

A study of consumer behaviour of generation Y with respect to retail sector: Indian apparel industry

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Abstract

Retail is presently the booming sector of the Indian economy. This trend is likely to continue for at least the next two-three decades, and it is attracting enormous attention from all entrepreneurs, business heads, investors as well as real estate owners and builders. Availability of quality, retail space, wider availability of products and brand statement are some of the factors that are driving the retail in India. Retail industry in India, being one of the biggest retail industries in the world in terms of growth, provides goods and services to a large number of people from various strata of society. Retail sector also supports to create gigantic employment opportunities for the young generation as new form of organized retail sector has appeared within the retail industry. The present study is a diffident attempt to identify the factors affecting consumer buying behavior that is influenced by the apparel segment of Indian retail sector and to gauge the importance of each of them to consumers in selecting apparel from organized retail outlets. Following the global trend, Indian retailing is observing a paradigm shift from traditional structure to a modern organized retailing sector. In spite of delayed entry into the organized retailing, it is forecasted that India will lead the industry and will be on the second position soon. There are many key drivers which have driven the dynamic Indian organized background, of which some prime drivers are increasing number of working women, increase in disposable income, and cheap availability of credit, price differentiation, and increase in similar quality of products, increase in use of media to position the product and increase the sales. To gain all the benefits from this exponentially growing market there is a need to study the behavior of consumers, but Indian literature mandates are deficient in this regard. Retail offerings feed the changing lifestyles, fashion and ever changing consumer behavior especially in the apparel industry.

Keywords: organized retail trade, branded apparel, retailing, exponential growth.

Introduction

Retailing in India is as ancient as Indus Valley Civilization. With a retail density of 5.5 outlets for every 1000 people and a per capita retail space of 2 square feet per person, India is truly a nation of shopkeepers. However, organized retailing which gives the consumers with anentire new shopping experience is an occurrence of 1990's. Though it began much earlier in the developed nations, the retail insurgency gained momentum in India in 90's owing to exposure to global lifestyles, families getting nuclearized and entry of corporate in retailing. Retailing in India is enduring an exponential growth and the road ahead is full of trials. Many new ascendable and profitable retail models are observed across different retail formats in this present changeover phase of retail sector. These new models and indigenized formats like departmental stores, hypermarkets, speciality and convenient stores, fun stores and multiplexes are changing the scene of modern retail sector. Indian retail is on an expansion fling and many companies are joining the retail landscape. After food and groceries segment apparel is the next large retail segment and the consumption of apparel is also very big in volume. A report by Boston Consulting Group (BCG) has revealed that the country's organized retail is estimated at US\$28 billion with around 7 per cent penetration. It is projected to become US\$260 billion business over the next decade with around 21 per cent penetration. India has become the sought after destination for

global brands and retailers owing to up heaving consumerism, information mutiny, changes in lifestyle, technology upgradation and youth centric customer base. The apparel retail sector in India has really emerged as a successful venture owing to its more than 35% share in the overall retail sector in India. Indian retail business worth at around US\$550 billion as of now and about 4% of it accounts for the organized sector.

Apparel retail in India: industry profile

The organized retail share has been gaining strength owing to the robust economy that has given more disposable income in the hand of the consumer. This has led to increased demand of products/services and a better shopping condition. The organized retail segment in India is expected to be 10 per cent of total retail market by 2016 and 20 per cent by 2020. Also, India is viewing growth of luxury brands in India which has led to outline of new retailing stores called as Luxury stores and this is showing a great growing momentum. Without wasting any time to counter on the Indian Government's decision of allowing 100 per cent foreign direct investment (FDI) in single-brand retail, luxury brand retailers have stated their expansion plans in Indian markets. A report by CII-AT Kearney showed that Luxury brands market in India rose at a healthy 20 per cent during 2010 reaching a size of US\$5.8 billion. It added that the Indian luxury market hoisted at a value of US\$4.76 billion in 2009 and is expected to be worth US\$16.2 billion by 2016. The

