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A study on consumer behaviour with emphasis on shopping experience with reference to organised and conventional retail stores- A comparative study

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Abstract

Urban Indian Shoppers today are witnessing a rapid change in the shopping options available to them. Today's consumers don't want to waste their time by buying fruits and vegetables in Raithu Bazaars, provisions in general/ kirana stores and household items in some other shops. Rather they want to reduce the risk and time by purchasing all items under a single roof. From "Serviced Retailing", where the customer approaches the retailer and asks for specific item which the retailer fetches from behind the counter, the urban Indian consumers are slowly switching to "Self Service" models of retailing. At the same time, the conventional/unorganized stores are also trying their best to retain their customers by offering them merchandise of good quality at discount rates. The present study was conducted in Guntur and Krishna districts of Andhra Pradesh. The study majorly aims at studying Consumers' Shopping Experience in Organized and Conventional Retail Stores. The study also attempts to study the Consumers' Perception of the Visual Merchandise in Organized and Conventional Retail Stores. A sample of 500 respondents was selected by using Stratified Random Sampling Method and the data was collected with the help of a structured questionnaire. The findings of the study reveal that Consumers' Shopping Experience in Organized Retail Stores is highly significantly different than Conventional Retail Stores based on the responses from these consumers' shopping experience. The study also reveals that Organized Retail Stores are more effective than the Conventional Retail Stores in maintaining the Visual Merchandise as per the consumers' perception.

Keywords: Consumer behaviour, Perception, Point Of Purchase, Organized & Conventional Retail Stores

Introduction

Consumer Behaviour is defined as the behaviour that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs. It focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption-related items. Consumer Behaviour is the study of how individuals, groups, and organisations select, buy, use and dispose of goods, services, ideas, or experiences to satisfy their needs and wants. The present study on consumer behaviour was conducted with reference to organized and unorganized retailing in India.

Retailers need to know the various influences that lead up to a purchase, not just the store where the purchase was made. This includes looking at a host of external and internal influences. The process starts with:

- Understanding how the need for a product/ service was determined;
- Understanding how information was sought by the customer;
- The process of evaluation of various products and stores;
- The payment process; and
- The post purchase behaviour.

Retail Industry in India

India is one of the most desirable retail destinations in the world. India has emerged as the 5th most favourable destination for international retailers, outpacing UAE, Russia, Indonesia and Saudi Arabia, according to AT Kearney's Global Retail Development Index (GRDI) 2012. "India remains a high potential market with accelerated retail growth of 15-20 percent expected over the next 5 years", highlighted the report.

India has one of the largest numbers of outlets in the world. Of the 12 million retail outlets present in the country, nearly 5 million sell food and related products. Though the market has been dominated by unorganized players, the entry of domestic and international organized

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players is set to change the scenario. Around 7 percent of the population in India is engaged in retailing. In India the retail sector is divided into two broad sectors, unorganized retailing and organised retailing.

Unorganized Retailing in India

It refers to the traditional formats of low- cost retailing, for example the local kirana shops, owner manned general stores, pan/ beedi shops, convenient stores, etc. Indian retail is dominated by a large number of small retailers consisting of the local kirana shops, footwear shops, apparel shops, paan beedi shops, and hand- cart hawkers etc. which together make up the so called “unorganized retail” or traditional retail.

Most Indian shopping takes place in open markets or millions of small, independent grocery and retail shops. Shoppers typically stand outside the retail shop, ask for what they want, and cannot pick or examine a product from the shelf. Access to the shelf or product storage is limited. Once the shopper requests the food staple, or household product they are looking for, the shop keeper goes to the container or shelf or to the back of the store, brings it out and offers it for sale to the shopper. Often the shopkeeper may substitute the product, claiming that it is similar or equivalent to the product the consumer is asking for. The product typically has no price label in these small retail shops; although some products do have a manufactured suggested Retail Price (MSRP) pre-printed on the packaging. The shopkeeper prices the food staple and household products arbitrarily, and two consumers may pay different prices for same product on the same day. Price is sometimes negotiated between the shopper and shopkeeper. The shoppers do not have time to examine the product label, and do not have a choice to make an informed decision between competitive products.

