

Recent Trends in Organized Retail Sector- A Review of Consumer Preference towards Organized Retail Sector in Jaipur

Prof. Satish Munjal*

Ravish Pandey**

Abstract

Retailing is the transaction between the seller and consumer for personal consumption and retailing in India came with evolutionary patterns from kirana store or mom or pop stores to super markets and super markets to malls. Indian retail industry is ranked as one of the biggest retail market in the whole world and second most attractive market for investment after Vietnam. The government's initiative to allow 51 percent foreign direct (FDI) in organized and multi-brand retail has been a subject for now. Rajasthan's economy is primarily agricultural and pastoral. Jaipur, the capital of Rajasthan, is a fast growing city of Rajasthan and organized retail is also becoming the part of this growth. This paper provides detailed information and tries to find out the preference of consumers towards organized retail sector; it also examines the growing awareness and brand consciousness among Jaipur's young buyers and prospective consumers. This paper explores the role of the government of Rajasthan in growth of organized retail sector and the needs of further reforms. It also includes the retail formats in Jaipur, recent trends, opportunities and challenges of retail stores of Jaipur.

Keywords: Retailing, Unorganized Retailing, Buyer's Preference

Introduction

Consumer is an economic agent who buys and consumes the products and services for his direct satisfaction. Consumer is the king and therefore it is the consumer, who determines what a business is, thus a sound marketing program was started with a cautious. Consumer behaviour is the study of individuals, groups, or organizations and the procedure they use to select, secure and dispose of products, services, experience or ideas to satisfy needs. It blends element from psychology, sociology, social status and economics. Consumer

* Professor, Department of EAFM, University of Rajasthan, Jaipur

** Research Scholar (EAFM), Department of EAFM, University of Rajasthan, Jaipur

behaviour can be defined as "the decision-making process and physical activity involved in acquiring, evaluating, using and disposing of goods and services". A procedure of buying starts in the minds of the consumer, which leads to the finds of alternatives between products that can be acquired with their relative advantages and disadvantages. The analysis of consumer behaviour is the study of how individual make decision to spend their available resources (time, money effort) on consumption-related items. It comprises the study of what they buy, why they buy it, when they buy it, where they buy it, how often they buy it and how after they use it. Belch and Belch have been pointed out about consumer behaviour that "consumer behaviour is the process and activities people engage in when searching for, selecting, purchasing using evaluating and disposing of products and service accordingly to satisfy their needs and desires".

Economic Factors Affecting the Consumer Behaviour

1. Disposal personal Income
2. Size of family income
3. Income Expectations
4. Propensity to consume and save income
5. Liquidity of funds
6. Consumer Credit

Evolution of Retailing

Barter system was recognized as the first form of the retail. As time passed currency was exchanged with goods and services. Hawkers carried out the first retailing in push carts followed by Kirana stores called 'Mom and pop up' stores. Lastly, manufacturing era necessitated the small stores and specialty stores. It was a seller market still than this point of the time with limited numbers of brands available.

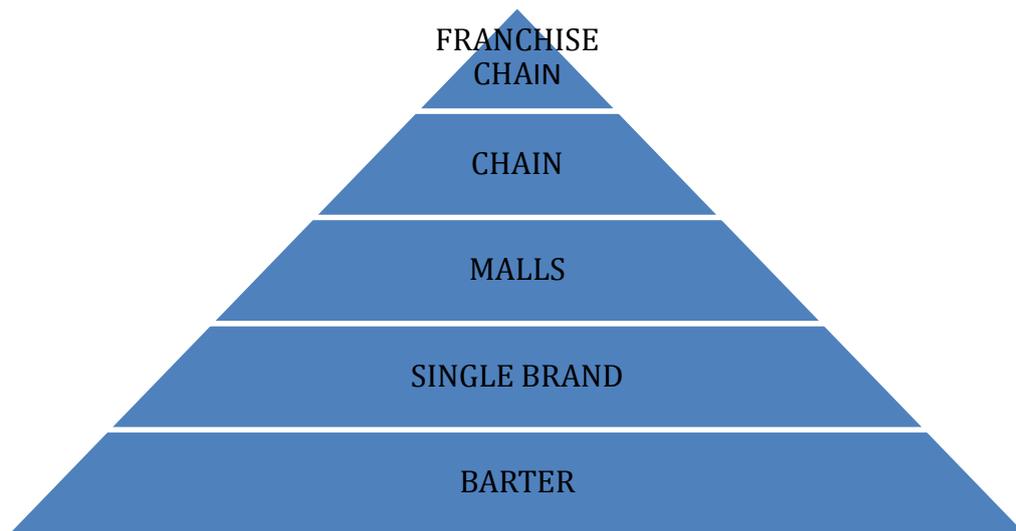


Figure 1: Evolution of Retailing

Economists say that boom has started of retail due to more spending capacity of Indians. Emerging of retail started in short in patterns like changing face of the Indian retail sector. It offered value, variety and volume to the customers.

