"The Study of Changing Buying Behavior of Consumer in Growing Economy of India, Specific to FMCG Segment, and Its impact on Unorganized Retailers"

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“The Study of Changing Buying Behavior of Consumer in Growing Economy of India, Specific to Fast Moving Consumer Goods (FMCG) Segment, and Its impact on Unorganized Retailers”

Abstract:

The goal of this research is to investigate the relationship between Customer’s choice of traditional Kirana shops vs modern organised retailer in Mall and Super store environment. The objective of this study is to analyze consumer shopping behavior in different retail format. Consumer shopping behavior includes attitudes towards modern retail stores and traditional stores, intention and shopping habits.

Data was collected by visiting different retail formats like hyper markets, discount stores, department stores and small Kirana stores. The researchers were intended to know the opinion of consumers after opening of modern retail in their vicinity. Thus it had been used Structured Questionnaire by using Likert Test scale and Convenient sampling methods were used.

After collecting the data, researcher used percentage method for basic analysis, “Kruskal wallis test” and “Spearman rank co-relations” for testing the hypothesis. The findings from hypothesis are given in Ser 7 page no 16.

The result indicate, the economic growth, changing lifestyles, urbanization, women’s participation in economic activities and the spread of IT are the some of the key factors for the growth of the retail sector in India. With Liberalization, Privatization, Globalization and modernization, a modern competitive business is based on understanding the mind of the consumer

Key words

Impulsive buying (Unplanned purchase), Suburban (outside city limits), Haat, (weekly local market), Mela (A religious cum social gathering with temporary shops, eatery and fun), Kirana shops (Mom & Pop, neighborhood shops)

1. INTRODUCTION:

Indian economy has transformed from an extensive controlled economy to a liberal market driven economy. High-income opportunities, changing attitude towards saving, international exposure and necessities of lifestyle are the key drivers for fast evolving Indian consumer behaviour (KSA Technopark, 2006). Indian retail industry is witnessing a paradigm shift as the sector is getting organized and consumers are seeking a one-stop shopping place with convenience and entertainment. Professionally managed and separately owned retail organizations are the face of today's retail sector. India is stepping into a new era of 'Retail Chains' from the traditional neighborhood 'Kirana Store'. Economic growth, changing lifestyles, urbanization, women's participation in economic activities and the spread of IT are the some of the key factors for the growth of the retail sector. With Liberalization, Privatization, Globalization and modernization, a modern competitive business is based on understanding the mind of the consumer and providing the king products and services that he wants. He is having multiple choices from unorganized retail to modern shopping experience. This is said that "the customer is the king", but he is not king, he is God, because king can die but customer never die in a business. This is important to know why customer prefers to buy. How does a customer buy it? When does a customer buy it? If retailer is able to match the customer expectations then he can improve his business.

Evolution of Retail Market in India:

In the beginning there were only Kirana stores (called Mom and Pop Stores), the Friendly Neighborhood stores selling every day needs. In the 1980s manufacturer's retail chains like DCM, Gwalior Suiting, Bombay Dying, Calico, Titan etc started making its appearance in metro cities and small towns. Multi brand retailers came into the picture in the 1990s. In the food and Fast Moving Consumer Goods (FMCG) sectors retailers like Food world, Subhiksha, Nilgiris are some of the examples. In music segment Planet M, Music world and in books Crossword and Fountainhead are some others. Shopping Centres began to be established from 1995 onwards. A unique example was the establishment of margin free markets in Kerala state. The millennium year saw the emergence of super markets and hyper markets. Now big players like Future Group (Kishor Biyani), Reliance Industries, Bharti WalMart, Tatas Super stores, Hindustan Unilever, Indian Tobaco Company are entering into the organized retail segment. The big international retail bigwigs are waiting in the wings as the present FDI guidelines do not allow them to own retail outlets in the country. Walmart is testing the waters by agreeing to provide back end and logistic support to Bharti for establishment of retail chains with a view to study the market for future entry when the FDI guidelines change and to establish a backbone supply chain. Table 1 shows the different phases in the growth of organized retailing in India.

Table No: 1. Journey of Organized Retail in India

Year	Growth	Functions
2000	First Phase	Entry, Growth, Expansion, Top Line focus
2005	Second Phase	Range, Portfolio, Former, Option
2008	Third Phase	End to end supply chain management, Backend operation, Technology, Process
2011	Fourth Phase	M&A Shakeout, Consolidation, High Investment

Source, Ernest & Young

The drivers for the growing retail boom are many. The increasing purchasing power of the Great Indian Middle Class is the major reason for retail rush that is being witnessed. Fueling this fact is the changing demography of the Indian populace. The percentage of young people in the country is increasing. It portends well for the retail business as it is the young people who buy more than the old. Again the percentage of women consumer in the population is showing an increase. This again is good news for the retail market as general perceptions that women are more avid shoppers compared to men folk. The spread of the visual media is contributing its might in spreading visibility of various consumer goods to the public which heighten their aspirations to consume more and to shop in more congenial and luxurious environment. The increasing number of double income family who has more disposable income is another contributing factor for this Phenomenon.

Modern retailing provides an ideal shopping experience through consumer preference analysis, excellent ambience and choice of merchandise. Changing lifestyles, strong income growth and favorable demographics are the drivers for the fast growth of this sector. Rising income level, education, acceptance of smart and credit cards and global exposure have an impact on the Indian consumer's shopping habits (Baseer and Laxmi Prabha, 2007). Impact of the factors like availability of favorite brands, social status, buying behaviour during discounts, influence of family and friends over the organized retail and unorganized retail.. The main objective of this research is to know the consumer perception towards organized retail and unorganized retail while shopping.

This paper is an attempt to understand the changing consumer shopping behaviour from unorganized retail to organized retail. Serial 4 explain the Objective of the study, Ser 6 highlighted the related Literature Review, Ser 7 explain the Research Methodology used during the study, Ser 9 gives the Findings of the study, while Ser 14 emphasis on the Managerial Applications and Implications for practitioners.

2. OBJECTIVES OF THE STUDY. Review of literature leads to the objectives of the study and statement of problem to the Formulation of the hypothesis

- **a.** To understand the consumer shopping behavior dimensions.
- **b.** To measure the significance of demographic variables on shopping behavior**.**
- **c.** To analyze the change in shopping pattern in semi urban population of Western India.
- **d.** To know the preferred retail point during shopping.
- **e.** To know the impact of organized retail on unplanned purchase.

