UNDERSTANDING CUSTOMERS' BUYING BEHAVIOUR IN THE EVOLVING INDIAN RETAIL SECTOR: A STUDY ON RETAIL OUTLETS

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Abstract

This study examines consumer behaviour in India's evolving retail scene. India's retail sector is developing, and its inclination for organised shopping has increased storefront demand. Debit and credit cards have contributed to a culture of purchasing in the country. Indian consumers are becoming more educated, affluent, and sophisticated; thus, firms are analysing their behaviours. To influence purchase behaviour, retailers must identify their ideal customers' store attributes. This study ranks the importance of store features to Indian consumers. Indian consumerism has changed from family-oriented to modern and youthful, benefiting the organised retail industry. The unstructured retail sector must reorganise and adapt to new market realities to be competitive and meet customer expectations. The study employed primary and secondary sources to assemble data from 90 customers. The study illuminates Indian brick-and-mortar shoppers' influences. These insights can help shops better understand and serve their customers. Learn about your clients' needs to succeed in India's fast-growing retail business. This research clarifies the intricacies of retail consumer behaviour and may be used as a roadmap for firms who want to flourish in a rapidly changing retail industry.

Paper Identification

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Introduction

The retail industry is extremely important to the Indian economy, contributing over 22% of GDP. One of the top five retail marketplaces in the world, India's retail sector is valued at an estimated US$ 500 billion. India is rapidly becoming into one of the most attractive consumer marketplaces due to its massive population of over 1.2 billion people. Customers' newfound restraint can be attributed to the recent economic downturn. In today's fast-paced, always-connected world, customers are more price-conscious than ever. According to a large Indian research firm, the retail industry expanded at a CAGR of 15% from 2012 to 2017. In 2018, there will be about 2.5 million square feet (sqft) of mall space available, which is a significant increase from 2013, when there were about 4.7 million sqft.From April 2000 to January 2014, foreign direct investment (FDI) into single-brand retail trading amounted to US$ 98.66 million, as reported by the Department of Industrial Policy and Promotion (DIPP). In 2013, most shops in India were run by their own proprietors. Larger format convenience stores and supermarkets accounted for about 4 percent of the industry in 2010. In India, the retail and logistics sector employs roughly 3.3% of the total workforce. On December 7th, the Indian government allowed 51% FDI in multibrand retail. India's retail scene has grown beyond shopping malls because to the rise of a variety of new touchpoints. Customers' expectations of a store's performance have increased as a result of a number of variables, including the current economic climate, the availability of numerous products and services, the availability of several payment methods, and the ease with which information may be obtained.

Research objectives

- In order to understand what drives consumers:
- Examining the Evolving Retail Landscape in India
- The goal is to identify the factors of consumer behaviour.

Review of Literature

Gupta and Chaudhary (2017) found that organized retail formats, such as malls and supermarkets, offer a better shopping experience and attract customers due to their convenience, wide product assortment, and attractive promotions. They noted that organized retail outlets have influenced consumers to adopt a more brand-conscious and value-seeking behavior.

Jain and Gupta (2019) conducted a study in India and identified various store attributes, including store ambiance, layout, customer service, and product assortment, as important factors

influencing consumers' store choice and purchase decisions. They emphasized the need for retailers to understand and cater to these preferences to enhance customer satisfaction and loyalty.

Sinha and Banerjee (2017) examined the influence of consumer knowledge on purchase decisions in the retail sector. They found that informed consumers tend to evaluate products more critically, seek detailed information, and prefer retailers who offer transparency and value-added services.

