CHAPTER-5

FINDINGS AND RECOMMENDATIONS

In this chapter, an effort has been made to provide empirical findings, which have emerged from the overall analysis of behavioural dynamics of consumers towards organised retail outlet that is carried in Delhi, Gurgaon and Noida. The effort has been made to provide practical suggestions to the organised retail outlets in this regard. These findings and suggestions are summarised there of:

5.1 OVERALL FINDINGS

- A majority of customers are of age group 18 to 30 yrs, with a ratio of 70:30 for female and male respectively. Graduation is the common qualification among this group or it could be said that customers visiting organised retail are well educated. Further private employed individuals are seen more enjoying these places compared to other segments. Middle income group and married couples prefer the organised retail formats.

- Individuals/couples in nuclear family are seen visiting the organised retail stores more frequently. Social group followed by internet and newspaper are the leading sources for the information the consumers rely and seek. Servant (who keep servant) followed by females in the family prefer to go for food and grocery shopping compared to male counterpart.

- As the study is related to food and grocery the overall frequency of shopping is highest for week followed by monthly shopping. Further-on, evening is the most preferred time for shopping.

- When a comparison was made on the basis of preference for different organised retail outlet, it is observed that big bazaar is most preferred followed with similar frequency of consumers visiting to reliance fresh and shoppers stop. Food bazaar is the least preferred brand among all.
• Approximately 30 percent people responded to survey said that they spend Rs 2001 to 5000 per month (pm) on purchase of food and grocery, followed by similar frequencies for Rs 8001 to 11,000, above 11,000 and 5001 to 8000 per month in descending order respectively.

• Of the total consumer base it has been observed that majority of consumer like to visit organised retail outlets compared to mom n pop shops.

• The consumers who prefer unorganised compared to organized has indicated some of the reasons for sticking to unorganised retail outlets for the purchase of food and grocery products. They feel organised retailers charges high prices. Good ambience and prime locations are some of the most important reasons for high prices being charged by organised retailers. Further they feel that on the names of scheme (like special discounts), better customer service and extra features of product being quoted, the organised retail outlets charge more.

• On the contrary the perception of the respondents who buy from organised retail outlets feel that low prices followed by speedy checkouts, favourite shopping area and proximity to home (in descending order of their preference) are the major reasons for sticking to organised retail outlets.

• While studying the relationship between the preference for the retail outlets and demography’s of the consumer, it is observed that age group between 18 to 25 yrs constitute maximum. Data reveals that, in case of organised retail the preference is decreasing with the increase in age. While in case of unorganised retail the same trend follows except the group 40 yrs and above that shows reasonable high preference for unorganised retail outlets compared to age groups 30 to 35 yrs and 35 to 40 yrs.

• The sex (Male/Female) of the individuals doesn’t shows any considerations for any category (Organised/Unorganised). Similarly profession of consumer, marital status, work status, type of family doesn’t have an impact on the preference for organised or unorganised retail outlets.

• Middle class is the dominating class among all for the growth of organised retail followed by aspirants who always has a desire to try new formats. High class has
also shown a significant amount of interest in organised retail outlets compared to unorganised retail outlets where it is approximately nil.

- Gurgaon and Delhi’s food and grocery retailers are more successful, to lure their customers as compared to noida and other places. As far as the frequency of shopping for these consumers is concerned weekly followed by monthly shopping is observed. They prefer to shop mostly in evening time, the reason may be the climate of north area or it may be the increase in nuclear families with both husband and wife are working that led them to spare time only in evening.

- **Consumer decision making on the basis of environmental factors:** Seven factors has been extracted out of data reduction technique i.e. factor analysis and on the basis of mean score, ranking has been given to these factors in order to realize the relative importance. The seven factors extracted are named as LOYALTY & ENVIRONMENTAL FACTORS (F1), SOCIAL STATUS ATTRIBUTES (F2), PROMOTION BE CONSUMERS (F3), STORE BRAND IMAGE (F4), CONSUMER SATISFACTION (F5), FACILITIES & INFORMATION (F6) and STORE PERCEPTION (F7).

- The ranking on the basis of mean score is as follows: LOYALTY & ENVIRONMENTAL FACTORS (F1) holds the first rank followed by STORE PERCEPTION (F7), while CONSUMER SATISFACTION (F5) holds the last rank.

- The impact of these seven factors are studied on the five organised retail outlets namely: Spencer, Big Bazaar, Reliance Fresh, Food Bazaar and Shoppers Stop.

