosity to attraction and from attraction to action. The doubts, questions and misconceptions about supermarkets are still dominant because the entire concept of supermarket is new and unseen in India. Supermarkets as a marketing revolution are a phenomenon of recent origin. The spread of supermarkets and their development is also uneven. From class A cities, the journey has began and slowly it is taking its grip towards B & C class cities. The suggestions are classified in two categories as to:

1. Suggestions to customers
   a. Collect necessary information as to the nature of supermarket
   b. Assess your need & requirement
   c. Not to get influenced by offers & promotional schemes
   d. Restrain from impulse buying
   e. Develop a comparative sense

2. Suggestions to supermarket store managers & marketing managers
   a. Develop rational promotional program
   b. Develop suitable loyalty programs

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