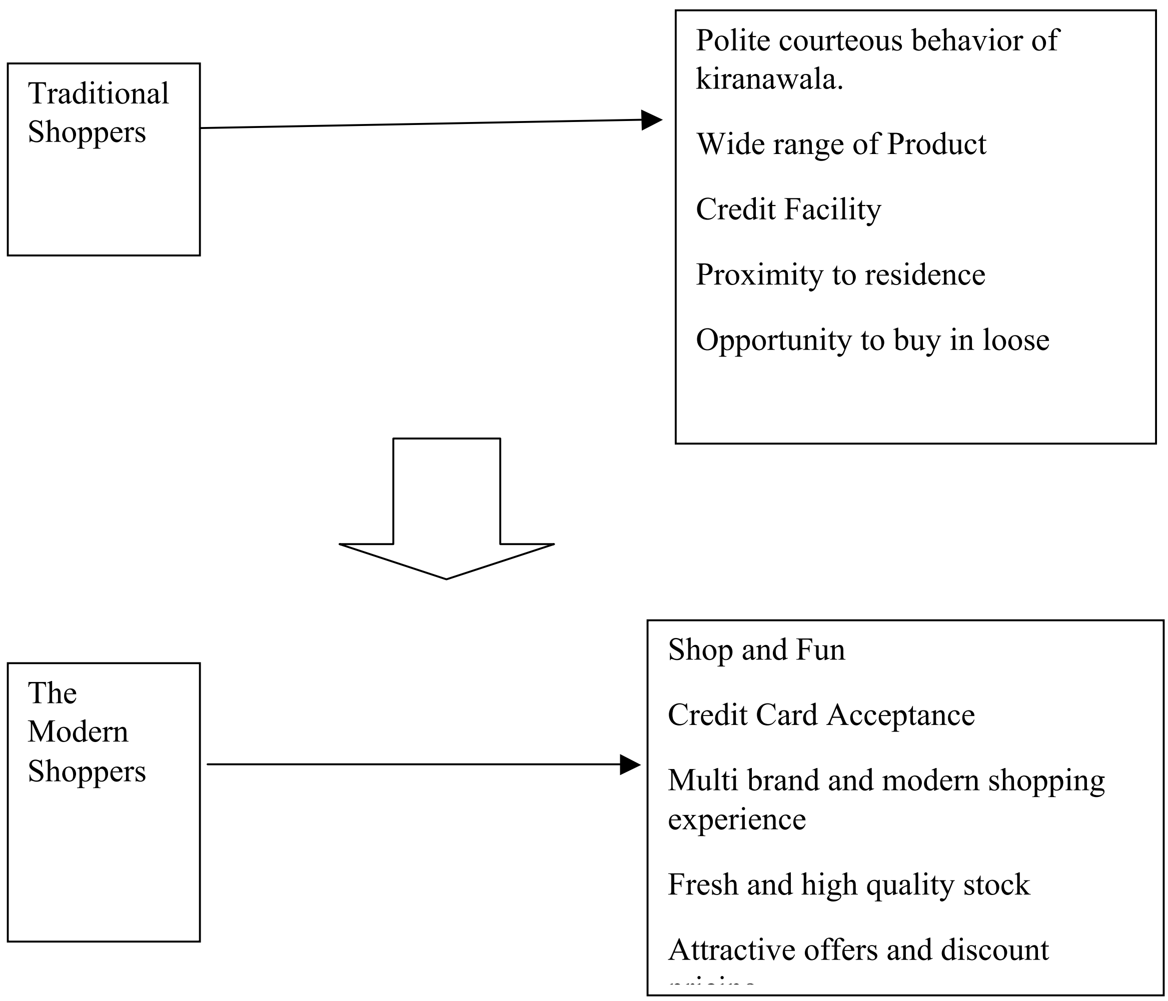
3. CONCEPTUAL FRAMEWORK OF THE TOPIC

Due to the growth of middle class and upper middle class segment in Indian economy retail market is booming. Earlier in India Haat (weekly market) and Mela were the key shopping centre which were used by the Indian shoppers. Then Kirana shops came as more permanent solutions for their buying needs. But these were all un-organized retail. Now due to socio economical changes and opening up of foreign retailers (single brand) through joint venture route India witnessed the growth of organised retail from 2000 AD onwards. This study is an attempt to understand the changing consumer buying behavior. The Indian market is currently witnessing a retail boom with organized retailers offering a whole assortment of goods and services to consumers under one roof with congenital shopping ambience. Retail business is the largest private industry, ahead even of finance and engineering in India and contribute more than 10% to Indian GDP (Marketing White Book, 2009-2010). India is having more than 12 million retail outlet. But as far as growth of organized retail is concerned, this is comparatively very low in comparison to other economically advanced countries. For instance in US share of organized retail is 85%, Taiwan 81%, Malaysia 55%, Thailand 40%, Indonesia 30%, China 20% while in India this is just 5% (Marketing White Book,2009-2010).

Actually, from the 1950s to 1980 Indian shoppers were used to shop at Haat, Mandis, Melas and at small family run stores kirana shops. After liberalization, privatization and globalization Indian government lifted the restrictions from private companies and Indian economy slowly progressed from being state-led to market friendly.

The growth of middle and higher middle class, growing trend of call centers and Business Process Outsourcing (BPO), increasing number of dual income nuclear families, convenience of shopping from one place to another, reasonable pricing and a good place to pass the time fuelled the growth of supermarket, hypermarkets and concepts of organized retailing in India.

