CHAPTER – II

THE STUDY
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The study is aimed at knowing the perceptions of Indian consumers. The crux of the study revolves around the variables that have an influence in the minds of consumers, and how they feel about the organized retail activities that are taking place. It is important to understand that the consumers are looking to get value for their money and also looking for an air of comfort that can solve their constraints of time.

Statement of the Problem

Retailing is booming the world over; India is no exception to it. It is the world's largest private industry contributing $6.6 trillion and is 25 times the size of the Indian Market. If the world retail scenario is watched, organized retail market holds 40% of this market out of which 50 of the top Fortune 500 companies and 25 of the top 200 Asian companies are retailers. Whereas, the Indian organized retail contribution is at abysmal stage of 3% of the total retail turnover. According to global consultancy firm AC Nielsen41, India has one of the highest shop densities in the world, and AT Kearney has ranked as Numero Uno in its GRDI index released for the year 2006. In 2001, it was estimated that there were 11 outlets for every 1000 people. Organized retail forms are highly underdeveloped.

According to AT Kearney's report42 on retail markets in emerging countries, India tops the ranking among 30 emerging countries. India is the home to the youngest population in the world - where half of which is under the age of 25. The growth of working population and per capita income levels in India led to an unprecedented increase in demand for lifestyle products and services.

India is gradually changing from its traditional outlook to modern outlook both in terms of shopping patterns, product offerings, and in terms of modern shopping experiences. How this is viewed by the consumers of India, and what are their

42 Ibid, P. 141
perceptions on these changes, and what is acceptable to them and which areas they are
prepared to change, and in which areas they do not like to compromise in their typical
buying styles and loyalty to the stores from where they are currently buying.

On the other hand, these organized retailers, would have to face the resistance or face
the competition from the age-old and well established mom n pop stores, convenience
stores to win the hearts of the consumers. Organized retailing in India is yet to mature
and it is now catching up and it is going to be extremely intense in the coming years.
On one side, they need to face the old system of shopping, on the other side, in the
coming years they need to face the stiff competition of giant sized foreign retailers. It
is up to these upcoming malls to differentiate their services, price and delight the
customers with a new shopping experience in order to win their confidence by
providing value for their money. The retailers ought to change their strategies to make
inroads into this dynamic marketing arena.

The core issue these new entrants or existing retailers initially need to understand is
how to influence the average Indian consumer mind, and attract them to their malls.
Once the consumer visits their mall, how to convert the footfall into the purchasing
activity by creating congenial ambiance and lure them and provide a pleasant
shopping experience thereby making them to visit regularly by devising suitable
promotional activities. Lastly, to consolidate all their strengths and efforts to retain
them by creating a brand image for themselves in their minds. This is not an easy
task which is worth an extensive study.

The average Indian consumers are highly aspirational and expectations are soaring
along with the progress of their purchasing power and changing needs. It is important
note that India stood at fourth rank on a global scale in terms of Purchasing Power
Parity next to USA, Japan and Germany. It is this power, the organized retailers are
trying to encash by converting this growing purchasing power into positive purchase
behavior. For this purpose, the organized retailers are pooling up their talents and
mobilizing all their strengths by reforming their strategies suiting to Indian consumers
psyche. To create an Indian specific strategy, they need to understand the changing
consumers’ buying behavior as they are hitherto tuned to conventional stores, create a
positive perception and attitude towards their malls and their activities. The success
of selling whether it is a grocery shop or an organized retailer to a greater extent depends on gaining insights into the consumer minds.

Generally, the average Indian is considered to be less receptive rather slow to adopt to changes and traditionally the buying roles in Indian context lay emphasis on family heads for decisions, to some extent this is may be due to prevalence of joint family and combined families. This can be due to the fact that majority of Indian population, about 65 per cent of the population is living in rural areas and more so they are illiterate and undereducated. Especially, in rural markets, the role of referrals or opinion leaders, group behavior plays an important role. The biggest challenge before them is how to penetrate these markets in a concerted way in the long term.

The characteristics of these markets are also typical, because they comprise of larger masses, wide spread, with lower densities, nascent and unexploited; and they are difficult to reach out due to logistical reasons and do not get easily convinced. But the potential is yet to be tapped to its fullest extent even by the age old conventional distributional channels. The retailers located in the tier 1 and tier 2 cities will be the hubs and have greater influence on the selling patterns in the rural areas.

As the urban markets are becoming saturated, all the marketers are targeting at rural populace surrounded to these bigger cities to gain additional market share, may be to expand their bottom lines for their survival. The rural markets are the foundations to the surrounding city markets. The conventional stores will try to get hold of these strong bastions and able to influence the buying patterns.

Average Indian consumer is conceived as traditional, especially elderly consumers who tend to change very late. On the contrary, the younger generation Indian consumers’ will always try to catch up the fast changing fashions and styles and follow the modern styles and practices which they feel apt to be up-to-date.

These aspects have made the marketers more puzzled, and difficult to study the minds of Indian consumers. As against this back drop, it is felt appropriate and necessary to study the intricate consumer behavior and the critical thinking of Indian consumers especially their reactions towards the booming organizing retailing activity.
The study aims at exploring the motivation and perceptions of consumers towards organized retailing and also to test and identify the paradigm shift in their purchasing behaviour from time tested, time honoured and traditional kirana shops to organized retailers.

The study also aims at knowing the factors that stimulate and spur the consumers to shift their buying patterns towards organized retailers. Similarly, how these retailers are trying to woo the prospective buyers.

