CHAPTER – III
CONCEPTUAL FRAME WORK OF CONSUMER BUYING BEHAVIOR AND ORGANIZED RETAILING

3.1 INTRODUCTION

All of us are consumers. We consume things of daily use and buy these products according to our needs, preferences and buying power. These can be consumable goods, durable goods, specialty goods or, industrial goods.

What we buy, how we buy, where and when we buy, in how much quantity we buy depends on our perception, self-concept, social and cultural background and our age and family cycle, our attitudes, beliefs values, motivation, personality, social class and many other factors that are both internal and external to us. While buying, we also consider whether to buy or not to buy and, from which source or seller to buy. In some societies, there is a lot of affluence and, these societies can afford to buy in greater quantities and at shorter intervals. In poor societies, the consumer can barely meet his barest needs.

The marketer, therefore, tries to understand the needs of different consumers and having understood his different behaviors which require an in-depth study of their internal and external environment. As a report, they formulate their plans for marketing.

The term marketing is a comprehensive one. It is recognized as a special management function. It starts with the consumer and ends with the consumer. It includes all resources and set of activities necessary to direct and facilitate the flow
of goods and services from the producer to the consumer. The ultimate objective of business is to create consumer. The consumer is the kingpin around which the entire business activities revolve. Marketing involves the interaction of several business activities. The aim of these activities is to fulfill the needs and desires of consumers. Their needs, wants, desires, preferences, beliefs, habits, foibles and egocentricities should be duly reflected in every marketing problem. Thus, marketing concept is more consumer oriented than the product.

Modern marketing aims at determining the needs and wants of target markets and adopts the organization to deliver the desired satisfaction more effectively and efficiently than its competitors. So, the study and understanding of consumer behavior is outcome any marketing programme. In studying consumer behavior, we have to consider not only what people buy, but where, how often, and under what conditions they make their purchases. An understanding of the economic, psychological and sociological characteristics of the consumers and their motives, attitudes, cognitions and personalities can help to discover new market opportunities. To provide a segmentation of the market and a meaningful product differentiation and to formulate marketing strategies based on consumer responses as a major variable. In brief, the understanding of consumer preferences and emotions are all important determinants for the success of the marketers and all that could influence his decisions relating to the identification of opportunities, product policy, channel of distribution, pricing, personal selling and promotional strategies. Thus, the marketing concept is more consumers oriented. Hence, the study of consumer behavior is basic to all marketing activities.
In this chapter, the researcher focused on the significance of understanding consumer buying behavior, factors that induce consumers to make buying decision, determinants of consumer behavior, consumer buying behavior towards retail stores, formats of organized retail stores, challenges faced by organized retailer, opportunities, major players of organized retail stores and supermarkets in the study area.

3.2 CONSUMER BUYING BEHAVIOUR

In simple words, Consumer Buying Behaviour is the process by which individuals search for select, purchase, use and dispose of goods and services in satisfaction of their needs and wants.

Management is the youngest of sciences and oldest of arts and consumer behavior in management is a very young discipline. Various scholars and academicians concentrated on it at a much later stage. It was during the 1950s, that marketing concept developed, and thus the need to study the behavior of consumers was recognized. Marketing starts with the needs of the customer and ends with his satisfaction. When every thing revolves round the customer, then the study of consumer behavior becomes a necessity. It starts with the buying of goods. Goods can be bought individually, or in groups. Goods can be bought under stress (to satisfy an immediate need), for comfort and luxury in small quantities or in bulk. For all this, exchange is required. This exchange is usually between the seller and the buyer. It can also be between consumers.

Consumer behavior can be defined as the set of activities and actions of consumer in purchasing and using goods and services. However, it involves a
study of buying motives in order examine the selection criteria of the consumers for the products they choose and what motivates them to behave as they do in the market places. It focuses on how individuals make decisions to spend their available resources like time, money and effort on consumption related items.

