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STUDY ON SHIFT IN CONSUMER BEHAVIOUR FROM NEED-BASED TO RECREATION-BASED SHOPPING AT SUPERMARKETS IN MUMBAI

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ABSTRACT

This study aims to throw light on the paradigm shift in traditional Indian consumer behavior. It also gives an insight into a new emerging segment of "Recreation-oriented shopping". Consumers across the world are steadily shifting away from 'Need-based' shopping to 'Recreation-based' shopping, enticing marketers to differentiate themselves from not just the Brick & Mortar stores but beyond Shopping rationale. This study attempts to capture the factors which shall bring about the next stage in retail in less than a decade due to change in Consumer Buying Behaviour. Across the world, the developed and developing countries are experiencing and observing the phenomenon despite having cultural and other differences. The study is based on the perceptions, observed buying behavior and changing rationale of the consumers in Indian market. The study involves personal observation and questionnaire.

KEYWORDS: Consumer behavior, Retail, Entertainment, Shopping.

INTRODUCTION

It has been long believed that a visit to a supermarket is quite often than not associated with the genuine need to buy groceries and provisions. A traditional rationale would imply the frequency of such visits as about once a month and that too about one or two days around when the monthly salary gets credited into the account. But a new trend is on the rise that is making marketers visit the drawing board again; to re-think and reconsider their marketing strategies with a fresh perspective. The change in shoppers' buying pattern is subtle yet hard to miss. Thus, it comes less than a surprise that we are seeing more footfalls in supermarkets every prominent holiday.

One of the most pertinent challenges faced as a marketer is what shall be done to incite frequent purchase. This is more prominent in a market plagued by competition and second copies. One alternative is to keep coming up with new promotional schemes or discounts. The other is to play around with merchandise but there is a direct relation of the depth of range any player can offer to the intensity of risks associated with it.

The most recent option, of course, was to associate promotions with events, be it Independence Day, festivals, end of year clearance etc. But there is tremendous competition in such promotions to the extent that the customers' minds are cluttered; one finds it difficult to recollect or associate the right brand to the right promotional offer conveyed or advertised.

Nevertheless, it is observed that most events fall on holidays or weekends. And people have now subconsciously or consciously started going to supermarkets not just for shopping but also for recreation.

The Objective of the Study

The purpose of this research paper is

a) To study, identify and confirm the change in consumer shopping behaviour and reasoning
b) To recognize the need for changes required in the marketing policies.

Scope of the Study

The study covered a sample of thirty-four shoppers in D Mart, Big Bazaar and Hypercityin Mumbai. The study sought to determine and confirm the key factors that invited frequent customer footfalls in supermarkets as also to determine the factors, reasoning and rationale behind the increase in frequency. The study would benefit marketersby way of providing information and isolating factors that are contributing to the change thus identified.

Methodology

For this study, the data collection was done by convenience sampling. Based on the retail format, the researcher decided to conduct the survey of three types of retailer which include supermarkets, departmental Stores and hypermarket. Researcher used questionnaire and personal interview method for collecting data. The questions were framed keeping in mind the objectives of research. The questionnaire was given to the customers and the data was collected by personal interview in the form of written responses of the questionnaire. Total sample size for the customers is 34. The project consisted of confirming and exploring factors which are contributing to increasing footsteps in supermarkets the most. The most appropriate means to ascertain such information was to conduct a consumer survey. The research undertaken was a descriptive research as it sought to describe the characteristics of a small sample of consumers with regards to what motivated them the most to visit supermarkets on a regular basis. Researcher mainly focuses on the consumer behavior and footfall parameters in terms of frequency, reason for visit to the retail outlet and spending related to such visits.

For the fulfillment of this purpose, primary data had to be collected through a questionnaire that was to be filled by a sample of shoppers.

The research paper is based on Primary and Secondary data. Due credits are mentioned in the references and this research paper does not violate the provisions of The Copyright Act of India, 1957.

Sample Size — 34 respondents

Questionnaire formulation — The questionnaire consisted of statements based on the Multiple-Choice Questions.

Scope and Limitations -

The Scope of this study is limited solely to the local environment of the city; this may hence not be a total reflection of the shoppers' behaviour in other cities in Mumbai.