- For Spencer, it has been establish that consumers consider all the seven factors while shopping. They readily accepted that all factors shows significant impact in their decision of purchase.

- While in case of Big Bazaar LOYALTY & ENVIRONMENTAL FACTORS (F1), STORE BRAND IMAGE (F4) and STORE PERCEPTION (F7) are the only factors that contributes for decision making.

- In Reliance fresh LOYALTY & ENVIRONMENTAL FACTORS (F1), SOCIAL STATUS ATTRIBUTES (F2), PROMOTION BE CONSUMERS (F3), STORE BRAND IMAGE (F4) and STORE PERCEPTION (F7) are the factors
contributing in consumer purchase decision. There is a strange finding that says that not even a single factor is making the consumers to move to food bazaar for making a purchase, it seems that that the brand image is very poor in the eyes of consumer and hence it is expected that the company needs to reposition their brand and related merchandise as per the need of the consumers.

- In case of shoppers shop it has been observed that LOYALTY & ENVIRONMENTAL FACTORS (F1), SOCIAL STATUS ATTRIBUTES (F2), PROMOTION BY CONSUMERS (F3), STORE BRAND IMAGE (F4) and STORE PERCEPTION (F7) are factors which incline the individuals towards this outlet.

- Demography’s for LOYALTY & ENVIRONMENTAL FACTORS (F1) are seen as: Highly educated (graduates and post graduates) people show more interest. This group consists of high income and middle income groups, mainly from Delhi followed by Gurgaon. They prefer to make purchases on weekly basis followed by monthly and their monthly expenditure is between Rs 8001 to 11,000.

- Demography’s for SOCIAL STATUS ATTRIBUTES (F2) are seen as: Individuals of all age group are showing strong influence. While looking for qualification, Below 10th std, graduates and post graduates shows more interest compared to middle group (10th pass and 12th pass. Consumer from Delhi followed by Gurgaon are rating this factor on higher side. This group prefer to make purchases on weekly followed by monthly basis and their monthly expenditure is between Rs 8001 to 11,000.

- Demography’s for PROMOTION BY CONSUMERS (F3) are seen as: Consumers who are mostly below 12th std but are the part of high income group followed by middle income group are showing preference for this factor. Their preferred time for shopping is afternoon may be because they may be using cars and other vehicles and don’t like to be the part of crowd. Their prefer to shop on daily basis and they relatively spend in the range of 2001 till 11,000.

- Demography’s for STORE BRAND IMAGE (F4) are seen as: Consumers with less education (till 10th pass) and income range of middle income group followed
by high income group shows strong influence. This is seen in Delhi followed by Gurgaon and their preferred time for shopping is evening and on weekly basis.

- Demography’s for CONSUMER SATISFACTION (F5) are seen as: High income and middle income group shows the inclination for CONSUMER SATISFACTION (F5) and their shopping habits are weekly and in morning hours. This group is mainly seen from Delhi and their expenditure per month falls between Rs 5001 to 11,000.

- Demography’s for FACILITIES & INFORMATION (F6) are seen as: 10th std till graduates are showing interest in considering FACILITIES & INFORMATION (F6) as a reason in their purchase decision. Most of them are from Delhi and belongs to middle income followed by high income group. They prefer evening time and goes for expenditure between Rs 8001 to 10,000.

- Demography’s for STORE PERCEPTION (F7) are seen as: Educated (12th and above) consumers falling in middle income group and going for 8001 and above expenditure per month defines STORE PERCEPTION (F7) as an causative factor for their purchase decision making.

- Consumer perception for different retail outlets has been studied on the basis of their confidence level. It has been observed that confident consumer prefer to go for organised retail compared to unorganised retail, there by pointing towards that favourable economies contributes towards the growth of organised retail. The confidence set consisting of eight statements was prepared to study the behavioural dynamics of consumer on organised retail store. It is observed that consumers who are seen most confident prefer to shop form Spencer, followed by Shopper Stop, Big Bazaar, Reliance Fresh and Food Bazaar in decreasing order of preferences. Further it has been analysed that frequency of shopping and time for shopping does not have much impact on the confidence level.

- For understanding impact of promotional strategies eight factors are extracted using principal component analysis and Varimax rotations namely: INFLUENCERS (F3.1), SPECIAL OFFERS & FACILITIES (F3.2), STORE ADVERTISEMENT (F3.3), CONVENIENCE (F3.4), PRODUCT PACKAGING
(F3.5), QUALITY & VARIETY (F3.6), DISCOUNTS & FAIR POLICIES (F3.7) and GURANTEE/WARANTY & OTHER FACILITIES (F3.8).