The manner in which the buyer will react to the marketer’s strategy is what is known as buyer behavior. For example, if the marketer offers discount during off-season, it must induce the buyers to buy. The success of the marketer, therefore, lies in his ability to draw the attention of the buyer towards his products or services. Buyer behavior is also one of the terms often used synonymously with consumer behavior. However, the term has a slightly different connotation. When applied to consumer behavior, it refers to the acts of individuals directly involved in the acts of purchasing. They may or may not be consumers. This will be clarified presently when the distinction between the buyer and consumer is made. The term “Buyer behavior” or “Consumer behavior” is also often used a more inclusive sense to include the purchasing behavior by institutional buyers and industrial organizations and various levels of resellers.

3.2.1 Buyer, Consumer and Customer

The terms buyer, consumer and customer are interchangeably used. A better analysis of these terms brings out the basic difference between the three concepts. Buyer is the one who actually purchases a product or service. He may or may not use it. For example, a mother may buy a pen for her daughter. Here, the buyer and the user are different. Consumer is the person who actually used a

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product. Thus, it becomes clear that a buyer need not be a consumer and a consumer also need not necessarily be a buyer. A buyer or consumer becomes a customer, if he regularly buys or consumes a product or service. It is important that the retailer should understand the above difference. This will certainly help him to use the right strategy to draw the buyer’s attention towards his product or service\(^{107}\).

3.3 FACTORS INDUCING IN BUYING DECISIONS

The following factors that would be more important in inducing the Buying decisions of the consumers in the retail stores\(^{108}\).

3.3.1 Quality

Most of the consumers are quality conscious. Such people want to buy only branded goods and they may not mind about the price whether it is high or low.

3.3.2 Price

People, who are price conscious, make their purchases from the cheapest source. They may not give any importance for the brand name.

3.3.3 Quantity

Based on the quantity purchased by the buyers, they may be classified into small buyers, medium buyers and large buyers. There are buyers who buy vegetables once a week. Such people buy the vegetables in large quantities from the wholesale market where the price is low.


3.3.4 Seller’s Image

Some buyers are specific about the seller’s image. They buy always from a particular store. On the other hand, there are buyers who may shop from different shops.

3.3.5 Shopping Comforts

The elite class people are always particular about shopping comforts. Such people expect facilities like air conditioned showroom, self-service, acceptance of credit cards and so on. It is only to satisfy such people that the organized supermarket retail stores to be started in big cities and towns.

3.4 DETERMINANTS OF CONSUMER BUYING BEHAVIOUR

Consumers are complex and constantly changing. It is difficult to figure what marketing programmes will work because what worked yesterday might not work today. Thus, marketers must constantly improve their understanding of consumers. A consumer’s buying behavior is influenced by cultural, social and personal factors. These factors are also called the determinants of consumer buying behavior.

3.4.1 Cultural Factors

Cultural factors exert the broadest and deepest influence. The way we think, believe and act are to a great extent, determined by our culture, social and group forces. And our individual buying decisions including the needs we experience, the alternatives we consider and the ways in which we evaluate them

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are affected by the social forces that surround us. Culture, subculture and social class are particularly important influences on consumer buying behaviour.

Culture

Culture is one of the fundamental determinants of a person’s wants and behaviour. Culture refers to a set of learned beliefs, values, attitudes, habits, preferences and forms of behaviors that are shared by a society and are transmitted from generation to generation within that society. Every group or society has culture and cultural influences on buying behavior which may vary greatly from country to country, region to region and place to place. Thus, culture has potent influence on the behaviour of consumers and therefore, marketers who incorporate an understanding of culture into their marketing strategies are likely to satisfy consumers more by providing them with added through intangible benefits.

Sub Culture

Each culture contains smaller sub cultures, or groups of people with shared value system based on common life experiences and situations. Subcultures include nationalities, religions, racial groups and geographic regions. When subcultures grow large and affluent enough, marketers design specialized marketing programs to serve them.

Social Class

Social classes have several characteristics. Almost every society has some form of social class structure. Social classes are society’s permanent and orderly divisions whose members share similar values, interests and behaviors. Such

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social stratification is based on many common characteristics which usually include income, education, occupation and social status or prestige. These characteristics give rise to similar behaviour pattern and activities which can be differentiated from those of other social classes. This is of crucial significance to marketers. For the value of such a classification lies in the ability to discriminate between groupings of people and it is hoped to predict their behavior under given conditions. From the marketing standpoint, both class and caste structures are relevant because both of them influence consumer buying behavior. Class affiliation is visible on product, brand and store choices of consumers.112

3.4.2 Social Factors

In addition to cultural factors, a consumer’s behaviour is influenced by such social factors as reference groups, family and social roles and statuses.