Need For Studying Consumer Behaviour

The retailer's biggest difficulty is coming up with marketable products and services. The retailer's chances of creating a profitable product in response to market need are greatly increased if the retailer has a solid grasp of consumer need. Strategy development begins with a firm grasp of how consumers actually shop. This insight proves consumer knowledge that may evaluate how successfully a company has achieved product positioning goals by examining the channels of communication chosen. The company evaluates the performance of its product positioning by gauging consumer reaction to its offerings and determining whether or not the two are a suitable fit. It's important for stores to get to know their customers so they can better serve them by learning when, when, and why their clients utilise the products they sell. An unbiased evaluation of the store's strengths and weaknesses is possible after the retailer has a firm grasp on how its customers behave. This research has the potential to provide surprising information and guide future efforts to differentiate**.**
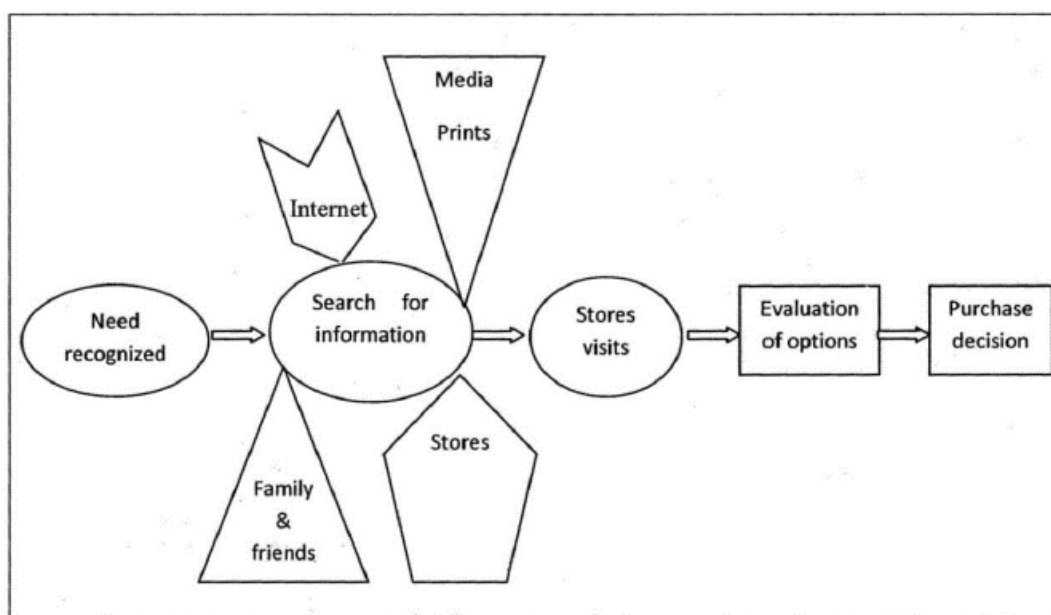

Figure 1. Decision making process of customer

Research Methodology

This study aims to investigate the buying behavior of customers in the evolving Indian retail sector, specifically focusing on retail outlets. The research methodology involves a sample of 90 customers and utilizes both primary and secondary data sources.

1. Sampling

A sample size of 90 customers will be selected for the study. The selection of the sample will be done using a random sampling technique to ensure representative results. The sample will include customers from various demographic backgrounds, age groups, and shopping preferences to capture a diverse range of perspectives.

2. Data Collection

a. Primary Data: Primary data will be collected through structured questionnaires and face-to-face interviews with the selected customers. The questionnaires will be designed to gather information on customers' buying behavior, store attributes influencing their purchase decisions, and their preferences and expectations from retail outlets. The interviews will provide an opportunity for in-depth discussions to explore customers' insights and experiences.

b. Secondary Data: Secondary data will be collected from various sources such as academic journals, industry reports, and relevant publications. These sources will provide valuable background information on the Indian retail sector, trends, and previous research studies related to customers' buying behavior.

3. Data Analysis

The collected data will be analyzed using appropriate statistical techniques. Descriptive statistics, such as frequencies, percentages, and means, will be used to summarize and present the demographic characteristics and buying behavior patterns of the sampled customers. Inferential statistics, such as correlation analysis or regression analysis, may be employed to identify relationships between store attributes and buying behavior.

