



## **The Customer Preference in Organized Retail Sector**

**Dr. Madhu Jasola\***

\*Asst Professor, New Delhi Institute of Management, New Delhi)

### **ABSTRACT**

The rise in the disposable income of the Indian consumers is driving the revolution of the Indian retail industry. India's retail sector has witnessed phenomenal growth in the last five years. Organized retailing has finally emerged from the shadows of the unorganized retailing and is contributing significantly to the growth of Indian retail sector. As per the projections made by the Federation of Indian Chamber of Commerce and Industries (FICCI), India's retail industry is likely to cross Rs 100,000 crore by 2010 and the share of organized retail could go as high as 22 per cent from present share of 3 per cent. This estimate is based on the fact that income and consumer demands are likely to grow at a faster pace as the economy is booming well. Lifestyles would continue to change with better products and shopping options that would become available. As per the Technopak estimates, 92 percent of these investments are slated for urban areas and only 8 percent for rural. Of the urban investments, majority share of investments is slated for the hypermarket (38 percent), supermarket (21 percent) formats and about 62 percent of urban investments are expected to go to A-type or above cities. Things are changing fast as organized retail, run by large companies, is projected to grow at a significant compounding growth rate of 50 percent every year till 2011 mainly due to the large investments planned by big and small payers in the organized retail sector over coming five years.

## INTRODUCTION

With the retail industry witnessing fast changes, new consumer class is being added and there have been drastic changes in the way retail has shifted gears transiting from the traditional formats to the modern organized formats. The buzz today is malls, supermarkets and hypermarkets and within them there are several different formats being tried. To tap increasing potential of the Indian consumers, a large number of big corporate houses are now entering into the retail arena. These include big corporate names like Tatas, Rahejas, Piramal, Bharti and Birlas as well as brands in apparel and footwear such as Reebok, Nike and durables like Samsung, Sony and Panasonic. Such is the lure of India's emerging retail market that world's largest retailer Wal-Mart is entering into the arena by tying up with Bharti.

According to a FICCI report, for a quantum jump in the choice of products and the array for formats for the discerning consumers, it is imperative to have the right mix of a package to boost the competitiveness of the sector. Experts think that the government should review the existing laws and make the system more conducive to domestic players to enter the field.

### OBJECTIVES OF THE STUDY

- To understand the customers preferences in organized retail sector.
- To analyze opinion of customers regarding location of the malls and ambience.
- To increase frequency of visit during non-peak hours and on week-days.
- To look at factors that can ensure sustenance and success of malls in the country in the long term.

### DATA COLLECTION

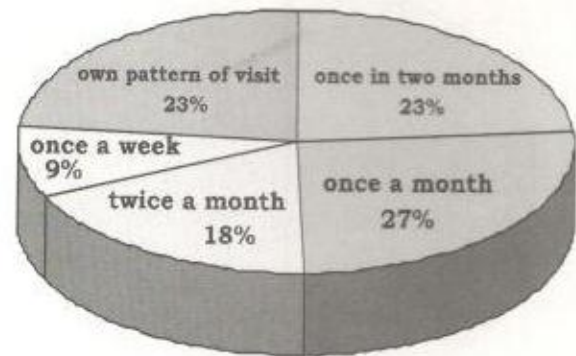
The area covered under the study was Delhi and NCR. The sample size of customers surveyed was 200. The primary data was collected through market survey and was done through questionnaire.

The secondary data was collected from various books, periodicals, journals, and articles in magazines and from different websites.

