

A STUDY OF CONSUMER SHOPPING BEHAVIOUR IN INDIAN RETAIL INDUSTRY**Mr. Amarpreet Singh,**

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Abstract

With the start of liberalization in 1991, Foreign Direct Investment (FDI) was limited to only a few sectors like manufacturing, infrastructure etc. But change in FDI policy of India in 2012, allowing investment in multi-brand retail stores, aviation sector and pension plan sectors, may bring revolutionary changes in these sectors. For companies in the consumer products and retail industry, the pace of change is breakneck, global volatility is guaranteed, and fierce competition comes at every turn. FDI acts as a major catalyst in the development of a country through up-gradation of technology, managerial skills and capabilities in various sectors. Rise in purchasing power, growing consumerism and brand proliferation has led to retail modernization in India. The growing Indian market has attracted a number of foreign retailers and domestic corporate to invest in this sector. FDI in the retail can expand markets by reducing transaction and transformation costs of business through adoption of advanced supply chain and benefit consumers and suppliers (farmers). Oppositions have raised concerns about employment losses, promotion of unhealthy competition among organized domestic retailers resulting in exit of small domestic retailers from the market and distortion of urban cultural development. The present paper focuses on the overview of the Indian retail sector along with the survey to understand and compare consumer shopping behaviours and the use of different retail channels in Chandigarh, Mohali and Panchkula (India).

Key Words: FDI, Indian retail sector, consumer shopping behaviours.

Introduction

The retail sector includes all the shops that sell goods to the ultimate customer, who buys them for personal and not business use. It encompasses all kinds of shops, from kiosks and small groceries to supermarket chains and large department stores. In addition to traditional bricks-and-mortar shops, the retail sector includes mail-order and online businesses. The Indian retail industry is one of the fastest growing in the world. Retail industry in India is expected to grow to US\$ 1.3 trillion by 2020, registering a Compound Annual Growth Rate (CAGR) of 16.7 per cent over 2015-20. Since the past few years, retail vertical continued to witness the fastest growth rate as compared to other verticals. Globally, retail organisations are increasing enterprise IT spending budgets to focus on enhancing operational efficiencies including multi-channel integration analytics, e-commerce and mobile applications.

Objectives of the Study

The main objectives of our study are delineated below as:

- To focus on the overview of the Indian retail sector.
- To understand and compare consumer shopping behaviours and the use of different retail channels in Chandigarh, Mohali and Panchkula (India).

Research Methodology

The research is descriptive study regarding measurement of customer shopping behaviours. In order to meet the objectives of the study, primary data is collected using the questionnaire method. The

questionnaire which consisted of two parts: Part – I consisted of the questions related Demographics and Parts II of the questionnaire consisted of variables i.e. to understand and compare consumer shopping behaviours and the use of different retail channels in Chandigarh, Mohali and Panchkula (India). The sample size taken for the study constituted of 200 respondents from Chandigarh city, Mohali and Panchkula. Convenience sampling technique has been used for data collection wherein the sample is chosen from the population in random proportion of the various age groups present in the population.

Growth of Indian Retail Industry

India is the fifth largest preferred retail destination globally. The country is among the highest in the world in terms of per capita retail store availability. India's retail sector is experiencing exponential growth, with retail development taking place not just in major cities and metros, but also in Tier-II and Tier-III cities. Healthy economic growth, changing demographic profile, increasing disposable incomes, urbanisation, changing consumer tastes and preferences are the other factors driving growth in the organised retail market in India.

The Government of India has introduced reforms to attract Foreign Direct Investment (FDI) in retail industry. The government has approved 51 per cent FDI in multi-brand retail and increased FDI limit to 100 per cent (from 51 per cent) in single brand retail.