Fig : 1: Consumer behavioral Model in changing retail scenario



4. LITERATURE REVIEW

Sinha (2004) stated that in India, the major drivers for a grocery and FMCG stores seem to be nearness to place of residence and the comfort level that the respondent has in dealing with the store owner measured in terms of personal relationship with the shopkeeper. There are the organized retailers who are making a foray into the grocery market at a rapid rate and posing a threat to the livelihood of kirana shop owners; and on the other, there is the highly price-sensitive consumer forcing market players to operate on thin margins. According to Mazumdar (2009), the economic growth in India has changed consumer’s taste and selection process while deciding on the purchase of a particular product or service. While purchasing a particular product, a consumer tries to match all the possible options that he is looking for in the product but finds that he is not fully satisfied with the product or service. The implicit consumer attitude becomes more imminent, particularly in the case of FMCG products where the price variation is very less for different brands. So there exists a gap between the expected need of the consumer and the product procured by him. This gap can be narrowed down if a line can be drawn about the factors affecting the consumers towards choice of FMCG products. Marguerite Moore (2008) Study provides understanding of the manner in which consumers perceive and act upon price, beyond low-price and value, in the discount sector. The results suggest that popular wisdom regarding price and the US discount shopper is oversimplified, which may portend even greater opportunity for discounters and threat to their intra-type competitors. Seung (2008) research analyze the factors that influence small-town consumers' satisfaction with local independent retailers and the subsequent relationships of consumer satisfaction to in-shopping, community attachment, and support of local independent retailers. Most strategies performed by small-town independent retailers did not meet their local consumers' expectations. Specially, merchandise assortment and availability, such as offering a unique and large selection of products, showed the largest discrepancy between respondents' expectations and retailers' performance, indicating that independent retailers are not meeting their consumers' needs in these areas. Participants who were satisfied with their independent retailers, shopped locally, were strongly attached to their communities, and were willing to support their local independent retailers. Small-town independent retailers need to continuously examine and re-examine their business strategies to meet the changing expectations of their local consumers. Small-town consumers' expectations of local independent retailers are shifting due to varying dynamics of retail environment including the entry of big-box retailers. It is essential that independent retailers know their local customers and exploit niche strategies that big-box retailers do not provide. Accordingly the drivers of store choice in various product categories, in the context of the evolving retail industry in India. The paper attempts to correlate the distinct store features as perceived by respondents with the true motivations of various consumers in patronizing various stores. In the process it provides insight as to whether the average Indian consumer values the new store dimensions offered by retailers as a part of the new formats emerging in the market place. The framework evolved for evaluating effectiveness of newer store formats is necessary since it has a major impact on the overall profitability of the retailing business. Suggests that customers in a developing market such as India do not require the service paraphernalia offered by many of the new store formats emerging in the market and notes that this may cast a serious doubt over the retail revolution, which has taken shape in the Indian markets lately. Some hypotheses about the evolution of the retailing business in India, which requires further investigation, are suggested. Carpenter (2006) defined that Product selection, assortment and courtesy of personnel are also very important in determining format choice and cleanliness is the most important attribute regardless of the format of grocery store. In earlier studies also assortment was found to be the single most important driver for the choice between store formats; price level and distance also being important drivers for consumers' choice between store formats; although quality and service were not found to be differentiator between formats. Singh (2002) research indicates that grocery shoppers consider quality to be most important, followed by price, locality, range of products and parking. Similarly, Seiders (2000) stated that those primary shoppers of food and FMCG items prefer low price and assortment more often as the reason for store choice; traditional supermarket primary shoppers were less willing to trade off location convenience or, in some cases, quality and assortment. Yang (2006) Chinese supermarket shoppers found store location, price and product variety as the most important store attributes influencing satisfaction .In an investigation of consumer shopping destination choice behavior for convenience goods shopping trips in Taiwan, spatial separation distance best explained respondents' shopping destination choice behavior, followed by store selection criteria. **.** Maruyama (2007) findings reveal that factors which influence decision-making by consumers when selecting traditional bazaars vs supermarkets revealed that freshness, price and convenience are important in shaping the choice by consumers for traditional outlets for fresh food, while price played a key role in selecting shopping outlets for processed food and drinks and non-food products. According to Teller (2006) large stores (associated with the great amounts of goods, special offers and a lot of walking and searching) from small stores (associated with personal attention, accessibility, nearness, high prices) but as far as consumer choice is concerned consumers are not able to perceive an important difference between home delivery and traditional grocery shopping .If customers are getting option to buy in low price and good offers than they prefer to buy from such stores. Special discount and offers are main attraction during consumer shopping, especially in case of FMCG product while Moschis (2004) defined that traditional consumers are very price-conscious, have different needs compared to younger grocery shoppers, enjoy interactions more than younger consumers and prefer to shop in a store where they can receive special-assistance services. According to Park (1988) Indian shoppers generally use the modern format for their weekly and monthly shopping needs and use traditional stores for ''top-up'' shopping. An important factor that has an impact on grocery shopping behavior is unplanned buying, Thomos (1993) also stated in his research that The major drivers for choosing a grocery store in India seem to be nearness to place of residence and the comfort level that the respondents has in dealing with the store owner (measured in terms of personal relationship with the shopkeeper.Bawa (1999) stated in his research that there are multiple factors which determine the choice of customers among organized and unorganized retail outlets such as price-consciousness, assortment, behavior of the store personnel, cleanliness, quality, deals/specials/promotions, ease of shopping, time/day of shopping, no of outlets visited, location/distance, home order/delivery, shopping list/ unplanned, recreational/time spent at store, frequent buyer schemes, payment/credit facility, shopping companions, in-store specialty, store signage/ambience, parking, expenditure/no of times shopping, apathy/stress, refund/exchange.

5. RESEARCH MODEL

The present study is focused on the shopping behavior dimensions of consumers who visit organized stores for food and grocery items. A convenient sampling method was used to obtain the data from the three areas of Pimpri, Mumbai Road & Thane. A total of 530 questionnaires were distributed; out of which 500 filled questionnaire were received. While conducting the survey due care was taken to include respondents from different walks of life, i.e., gender, educational background, occupation, age group, income level, etc.

Hypothesis:

$H_{1:}$ Consumer prefer to buy from organized retailing due to multi products shopping experience under One roof offered to customers, promotion strategies of companies, low price and Urbanization.

H_2: Customers prefer to buy from unorganized retail because of facility to buy in Small quantity and personalized services offered by the retailers

6. RESEARCH METHODOLOGY. The methodology which is used for carrying out the research is as follows:

Research Design: The study is related to changing buying behavior of consumers in organized retail as well as in un-organized retail in select area Pune City. The studies made to know the changing buying behavior of consumers. The data related to study is collected through structured questionnaires from customers who were visiting organized retail as well as unorganized retail (Mom and Pop stores). The study includes 3 months period from April 2010 to July 2010. The data is collected from approx 500 respondents and for analyzing the data percentage methods, chi square tests and other statistical tools related to data are used.

Data Collection Method:

The data is collected through structured questionnaires from customers who are visiting organized retail as well as unorganized retail by using multistage- convenience method. This is like cluster sampling, but with several stages of sampling and sub-sampling. This method is usually used in large-scale population surveys. For research work primary as well as secondary data were used for collection of information. Research was broadly classified into two sections.

Primary data

The primary data were collected by direct interaction with individuals on a one to one basis. The benefits of these approaches include richness of data and deeper insight into the phenomena under study. Primary data collection has been through interviewing and questionnaires to all types of target samples (urban and semi-urban) also on the basis of questionnaire and observing the socio-economic, living and working aspects of the sample in their behavioral pattern. The data were also collected through discussion with samples and experts from this field. The main methods of collecting data thus are a combination of questionnaire and personal interview.