Result and Discussion

Table 1. Demographic Profile of the Participants

Classification	No. of Respondents	Frequency	Cumulative Frequencies
Gender			
Male	45	50.00%	50.00%

Female	45	50.00%	100.00%
Total	90	100.00%	
Age			
Below 25	34	37.78%	37.78%
25 – 50 years	38	42.22%	80.00%
Above 50	18	20.00%	100.00%
Total	90	100.00%	
Educational Qualification			
Up to Under Graduate	36	40.00%	40.00%
Post Graduate	31	34.44%	74.44%
Professional	18	20.00%	94.44%
Others	5	5.56%	100.00%
Total	90	100.00%	
Monthly Income			
Below Rs.10,000	22	24.44%	24.44%
Rs.10,001–Rs.20,000	29	32.22%	56.67%
Rs.20,001–Rs.30,000	21	23.33%	80.00%
Rs.30,001–Rs.40,000	16	17.78%	97.78%
Above Rs.40,000	2	2.22%	100.00%
Total	90	100.00%	

Average monthly purchase at retail outlets			
Below Rs. 2,000	44	48.89%	48.89%
Rs. 2,001 – Rs. 4,000	21	23.33%	72.22%
Rs. 4,001 – Rs. 6,000	16	17.78%	90.00%
Above Rs. 6,000	9	10.00%	100.00%
Total	90	100.00%	
Employment status			
Self-employed	18	20.00%	20.00%
Business	23	25.56%	45.56%
Private Employee	32	35.56%	81.11%
Government Employee	12	13.33%	94.44%
Others	5	5.56%	100.00%
Total	90	100.00%	

Table 1 Represents the Demographic profiles of the customers. In this table various factors is listed. The respondents' monthly income is distributed as follows: 24.44% earn below Rs. 10,000, 32.22% earn Rs. 10,001-20,000, 23.33% earn Rs. 20,001-30,000, 17.78% earn Rs. Average Monthly Purchase at Retail Outlets: The majority of respondents (48.89%) make purchases below Rs. 2,000, followed by 23.33% who spend Rs. 2,001-4,000, 17.78% who spend Rs. 4,001-6,000, and 10% who spend above Rs. 6,000. The respondents' employment status is diverse, with 20% being self-employed, 25.56% engaged in business, 35.56% working as private employees, 13.33% being government employees, and 5.56% falling into the "others" category.

Table 2. Retailers' Favourite Features, According to Customers

Preference	No. of Respondents	Frequencies	Cumulative Frequencies
Organized Retail Outlets	40	44.44%	44.44%
Unorganized Retail Outlets	42	46.67%	91.11%
Not sure about Retail Outlets	8	8.89%	100.00%
Total	90	100.00%	

The table shows that out of the 90 respondents, 40 respondents (44.44%) prefer organized retail outlets, 42 respondents (46.67%) prefer unorganized retail outlets, and 8 respondents (8.89%) are unsure about their preference. The cumulative frequencies indicate the running total as the responses are recorded, with 91.11% of respondents having a preference for either organized or unorganized retail outlets."

Table 3. Customers Preferences on Where They Buy Their Everyday Essentials

Preference	No. of Respondents	Frequencies	Cumulative Frequencies
Local Shops	47	52.22%	52.22%
Supermarkets	21	23.33%	75.56%
Convenience Stores	19	21.11%	96.67%
Hypermarket	3	3.33%	100.00%
Total	90	100.00%	

The table3 shows that out of the 90 respondents, 47 respondents (52.22%) prefer local shops, 21 respondents (23.33%) prefer supermarkets, 19 respondents (21.11%) prefer convenience stores,

and 3 respondents (3.33%) prefer hypermarkets. The cumulative frequencies indicate the running total as the responses are recorded, with 96.67% of respondents having a preference for local shops, supermarkets, convenience stores, or hypermarkets.

Table 4. Retail outlets and the Dynamics of Consumer Behaviour

Change in Consumer Behaviour	No. of Respondents	Frequencies	Cumulative Frequencies
Yes, very much	44	48.89%	48.89%
Yes, to some extent	39	43.33%	92.22%
No, not at all	7	7.78%	100.00%
Total	90	100.00%	

The table4 shows that out of the 90 respondents, 44 respondents (48.89%) experienced a significant change in consumer behaviour, 39 respondents (43.33%) experienced some extent of change, and 7 respondents (7.78%) reported no change in their consumer behaviour. The cumulative frequencies indicate the running total as the responses are recorded, with 92.22% of respondents reporting either a significant or partial change in consumer behaviour.

