

Impact of demographic factors on consumer behaviour in the organized and unorganized retail sector

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Abstract:

In the present scenario of fast changing lifestyle (preferences and taste) of consumer both unorganized retail outlets and organized retail outlets should be more revolutionary in order to survive, retain and attract new customers. There are various key drivers that lead to the retailing industry as a next booming industry like: value added goods sales, rising aspirations, favorable demographics, increasing population of women, food and apparel etc. Driven by the need to compete in volatile market places and to maximize profits it has become mandatory for the retailers to layout their stores in the way that will attract their potential customers and helps in maintaining the loyalty of the present customers (Das.K and Tripathy.P 2015). This paper provides insight into impact of demographic factors on the buying behaviour of the consumers between organized and unorganized retail sectors. The paper also focuses on suggesting some ways for improving the satisfaction level of customers of both organized and unorganized retail outlets.

Keywords: Retail sector, Organized retailing, Unorganized retailing, Consumer behaviour.

Introduction

The retail industry of India has been playing an imperative role in the economic growth of the nation and is considered as sunrise sector that has a huge potential for growth in the future (Bedia.D.D and Gupta.R 2017). The retail industry is playing a vital role in increasing the productivity of consumer goods as well as services. Retailing sector is now considered to be a largest source of employment after agriculture, as it is deeply rooted in the rural India and has been generating more than 10% of India's GDP. It has been considered to be the most dynamic and fast paced industry in the world. This industry has huge potential and opportunities of growth due to its existence in multiple segments and sectors. Retailing business is broadly divided into two parts that is organized retailing and unorganized retailing. Unorganized retail outlets refers to the low cost retail outlets and in developing nations like India the main focus of customers are just on the strong relations with the shopkeepers as they believe that by this they will get better prices as well as better services from them (Bedia.D.D and Gupta.R 2017). From the long past time local kirana stores were almost the single available option for the customers but with the passage of time the organized retail has also paved its way in the Indian market especially with the LPG policy in 1991 although organized retailing has primarily been limited to the urban markets (Talreja.M and Jain.D 2013). Modernization of the society leads to the growing share of organized

retailing in the total retail trade in the country (Sameera.P 2015). Time has now gone when the customers move only to their nearby shops due to the rapid growth in their disposable income they have now become more brand conscious (Ramya.N 2017) that is why now they are seeking about more worth in terms of enhanced quality, relaxing shopping environment, more financing options and that too at competitive prices (Shukla.R et.al 2013) so the retailers should deeply understand about shopping behaviour of customers like what, when, where, why and how as it is affected by various factors like social, cultural, economical, psychological, personal etc. more over organized retailers provide with a wide range of products under one roof at reasonable prices with a peaceful atmosphere. At the time of inception of organized retailing they generally prefers only the metropolitan and the developed cities of the nation but now due to the changing demographical and the economical conditions they now also targeted the small towns for establishing their new retail chains (Bedia.A.A and Gupta.R 2017). Demographic variables like age, gender, family size, occupation, marital status, education level etc. which are unique to a person (Jha.M 2013) are now also considered to be the most decisive and have significant impact on the retail business (Amit.R and Kameshvari.B 2012).

Objective of study

To study the association between the selected demographic variables (Age, Gender, Educational qualification, Marital status) and consumer behaviour in the organized and unorganized retail outlets.

Research Methodology

For the present study secondary data has been used and which is collected from different sources like: articles, books, magazines, trade journals, company reports, internet etc. So the present study analyses the impact of demographic variables while selecting the organized and unorganized retail outlets through desktop research.

Review of literature:

Goyal B.B and Aggarwal. M (2009) conducted a study on “Organized Retailing in India an empirical study of appropriate formats and expected trends” with the objectives to identify the relative importance of the various consumer products that consumers purchasing at org retail outlets, retail formats for each selected items and about the future trends of retailing in India and for this both primary and secondary data is being used and finally after applying chi-square test, factor analysis and ANOVA concluded that due to increase in income levels and career oriented families especially with high disposable incomes the consuming class of the society is also emerging. Now the consumers consider shopping as a means to break monotony created by daily routine they go to shopping to meet their friends for enjoyment, fun or just for window shopping so that why it has become mandatory for the retailers to understand about customers attitudes, perceptions, expectations, aspirations, desires etc as by understanding these things the retailer come to know about the large no of new ideas which a retailer may not identify by himself.