Organized Retailing in India

Organised retailing, in India, refers to trading activities undertaken by licensed retailers, that is, those who are recognized for sales tax, income tax, etc. These include the publicly traded supermarkets, corporate- backed hypermarkets and retail chains, an also the privately owned large retail business. The food and grocery, clothing, consumer durables and books and music sectors are the major retail sectors. However unorganized small outlets largely control the sector. Hence there is tremendous potential for the organised sector in various formats, such as hypermarkets, supermarkets, specialty stores, category killers and discount chains.

The lifestyle and profile of the Indian consumer is going through rapid transformation. The population of India is young, energetic and full of enthusiasm. 50 percent of the Indian population is under the age of 25. There has been a transition from price consideration to quality and design, as the focus of the customer has changed, the upper and middle- class population of today needs a feel good experience even if they have to spend a little more for that. People are moving towards luxury and want to experiment with fashion and technology. Hence the demand for organised retail stores is increasing day by day.

Review of Literature

S. Ramesh Kumar, Rajeev Ravi, Jeevish Jain (2007) ^[2], in their study conducted on “The Role of Point of Purchase in Shopping Behavior in An Emerging Market-The Indian

Context” explored the relationship between Point of Purchase and Shopping Behavior and concluded that Point of Purchase (POP) materials are used both by kirana shops and by organized supermarket retail outlets. The author feels that POP material has large impact on the purchase of FMCG purchases. Also the POP material makes consumer try the product and increases the consideration set of the consumers.

Deepika Jhamb and Ravi Kiran (2012) ^[3], in their study conducted on “Emerging trends of organized retailing in India: A shared vision of consumers and retailers perspective” revealed that the changing consumer behavior towards shopping and the significance of retailer strategies are important to know the emerging trends in modern retail formats. Consumers prefer modern retail formats due to its significant product attributes like improved quality and variety of brands and store attributes which enhance the shopping experience of consumers like good parking facility and trained sales personnel. Strategies of retailers like retention strategies, promotional strategies, image improvement strategies, pricing and competitive strategies are directly contributing to the growth of modern retail formats in India.

Chattopadhyay (2013) ^[4], in his study conducted on “Consumer shopping behaviour in the new era of retailing: An empirical study on food and grocery and apparel purchase in East India.” concluded that for food and grocery purchase, location (nearness to home) was the prime consideration for the respondents of Kolkata and Bhubaneswar, while it was range for both – respondents from Patna and Ranchi. Ambience was the least important parameter for the respondent populations from the four state capitals (Kolkata, Bhubaneswar, Patna, and Ranchi). For apparel purchase, range or assortment was the most important parameter for the respondent populations from the four state capitals. The behavioural pattern of the respondents with respect to frequency of visit, preferred group size during shopping, and decision maker in choosing a shopping destination revealed a fairly uniform pattern across the state capital locations.

Rama Mohana Rao K., and Ratna Manikyam K. (2013) ^[5], in their study conducted on consumer behaviour in small scale retail stores in the three regions viz., Coastal Andhra, Telangana and Rayalaseema concluded that customers were satisfied with the services, facilities merchandise goods, and the services of the sales personnel in small scale retail stores. Among the factors of ambience, most respondents were satisfied with lighting, orderly placement of the products and cleanliness maintained by the small scale retailers. Among the sales promotion techniques, display of the products, discounts offered and credit facility secured a high rating. Interestingly, the respondents rated small scale retailers better as compared to the big retailers in many factors that contributed to their satisfaction. The findings of the study do not lead to the conclusion that the small scale retailers can ignore the competition from the big retailers. On the other hand, it cautions the threat and makes them realize the opportunities to build a loyal customer base by continuously improving their marketing offers and interactions.