### ANALYSIS OF DATA

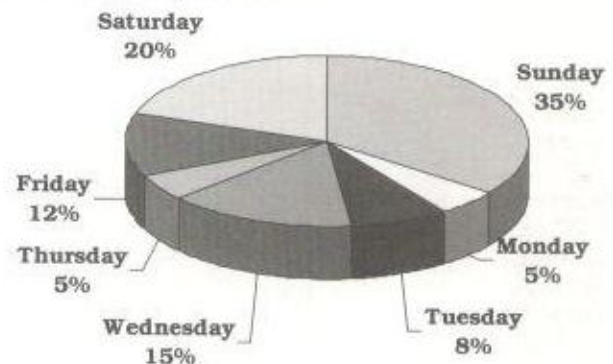
Analysis of the data collected reveal the following :

#### 1. Frequency of visit to a Shopping Mall



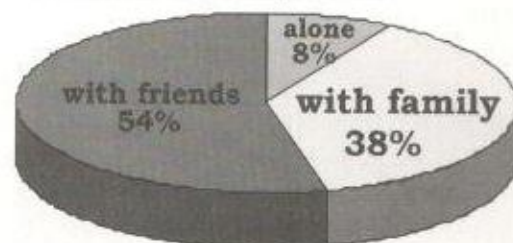
It is evident that visit to shopping mall is not a routine, unlike west, where customers shop more often. This is attributed to the lack of spending power among the consumers or lack of awareness of the benefits of shopping in a shopping mall. There are very few people who visit once in a week or more. Many of them do not have a specific pattern of visit, making it occasional.

#### 2. Preferred Day of visit



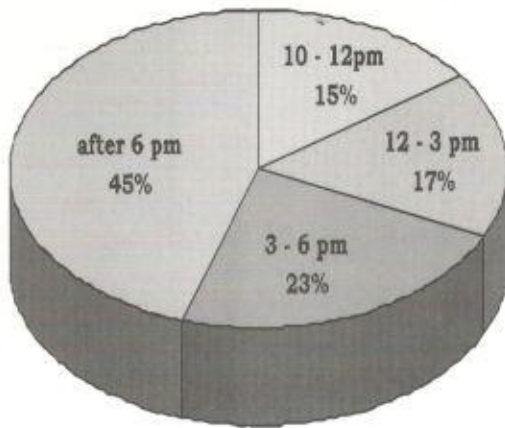
Consumers prefer going to the malls during the weekends, with Sunday being the most popular choice followed by Saturday. During the week we found that very few people visit the malls. This clearly indicates the need for sales promotion schemes during the week to attract customers.

#### 3. Visiting Mall with family/friends



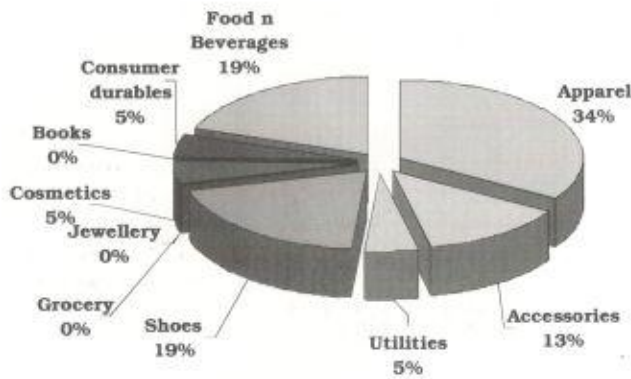
Preferred way of visiting malls is in groups with friends and family member's Promotional group schemes can be used as an aid to attract more groups.

#### 4. Preferred time of visit



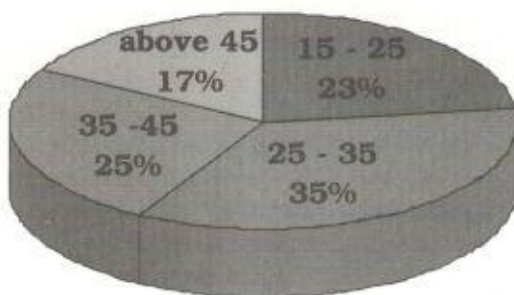
It is evident that most shoppers prefer to visit in late afternoon and evening between 3 pm to 6 pm. Retailers should be well equipped to deal with the crowd during peak hours.

