

The indian retail landscape is changing drastically marketing essay

[Business](#), [Marketing](#)



5. 1: SUMMARY The Indian retail landscape is changing drastically with the advent of modern retail formats (convenience stores, super markets and hyper markets) while the traditional formats (kiriyana stores) continue to upgrade and grow in order to keep pace with the competition. The retail story is changing, where the new age retailers are trying to understand the needs of the people so as to serve them well in comparison to the traditional retailer (laggards), who would rather gather the products, stack them on the shelves with price tags and wait for the customers. The modern retailers on the other hand are exploring new ways to lure the customer by way of providing enhanced shopping experience so that consumers perceive joy in consumption. Organized food & grocery retailing is a recent phenomenon in India, and there is so much to be explored beyond the novelty and glamour factor that is underlining preference for modern formats. However, little is known about the linkage between the consumers' demo-psychographics and the desired set of store attributes that affect their choice of retail formats. The consumers tend to shop at different formats, depending partly on their demographic characteristics, store attributes and their lifestyle attributes. It is important to understand these factors that affect the consumers' choice behavior towards retail formats. Thus, the next level of growth trajectory in the Indian retail sector will be powered by customers ' Choice' rather than ' Need'. The present study contributes to an unblemished understanding about the consumers' retail format choice behavior in food and grocery market in Punjab, India. The objective of the study is to understand the impact of consumers' demographics, store attributes and consumers' psychographic variables on the retail format choice. The thesis is divided into

five chapters. The overview of the Indian retail industry is summarized in chapter 1. This chapter throws light on the current potential and future prospects of the retail sector. It also covers the factors responsible for the emergence of this sector. Chapter 2 represents the review of different empirical and descriptive research studies carried out in the area of retailing to figure out the gaps in research. The chapter is divided into three categories; demographics, store attributes and psychographics to understand its impact on consumers' retail format choice. Further, chapter 3 highlights the research methodology used for analyzing the data set. A total of 825 respondents were surveyed across six cities of Punjab. The complete description of sample taken, research procedure followed, the measurement tools adopted in the study are discussed at large in this chapter. The assumptions that the demographic transition, rise in the consumers' expectations in terms of shopping experience leading to a desired set of store attributes and the changing shopping style amongst the new age consumers are impacting the retail format choice are statistically tested in chapter 4 and the findings are being summed up in the following section of the present chapter 5.

5. 2: FINDINGS OF THE STUDY

A total of 825 respondents (food & grocery consumers) are surveyed for their ultimate choice of retail formats in food & grocery category. The shoppers were observed to be visiting different retail formats for their food & grocery requirements and were indicated to rate the frequency of their visits at different retail formats. The observations reflect the highest preference for kiriyana store amongst the consumers followed by super market and convenience store. Hyper market as a retail format is least preferred

amongst the consumers. It is further observed that 50 per cent of the respondents have never or rarely been to the hyper markets for the shopping of food & grocery items. One of the many reasons for this low preference for hyper markets amongst the shoppers may be the limited presence of the hyper market format in the Punjab market as this format is in its infancy stage and still to catch the attraction of consumers at large. 5.

2a: Consumers' Demographic and Retail Format Choice
The literature on marketing has many studies, which augments consumers' demographics as a driver of the store format choice behavior. The demographic variables (gender, age, education, income, household size etc.) have greater influences on consumer behavior and helps in determining the demand & preference for the products. The connection between the demographics and choice of retail formats has been revealed in many previous researches. In the present study, 825 food & grocery retail customers interviewed are adult male and females. The seven different consumer demographic variables such as gender, age, marital status, occupation, educational qualification, family unit size and household income are statistically tested to interpret its effect on consumers' retail format choice. The four retail formats considered are kiriyana store, convenience store, super market and hyper market. 1.

FEMALES PREFER SUPER MARKETS FOR SHOPPING
The effect of gender on format choice has been examined across the five levels of preference on the Likert scale. The findings of the study indicate significant differences between males and females towards their choice of super market. t - Test is used to examine the differences between male and female respondents for their retail format choice. The result shows higher preference by females

towards the super markets as compared to males. This could be primarily because of the increasing number of women joining the workforce, who find the shortage of time for household chores and always struggle to strike a balance between their professional, personal and family lives. Super markets provide one stop shopping and save a lot time for the time constrained working women. Better education and financial freedom amongst women are also giving way to a higher confidence level, which has led to females having a bigger independent role to play in the household purchase decisions, rather than being merely an opinion maker. Moreover, the modern housewives prefer super markets for the higher level of convenience and retail experience offered by it. Hence, there is an overall preference for supermarket across various sections of women in the study.