Jhamb.D and Kiran.R (2011) conducted a study on “Organized retail in India drivers facilitator and SWOT analysis” with the objectives to identify the major drivers, mixture of factors affecting and SWOT analysis of organized retail industry in India and segregated the major drivers in the six segments i.e. changing demographics, increase in FDI's Infrastructure, Economic growth, growth of real estate growing consciousness and found today's customers awareness, innovation, life styles, are the major opportunities while economic slowdown, rigid government, policies , price competition among retailers, international players as a major threats and concluded retailing as a biggest source of employment and location of an outlet its management Style and its policies regarding sufficient salaries to staff as the major factors for the success of an outlet and there is a need to overcome the weakness by making your strength more strong and to grasp the new opportunities by overcoming the threats that are being posed by the external environment for the overall growth of an retail outlet.

Dinesh Kumar. U and Vikkraman.P (2012) conducted a study on “ Customers' satisfaction towards organized retail outlets in Erode city” with the objectives to identify the determinants of customer satisfaction, attitude and behavior of customer and future prospect of organized retail outlets and for doing the study both primary and secondary source of data are used with a sample size of 200 respondents for analyzing the data SPSS Software is used and concluded that there is no relationship between education qualification of respondents and quality of service offered the study also concluded that customers generally prefers organized outlets over unorganized because of their good parking facilities , free home delivery so slowly and slowly they are becoming a challenge for the unorganized retail outlets and now they are expecting to work on the concept of increasing in the no. of billing counters for the fast checkout of the customers and more over they are also working on the concept of easily acceptability of the debit and credit cards as most of the customers are feeling more comfortable in this concept.

Jha .M (2013) conducted “A study of consumer shopping behaviour in organized retail at Ranchi” with the main aim of studying about consumer shopping behaviour dimensions and the impact of demographic variables on them and for this the research has adapted eight consumer decision making styles from sproles and kendall`s (1986) consumer decision style and these eight consumer decision styles are: quality conscious, brand loyalty, novelty conscious, shopping for entertainment, price conscious, confused/opinion seeker and impulsiveness and for analyzing the data one way ANOVA is being used and concluded that these factors have their impact on consumer decision making process.

Singh.K (2014) conducted a study on “Retail sector in India: Present scenario, emerging opportunities and challenges” with the objectives to analyze the present structure of Indian retail sector, segment analysis of Indian retail sector in order to know about the major sub-sectors in organized and traditional retail, analyzing about the emerging challenges and changes therein during last few years, and also to find out some steps taken by retailers to meet the emerging challenges and to know about the major sub-sectors in the various retail sectors in India and concluded that due to liberalization and changes in the government policies many foreign retailers entered in India and due various reasons like large proportion

of youth population, brand and fashion consciousness, increasing expenditure on consumption, growing middle class etc. there are more chances of the growth of organized retail in India. The study also concluded that Indian retail market will also likely to have some macro-economic impact in the future also like linking small manufacturers and farmers directly with retailers that leads to the minimum wastage of agricultural production etc.

Sameera.p.((2015) Conducted “ A study on the customer satisfaction in the organized Retail outlets “ with the objective to identify the attitude and behavior and perception of customers and factors constituting to the customer satisfaction in the organized retail outlets. For the study descriptive research design was used and the data is collected from both primary and secondary sources and found that more than 50% of the respondents satisfied with physical facilities, product variety and price range, Easy accessible layout neat and cleanliness, modern equipment & fixture, troling facility and operating hours of the shop while 20% of respondents feels dissatisfied due to parking facility and 27% due to variety mode of payment from organized retail outlets and finally concluded that although organized retail outlets provides improved and better variety, Quality of service and advance range of products than unorganized retail outlets and most of the consumers are also feeling satisfied by the quality of services provided but still unorganized retail outlets are posing a major challenge in front of organized retail outlets are posing a major challenge in front of organized retail outlets.