5. Goods generally purchased from Malls



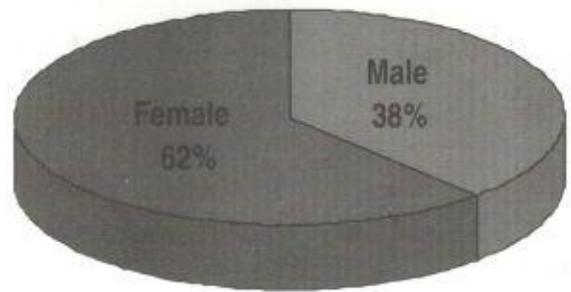
Shopping for apparels is the highest on the list of items bought from shopping malls. Accessories, footwear and utility items also find a place among the top purchases. Customers are also making purchases for food and beverages.

6. Age groups visiting malls (in years)



Malls are popular amongst the young crowd. However, malls are fast gaining popularity amongst the higher age groups. The retailers need to plan the merchandise accordingly.

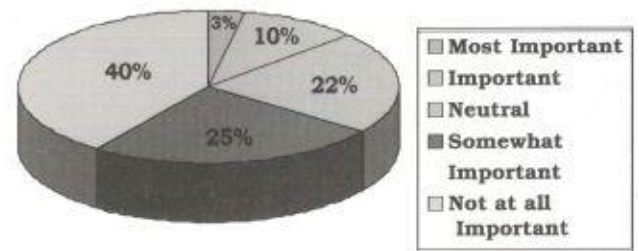
7. Gender Ratio of customers visiting malls



Visiting shopping malls are more popular amongst females. However, males are not far behind and also like to visit these malls. Females tend to have more time to shop than men do and have a greater craving for clothes, accessories etc.

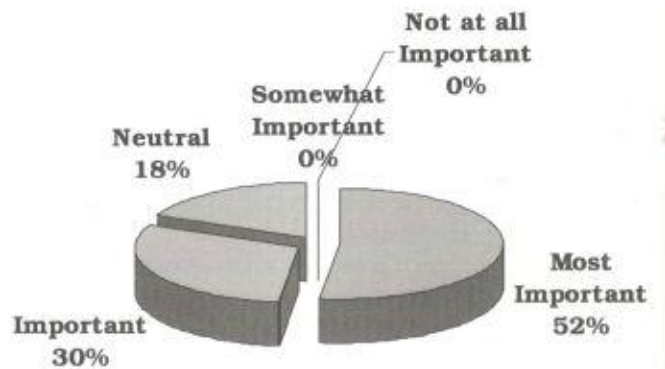
8. Degree of importance of factors influencing visit to a Mall

a) Brands Available



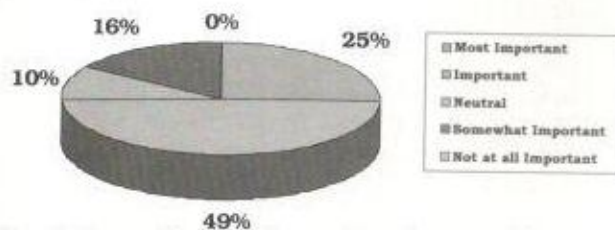
People visiting malls generally belong to middle class families and therefore are often influenced by price of the product. Other than electronic products where performance and reliability is of paramount importance and branded goods are preferred, else the customers are least concerned with the brand.

b) Discount



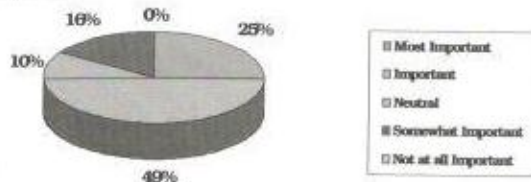
Majority of the respondents felt that discounts offered by the retailers is an important factor that attracts them to the outlet. This makes it imperative for the retailers to come out with attractive discount schemes to lure the visitors to their stores.

c) Display



The display and layout of store is an important factor that pulls the consumers towards the shopping malls. Good interiors which facilitates display of items in an attractive way is necessary to elicit response from the target consumers.

