

Customer's Decision-making Styles in Different Retail Formats with Reference to Central Kerala, India

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Abstract

The Indian retail market is among top five retail markets in the world by economic value. As Kerala contributes a major share in the overall Indian retail sector and stands one among the major consumer states, it is very essential to study the customer's decision-making styles in organized and unorganised retailing. The Consumer dynamics in Kerala is changing and the retailers need to keep track this and formulate appropriate proactive planning to get the grip in this upcoming market.

Keywords: Retail market, Customer, Decision-making, Organised and Unorganised retail formats

Introduction

Retailing in India is one of the pillars of its economy and accounts for 14 to 15 percent of its GDP. The Indian retail market is estimated to be US\$ 450 billion and one of the top five retail markets in the world by economic value. India is one of the fastest growing retail markets in the world, with 1.2 billion people. India has topped the A.T. Kearney's annual Global Retail Development Index (GRDI) for the third consecutive year, maintaining its position as the most attractive market for retail investment. In January 2012, India approved reforms for single-brand stores welcoming anyone in the world to innovate in Indian retail market with 100% ownership, but imposed the requirement that the single brand retailer source 30 percent of its goods from India. Indian government continues the hold on retail reforms for multi-brand stores.

As of 2013, India's retailing industry was essentially owner manned small shops. In 2010, larger format convenience stores and supermarkets accounted for about 4 percent of the industry, and these were present only in large urban centres. India's retail and logistics industry employs about 40 million Indians (3.3% of Indian population). The Economist forecasts that Indian retail will nearly double in economic value, expanding by about \$400 billion by 2020.

Kerala is one among the Indian states which resisted central ministry's new FDI policy, but it's a true fact that, it will be imposed in all states with in short time.

As Kerala contributes a major share in the overall Indian retail sector and also as one of the main consumer states, it is very essential to study the customer's decision making styles in different (organized and unorganised) retailing.

Statement of the Research Problem

Kerala is a consumer state than a producer state. Kerala depends up on other states for day to day food and other requirements. Here lies the importance of retail shops. State consists of lot of retail outlets which are organised and unorganised. From where to buy and use is a question. It's all up to the consumer. In a market consumer is the king he will decide when to buy, what to buy, from where to buy and all.

There are certain trends in consumer behaviour that have direct and significant impact on the business strategy and the profitability of retail business. These trends relate to the changing demography increasing individualisation, increasing computerisation, increased mobilisation, increased demand in terms of sustainability and dematerialisation.

A consumer prefers organised retail outlets for FMCG products that are bought in large quantities and for larger duration of time. They also perceive it as a family outing and are drawn towards it due to its convenience variety and special offers. A consumer prefers unorganised retail outlets and has low shelf life and is consumed on a daily basis. Logistical convenience and a sense of personalisation are key drivers for consumers to make a shopping in an unorganised retail outlet. Why some consumers prefer unorganised retailers, while others shop from organised retailers. There are some factors such as influencing factors , rate of satisfaction received, price factors, shopertainment, ambience , quality of products, variety of products etc. For finding out the reasons behind, researcher conducted this study entitled-the customers decision making styles in different (organized and unorganised) retailing.

Scope of the Study

The measurement of consumer attitude, behaviour and customer satisfaction is a rapidly growing area of marketing research. Companies have to come realise that it may be much more expensive to attract new customers than to retain existing customers. Furthermore some customers such as those who are heavy users of the product or service, merit relatively heavier efforts to ensure a high level of satisfaction. Customer satisfaction and consumer behaviour studies have become integral part of the retention and loyalty programs of many firms.

This study was planned to cover the unorganised and organised retailing in central Kerala. The sale and consumption pattern of different retail outlets, intensive interaction with consumers to know about their shopping experiences, attitude, preference, selection and purchase of different consumables, user satisfaction, shopertainment etc. came under the scope of the study. It was also decided to

meet the shop owners to know about the customer responses about their shop and also to know how happy he is in current retail status.

Objective of the Study

To study the customers decision making styles in organized and unorganised retailing. It includes:

- Price consciousness
- Quality consciousness
- Recreational facilities
- Confused by over choice
- Novelty consciousness
- Variety consciousness

Hypothesis for the Study

H0: There is no significant difference in customer's decision-making styles in organized and unorganised retailing.