Significant scope for expansion in organised retail

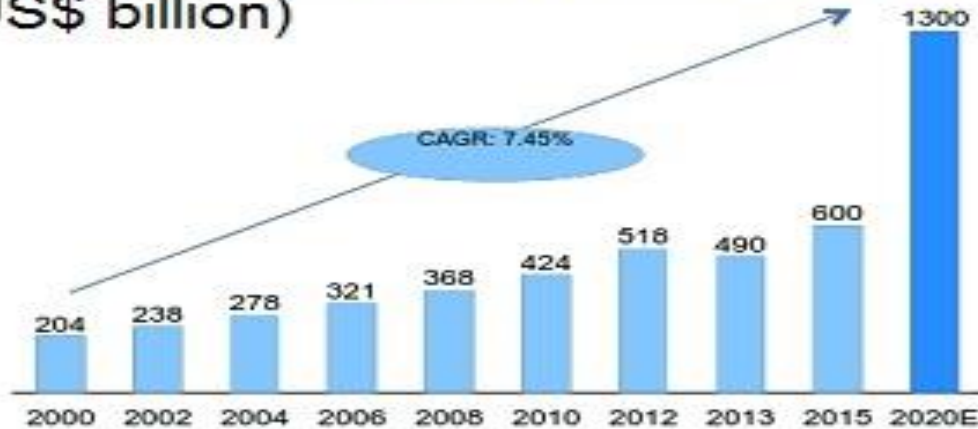


Source: BCG, KPMG-indiaretailing.com, Deloitte Report, Winning in India's Retail Sector, TechSci Research Notes: 'Mom-and-pop' stores are small stores that are typically owned and run by members of a family, E- Estimate

Modern trade includes supermarkets, hypermarkets and other organized retail outlets, while much smaller grocery stores are classified under traditional channels. Modern trade is expected to grow three times to \$180 billion in 2020 from \$60 billion in 2015 and e-commerce at an even faster clip to quadruple in the same time to become a \$60-70 billion market. By 2020, average household income will increase three times to \$18,448 from \$6393 in 2010. Moreover, urbanisation will increase to 40% from 31% and over 200 million households will be nuclear, representing a 25-50% higher consumption per capita spend. Also, attitudinal shifts will be seen. Additionally, digital is also shaping the way consumers buy. There are currently 35 million people buying online and this will increase to 100 million in the next two years, said Gaurav Kapur, head of industry for retail and automotive, Google India at the Retailers Association of India's Retail Leadership Summit 2015 in Mumbai Consumers are buying everything online; even big-ticket items like houses, cars and two wheelers, said Kapur. The rapid growth of e-commerce has retailers thinking of their multi-channel strategy. "E-commerce cannot be ignored," said Neville Noronha, chief

executive officer, Avenue Supermarts Ltd, which runs the D’Mart retail chain, adding his company is evaluating its e-commerce strategy.

Market size over the past few years (US\$ billion)



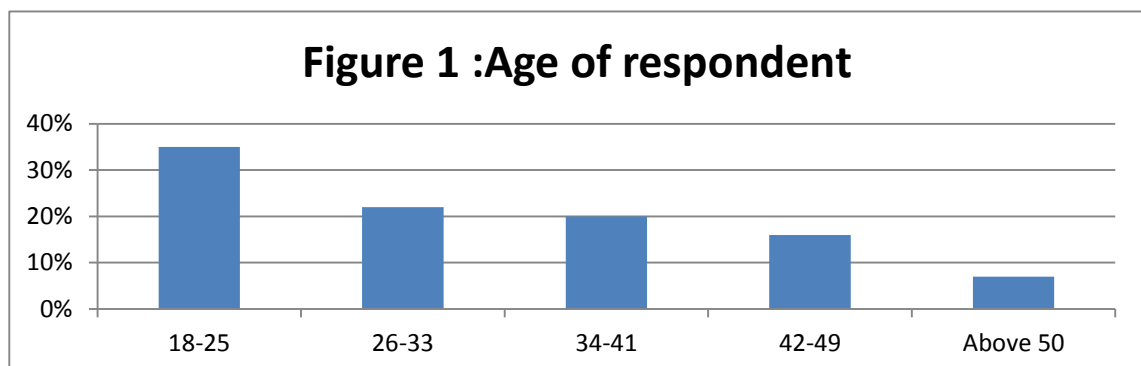
Source: BCG Retail 2020, Ernst & Young, Deloitte, indiaretailing.com, Economist Intelligence Unit, Euro monitor, TechSci Research
 Notes: CAGR - Compound Annual Growth Rate, E - Estimated