d) Location



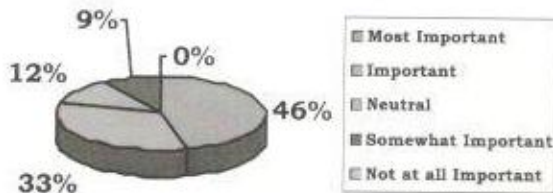
Respondents felt that location is an important factor that influences them to visit a shopping mall. This is especially true and important in large cities where shoppers would like the malls to be located in areas that would be near to their residence. Time is precious and shoppers are least interested, unless, there are compelling reasons, to go shopping at a far away location.

e) Parking Space



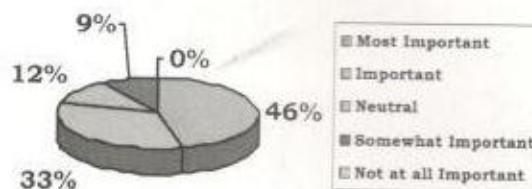
Parking space is an extremely important factor that influences the decision of the customers to visit a particular mall. As the research findings revealed, most of the shoppers like to visit the malls with their family members or friends for which they require four wheelers. Lack of parking space makes the task of parking an arduous one.

f) FOOD JOINTS



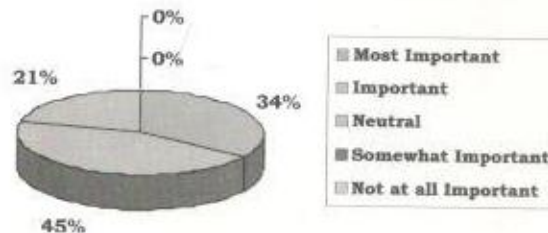
Food joints is an important factor that influence the consumers' decision to visit shopping malls. Eating out is slowly turning out to be a favorite pastime for the urban middle class consumers. So shopping malls with eating joints attract consumers.

g) Ambience



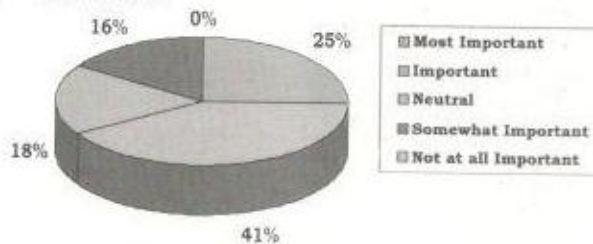
Aesthetically designed interiors attract shoppers since it gives them the feeling of quality products and international standards.

h) Service



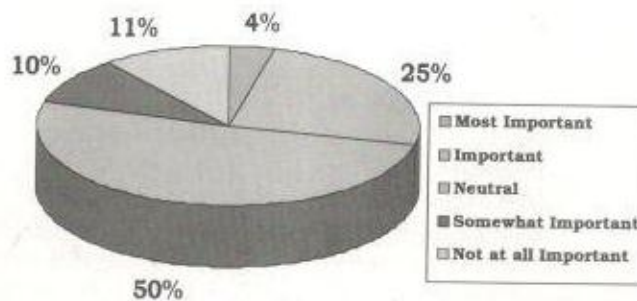
Consumers always like to be pampered and therefore personalized service is an important motivating factor that influences their decision to visit a mall.

i) Cleanliness



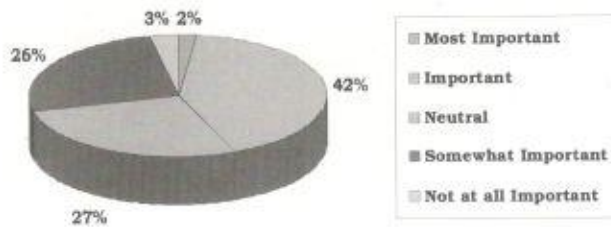
One of the essential features of mall is that they should be neat and clean, tidy so that it appeals to the shoppers for a different experience than what they generally come across in congested and overcrowded markets.

