

RESEARCH PAPER

CONSUMER BEHAVIOUR IN CONTEXT WITH RETAIL MARKETING (VISHAL MEGA MART)

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ABSTRACT

This paper is about consumer behavior in context with Vishal Mega Mart. In recent year, a number of companies have expressed their interest towards retail sector outlets. As a result, numbers of shopping malls have started their operations in metro and urban areas. Pantaloon, big bazaar, Vishal Mega Mart, Reliance Fresh is the best known examples of retail sector outlets in India. Retailing is the interface between the producer and the individual consumer buying for personal consumption. This excludes direct interface between the manufacturer and institutional buyers such as the government and other bulk customers. A retailer is one who stocks the producer's goods and is involved in the act of selling it to the individual consumer, at a margin of profit. As such, retailing is the last link that connects the individual consumer with the manufacturing and distribution chain. Some of the key features of retailing include: Selling directly to customers without having any intermediaries; Selling in smaller units /quantities, breaking the bulk; Present in neighborhood or in the location which is quite convenient to the customers; Very high in numbers; Recognized by their service levels; Fitting any size and or location This paper is the study of various aspects of behavior of consumer towards Vishal Mega Mart and also focus on the existing marketing strategy and system of Vishal Mega Mart. A questionnaire has been drafted, to try and understand the perceptions of Vishal Mega Mart consumers and to find out their expectations from the store, infrastructure and products available there. The study also stresses on the competitors strategy and suggest Vishal Mega mart for better products and services.

KEYWORDS: Retail, Consumer Behaviour, Marketing, Individual, Selling, Marketing-Mix

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INTRODUCTION

Indian Retail Industry is standing at its point of inflexion, waiting for the boom to take place. The inception of the retail industry dates back to times where retail stores were found in the village fairs, Melas or in the weekly markets. These stores were highly unorganized. The maturity of the retail sector took place with the establishment of retail stores in the locality for convenience. With the government intervention the retail industry in India took a new shape. Outlets for Public Distribution System, Cooperative stores and Khadi stores were set up. These retail Stores demanded low investments for its establishment.



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The **retail industry** in India gathered a new dimension with the setting up of the different International Brand Outlets, Hyper or Super markets, shopping malls and departmental stores.

Types of Retail outlets

- **Department Stores**

A department store is a set-up which offers wide range of products to the end-users under one roof. In a department store, the consumers can get almost all the products they aspire to shop at one place only. Department stores provide a wide range of options to the consumers and thus fulfill all their shopping needs.

- **Discount Stores**

Discount stores also offer a huge range of products to the end-users but at a discounted rate. The discount stores generally offer a limited range and the quality in certain cases might be a little inferior as compared to the department stores.

- **Supermarket**

A retail store which generally sells food products and household items, properly placed and arranged in specific departments is called a supermarket. A supermarket is an advanced form of the small grocery stores and caters to the household needs of the consumer. The various food products (meat, vegetables, dairy products, juices etc) are all properly displayed at their respective departments to catch the attention of the customers and for them to pick any merchandise depending on their choice and need.

- **Warehouse Stores**

A retail format which sells limited stock in bulk at a discounted rate is called as warehouse store. Warehouse stores do not bother much about the interiors of the store and the products are not properly displayed.

- **Mom and Pop Store (also called Kirana Store in India)**

Mom and Pop stores are the small stores run by individuals in the nearby locality to cater to daily needs of the consumers staying in the vicinity. They offer selected items and are not at all organized. The size of the store would not be very big and depends on the land available to the owner. They wouldn't offer high-end products.

- **Specialty Stores**

- As the name suggests, Specialty store would specialize in a particular product and would not sell anything else apart from the specific range. Specialty stores sell only selective items of one particular brand to the consumers and primarily focus on high customer satisfaction.

- **Malls**

Many retail stores operating at one place form a mall. A mall would consist of several retail outlets each selling their own merchandise but at a common platform.

- **E Tailers**

Now days the customers have the option of shopping while sitting at their homes. They can place their order through internet, pay with the help of debit or credit cards and the products are delivered at their homes only. However, there are chances that the products ordered might not reach in the same condition as they were ordered. This kind of shopping is convenient for those who have a hectic schedule and are reluctant to go to retail outlets. In this kind of shopping; the transportation charges are borne by the consumer itself.

