



# FACTORS RESPONSIBLE FOR CHANGING CONSUMER BEHAVIOR IN ORGANIZED RETAIL SECTOR

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## ABSTRACT

The Indian retailing industry is becoming exceptionally competitive, as many players are targeting India has power as a potential customer because of its 2<sup>nd</sup> highest population. Government initiatives for the FDI (Foreign Direct Investment) in retail are motivating investors to invest their money in this growing sector. The new entrant in the retail industry in India signifies the establishment of retail revolution. Indian retail market is expected to grow immensely in coming years, where more players are willing to invest in Indian retail market since the FDI policy become more flexible.

The aim of this research study is to ascertain who buys where, what, when and how. The results of this research are useful to find out the variation in customer buying behavior their preferences and the choices. This paper summarizes the factors responsible for the change in buying behavior of Indian customer and also focuses on the evaluation of Indian retail sector.

**KEYWORDS** – Transformation, Market share, Competitive, Potential, Immensely, FDI (Foreign Direct Investment)

## I. INTRODUCTION

The Indian retail sector has emerged as one of the most energetic and fast-paced due to the entry of several new domestic and international players. Today retail sector contributes 22- 26% to country's GDP and plays an important role in providing 2<sup>nd</sup> maximum employment. Post Covid-19, the retail market of India is one of the fastest-growing market economies in the world. Indian retail market is vastly dominated by unorganized retail formats like local vendors, local grocery shops, chemist and druggist stores, owner-managed general stores, apparel stores, footwear stores, hand cart hawkers, kiosks etc.

The change of perception & attitudes of Indian consumers and the emergence of organized retail formats have transformed the face of retailing in India. Organized retailing bids massive potential for future progress of retailing in India. Research on “**Factors Responsible for Changing Consumer Behavior in Organized Retail Sector**” will provides information about the consumer buying behavior and attitude towards the organised retail sector, present scenario and the future prospects of this sector, and also we study the factor responsible for the change in buying behavior of customer. It also highlights the major players in retail sectors in India and the customer services provided by the retailers. This research also deals with the factor responsible for the change in buying behavior of customer towards retail sector and the factors responsible for the growth of organised retail sector in India.

## II. OBJECTIVES

1. To understand the customers behavior and attitude towards organized retail undertakings.
2. To identify the major factors responsible for change in customers buying behavior.
3. To study the present scenario of business environment in retail institutions.
4. To study the major factors responsible for growth of organized retail sector in India.

## III. RESEARCH METHODOLOGY

This paper is the outcome of explanatory and descriptive work, and book study on retailing in India as well special reference to organized retail sector in India. To complete this, various books, journals and papers, periodicals have been consulted.

## IV. RESEARCH DESIGN

This paper is the outcome of explanatory and descriptive work, and book study on retailing in India. The research design will be used in this study on ‘**Descriptive**’.



## V. EXPECTED OUTCOME OF THE STUDY

It was clearly shown that higher income group preferred organized retail outlets, overall, majority respondents spent more amounts in organized retail outlets.

Most of the respondents preferred organized retail outlets because of wider product range, one stop shopping, choice of more brands, choice of more variants and better parking facility

This study will help to know the current situation of Indian Business scenario towards FDI in retail sector and if the market positioning of retail institutions is up to the international standard.

This study will ensure that what are the effective factors responsible to shift the customer's perception towards the retail sector.

## VI. IDENTIFICATION OF CUSTOMERS

The terms customer and consumer are not synonymous. A customer is a buyer of a product or a service; a consumer is the ultimate user of a product or a service.

The buying behavior of the customer is influenced by many factors, this research study shows the factors that change the preferences in buying.

## VII. INDIAN CONSUMER BUYING BEHAVIOR TOWARDS ORGANISED RETAIL SECTOR

The Indian consumer has undergone a noteworthy revolution. Just two or three decade ago, the Indian consumer saved most of his income and purchased the bare necessities and rarely indulged himself.

As the Indian economy becoming stronger and purchasing power of the consumers are rising, consumer starts focusing on to maintain their status as well. Now this transformation of consumer forces them to maintain credit cards, standard cars, 3 to 5 star rated restaurants, branded clothing exposure to the shopping culture of the west and a desire to improve his standard of living, the Indian consumer is spending like never before. Well organized shop, air conditioned malls, world class infrastructures and variety of products and multitude of malls and supermarkets is fueling his addiction.

### Customer buying behavior patterns

To buy is to purchase. To shop is to visit business establishments for assessment or purchase of goods. Therefore shopping is an important element of customer behavior in purchasing. A customer placing an order over the telephone is considered as buying, not shopping.

Consumer behavior is categorized as complex buying behavior, variety-seeking behavior, dissonance-reducing buying behavior and habitual buying behavior of consumers. Consumer behavior types are determined by what kind of product a consumer needs, the level of involvement, and the differences that exist between brands.

