

## **REVIEW OF LITERATURE ON BUYING BEHAVIOUR IN INDIAN RETAILING INDUSTRY**

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### **ABSTRACT**

Across the globe retailing activities has been recognized as an industry which is divided into two segments known as organized retailing segment and unorganized retailing segment. At present retailing is gaining the attention of people as there are huge potentialities of overall development of any country by promoting / recognizing it as an industry. The dominance of either organized retailing segment or unorganized retailing segment differs from country to country. In India there is dominance of unorganized retailing segment having contribution of above 90 % in the retailing industry. Year by year organized

Retailing segment is gaining the attention of people as the corporate sector has entered in the retailing industry after 1992. At present the share of organized retailing segment of Indian retailing industry is approximately 5% but it has been increasing gradually and it is estimated that the market share of organized retailing segment will be 24 % in 2020. In the paper researcher has tried to concentrate on review of literature on buying behavior of customers in Indian Retailing Industry.

**KEY WORDS:** *Retailing, Retailing Industry, Organized Retailing Segment, Unorganized Retailing Segment Buying Behaviour.*

### **INTRODUCTION**

All over the world retailing industry is gaining the attention of government, researchers, academicians and policy makers. For any country, Retailing is a distinct, diverse and dynamic sector which is of huge economic significance to most developed nations. It generates revenue and wealth for the nation, encourages investments and brings technological advancements. It also offers employment opportunities and creates a wealth of the economy and vibrant part of our changing society and a major source of employment for a variety of people in the society. Retailing is undergoing a change with the rise of super markets

Retailing Industry is divided into two sectors: Organized Retailing Sector and Unorganized Retailing Sector.

**ORGANIZED RETAILERS** - Organized Traders/Retailers are those who are licensed for doing trading activities and registered to pay different taxes to the government.

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**UNORGANIZED RETAILERS** – Unorganized Retailers are those consisting of unauthorized small shops - conventional Kirana shops, general stores, corner shops among various other small retail outlets selling different items in small quantity, normally not paying tax to the government and majority of them are managed or controlled by the local government authorities.

The following table shows percentage share of an organized and unorganized segment of Indian Retailing Industry.

Year	Organized Retail Market (Shopping Malls)	Traditional Retail Market (Nearby Grocery Shops)
2005	3.6	96.4
2007	4.1	95.9
2010	5.0	95.0
2012	8.0	92.0
2020E	24.0	76.0

#### E - Expected

(Adapted from Research Paper titled "Retail Sector in India: Present Scenario, Emerging Opportunities and Challenges " by Prof. Kalpana Singh (Amity School of Economics/ Amity University, Noida, U.P., India) published in IOSR Journal of Business and Management (IOSR-JBM) e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 16, Issue 4. Ver. I (Apr. 2014), PP 72-81)

#### REVIEW OF LITERATURE

**As per 2015-16 Outlook for the Retail and Consumer Products Sector in Asia , A report published by P.W.C.,www.pwc.com** Asian retail sales are expected to amount to over US\$10 trillion by 2018. China is expected to become the world's largest retail market by 2018 but growth is slowing and attention within China's retail markets is increasingly shifting away from physical retail towards fast growing e-commerce channels. E-commerce is becoming a focus for retailers and brand owners, with China becoming the world's largest e-commerce market and its leading e-commerce player, Alibaba, launching a record setting IPO. Other Chinese and Indian e-commerce IPOs are also set to generate significant investment, with a number of incubator projects also in place across the region. Interest in India will remain significant but will be hampered by government opposition to foreign investment in multi-brand retail. As a result, foreign investors will be focused on single brand retail and paying close attention to the mooted liberalization of e-commerce channels as a means of developing the market.

**Prof. Kalpana Singh (2014)**, The present research study carried out by the author conclude that Indian retail sector is evolving quickly. The size of India's retail industry is expected to more than double to \$1.3 trillion by 2020.

As per **report of equitymaster.com (2014)**, India is the 5th largest retail market in the world. The country ranks fourth among the surveyed 30 countries in terms of global retail development. The current market size of Indian retail industry is about US\$ 520 bn (Source: IBEF). Retail growth of 14% to 15% per year is expected through 2015. By 2018, the Indian retail sector is likely to grow at a CAGR of 13% to reach a size of US\$ 950 bn. Retailing has played a major role the world over in increasing productivity across a wide range of consumer goods and services. In the developed countries, the organized retail industry accounts for almost 80% of the total retail trade. In contrast,

in India organized retail trade accounts for merely 8-10% of the total retail trade. This highlights a lot of scope for further penetration of organized retail in India.

**Lakshmi Narayana K, Ajata Shathru Samal and P Nagaraja Rao (2013)** have explored that unorganized retailers which are nearby organized retailers are affected in terms of margin and turnover. There are certain factors that be a focus for unorganized retailers to consumers are nearness, goodwill, credit sales, bargaining, loose items, convenient timings, and home delivery.

In the opinion of **Ms. Monika Talreja and Dr. Dhiraj Jain (2013)**, modern and traditional retailers will co-exist in India in a years to come as they have their own competitive advantages. Traditional Retail shops have low- cost structure, location advantage, and customer familiarity and on the other side shopping malls offer combination of product width and depth and excellent buying / shopping experience. Modern retailing is becoming a mart to shop for buying fresh fruit and vegetable.