- **Dollar Stores**

Dollar stores offer selected products at extremely low rates but here the prices are fixed.

Example - 99 Store would offer all its merchandise at Rs 99 only. No further bargaining is entertained. However the quality of the product is always in doubt at the discount stores



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GROWTH OF INDIAN RETAIL

The Indian retail industry has grown at a Compounded Annual Growth Rate (CAGR) of 13.3% for the period FY06-10. The growth in the Indian economy since the last decade and the change in consumption pattern of the Indian populace in terms of higher proportion of middle class population, greater proportion of working women etc can unarguably be linked to the growth of the Indian retailing industry. Of all the segments in retail, the contribution of 'food and grocery' remained the highest at 58% of the total retail sales during FY10, with the 'clothing and footwear' segment remaining the second largest contributor occupying 10% of the total retail pie during the same period. However in terms of growth figures, the 'entertainment, books and sports goods equipment' segment outperformed the other retail segments registering a CAGR of 22.5% during the period FY06-10.

In spite of the growth, the industry remains largely fragmented with the organized retailing still at a nascent stage. In case of overall retailing revenues, the food and grocery segment accounted for the highest share at 58% of the total retailing pie aggregating Rs.11.49 lakh crore during FY10. In the organised retailing, the food and grocery segment stood as the second largest contributor with revenues aggregating Rs.24,273 crore during the same period. However, the organised retail penetration of other segments such as clothing and footwear, entertainment and books and furniture and furnishing surpassed that of the food and grocery segment.

The Indian retail industry has witnessed rampant growth over the last decade. However, during the economic recession since the latter half of FY09, the retailers especially in the organized segment suffered a set-back in the form of declining revenues and halt in their capex plans. The unemployment situation, further aggravating the fear of job losses during the recession, resulted in muted consumer spending with the consumers choosing to spend on necessities rather than discretionary items; the industry thus witnessed decline in footfalls, conversion rate, which was especially apparent in the decline of same store sales.

The slowdown in consumer spending led to the inventory being stacked up resulting in a low inventory turnaround ratio, registering a decline to 4.3 times during FY09 from 4.8 times during FY08. Before the onset of recession, the large scale expansion plans of the Indian retailers warranted an increase in inventory and greater store operating expenses in the form of rentals and staff expenses thus increasing the working capital requirement. However with the economic recession in effect, the retailers were faced with a liquidity crunch owing to difficulties in raising funds both from the equity as well as debt markets. Additionally, the funds raised during the economic boom attracted higher interest rates thereby affecting the retailers' ability to service the interest as well as principal repayments during the downturn. The total interest outgo of the retailers as tracked by CARE Research registered a y-o-y growth of 78.6% during FY09.

Even though, post-recession, the industry is witnessing a gradual turnaround, it is met by a few stumbling blocks that constitute the challenges ahead for the Indian retail industry viz. higher store rentals as compared to retailers globally, taxation and other policy regulations, inefficiencies in supply chain management and higher rate of shrinkage.

In spite of the said challenges, the authors expect the Indian retail industry to grow on the backdrop of expectant rise in the country's Gross Domestic Product (GDP) during the period FY11-FY13. The rise in income level of the Indian populace, in turn, is expected to fuel the domestic consumption ultimately resulting in higher revenues for the Indian retailers. Importantly, the authors expect the penetration of organised retail in the total retail pie to increase by FY13 owing to the expanding reach of the retailers to tier-II and III cities accompanied by higher consumer spend on discretionary items. Also, in an attempt to increase margins, the authors expect the retailers would restore to adapting measures such as increasing the share of private labels in the total store sales, reducing store level operating expenses etc. The report on the Indian retail industry provides a comprehensive overview of all the above mentioned parameters with detailed forecasts.



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The global economic recession and the corresponding decline in retail sales volumes since the latter half of FY09 adversely affected the prospects of the Indian retail industry. The growth in the Indian retail story witnessed in the form of huge capex plans, growing footfalls etc during the pre-recession period made way for adherence to austerity measures by the retailers such as store closures/re-location of stores, employee layoffs and the curbing of other operating expenses during the period spanning the economic recession. However, the gradual revival in the global economy and the improving unemployment situation since H2FY10 has correspondingly led to the revival in the confidence of the Indian consumers, ultimately resulting in greater footfalls, higher conversion and growth in same-store sales (SSS) as compared to a year ago.

