

Customer Preference of Organized Retailing in India- A Review

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Abstract

Retailing is an activity which is generated because of the existence of the ultimate consumer. Had there been no customer, there would have been no retailing. So, a consumer defines the retailing activity. The effectiveness of a retail strategy depends on how well a firm identifies and understands its customers and formulates a mix of strategies that appeal to them. This involves identifying consumer characteristics, needs and desires, attitudes, behavior and understanding the buying motives of the customers. So, it can be said that understanding the consumer behavior; shoppers' behavior in terms of retail is of utmost importance to develop a successful retail strategy. This paper tries to identify the customer preference of organized retailing in India through a review

Keywords-*Retailing, customer preference, perception.*

I. INTRODUCTION

Retailing thus, may be understood as the final step in the distribution of merchandise, for consumption by the end consumers. Put simply, any firm that sells products to the final consumer is performing the function of retailing. It thus consists of all activities involved in the marketing of goods and services directly to the consumers, for their personal, family or household use. In an age where customer is the king and marketers are focusing on customer delight, retail may be redefined as the first point of customer contact.

Retail comes from the French word retailer, which refers to "cutting off, clip and divide" in terms of tailoring (1365). It first was recorded as a noun with the meaning of a "sale in small quantities" in 1433 (French). Its literal meaning for retail was to "cut off, shred,paring". Retail is the final stage of any economic activity. By virtue of this fact, retail occupies an important place in the world economy. A Retailer thus, provides value creating functions like assortment of products and services to the consumers, breaking bulk, holding inventory and provides services to consumers, manufacturers and wholesalers.

Retailing broadly involves:

1. Understanding the consumers' needs
2. Developing good merchandise assortment and
3. Display the merchandise in an effective manner so that shoppers find it easy and attractive to buy.

The distribution of finished products begins with the producer and ends at the ultimate consumer. Between two of them there is a middleman – the retailer. Retailing is the set of business activities that adds value to the product and services sold to the consumers for their personal or family use. Retailing has become such an intrinsic part of our everyday lives that it is often taken for granted. The nations that have enjoyed the greatest economic and social progress have been those with a strong retail sector.

The world over retail business is dominated by small family run chains and regionally targeted stores. Gradually more and more markets in the Western world are being taken over by billion-dollar multinational conglomerates, such as Wal-Mart, McDonald's, Marks and Spencers, etc. The larger retailers have set up huge supply/distribution chains, inventory management systems, financing pacts, and wide scale marketing plans which have allowed them to provide better services at competitive prices by achieving economies of scale.

II. RETAIL CONCEPT

The retailing concept covers the following four broad areas:

A. Customer Orientation

The retailer makes a careful study of the needs of the customer and attempts to satisfy those needs.

B. Goal Orientation

The retailer has clear cut goals and devises strategies to achieve those goals.

C. Value Driven Approach

The retailer offers good value to the customer with merchandise keeping the price and quality appropriate for the target market.

D. Coordinated Effort

Every activity of the firm is aligned to the goal and is designed to maximize its efficiency and deliver value to the customer.

III. UNDERSTANDING THE RETAIL CUSTOMER

Every business activity revolves around a customer, a consumer or a prospective buyer. Be it a manufacturing unit, a marketing firm, a service organization or an institution all of these look for a prospective buyer who can purchase their products or utilize their services and act as a source of revenue for the organization ultimately fulfilling the profit earning motive of the organization.

IV. CUSTOMER PERCEPTION-AN OVERVIEW

Perception is the process of attaining awareness or understanding of sensory information. It is a psychological process by which consumers derive certain meanings to what has been sensed by different sensory organs. It explains how a person recognizes, selects, organizes and interprets each stimulus based on his/her needs, values and expectations. It describes “how we see the world around us”.

Yadav R. (2009) in his study has tried to identify the customers’ attitude and perception towards emerging retail formats, such as shopping malls. It also seeks to ascertain the key variables (determinants) that affect attitude and perception formation towards the shopping malls and investigates important demographic and social variables among mall visitors. The study revealed that customer attitude towards shopping malls is strongly influenced by the absence or presence of certain elements, like location, infrastructure, and amenities, ambience, merchandising and pricing, entertainment value and personal value.

Theories of perception mainly suggest that people make their own picture of the world. Similarly, shoppers/customers perceive brands or products in their own ways and take decision based on their perception about them rather than objective reality. Perception in marketing influences our acquisition and consumption of goods and services through our tendency to assign meaning to such things as color, symbols, tastes and packaging. Culture, tradition, and our overall upbringing determine our perception of the world.