The study was carried out in Dahisar and Thane so its scope is mainly limited to Mumbai city.

- The study sought to determine the key factors that attracted shoppers the most.
- The study focuses on motivational profiles with regards to age and experience.
- It gives information about the preference of the respondents to various parameters.
- It gives information about the services and benefits rendered by the supermarket totheir shoppers.
- It will help the retailers to understand what factors attract their shoppers the most.
- It will also help the marketers to understand and customize their strategy around such factors that invite frequent footsteps.

Limitations -

This report had to work under several constraints and limitations. Some of the key limitations are:

- The sample size was limited and thereby could not take into account all the shoppers of the retail outlet for the study.
- With the presence of a neutral answer choice, it was difficult to gauge the attitude and profile of certain respondents.
- Some responses were Contradictory and Unsure.
- A few respondents had chosen multiple options.
- Inference was difficult where open ended questions were involved.
- The psychology and temperament of a respondent played a significant role. Some respondents are more sensitive as against others who are more tolerant. A change in the composition of the respondents, can affect the answers adversely or favorably.

• Respondents may not have been true in answering various questions and may be biased to certain other questions.

LITERATURE REVIEW

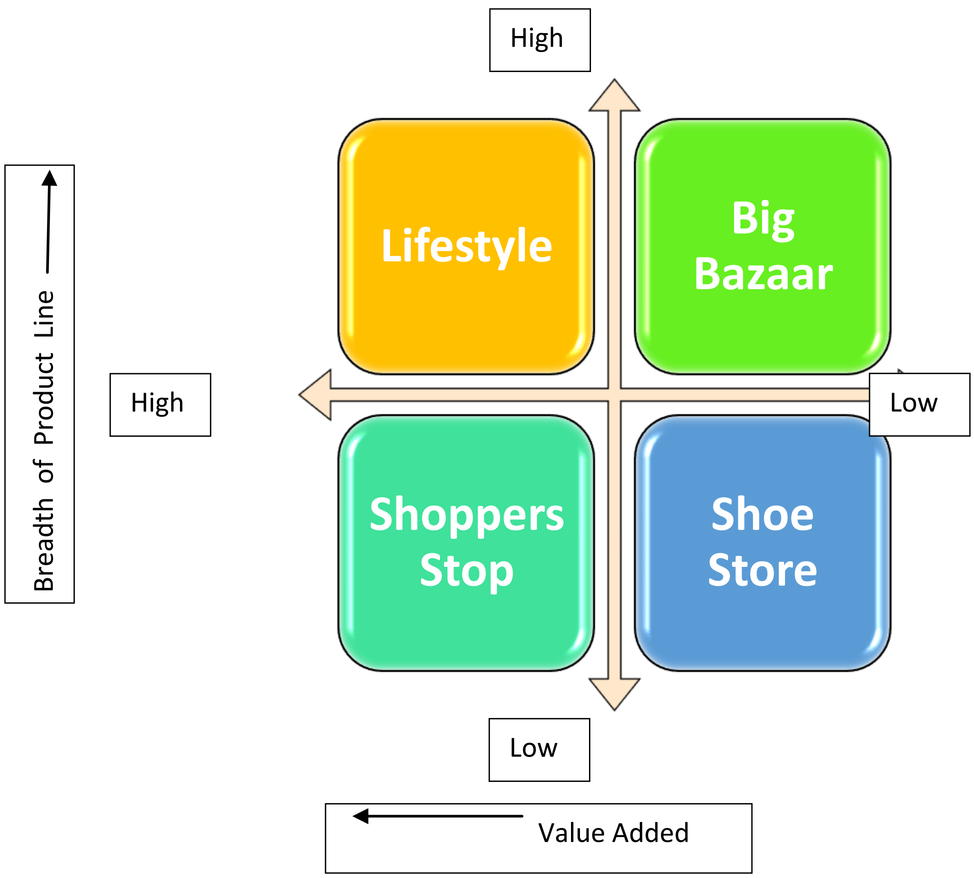
Despite its ubiquity, the mall as it's been conceived for the last half century is at a critical inflection point. A storm of global trends is coming together at the same time to cause malls to change the role they play in people's lives. No longer are they primarily about shopping. Now, when consumers visit malls, they are looking for experiences that go well beyond traditional shopping.