Secondary data

Secondary data has been collected through a wide range of written materials. e.g. to understand the philosophy of consumer behavior. These include research papers, articles in various magazines and journals, annual reports of the Govt of India, etc. Other sources used for collecting data are downloads from companies' websites, newspaper reports, technical and trade journal, books, magazines. The remaining statistical part of this study is derived from secondary sources like the publications of the Registrar, Census of India, Government of India, New Delhi; Commerce Ministry, Government of India, **Indian Council for Research on International Economic Relations (ICRIER),** retail report 2008, Government of India, Marketing white Book 2009-2010, National Sampling survey and Internet etc.

RESEARCH INSTRUMENTS

Questionnaire:

In order to collect primary data to structured, exhaustive and descriptive (open ended) questionnaires were designed. The same questions were asked to all Type of subjects which cover all areas of consumer buying behavior and motives.

Specific information and open ended questions for general information is used. Proper care is taken for sequencing the questions and ambiguous questions are avoided after pilot survey.

Individual interviews

Semi structured and unstructured interview method has been used. Semi structured (sometimes referred to as focused interviews) involve a series of open ended questions based on the topic area sent in advance which the researches wants to cover.

Unstructured Interviews are a method of interviews where questions can be changed or adapted to meet the respondent's intelligence, understanding or belief.

Data Analysis:

The study was carried out basically in three suburban areas of western India. The research field work was carried out considering Thane near Mumbai (92 persons) and Dehu Road, (122 respondents) and Pimpri (respondent 286) near Pune.

Table 2: Sample Distribution of Respondents

Age Group	Gender			
	Male		Female	
18-20 yrs	40	8.0%	17	3.4%
21-30 yrs	214	42.8%	62	12.4%
31-40 yrs	88	17.6%	13	2.6%
41-50 yrs	45	9.0%	7	1.4%
51 and above	14	2.8%	0	.0%
Total	401	80.2%	99	19.8%

Table 2 presents the demographic profile of the respondents. The results indicated that out of 500 respondents, the percentage of the male is 80.2% whereas the percentage of female is 19.8%. As expected slightly more than half of the respondents are between 21-30 years of age (42.8%+12.4%=**55.2%)** as this is the general age range for visiting malls and supermarkets for shopping. One fifth of the respondents are between 31-40 years of age (**20.1%)** , 16% respondents are between 41-50 years of age being the remaining 2.8% as respondents of above 51 years of age.

Table 3:- Income Profile of the Respondents

Income Group	Count	Percentage
Below Rs 5000	20	4%
Rs. 5000-10000	75	15%
Rs. 10001 to 20000	168	33.6%
Rs. 20001-30000	137	27.4%
Rs. 30001-40000	83	16.6%
Rs 40001-50000	09	1.8%
Rs 50001 & above	08	1.6%
Total	500	100

Table 3 presents the income profile of the respondents. The results indicates that out of 500 respondents the percentages of respondents who earn Rs. 10000-20000 is 33.6%, respondents have a salary ranged of between Rs. 20001 to 30000 is 27.4%, respondents have a salary ranged of between Rs. 30000 to 40000 is 16.6% while those who are more than Rs. 40000 and 50000 are only 1.8% and 1.6% respectively.

The respondent's salary range in this study provides one possible reason as to why they prefer to shop in organized retail.

Table 4:- Occupational Profile of the Respondents

Occupation	Frequency	Percentage
Student	86	17.2%
Salaried	271	54.2%
Self Employed	115	23%
Housewife	17	3.4%
Retiree	11	2.2%
Total	500	100

Table 4 above presents the occupational profile of the respondents. The results indicates that out of 500 respondents most of the respondents (54.2%) belongs to salaried category, 17%% were student, 23% were self employed while 3.4% and 2.2% were housewife and retiree respectively. The break-up of the study population is given in Table-7 (in appendix)

Sampling Design: In this study multistage- convenience sampling method is used. This is like cluster sampling, but with several stages of sampling and sub-sampling. This method is usually used in large-scale population surveys.

The Sampling Technique and Method

Multi stage Convenient Sampling Technique:- Convenience sampling means a sample is drawn on the basis of opportunity. For example, the sample includes customers attending an organized retail.

Data Analysis Procedure used: The researchers were intended to know the opinion of consumers after opening of modern retail in their vicinity. Thus it had been used Structured Questionnaire by using Likert Test scale and Convenient sampling methods were used.

After collecting the data, researcher used percentage method for basic analysis, “Kruskal wallis test” and “Spearman rank co-relations” for testing the hypothesis.

Survey method.

All sample units were personally contacted & interview technique was used for collection of information.

Reference Period:

The survey of sample design population was under taken during the period from April -2011 to July 2011.

7. FINDINGS

i) As expected slightly more than half of the respondents are between 21-30 years of age **(55.2%)** as this is the general age range for visiting malls and supermarkets for shopping. Market is dominated by young population.

ii) Respondents who were shopping often more than once a day and belong from salaried categories have changed (13.4%) their shopping pattern and prefer to shop weekly (22.4%) and fortnightly basis (15%). (Refer Table 5 in appendix).

iii) There is major contribution of respondents from the age group of 21-30 that is 55.2%. Respondents who are in the age group of 31-40 and active earning members contribute 20.2%. Respondents from 18-20 yrs are 11.4%. Contribution from higher age group i.e 41-50 yrs is 10.4% and 51 & above is only 2.8%. (refer Table-6 in appendix)

iv) There is a drastic change in the daily shopping pattern of consumers. Earlier 32.16% % consumers were visiting unorganized retail more than once a day and now only 8.74% visits. (Refer Fig -2 in Appendix)

v) Dehu Road market is suburb of Western India near Pune, where unorganized retail are in operation. Fig 2 shows that prior to opening of organized retail outlets in Pimpri area, shoppers from Dehu Road were visiting very frequently to unorganized retailers in local Market. Now they have shifted to organised retail.

vi) There is a major change in the shopping frequency of salaried customers, salaried categories have been changed (13.4%) their shopping pattern and prefer to shop weekly (22.4%) and fortnightly basis (15%). No major changes have been reported from retiree and housewife category.

vii) There is a drastic change in the daily shopping pattern of Pimpri area consumers. Earlier 32.16% consumers were visiting unorganized retail often more than once a day but after opening of supermarkets in the locality, now only 8.74% consumer follow this trend. Similarly 37.06%% consumers were visiting at least once a day (earlier) and now only 15.73% follow this pattern.

viii) Consumer prefers to buy perishable and daily use products which are purchased on the basis of need and requirement from nearby unorganized kirana stores due to ease and convenience.

ix) There is a negligible rise of such customers (3.74%) who have been stopped buying from unorganized retail outlets after opening of super market and malls in the locality.

x) As the income increases shoppers started patronizing organised retail from un-organised Kirana shop. This is explained in Table -9 (Appendix).

xi) There is an 16% and 25% decline in daily visit frequency of Middle Income Group (Rs.10,000-20,000) and Higher Middle Income Group (Rs.20,001-30,000).

xii) 76.92% consumers from Pimpri area, 94.26% from Dehu Road and 59.7% from Thane prefer to shop unorganized retail for their day to day needs. This proves unorganized retail will survive in India. (explained in Table-10 in Appx))

xiii) The majority of customers reported that shopping in organized retail (supermarket/malls/Department Stores) motivate for unplanned purchase. (Fig. No. 6 (**Appendix**) indicates.