Reference groups

A Person’s Reference group consists of all the groups that have direct (face-to-face) or indirect influence on his/her attitudes or behavior. Groups having a direct influence on a person are called membership groups. Some membership groups are primary groups, such as family, friends, neighbors, and co workers, those with whom the person interacts fairly continuously and informally. People also belong to secondary groups such as religious, professional and trade union groups, which tend to be more formal and require less continuous interaction.

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People are significantly influenced by their reference groups in at least three ways. Reference groups expose an individual to new behaviors and lifestyles and influence attitudes and self-concept. They create pressures for conformity that may affect actual product and brand choices. People are also influenced by groups to which they do not belong. Aspirational groups are those a person hopes to join. Dissociative groups are those whose values or behavior an individual rejects.

It is needless to point out reference groups have been more effective as behavioral determinant than advertising. Like reference groups opinion leaders play a key role in articulating the buying behavior of individuals. An opinion leader is the person in informal, product-related communications who offers advice or information about a specific product or product category, such as which of several brands is best or how a particular product may be used. Opinion leaders informally influence the action of others who may be “opinion seekers” or merely “opinion recipients”.

Family

Family as a primary group exercise has considerable influence on the consumer behavior. The tastes, likes, dislikes, life-styles of persons are rooted in the family buying behavior. As a primary group, the family has influence upon motives, personality and attitudes and acts as a mediating influence upon external influences which impinge upon it from culture, sub-culture, social class and other reference groups. Because of the mediating influence and due to the economic interdependence of its members, family (household) decision making has a profound influence upon purchasing and consumption behavior.
Every member in the family has a specific role to play in the family purchases. Nevertheless it is possible that he/she may be influenced by the preference of the other members of the family or may be that the ultimate buying decision may emerge out of a consensus of opinion among the family members. Thus, different members of the family may be assigned or assume specific buying roles. For the marketers it is important to identify these members and the respective buying roles.\textsuperscript{113}

Roles and Statuses

A person participates in many groups, family, clubs, and organizations. The person’s position in each group can be defined in terms of role and status. A Role consists of the activities a person is expected to perform. Each role carries a Status. A senior vice president of marketing has more status than a sales manager and a sales manager has more status than an office clerk. People choose products that reflect and communicate their role and actual or desired status in society. Company Presidents often drive Mercedes, wear expensive suits and drink expensive wines. Marketers/Retailers must be aware of the status symbol potential of products and brands.

3.4.3 Personal Factors

A buyer’s decisions are also influenced by personal characteristics. These include the buyer’s age and stage in the lifecycle, occupation and economic circumstances, personality and self-concept and lifestyle and values. Because many

of these characteristics have a very direct impact on consumer buying behavior and it is important for marketers to follow them closely.

Age and stage in the life cycle

People buy different goods and services over a life time. Choice of food, clothes, furniture, and recreation is often age related. Consumption is also shaped by the family life cycle and the number, age and gender of people in the household at any point of time. Buying is also shaped by the stage of the family life cycle - the stages through which families might pass as they mature over time.

Occupation and Economic Circumstances

Occupation also influences consumption patterns. A blue-collar worker buy work clothes, work shoes and lunch boxes. A company president will buy dress suits, air travel and country club memberships. Marketers try to identify the occupational groups that have above average interest in their products and services.