Table 5. Products most favoured by Survey Takers at Retail

Products Preferred	No. of Respondents	Frequencies	Mean	Standard Deviation
Only products with discount offers	11	12.22%	2.64	0.499
Lifestyle (Comfort, Luxury)	22	24.44%	2.42	0.959

Basic (Food, Grocer, and General Provisions)	40	44.44%	2.54	1.186
Unbranded	9	10.00%	2.69	1.335
Branded	8	8.89%	2.79	1.467
Total	90	100.00%	2.58	1.24

The table presents the preferences of the 90 respondents regarding different types of products.

- 12.22% of respondents (11 individuals) prefer only products with discount offers, with a mean score of 2.64 and a standard deviation of 0.499.
- 24.44% of respondents (22 individuals) prefer lifestyle products associated with comfort and luxury, with a mean score of 2.42 and a standard deviation of 0.959.
- 44.44% of respondents (40 individuals) prefer basic products such as food, groceries, and general provisions, with a mean score of 2.54 and a standard deviation of 1.186.
- 10.00% of respondents (9 individuals) prefer unbranded products, with a mean score of 2.69 and a standard deviation of 1.335.
- 8.89% of respondents (8 individuals) prefer branded products, with a mean score of 2.79 and a standard deviation of 1.467.

The total number of respondents is 90, and the overall mean preference score is 2.58, with a standard deviation of 1.240.

Table 6 Effect on Government Spending Based on Individual's Employment Status

Employment Status	Self-employed	Business	Private Employee	Government Employee	Others	Total
Yes, Higher Spending	10	15	18	8	3	54
Yes, Lower	8	7	10	3	1	29

Spending						
No	2	3	7	4	1	17
Total	20	25	35	15	5	100

The table shows the distribution of respondents' employment status and their response regarding spending. Among the 90 respondents, 10 self-employed individuals, 15 business owners, 18 private employees, 8 government employees, and 3 respondents from other employment categories responded "Yes" to higher spending. For lower spending, 8 self-employed individuals, 7 business owners, 10 private employees, 3 government employees, and 1 respondent from another employment category responded "Yes." Lastly, 2 self-employed individuals, 3 business owners, 7 private employees, 4 government employees, and 1 respondent from another employment category responded "No."

Table 7 Retailers' Observed Shifts in Sales as a Function of Their Offerings

S. No.	Services	Yes (%)	No (%)	Total
1	Accepts Credit Card	82%	18%	100
2	Free Home Delivery	79%	21%	100
3	Cash Discount	92%	8%	100
4	Free Gifts	86%	14%	100
5	Best Quality	96%	4%	100
6	Free Handling of Goods	79%	21%	100
7	Price Less than MRP	75%	25%	100
8	Delivery within short time	92%	8%	100

The table 7 presents the responses from 90 respondents regarding their preferences for various services in the retail sector. The "Yes" column represents the percentage of respondents who

answered "Yes" to each service, while the "No" column represents the percentage of respondents who answered "No." The "Total" column indicates that there were 100 responses for each service, representing the total number of respondents.

Table 8 Considerations Prior to a Purchase

Things to Consider	No. of Respondents	Frequencies
Agmark good	79	88.00%
Expiry date of the goods	83	92.00%
ISI mark on goods	71	79.00%
MRP on the goods	81	90.00%
Name of the company	68	75.00%

The table shows that out of the 90 respondents, 79 respondents (88.00%) consider Agmark good, 83 respondents (92.00%) consider the expiry date of the goods, 71 respondents (79.00%) consider ISI mark on goods, 81 respondents (90.00%) consider MRP on the goods, and 68 respondents (75.00%) consider the name of the company. These frequencies represent the percentage of respondents who consider each factor out of the total number of respondents.