**M. Hameed unissa (2013)**, in his paper consumer psychology towards supermarkets has discussed how people's thoughts, beliefs and perception influence consumer behavior. The role of consumers psychology has been elaborated that how it affects a consumer towards buying from any type of retail format.

**Rahman Tazyn (2012)**, has described India as a potential goldmine. It has been ranked 2nd in Global Retail Development Index of 30 developing countries drawn up by A.T.Kearney. Government is positive to open the door for the foreign retailing giants to enter into the Indian markets and many foreign investors giving indication to enter into the Indian market.

In the opinion of **Rama Venkatachalam and Arwah Madan(2012)** the customers does not alter their parameters to buy groceries either from organized or unorganized retailers. So far as quality and display of the products are concerned organized retailers are more favored by customers than unorganized retailers. Price is important parameter for the customers to select a retailer.

According to **Panneerselvam S (2012)**. Indian organized retail sector is rising and the role of supply chain becomes more important because the retailing activity is possible if the product has reached to the shelf. Growth of the organized sector is also improving the supply chain of our country.

**According to Dr. Ramnathan V. and Dr. Hari K.(2011)**, customers prefer to buy products both from organized and unorganized retailers due to changes in the demographic system of customers and the awareness of quality consciousness consumption and retailers provide various value added services to customers for their pleasant shopping experience.

**Sivaraman(2010)**, evaluated customer approach toward traditional retailers on the parameters of store images, variety of products, brand preference, price, store surroundings, credit availability, shop nearness. The conclusion of the research study is that grocery shops are facing cutthroat competition from the shopping malls and resulted into downfall in sales, profit, and employment.

**Banerjee, Mohua and Dasgupta, Rajib (2010)**, in their paper titled Changing pattern of consumer behaviour in Kolkata with advent of large format retail outlets exposed the acceptance of mall culture in the city along with the reasons for such acceptance.

**Goswami& Mishra (2009)**, tried to know whether consumers are probable to move from *Kirana shop* to shopping malls for buying groceries. The research finding highlighted that both local retail shops and modern shopping malls have some competitive advantages over other.

**Goswami (2008)** inquired into the shopping experiences in *Kirana stores* and in modern stores. The major finding suggest *Kirana stores* need to improve or to enrich shopping experiences. *Kirana shops* also have to remain vigil about the marketing environment, try to upgrade and have to improve on service quality while concentrating on innovation and efficiency.

**Daxini, Susmita (2008)**, in the article *Retail Food Sector in India* talks concerning the growth of food retail by giving reasons like increasing rate of working women, growing urbanization, increasing purchasing power etc.

**Olson et.al (2008)**, concentrated on the fact that consumers' response to different types of marketing strategies is the major question to be answered.

**Kuruvilla and Ganguli (2008)**, narrated that shopping develops an important feature in the life of people, as they are becoming financially sound to do purchase from shopping malls and they begin to consider the shopping value as an important factor along with the price of the products. In 1990s the modern trend in shopping mall concept had been introduced by Spencer Plaza in Chennai and Crossroads in Mumbai. After that, there has been a great improvement in this modern concept.

**Armstrong et.al (2007)**, discussed that buyer's black box is the vital point that business organizations and other actors in the market have to discover from various researches. Authors are of the opinion that culture is one of the main external factors that have a huge effect on consumer behavior and consumer behavior is almost a learnt process and culture has power on our behavior.

**Kalhan (2007)**, analyzed the effect of shopping malls on nearby grocery shops and there is downfall in the turnover of traditional retail shops due to superior shopping environment, convenience, availability of variety, ambience of shop, and availability of parking space and perception of quality of products sold in shopping malls.

**Backstrom & Johansson (2006)**, cogitated factors that influence consumers in store experiences. Shop experience are decided by traditional values such as the performance of the personnel, a satisfactory choice of products, price and a layout that facilitates the store visit.

**Sinha & Banerjee (2004)**, observed the parameters of store preference in a variety of product categories. Study highlighted that Indian consumers of unorganized retail market do not require the service belongings offered by many retailers. Store environment plays a vital role for store patronage and repeat purchases which includes convenience, value for money products, etc.

## CONCLUSION

A report published by P.W.C., [www.pwc.com](http://www.pwc.com) Asian retail sales are expected to amount to over US\$10 trillion by 2018. China is expected to become the world's largest retail market by 2018. Prof. Kalpana Singh (2014) conclude that Indian retail sector is evolving quickly. The size of India's retail industry is expected to more than double to \$1.3 trillion by 2020. As per report of equitymaster.com (2014), India is the 5th largest retail market in the world. The country ranks fourth among the surveyed 30 countries in terms of global retail development. In the opinion of **Ms. Monika Talreja and Dr. Dhiraj Jain (2013)**, modern and traditional retailers will co-exist in India in a years to come as they have their own competitive advantages. According to Dr. Ramnathan V. and Dr. Hari K. (2011), customers prefer to buy products both from organized and unorganized retailers due to changes in the demographic system of customers and the awareness of quality consciousness consumption and retailers provide various value added services to customers for their pleasant shopping experience. Kalhan (2007), analyzed the effect of shopping malls on nearby grocery shops and there is downfall in the turnover of traditional retail shops due to superior shopping environment, convenience, availability of variety, ambience of shop, and availability of parking space and perception of quality of products sold in shopping malls.

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