j) Live Entertainment Shows



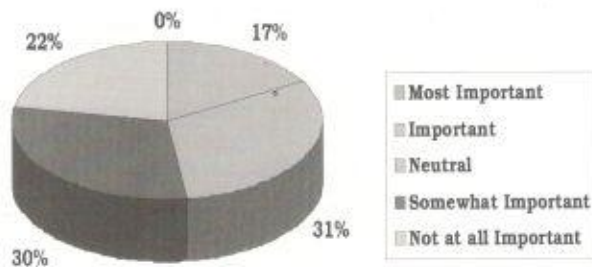
Shoppers do not perceive malls to be a place for live entertainment shows. They visit malls for wide variety of available choice of products at reasonable prices. But at the same time they are also attracted by such shows and it helps in increasing the footfall.

k) Playing area for kids



Shopping malls have playing arena for kids so that the parents are free to shop. But many respondents do not consider this as an important factor that influences their decision.

l) Referrals



Many times references are given by the existing customers to prospective customers to visit a particular mall. This is so because when customers visit the malls for shopping they will have word with their neighbors and friends and express their interest that they are in need of particular consumer product. In turn their interaction will get benefited by piece of advise to buy from particular shop/store in the mall which displays genuine products. With this advise the prospective buyers get lured and go to that shop only to buy the product in which they are interested. In this way both end users as well as shop owners will get benefited.

**RECOMMENDATIONS**

- Malls should be distinguished from each others and not be "just one amongst many". It needs to develop a USP and create its own identity. "One Day One Scheme" (ODOS) is recommended as one of the distinguishing features.
- There should be improved standards of cleanliness and maintenance of facilities, including air-conditioning in the open area.
- It is recommended that a Tenant's Club be formed with all tenant's being the members of the said club. Regular meetings and get-togethers be held among members to know and interact with their views and suggestions to constantly improve facilities and devise means to attract the customers.
- The range of products should be widened to include book store, jewellery and other products as these products attract maximum footfall.

- Usual and identical outlets in malls give a feeling of monotony to the customers. Therefore they should have their own identity and create value addition. Also their design should be enhanced particularly with so many malls coming up, as the customers today are looking for 'change' and they are ready to go an extra mile if the store assures value and satisfaction.
- Entertainment is an important part. A plan should be developed to add both large and smaller events throughout the year, to support retail environment. Events like car shows, antique shows, art exhibitions should be introduced. The events should also be planned to attract visitors during non-peak hours. Street performers, artists should be encouraged for this purpose.
- As a park, the mall should maintain a simple, yet changing landscape. Clusters of trees and floral groups should be used to define the various parts of the malls. A variety of thematic approaches should be take introduced. Musical fountains should be added to attract people.

**REFERENCES**

1. Aaker, D.A., V. Kumar, and Day, GS, 2004, Marketing Research, John Wiley & Sons, Singapore.
2. Bajaj, Chatan, Tuli, Rajnish and Srivastava, Nidhi V, 2005, Retail Management, Oxford University Press, New Delhi.
3. Biswas, R, 2006, "India's Changing Consumers", Retail News, Spring, pp. 2-6.
4. Boyd, HW, R. Westfall, Stasch, S.F, 2004, Marketing Research Texts and Cases, RD Irwin Inc, USA.
5. Levy, Michael and Weitz, Barton, 2002, Retail Management, Tata Mc Graw Hill, 5e.
6. Jasola Madhu, July-December 2007 "Emerging Trends in Retail Sector", IMS Ghaziabad Journal.
7. Jasola Madhu and Saklani Alok, January 2007, "Comparative Service Performance and Customer Commitment," Synergy.
8. Malhotra N.K, 2005, Marketing Research: An Applied Orientation, Fourth edition, Pearson Education.
9. Parsuraman A, Grewal D, Krishnan R, 2006, Marketing Research, First edition, Biztantra.
10. Philip Kotler, Keller S, 2005, Marketing Management, Twelveth edition, Prentice Hall India Pvt Ltd.
11. Pradhan, Swapna, 2007, Retailing Management, 2/E, Tata Mc Graw Hill, New Delhi.
12. Ramaswamy V S & Namakumari S, 2003, Marketing Management- Planning, Implementation & Control, Macmillan India Ltd.