The authors report on ‘The Indian Retail Industry’ seeks to answer queries such as: India’s expected Private Final Consumption Expenditure (PFCE), the expected size of Indian retail and organised retail industry. To what extent would the penetration of organised retail increase from the current level? What are the challenges the industry is likely to face in the foreseeable future?

With Indian retail data spanning from FY05-10 garnered through a well-established network of primary and secondary sources and the authors outlook on the industry for the period FY11-FY13 on retail sales, organised retail penetration etc, the report is indispensable for any company in the retail industry, banks/Financial Institutions (FIs), policy makers, research and academic organizations, other international and national agencies etc. Additionally, the four quarterly updates from the date of subscription accompanying the said report would form a potent tool for the subscribers to keep abreast of the happenings in the industry.

Vishal Retail Limited History

Vishal Retail Pvt Ltd was incorporated on July 23, 2001. VRL is engaged in the retail industry. Its products are categorised as apparel, non-apparel (consumer durables, home furnishing and furniture) and fast moving consumer goods. The company sells readymade garments, household merchandise, and other consumer goods such as footwear, watches, toys, toiletries, grocery items, sports items, crockery, novelties and gifts. As of FY10, the company has 171 stores and four warehouses, down from 26 warehouses earlier. The company closed down 15 unviable stores and added 11 new ones across different locations.

The company also focused only on retail business and closed down all manufacturing set-ups. The company’s registered office is located at New Delhi. The company has seven subsidiaries —VRL Foods Ltd, VRL Movers Ltd, VRL Consumer Goods Ltd, VRL Fashions Ltd, VRL Infrastructure Ltd, VRL Retail Ventures Ltd and VRL Knowledge Process Ltd. The company has a tie up with the State Bank of India and has launched the “SBI Vishal Mega Mart Card”

Vishal Retail (VRL), incorporated in 2001, runs a wide chain of retail stores. The company has pioneered in bringing the concept of hyper-markets in India.

VRL has a network of 183 showrooms spread across in 110 cities located 24 states. The company is one of fastest growing retail chain in India.

The company has its manufacturing unit located in Gurgaon, Haryana. This unit is equipped with 700 imported machines with a manufacturing capacity of 1,50,000 pieces a month.

The company has subsidiaries namely VRL Foods, VRL Movers, VRL Consumers Goods, VRL Fashions and VRL Infrastructure.

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VRL's retail store caters to the needs of all age groups -- from kids to senior citizens. The stores provides a wide range of products and services in area of home furnishing, food and beverages, sports and fitness, footwear, mobile solutions, apparels, travel accessories, household and stationary.

Vishal Retail has entered into an agreement with HPCL to develop a concept of non-fuel retailing and has already opened 2 stores on a trial basis.

COMPANY'S PROFILE

Established in 2001, Vishal Retail Limited (VRL) was promoted by Ram Chandra Agarwal under the name Vishal Retail Pvt Ltd. The company is engaged in the retail industry. It offers a range of products, including apparel, non-apparel and fast moving consumer goods. The company has 171 stores across the country and seven subsidiaries.

KEY HIGHLIGHTS

Business sold off to Shriram group and TPG for Rs 700 mn VRL sold its retail trading business to the Chennai-based Shriram group and the wholesale division to the private equity (PE) firm TPG for Rs700 mn. Airplaza Retail Holdings, a company owned by the Chennai-based Shriram group, will now manage the retail stores. TPG has announced that it is planning to invest Rs 2 bn to fund the turnaround of VRL's business and future growth. Approaches CDR cell for debt restructuring During FY10, the company closed down 15 unviable stores and added 11 new ones. The company had 171 stores as of FY10, and reduced 0.78 lakh sqft of retail space in the year. VRL has now adopted the centralised warehousing system. The number of warehouses has been reduced to 4 from the previous 26. The company has also closed down all manufacturing set-ups. The company is also restructuring its debts through corporate debt restructuring mechanism. In FY10, the company submitted its proposal under corporate debt restructuring mechanism to the CDR cell for restructuring secured as well as unsecured debts.