The trends helping to create this change include changing demographics, such as an aging population and increased urbanization, which means more people living in smaller spaces and a greater need for public spaces in which to socialize and congregate. In this environment, malls offer a welcome watering hole, especially in cities where other public spaces are not safe. Sustainability concerns are causing some consumers to prefer mixed use developments where they can live, shop and work all within walking distance – instead of having to get into a car and drive to a crowded suburban mall. The growing middle classes in Latin America and Asia maintain a strong association between consumption and pleasure, driving the need for more engaging shopping experiences. And finally, the e-commerce revolution and the rise of digital technologies are fundamentally reshaping consumer expectations and shifting the function of stores toward useful and entertaining customer experiences

Positioning the Retail Store & The Wheel of Retailing

The theory of Wheel of retailing explains the life cycle concept in retail industry. According to this theory most innovations in retail formats occur at the low end where the innovator enters the market with low cost, all bare store format. The profit margin in such cases is also low. This is the introduction or the embryonic stage in the retail store's life cycle. Such formats draw two types of customers- one, who are price sensitive and are looking for low cost alternative to buy their merchandise and the other, who are suffering from fatigue with existing formats or are dissatisfied with their service. As time passes and the innovative retail format attracts more customers, gains market share, it adds on to its product and service mix. Improvements in retail ambience and improvements in delivery process now occur. All this start adding to the cost and thus keeps pushing up the prices in the store. Profit margins also improve. However, it is not long when this store starts innovating and delivering services which in a way resemble the retail store displaced by this innovative concept. The store now adds to its facilities and services and targets upscale customers who are willing to pay higher prices for the merchandise. At this stage, this store now resembles a fat duck which can be easily targeted by competition. This stage is also the one, when the store has matured. As a low-end retailer upgrades its strategy to increase sales and profit margins, a new form of discounter takes its place.

One of the strategic decisions that a marketer or retail marketer has to take is one concerning the positioning of the store. The choice is whether to locate it at the low or high end of the retail continuum. The two parameters taken to determine this continuum are the breadth of product line and value addition provided by the store through a range of services offered by it. On the basis of these two factors, the retail store may be positioned in any of the four quadrants as shown below:



The need to innovate in retailing is driven by intensity of competition within the industry, changes in consumer lifestyles, and customer price sensitivity behaviour and developments in technology.

Boom in organized retailing has its roots in the changing Indian market kaleidoscope, most significant drivers of change are the socioeconomic profile of the Indian market, intensive competition and continuous developments in information and communication technology.

The differentiation between stores, rests on the quality of their customer service. Invariably, all major innovations in organized retailing are based on customer service initiatives. These include returns policy, delivery modes, loyalty programmes, creation of consumer panels including Ombudsman position and deployment f technology, to service customers in a seamless manner.

Sinha (2003) brought out the shopping orientation of the Indian shoppers. The analysis indicates that the Indian shoppers seek emotional value more than the functional value of shopping. Although there is an indication of shopping being considered as a task and should be finished as soon as possible, this orientation is overshadowed by the entertainment value derived by the shoppers. The study also indicates that though there are some similarities in the orientation of Indian shoppers and shoppers from developed countries, there are some significant differences too. The Indian shoppers show an orientation that is based more on the entertainment value than on the functional value.

The rate of inflation has been in low single digits in recent months. The food and beverage price index, which accounts for nearly half the consumer price index basket, shrunk 1.17% in June, and items of daily consumption witnessed either nominal or no increase in prices. Even though, very recently, between July and August 2017, inflation has inched up to 2-4%, broadly, all indicators are favorable for the FMCG sector.

It is the big brands rather than local or small ones that have contributed to the return of stock levels to erstwhile numbers; so the smaller and local players are slower in returning to normalcy as per a Nielsen report.

Digitalisation & Its Impact:

A recent study by BCG's Center for Customer Insight examined the changing behavior of Indian consumers across more than 50 product categories through questionnaires and interviews with more than 10,000 consumers in 30 locations nationwide.

Firstly, the digital opportunity is large and growing. The adoption of digital in India is occurring considerably faster than that of technologies in the past. The report estimated that India will have more than 850 million online users by 2025, more than the combined populations of the G7 countries.