Indian retail market, the fifth largest retail destination worldwide, has been ranked as the second most gorgeous & emerging market for venture in the retail sector by AT Kearney's latest annual Global Retail Development Index (GRDI). It also sharpens out that the time to enter the Indian market is now, for the country's retail market looks secure with strong growth fundamentals such as 9 percent real GDP growth in 2010 and forecasted annual growth of 8.7 percent through 2016. Thus, organized sector growing at a blazing pace is overwhelming the unorganized sector and alongside, Indian cities are seeing a paradigm shift of retailing to the exciting organized sector. Indian retailers and consumer durables companies are joining the web trend with India's online shopping industry registering impressive growth of almost 100 per cent annually. India has larger than 100 million Internet users, out of which around 50% of them are up for online purchases and the numbers are growing every year, says Google. Additionally, the Indian online retail industry would register annual growth rate of 35 per cent to increase from current size of Rs. 2,000 crores (US\$385 million) to Rs. 7,350 crores (US\$1.35 billion) by 2016, according to a leading industry body. The US\$10 billion Indian e-commerce market is growing exponentially (it grew 47 per cent in 2011 to reach the present size) as rising Internet saturation is making customers buy more and more products online. Investors are also staking high in the industry; they poured around US\$200 million into Indian e-commerce start-ups in last couple of years. Retail brands are likely to bring a great change in online space. Women's most famous apparel retail brand Biba and tyre brand Bridgestone have become available online freshly. Internet and Mobile Association of India (IAMAI) expects online advertising to be up by 40-50 per cent in 2015-16 on back of augmented Internet usage by retailers. The BMI India Retail Report for the first quarter of 2012 released forecasts that the total retail sales will grow from US\$422.09 billion in 2011 to US\$900.46 billion by 2016. The report highlights strong underlying economic & population growth, increasing disposable income and fast upsurge of organized retail infrastructure as chief factors behind the forecast growth. In India organized retail share is increasing exponentially at incredible limits with no looking backward, making existence of many brands (local and global) in reality in the ground of organized retailing. In apparel retailing Spencer, Raymond's, Park Avenue, Shoppers' Stop, Pantaloons, Big Bazaar, Westside, Pyramid, Globus are some illustrations of foremost brands. There is a nice change in the private brand stores, the way they are keeping clothes, changing the ragged looks by flashy and flexible outlook with added features of customer friendly setting, garnishing the way the clothes are kept, high degree of price variation, quality declarations, wide variety in colours, sizes (including the over/plus sizes) which makes shopping a pleasant experience for customers. As a result, retail brands are counterweighing the brands which are made by manufacturer owned brands by giving certain other advantages to the customers.

A trusted retail name gives delightful and luxury of shopping to the consumer. So, it cannot be deprived of that the organized retail sector is going to play a vital role in designing the competitive situation of Indian consumer goods and service markets in upcoming future.

Review of literature

Bearden (1982)^[5] have said that "luxury goods consumed in public were more likely to be conspicuous goods than privately consumed luxury goods and found that the higher the status an individual want to be, the higher conspicuous consumption they expose". Some studies have focussed on the area that if retailers focus on consumer loyalty, this can deliver those real benefits, greater customer loyalty. Reichheld (1996)^[21], Verdisco (1999)^[22] and Erika (1999)^[9] in their study have detected various factors distressing consumer behavior. It becomes imperious for the retailers to avoid the complaints which always lead to customer dissatisfaction when there is a continuous rise in customers' expectations. Berry (1996)^[6], Brookman (1998)^[4] and Jackson (1999)^[12] have renowned certain conditions the result of which is consumer dissatisfaction towards different retail brands. Nia and Zaichkowsky (2000)^[14] directed a research, about the ownership of luxury brands, and have found that fashion brands give them personal satisfaction and help them to be esteemed, recognized and accepted by others. When luxury brands and products have ability to attach prestigious values, social referencing and the construction of one's self, people's desire to own and attitude their luxury fashion piece in public can frequently indicate a symbolic sign of group membership (Wiedmann, Hennigs and Siebels, 2007)^[20]. Number of studies in Indian context is very few; there are mainly national reports which show the statistics linking to market share, growth rate etc. There is no depth in the literature as regards consumer behavior in garment industry. There is a study conducted by Gupta (2004)^[10] investigating the factors affecting the choice of private label in Hyderabad departmental store. Memon (2006)^[13] conducted a study focussing on impact of private labels on retail dealings in garments, centring on only two brands (Westside and Pantaloons) and revealed that consumers very easily switch brands if they are offered the same types of facilities. Demographic factors also influence consumer buying behavior towards branded articles that is conceptualized by Radha Krishna and Shylajan (2007)^[15]. But there was a limitation of the study that the factors because of which consumers indulge in organized retail apparels was left unturned. There are various studies conducted which have examined the factors affecting consumer behavior. Different results were revealed by different authors giving relative importance to factors affecting buying behavior of consumer. Wells, Farley, Armstrong (2007) found the factors affecting consumer behavior are quality, price, trust, availability of alternative packaging, frequent advertising, sales promotions, imitations, availability, brand image, prestige, freshness and habits packaging. Perceived risk, consciousness and price-quality association factors were considered as the main factors affecting consumer behavior by Batra & Sinha (2000)^[3], Bettman, (1973)^[7], Dunn *et al.* (1986)^[8], Richardson Jain, and Dick (1996)^[16], Shannon and Mandhachitra (2005)^[18]. Advertising-pricing was considered important as per study by Karray and Martin-Herran (2008)^[11]. Ashok Kumar and Gopal (2009)^[1] considered price, quality and risk as prime factors affecting consumer behavior. Ailawadi, Pauwels and Steenkamp (2008)^[2] gave importance to price and quality as important factors determining consumer behavior. The television and celebrities have a significant impact on consumer behavior in adolescent clothing choice irrespective of gender whereas factors were different in case of teens buying behavior which was mainly influenced by visual merchandising i.e. mainly hands on experience (La Ferle *et al.*, 2000; Seock and

Bailey, 2009^[17]). (Pentecost and Andrews, 2010)^[19] revealed that younger generation in the present context has high purchase frequency, fashion *fanship*, and impulse buying as compared to other groups in the society.