Shalini Jha and Bharati Singh (2014) ^[6], in their study conducted on “Consumer Behavior and Moderating effect of frequency of visit in relation to Atmospheric Cues” in Bangalore, concluded that frequency of visit does have a moderating effect on the perception of affability of the sales

person, but it failed to have any moderating effect on the perception of background music. No moderating effect of frequency was found in the perception of merchandise quality and the overall environment during the experimental conditions. Some amount of moderating effect was found on the emotion and behaviour of the shoppers. Though the store atmospheric, music, and salesperson have a positive impact on consumer buying behaviour, customers expect novelty from the store. A novel atmosphere excited them, and they feel happy while shopping. In a pleasant emotional state, they tend to explore more and the possibility of purchasing is also more.

Research Objectives

The present study was undertaken with the following objectives.

1. To evaluate the Consumers' Shopping Experience during their visit at Organized and Conventional Retail Stores.
2. To study the Consumers' Perception of Visual Merchandise in Organized and Conventional Retail Stores.

Hypothesis of the Study

1. **H₀:** There is no Significant Difference in the Consumers' Shopping Experience during their visit at Organized and Conventional Retail Stores.

H_a: There is a Significant Difference in the Consumers' Shopping Experience during their visit at Organized and Conventional Retail Stores.

2. **H₀:** There is no Significant Difference in the Consumers' Perception of Visual Merchandise in Organized and Conventional Retail Stores.

H_a: There is a Significant Difference in the Consumers' Perception of Visual Merchandise in Organized and Conventional Retail Stores.

Methodology of the Study

The following methodology was adopted for carrying out the research study.

- ❖ **Time Frame of the Study:** The data was collected in the urban areas of Guntur and Krishna districts during the time period from February 2014- February 2015.
- ❖ **Sample Size & Sampling Method:** A sample size of 500 respondents were selected by following Stratified Random Sampling Method in Guntur and Krishna districts of Andhra Pradesh State. The population was stratified on the basis of geographical areas. The total sample distribution is mentioned in the table given below.
- ❖ **Sample Description:** The selected sample respondents are the urban consumers shopping at different retail stores. The individuals and families regularly visiting the organized retail stores and unorganized retail stores for purchase were considered as a sampling unit.

Table 1: Demographic Characteristics of the Sample Respondents (N= 500)

Characteristics	Sub categories	Number	Percentage
Age	Below 20 years	28	5.6
	20- 30 years	214	42.8
	30- 40 years	145	29.0
	40- 50 years	93	18.6
	50 years and above	20	4.0
	Total	500	100
Gender	Male	314	62.8
	Female	186	37.2
	Total	500	100
Marital Status	Married	347	69.4
	Unmarried	153	30.6
	Total	500	100
Occupation	Government Employee	68	13.6
	Employee in private organisation	205	41.0
	Business/ trade	148	29.6
	Other occupation	79	15.8
	Total	500	100
Monthly Household Income	Below Rs. 40,000	324	64.8
	Rs. 40,000-Rs. 50,000	66	13.2
	Rs. 50,000-Rs. 60,000	41	8.2
	Rs. 60,000-Rs. 70,000	24	4.8
	Rs. 70,000 and above	45	9.0
	Total	500	100

Tools of Data Collection

The study was predominantly based on the primary data. In addition to that secondary data were also collected from different data sources.

Primary Data

Primary data was collected from consumers who were shopping at organized and conventional stores with the help of a well-structured questionnaire. The questionnaire has totally 4 sections. The questionnaire mostly consisted of closed ended questions. The responses were recorded and measured by using Likert Scale.

The needed data was also collected through personal interviews, interactions and observation method. Majority of the respondents were approached personally and the questionnaire was administered to them. Contacts of friends, relatives and colleagues were also used to administer the instrument.

Secondary Data

In addition to the primary data the required secondary data was collected from various secondary sources like books, journals, magazines, internet, etc.

Data Analysis

The following statistical tools were employed to analyse the collected data.

- Discriminant Analysis was done in order to study the Consumers’ Shopping Experience towards Organized and Conventional Retail Stores.
- Z Test was done in order to study the Consumers’ Perception of Visual Merchandise in Organized and Conventional Retail Stores.