Customer buying behavior patterns can be grouped in relation to:

1. Place of Purchase
2. Items Purchased
3. Time and Frequency of Purchase
4. Method of Purchase
5. Response to Sales Promotion Devices

## VIII. FACTORS INFLUENCING THE BEHAVIOR OF THE CONSUMER

The consumer buying behavior is a major subject of study across the globe. In India retailers and retail formats are evolving on a great extent. Understanding the reasons for consumer's behavior is very important for retailer. Following are the factors which influence the customer's decision making process.

**1. Variety of commodities:** The variety of commodities is perhaps the most important reason for customers to patronize a particular shop or outlet. The range of commodities offered plays an important role in case of categories like devalues, books and music. The initial curiosity of the store may draw a consumer to a retail store, but converting him into a buyer and retailing him over a period of time is largely dependent on the quality and the variety of commodities offered by the store.

**2. Convenience of Shopping at departmental store:** While buying medicines, most customers would prefer the buy from the chemist near the doctor clinic or near the hospital. The element of convenience is a fast gaining promises in the world of organized retail. This is so accurate in the case of items like grocery/fruits and chemists.

**3. Time taken by travel to the shop:** The time required to reach a particular retail location is becoming critical. This is very much relevant in cities or metros like Mumbai, where travel time is high. This has resulted in many local areas developing in terms of shopping to facilitate buying.

**4. Socio economic factors:** Socio economic factors are seen as a fundamental to development. India is a nation that is fastest growing in this retail sector and which has a large middle class a youth population which is happy spending and a steady rate of growth of G.D.P.

The retailer needs to understand that the need hierarchy is different for each market. It is important for the retailer to consider socio economic change in a geographic region over a period of time as it is indicator of the facilities available at several stages and the quality of life of the population this would indirectly be related to the organized retail.

## IX. THE FACTORS RESPONSIBLE FOR ORGANIZED RETAILING GROWTH IN INDIA

Organized retailing is a recent development. It is the outcome of socioeconomic factors. In a very short span of time, Indian retail industry has become the most striking and emerging retail



market in the world. Healthy economic growth, changing demographic profiles, increasing disposable incomes, and changing consumer tastes and preferences are some of the major factors that are encouraging growth in the organized retail market in India.

**1. Growth in the purchasing power of middle-class consumers:** With higher consumer demand and greater disposable income have given opportunity of retail industry to grow and prosper. They expect quality products at decent prices. Modern retailer offers a extensive range of products and value-added services to the customers as per the middle-class purchasing power. Hence this has resulted in the evolution of organized retailing in India.

**2. Increase in the ratio of working women:** Today's women are literate and well-qualified; they have to maintain a balance between home and work. The buying behaviour of working women in India is different from the homemaker's purchasing decision. They do not have sufficient time for spare and they expect everything under one roof so they prefer one-stop shopping and modern retail outlets therefore offers one store retailing.

**3. Value for money:** Organized retailing deals in large volume and is able to enjoy economies of large-scale production and distribution. They eliminate intermediaries in the distribution channel. Organized retailer offers quality products at reasonable prices. Example: Big Bazaar and Subhiksha. The opportunity to attract more revenue is the reason that new business groups are entering this sector more and more.

**4. Entry of big corporate family:** Big business tycoons such as Amazon, Birla, Tata, Birla and Reliance etc. have entered into the retail sector, and are in a position to provide excellent products and services.

**5. Entry of foreign brand retailers:** Indian retail sector is catching the interest of foreign retailers such as wall-mart, tesco etc. Due to liberalization multinationals have entered our country through joint ventures and franchising. This additionally is responsible for increasing organized retailing in India.

**6. Growth in income:** An increase in literacy level has resulted in growth of income among the population. Such growth has taken place not only in the cities but also in towns and remote areas & this has led to increase in demand for better quality consumer goods. Rising income levels and education have contributed to the evolution of new retail structures.

**7. Upsurge of consumerism:** With the emergence of consumerism, the retailer has to face a more aware, knowledgeable and demanding consumer. As the business exists to satisfy consumer needs, the increasing consumer expectation has forced retail organizations to change their format of retail business. Consumer need, want, demand, convenience, choice, comfort, time, location and perception etc. are the important factors for the growth of organized retailing in India.

## X. LIMITATION OF THE STUDY

1. Not possible to cover the entire region and to study every consumer's perception.
2. Customers are biased sometimes they are usually influenced socially.
3. Sometimes they give you information based on not as per their experience but what their family and friends told them.
4. Time constrain has prohibited from going deep into the subject.
5. The information obtained or the collection of data is limited.
6. Due to time constraints study is restricted to limited places/cities only.

## XI. CONCLUSION

The endeavor has been made here to show along what lines and with what techniques studies of customer behavior can be made in retail stores. Possible uses of the results for the solution of marketing problems have been suggested or indicated. To spell out fully and systematically the many practical uses to which such studies can be put by producers, manufacturers and distributors would require a series of articles—perhaps a book. This article is intended to stimulate those who can gain the most from such studies to take advantage of the opportunities for learning more about customer behavior in the market-place.

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