- They are ranked as INFLUENCERS (F3.1) followed by SPECIAL OFFERS & FACILITIES (F3.2), PRODUCT PACKAGING (F3.5), GURANTEE/WARANTY & OTHER FACILITIES (F3.8), DISCOUNTS & FAIR POLICIES (F3.7), QUALITY & VARIETY (F3.6), STORE ADVERTISEMENT (F3.3) and CONVENIENCE (F3.4) in descending order of preference on the basis of overall mean scores.

- Consumers has a perception that all the factors contribute in building a positive image of Spencer and they love to avail all the offers being offered by Spencer. Data reveals that GURANTEE/WARANTY & OTHER FACILITIES (F3.8), CONVENIENCE (F3.4) and INFLUENCERS (F3.1) are the most important ways of promotion followed by Spencer.

- Factors namely; QUALITY & VARIETY (F3.6), STORE ADVERTISEMENT (F3.3), DISCOUNTS & FAIR POLICIES (F3.7) have failed to create a convincing behavior of consumer to make purchase from Big Bazaar. However, SPECIAL OFFERS & FACILITIES (F3.2), CONVENIENCE (F3.4) and PRODUCT PACKAGING (F3.5) are showing noticeable impact on consumer behavior.

- INFLUENCERS (F3.1) and PRODUCT PACKAGING (F3.5) are not showing any significant impact on consumer behavior that are adopted by Reliance Fresh. On the contrary SPECIAL OFFERS & FACILITIES (F3.2) and CONVENIENCE (F3.4) are the convincing promotional strategies being followed by this retail outlet.

- SPECIAL OFFERS & FACILITIES (F3.2), STORE ADVERTISEMENT (F3.3), DISCOUNTS & FAIR POLICIES (F3.7), and GURANTEE/WARANTY & OTHER FACILITIES (F3.8) failed to change the consumer behavior. But the consumers who prefer to visit Food Bazaar has reasoned, that their visit is because of CONVENIENCE (F3.4) and QUALITY & VARIETY (F3.6) offered by Food Bazaar.
In case of Shoppers Stop it has been identified that except QUALITY & VARIETY (F3.6), all other promotional strategies are leading to positive behavioural changes in consumer decision making and repeat sales. GUARANTEE/WARRANTY & OTHER FACILITIES (F3.8), STORE ADVERTISEMENT (F3.3) and INFLUENCERS (F3.1) are the biggest contributors in descending order for behavioural makeup towards shoppers stop.

- **Demography’s for Influencers (F3.1) are seen as:** Consumer from Delhi following middle income and high income group and who are spending between 5001 to 8000 are mostly convinced by INFLUENCERS (F3.1).

- **Demography’s for Special Offers & Facilities (F3.2) are seen as:** Graduates & Postgraduates under high income group followed by middle income group. They are the residents of Delhi followed by Noida, are mostly affected by SPECIAL OFFERS & FACILITIES (F3.2).

- **Demography’s for Store Advertisement (F3.3) are seen as:** Age group 30 yrs and above who are graduates or post graduates, falling under the income range of aspirants, middle income, and high income group, residing in Delhi and Gurgaon above are considering STORE ADVERTISEMENT (F3.3) as an important factor. They make an expenditure between Rs 5001 and 8000 per month.

- **Demography’s for Convenience (F3.4) are seen as:** Age group 35 yrs and above, who are graduates and belongs to high income group get influenced because of CONVENIENCE (F3.4). They are from Delhi and Gurgaon

- **Demography’s for Product Packaging (F3.5) are seen as:** Different demography’s of consumers of all places shows similar impact of PRODUCT PACKAGING (F3.5) on their behavior. Specifically graduates under age group of 35 – 40 yrs belonging to high income group are showing more inclination towards PRODUCT PACKAGING (F3.5).

- **Demography’s for Quality & Variety (F3.6) are seen as:** Individuals who shop on daily basis and their preferred time for shopping is morning are seen to be affected because of QUALITY & VARIETY (F3.6). They are spending between Rs 2001 to 5000 per month.
- **Demography’s for Discount & Fair Policies (F3.7) are seen as:** High income group residing in Delhi and Gurgaon with a frequency of shopping as weekly and going for purchase above Rs11,000 are leaning towards organised retail because of DISCOUNTS & FAIR POLICIES (F3.7).