Objectives

- To identify the factors affecting consumer buying behavior that is predisposed by the apparel segment of Indian retail sector.
- To measure the importance of each of the factors affecting consumers of generation Y in selecting apparel from organized retail outlets.

Research methodology

The study is descriptive in nature, which helps in gathering the insights from general nature of the situation and describing the current phenomenon. Since this study is solely based on the secondary data, so the study has used the data which are collected from various sources like magazine, journals, reports, studies, market reports, magazines and newspapers, research articles etc.

Findings

Apparel is one of the basic needs of human civilization along with food, water and shelter. The Apparel Industry replicates people's lifestyles and shows their social and economic status. The Apparel and Textile industry is India's 2nd largest industry after IT. Currently, it is among the fastest budding industry segment and is also the second largest foreign exchange recipient for the country. The apparel industry books for 26% of all Indian exports. The Indian government has battered the apparel and textiles industry segments to reach \$100 billion by the year 2020. The influencing factors as per their importance with regard to readymade garments in India are as follows-

1. **Style:** Style is the most preferred factor especially to generation Y. They always prefer apparels and clothes with funky and stylish. More the style will be higher the demand will be in respect of the Generation Y.
2. **Brand Image:** Brand image of the garments are also preferred by the youths. They prefer to wear those cloths which are manufactured by of the most established and well-known brands like Peter England, Raymond's, Tommy Hilfiger, Levi's etc.
3. **Quality:** Quality matters a lot for many of the people as we all know. Here quality refers to the look and reliability of the garments. Quality is the only parameter which is a centre for all the purchases let it be garments or any other thing.
4. **Comfort:** This is also a factor which is important for the youths while making any apparel purchase. Garments and apparels which offers more comfort are easily procured as compare to others. Less comfortable clothes are often being a point of brand switching by the youths. With the emergence of new brands now they want the brand with specific fitting and comfort like never before.
5. **Price:** Price is to be kept in mind before buying the apparels along with the style. Many of the youths are price sensitive and will buy those apparels which are low price. Price as a factor will also depends upon the income level of the people as they will prefer the brands as per their income level like higher the income expensive the brand will be and vice versa.

6. **Availability:** To make the products i.e. apparels and garments easily available to the convenience of the consumers is the primary responsibility of the marketers. Youths will prefer those apparels and garment which are easily and nearby available.

7. **Durability:** This is last but definitely not the least important factor among others. Youths which are not so stylish generally go with durability of the garments. They prefer the brands with long lasting durability.

Now to sum up all these we can say that, along with the emergence of new and highly sophisticated brands the youths are also becoming equal desired for the same. And if we talk about the apparels and garments preference by the Youth, They generally go with Brand Image, Quality, and Style. Moreover, they might be occasionally price sensitive as well for their products.

Conclusion

Indian retail is seeing a prototype shift with organized retail share increasing exponentially at unbelievable limits with no looking backward. Thus it becomes so essential that all the insights from the present survey should be surrounded by the marketer while designing the manufacturing of their products and marketing strategies. Marketers should try to catch the needs of the consumers more efficiently by understanding a deeper vision of their behavior in terms of their preference towards factors such as quality, fitting, variety, customer friendly ambience, all of which make shopping for customers a pleasant experience. Thus marketers should provide the best of these services to provide convenience and comfort to consumers. Since Indian consumers are very price sensitive, marketers shouldn't pointlessly put rising pressure through private label brands. Marketers should do away with unnecessary increase in overhead expenditures and give more products to customers at cheaper price. Marketers must give importance to customer feedback and ensure deeper market penetration by offering maximum discounts, attractive deals and freebies to them. Indian retail apparel market is a real puzzle of different markets, full of challenges in which traditional strategies are no more successful in taking the benefits of the market by increase in turnover and profits. They have to be dynamic and flexible in their approach for a better understanding of consumer behavior which will certify a reduction in failure rate. Marketers of today are very careful in introducing brands in the market having reasonable prices and qualities which can provide to the major segment of the consumers. In this paper we have covered many factors affecting it relating to organized retail trade towards branded apparels. Marketers have to really put in their best efforts to deeply understand the consumer behavior rather than just concentrating on ambience and pure novelty to increase the sales. They must come up with good business models and have a whole new alignment to meet customer demands. Organized retail business requires high level of planning, careful analysis of consumer behavior, selling strategies, ambience, and entertainment etc. mere footfalls will not equal to sales. If all the factors are synchronised and implemented properly retail trade is going to halt. Organized retail business will stay and coexist with small retail.

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