Findings from Hypothesis:

Hypothesis 1: The null hypothesis is Accepted. "Consumer prefer to buy from organized retailing due to multi products shopping experience under One roof offered to customers, promotion strategies of companies, low price and Urbanization". **Researcher has applied Kruskal-wallis test**. This test is applied to know whether median score is uniformly distributed over all the factors. That is to generalist result obtained from median score.

Kruskal-wallis test

Chi square = 341.946, df=9, p value =0.001

It is observed that p value of Kruskal-wallis test is 0.01 (highly significant). This test is **significant at 5% level of significant and 9 degrees of freedom**.

Hypothesis is tested and validated.

Hypothesis 2: **“Customers prefer to buy from unorganized retail because of facility to buy in Small quantity and personalized services offered by the retailers”**.

The Researcher had asked respondent their number of visits to the kirana stores now that is after opening of organized retail stores. The frequency of visit ranged from once a day to once a month. It was thought that more a number of visits higher would be the rank given to the factors ease of buying and personalized services however it was noticed that Spearman’s rank correlation coefficient for these factors was found to be negatively correlated indicating that although the customers visits the retail stores very often he ranked the factors very low .

Test Statistics

Spearman’s rank correlation coefficient.

Observation:

Spearman’s RHO = - 0.191 & -0.117

Hypothesis is tested & validate.

10. DISCUSSION

a. There are many players in the retail market-with different promotional schemes and facilities. In the face of so many options, the choice of appropriate retail stores becomes an important topic for the customers.

b. With the buying of a product, the customers also want to satisfy their unstated needs (delight factor). Thus prefer to visit organised retail which affect the sale of un-organised retail stores.

c. Although ease of buying and personalized service are supposed to be the main characteristics of kirana stores. Consumers who visit very often feel that these factors do not fulfill their expectation that’s why they gave these factors low rank.

d. Customers are shifting their shopping pattern from unorganized retail to organized retail due to various factors such as due to economical improvement and increased disposable income, payment option (Credit Card), cleanliness, variety and fun during shopping at organized retail.

11. SCOPE AND LIMITATIONS OF THE STUDY

a. The study is limited to selected suburban area of Western India.

b. Due to the Time constraint of the research team the sample size was limited to 500 only. A larger sample size would give more accurate result.

c. The sample mostly carried out was in the evening time when the maximum people were coming. If we could collect data during other time the findings might be different.

d. There were only 4 people in the research team. A larger team would have brought better data.

12. CONCLUSION:

a. Attractive offers of the organized retail and availability of multiproduct under one roof at attractive price always instigate and motivate to buy from organized retail.

b. Majority of customers have shifted their partly purchase from un-organized retail (Mom and Pop) to organized retail. But as far as day to day purchase is concern Indian consumers still prefer to buy from unorganized retail outlet in their locality.

c. Unorganized retail provide services from 6 am to 11 pm, while organised retail starts from 10 am to 9 pm. This is one of the strength of Indian un-organised retailer.

d. Unorganized retail has introduced upgraded product mix which includes Fresh Vegetable, mobile recharge vouchers, ice-cream and cold drinks, processed food etc, which helps in enhancing the revenue of unorganized retailers.

e. To compete with organised retail, unorganized retailers have started to give discounts on MRP (Max retail price) and operating on increased turn over to balance their profit.

13. FURTHER SCOPE OF RESEARCH

a. A similar research can be carried out in other parts of the region as well as other parts of the country.

b. This research is specially concern especially in the food an grocery segment of the retailing. There are enough scope in other segments like apparels, electronics, jewellery, consumer durables etc.

c. This study can be carried out in the rural segments as well.

14. MANGERIAL IMPLICATIONS

The findings of research are helpful for all practicing Managers and those who are in marketing research for understanding the changing buying behavior of consumers in growing economy of India.

It must be kept in mind that Indian buyers are extremely price sensitive (than quality). Ease to buy and credit facilities provided by un-organised retail is still a major consideration while shopping.

The conservativeness of Indian psyche is also one of the main reason for less impact during the time of world recession in 2009-10.

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Appendix

Appx- A:

Consumer Survey Result

The purpose of the research is to understand the behavior of consumers and benefits to consumers in shopping at organized vs. unorganized retail outlets. The consumers, who shop in general stores, departmental stores, shopping malls, small retail outlets etc, in the area of PCMC, Dehu Road were taken as the population for this study.

A convenient sample of 500 consumers was pooled up for the current study in which respondents were requested to complete the questionnaire on voluntary basis. The customers who were coming out after shopping from Malls (Exit customers) were interviewed through structured questionnaire with respondents who shopped at organized retail outlets as well as in unorganized retail.

Study covers 286 respondents from Pimpri area, 122 from Mumbai-Pune(Dehu Road)and 92 respondents from Thane where organized and unorganized retails are in operation.

Table 5:- Analysis of change in shopping pattern on the basis of Occupation

Visit habits	Student		Salaried		Self Employed		Housewife		Retiree	
	Earlier	Now	Earlier	Now	Earlier	Now	Earlier	Now	Earlier	Now
Often more than once a day	5.4	2.2%	17.4	4%	6.6%	2%	1%	0.4%	0.2%	0.2%
At least once a day	7.2%	3.4%	15.8%	7.6%	8.6%	3.4%	1.4%	0.6%	1.4%	1.0%
Once or twice a week	2.4%	4.4%	14.8%	22.4%	5.6%	8.6%	0.6%	0.8%	0.4%	0.4%
Once a fortnight	1.4	6.2%	4%	15%	1.0%	6.2%	0.4%	1%	0.2%	0.4%
Once in a month	0.8%	0.8%	2%	3.6%	1.2%	2.4%	0.0%	0.6%	0.0%	0.2%
Not at all	-	0.2%	-	1.6%	-	0.4%				

Table 5 shows relationship between occupation and visit pattern of respondents. Respondents who were shopping often more than once a day and belongs from salaried categories have been changed (13.4%) been changed their shopping pattern and prefer to shop weekly (22.4%) and fortnightly basis (15%).