Variety of products offered in its stores. The company offers a variety of products, including apparel, non-apparel and fast moving consumer goods. The company sells readymade garments, household merchandise and other consumer goods like footwear for men and women, watches, toys and games, toiletries, electronics and home appliances, mobile phones, grocery items, sports items, crockery, novelties and gift articles.

Objectives of the study

This paper is the study of various aspects of behavior of consumer towards Vishal Mega Mart and also focus on the existing marketing strategy and system of Vishal Mega Mart. A questionnaire has been drafted, to try and understand the perceptions of Vishal Mega Mart consumers and to find out their expectations from the store, infrastructure and products available there. The study also stresses on the competitors strategy and suggest Vishal Mega mart for better products and services.

REVIEW OF LITERATURE

Lawson (1983) says product form is significant in a large sense because it affects the quality of our lives. In his study, he found that the perception and usage of beautifully designed product may provide sensory pleasure and stimulation. In contrast, objects with unattractive forms may evoke distance. Essentially an applied art product design has a greater impact on our daily lives than do other art forms, because we see product every day.

Besides product form, the importance of source of information also plays a significant role in product purchase decision-making. **Midgley (1983)** notes that both the nature & degree of risk distinguish between different sources of interpersonal information, suggesting that for products dominated in social aspects, information from other individuals rather than from objective or impersonal sources is likely to be preferred by consumers. These conclusions are supported by the findings of **Price and Feick (1984)** that point to interpersonal influence as an important component of information acquisition.



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Further, **Kotler and Rath (1984)** found in their study that when given a choice between two products, equal in price and function, target consumers buy the one they consider to be more attractive.

Olshavsky (1985), suggested not all consumers want to buy the highest quality item in every category. Instead, quality appears to be favoured into the implicit or explicit evaluation of a product by many consumers.

Berger & Mitchell (1989), Petty and Cacioppo (1986) and Park and Mittal (1985), suggest that high processing levels produce more enduring stable and accessible brand attitudes. Such attitudes may further influence purchase intentions and the likelihood of counter arguing against competitor's claims.

Gilbert, (1991), studied consumer behavior on Maslow's hierarchy of needs as a frame work and found that individuals buy houses, food and clothing to satisfy physiological needs. They buy insurance and radical tires for security needs. Almost all personal care products (cosmetics, mouth wash, and shaving cream) are bought to satisfy social needs. Luxury Products such as furs or jewels or big cars are often bought to fulfill ego-needs and college training and banking services are sold as ways to achieve self-fulfillment. **Maslow's** need hierarchy has been called an "Emotional trigger" that enables marketers to communicate with their target audience on a personal meaningful level that goes beyond product benefits.

Stressing on the importance of product form, **Jones (1991)** stated that product form can also have long lasting effects. Although many goods are quickly discarded, the aesthetic characteristics of more durable products can have an impact for years on users and non-users alike as products become part of the sensory environment, for good or bad. Not only personality traits, different lifestyle of consumers also influences them differently on their consumption behavior.

Huddleston, Ford and Bickle (1993) examined demographic and lifestyle characteristics as predictors of fashion opinion leadership for mature consumers. The results revealed that lifestyle dimension of positive thinker, shopper, socially active and credit phone were predictors of fashion opinion leadership. No demographic characteristics (age, income, education level, house size, occupation) were predictors of fashion opinion leadership.

Further, to understand importance of various attribute of products to buy it. **Folkes and Wheat (1995)** examined how perceptions of various types of promotions. (i.e. coupons, rebates and sales) affect consumer's perception of price. They found that offering the same product in the context of a sale or with a coupon lowered consumer's price perception to a greater extent than offering it in the context of rebate.

By stating the importance of understanding customer's need, **Kahn (1998)** made a proposal that one way to complete affectively in the 21st century is to meet consumer's need overtime better than the competition by offering a high variety product line. More variety in a product line can make it more likely that each consumer finds exactly the option he/she desires. In addition, more variety in a product line can allow each consumer to enjoy a diversity of options overtime.

Also, in a survey of senior marketing managers, **Bruce and Whitehead (1998)** found design was mentioned as the most important determinant of new product performance by 60% of respondent, only 17% considered price most important.