Second, digital's impact is becoming pervasive across all consumer segments. India's initial digital consumers were male, millennial, and mostly metro-based. The future looks very different. By 2020, half of all internet users will be rural, 40% will be women, and 33% will be 35 or older.

Third, internet penetration has been, and continues to be, mobile first. Four out of five users go online with mobile devices. Today, these devices are a mix of smartphones (with 3G or better connections) and feature phones with primarily 2G connections, but the trend is toward faster connections and more capable devices. To get a sense of the speed of this shift, consider this: it took nearly eight years for India's mobile market to reach 250 million 3G connections, but the country's Reliance Jio 4G network added 100 million connections in just seven months.

Finally, the primary determinant of consumer behavior is not age, gender, or location (urban versus rural), but digital maturity—that is, the number of years that a user has been online. The more digitally mature people are, the more they do online. As a consequence, digital's influence on purchases and actual digital commerce are both increasing. From 2014 through 2016, the number of online buyers rose sevenfold, to between 80 million and 90 million. Digitally influenced spending, currently \$45 billion to \$50 billion a year, is projected to increase more than tenfold, to between \$500 billion and \$550 billion—and to account for 30% to 35% of all retail sales—by 2025.

The research also identified a much more engaged consumer and a broader set of online activities—eight categories of behavior that include, for example, consuming media, pursuing studies, managing finances, and, of course, shopping. The "eight S's" of online activity outlined below, some of which overlap, characterize the Indian consumer in a much more complete and specific manner than does a more conventional, simplified view of online presence.

The Eight S's of Online Activity:

SHOPPING - Purchasing goods (electronics, apparel, books) and services (travel, hotels, taxi rentals) through e-commerce.

STUDYING – assessing study materials and other resources and taking online courses

SAVING – managing personal finances through online banking, trading and investing

SELLING – selling goods and services online, for personal or professional reasons

SOCIALIZING – interacting with others through email, social media and instant messaging

SEARCHING – researching topics of interest, such as home décor ideas, health tips, and recipes

SELECTING – buying a house, finding a life partner, and booking a restaurant

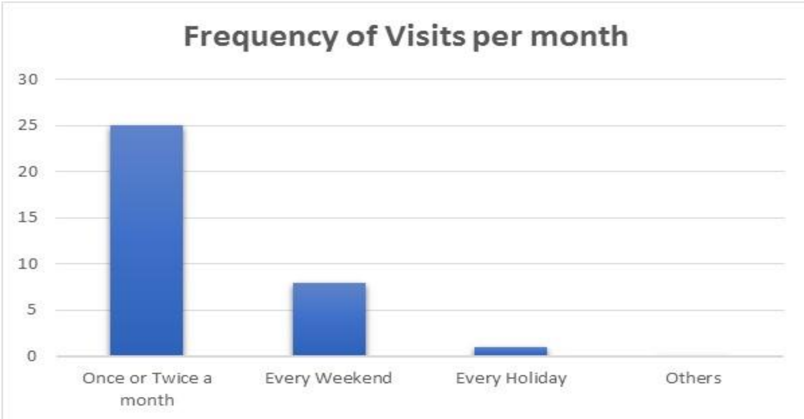
SEEING – reading the news, watching videos, and listening to music

More than 50 mid-rung global retailers are planning to enter India within the next six months, according to data compiled by Franchise India that has tied up with them for their launches, with their eye mostly on smaller, untapped markets within the country. Brands such as Korres, Migato, Evisu, Wallstreet English, Pasta Mania, Lush Addiction, Melting Pot, Yogurt Lab and Monnalisa, many from the US and Singapore, will invest about $300-500 million — all told to open roughly 3,000 stores, triggered by the country's expanding economy, booming consumption, urbanizing population and growing middle class. Thailand-based Siam Makro PCL plans to launch its wholesale cash-and-carry business in India under the brand "Lots Wholesale Solutions". The company will open 15 wholesale distribution centres in the country in the next three years in the northern region. The company plans to invest Rs. 1,000 crore in the next five years in setting up its wholesale distribution centres and supply chain in North India.