Respondents who were self employed and were visiting often more than once a day also registered a change (4.6%) in their visit pattern and shifted their shopping pattern towards weekly and fortnightly basis.

As far as housewife and retiree are concerned they did not registered any major changes in their visit pattern. Any change in daily shopping pattern of shoppers definitely affects to daily turnover of retailers and create financial crisis for him.

Table-6:- Analysis of Income and Age Group

Monthly Household Income (Rs.)	Age Group									
	18-20 yrs		21-30		31-40		41-50 yrs		51 and above	
	Count	Table N %	Count	Table N %	Count	Table N %	Count	Table N %	Count	Table N %
Below Rs. 5000	6	1.2%	8	1.6%	3	0.6%	0	0.0%	1	0.2%
Rs 5000-10000	15	3.0%	41	8.2%	11	2.2%	6	1.2%	2	0.4%
Rs, 10001 to 20000	21	4.2%	102	20.4%	27	5.4%	13	2.6%	5	1.0%
Rs. 20001 - 30000	10	2.0%	74	14.8%	34	6.8%	19	3.8%	0	0.0%
Rs. 30001-40000	2	0.4%	39	7.8%	24	4.8%	13	2.6%	5	1.0%
Rs 40001-50000	1	0.2%	6	1.2%	0	0.0%	1	0.2%	1	0.2%
Rs. 50001 & above	1	0.2%	4	0.8%	2	0.4%	0	0.0%	0	0.0%
Total	57	11.4%	275	55.1%	101	20.2%	52	10.4%	14	2.8%

Table 6 shows the relationship between age group and income of the respondents. As data indicates that there is major contribution of respondents from the age group of 21-30 that is 55.1%. Respondents who are in the age group of 31-40 and active earning members contribute 20.2%. Respondents from 18-20 are 11.4%. Contribution from higher age group from 41-50 is 10.4% and 51 & above is only 2.8%.

The growth of the earning middle and higher middle class, which demands value for money, has led to a lot of changes on the retail front. The increase in household's income also led to a change in the spending patterns across retailing. The discretionary spending power in the hands of this group makes a very big impact on the ability to spend. Their level of aspirations is also higher from the older generations due to higher income in comparison to older generation.

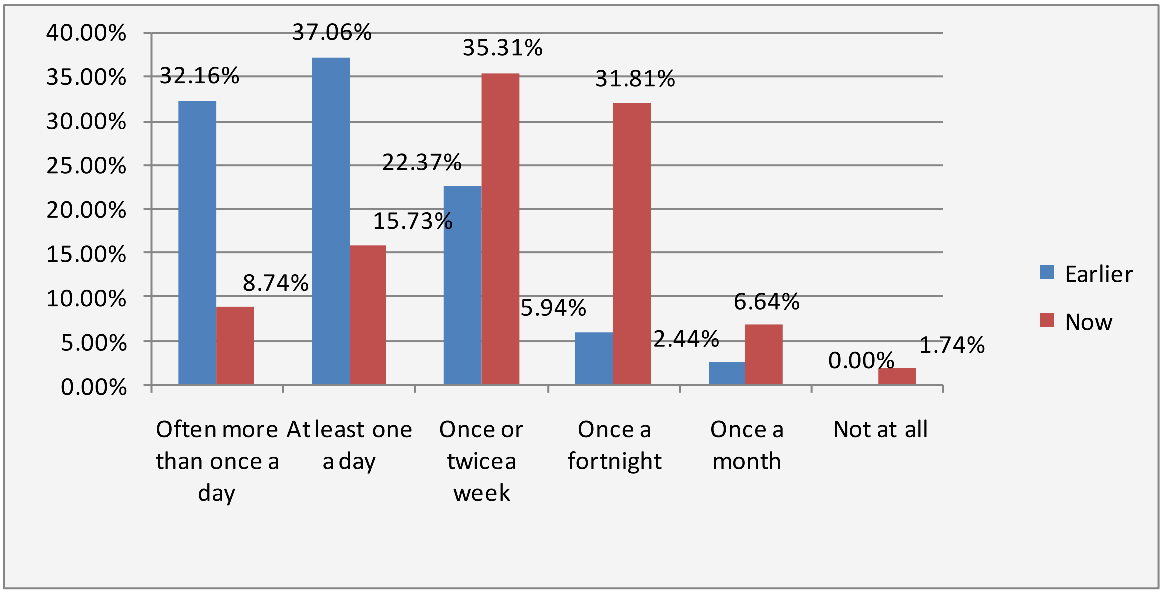
Table 7: Location wise Analysis of consumers

Location	Respondents	Percentage
Pimpri	286	57.2%
Dehu Road(Mumbai Pune Road)	122	24.4%
Thane	92	18.4%
Total	500	100

Source: Primary Data

Table-7 above shows location wise details of respondents.

Figure No.2: **Comparative Visit Frequency Analysis (Earlier and Now), Pimpri Area Sample Size= 286**



Source: Primary Data

Fig- 2 shows, that there is a drastic change in the daily shopping pattern of consumers. Earlier 32.16% % consumers were visiting unorganized retail often more than once a day and now only 8.74% consumer follow this trend, similarly 37.06%% consumers were visiting at least once a day (earlier) and now only 15.73% follow this pattern. It means there is reduction in shopping pattern of consumers on daily basis. As for as daily visit is concerned consumers prefer to visit daily to buy perishable (FMCG) product (Milk/biscuits/butter) and any reduction in shopping pattern may affect sales of perishable nature product(FMCG) of unorganized retailers.

Now there is a change in daily shopping pattern of consumers and this has been shifted from daily basis to weekly basis (35.31%) and fortnightly basis (31.81%).

There is a negligible rise of such customers (1.74%) who have been stopped buying from unorganized retail outlets after opening of super market and malls in the locality.