Table 9 Good Reasons to Visit the Shopping Centres

Store Attributes	No. of Respondents	Frequencies
Available in proper quantity	72	80.00%
Goods and Brand as per demand	83	92.22%
Knowledge about availability of goods while selection	79	87.78%
Knowledge of difference in prices of goods of different brand	71	79.11%
No chance for deception	77	85.56%
Self-purchasing is convenient	81	90.00%

Others	63	70.00%
Total	90	100.00%

I. Goods and Brand as per demand: 92 respondents (92.22%) consider it important to find goods and brands that meet their demand.

II. Self-purchasing is convenient: 90 respondents (90%) believe that self-purchasing is convenient.

III. Knowledge about availability of goods while selection: 88 respondents (88%) prioritize having knowledge about the availability of goods when making selections.

IV. No chance for deception: 86 respondents (86%) value the absence of deception in their retail experiences.

V. Available in proper quantity: 80 respondents (80%) emphasize the importance of goods being available in the proper quantity.

VI. Knowledge of difference in prices of goods of different brands: 79 respondents (79%) recognize the significance of knowing the price differences between different brands.

VII. Others: 71 respondents (71%) mentioned additional factors or attributes that are important to them, beyond the specified categories.

Table 10 The Types of Services Desired by Customers

Description	Highly Agree	Agree	Neutral	Disagree	Highly Disagree	Total
All credit and debit cards should accept	79	6	3	1	1	90
Ample parking	32	36	16	9	2	95
Fast billing	7	9	11	33	30	90
Home delivery	26	24	13	15	12	90
Ticket booking counter	23	26	6	14	11	80
Total	167	101	49	72	56	445

Table 11 The Relative Importance of Multiple Stimuli on Consumer Decision Making

Stimulus	Extremely influential	Influential	Neutral	Less influential	Not at all influential	Total
Magazine advertising	23	27	30	7	3	90
Newspaper Advertising	31	33	25	1	0	90
Price and discount	33	38	14	4	1	90
Quality	45	26	18	1	0	90
Radio/TV advertising	23	38	27	1	1	90
Salesperson	26	33	27	3	1	90
Window/In-store display	28	45	14	4	2	90
Festive season display	31	21	32	6	0	90
Emotional attachment	23	35	20	7	5	90
Disposable income	17	25	31	9	8	90
Company display	23	35	14	10	8	90

Discussion

1. Preference of Retail Outlets: The majority of respondents (46.67%) expressed a preference for unorganized retail outlets. This preference may be influenced by factors such as convenience, familiarity, and personalized service associated with local shops.

2. Preference of Retail Outlet Types: Local shops were the most preferred type of retail outlet among the respondents (52.22%). This suggests a strong inclination towards

smaller, neighborhood-based establishments that offer a personalized shopping experience. Supermarkets and convenience stores also garnered significant preferences.

3. Influence of Stimuli on Purchase Decisions: Quality was identified as the most influential stimulus, indicating that consumers prioritize product quality when making purchasing decisions. Price and discount also emerged as a significant influence, highlighting the importance of competitive pricing strategies.

4. Advertising and Display: Magazine advertising, newspaper advertising, radio/TV advertising, and window/in-store display were perceived as influential stimuli by a notable number of respondents. This underscores the impact of visual and auditory marketing communications in capturing consumer attention and driving purchase decisions.

5. Emotional Attachment and Company Display: The stimuli of emotional attachment and company display were identified as influential by a substantial number of respondents. This suggests that consumers value emotional connections with brands and are influenced by the overall image and presentation of the company.