KEY FINDINGS

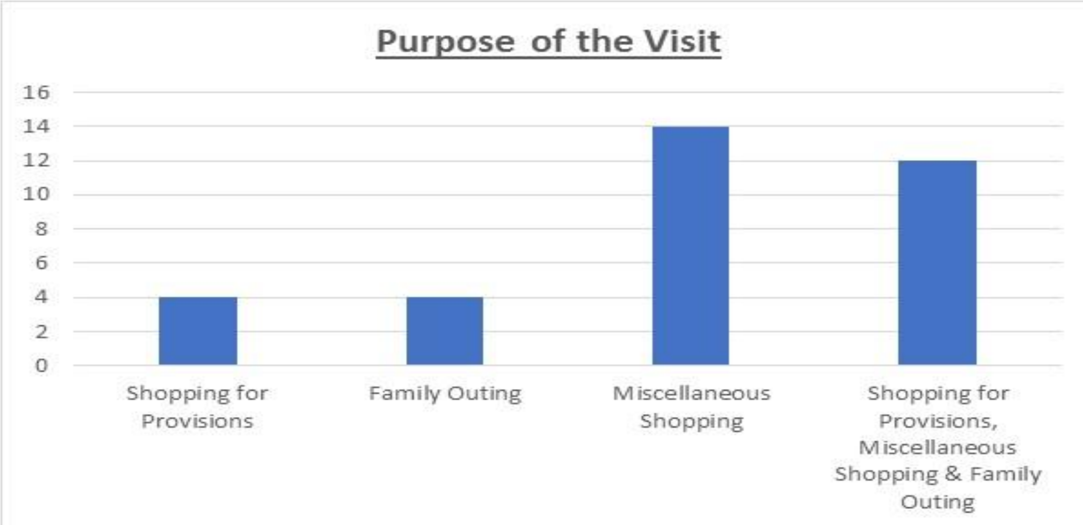
Q. 1 How many times in a month do you visit a Supermarket?

27% of the respondents clearly mentioned that they visited the supermarket every weekend or whenever there was a holiday. The purpose of the visit ranged from Miscellaneous shopping to family outing clubbed with shopping.



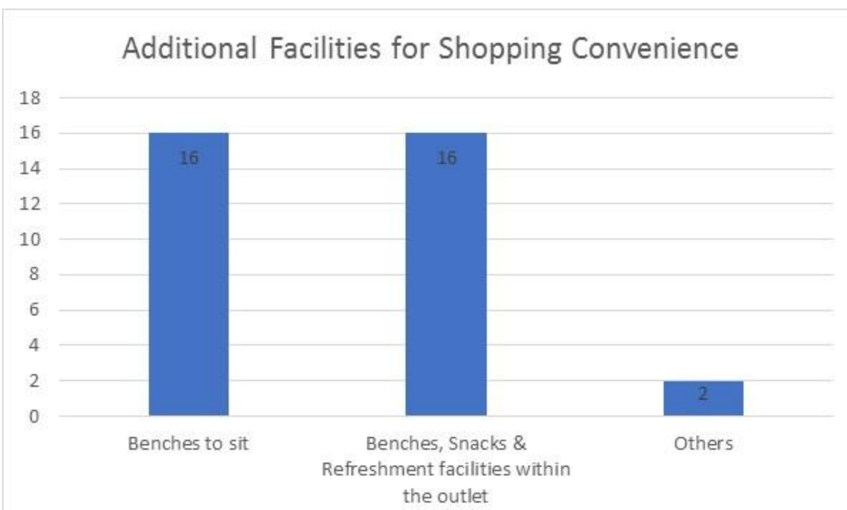
Q. 2 What is the purpose of the visit?

A shocking 88% respondents were found to be visiting supermarkets for Miscellaneous (Unplanned) shopping or for Family Outing or mostly for a 'Multipurpose-shopping-family outing'. The stated purpose ranged from Miscellaneous shopping to Window shopping to Family Outing, but all in all was more recreation-oriented. 44% of the respondents admitted that a trip to the supermarket guaranteed a win-all for all the members of the family. Aptly put by one such respondent- "Provisions means the wife is happy; Miscellaneous shopping means kids are happy; and No unnecessary expenditure or long journey means I am happy!"