Product choice is greatly affected by economic determinants. Spendable income (level, stability and time pattern), savings and assets (including the percentage that is liquid), debts, borrowing power and attitudes toward spending and saving. Luxury-goods makers such as Gucci, Prada and Burberry can be vulnerable to an economic downturn. If economic indicators point to a recession, marketers can take steps to redesign, reposition and reprice their products or introduce or increase the emphasis on discount brands so that they can continue to offer value to target customers.
Personality and self-concept

Each person has a distinct personality that normally influences his/her behavior including the buying behavior. Personality refers to the unique psychological characters that lead to relatively consistent and lasting responses to one’s own environment. Personality is usually described in terms of traits such as self-confidence, dominance, sociability, autonomy, defensiveness, adaptability and aggressiveness. Personality can be useful in analyzing the consumer behavior, since there exists a strong correlation between certain types of personalities and their product/brand choices. Often marketers use a concept related to personality, a person’s self -concept (also called self-image). To put it simply, the self-concept may be thought of as a perception of himself. Studying consumer buying behavior using the theory of self-concept has thus the advantage of consumers providing description of them as opposed to having descriptions made by outside observers.\textsuperscript{114}

Lifestyle and Values

Life style is a person’s pattern of living. People coming from the same sub-culture, social class and occupation may have quite different lifestyle. Understanding consumer lifestyle, therefore, involves measuring consumer’s major dimensions, Activities (work, hobbies, shopping, sports, and social event), Interests (food, fashion, family recreation) and Opinions (about themselves, social issues, business, products). Marketers thus search for relationship between their products/services and lifestyle groups.

Consumer decisions are also influenced by Core Values, the belief systems that underlie consumer attitudes and behaviors. Core values go much deeper than behavior or attitude and determine at a basic level, people’s choices and desires over the long term. Marketers who target consumers on the basis of their values believe that by appealing to people’s inner selves, it is possible to influence their outer selves and their purchase behavior.

3.5 BUYING DECISION MAKING PROCESS

Marketers must understand every facet of behavior in terms of who, what, when, where, how and why. They try to fully understand the consumer’s buying decision process and all their experiences in learning, choosing, using, and even disposing of a product. The consumer passes through five stages of the buying decision process, Problem recognition, and Information search, Evaluation of alternatives, Purchase decision, and Post purchase behavior. Clearly the buying process starts long before the actual purchase and has consequences long afterward.

3.5.1 Problem Recognition

The buying process starts when the buyer recognizes a problem or need. The need can be triggered by internal or external stimuli. With an internal stimulus, one of the person’s normal needs like hunger, thirst, sex, rises to a threshold level and becomes a drive or a need can be aroused by an external stimulus. Marketers need to identify the circumstances that trigger a particular need by gathering information from a number of consumers. They can then develop marketing strategies that trigger consumer interest. Consumer motivation may need to be increased so that a potential purchase is even given serious consideration.
3.5.2 Information search

An aroused consumer will be inclined to search for more information. We can distinguish between two levels of arousal. The milder search state is called heightened attention. At this level a person simply becomes more receptive to information about a product. At the next level, the person may enter an active information search. In this a person is looking for reading material, phoning friends, going online and visiting stores to learn about the product. The information sources fall into four groups. They are:

Personal : Family, friends, neighbors and acquaintances.
Commercial : Advertising, Websites, Sales persons, Dealers, Packaging and Displays.
Public : Mass media, Consumer rating organizations.
Experiential : Handling, Examining, Using the product

The relative amount and influence of these sources vary with the product category and the buyer’s characteristics.

3.5.3 Evaluation of alternatives

Some basic concepts will help us understand consumer evaluation processes. First, the consumer is trying to satisfy a need. Second, the consumer is looking for certain benefits from the product solution. Third, the consumer sees each product as a bundle of attributes with varying abilities for delivering the benefits sought to satisfy this need. The attributes of interest to consumers vary by product.
3.5.4 Beliefs and Attitudes

Evaluations often reflect beliefs and attitudes. Through experience and learning, People acquire beliefs and attitudes. These, in turn, influence buying behavior. A belief is a descriptive thought that a person holds about something. People’s beliefs about the attributes and benefits of a product or brand influence their buying decisions. Just as important as beliefs are attitudes. An attitude is person’s enduring favorable evaluation, emotional feeling, and action tendencies toward some object or idea. People have attitudes toward almost everything: religion, politics, clothes, music, food. Attitudes put people into frame of mind, liking or disliking an object, moving toward or away from it. Attitudes lead people to behave in a fairly consistent way toward similar objects. Because attitudes economize on energy and thought, they can be very difficult to change. A marketer is well advised to fit its product into existing attitudes rather than trying to change attitudes.