Research Methodology

1) Sample Design:

Universe: The whole customers from organized and unorganized retailers in Thrissur and Ernakulam district of Kerala state.

Sample size: the sample size is delimited as the time period for the research is very short. So researcher conducted the study on 200 samples selected 100 each from Thrissur and Ernakulam district having shopping experience from both organized and unorganized retailers.

Sampling technique: For the study, judgement sampling, one of the non-probability sampling techniques was used. The researcher employed his own judgment about who to include in the sample frame.

2) Data Collection:

The study requires both primary and secondary data. Primary data was collected using questionnaires and secondary data was collected from books, journals, articles, web search and works of similar nature.

Tools for primary data collection: A questionnaire including likert scales, semantic scales and CMT was prepared to collect primary data from the customers.

Method of data collection: Intercept surveys and door to door survey was used to collect the data.

3) Analysis and presentation of data:

For analysing the collected data statistical tools such as Correlation Test and T-test were used along with SPSS software. Tables were used to present the results.

Review of Literature

Manoj Trivedi (2008) in his paper entitled “From Traditional Markets to Shopping Malls. A paradigm shift” holds the view regarding of the fast approaching retail boom scenario that it is likely to happen sooner than later. The author discussed the impact of the same on the Indian Traditional retail outlets with its likely positive and negative impact. The author concludes that where the organized sector poses a cutthroat competition for the *kiranas* the fact still remains that India being a country with diversified social classes there is a scope for both to survive. The emergence of a developed retail sector will pose a competition rather than a threat to the traditional stores which would help these stores change their outlook and ways of working.

Ajay Shah (2009) in the PhD thesis titled “Consumer behaviour towards shopping malls vis-à-vis Mom and Pop shops” done research in western India especially cities of Gujarat. In his research he examines the experience of consumers towards shopping malls against Local stores.

Swaroop Chandra Sahoo and Prakash Chandra Dash (2010) titled ‘Consumer Decision Making styles in shopping malls- An empirical study in Indian Context’ identified six decision making styles in Indian environment. These decision making styles are price consciousness, quality consciousness, recreational facilities, confused by over choice, novelty consciousness and variety consciousness. They also added that it is very crucial to study the decision making behaviour of Indian customers as more and more domestic and international players are entering in to Indian retail sector. So it is very important to study the decision making styles of customers.

Poonam Kamboj (2012) published paper titled “Retail Industry: Its Growth, Opportunities and Challenges” has found out that it is also the second largest industry in US in terms of numbers of employees and establishments. There is no denying the fact that most of the developed economies are very much relying on their retail sector as a locomotive of growth. The India Retail Industry is the largest among all the industries, accounting for over 10 per cent of the country’s GDP and around 8 per cent of the employment

Smitha’s (2012) study entitled factors influencing the buying behaviour of organized retail customers: “A study on food and general stores in Vishakapattanam” concluded that there are equal spaces for both organized and unorganized retailers in an emerging city like Vishakapattanam. Although the customers would utilize the services of an unorganized retailer in their neighbourhood for fulfilling their basic needs, they are also aware and conscious of the benefits and advantages associated with an organized retailing .So from the above statement it is clear that the consumers are well awarded about the factors what they are being influenced to buy or shop from a particular retail outlet.

Data Analysis

H₀: There is no significant difference in customer's decision-making styles in Organised and Unorganised retailing.

1. Price consciousness

Table-1: T test

Pair 1	Mean	N	SD	Std. Error Mean	Correlation	df	t	sig
Organised	17.20	200	1.665	0.118	-0.176	199	38.936	0.000
Unorganised	10.90	200	1.303	0.092				

Here correlation is negative. There is an inverse relation. Here p- value is less than 0.05, so we reject the hypothesis. So there is significant difference in customer's price consciousness in decision making styles in organised and unorganised retailing.

2. Quality consciousness

Table-2: T test

Pair 1	Mean	N	SD	Std. Error Mean	Correlation	df	t	sig
Organised	17.40	200	2.015	0.142	0.556	199	56.196	0.000
Unorganised	9.80	200	2.045	0.145				

Here p-value is less than 0.05 reject the hypothesis. So there is significant difference in customer's quality consciousness in decision making styles in organised and unorganised retailing.