2. PREFERENCE OF RETAIL FORMAT VARIES WITH AGE

The findings of the analysis show a significant difference in the format choice of consumers from different age groups. One - way analysis of variance (ANOVA) is used to examine the effect of consumers' age on retail format choice. The results predict significant differences in the format choice of consumers from different age groups towards convenience store, super market and hyper market.

Youngsters are for Convenience Stores: Convenience store is the most preferred format amongst the consumers of age group 20-30 years. One of the major reasons for this preference is that the consumer in this age group are in the early stage of their life cycle, when an individual is single with limited needs & income and have fewer choices. Therefore, at this point of time convenience store meets the entire requirement of such consumers. It is interesting to note that the consumers' preference for choice/variety in

food & grocery items increases, when individual dwells as a separate independent family unit as compared to when he/she is single. Further, the sequence of preference with consumers from different age groups towards convenience stores falls as: consumers at 30-40 years of age at second position, 60 years & above at third, 50-60 years at fourth level and consumers at 40-50 years of age have least preference for convenience stores. Super Markets attract Matured Group: The consumers in the age group 50-60 years prefer to shop at super markets the most. The people in their fifties start showing symptoms of aging and waning health and begin to look forward to healthier products for better ways of living. These changes in their life style demands, freedom of pick and choose at the stores so as to make them allow read the product label to check its ingredients and nutritional values. Health benefits being at the forefront of these customers, super markets facilitate and offer them with a wide variety of Indian and imported health products. Moreover, convenience, variety and the proximity of the store to the residence are the other major factors influencing their choice. As per the results, the preference of super markets amongst the shopper of different age groups is ranked as 30-40 years of age at second position, 40-50 years, 20-30 years and 60 years & above at third, fourth and fifth positions respectively. Hyper Markets lures Young and Middle Aged: Hyper markets are the preferred choice of consumers in the age group 30-40 years because of high priority being given to fun & leisure time in this stage of an individual's life cycle. A hyper store proves to be a unique amusement and shopping destination for consumers in this age group. Moreover, a wider variety of brands and products make them choose this format. Moreover, the

ranking of preference for convenience store amongst the consumers from different age groups is as: 20-30 years of age ranked second, 40-50 years, 50-60 years and 60 years & above ranked respectively at third, fourth and fifth position of preference.

3. MARRIED PREFER SUPER MARKETS, SINGLES GO FOR CONVENIENCE STORE

The finding suggests that unmarried consumers of food & grocery items frequent convenience stores while married patron super markets for the food & grocery purchases. t-Test is used to examine the differences between married and unmarried consumers for their retail format choice. The very fact that single/unmarried individuals have limited demand and do not seek wider choice while purchasing food & grocery items; therefore, convenience stores remain the most sought after format by such customers. The married counterpart prefers super market for the purchases because of high level of convenience and assortment being offered by the stores.

4. BUSINESS CLASS THE POTENTIAL TARGETS FOR HYPER MARKET

Examination of consumers' occupation for its effect on format choice indicated relatively higher preference for the hyper markets amongst the business class. No doubt the frequency of visits by consumers of different occupations to hyper markets remains low as compared to other formats because of low concentration of hyper markets in Punjab retail landscape. The hyper market preference amongst the businessmen appears to agree with the general logic that households with higher income prefer to shop at hyper markets. Moreover, individuals having a business as occupation are over occupied because of their prolonged working hours and are likely to have less time to shop. These customers, therefore, prefer hyper markets as it provides them with the convenience of the one-stop store and