3.5.5 Purchase Decisions

In the evaluation stage, the consumer forms preferences among the stores/brands in the choice set. The consumer may also form an intention to buy the most preferred store/ brand. In executing a purchase intention, the consumer may make up to five sub-decisions. Brand/ Store (brand A/ supermarket), Dealer (dealer2), Quantity (one computer), Timing (weekend), and Payment method (credit/debit card). Purchases of everyday products involve fewer decisions and less deliberation. For example, in buying sugar, a consumer gives little thought to vendor or payment method. In some cases, consumers may decide not to formally evaluate each and every brand. In other cases intervening factors may affect the final decision.
3.5.6 Post Purchase Behavior

Satisfaction or Dissatisfaction with the product will influence subsequent behavior. If the consumer is satisfied, then the consumer will exhibit a higher probability of purchasing the product again. The satisfied consumer will also tend to say good things about the brand/store to others. Marketers say, “Our best advertisement is a satisfied customer”. Dissatisfied consumers may abandon or return the product. They may seek information that confirms its high value. They may take public action by complaining to the company, going to a lawyer, or complaining to other groups (such as business, private, or government agencies). Private actions include making a decision to stop buying the product (exit option) or warning friends (voice options). In all these cases, the seller has done a poor job of satisfying the customer.

3.5.7 Post purchase Use and Disposal

Marketers should also monitor how buyers use and dispose of the product. A key driver of sales frequency is product consumption rate. The more quickly buyers consume a product, the sooner they may be back in the market to repurchase it. One potential opportunity to increase frequency of product use is when consumer’s perceptions of their usage differ from the reality.

3.6 CONSUMER BUYING BEHAVIOUR IN ORGANIZED RETAIL STORES

Organized Retailing in India initially began in the South India is rapidly evolving an exciting and competitive market place with potential target consumers in both the rich and middle class segments. During the past two years, there has
been a tremendous amount of interest in the Indian retail trade from global players as well\textsuperscript{115}.

The entire concept of shopping has altered in terms of format and consumer buying behavior, ushering in a revolution in shopping in India. Modern retail has entered India as evident from sprawling shopping centers, multi-storied malls and huge complexes offering shopping, entertainment and food all under one roof. Driven by demographic changes including double digit income levels, rapidly expanding middle class, burgeoning Indian population and global experience (entry of FDI), the Indian retail sector is at an inflexion point where the growth of organized retailing and growth in the consumption by the Indian population is going towards a higher growth trajectory. While shopping attitudes of people changing Organized retail markets today desire for value added products and services with good ambience and brands which only an organized retailer can provide. The dynamic changes taking place in the retail sector are found that there is growing employment potential in this sector.

The organized retail sector can be divided into two segments, namely In-Store Retailers and Non-Store Retailers. In-Store Retailers, who operate fixed point-of-sale locations, located and designed to attract a high volume of walk-in customers, and the Non-Store retailers who reach out to the customers at their homes or offices. Apart from using the internet for communication (commonly called E-Tailing), non-store retailers did business by broadcasting of infomercials, broadcasting and publishing of direct-response advertising, publishing of

traditional and electronic catalogues, door-to-door solicitation and temporary displaying of merchandise (stalls).\(^{116}\)

3.7 RETAILING FORMATS IN INDIA

The Retail Format is the store ‘Package’ that the retailer presents to the shopper. It is defined as a type of retail mix, used by a set of retailers, based on the physical store where the vendor interacts with the customer.\(^{117}\) Among them the following formats are popular in India and the brief descriptions of these formats are given in a crispy manner as follows.\(^{118}\)

3.7.1 Convenience Stores

These are relatively small stores 400-2,000 sq.feet located near residential areas. They stock a limited range of high-turnover convenience products and are usually open for extended periods during the day, seven days a week. Prices are slightly higher due to the convenience premium.