Figure No.3 :- Comparative Visit Frequency Analysis (Earlier and Now), Mumbai-Pune, Dehu ROAD , Sample Size= 122

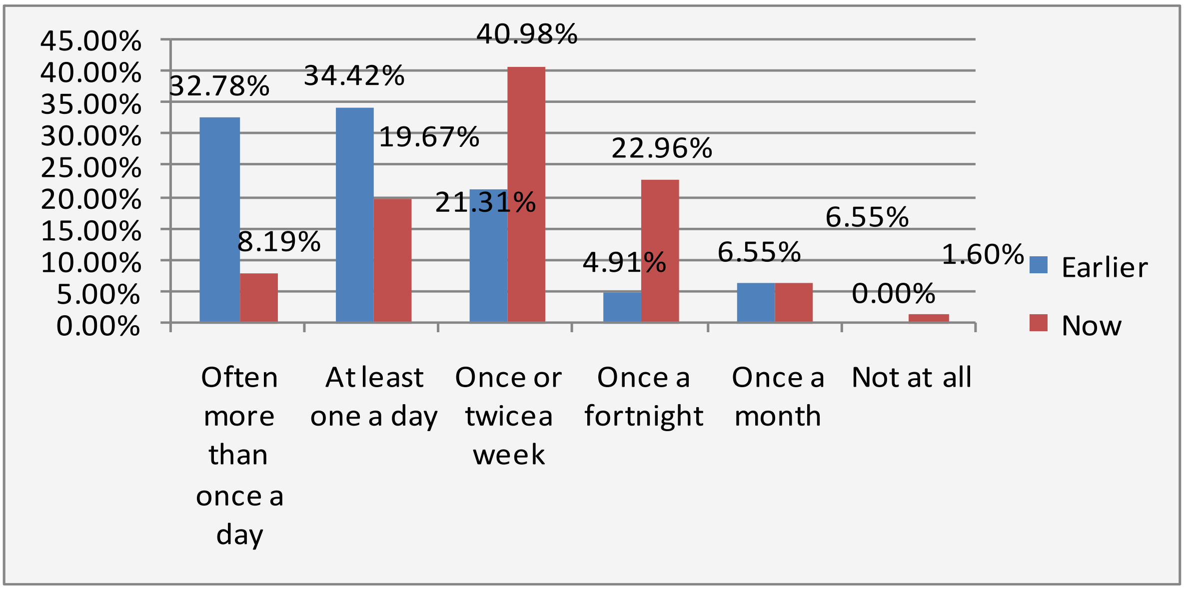


Fig No 3 indicates Dehu Road market is suburb of Western India near Pune, where unorganized retail are in operation. Fig 2 shows that prior to opening of organized retail outlets in Pimpri area shoppers were visiting very frequently to unorganized retailers in Dehu Market.

But after opening of super markets/hyper markets (organized retail) in the vicinity of unorganized retailers there is a frequent change in the shopping pattern of consumers who were visiting unorganized retail often more than once a day .

Now in comparison to earlier frequency (32.78%), only 8.19% customers visit to retailers often more than once a day, 19.67% at least one a day. Thus, there is decline in the daily visit pattern of shoppers at unorganized retail outlets.

Customer buying behavior and frequency is changing. Prior to opening of organized retail in the locality they were used to buy their stuff from neighborhood stores on day to day basis.

Now, there is a almost 50% rise in such category of customers who were not visiting unorganized retail weekly basis and 17% rise on monthly buyers .

There is almost negligible rise (1.60%) of such customers who have stopped buying from unorganized retail outlets in Dehu Market.

Table -8: Visit Frequency Analysis of Thane Region, Sample Size = 92

Frequency	Earlier	Now	Change in Percentage(±)
Often more than once a day	22.82%	9.78%	-13.04%
At least one a day	26.09%	11.95%	-14.14%
Once or twice a week	31.52%	34.78%	+3.26%
Once a fortnight	13.04%	27.17%	+14.13%
Once a month	6.52%	11.95%	+5.43%%
Not at all	0.00%	4.34%	+4.34%

Majority of organized retailers like Reliance Fresh, Spencer, Big Bazaar, More, Central are in operation in city. 92 respondents were selected from various locations from Thane.

There is 13.04% decline in those categories of customers who were visiting unorganized retail outlet often more than once a day, 14.14% decline in daily shopper's category.

There is a major change (14.13%) in fortnightly shopping behavior while there is an only 5.43% rise in monthly shopper's category after opening of super markets and malls in their locality.

There is a not major rise in the category of customers who have been stopped their shopping from unorganized retail outlets. Only 4.34% customers have changed their shopping preference 100% from unorganized retail to organized retail that is not major impact.

Table No 9:- Analysis of Change in visit pattern on the Basis of Income profile of Consumers

Income Group	Shopping Pattern	Earlier Trend in %	Current Trend in %	Variation ± in %
Rs. 5000-10000	More than once a day	5.4	1.6	-3.8%
	AT least once a day	5.2	3.6	-1.6%
	Once or twice a week	3.2	5.8	+2.6%
	Fortnightly	0.6	3.2	2.6%
	Monthly	0.6	0.6	Nil
	Not at all	0	0.2	+0.2%
Rs.10000-20000	More than once a day	11	2.4	-8.6%
	AT least once a day	13.6	5.4	-8.2%
	Once or twice a week	6.6	13.2	+6.6%
	Fortnightly	1.2	10.4	+9.2%
	Monthly	1.2	1.4	.2%
	Not at all	0	0.8	0.8%
Rs.20001-30000	More than once a day	8.4	3	-5%
	AT least once a day	9.6	4.2	-5.4%
	Once or twice a week	8.4	9.6	-1.2%
	Fortnightly	2.4	7.2	+5%
	Monthly	0.6	3	+2.4%
	Not at all	0	0.4	0.4%
Rs.30001-40000	More than once a day	4.2	1	_3.2%
	AT least once a day	3.4	1.8	-1.6%
	Once or twice a week	6	5.8	+.20%
	Fortnightly	2.2	5.6	+3.4%
	Monthly	0.8	2	+1.20%
	Not at all	0	0.4	0.4%