Consumer buying behavior is a motivated process. It depends on the consumer's needs and drives, his/her tastes and aspiration, plus his attitudes, personality and social environment. Sigry and Grewal (1997) examines the concept of need, states a framework for understanding consumer behavior and attitudes. It describes their role in the development of brand imaginary, advertising, store layouts, packaging and other elements of the communication



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mix. Need states take account of the situation individuals found themselves in at a particular point in time i.e. their mood, attitude and feelings, as well as, the dynamics of the influencing it were examined.

MATERIAL AND METHODS

A survey research design was used to solicit relevant information from the respondent on variables under study. Structured questionnaire was the main instrument for data collection and were administered on the respondent. The respondents (population) are the bulk of customers attending Vishal Mart; these include old, new and potential customers. A non-probabilistic sampling method of judgmental sampling was used to choose a sample of five hundred (500) respondents on which information are being sourced. Other sources which were purely secondary were also explored in this study, these were: Journals, textbook were collected and analyzed using descriptive statistics of simple percentage and bar charts

RESULTS AND DISCUSSION

Results of the analysis on the when do the customers like to visit Vishal Mart, it is obvious that 24% visit it on week day while 76% visit it on weekend, 10% are of the opinion that good transport facilities, is reason why they visit Vishal Mart, 48% said the prices are reasonable, 38% said the brands are good, while 4% said other reasons. This is obvious that majority of the respondent visit Vishal because the pricing is good. The product available are up to the mark, and that what someone to help/assist while shopping.

29% of the respondents are of the opinion that they like the services of the salesman, 62% said the sequence of departments, while 5% said sanitary services. This shows that the most preferred service in the mart is the sequence of department; and we satisfied with the payment mode, but prefer cash payment to credit card, and do not want equated monthly installment system to be introduced. They are also of the opinion that online payment will be a better option. Product varieties create confusion and carry product a bit made easy, and want a house delivery service. There are enough parking facilities.

CONCLUSION

Product design and form plays a significant role in the live and behavior of customers. An applied art design has a greater impact on our daily life (Lawson, 1983); information on also plays a very important role in product purchase decision making (Midgley, 1983); quality, accessibility, price, demography and life style also influence customers' behavior.

Sequel to the results discussed in the preceding section, it is obvious that the findings of the study are in line with those points highlighted above (Lawson, 1983, Midgley 1983, Alison and Riley 1988). Therefore, this study concludes that sales, service, sequence of departments, sanitary services, prices quality and accessibility are some of the reasons why customers prefer Vishal Mart among others. The figures below present the simple bar charts for most likely services in Vishal Mart,

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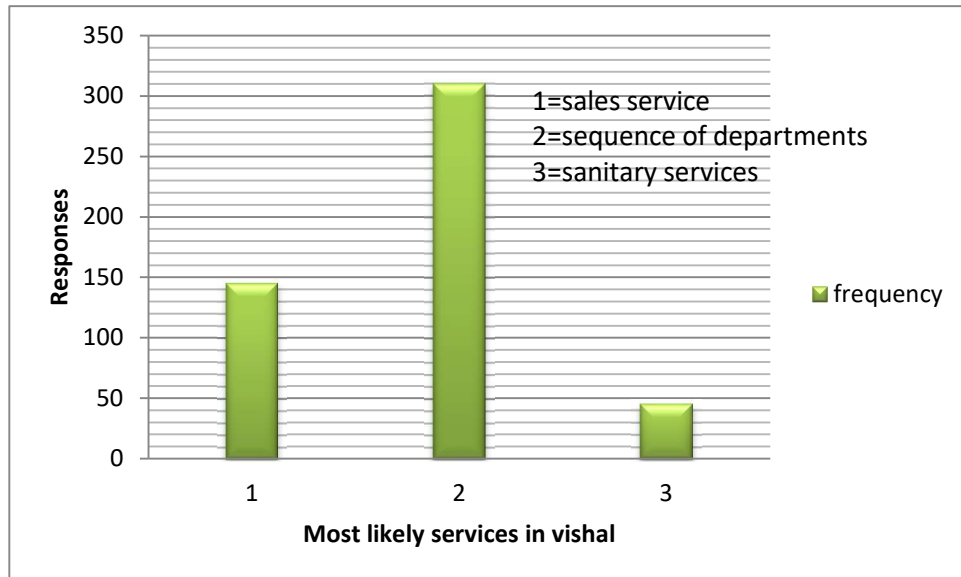


Figure 1:



Figure 2:



Figure 3:

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