To understand the subject, the possible core issues which are worth studying are given as under:

• How the customers would differentiate the conventional mom n pop shops to that of organized retailers
• What are the activities and promotional measures of these modern retailers are able to influence them, and able to attract the shoppers attention
• What are the perceptions of the consumers towards the retailing activities
• The ways and means that would motivate the buying behaviour
• Taking cues from the time tested successful strategies of global retailers, Indian organized retailing is heading to which direction.

Keeping the above aspects in mind, the researcher has tried to put some analytical thoughts on the topic chosen.

Literature review:

The main purpose of the literature review is to organize available literature in an effort to discover the uncovered areas and arrive at those areas that deserve study. The literature review adds value in the gaps to the earlier research studies, review of literature, and the articles and data available.

Broadly the earlier studies detail the areas such as branding and positioning of retail malls, and various variables influencing may be due to brand preference, amenities available in the malls, factors which are influencing the consumers to attract towards malls which special emphasis and significance to Indian context. The empirical studies finds out whether size, location, amenities available, infrastructure,
convenience and Cineplex in suburban malls do matter in attracting the shoppers. The study mainly revolves around the shopping orientation of Indian shoppers in malls.

Following research and published works have been reviewed to identify the research gaps:

Amongst the studies that are conducted more or less on the related aspects but significant perceptual differences in terms of the country or the region or different formats that are applicable to the current study.

Consumer Choice behaviour with respect to products and brands

Dr Al-Rasheed, Professor of University Bradford, UK who studied “Getting in the mind of the customer: An empirical study of consumer behaviour in retailing in Kingdom of Saudi Arabia”. As per Prof Al-Rasheed, past research and theory in consumer behavior have often concentrated on consumer choice behaviour, particularly brand choice behaviour (Sheth, 1983). Compared to the theoretical and empirical work on brand choice behaviour, store patronage behaviour as a distinct field of investigation has received only scant attention (Darden and Lusch, 1983). However, Darden, Erdem and Darden (1983) suggested that consumers are using shopping strategies rather than brand strategies in solving many consumption problems.

Dr Al-Rasheed study covered the consumer behaviour in retailing from different social and ethnic backgrounds, to identify some extremely interesting patterns of shopping behaviours’ and shopping habits. As per the study, a retailer’s success is said to be tied to his focus on customers. Therefore, it is necessary to understand which factors influence the customers to purchase in a specific store. They must give these customers a legitimate reason to shop in one particular store over another, and one of the ways to do this is to look at the customer’s needs and wants. Retailers need to examine such basics as what they offer to these customers with the progress of time, service, selection, quality, value and confidence.

The diversity in the pattern of shopping behaviour of consumers and the channel power shift has encouraged researchers to focus more attention on patronage behaviour in an effort to understand the consumer better.
According to the study of Dr Al-Rasheed the top three factors that influence Saudi customer store choice are presented under.

1. **Good quality**: The first factor the Saudi Arabia respondents considered in choosing a supermarket where they like to shop for foodstuffs was good quality items. Product quality stands for the ability of a product to perform its functions. It includes the product’s overall durability, reliability, precision, ease of operation and repair, and other valued attributes.

2. **Low prices**: Low price was the second important factor that respondents considered in choosing a supermarket, “What is clear is that shoppers are very heterogeneous in terms of their attention and reaction to price and price promotions”. Therefore, price and special promotions have been used to attract consumers to a retail store (i.e. providing greater value through the discount) and generate an increased level of store traffic.

3. **Wider selection of goods**: Wider selection of goods was the third important factor that respondents considered in choosing a supermarket. Assortment is defined by retailers as “the number of different items in a merchandise category”.

   Therefore, this has implications for retailers to develop marketing strategies that stress quality, low prices and assortment in their stores, which need to be promoted to potential consumers. The results came up with three factors that account for 70% of the total variance.

**Store selection and Store patronage behaviour**

Traditionally, the research has focused on the issue of store choice, store patronage and other similar questions from the perspective of an individual.

However, the ultimate consumer of the products, the services or even the retail offering in terms of the ambiance and the experience is not an object of individual consumption, rather it is mostly the family which consumes it. If the ultimate consumer of the retail offering to the family is it valid to deal with those questions only from an individual perspective? In terms of the spending power, the family is
seen as the most important consumer buying unit in society (Thomson, 2003), hence it quite fair that any research in this regard take up the study in the context of the family.

According to another research work conducted by Woodside and Trappey (1992) focused on the issues to understand the reasons why customers choose to shop at a particular store rather than another, it is necessary to examine the factors that determine customer store selection and the underlying mechanisms behind that choice.

According to the findings of this study, the top three factors might influence the customer store choice are: wider selection of goods, goods quality, low prices, wider selection of goods account for 46% of the store selection, and 23.8% of the total variance appears to reveal the in-store core service dimensions are also important. The core in-store service dimensions are: clean shopping place, good quality of items, all prices labeled, wider selection of goods, easy to find the items you want, plenty of parking places, buying all foodstuffs in one place and in a short time, good customer service, easy to get to from home or work, convenient shopping hours, short time at check-out counter, store reputation and image.

To understand the reasons customers choose to shop at a particular store rather than another, the study focused on issues to determine customer store selection and the underlying mechanisms behind that choice.

The studies on store choice have mostly dealt with individual choices and the studies have investigated the drivers of store choice taking individuals as the samples (mostly housewives). Little research exists, which analyses the shopping behaviour with a family or household as a unit. Researchers have found that, store choice and shopping trip timing decisions tend to differ for individuals and households as a result of personal differences.