Even the Dubai-based Landmark Group which runs department store chain Lifestyle and Max in India is looking at leveraging different channels. “We want to invest in omni-channel,” said Ramanathan Hariharan, chief executive officer, Landmark Group. In 2013-14 most brick and mortar retailers Croma, Future Group which runs chains like Central and Big Bazaar and brands like Nike, Puma, Catwalk, Mango and Vero Moda have established their presence online through marketplaces like Flipkart, Amazon and Snapdeal. Currently, most brick and mortar companies don’t have a good multichannel offering and hence, in the short term, pure play e-commerce companies are winning, said Abheek Singhi, senior partner and director, BCG Mumbai. For instance, the sales per square foot at Indian retail stores at Rs.1,500-2,000 per square foot is much lower than the international average of Rs.8,000-12,000 per sq. ft. Even the gross margins are lower in India by 7-8% than the international standards and the rentals are higher by 1.5-3% on an average.

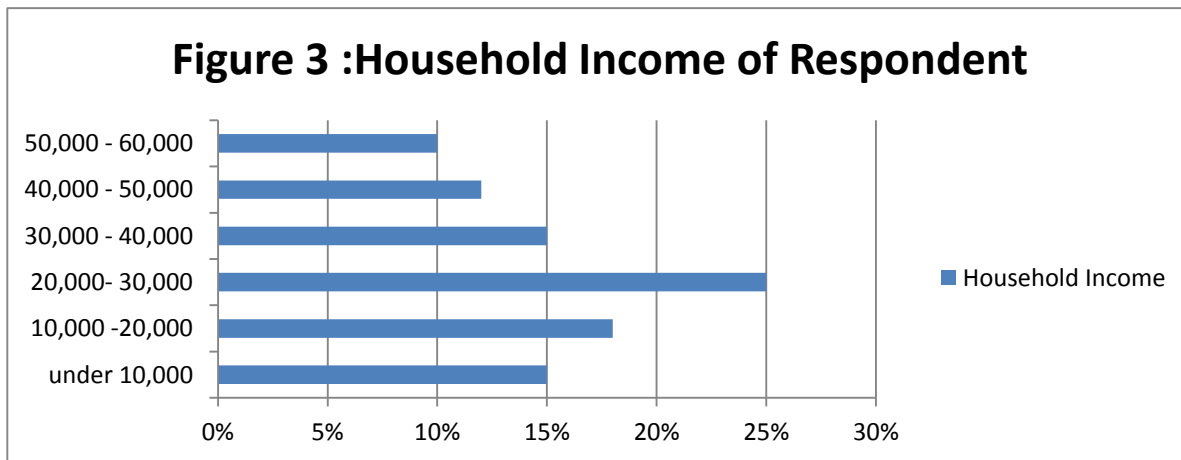
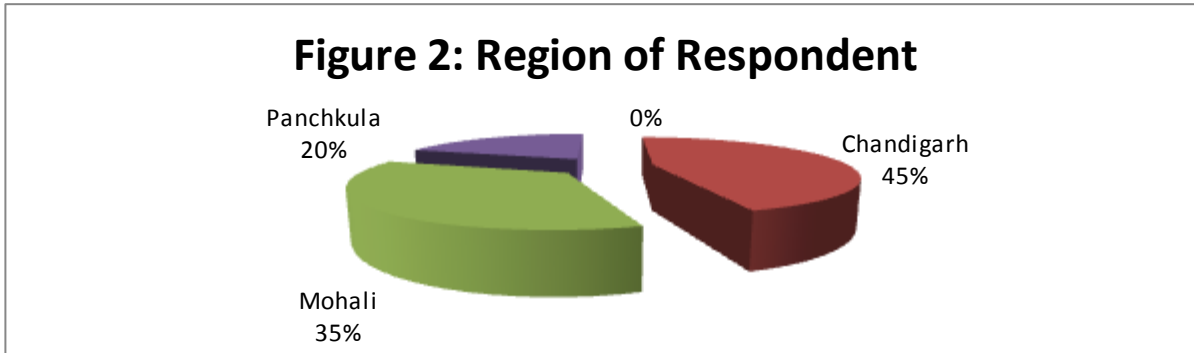
Data Analysis, Findings and Discussion