3.7.2 Specialty Stores

A Specialty Store is a store that offers specific and specialized types of items. These store focus on selling a particular brand or a particular type of item. It generally ranges from 2000 to 5000 sq.ft. For example, a store that exclusively sells cell phones or video games would be considered specialized.


3.7.3 Discount Store

Factory outlets provide an opportunity to get discount on MRP (Maximum Retail Price) through selling in bulk reaching economies of scale or excess stock left over at the season. Products category can be perishable / or non perishable goods. Discount circuit is one such example.

3.7.4 Department Store

A Department Store is a Retail establishment which specializes in satisfying a wide range of the consumer’s personal and residential durable goods product needs and at the same time offering the consumer a choice multiple merchandise lines, at variables price points, in all product categories. It usually sells products including apparel, furniture, appliances, electronics, toiletries, cosmetics, toys and sporting goods. It ranges from 20000 to 60000 sqft. Examples are Westicides, Ebony, lifestyle etc.

3.7.5 Malls

Largest format of modern retailing range from 60000 sqft. to 700000 and above sq ft. A shopping mall is one or more buildings forming a complex of shops representing merchandizes with interconnecting walkways enabling consumers to easily walk from unit to another along with parking area. It provides ideal shopping experiences with products, services and entertainment under one common roof. Examples are Reliance mall, Pyramid and Pantaloone etc.

3.7.6 MBO’s

Multi Brand outlets, also known as Category Killers, offer several brands across a single product category. These usually do well in busy market places and Metros.
3.7.7 E-Tailers

Retailers providing online buying and selling of products and services

3.7.8 Hypermarket

It ranges from 50000 to 100000 sqft. It is a Superstore which combines a Supermarket and a Department store. The result is a very large retail facility which carries an enormous range of products under one roof, including full lines of groceries and general merchandise. In theory, hypermarkets allow customers to satisfy all their routine weekly shopping needs in one trip. Examples are Big bazaar, Shoppers Stop and Vishal Megamart.

3.7.9 Supermarket

Large self service outlets, catering to varied shopper needs are termed as Supermarkets. These stores today contribute to 30 percent of all food and grocery retail sales. Supermarkets can further be classified into mini supermarkets typically 1000 sqft to 2000 sqft. And large supermarkets ranging from 3500 sqft to 5000 sqft having a strong focus on food and grocery and personal sales.

3.8 OPPORTUNITIES FOR THE ORGANIZED RETAIL IN INDIA

Organized Retail sector gets various opportunities to grow up in the Indian market. Not only retailing but manufacturers as well as suppliers, and buyers have various opportunities, some of which are mentioned as follows.\textsuperscript{119}

1. India’s booming economy is a major source of opportunity. It is the third largest in the world in terms of purchasing power. India is the second fastest growing major economy in the world.

2. India's huge population has a per capita income of Rs 44,345.

3. The proportionate increase in spending with earnings is another source of opportunity.

4. With the Indian economy now expected to grow at over 8% and with average salary hikes of about 15%, manufacturers and retailers of consumer goods and services can expect a major boost in consumption.

5. The Demography Dynamics are also favourable as approximately 60 percent of Indian population is below the age of 30.

6. Increasing instances of Double Incomes in most families coupled with the rise in spending power.

7. Increasing use of plastic money for categories relating to Apparel, Consumer Durable Goods, Food and Grocery etc.

8. Increased urbanization has led to higher customer density areas thus enabling retailers to use lesser number of stores to target the same number of customers. Aggregation of demand that occurs due to urbanization helps a retailer in reaping the economies of scale.

9. With increased automobile penetration and an overall improvement in the transportation infrastructure, covering distances has become easier than before. Now a customer can travel miles to reach a particular shop, if he or she sees value in shopping from a particular location.
3.9 CHALLENGES FACED BY ORGANIZED RETAIL SECTOR IN INDIA

The Retail industry in India has a long way to go, a vast untapped potential, and become a truly flourishing industry. It should also be recognized that it is not that easy to operate in Retail market because of several problems. Retailers need to address the challenges to become successful on long term.\textsuperscript{120}

1. The organized retail sector in India is still at a developmental stage, characterized by a very small number of players trying to create a new paradigm. To become a flourishing industry, the Indian retail sector has to attract leading Indian and foreign players to make substantial investments.