**Impact of store space**

In another research study titled 'the effect of internal growth and takeover activity on concentration levels in retailing' conducted by A M Broadbridge and J A Dawson, from Institute for Retail Studies University of Stirling, FK9 4LA, during the 1970s.
organic growth was a major means by which large retail companies could increase their market share. Organic growth can take several forms including:

- Trading through additional floor space;
- Product range expansion;
- Development of additional shop formats to target different segments;
- Diversifying into new sectors with new stores or new forms of trading;
- Achieving a higher rate of sales per sq. ft. than the sector average.

In the early 1980s merger and takeover activity was one of the strategies by which large retail companies concentrate their market shares, there are several stages in the merger and takeover activity process. One of the most significant trends of the retail trade over the last few years has been the growing concentration of market power into fewer retail businesses.

As per the details narrated in the study, the ten companies account for 75% of the total mixed retail business sales in the UK in 1986, Marks and Spencer’s share alone being 24%. In the grocery sector five firms accounted for 63% of the total UK grocery sales in March 1987; with J Sainsbury’s being the market leader.

The major aspects attributed for this organic growth as per this study are:

1) One such strategy being inorganic growth as a means of expansion
   a) The first is internal expansion of the firm, which was particularly prominent in the 1970’s.
   b) The second is merger and takeover activity which has become more common during the 1980s.

   This growth is made possible by expansion of floor-space, achieving sales per sq ft. higher than the sector average, product range expansion, development of additional shop formats to target different consumer segments.

2) Another method by which firms may grow organically and perhaps improve their market position is by expanding the product ranges on offer in their stores. The range may be expanded both in width and depth.
3) As a result of acquisition of new companies, Companies are placing particular products in new stores on an exclusive basis and are developing niche markets, in direct contrast to the operations of the stores.

In response to a growing children's market, Boots and Woolworths have each opened chains of children's stores, as adjuncts to their main line business formats. The other new form that lead to this organic growth are: large companies to expand their operations into small towns thus opening up considerable new market potential.

4) Obtaining suitable sites can be a constraint to organic expansion and the development of new formats. Site acquisition remains a constraint for many companies and takeover of other companies provides a mechanism to obtain sites and instant entry to unrepresented markets.

5) An alternative to extending presence in prime High Streets is to develop formats which may be sited in out-of-town locations which, particularly for larger store formats, are both lower cost and more easily available. The move towards out-of-town shopping usually occurs as organic development in large companies.

6) As takeovers of firms become larger, the process of polarization of store sizes may become more pronounced. With the takeover of large firms, there is likely to be a more mixed group of stores involved including units both large and small, some in prime sites, others in secondary etc.

7) Large multiple businesses are able to under-cut small businesses by offering low prices to consumers. This is because they can claim quantity discounts from suppliers and achieve other economies of scale, the advantages they gain due to the strengths of supply chain mechanisms in their buying activities. Secondly, small businesses suffer from lack of capital for investment which again places them in a disadvantaged position compared with the large multiples that have access to capital sources. Thirdly, many small businesses suffer from inflexible and out-dated management attitudes and lack of specialist knowledge in retail functions such as buying, accounting, marketing and in-store merchandising, unlike multiples that can employ a specialist in each field. Fourthly, the responsiveness of small business to consumer demands has been slow. One-stop shopping, for example, has become a virtual
necessity for a large proportion of the working population. Because of the several points above it is more difficult for independent or small multiple businesses compared with large multiple businesses to adapt to consumer changes.

8) The independent retailers have the advantage of building personal relationships with their customers, which can generate consumer loyalty. This may be possible by trading long hours, having the basic skills to pay close attention to marketing, logical merchandising, stocking an appropriate range of goods, and personal service. In return, consumers will be willing to pay the higher prices these independents will inevitably have to charge in order to survive.

9) Many small high street retail businesses may survive if they can provide the right selection of specialty products not generally carried by the multiples. Large selection and management is all important to these smaller businesses. For most, this will mean targeting their activity towards specific consumer segments and demonstrating specialized product knowledge.

This paper has explored two main ways by which firms grow: organic growth and takeover activity. The implications of these strategies result in concentration of the retail trade into fewer companies.

**Consumer Brand behaviour: Private labels vs. branded products**

According to another study ‘consumer buying behaviour of, and perceptions towards, retail brand baby product’, by Adelina Broadbridge & Henry Morgan of University of Stirling. The emphasis in this study is that for many retailers strategy of offering a consistent quality, competitive price own brand alternative to directly competing with manufacturer brands in terms of quality, design and packaging is not correct, unless they read the perceptions of understanding the right shopping environment.

A brand depicts not just a physical product but a relationship with its customers. This Relationship is personified either by the organization’s name (e.g. Kelloggs, Tesco) or by the brand name on the product itself (e.g. Persil, St. Michael). This study is indicated that in product areas where there is a dominance of manufacturer brands, the chances are less for successful retail brands. This discloses the role of the perceived risk in the consumers’ buying process when considering substitute retail brands.
Cox (1967) theorizes that risk may be perceived by the consumer if s/he is uncertain what she or he wants; is unsure of which purchase will best match his/her goals; and/or if she or he perceives possible adverse consequences if the purchase is made, as most consumers are risk adverse.