A. Demographic Profile of Respondents

According to survey, the demographic variables age, region and household income on monthly basis pattern is as below:



The figure shows that 35% of the sample is from age group 18-25, 22% from 26-33, 20% from 34-41, 16% from 42-49 and 7% above 50 years old.



As it is clear from Figure 2 that 45% of respondents were surveyed from Chandigarh, 35% from Mohali and 20% from Panchkula. Figure 3 represents that respondents surveyed from all these regions fall under different income groups i.e. 15% below 10,000 monthly income, 18% between 10,000 – 20,000; 25% between 20,000 -30,000; 15% between 30,000 – 40,000; 12% between 40,000 – 50,000; 10% between 50,000 – 60,000; and 5% earns above 60,000 monthly income.

B. Consumer Shopping Behaviours and the use of different Retail Channels in Chandigarh, Mohali and Panchkula (India)

To understand and compare consumer shopping behaviours and the use of different retail channels in Chandigarh, Mohali and Panchkula (India) the following variables were studied:

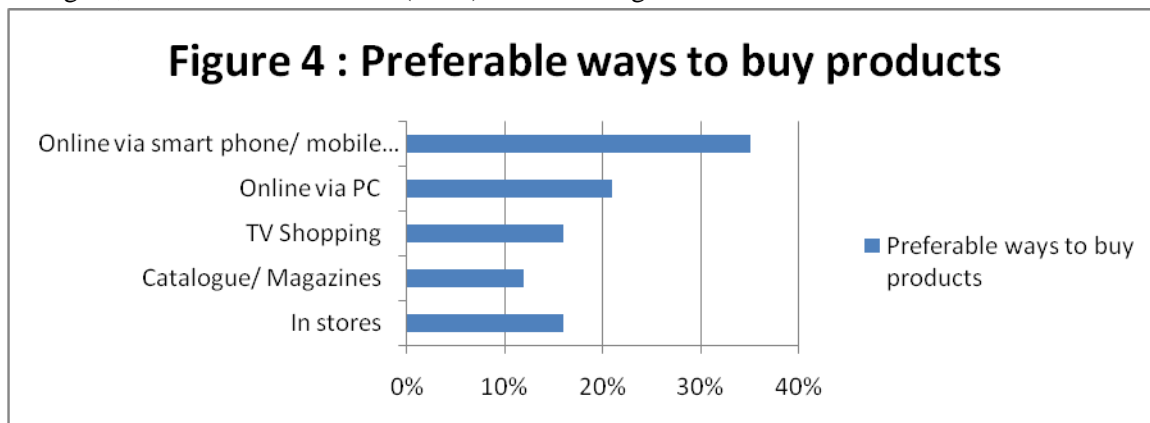
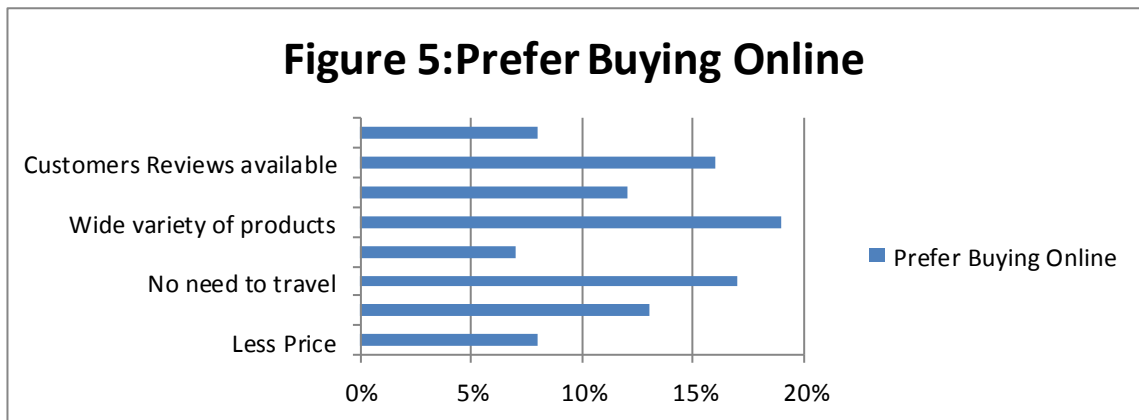
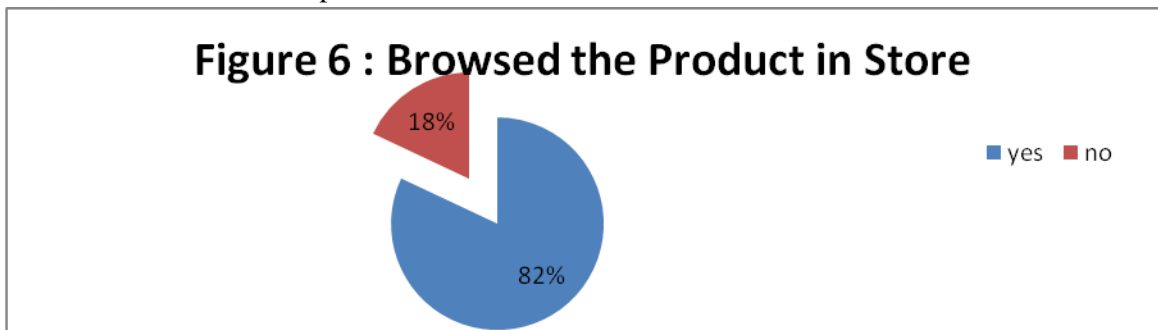


Figure 4 represents that 16% consumers prefer to purchase goods/ products from stores, 12% from catalogues or magazines, 16% from TV shopping, 21% do online purchase via PC and 35% from online purchase via smart phone or mobile phone.