- **Demography’s for Gurantee/Waranty & other facilities (F3.8) are seen as:** Age group between 18 yrs till 25yrs who are graduates and post graduates residing in Delhi followed by Gurgaon and Noida are seeing GURANTEE/WARANTY & OTHER FACILITIES (F3.8) as reason for their inclination towards organised retail. They are in the category of high income group or middle income group.

- When price and quality attributes for different organised retail outlet were studied it is found that the consumers who visit Spencer feel that they get value for money. The merchandise is offered at lowest prices, and they do not prefer to go to other stores. While talking about quality of the products and services offered it is found that good quality and lot of variety is found at Spencer. Hence, the overall image of Spencer is positive in end customer for these two aspects.

- Big Bazaar is found to offer value for money but not the lowest prices in the segment. The consumers are of opinion that they can move to other outlet to have best deals.

- In case of Reliance Fresh respondents are not confident, as they feel that they are not getting value for money though getting the lowest prices. Their preference is not the lowest prices but good quality food and grocery items. They are not even hesitant to move to other retail outlet, whatever time it may take.

- The consumer base that visits the Food Bazaar feels that the quality of merchandise needs to be improved. Further they have a feeling that value for money is not offered by Food Bazaar. They prefer low prices but are satisfied with the variety offered. The consumers are of the opinion that Food Bazaar doesn’t offer reliable products.

- In case of Shoppers Stop consumers are satisfied by the prices and quality of merchandiser offered.
5.2 RECOMMENDATIONS

Based upon the data analysis and overall findings enumerated, some specific recommendations are hereby put forth which may help the food retailers in influencing and winning customers.

1. Majority of the consumers like to buy food in evening time, so that, the marketers should extend their business hours and provide services to customers with utmost convenience and ease.

2. The age group of 18 - 25 years have most innovative buying behaviour. The marketer should target this particular age group while introducing a new product or product range in the market.

3. Analysis suggests that the consumers who stick to unorganised retail outlets (mom n pop shops) have a perception that the organised retail outlets charge high prices and that because of their prime location and ambience. Organised retail stores should work on this aspect, as then only they can grow exponentially and can win the hearts of all age groups. In order to achieve this, the organised retailers should follow pull strategy. Once the consumer starts coming to organised retail it becomes easy to make them purchase the commodities. Retailers should provide comparative price lists on the shelf’s. The consumers should be informed about the reason of lower prices being offered by retailers is because of shortened distribution channel. Some part of this saving could be used in creation of ambience and in other facilities for the creating convenient shopping environment.

4. The five organisations studied should see how the environmental factors are contributing in their success and strategic positioning in consumers mind. Shoppers Stop and Reliance Fresh has the similar short comings in the form of
low consumer satisfaction, lower facilities and fewer information about
merchandise. In order to overcome this problem Shopper Stop and Reliance Fresh
should strengthen their feedback system. This needs to be carried on employee as
well as on customers, so the needs and desires could be well matched. This should
be followed by more promotion and if possible they must delight the consumer, so
that they go for positive word of mouth. Big Bazaar is not seen as class to shop
from and consumers are not preferring to spread positive word of mouth. Further
it has been seen that the end customer is not satisfied with the shopping
experience. So the Big Bazaar should work on brand building. Apart from this the
customers should be given special facilities like dropping the purchase to their
vehicle, less than five minute payment procedure, rush free environment,
availability of all brands etc. Newer & frequent information should be provided
and sales persons should be employed at all possible places. Food Bazaar is seen
as a failure in environmental aspects. Not even a single environmental factor is
making the consumers to move to food bazaar for a purchase. It seems that the
brand image is very poor and hence it is expected that the company needs to
reposition their brand and related merchandise should be offered as per the need
of the consumers. This is possible either by extensive survey or by taking lessons
from competitors. Heavy advertisement for reposition needs to be done, so that
they can fetch the consumer. Spencer is all hit in environmental aspects,
customers feel delighted while being in Spencer.

5. While studying the promotional strategies for Spencer. It has been analysed that
the most important reasons for consumers repeat sales and loyalty are
guarantees/warranties & others facilities, convenience in the store and other
influential factors like special offers, store advertisement, product packaging,
quality & variety and the discount & fair policies etc. Analysis further illustrates
that out of five Spencer is the most preferred outlet but still there is scope of
improvement in some areas as talked.