**Perceived value of a product**

This study is concentrated on several dimensions of consumer risk, such as: performance risk, physical risk, financial risk, social risk, psychosocial risk and time risk. Price, performance, perceived quality and value for money all interact to influence the degree of perceived risk vis-à-vis consumer’s experience. Consumers however, generally seek to reduce risk in their decision making processes.

The extent of the perceived risk may depend on a combination of the length of time that the own brand has been established, the marketing support given to it by the retailer, and the consumers’ perceptions of the retailer’s overall reputation.

Here again the manufacturer new brands are backed up by hospitals endorsements, who provide samples of for new mothers to try which aids the risk reduction process.

Such distinctive brand positions mean there may be less likelihood of consumers accepting a retailer’s equally competent products. Thus it is reasonable to assume the baby care product category is one where consumers require greater assurance about quality than price. Despite retail brands trading up in terms of quality, the risk tolerance associated with this product category may remain high.

The manufacturer brands enjoyed a highly protected position; while the private labels had no major competitors within the health and beauty market and held a large market share of the mother and baby market, yet they could not break the barrier of perceived risk in the minds of consumers against established manufacturers brands.

**Influence Family in the buying process**

In a family decision making process, Davis and Rigaux (1974) has classified the family purchases into four decision influence categories: husband dominant; wife dominant; autonomic (separate) and syncretism (joint). The concept of involvement
in a purchase decision is higher for the spouse who is more involved in the purchase and desires than the partner (Corfman and Lehmann 1987; Qualls 1987). This concept explains that relative influence across product classes and explains husband's domination in such product categories as house, home, insurance and automobiles (Cunningham, Green 1974, Davis, Rigaux 1974; Burns and Granbois 1977, Green et. al., 1983). At the same time, wives have dominant position in purchase decisions associated with their role as homemaker, products such as appliances, groceries, clothing, children toys and cosmetics (Games 1997)

Researchers have found evidence for relative influence at various stages in the purchase decision process. They found that wives are more dominant during problem recognition and information search stages for household furnishings, while husbands are more dominant during information search stage for automobiles and to a lesser degree, at the problem recognition and final decision stages. Other studies, (Belch, Belch, Ceresino 1985, Belch, Willis 2002) have also found different influences across different stages.

Influence of children and adults in buying

Considerable research has also been carried out on young children’s influence (Berey and Pollay, 1968; Szybillo and Sasanie, 1977, Atkin 1978; Swinyard and Sim 1987;). It has been found (Palan and Wilkes 1997) that the children and adolescents use various strategies like bargaining persuasion and emotional strategies to get their wishes entertained.

Some other researchers have studied the same across different resource contributing contexts such as Education (Rosen and Granbois 1983), job status (Rosen and Granbois 1983; Wolgast, 1958), Social Class (Rigaux-Briemont 1978), and income (Davis, 1976); Green and Cinningham, 1975; Wolgast, 1958)

Shopping basket size

Consumers typically like to shop in a given trip for multiple items rather than a single item. Shopping basket determines their destination of purchase. The shopping basket has been defined as “comprising the collection of categories that consumers purchase
on a specific shopping trip" (Manchanda, Ansari, Gupta 1999). Shopping basket will affect the store choice in various ways:

❖ The size itself will effect the store choice as shoppers are prepared to go farther to shop for a larger basket than a smaller basket (Bawa and Ghosh 1999)
❖ The contents of the shopping basket will restrict the choice across formats and stores (Leszczyc and Timmermans 1997)
❖ The contents of the basket will affect the shopper’s perspective of the store and affect on going store choice (Desai and Talukdar 2003)
❖ Overall preference for the store might shift as a function of composition of the shopping basket (Leszczyc and Timmermans 1997)

The literature pertaining to store choice, the consumers will evaluate a group of stores on a set of attributes and then, depending upon their individual preferences, prioritize the best store.

Influence of Family Size on shopping task

Family size and composition will also have its influence on frequency of shopping. As larger families will have higher levels of consumption and will buy larger quantities of products/services to satisfy the consumption. They will also require a wider variety of products, and therefore are likely to get stocked out more frequently than smaller families (Bawa and Ghosh 1999). It is thus likely that larger families will have larger basket sizes and larger number of shopping trips. The household composition, will also affect the shopping basket and it has been suggested that for a given household size, the presence of the children in the household is likely to influence the shopping task.

Different members in a family will exert their own influence in the family decision making process, the product or service being considered. The factors that affect the influence of the different family members as when the wife is working the balance of power shifts towards her (Rosen and Granbois 1983, Walghast 1958). Similarly, when both the parents are working children will have a greater influence (Geuens et.al., 2003) The involvement theory suggests that the members who use the product
or are more involved in it, with it will have more influence in the purchase decision. Foxman and Tanshuaj (1988) found that children had more influence for child products than for family products.

**Goal Oriented Shopping:**

When it comes to store choice in the case of goal oriented shopping, it is expected that the influence and the conflicts should be less than that for a product choice, as the utilities might be satisfied from the product itself. However, when the nature of the shopping is more experimental the format choice and the store choice are expected to be more difficult. What complicates the situation is that; individuals within a household may have different preferences for a particular store (Leszczyc and Timmermans, 1997). The different members in a family might approach the same shopping situation with different tasks in mind. One way in which the situation can be simplified is that, if the shopping basket is dominated by a particular product class or task with which a particularly family member identifies that member will have the dominant influence in the store choice. However, the family members actually going do the shopping on behalf of family will have still have a greater influence on the actual choice.