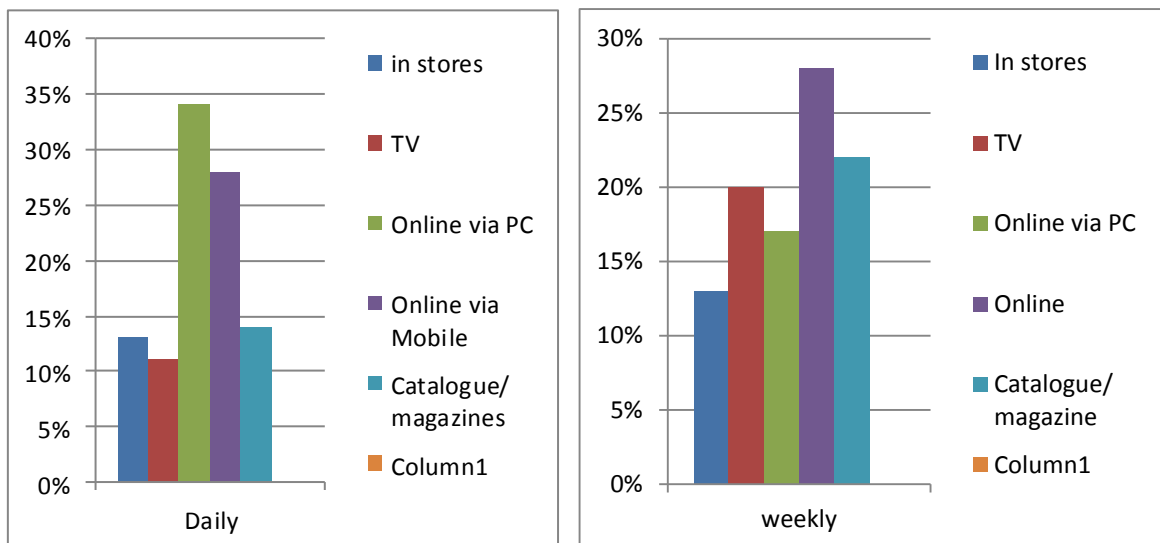


As it is clear from table 5, 8% consumers buy online because of less price, 13% due to 24 x 7 online purchase, 17% due to no need to travel, 7% because of easy comparison, 19% because of wide variety of products, 12% thought better product information available, 16% considers customers reviews available, and 8% looks for the particular brand.



82% of the customers intentionally browsed the products at a store but decided to purchase online and rest 18% directly online purchase.