Indian Retail Industry

Retailing is the transaction between the seller and consumer for personal consumption and retailing in India came with evolutionary patterns from kirana store or mom or pop stores to super markets and super markets to malls. Indian retail industry is ranked as one of the largest retail market in the whole world and second most attractive market for investment after Vietnam. The government's initiative to allow 51 percent foreign direct (FDI) in organized and multi-brand retail has been a subject for now. Retailing to India is one of the significant contributors to the Indian economy and accounts for 35% of the GDP. Currently the retail sector in India is populated with the traditional mom-and-pop stores and some 1000 odd supermarkets under organized retail chains. A daring few ventured into the hypermarket segment with successful results and this format is being fast replicated by other players. This experience shows that the Indian consumer has developed to the next level of shopping experience. Rajasthan's economy is primarily agricultural and pastoral. Jaipur, the capital of Rajasthan, is a fast growing city of Rajasthan and organized retail is also becoming the part of this growth.

Key Players Retails:

- Big Bazar
- Reliance Fresh
- Easy Day
- Life Style
- Kwaliti mart

Retail formats in Jaipur:

- Hyper marts / Supermarkets
- Mom-and-pop stores
- Departmental stores
- Convenience stores
- Shopping malls
- E- trailers

Review of Literature

In spite of such a great coat of consumer behaviour analysis with regards to organized retail outlets it is strange that so long it could not draw towards as much mindfulness of the researchers in Rajasthan as it desires.

Shyamala Devi B (2011) articulated her view about consumer behaviour in organized retail business with reference to FMCG sector. She worked to evaluate the factor affecting of buyers decision. She pointed out the requirements of organized retail store.

Sunil Atulkar (2015) analyzed that due to the changing demographics, urbanization, and awareness due to electronic media especially internet the consumers have multiple options to choose from modern retail outlets.

Kshitiz yadav (2010) studied brand loyalty of consumers of rural area of Ram Nagar, Nainital towards FMCG products. In this study he worked to know the level of brand loyalty, he found that organized retail companies should work in rural area to improve their market.

While going through some other literature related to proposed research work, it came to notice that no reached work has been done on organized retail outlets in area of selected Districts of the Rajasthan. Therefore proposed study is in new field.

Objectives of Study

1. To study consumer buying frequency in organized, unorganized and local convenience stores.
2. To study the effect on spending habits of customers of Jaipur city in retail stores.
3. To study various determinants this plays a major role in buying decisions.

Research Methodology

Population of Study Jaipur city

A total of 200 consumers from four parts of Jaipur city were surveyed for this research study. The survey is based on interviewing various malls and grocery store consumers at various catchment areas in Jaipur city.

Primary Data

Tools used questionnaire and personal interview method used for primary data collection

Sample Method

Simple random sampling was chosen to collect the data of Sample Size 200; the data was collected using a random sample of consumers. Consumers walking in the malls were identified and selected at random for questioning.

Questionnaire

Keeping in mind the objectives of the study a two page, questionnaire was designed to analyze the consumer buying behaviour of organized retailing on unorganized retail the literature survey and pre study consultation with industry experts were taken into account. The questionnaire consisted of few open ended questions, some questions were either using ranking scale or Likert scale, and dicotomes type of questions and open ended question.

As per questionnaire, interviews were held face to face so as to capture the attitude and experience of young consumers who had just purchased grocery items from organized retail outlets. Both qualitative and quantitative data analysis is done in order to get deeper insights into the young consumer behaviour.

Larger the sample size greater is the precision or reliability when research is replicated.

Secondary Data

Secondary data was collected through research papers, Newspapers, journals, websites, books, project reports and so on. Limitations of the Study Constraints on time, manpower and costs have influenced decisions on the study sample size.

Results and Discussion

The Preference of Customers towards Retail Stores

The findings showed that 36% customers prefers organized retail shopping while 38% customers prefers unorganized retail shopping but 26% customers are still not sure about their preference in shopping .

Customer's Preferences towards the Retail Stores for Purchase of Daily Groceries

It was found that 38% young customer's purchases daily groceries from local Grocery stores while 24% young customers shop from Supermarkets, 22% customers from Convenience Stores and rest 16% Customers prefer Hypermarket. Therefore, highest percentage is still with local Grocery stores however the difference between supermarket and local Grocery is less.

Frequency for Visiting Malls

The data showed that 44% Customers visits visit fortnightly to the malls for various different purposes, 32% customers weekly, 18% monthly and rest 6% Daily visiting mall.

Purpose of Visiting Malls

It was seen that 30% Customers visit mall for Shopping while 36% visits for Entertainment and rest 34% visits for Window shopping.

Customers Satisfaction on the Basis of Price Strategy Adopted by Malls

The data shows that 64% Customers are satisfied with the pricing strategy of the malls after considering various, discounts, sales and other offers, while 36% Customers are not satisfied.

Customers Preference for Best Shopping Deals

It was found that 64% consumers finds best shopping deals in malls with various Discount offers, gift packages, etc., 28% customers are satisfied with the shopping deals served by the local grocery stores while 8% customers has no opinion.