**Number of working persons in a family in relation to basket size**

The number of working members in the family is expected to be related to the income of the family, the consumption levels and thus the size of the basket. The increase in the number of working adults will increase consumption in two ways. Firstly it will have a positive effect on the income and the consumption; secondly it might result in higher demand for services and products as a result of time constraint of the adults and the opportunity cost of time.

For the families with higher number of adult members working the opportunity cost of time is high, and tends to reduce the frequency of shopping trips and at the same time increase the basket size. (Bawa and Ghosh, 1999; Leszczyc and Timmermans 1997) support that households having working adults have a lower frequency of shopping trips as compared to households in which adults are not working. It is also
found that households with two working adults shopped less than households with one working adult.

A higher opportunity cost for time will force the shoppers to economize on their search costs and breed store loyalty. Also because of their time constraints, households may combine their shopping trip with a work of an entertainment trip and engage in a multi-shop and multi-purpose shopping behaviour (Leszcz et al and Timmermans 1997)

**Family Life Cycle**

The stage in the life cycle of the family will also affect the shopping behaviour in a number of ways. Primarily it will have an effect on the size and the composition of the basket by affecting the consumption of the family members. A young family, with small or no children and a mature family with grown up children will have different needs to save, needs to spend and different consumption patterns. The life stage of the family will also affect the size and consumption of the family thus affecting the consumption pattern and shopping basket.

The stage of the family life cycle is also reflected in the age of the head of the household and may affect the household's consumption and shopping pattern. Fareed and Riggs (1982) proposed that order consumers might have lesser number of shopping trips since the family size is small and also the income is lower. On the other side, Bawa and Ghosh (1999) argued that for older people, the opportunity cost of time is low and hence might induce larger number of visits and also found empirical support for the same. The frequency of shopping trips inversely affects the basket size and furthers the choice of store format and the retail store.

**Shopping Task**

Every shopping occasion will have tasks associated with it. For a family the situation becomes much more complex and they might approach the same store with a variety of tasks, while the shopping might be the chore for the mother it might be a means for enjoyment for the child.
The task definition comprises the set of goals a consumer forms to resolve the needs deriving from a specific situation (Marshall, 1993). It has also been defined as "the reasons that occasion the need for the consumers to buy or consume a product or service (Belk 1975)." Task definition applicable to both the purchase as well as usage situations while the purchase situation refers to the circumstances of the purchase a usage situation refers to the circumstances of the usage of the product or service (Kenhove, Wule and Waterschoot 1999).

It has been found (Mattson, 1982) that store attribute saliencies differ, depending upon whether the shopper was looking for a gift for another person or for personal needs. Research also suggests that at the time of shopping, the retrieval of store attributes will depend upon the task in hand (Simonsoon and Tversky, 1992; Greeb and Krieger, 1995). Also Kenhove, Wule and Waterschoot (1999) found evidence for the fact that store choice is differentiated by task definitions. Thus even for the same shopping basket, changing the task will result in change in format or store choice. When the family approaches the shopping, it is highly likely that the different members approach, shopping with different tasks, in such a situation the multiplicity of the tasks of the individual members will result in a very complex choice decision for the store.

**Role of Anchors**

According to another study, by internalizing the externalities, malls can attract traffic (B Peter Pashigian and Eric D Gould). It is felt that, consumers are attracted to malls because of the presence of well-known Anchors—department stores with recognized names. Mall developers internalize these externalities by offering rent subsidies to anchors and by charging rent premiums to other mall tenants.

**Role of mall Size and Cineplex**

A study conducted by Joseph TL Ooi and Loo –Lee Sim, at Singapore on a topic "the magnetism of suburban shopping centers: Do size and cineplex matter?" on 1283 shoppers in nine selected suburban malls reveals that ,both physical size and the presence of a Cineplex enhance the magnetism of suburban malls. A larger mall can
facilitate a greater variety of shops and create a more pleasant environment for the shoppers.

**Family Decision making process**

As per a study conducted by Sanjeev Tripati and P K Sinha, of Indian Institute of Management-Ahmedabad, retail store choice is a result of family decision making process. As per them, the earlier studies primarily dealt with individual choices and the studies have investigated the drivers of store choice taking individuals as samples (mostly housewives). At the time of their study, they found that little research exists, which analyses the shopping behaviour with a family or household as a unit. Researches have found that, store choice and shopping trip timing decisions tend to differ for individuals and households as a result of personal differences.

The impact of household composition and activity patterns are also studied (Leszczyc and Timmermans, 1997; Kim and Park, 1997). A great deal of research work has been done on household demographic variables (Leszczyc, Sinha and Timmermans, 2000, Bawa and Ghosh, 1999) and relating them to the shopping behaviour of the household, the trip timing (Khan and Schmittlein 1989) and the store choice (Kau and Ehrenberg, 1984). However, as compared to the work on the product and service choices by the family/households, the work on store choice is quite less and covers few dimensions.

Evidence already exists that, most of the shopping takes place on weekends (Khan and Schmittlein 1989) and also that at times it is aggregated with other tasks and takes place as a multipurpose trip. This provides further incentive for the families to visit the store together. Especially in the Indian context, it is well observed that shopping is mostly a family activity, but any shopping activity needs to be preceded by store choice. All these point towards the adoption of a store not individually but collectively as a family.

With the growing influence of the retail in influencing the consumer choice, the retail strategy is very important from the manufacturers point of view the store choice becomes a matter of concern to the manufacturer to offer their products for sale. In addition with the high growth in the organized retail in the recent times, as well as increasing competition for retailers the store choice becomes an area of concern. If
the family has an influence in deciding the store choice, the loyalty and the patronage it is very relevant that the perspective of the family be taken in any future research in these areas.