Figure No. 4: Income Group & comparative visit analysis at unorganized retail

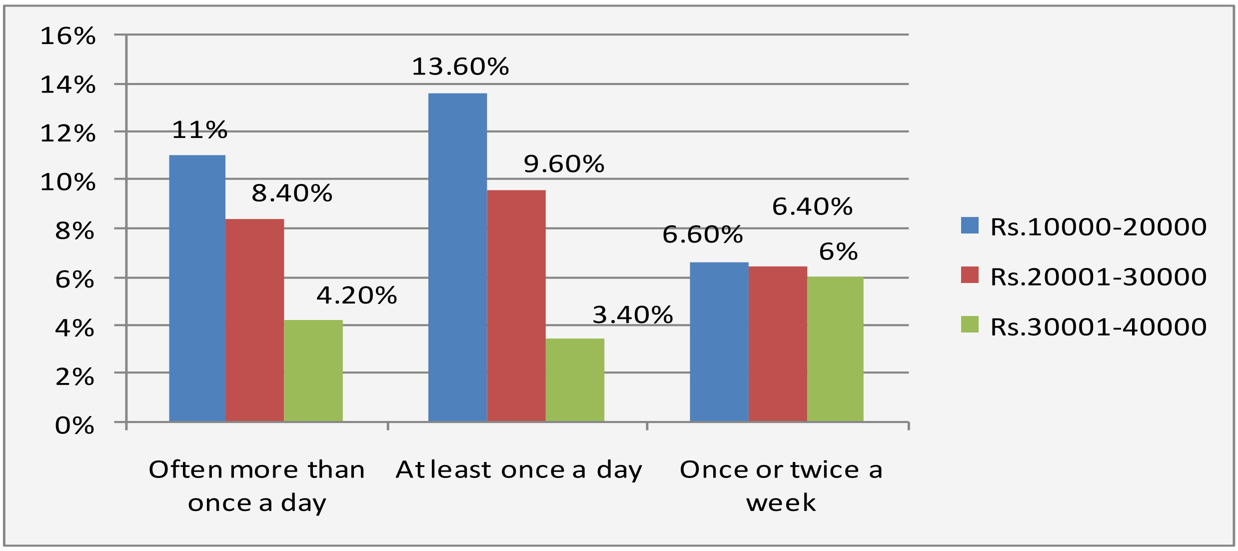


Fig No 4 above indicates of a Shopping Pattern of various income group customers BEFORE opening of organized retail in the locality

Figure No 5: Visit Frequency of Shoppers after Opening of Organized Retail"

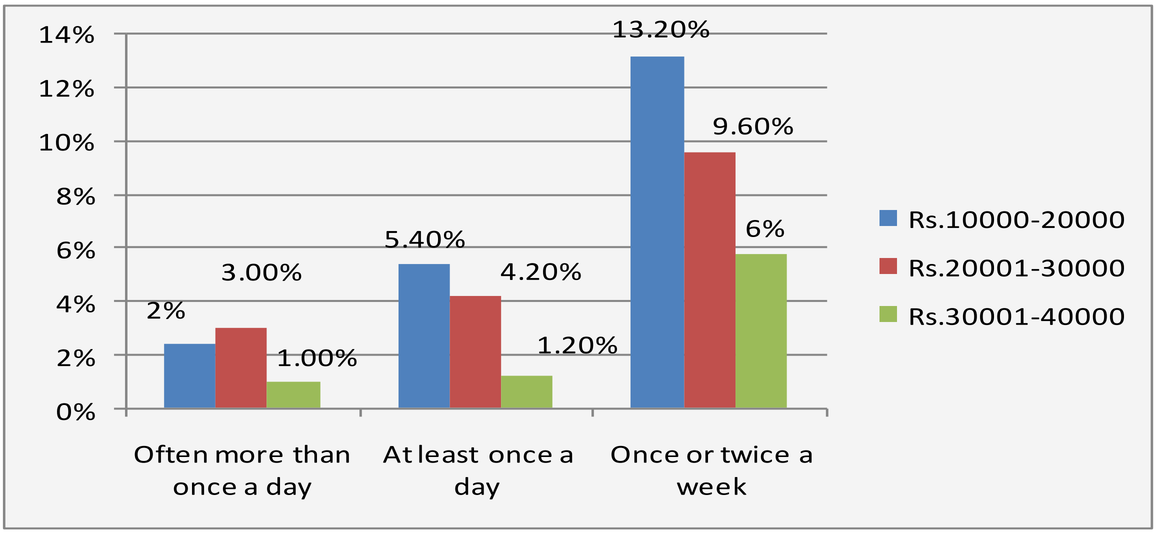


Fig No 5 above indicates of a change in Shopping Pattern of various income group customers AFTER opening of organized retail in the locality

Table No. 10:- Analysis of Preferred Shopping Choice of Consumers for daily needs.

Area	Organized Retail	Percentage	Unorganized Retail	Percentage	Total
Pimpri	37.18	13.08	245.96	86.92	286
Mumbai-Pune(Dehu Rd)	4	3.93	118.7	97.30	122
Thane	37	40.21	55	59.7	92

Table No.10 above indicates that 76.92% consumers from Pimpri area, 94.26% from Mumbai-Pune Dehu Road and 59.7% from Thane prefer to shop unorganized retail for their day to day needs.

Figure No. 6:- Shopping in organized retail format increases Impulse Purchase.

Sample Size 500

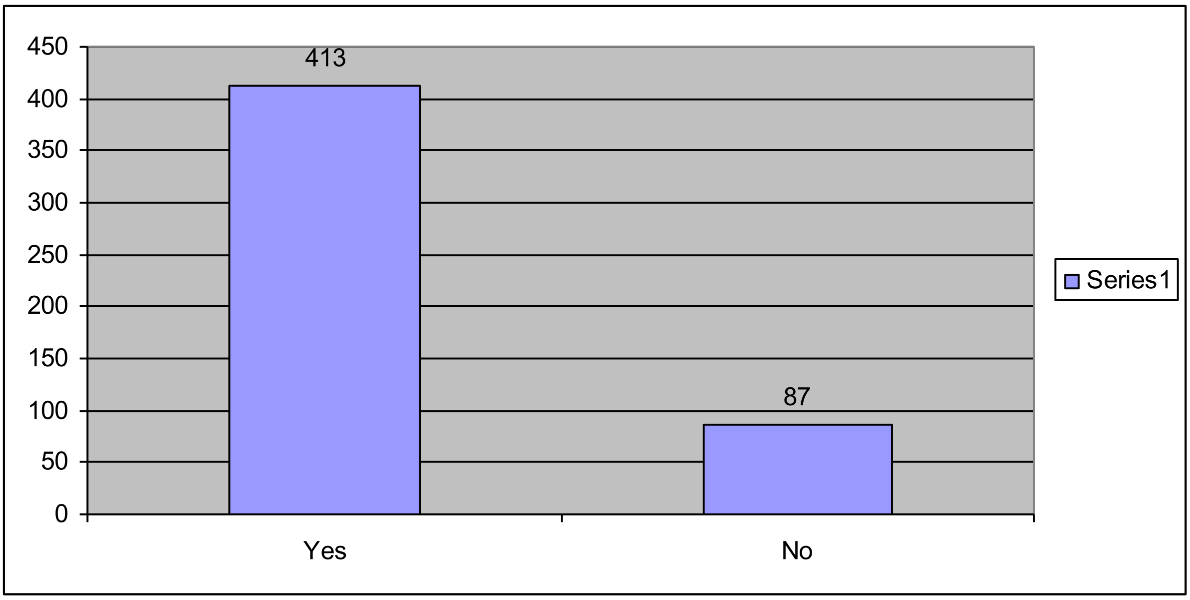


Fig. No 6 above indicates that majority of customers reported that shopping in organized retail (Super market/malls/Department Stores) increase the impulse purchase and affect their monthly budget.