Factor Influencing the Behaviour of the Consumer

Research on shoppers' habits has been conducted in several countries. The retail industry and its forms are undergoing significant change in India. For retailers, knowing why customers act a certain way is crucial. The following are some of the elements that play into a customer's final decision. The Benefits of Going shopping at a certain mall: The convenience factor is becoming increasingly important in the retail industry. This is especially true for foodstuffs, produce, and pharmaceuticals. For instance, most people prefer to purchase medications from a pharmacy that is conveniently located close to their place of care, such as a doctor's office or hospital. Customers' decision to shop at a given store is heavily influenced by the selection it offers. Even if a customer wanders into a business out of curiosity, the quality and variety of the goods on offer will determine whether or not he becomes a repeat customer. Categories like devalues, books, and music benefit greatly from having a wide selection of products available. Development is widely acknowledged to depend on socioeconomic conditions. India is a country with a growing middle class, a young population with disposable income, and a strong economy. The consumer's way of life is heavily influenced by his socioeconomic status. The cultural norms of a certain area have a significant impact on the purchasing habits of its residents. Using an illustration can assist clarify the situation. Since Asian culture differs from that of Western countries, Asian consumer habits must also vary. The retailer must know that each market has a

unique requirement hierarchy. The amount of time it takes to get to a specific store is once again becoming an increasingly important factor. In dense urban areas like Mumbai, where commute times can be long, this is especially important. As a result, several communities have expanded their retail infrastructure to better serve shoppers.

The Changing Indian Consumer and the Retail Industry

The retail industry in India is still mostly unorganised. Consumers, particularly those living in cities, are increasingly gravitating towards organised retail establishments. Several causes have contributed to this shift. First, economic liberalisation has opened the door for multinational corporations to invest in the cash-and-carry and single-brand retail sectors. The low cost of labour and raw materials in India has attracted many multinational corporations, who are using the country as both a market and a sourcing hub. Second, the rise of organised retail outlets in India can be attributed to the rising popularity of middle- and upper-class consumers' awareness of and preference for particular brands. Organised retailing is adapting to the shifting preferences of shoppers by providing more alternatives and opening up new channels of distribution. Women have taken on a more active part in family grocery shopping as a cultural and societal result of factors such as the increasing prevalence of nuclear families, rising general levels of education, and, most significantly, the continual development in women's economic independence through jobs and entrepreneurship. As a result, more and more people are turning to supermarkets, where they can get nearly all of their essentials in a single stop.

Changing demographics in terms of both income and occupation have influenced shifts in consumer preferences. The rise of the working woman in metropolitan areas has led to the rise of the two-income family. Because of this, people will have more spending money.

Furthermore, in households with working women, the work pressure and commute time cause changes to the food habits (cooked vs. ready to eat) and wardrobe. Now, ease and comfort are prioritised. Over time, both the size and contents of the average consumer's shopping basket have shifted. Customers in the modern era value efficiency and the ability to quickly fulfil their needs while visiting a retail establishment. Families today are yearning for shoppertainment, which combines shopping with entertainment, because of time restrictions. This is one reason why multiplexes in shopping centres attract more customers. Fast-moving consumer goods (FMCG) companies and multinational retail chains like Tesco and Wal-Mart face unique challenges when entering India due to the country's rapid transition into modern retailing with numerous changes pertaining to its markets, bands, and consumers. These businesses need to investigate in depth

some peculiar facets of retailing. While retail density (the number of stores per 1000 people) is falling around the world, it is rising in India.

Conclusion

Despite its lower costs, modern retail has been associated with affluent lifestyles, turning away a sizable portion of the population. In reality, if they want to succeed, chain retailers need to learn to speak the lingo of the various demographics they serve and tailor their offerings accordingly. The rise of stores promoting a 'value for money' image is indicative of this shift. Customers have high expectations for modern, organised businesses, and those expectations have trickled down to traditional shops. Modern shoppers are picky about spending their money wisely, but they also want more variety in what they can buy, more enjoyable experiences, and more personalised care. If they want to succeed in India's competitive retail sector, retailers must meet certain standards. If a store wants to meet its consumers' expectations, it needs to know everything about their shopping habits. Retail management can benefit from a better understanding of customer behaviour because of the information it gives. Realising that elements like motivation, social influence, psychology, and economics all play a role in a consumer's decision to buy a product is crucial. The buying behaviour is influenced by a number of factors, including the type of purchase, the users of the purchase, and the stages of the purchase process.

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