save their time. 5. PATRONAGE FOR MODERN RETAIL FORMATS INCREASES WITH EDUCATIONAL QUALIFICATION Educational qualification of consumers is the only demographic variable which is found significant simultaneously for all the four different retail formats (kiriyana store, convenience store, super market and hyper market). According to the findings, the patronage of kiriyana and convenience store decreases with the increase in the education level of the consumers. The preference of kiriyana and convenience store is found to be high amongst the SSC/Diploma holders. Whereas, the results for super market appear to be consistent with the market phenomenon that as the consumers' educational qualification increases (general awareness), the likelihood of shopping in the modern format i. e. super markets also increases. The post-graduates are found to be high on preference for super markets. It is observed that the consumers' preference for hyper market increases with an increase in their educational qualification, but the post-graduates seems to be an exception to this trend. One of the reasons for such trend observed during the study might be because of the monopoly enjoyed by Big Bazaar in the hyper market segment in Punjab, resulting to restrictive hyper market exposure amongst shoppers. Big Bazaar that largely caters to the masses and lacks the shopping experience extravaganza might be the reasons for lesser preference of hyper markets amongst post-graduates, who otherwise seek lifestyle shopping experience. 6. SUPER MARKETS FREQUENTLY VISITED BY SMALL FAMILIES AND BIGGER FAMILIES PREFER KIRYANA STORES The findings are confirmatory to the fact that with the fall in the household size there has been an increase in the average Monthly Per Capita Expenditure (MPCE) and so does the preference for

modern retail formats. The results suggest that the effect of family unit size on retail format choice is found significant for kiriyana store and super market. The patronage of kiriyana store increases with the increase in the family unit size of the consumers. While the preference of super markets decreases with the increase in the family unit size, the families with a single member were proved to be an exception to this trend. The highest preference for super markets has been observed by the families having household size of 2 members, while the families with 5 & above members prefer going to kiriyana store for their grocery requirements.

7. MODERN FORMATS ARE THE CHOICE OF HOUSEHOLDS WITH HIGHER INCOME

It is inferred from the results that the effect of monthly household income on retail format choice are found significant for kiriyana store, super and hyper market. The kiriyana store preference amongst the consumers decreases with an increase in monthly household income of the consumer. Whereas, a reverse trend for super markets and hyper markets are observed i. e. with the increase, in MHI of the respondents the preference for super market and hyper market also increases. It is found that households with higher income assign higher importance to time and prefer modern formats over the traditional format. The super markets offer customers with a high level of convenience through one - stop shopping experience and help them save time. A close look at the findings of the study indicates consumers' education, monthly household income and age as the major demographic variables influencing the format choice.

5. 2b: Store Attributes and Retail Format Choice

Store attributes are viewed as the overall image of the store that encompasses the consumers' choice behavior. It defines the various

determinants of store choice that a consumer perceives to be present in a store. In the present study, we have explored the 29 store attributes and applied factor analysis to reduce these 29 variables into 8 critical factors of consumers' retail format choice. Friendly & Knowledgeable Personnel (FKP), Physical Evidence (PE), Sales Promotion (SP), Convenient Processes (CP), Product Quality & Assortment (PQA), Price Competitiveness (PC), Private Label, Origin & Packaging (PLOP) of Products and Location & Timing (LT) are the store attributes found important amongst the consumers that decide their preference of choice for retail formats. Multiple regression is used to analyze the effect of these eight store attributes on retail format choice (Fig. 5. 1) and the further results are discussed as follows: 1. KIRYANA STORE SHOPPERS PREFER TO BE ASSISTED

The Indian kiriyana store shoppers prefer that they should be served i. e. ' DIFM - Do it for ME' as compared to the modern retail shoppers, who enjoy the ' DIY - Do it YOURSELF' concept. The results suggest ' friendly & knowledgeable personnel' to be the most important store attribute affecting the retail format choice that is found significant across all retail formats. The shoppers at kiriyana store appreciate the assistance from the knowledgeable sales persons. As the freedom to pick and choose does not exist at these stores, the store staff helps the customers to guide them through their purchases. Moreover, local grocers' familiarity with the needs of the shoppers in that neighborhood also helps them build a strong relationship with the customers. It is further observed that a negative relationship is established between ' friendly & knowledgeable personnel' attribute and retail formats; convenience store, super and hyper markets. The super and hyper market shoppers are well

aware and self – guided customers who otherwise require little or no assistance from the staff of the store. Likewise, the convenience store consumers who have ad hoc or urgent requirement of the daily needs do not calls for much input from salesmen at the point of sale.

