

THE BUYING BEHAVIOR & THE FUTURE INTENSIONS OF CUSTOMERS OF THE RETAIL SECTOR

Fayza*

Abstract:

The purpose of this paper is to highlight the perception of the buyers of the retail sector. The retail sector is divided into organized and unorganized retail sector. The buying behavior of the consumers is dependent upon number of factors. These factors have variety of merits and demerits attached which are differently perceived by the different income group buyers.

Key words: Retail sector, customers, competitive.

*** Research Scholar, University of Jammu.**

Introduction

Retail, one of the largest industries, has presently emerged as one of the most dynamic and faced paced industries of our times with several players entering the market. Accounting for over 10 percent of the country's GDP and around eight percent of the employment, retailing in India is gradually inching its way toward becoming the next boom industry, (CSO, 2012).

As the winds of economic reform have swept across the Indian economic landscape since the 1990s, the slow pace of retail liberalization has become increasingly conspicuous. Most notably, foreign direct investment freely permitted in most sectors-continues to be banned in the retail sector, with the exception of single-brand retailing .Still India's retail sector is the fastest growing sector in the Indian economy ,with a three year compounded annual growth rate 46.64%.

The Indian retail industry is divided into organized and unorganized sector .The Indian market is highly fragmented with 97% of its business being run by the unorganized retailers like the traditional family run stores and corner stores .The organized retail however is at a very nascent stage, bringing in huge opportunity for prospective new players. Slowly traditional markets are making a way for new formats such as departmental stores, hypermarket, supermarket and special stores. Western style malls have begun appearing in metros and second rung cities alike, introducing Indian customer to an unparallel shopping experience.

Traditional small retailers of the unorganized sector in India have much strength that will ensure their continued survival and growth despite the emerging competition from corporate retail chains .At the same time corporate retailers have several advantages that are making it possible for them to attract growing number of customers .Given their respective strengths, however, corporate and traditional retailing can co-exist and grow in India for a long time to come. In fact, many customers already frequent both types of stores; much of corporate retails growth may represent enhanced consumption as a result of rising incomes and the growing variety of consumer goods, rather than the decline of traditional retailers.

The consumer's preference of marketplace largely depends on the convenience in purchasing at the market place along with the availability of additional services .There is significant influence of the format of retail stores and location on the operational efficiency and thus affecting the choice of the retail outlet. Advertising and marketing expenses also has a significant role in creating the perception of performance determining factors and need to be paid attention to for formulating strategies in this complex retail scenario.

Need of The study

In India there is a lot of growth potential in the retail sector today-both in traditional unorganized sector and in the organized retail sector. The changing lifestyle, consumerism and increasing incomes have contributed to the growth in this sector and have brought about a change in the

purchase behavior of the consumers. With the growing importance of the retail sector in the economy and the rapid changes in this sector there is a requirement of a thorough in-depth understanding of the dynamics of how the retail sector operates. So it becomes an imperative to investigate and explore these underlying factors contributing to building long-term relationships with the retail service providers.

Methodology

The study was conducted among the consumers of both organized branded retail outlets and traditional outlets. Interview was conducted of 105 respondents, and they were selected on the basis of the convenience sampling method within the city of Jammu. The response was interpreted and conclusions were drawn so as to get an idea about the factors that influence the choice of the type of retail outlets and the factors that influence the choice of the branded retail outlets.

Major Findings

It was found that the traditional small retailers of the unorganized sector within the small streets have the advantage of location, servicing the needs of the families located in the vicinity. Adding to their convenience, neighborhood stores in the city of Jammu often offer a number of additional services such as credit and home delivery and they typically keep a very long hours. They are able to run at wafer-thin margins because they rely on family or cheap, untrained labor, incur low rental costs (or operate from their own property) and spend very little on the interiors and the display.

Corporate retailers combine direct sourcing, large volumes and substantial investments in infrastructures in their business model, which enable them to offer products at considerably lower prices. Modern retail outlets also offer a pleasant and comfortable ambience for shopping, enable easy comparison of a wide range of products, ensures the quality of the product, offer self services not only this but installation and after sale services plus demo at home. These benefits are likely to woo many Indian customers even though some products may be cheaper in the traditional stores.

The study identified factors that help increase the efficiency of a retail company and also revealed how efficiently some of the top organized Indian retail companies in the sector have been performing relative to each other.

Impact of The study

The study aimed at finding the importance of the factors that influence the choice of the type of and the factors that influence the choice of the branded retail outlets. It is important to understand the difference in retail purchase behavior of people with different demographic background. These finding would suggest a way for formulating retail strategy for the upcoming

retailers to gain a competitive advantage and build a long term relationship in the face of increased competition being faced in the emerging organized retail sector in Jammu.

The results of this study have brought about a clear understanding of the interrelated underlying factors that influence the purchase behavior and the future behavioral intentions of the retail customers of both the organized and unorganized retail sectors not only for academicians but also encourages the managers to formulate effective strategies for increasing profitability and growth in the competitive market.

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