6. Special offers & discounts, convenience of search/payment etc. and packaging of
products are some of the foremost reasons of making purchase from the Big
Bazaar. Most of the graduates belonging to middle and high income group are
going to this outlet. They are in the age group of 30 yrs and above. The most disliked features of Big Bazaar includes quality & variety, its store advertisement and its discount & related policies. The Big Bazaar must work on to these three aspects while improving its consumer base by attracting the lower age group also. Big bazaar should go specifically store advertisement. For capturing Low age group they must work on influencers and guarantee/warranty aspects of their products.

7. Reliance fresh has equal number of positives and negatives, which includes special offers & facilities and quality & variety as strengths and influencers & product packaging as weaknesses. It should offer an attractive and informational packaging. The packaging may have label in respective local languages, so that these consumers can get first hand information about the product.

8. Variety and convenience is observed as strengths for Food Bazaar. Food Bazaar should work on offers & facilities, store advertisement and guarantee/ warranty & other policies to stay competitive.

9. Shoppers Stop is evidently seen doing well in most of the aspects of promotional strategies expect the quality and variety offered, so it is suggested that they should enforce quality checks and must broaden their product line width.

10. As per the analysis of price and product is concerned, in order to stay competitive Big Bazaar needs to look on to its prices as the end customer has the perception that they will not get the lowest prices here, and because of this the Indian consumer can take chance to visit other outlets. The store loyalty is not as high as is expected. The Big Bazaar must work on some more innovative loyalty schemes and lowest price offers like “sabse sasta nahi to difference ka dugana vapis” etc. In case of Reliance Fresh the threat is much more as the consumer feels that the quality is compromised for offering lowest prices. Consumers are not getting value for money. Reliance Fresh needs to go for reposition their brand image by keeping a strict check on the quality of the product and the related schemes like “if found of bad quality, it will be replaced with best quality and entire money will be returned”. The Food Bazaar is also seen facing the similar situations. They are not able to offer the good quality products and not even the
lowest prices, so in this case the consumer is seen highly dissatisfied, though the variety is offered. For Food Bazaar it is suggested that they must improve the quality of their products, as most of the products are perishable in nature. They must reduce the transportation days and must look on to their cold storage facilities in order to maintain the nutritious value and freshness of their products. Further they can highlight the procedure followed and other quality parameters like “last date for consumption” to increase the confidence level of consumers. For Spencer and Shoppers Stop not much is needed as the overall satisfaction is quit high, so they can easily continue with their existing product price and product strategies.

11. The food and grocery manufacturers and retailers should emphasise quality of merchandise and highlight it by giving relevant information to the customers. Highlighting the use of hygienic processes and ingredients in making the merchandise will further enhance the credibility of brand.

5.3 FUTURE RESEARCH DIRECTION

- The current study is limited to the consumers living in NCR (National Capital Region). This could be conducted covering not just other metropolitan cities but also the small towns and rural areas to bring out more dimensions in the buying behaviour of food and grocery.
- The study considered only five organised retail outlet, separate groups of retailers could be taken for studying the preference of consumer towards food and grocery specifically.
- The current study opens up the way for more detailed and in-depth study on the various aspects including but not limiting to:
  - Understanding the consumer preferences for organised/unorganised retail outlets viz. demographics and other promotional areas etc..
  - Understanding the decision making pertaining a specific category of organised retail.
o Understanding dimension of consumer behaviour in context of organised retail.

o Understanding the behaviour pertaining strategies and practices of food and grocery specifically followed by five retail outlets taken for study.

➢ It would also be interesting to know in future studies the in-depth behaviour of consumer towards unorganised retail outlets. This may bring great insight in understanding the consumer behaviour as whole and adapt some of the findings in improving the market of Organised retail outlets.

➢ The research does not include all the parameters which are considered while calculating the consumer confidence scale. Hence based upon the findings of the research we cannot comment anything on the consumer confidence scale of a particular economy. The research is limited to find out the effect of consumer confidence level on preference for organised or unorganised retail outlets.

2.9 LIMITATIONS OF THE STUDY

1. The major limitation of the present study is time and money.

2. The study has covered only two retail sectors: Food & Grocery Retailing; therefore, the result will not be applied to other retail sectors.

3. The study is confined to Delhi and National Capital Region (NCR) (Gurgaon, and Noida). The population in the other parts of the country may be different.

4. Another limitation can be the biasness at the respondent’s level.

5. All respondents in the sample have not responded to the questionnaire.