Gurjar.O and Bhattacharya.K (2016) conducted a study on “Organized retail sector in India” and concluded that there is a clear cut distinction between organized and unorganized retail outlets on various attributes but still organized retail outlets are based on unorganized retail outlets and that further helped in the comparative study of the various types of retail outlets. This study categorized the organized retail outlets in COCS (Company owned & single category showroom) and COMC (Company owned/ Managed multiple category) while Unorganized retail outlets in SOSW (Single owner & single worker) and SOMW (Single owner & Multiple workers).

Shrivastava .J and Mandil .A. K(2017) conducted a study on “Consumer perception of impact of mall culture on kirana bazaar –A study in Gawalior and Bhopal city (Madhya Pardesh)” with the objectives to know the impact of mall culture on traditional market with regard to their gender , locality, economic status and education level of their consumers. The study revealed that urban customers are more attracted towards the malls then the rural customers and if on the basis of gender we study the male and female generally prefers to go to the local kirana stores for fulfilling their daily needs and for outing purposes they go to malls for shopping. The study concluded that since kirana stores are inseparable part of the society they need some amendments just to keep a pace with the malls like they must amend their management styles.

Significance of study

It took about 10 years for the establishment of first 2500 organized retail outlets to be established in India and for the next 2500 organized retail outlets it took only 5 years (Business Today, 2005) and from the last few years the growth of organized retail outlets are

at a very fast speed but now the challenge before these retail outlets is that how they face the impact of global recession, non availability of investments, impact of unorganized retail outlets that is deep rooted in the economy which is least affected by the global recession position. So, our present study will focus on the pulse of the customers with regard to the organized as well as unorganized retail outlets while taking into account the various demographic factors like: age, gender, educational qualification, marital status.

Findings

The study showed the various findings:

- Higher income group generally prefers organized retail outlets as in comparison to the unorganized retail outlets.
- Organized retail outlets are generally preferred by the customers due to one stop shopping , better parking facilities, choice of more brands, wider product range etc.
- Unorganized retail outlets are generally preferred by the customers due to availability of loose items, home delivery facilities, possibility of bargaining, proximity to home, availability of credit, avoidance of unnecessary purchase, no prior planning to visit here etc.
- Consumers prefer both retail outlets and it all depends on the availability of time, theirs needs, status, life style, aspirations etc.
- Organized retail outlets are generally constructed at high profile area or at prime locations that generally induces customers of all age groups.
- If there is only one earning member in the family than unorganized retail outlets are generally preferred for fulfilling the daily needs while organized retail outlets are preferred where the number of earning members goes on increasing.

Suggestions

After having the view on the above study there are following suggestions:

- The changes in the demographic profile can be intelligently utilized for fulfilling need and expectations of customer's by the retailers.
- The retailers should not only understand buying patterns of customers but they also have to design their strategies accordingly for their long run establishment and for earning more profits.
- Unorganized retail outlets should take proper steps to provide facilities to customers like better discount offers, children play area, parking area etc.
- Unorganized retail outlets should also offer weekly or monthly schemes for attracting and maintaining the present customers.
- By segregating the different types of customers on the bases of their demographic profile and by understanding the right attribute the retailer finally able to have a sound business strategy.

Conclusion

Customers generally prefer to buy different products from different retail outlets it all depends upon their standard of living, availability of disposable income with them, time availability, increased awareness about the quality, their perception towards both the retail outlets although the customers are having an attractive opinion towards the organized retail outlets due to the enormous growth opportunities available but still the unorganized retail outlets are enjoying the good share in the market due to the mindset of the customers who can never think of their life without having a local kirana store near their home (Talreja.M and Jain.D 2013). The study found that out of all the demographic variables marital status and the profession does not showed much impact on the customer purchasing behaviour between the retail outlets.

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