**Variables influencing shopping behaviour**

As per a study conducted by Retail Association of India (RAI), in December 2007 on a topic “Why Indians Prefer Organized Retail? “ and what majority of Indians think about organized Retailing and why they prefer it”. The findings in terms of weightage of respondents given to each aspect are analyzed and summarized.

- One Stop Shopping - 31%
- Better Quality - 22%
- Fresh Items -12%
- More Variety - 6%
- Reliable Brands - 6%
- Less time consuming while shopping - 6%
- Reasonable Rates - 5%
- Better prices - 4%
- Attractive Discount 4%

Aggregating the results for analysis, data suggests that many Indians prefer organized retailing for obvious choice –shopping under one roof - 37%, Quality & Freshness 34%, while only 13% are bothered about the prices. In the same survey, 71% of respondents prefer large format stores while only 24% preferred other formats and 5% had no opinion.

**Research Gaps:**

On review of the literature of the earlier studies, it can be understood that the studies carried out are on the retail sector have not covered issues relating to consumer behaviour especially when there is a rapid transformation and shift in buying behaviour taking place from unorganized to organized sector of retailing. These studies are either done on a different socio-ethnic, or when the organized retailing yet

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43 Source: [www.rai.com](http://www.rai.com)
to take its shape in true form in India. The studies conducted on a related topic either studied in a different country with any reference to Indian context and Indian culture, and also the study is not similar to the dimensions chosen by the researcher.

Most of the researches are conducted to identify the reasons for their brand choice, store choice, timings selected for visiting the malls, or the channel power to influence the consumer behaviour, the in-store dimensions that influence the buying behaviour like good quality, private labels vis-à-vis manufacturer lables, ambiance provided by mall operators in attracting the buyers, availability of all goods under one roof, store reputation that acts as a major determinant in attracting consumers, Shopping Basket, Shopping task, Family Size, demographics of the families and the buying roles, expansion of stores by mergers and acquisitions as a means of attraction due to large size operations and offering different formats in the same complex, offering the advantages that are derived out of their supply chain strengths etc.,

In fact, the researchers have focused on the issue of store choice, store patronage and other similar questions from the perspective of an individual, or family as a decision making unit. Some researchers typically studied the shopping trip based on shopping basket size, or linking the shopping behaviour of multiple items rather than buying a single item.

While other researchers have attributed the shopping task, goal oriented purchasing are the major factors that influence the store choice and patronage of store. Some of them are of the view that store choice is determined by the family members in advance to precede their purchases. Another school of thought asserts that store choice is a result of family decision making process.

The perspective with which the current research is undertaken as ‘organized retailing being nascent and trends are just setting in and the Indian consumers are yet to get a feel of it as they are in the process of grooming’, and they are yet to witness the full size operations as being practiced in many developed countries. Of late the organized retailers are spreading their operations and many big players are entering into Indian retail arena. Whether the perceptions of the individuals are changing towards these organized malls and how an average Indian consumer is adapting to the changed market dynamics and relishing the mall culture, if so what are the reasons therefore.
As this is considered to be one of the sunrise sectors of India and consumers are in the process of transformation and mall culture is confined to big cities only, that too the consumers are not totally aware of the pros and cons of this activity, it is felt necessary to conduct a study on the topic which is left open for a full scale study. This study also focuses on the vital views as to, what type of consumers are especially attracted towards this organized activity, is it the income, age, academic background, comfort in shopping, range and variety of products offered, or the breadth and depth of the product range, the discount factors etc.,

**Objectives of the study**

The objectives set for the purpose of carrying out the study are as follows:

1. To study the perception of the shoppers towards the organized malls.
2. To examine the shopping behaviour pattern of urban shoppers.
3. To identify the motivation of shoppers towards the shopping task.
4. To study the patronage behaviour of urban consumers.
5. To give suitable suggestions to the mall organizers and organized retail Operators on how to tap the market further.

**Need and significance of the study:**

The shopping malls culture is not new to many developed countries, while the trend is setting in India for the past few years. As a part of the changes in the marketing environment, this is long overdue in India. How an average Indian consumer is looking at these changes is not studied in detail. This study is an effort to understand this aspect.

In one of the recently concluded conference at Indian School of Business, Hyderabad on “Organized Retail: Opportunities in Andhra Pradesh”, Dr G Vivekananda, Chairman, CII-Andhra Pradesh opined that the retail sector is at an inflection point even though it is relatively small from a global standpoint. Another speaker in the same conference opined that retail industry is the only sector which has the potential to grow faster than the Indian economy is progressing and generates employment to both educated and undereducated workforce of India. This sector has the ability to
reach out the larger sections of the people and also can influence shoppers buying patterns. Looking at the potential this sector has, even the state governments are also wooed by this sector, they started chalking out plans to encourage the organized retailing, and intend to fine tune their policies to encourage the services of organized retail sector as it is a money spinner, to strengthen their coughers by increased VAT revenues. The state governments also want to strengthen the tax collection mechanism which otherwise not strictly implemented with large number of small and unconventional Mom n Pop stores. This also reduces the burden of monitoring the tax revenues and predicts their revenues from selected few rather than collecting from innumerable road side shops. With the multinationals coming into India and targeting Indian retail, it presents both challenges and opportunities to the domestic retailers.

