

A comparative study of consumers preference for big retailers against small depart...

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ASSIGNMENT OF : RESEARCH OBJECTIVE : “ A COMPARATIVE STUDY OF CONSUMERS PREFERENCE TOWARDS BIG RETAILERS AGAINST SMALL DEPARTMENTAL STORES . ” SUBMITTED TO: SUBMITTED BY TUTOR BUSINESS RESEARCH METHODS REGD NO. 11209876 SCHOOL OF BUSINESS AND ARTS LOVELY PROFESSIONAL UNIVERSITY INTRODUCTION “ Unorganized retailing” is defined as an outlet run locally by the owner or caretaker of a shop that lacks technical and accounting standardization. The supply chain and sourcing are also done locally to meet local needs.

Its organized counterpart may not obtain its supplies from local sources. Indian retail is dominated by a large number of small retailers consisting of the local kiriyana shops, owner-manned general stores, chemists, footwear shops, apparel shops, paan and beedi shops, hand-cart hawkers, pavement vendors, etc. which together make up the so-called “ unorganized retail” or “ traditional retail”. “ Organized retail” is nothing but a retail place where all the items are segregated and brought under one roof, unlike the unorganized retail where there are different things are sold in different shops.

It also aims to bring maximum of different brands making the same type of product together. In India there has been a huge growth in organized retail since 2002-03 and this is associated with the growth in the economy and the attendant rise in consumption spending. The last 3-4 years have witnessed the entry of a number of organized retailers opening stores in various modern formats in metros and other important cities. Organized retailing has begun to tap the enormous market but its share indeed is small. A number of

large business houses have entered the retail business with very ambitious expansion plans.

Big foreign retailers are also keen to invest in India but their entry depends on changes in the government's FDI policy regarding retailing. Organized retailing played a significant role in the present-day developed countries during their period of high growth. Since the early 1990s, it is also contributing substantially to the growth of developing countries. In India, organized retail is poised to make a mark in the near future. Modern retail sector is at the crossroads where the growth of organized retailing and growth in the consumption by the Indian population is going to take a higher growth trajectory.

It is undergoing a major transformation as entry of global players and watchful expansion by major Indian retailers has opened new vistas of joint ventures, tie-ups and franchise offering new formats, services, private labels, locations and recently to diverge from metros to smaller towns, Arvind Singhal Chairman Techno pak Advisors has rightly said that, " A lot of international retailers and brands are most likely to look at India, as global markets have stabilized and the Indian economy has proved to be better than most other countries".

With the changing retail scenario the consumers are bound to look beyond traditional retail stores towards organized outlets may be with some reservations. This necessitates study of the factors which influence the consumers to move towards the organized retailing from unorganized one besides most prioritized attributes which attract the consumers towards

either of them. Retailing in India is one of the pillars of its economy and accounts for 14 to 15% of its GDP.

The Indian retail market is estimated to be US\$ 450 billion and one of the top five retail markets in the world by economic value. India is one of the fastest growing retail markets in the world, with 1.2 billion people. India's retailing industry is essentially owner manned small shops. In 2010, larger format convenience stores and supermarkets accounted for about 4% of the industry, and these were present only in large urban centers. India's retail and logistics industry employs about 40 million Indians (3.3% of Indian population).

Until 2011, Indian central government denied foreign direct investment (FDI) in multibrand retail, forbidding foreign groups from any ownership in supermarkets, convenience stores or any retail outlets. Even single-brand retail was limited to 51% ownership and a bureaucratic process. In November 2011, India's central government announced retail reforms for both multi-brand stores and single-brand stores. These market reforms paved the way for retail innovation and competition with multi-brand retailers such as Walmart, Carrefour and Tesco, as well single brand majors such as IKEA, Nike, and Apple.

The announcement sparked intense activism, both in opposition and in support of the reforms. In December 2011, under pressure from the opposition, Indian government placed the retail reforms on hold till it reaches a consensus. In January 2012, India approved reforms for single-brand stores welcoming anyone in the world to innovate in Indian retail market with 100%

ownership, but imposed the requirement that the single brand retailer source 30% of its goods from India.

Indian government continues to hold on to retail reforms for multi-brand stores. IKEA announced in January that it is putting on hold its plan to open stores in India because of the 30% requirement. Fitch believes that the 30% requirement is likely to significantly delay if not prevent most single brand majors from Europe, USA and Japan from opening stores and creating associated jobs in India.

LITERATURE REVIEW

Many studies have been undertaken to understand and analyze the changing consumer preference for organized retail outlet: Baker and Haytko (2000) in their qualitative study of teen girls and their mall shopping experiences, find that the teens are looking for stores that carry specific merchandise, especially the latest fashions. “Coolness” of the mall is tied to the types of clothes and the merchandise the stores carried. * (Pachauri Moneesha, 2001), attempt to develop a framework for studying consumer behavior by considering the evolution of the field of consumer research and the different theories of consumer buying behavior that have influenced the consumer preference.

India is on the threshold of a revolution in its retail industry, and if managed cleverly, it would pay handsome returns beyond retailers' expectations * (Mangleburg et al. , 2004).) teens like to “hang-out” at malls and meet their friends. Indeed, the social aspects of the mall, such as visiting and shopping with friends, are major activities for teens. * Pan and Zinkhan (2006) found only gender as a key predictor of frequency of store visit—women visit the store more often than men.