Impact of Organized Retailing on Spending

Out of total 200, 48% consumers declared an increase in spending 28% indicated a decrease and rest 24% no change. Thus the arrival of organized retail has enhanced spending in general. The reasons indicated for higher spending have been mainly the purchase of larger quantities due to wider range of products, availability of attractive offers like discounts and promotional schemes, and access to better quality products with higher price.

Major Determinants in Buying Decision

The factors which play a major role in buying decisions were found like; variety of brands under one roof, ease of shopping, brand effect, and convenient purchasing.

Findings and Recommendations

The analysis showed that the unorganized retailing in the vicinity of organized retailers has been adversely affected in terms of their volume of business and profit. Unorganized retail has maintained employment levels perhaps as a result of competitive response.

The adverse unorganized retailer tapers off over time. The major factors that attract unorganized retailers to consumers are proximity, goodwill, credit sales, bargaining, loose items, convenient timings, and home delivery. There is clear evidence of a competitive response from traditional retailers who are gearing up to meet the threat from organized retailers.

Young Consumers have generally gained with the emergence of organized outlets through the availability of better quality products, lower prices, one-stop shopping, choice of

additional brands and products, family shopping, and fresh stocks. Lower income consumers have saved more from purchases at organized outlets. These results are not indicative of the countrywide scenario. For the country as a whole, unorganized retail is growing at a reasonable rate and will continue to do so for many years to come. Yet it is clear that the growth in demand for retail business is likely to substantially exceed any possible supply response coming exclusively from the unorganized retailers. India is at the crossroads with regard to the retail sector. Several emerging market economies have gone ahead and reaped the benefits of modern retail. India is however a latecomer to organized retail expansion and the picture still remains unclear as to its future direction. The study advocates a balanced approach to retail and suggests that the government plays a major role in shaping its future course. There is no doubt that traditional retail has been performing a vital function in the economy and is a significant source of employment. However, it suffers from huge inefficiencies as a result of which consumers do not get what they want. In contrast, organized retail provides consumers with a wider choice of products, lower prices, and a pleasant shopping environment.

Conclusion

The concept of retail is primitive in Indian context. we are living in the mall culture Grocery stores, medical stores and lot many other stores working surprisingly well all over the country. The very modern organized stores have taken the idea of retailing nowhere else then from old kirana shops. This research concluded that India's organized and unorganized retail sectors can co-exist and flourish. The growth in the Indian organized retail market is mainly due to the change in the young consumer's behaviour. This change has come in these young consumers due to increased income, changing, lifestyles, and patterns of demography with the advent of small jobs and pocket money which gives freedom to these young buyers to shop at ease, which are favorable sign of growth. Now the young consumer wants to shop at a place where he can get food, entertainment, and shopping all less than one roof. This fed has given Indian organized retail market a major boost. While on the other hand the traditional stores are shops where the various product available are the range of product really required by the customers. They cautiously take care of the choice of the customers and bring the product which is demanded by them. They try to satisfy them with the wide range and at the same time maintain a good

relationship to retain them and consequently convert them into their loyal customer. Lakshmi Narayana K1, Ajata Shathru Samal and P Nagaraja Rao (2013) good ambience and wide product range, selling price of the various goods, makes this retail store more lucrative than the traditional shops. There are many factors which show that buyers are more attracted with organized formats. The first and foremost factor is brand name because it is the symbol which creates positive image of the product. Secondly price because various retail stores offer discounts, lottery, free samples, gift vouchers, and buy one get one type strategies which attract the buyer more. Promotional tools also play an important role in favor of these stores. The author personally experienced that many outlets like Big Bazaar, Reliance Fresh, Vishal Mega Mart, Easy Day, etc. have arranged promotional tools and various offers to attract the buyers.

Changes in buyer's behaviour, is bringing about change in retail industry of Jaipur, as from unorganized to organized retail. More employment will be generated by the organized retail in Jaipur. Modern retail offers product width and depth and a better shopping experience.

References

1. Kanwaljeet (2015), Organized Retailing in India: Opportunities and Challenges, *IRACST-International Journal of Commerce, Business and Management (IJCBM)*, Vol.-4, No.2.
2. Atulkar Sunil and Kesari Bikrant (2014), A Review of Customer Preference towards Organized Retail Stores, *IRC's International Journal of Multidisciplinary Research in Social & Management Sciences*, Vol.-2, Issue-3.
3. Yadav Kshitiz, Ghosh Rajkumar and Kulkarni S.H. (2013), Study of the Consumer Behaviour towards FMCG Product in Rural Areas of Ramnagar, Nanital. *ASM's International E- journal of Ongoing Research in Management and IT*.
4. Hemalatha, K. G. (2013), Challenges of Organized Food and Grocery Retailing, *Mustang Journal of management & Marketing*, Vol.-3.
5. B. Shyamala Devi and Lochanan Ravi (2011), Consumer Buying Behaviour in Organized Retail Business With references to FMCG Sector, *International Research Conference and Colloquium, Contemporary Research Issues and Challenges Emerging Economies*.