2. MODERN TRADE SHOPPERS ARE AMBIENCE CHASER

Store attribute ‘ Physical evidence’ is found significant for kiriyana store, convenience store and hyper market. The inverse relationship between physical evidence and format choice as kiriyana & convenience store shows consumers’ willingness to sacrifice store ambience for competitive pricing of the products. Whereas, the hyper market shoppers, who derive joy in consumption give higher importance to store’s layout and ambience.

3. HYPER MARKET SHOPPERS LIKE TO BE PAMPERED: GREAT DISCOUNTS, GREAT PRICING, BUY ONE GET ONE FREE.....It is interesting to observe that hyper market is the only format found to have significant result for the impact of sales promotion on retail format choice. The shoppers prefer hyper markets the most because of the membership cards/vouchers; in-store demonstrations etc. being offered by these stores.

4. CONVENIENCE IS THE BUZZ FOR SUPERMARKET MARKET SHOPPERS

Fast check-outs, conveniently located parking areas, option to pay through debit & credit cards are the convenient processes that lead to the patronage of super markets by the consumers. Unavailability of electronic transaction facility; longer check – out time; highly paid or insufficient parking lots may keep the shoppers away from kiriyana and hyper markets. However, the shoppers may ignore the convenient processes for other significant variables that determine their choice for such formats.

5. QUALITY & ASSORTMENT ARE SECONDARY FOR TRADITIONAL FORMAT SHOPPERS

Product quality and

assortment is another store variable found to be significant for all the retail formats. The findings for super & hyper markets depict consumers to be highly quality conscious and the one who values variety in products.

Whereas, the inverse relationship between product quality & assortment and retail formats choice as kiriyana & convenience store suggests that the patrons are willing to give up product quality and an assortment for low price commodities. 6. TRADITIONAL FORMAT SHOPPERS LOOK FOR PRICE

COMPETITIVENESS Further, findings suggest that the kiriyana and convenience stores are the preferred formats of consumers looking for competitively priced product. The perception that the kiriyana and convenience stores are cheaper is based on the fact that local grocers have low overhead cost coupled with the availability of local or private labels at the stores. 7. SHOPPERS ACROSS FORMATS VALUE OFFERINGS THAT KEEPS

INFLATION ASIDE Private label, Origin & Packaging of products are another desired set of store attributes found simultaneously significant across all retail formats. The rise and fall of private labels in any country is linked with the economic cycles it undergoes. In times of inflation and economic downturn, private labels and products with different packaging sizes are perceived as a tool for managing ones budget. Thus, private labels and packaging are the emerging store attributes that are influencing the consumers' retail format choice. Moreover, the societal shift from joint families to nuclear families has made us see the differentiation in consumption behavior and preferences of the consumers. This becomes conspicuous, with dining tables in the Indian households being reduced from six to four seaters and so does the consumers' preference for smaller pack

sizes meant for single use or one time consumption. Origin of the product is yet new variable considered important by the consumer in the process of format choice. The consumers are keen to know from where their food items are sourced and link its origin with quality. For the purchase of local herbs and spices, kiriyana and convenience stores are still the most preferred formats whereas, super and hyper markets are the first choice amongst the burgeoning Indian middle-class, who aspires for and demand imported products such as Swiss chocolates; Italian Nando's sauces & olives etc. 8.

KIRYANA AND HYPER MARKET SHOPPERS IMPERVIOUS TO STORE LOCATIONS

AND HOURS OF OPERATIONS It is observed from the results that the consumers visiting kiriyana stores and hyper markets have lesser priorities for store location and hours of operations. Thus, the distance of the stores from ones residence and hours of operation of the store does not lessen their preference for such formats. 5. 2c: Consumers' Psychographics and Retail

Format Choice This study examines the importance of lifestyle attributes and its impact on the consumers' choice behavior. The List of Values (LOV) and Consumer Style Inventory (CSI) measures are used empirically to examine the significant association between the consumers' lifestyle and retail format choice. Factor analysis is applied to 9 values of LOV scale and 21 statements of CSI measure that reduces it to 2 LOV and 7 CSI factors i. e. status seeker (SS), kin & fun seeker (KFS), confused by over-choice (COC), high quality conscious (HQC), recreational (Rec.), brand conscious (BC), price conscious (PC), impulsive/careless (IC) and time conscious (TC). The factors drawn post factor analysis were than subjected to multiple - regression and indicated significant predictors of patronage for different retail format (Refer Fig. 5.