2. Technology is one of the major challenges faced by organized retailers for efficient management.

3. Shortage of skilled workforce in retail sector.

4. Retail shrinkage is also one of the major challenges. Retail shrinkage is the difference in the value of stock as per the books and the actual stock available in the shop. The causes of retail shrinkage are mainly employee theft, shoplifting, administrative errors and vendor fraud. Effective online monitoring system need to be implemented.

5. Understanding customers in terms of customer behavior and loyalty is a difficult job. Retailers need to implement effective customer relation management and loyalty program.

6. Distribution is an integral part of any retail organization. Delivering the right goods to the right place at the right time is the main task of distribution. Retail majors are under serious pressure to improve their supply chain systems and distribution channels and reach the levels of quality and service desired by customers. The lack of proper infrastructure and distribution channels in the country results in inefficient processes.

7. Organized retail out let’s use very large volumes of electricity for a variety of applications from lighting, air conditioning, escalators, cold storing, billing systems, lifts etc. As a result of insufficient and inefficient power supply, a huge amount of private investment goes into ensuring power backups. This makes it very difficult for organized retail to grow.

8. The retailers in India are paying very high cost for real estate. This increases the maintenance cost and reduce profit margins.

9. Competition from unorganized sector is another challenge faced by the organized retail industry in India.

10. As more and more organized retail outlets are dotting the Indian topography, competition is no more restricted between organized and unorganized retailing. It is now quite evident between organized retailers as well. Efficient and effective Loyalty programs, home delivery of goods, customer retention strategies, offers, discounts etc are the order of the day.

3.10 KEY PLAYERS OF INDIAN RETAILER

Organized retail sector is witnessing a wave of players entering the industry. These players are experimenting with various retail formats. A number of large corporate houses like Adiya, Bharti, Reliance, Pantaloon, Vishal, Tata, RPG,
Raheja’s and Piramals’s have already made their foray into this arena, with beauty and health stores, supermarkets, self service music stores, computers and peripheral stores, office equipment stores, new age book stores and home/building construction stores. Today organized players have attacked every retail category. Some of the key players in the Indian retail market, with a dominant share are\textsuperscript{121}.

\subsection*{3.10.1 PANTALOON RETAIL INDIA LTD}

This group is incorporated by Mr. Kishore Biyani and it is recognized as multi brand retail. PRIL is the first retail store in hypermarket format. Over 12 mn. sq.ft. of retail space spread over 1,000 stores, across 71 cities in India. The company’s leading formats include Pantaloon – a chain of fashion outlets, Big bazaar – an uniquely Indian Hypermarket chain, Food bazaar – a Supermarket chain, blends the look, touch and feel of Indian bazaars with aspect of modern retail like choice, convenience and quality. Some of the other formats include Depot, Shoe factory, All, top 10, M bazaar, Star and Sitara.

\subsection*{3.10.2 VISHAL MEGAMART}

Vishal Megamart is established in 1986 in Kolkatta. This group is conglomerate today having 180 showrooms across the country. It is one of the fastest retail groups in India and cater to almost all price range.

\subsection*{3.10.3 RELIANCE FRESH}

Reliance fresh is the venture of Reliance Industry Limited in foods and vegetables. It is the first modern retail enterprise in food sector which has potential

of approximately $500 billion market. It is one of the best examples of agribusiness industries which boost economic integration in rural areas and villages. The size of this store varies from 1500 sqft to 3000 sqft.

3.10.4 NILGIRIS

This is the Organized Supermarket way of shopping, which was introduced by fairly small South Indian family. It has been operating very successfully in Bangaluru, Chennai, Coimbatore, Erode, Salem and some other South Indian towns and cities since more than four decades. In fact the advent of Nilgiris has been a tremendous boon for consumers in these terms who have been able to do there one stop grocery shopping here. The customer traffic at these stores in turn has fascinated many entrepreneurs in South India so much that a large number of retail stores have come into existence.