*The growing importance can be illustrated by the following facts.*

a) The organized retailing is the order of the day and it is gaining momentum day by day. It is evident from the sudden spurt in commercial activities that has lead to avoiding of mushrooming of small roadside shops and organizing the activities in a systematic manner. Consider the greater importance of the sector, number of leading industrial groups entering the arena and competition is expected to become fierce and intense in next few years.

b) All leading Indian industrial groups as a vertical integration strategy besides consolidating their core areas of competencies and expanding their manufacturing activities, are also trying to enter into this segment to show case their products through their own outlets to market their products. This will also enable them to have a stable market share and collect viewpoints and expectations about their consumers directly and to unleash the huge untapped potential to make an early bounty.

c) India cannot be left aloof from the affects of globalization, when the developed world especially neighbouring countries consumers like China, Indonesia, Malaysia, Singapore are already benefited with the refined and organized ways of trading and offer best value to their citizens.

Although there is literature available on this sector, but it is available on a bits and pieces, prominently the shopper’s views are considered less in many studies.
Therefore, the researcher felt that there is a need to study this sector in the areas where there are gaps. Many leading global consultancies and Retailers Association of India have published lot of data at a larger perspective, the micro views of consumers. This study is primarily focused on urban shoppers located in Bangalore where the initial forays are made by these organized retailers.

**SCOPE OF THE STUDY**

For the purpose of the study, the researcher has fixed the boundaries of the study to urban shoppers and specially emphasized on Bangalore city. The retailing is a vast subject and it has many facets, primarily the study revolved around General category of Retailers and Specialty malls, and the researcher has tried to differentiate the buying behaviour patterns between these two formats of retailing.

**METHODOLOGY**

In order to study the topic, the data and information have been collected from primary and secondary sources. The primary data has been collected from 300 shoppers selected on a random sampling basis.

**Sample Size**

Simple random sampling method has been adopted, and the sample size is 300 respondents. The 300 respondents have been chosen on the basis of their regularity of visit to these malls, and from the retail stores located in Bangalore city for the study. The city is also acclaimed to be one of the important cities with buzzing business activity in Southern India. It is considered to be Mecca of organized marketing activities. Whenever any upcoming commercial activity hits the Indian market, Bangalore is considered to be one of the prominent destinations because of its diversity of population and it is the epicenter of upcoming trends in Southern part of India. It stands in the top 5 cities in India in terms of market reputation. Besides, the volume of business, size and quality of population has made almost all new entrants to initially target Bangalore as one of their prime destinations.
Criteria for selection of the respondents and the malls:

300 respondents have been drawn from 5 leading retail stores/Malls selected from both specialty and general type the following malls located in Bangalore.

Table 2.1: Various Malls in Bangalore

<table>
<thead>
<tr>
<th>Name of mall/retail store</th>
<th>Type of mall/retail store</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garuda Mall</td>
<td>Specialty Store</td>
</tr>
<tr>
<td>Globus</td>
<td>Specialty Store</td>
</tr>
<tr>
<td>Forum</td>
<td>Specialty Store</td>
</tr>
<tr>
<td>Bangalore Central</td>
<td>Specialty Store</td>
</tr>
<tr>
<td>Total mall</td>
<td>Specialty Store</td>
</tr>
<tr>
<td>Spar Hyper Markets</td>
<td>Specialty store</td>
</tr>
<tr>
<td>Metro AG</td>
<td>Specialty store</td>
</tr>
<tr>
<td>Esteem mall</td>
<td>Specialty Store</td>
</tr>
<tr>
<td>Sigma mall</td>
<td>Specialty store</td>
</tr>
<tr>
<td>Vishal Mega Mart</td>
<td>Specialty store</td>
</tr>
<tr>
<td>Shoppers Stop</td>
<td>Specialty store</td>
</tr>
<tr>
<td>Reliance Fresh</td>
<td>General store</td>
</tr>
<tr>
<td>Food World</td>
<td>General store</td>
</tr>
<tr>
<td>More</td>
<td>General store</td>
</tr>
<tr>
<td>Fab mall</td>
<td>General store</td>
</tr>
<tr>
<td>Subeeksha</td>
<td>General store</td>
</tr>
<tr>
<td>Big Bazaar</td>
<td>General store</td>
</tr>
<tr>
<td>Spencers</td>
<td>General store</td>
</tr>
<tr>
<td>Nilgiris</td>
<td>General Store</td>
</tr>
</tbody>
</table>

In order to make the study more meaningful, the shoppers have been selected from the retail chains or malls qualified under the following criteria:

a) The Retail chain must have minimum 3 retail stores in a city
b) These chain of stores are operational in more than one city in India.

   c) Such stores must be affiliated or belong to any corporate house having a well Organized back end operations/Supply Chain Management practices.
d) These stores ought to offer a wide range of products including Groceries, Domestic family requirements, consumer durables, branded goods of repute with a minimum of 1000 plus SKUs in each store.

Due diligence is ensured in selecting a cross section of shoppers covering different ages, varied income groups, with divergent occupations.

**Questionnaire design**

A questionnaire has been designed keeping in view the above said objectives. To realize the stated objectives, a questionnaire covering all related aspects such as:

- Demographic profile of respondents like Age, Sex, Occupation, Approximate family disposal income, previous shopping experience in such malls
- The perceptual level of the respondents is adequate enough, to express views about various formats of malls and about the activities of the malls, the infrastructure/facilities available in these malls, and the quality and behavioural practices of sales associates, billing counter arrangements etc.,
- Have a fair understanding about various aspects that are essential to attract the shoppers to these malls
- Lastly, the opinion of the shoppers in general on a broader perspective to speak about various malls.