2). 1. SUPER MARKET SHOPPERS ARE STATUS SEEKERThe result suggests the patrons of super markets to be status seeker. They are individuals with a high opinion for self, which explains the commodities they possess. These customers are high on values such as self - respect, being well respected, security and a sense of accomplishment. They lead a distinctive lifestyle and wish to be recognized as an exclusive group and aspire to be different. The high level of convenience and exclusive ambience at super markets attracts the status conscious consumers. 2. HYPER MARKET SHOPPERS VALUE RELATIONSHIPS AND TOGETHERNESSThe findings suggest that customers who are kin and fun seekers prefer patronizing hyper markets. These customers derive fun and enjoyment from being together. Hyper markets are perceived as the destination for recreational activities that binds them together with friends and family members, who otherwise find less or no time with family and friends because of their prolonged working hours. These individuals love to go to places where people congregate for enjoyment. 3. KIRYANA AND CONVENIENCE STORE SHOPPERS LACK PERCOLATION OF EXCESS INFORMATIONThe personalities who are confused by over-choice tend to shop from kiryana and convenience stores. The consumers' shopping style: confused by over choice refers to individuals who are experiencing overload of information and are confused by a wide variety of brands and products. These consumers are self-confined and are unable to filter the excessive information so as to take vital purchase decisions. Therefore, they restrict themselves from shopping at super markets and hyper markets, where a large number of products and brands are at display. 4. CONVENIENCE STORE SHOPPERS BARGAIN QUALITY FOR PRICEThe

consumers having shopping orientation as high quality consciousness are referred to be ones who searches for the best quality in the product before buying. This shopping style is found to be significant for convenience store, but the inverse relationship between shopping style and format choice implies that the individuals preferring to shop at convenience stores are found to have low quality consciousness.

5. SUPER MARKET & HYPER MARKET SHOPPERS ARE HEDONISTThe results reveal that individuals, who are high on pleasure and self-gratification, tend to prefer shopping at super and hyper markets. They conceive shopping to be a recreational activity full of fun and enjoyment. For them, shopping is never a dull moment.

6. SUPER & HYPER MARKET SHOPPERS HIGH ON BRAND CONSCIOUSNESSThe results establish a significant relationship between brand consciousness as shopping orientation and retail formats; kiriyana stores, super and hyper markets.

Brand consciousness refers to shoppers' inclination for more established national and international brands. The customers having high brand consciousness perceive branded products to be of extraordinary quality. The inverse relationship between brand consciousness as shopping orientation and kiriyana store as format choice establishes the fact that the patrons of kiriyana store prefer less of branded products. Whereas, super and hyper markets are the preferred retail formats of the brand conscious customers.

7. KIRYANA AND CONVENIENCE STORE SHOPPERS ARE MINDFUL FOR PRICINGThe finding suggests that individuals who are price conscious prefer to shop at kiriyana and convenience store for food and grocery items. They are mindful for the lower priced products and tend to buy more at discounted prices.

8. SUPER MARKET & KIRYANA STORE SHOPPERS TEND TO BUY

IMPULSIVELY It is interesting to note that customers who are careless & impulsive by nature tend to frequent kiriyana stores and super markets. The shoppers visiting kiriyana tend to impulse buy low priced product as it make the shopper feel that they are spending less than they originally planned. Whereas, the shoppers at the supermarkets are lured by the large number of products/brands at the display and tend to carelessly or impulsively buy those products.

9. KIRYANA AND CONVENIENCE STORE SHOPPERS PERCEIVE SHOPPING TO BE ONEROUS

At last, it is evident from the results that consumers who consider shopping as an onerous activity and tends to make fast shopping trips prefer kiriyana and convenience stores. They are time-strapped customers who shop because of the necessity. Whereas, the shoppers for whom shopping is an appealing and a recreational activity patronage hyper markets. They value the time spent at the store as a source of enjoyment and entertainment.