3.10.5 FOOD WORLD

Food World brought the concept of “every day low price”. With 80 outlets in the cities of Chennai, Bangaluru, Hyderabad, Pune, Pondicherry, Coimbatore, Salem, etc.

3.10.6 TRENT

It is a flagship company of Tata Group established in 1998 and it is the first company in India to position itself as an in – house single brand store in garments and household accessories. The company having four retail dimensions is Life style (WESTICIDES), Hypermarket Chain (STAR BAZAAR), Books and Music Chain (LAND MARK) and a complete family Fashion store (FASHION YATRA).
3.10.7 Gaint

Gaint is the first Hypermarket opened in Mumbai. In spite of the well-known space constraint in the city, Gaint is living up to its name and opening a single level store of 50,000 sqft of air-conditioned comfort at In Orbit Mall, Malad. It is of $1.6 bn RPG Group’s retail sector. The discounts would range from 4% to 40% on the MRP price, comfort, convenience, quality, correct quantity and service are just few advantages of what you can experience at Gaint122.

3.11 THE FUTURE

In India Organized retailing is a new phenomenon, despite the downturns, the market is growing exponentially, as economic growth brings more of India’s people into the consuming classes and it lures more and more existing shoppers into its open doors. By 2015, more than 300 million shoppers are likely to patronize organized retail chains. The growing middle class is an important factor contributing to the growth of retail in India. By 2030, it is estimated that 91 million households will be ‘middle class’, up from 21 million today. Also by 2030, 570 million people are expected to live in cities, nearly twice the population of the United States today.

Consumer markets in emerging market economies like India are growing rapidly owing to robust economic growth. India's modern consumption level is set to double within five years to US$ 1.5 trillion from the present level of US$ 750 billion. Thus, with tremendous potential and huge population, India is set for high growth in consumer expenditure. With India's large ‘young’ population and high domestic consumption, the macro trends for the sector look favorable.

Online retail business is another format which has high potential for growth in the near future. The online retail segment in India is growing at an annual rate of 35 per cent, which would take its value from Rs 2,000 crore (US$ 429.5 million) in 2011 to Rs 7,000 crore (US$ 1.5 billion) by 2015. For instance, the Tata Group firm Infinity Retail, that operates its consumer durables and electronics chain of stores under the 'Croma' brand, is in the process of tapping net savvy consumers. Similarly, the Future Group, that operates a dedicated portal ‘Futurebazaar.com’ for online sales, has revealed that it is targeting at least 10 per cent of the company's total retail sales through the digital medium.

3.12 SUPERMARKETS IN THE STUDY AREA

The need for organized retail stores like Supermarkets are the need of the hour based on consumer buying behavior and their expectations. These stores are large self service outlets provide all under one roof. The study area selected by the researcher includes all the nine taluks of Salem District. Some of the popular Supermarkets in the study area are Bharti stores, Ponni Supermarket, Reliance Fresh, Food World, Nilgiris, ShriKanna Supermarket, Sri saravana stores, Rukmani supermarkets etc. All these stores enrich good quality and standardized products to the customers along with other facilities. The consumers of Salem diverse in terms of religion, social, cultural and lingustic factors. The supermarkets in the study area are to be developed in various fields/areas. The important among them are space; basic amentyes to the consumers, parking facilities etc. The major reasons why consumers are drawn to supermarkets are affordable pricing strategy, vast product portfolio and extensive merchandise mix under one roof. The

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123 www.ficci.com/sector profile/retrieved on 20/11/12
consumer can satisfy all shopping needs at one place which will provide them convenience and better shopping experience. They also provide door delivery services which also attracts customers. These stores are widely recognized by the consumers in this area due to all under one roof with less time for their purchases.

3.13 CONCLUSION

In understanding of the conceptual frame work of consumer buying behavior in organized retail stores, considerable weightage have been duly given to all the factors of consumer buying behavior such as determinants of consumer buying behavior, process of buying decisions, consumer buying behavior towards retail stores, formats of organized retail stores, challenges faced by organized retailer, opportunities, major players of organized retail stores and supermarkets in the study area. These deliberations will definitely provide valuable inputs to the retailers to understand the breadth and length of consumer buying behavior in organized retail stores.