Other studies also found gender to be a major predictor of shopping behavior, with women playing a more significant role in retail shopping, especially in traditional societies. * (Mishra S. Mridula, 2007). The changing consumption patterns trigger changes in retail styles of consumers, for consumers, the shopping mall or variant of organized retail format is the preferred type of retail store, due to convenience and variety. * Singh (2007) had concluded that production oriented market has been shifting towards consumer oriented market. Traditional consumption pattern has also been facing large-scale changes.

The study pointed out that the degree of brand awareness of various food products among urban respondents is more in comparison to the rural consumers. * Arshad et al. ,(2007) have found that dynamics of the demographics, double income, urbanization and internet revolution tilt the consumer's preference towards organized retail outlets. * Mathew and Gupta (2008) while studying the impact of organized retailing on traditional retailing observed that with the increase in number of various formats for shopping like malls, departmental stores, hypermarkets etc. the Indian consumer's preferences are changing towards these. * (Paromita Goswami & Mishra S. Mridula, 2009). Customer patronage to grocery stores was found to be positively related to location, helpful, trustworthy salespeople, home retail, cleanliness, offers, quality and negatively related to travel convenience. Kiranas do well on location but poorly on cleanliness, offers, quality, and helpful trustworthy salespeople. The converse is true for organized retailers. Tender and Crispen, (2009) studied the influence of in-store shopping environment on impulsive buying among consumers and the

results show that among poor consumers, economics factors such as cheaper prices, coupons and helpful shop assistants were more likely to influence impulsive buying. On the other hand, factors with an atmospheric effect such as music, fresh scent and ventilation may have only been important in helping to keep consumers longer in shops although they were unlikely to directly influence impulsive buying. Ghosh and Tripathi (2010), attempted to analyze purchase pattern of customers towards organized retail outlets in terms of merchandise categories purchased, time spent within the store, number of merchandise purchased on each visit, stores switching behavior and store attribute. The results of the study depicted that the younger generation has greater tendency to visit organized retail outlets. The shoppers which remained within a store for at least two hours considered shopping to be a stress releaser and fun activity.

The commonly purchased items from a retail outlet are garments followed by groceries, lifestyle products and household appliances. The study further reveals that customers in tier 2 and tier 3 cities evaluate a store on convenience and merchandise mix, store atmosphere and services * Urvashi, Gupta (2012) in her study in Jammu. RNCOS (2009) has stated that as per "Global Convenience Store Market Analysis", changing consumer preferences, lifestyle and rising income level, which is heavily influenced by economic growth, remains the major driving force for c-store industry in the Asian region. Purohit and kavita (2012) according there studies that the traditional retailers are not very much clear about the consequences of the modern retailing the traditional retailers are neutral or undecided, modern retailing will cut the profit margin of the traditional retailers; the modern retailing will

lead healthy competition in the market, modern retailing will reduce the sales volume of the traditional retailers and traditional retailers should improve customer care services in the era of modern retailing.

RESEARCH METHODOLOGY OBJECTIVE OF THE STUDY: " A comparative study of consumers preference for big retailers against small departmental stores at cc departmental store lpu. " For this study an interview was conducted and for this we visited the owner of cc departmental store at lpu and discussed various problems faced by him. The major problem he focused on was that his sales were declined because of the shifting consumers preferences from departmental stores to wanabuy mall located at lpu.

He discussed various other problems also like promotion is banned due to policies of lpu, inventory management etc. So to look into this matter this survey is conducted and the results will be analysed later. There is a need to study shifting preferences of consumers towards various retail formats. Whether there is any relation between the demographic profile of the consumers and preferred retail format and does income besides other family attributes play a role in selection of the retail formats are some of the questions require a probe in.

One of the objectives set for this study is to identify the factors that influence the choice of organized retail trade. For this purpose, the choice of retail store will be studied along with demographic factors like gender, age, qualification, occupation, annual income and location of the respondents. This present study will be conducted with a purpose of understanding the changes taking place in the minds of consumers towards modern retail

formats and traditional retailers. POPULATION: In my study the population will be all the students and staff members of lovely professional university. SAMPLE: Primary data will be collected from 60 respondents which will include (40 students and 20 staff members). These respondents will be selected by convenience sampling technique of probability random sampling. Secondary data will be collected from various journals, books, articles, newspapers. QUESTIONNAIRE: A structured questionnaire will be prepared in which there will be questions asked to respondents related to their visits in departmental stores and big retails and various scales will be used i. Likert scale, and the questions will be of open ended and multiple choice questions. The purpose of this study will be to grab the preferences of consumers, whether they like to visit small stores or big organized retails and what is the main reason for their shifting preferences. It will be helpful for both the organized as well as unorganized retailers. REFERENCES: * Baker, Julie, and Diana Haytko (2000), " The Mall as Entertainment: Exploring Teen Girls' Total Shopping Experiences," Journal of Shopping Center Research, 7(1): 29-58. Pachauri Moneesha (2001). Consumer Behaviour: a Literature Review. The Marketing Review, 2(3), 319-355. * Arshad, S. A. (2007) " Issues in Retailing", Research in Management and Technology, Ed. by Aneet and Ramanjeet Singh, Deep and Deep Publications Pvt. Ltd. , pp 109-118. * Singh, H. (2007) " Consumer Awareness and Consumption Pattern of Food products in Haryana", Journal of IMS group, Vol. 3, No 1, pp 24-33 * Mishra S. Mridula (2007). The Consumption Pattern of Indian Consumers Choice between Traditional and Organized Retail. Retrieved Feb. 1, 2012, from <http://ssrn.com/abstract=994238> * Goswami, P. and Mishra, M. S. (2008) "

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