Data Analysis & Interpretation

Analysis of data was done on the basis of objectives mentioned in the study.

Objective1: Consumers’ Shopping Experience towards Organized and Conventional Retail Stores Discriminant Analysis was done in order to study the consumers’ shopping experience towards organized and conventional stores.

Table 2: Discriminant Analysis of the Consumers’ Shopping Experience during their visit at Organized Retail Stores and Conventional Retail Stores

Discriminant Factors	Coefficient	Importance /Priority	Impact
Parking space	0.140437823	1	
Pleasure in shopping and good time for interaction & social talk	0.101596128	2	
Ease of locating items of the shopping list in the stores	0.044627039	3	
Impulse Buying	0.035714922	4	
Paying attention to advertisements displayed in the stores.	0.019385063	5	
Feeling of pressure to complete shopping on time	-0.060316949	6	Negative Impact

Table 3: Confusion Matrix to evaluate the Consumers’ Shopping Experience during their visit at Organized Retail Stores and Conventional Retail Stores

Actual	Predicted		Grand Total
	Conventional Retail Stores	Organized Retail Stores	
Conventional Retail Stores	439	61	500
Organized Retail Stores	62	438	500
Grand Total	501	499	1000

questions have prediction accuracy of 88% of the times while discriminating the Organizational and Conventional Stores with respect to their responses. Hence the null hypothesis is rejected and the alternate hypothesis is accepted. Consumers’ Shopping Experience in Organized Retail Stores is highly significantly different than Conventional Retail Stores based on the responses from these consumers’ shopping experience.

Interpretation

From the confusion matrix, the Model Accuracy is 88%, which is high. Overall the significant 6 shopping experience

Objective: Consumers’ Perception of Visual Merchandise in Organized and Conventional Retail Stores. Z Test was done in order to study the Consumers’ Perception of Visual Merchandise in Organized and Conventional Retail Stores.

Table 4: Z Test to study the Consumers’ Perception of the Visual Merchandise at Organized Retail Stores and Conventional Retail Stores

Availability of all items	Mean	Variance	Z Calculated	Probability
Organized	4.36	0.45	25.12	0<0.05
Conventional	3.06	0.88		
Quality of the merchandise				
Organized	3.86	0.68	12.31	<0.05
Conventional	3.22	0.67		
Value for money nature of the merchandise				
Organized	3.76	0.78	9.88	<0.05
Conventional	3.19	0.85		
Whether the items sold are of reasonable prices or not				
Organized	3.81	0.80	8.12	<0.05
Conventional	3.34	0.89		
Satisfaction with the merchandise purchased				
Organized	4.03	0.53	12.54	<0.05
Conventional	3.36	0.88		

Interpretation

The Calculated Value of Z is greater than the table value of Z (1.96). Organized Retail Stores Average Score is significantly higher than the Conventional Retail Stores average with respect to all the above perceptual questions. Hence the null hypothesis is rejected and the alternate hypothesis is accepted. Hence it can be concluded that the Organized Retail Stores are more effective than the Conventional Retail Stores in maintaining the Visual Merchandise as per the consumers’ perception.

Conclusion

It can be concluded from the study that consumers’ Shopping Experience is significantly higher in Organised

Retail Stores than in the Conventional Retail Stores. It can further be concluded from the study that in the area of quality and price reasonability of the Visual Merchandise, consumers rated Organised Retail Stores higher than the Conventional Retail Stores.

Limitations of the Study and Scope for Further Research

The scope of the study is limited to the respondents of Guntur and Krishna districts only. As the research was restricted to Guntur and Krishna districts, similar research studies can be carried out in other districts or states of India to understand the consumer behaviour in organized and

conventional retail stores. Studies can also focus on specific product categories such as apparels, cosmetics, and gadgets. Online purchase behaviour of customers can be another interesting area of study. Services retail is another major area in which there is a lot of scope for further study. This paper deals with consumer behaviour in organized and conventional retail stores in general.

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