In order to assess this, the important aspects covered in questionnaire are

a) Mall organizer’s efforts to create awareness among the shoppers
b) The activities profile that have impressed the shoppers - whether it is the quality of merchandise, quality of the services rendered by the sales staff, their service level, arrangement of material, ensuring perennial availability of the needs of the customer, overall hygiene, cleanliness, upkeep, maintenance of the mall, prices offered for the products, ease at check-out/billing counters, The promotional activities organized by these malls from time to time
c) Whether the infrastructure provided is up to the satisfaction of customers - to feel entertaining and comfortable
Data Collection:

**Primary data:** For the purpose of study, 300 shoppers have been surveyed, to collect their opinions, their perceptions about the activities and expectations from these leading organized retailers have been collected. As many as 300 shoppers have been selected from Bangalore city and administered questionnaires. Informal discussions have also been held with the executives of the malls.

**Secondary data:** In order to gain insights into the subject, the secondary data and information have been collected from various research papers/articles published in various magazines, journals and data made available to the public by various Mall operators through their web sites. Although good amount of data and information is available about the theoretical aspects and in general about the activities of the malls and retailing activities, the consumer focused studies are new and there is no appreciable research studies conducted especially on Indian shopping malls. However, many market survey reports published by leading Management Consultants reports and subject experts like Pricewaterhouse Coopers, KPMG, Earnest Young, McKinsay et.al, seminars, conferences/workshops conducted by Retailers Association of India and Confederation of Indian Industry, Federation of Indian Chamber of Commerce and Industry, deliberations of various papers submitted at national and state level have also been referred.

Researchers often used a combination of quantitative and qualitative research to help make strategic decisions. For example, the usage of qualitative research findings to discover new ideas and to develop promotional strategy, and quantitative research findings to predict consumer reactions to various promotional inputs. Frequently, ideas stemming from qualitative research are tested empirically and become the basis for the design of quantitative studies.

These two research paradigms are complementary in nature. The prediction made possible by quantitative research and the understanding provided by qualitative research together produce a richer and more robust profile of consumer behavior than either research approach used alone.
Analysis and Interpretation of Data:

In order to study the changing consumer behaviour towards malls, researcher has collected responses from 300 respondents, which have been tabulated and interpreted. The meaningful inferences and understandings have been arrived at. The collected data and information have also been subjected to statistical treatment. The statistical tools like percentages, growth charts, Pie charts, Parametric and Non-parametric statistical tools and other relevant statistical techniques have been used in the study.

In order to study the topic, the factors that influence the perceptions of the consumers and their buying behaviour are distinctly divided into Intrinsic and Extrinsic factors.

The internal factors are those that influence the consumers that impel and stimulate consumer within himself. To study the consumer behaviour patterns, the motives, the behavioural processes involved behind buying, how customers are influenced to the external stimuli are primarily taken for the purpose.

The behavioural patterns are categorized into when the consumer has a need and the other instance is to fulfill a consumer's future needs. Another type of categorization of the consumers is to know the behavioural process involved in case of first time buying and repeated buying activities. For all the cases, the root is stimuli that arouses the inquisitiveness in the buyer or to awaken the upcoming and sleeping need in the buyer's mind. If the customer has a need, he would keenly look into the all the stimulus and data that comes in his way and collected out of his initiation from all directions persistently till he gets reasonable information that will satisfy his need requirement. This is the genesis for the internalities of a consumer. The internalities may be influenced by his age, knowledge, educational levels, beliefs, attitude, intention, personality, lifestyle, motivation, involvement levels, culture, family structure, income levels etc.,

The external factors may be the exposure, experience, alternative evaluation, choice, sales promotional measures, advertisements, specialization of the stores/vendors, service levels of vendors, brand reputation, comfort level of the buyer with the ambiance, the facilities provided by the retailers in their malls etc.,
LIMITATIONS OF THE STUDY

Following are the limitations of the study

- India with 29 states, with different eating habits and cultural barriers across these states, and every 200 Kms. witness appreciable differences in them. With a larger spread across other metropolitan cities in India one might arrive at results with higher confidence levels and also at trends for urban India in particular.

- The findings are based entirely upon the research that is conducted in Bangalore and hence may not be applicable to other metropolitan areas of India on counts of socio-cultural diversity and contextual forces.

- There may be a bias of consumers creeping into their responses. Due to constraints of time the study is confined to the profile of consumers who are regular visitors and are well conversant with the organized retailing. While the Indian retailing still at a nascent stage and many consumers yet to form opinions clearly and express themselves out on these malls as they are not exposed to world class and size of the malls for comparison.

CHAPTERIZATION:

To study the topic at length, the researcher's proposed study is divided into various heads for easy understanding.

I. An overview of the Organized Retailing in India - genesis and transformation of retailing the world over - views of the leading consultancies, retail associations on Indian retailing.

II. Methodology adopted to study this topic - Review of earlier studies and survey's conducted in India and abroad.

III. Consumer behaviour of organized retail. Analysis of the data collected during the study, Results of the study to ascertain the first hand views on shoppers perceptions, motivational aspects leading, their learning behaviour causing changes in their behavioural patterns towards retailing.

IV. Consumer Perception of organized retail. Findings and Observations are given.

V. Suggestions and conclusion of the study.