V. THE NATURE AND ELEMENTS OF PERCEPTION

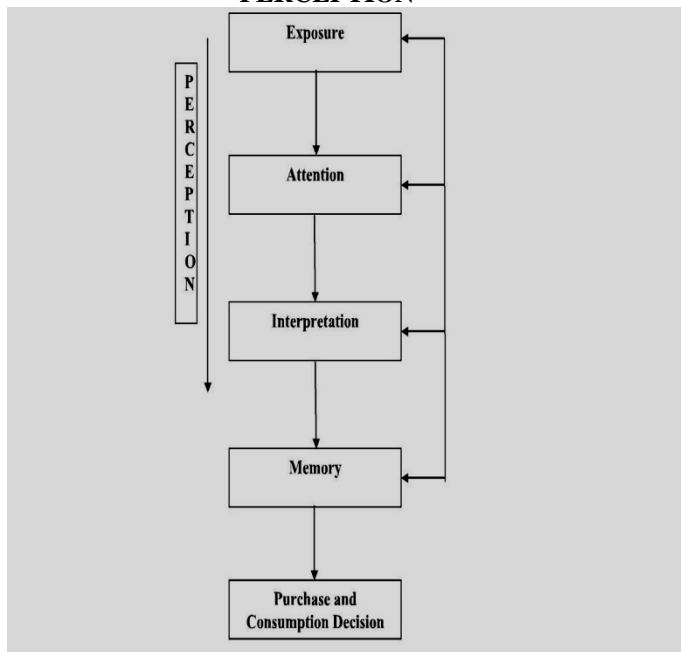


Fig.1 Information Processing for Consumer Decision Making

Information processing is a series of activities by which stimuli are perceived, transformed into information and stored. Figure below depicts a model having four major stages exposure, attention, interpretation and memory. The first three of these constitutes Perception.

Thus, the perceptual process includes; Exposure occurs when a stimulus comes within range of our sensory receptor nerves. Attention occurs when the stimulus activates one or more sensory receptor nerves, and the resulting sensation goes to the brain for processing and Interpretation is the assignment of meaning to sensations.

Sinha P.K, Banerjee A and Uniyal D.P. (2002) in their study tried to understand store choice behavior of shoppers in the context of the changing retailing environment. They have tried to identify major drivers behind choice of stores for various shopping needs as exhibited by a typical Indian consumer. Their study revealed that convenience and merchandise are the primary reasons behind choosing a store. Proximity of the store, store ambience and service being other reasons. Grocery stores are chosen more on the basis of their proximity and long-term association with merchandise. Stores dealing in apparels, books, and music are chosen based purely on ambience. Consumer durable stores are chosen clearly based on merchandise

and personal referrals available with ambience slightly affecting choice.

VI. RETAILING IMPLICATIONS OF THE PERCEPTION OR PERCEPTUAL INFERENCE

Consumers tend to form images of brands, stores and companies. An image is a total perception of the object that consumers form by processing information from various sources over time. Gestalt psychology (Gestalt, in German, means “pattern or configuration.”) suggests that forming an image is a natural process of developing a total perception of the object. Weber’s law also has important applications in marketing. It states that the stronger the stimulus, the greater the change required for the stimulus to be seen as different.

Gupta C.P. Agarwal R. and Sinha M. (2008) in their study tried to identify the consumer’s perception about the variety of products and services available at organized retailing. Also, they tried to find out the impact of organized retailing on the consumer’s buying behavior. The study revealed that consumers are highly appreciating the availability of the variety of products/services at the organized retailers” and organized retailing has changed the consumers’ buying patterns also. Consumers have started accepting modern retailing and shopping malls for their shopping as compared to kirana stores. They even don’t mind traveling 10-14 kms for their shopping. Good customer service and convenience of parking and other facilities are also preferred by the customers.

Sirohi N., McLaughlin E.W. and Wittnik D. R. (1998) in their study tried to understand the store loyalty intentions of current customers for a multi-store grocery retailer. They have studied three store loyalty intentions, measured by intent to continue shopping, intent to increase purchases and intent to recommend the store depend on service quality and merchandise quality perception. They have also tried to identify the effect of shoppers’ perceived value for money for the focal store. The results of the study revealed that service quality is

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by far the most critical determinant of merchandise quality perception. Perceived value for money depends on perceived relative price and sales promotion perceptions and to a lesser extent on service quality and merchandise quality perceptions.

Banerjee A. and Divakar S.(2001) in their paper tried to discover simple guidelines formed by consumers over a period of time to make decisions regarding whether to buy or not to buy goods based on the changes in market prices of goods. According to them, these simple guidelines are threshold prices, which trigger different kinds of purchase behavior (decision to forego purchase till future periods, decision to increase consumption, decision to stockpile for the future). They tried to highlight the need for retailers to be sensitive to the issue of consumer’s multi-period purchase planning process, which may significantly impact the effectiveness of promotion schemes. The research revealed that there exists a price threshold that triggers stockpiling behavior of the retail customer.

There have been substantial studies conducted on various aspects of retail over previous few years on some of these areas pertaining to different geographies and demographics. This has become a sound platform that leads to a sound conceptual base for both practitioners and investigators.

VII. CONCLUSION

With the change in the living style of the people it is observed that consumers prefer to buy from a place where the accessibility is higher and where they can buy everything under one roof. This has brought the concept of Malls. Also with the opening of the super markets and hypermarkets in Malls consumers get variety of product at competitive prices. Consumers not only treat Malls as a place to shop but they treat it as a picnic place where can enjoy using the recreational facilities like multiplexes, gaming zones and can even go for Window Shopping. Facilities like Spa, Gyms, eating Joints are all found in the Malls. All this adds on to their shopping Experience.

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