Figure 7: How often buy product using different channels



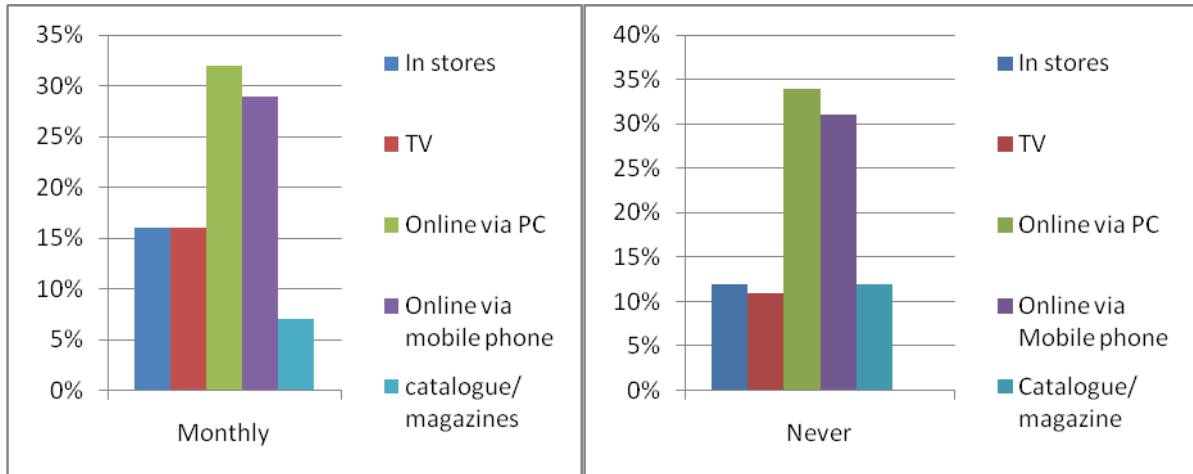


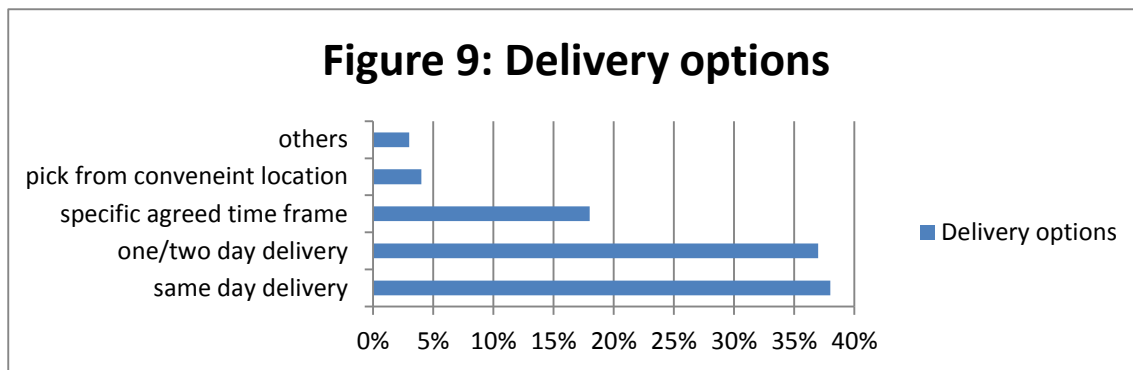
Figure 7 depicts that consumers buy products online either via PC or Mobile/ smart phone oftenly on daily, weekly, monthly and never basis.

Figure 8: Type of Product shop online



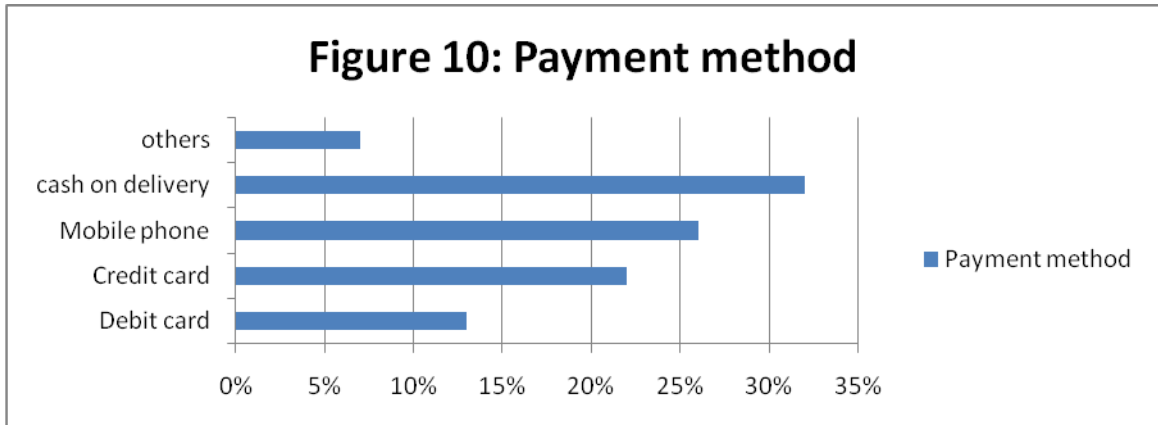
Figure 8 depicts that consumers purchase almost all kinds of products like electronics, clothing, footwear, toys, jewellery, health and beauty, grocery and miscellaneous.

Figure 9: Delivery options



Different delivery options of products at your place will be available and at their preferable time. As it is clear from figure 9, 38% consumers are willing to pay for same day delivery of goods, 37% consumers

for one/two day delivery, 18% agreed for specific time frame, 4% consumers pick the goods from their preferable location and rest of consumers according to their own wishes.



13% consumers prefer payment of products through debit card, 22% through credit card, 26% through mobile phones, 32% prefer cash on delivery and 7% prefer any other method as it is clear from figure 10.



Most of the consumers prefer to buy products from stores instead of online on the basis that they get product immediately, suitable for them and supportive staff as it is clear from figure 11.

CONCLUSION

India's retail sector is experiencing exponential growth, with retail development taking place not just in major cities and metros, but also in Tier-II and Tier-III cities. Healthy economic growth, changing demographic profile, increasing disposable incomes, urbanisation, changing consumer tastes and preferences are the other factors driving growth in the organised retail market in India. An increasing number of customers now prefer shopping online either through personal computers or on their smart phones/ mobile phones.

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