3. Recreational facilities

Table-3: T test

Pair 1	Mean	N	SD	Std. Error Mean	Correlation	df	t	sig
Organised	12.40	200	0.919	0.065	-0.467	199	32.428	0.000
Unorganised	7.60	200	1.500	0.106				

Here correlation is negative. That is there is an inverse relation. Here p- value is less than 0.05 so, reject the hypothesis. So it is clear that there is significant difference in customer's decision making styles in organised and unorganised retailing with respective of recreational facilities.

4. Confused by over choice

Table-4: T test

Pair 1	Mean	N	SD	Std. Error Mean	Correlation	df	t	sig
Organised	13.30	200	1.851	0.131	0.022	199	43.986	0.000
Unorganised	6.50	200	1.207	0.085				

Here p-value is less than 0.05 reject the hypothesis. Therefore there is significant difference in customer's decision making styles in organised and unorganised retailing with respect to choices available at retail stores.

5. Novelty consciousness

Table-5: T test

Pair 1	Mean	N	SD	Std. Error Mean	Correlation	df	t	sig
Organised	8.00	200	1.268	0.090	-0.440	199	22.684	0.000
Unorganised	4.80	200	1.080	0.076				

Here correlation is negative. There is an inverse relation between the variables. Here p-value is less than 0.05 so we can reject the hypothesis. Also we can say that there is significant difference in customer's decision making styles in organised and unorganised retailing with respect to novelty consciousness.

6. Variety consciousness

Table-6: T test

Pair 1	Mean	N	SD	Std. Error Mean	Correlation	df	t	sig
Organised	8.00	200	.897	0.063	0.559	199	49.798	0.000
Unorganised	4.40	200	1.203	0.085				

Here p-value is less than 0.05, so reject the hypothesis. Therefore there is significant difference in customer's decision making styles in organised and unorganised retailing with respect of variety consciousness.

7. Aggregate Result for Hypothesis

Table-7: T test

Pair 1	Mean	N	SD	Std. Error Mean	Correlation	df	t	sig
Organised	76.32	200	4.016	0.284	0.115	77.179	199	0.00
Unorganised	43.30	200	5.012	0.354				

To study the customer decision making styles following factors were considered. Price consciousness, quality consciousness, recreational facilities, confused by over choice, novelty consciousness and variety consciousness. Here p-value is less than 0.05, reject the hypothesis, H_0 : There is no significant difference in customer's decision-making styles in organised and unorganised retailing. So we can assume that there is significant difference in decision making styles in both retailing.

Conclusion

The following factors were considered for the test, Price consciousness, Quality consciousness, Recreational facilities, Confused by over choice, Novelty consciousness and Variety consciousness. Here p-value is less than 0.05, reject the hypothesis, H_0 : There is no significant difference in customer's decision-making styles in organised and unorganised retailing. So we can assume that there is significant difference in decision making styles in both retailing.

Organised retailers can reduce the cost of products using better utilisation of indigenous or local resources available to them. By this action they can stimulate local small scale industries and farmers. As a result consumers get fresh products in desired quality at cheap prices. Also this will increase the standard of living of local people.

In order to attract customers, good infrastructure facilities and hygiene premises should be maintained by every unorganised retailer. In order to retain existing customers and to attract new customers, the retailers have to offer excellent promotional schemes and discounts like organised retailers.

This study mainly focused on consumers decision making styles in both retail types. The results of the study revealed that there are equal spaces for both organised and unorganised retailers in an emerging retail hot spot like Kerala, especially in central Kerala. Although the consumer would utilise the services of an unorganised retailer in their neighbourhood for fulfilling their basic needs, they are also aware and conscious of the benefits and advantages associated with an organised retail outlet. Also the customer's attitudinal factors force them to have diversified products at various shopping spots. In this situation retailers should be vigilant in adopting more consumer friendly marketing strategies in terms of best quality products and services continuously to the consumer.

Kerala is now retailers own land. The Consumer dynamics in Kerala is changing and the retailers need to keep track this and formulate appropriate proactive planning to get the grip in this upcoming market. Also opening up of FDI in retail would aid in this endeavour and lead to improvements in infrastructure, technology and employment opportunities, and also benefit the overall economy. It is concluded that the future of Retailing in Kerala looks bright and Marketing is not a function, it is the whole business seen from the consumer's point of view. Let's wait for a retail revolution.

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