Q. 3 Is there anything that can make your shopping experience more convenient?

47% respondents believed that having Benches to sit in the store would add more convenience to the shopping experience, while 47% believed that having benches and refreshment facility within the outlet would ease their shopping involvement. All the respondents wanted to derive more from the ease of shopping. Convenience of shopping ranged from sitting facility to Refreshments to Snacks Vendors. Some respondents have mentioned Live streaming of Sports events through LCD screens, Music and entertainment in general.



Hence an inferential analysis on the factors contributing to the emerging trend, as observed during the research.

FACTORS CONTRIBUTING TO THE EMERGING TREND

- Basic Need for provisions – The need for provisions is irreplaceable and cannot be ignored. Customers who traditionally scheduled their monthly provisional purchases once a month, nearly when the income was received or credited, are increasingly fragmenting the purchase schedule to multiple times a month.

- Decreasing social gatherings and engagements – With Digitization and increasing affinity to mobile phones, physical meetings are transforming into e-meetings. Social gatherings are converting into e-gatherings and virtual social engagements are making it challenging for people to simply meet for no apparent reason. family time especially over the weekends

- Lack of zero-cost gardens and parks – The Gallup/Knight Foundation's Soul of the Community 2008-2010 study found that social offerings, openness and beauty — three key attributes of public places — are the primary drivers for community attachment. The study also demonstrates a strong positive correlation between resident attachment and local GDP growth.

- Dual Income Couples- Couples with dual income are financially better placed than those with single income. Plus, they also share household responsibilities which increases the disposable income thereby facilitating

- Physical exhaustion of dual income couples- Pew Research Center survey shows, balancing work and family poses challenges for parents. In fact, more than half (56%) of all working parents say this balancing act is difficult. Most parents, including at least eight-in-ten mothers (86%) and fathers (81%), say they feel rushed at least sometimes. But for many mothers who work full time, feeling rushed is an almost constant reality. In fact, four-in-ten full-time working moms say they always feel rushed, even to do the things they have to do; an additional 50% say they sometimes feel rushed and just 10% never feel rushed.

  In such circumstances, the couple tends to combine work with recreation to save time and hence more footfalls in supermarkets.

- Needs versus Wants dichotomy– 3 male respondents during the interview candidly confessed that spending Rs. 800 to 1200 every weekend in Malls or Game zones gives momentary happiness and excitement but there is no take-away; whereas going to DMart or Hypercity guarantees family entertainment, everyone is involved and money is not wasted. Also, despite dual income families and even multiple income households, the fact remains that income is limited, investments and monthly installments leave limited budget for recreation and social engagements.

- Rise of Digital socializing–Digital socializing is not limited to making acquaintances on facebook or twitter. Even simple tasks such as booking an appointment with a doctor does not necessarily require a physical contact. Practo began as a cloud-based software-as-a-service provider for doctors, but now it also functions as an online marketplace for doctors and patients. It serves as an appointment-making service for patients and provides doctors with the data they need to better manage their patient base and their practices.

CONCLUSION

Organized retail sector is growing rapidly and consumers are shifting to shopping in organized retail stores. More than 50 mid-rung global retailers are planning to enter India within the next six months, according to data compiled by Franchise India that has tied up with them for their launches, with their eye mostly on smaller, untapped markets within the country.

Thus, understanding of shoppers' behavior is the key to success for the retailers. Marketers will have to understand the consumers' shopping behavioral dimensions that will help them to tap the consumer in a better way. Consumer purchase behavior is an important factor that affects the strategies adopted by the retailers. Shopping habits of Indian customers are changing due to their growing disposable income, relative increase in the younger population, and the change in attitudes towards shopping.Shopping orientation is becoming more complex and so shall the Parameters considered for this study include retail format, customer convenience, and store ambience. It was observed that majority of customers prefer to visit particular retail outlets because of promotional offers, followed by events and entertainment, and convenience to customer.

The literature survey and the findings of this study are indicative and are good enough to give an overview of the retail purchase consumer behavior in India. The time, efforts and manpower used for conducting this research was available limited and sample size was 34 consumer respondents. The objective of this paper is only giving and idea of retail consumer spending patterns and not overall consumer behavior. This research has traditional limitations associated with survey research such as selection errors, measurement errors and interviewers effect. Further research can be undertaken on similar kind of other different retail formats other than hypermarkets, departmental stores and supermarkets. Also researcher would like to undertake research on the impact of consumer behavior on other retail store environment etc.

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