

# Customer Preference Regarding Retail Stores : A Study of Shimla Town

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## Abstract

*Organized retail is gaining tremendous importance in the recent times. The retail industry is facing tough competition and now only those are able to succeed in the market, which are able to retain their customers. The retail firms are investing huge amounts on their marketing resources to keep existing customers rather than to attract new ones. Customer satisfaction plays a key role in customer retention and also a major differentiating factor among retail stores. Delivering satisfaction to the customers has become one of the major drivers for profit maximization. In current scenario the firms have to work on what they attracts consumers and what will make them not to shift their choice towards competitors. Working out strategies in this direction requires a thorough understanding of the preferences of the consumers on the attributes that are considered of much significance. This study mainly focuses on analyzing the consumer's preferences regarding specific attributes of retail stores in Shimla town.*

Key Words: Retailing, retail stores, customers, customers perception, customer satisfaction.

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## Introduction

Retailing deals with those business activities which involves sale of goods and services to consumers for their personal, family or household use. Retailing comprises of four basic elements: Customer Retention, Coordinated Effort, Value-Driven and Goal Orientation. Retailing is a set of activities that markets products and services to final customers for their personal as well as household use. Retailing does this by organizing their large scale availability and supplying them to customers on a relatively small scale. Retailer is someone who cuts-off or shed a small piece from something. He is a person or agent or agency or company or organization, who is instrumental in delivering the goods or merchandise or services to the end user or ultimate customer.

## Indian Retail Industry

Indian retail industry is the one of the largest retail industry of Indian economy with the manpower of 1.2 billion people and contributing to country's GDP for 14 to 15 percent. Retail industry in India is expected to grow at the rate of 25 percent yearly being driven by strong income growth, changing lifestyles, and favourable demographic patterns. It is one of the fastest growing retail markets of the world and it is estimated to be 500 billion US dollar. It is the one of the top five markets in the world by economic value. It is expected that by financial year 2017 modern retail industry in India will be worth US Dollar 800 billion. Indian retail industry is one of the fastest growing industries and is increasing at a rate of 6 percent yearly. A further increase of 6-8 percent is expected in the industry of retail in India by growth in consumerism in urban areas, rising incomes, and a steep rise in rural consumption.

Shopping in India has witnessed a revolution with the change in the consumer buying behaviour and the whole format of shopping also altering. Industry of retail in India which has become modern can be seen from fact that there are multi-stored malls, huge shopping centers, and sprawling complexes which offer food, shopping, and entertainment all under the same roof. Indian retail industry is expanding itself most aggressively. As a result great demand for real estate is being created. Indian retailers preferred means of expansion to expand to other regions and the increase the number of their outlets in a city. It is expected that by 2015, India may have over 600 new shopping centers.

In Indian retailing industry, food is the most dominating sector and is growing at a rate of 9 percent annually. The branded food industry is trying to enter Indian retail industry and convert Indian consumers to branded food. At present more than 60 percent of the Indian grocery basket consists of non-branded items.

India retail industry is progressing well and for this to continue, retailers as well as the Indian government will have to make a combined effort. Indian retailing industry has been phenomenal growth in the last five years. Organized retailing has finally emerged from the shadows of unorganized retailing and is contributing significantly in the growth of Indian retail sector. Indian retail industry is going through transition phase and

most of the retailing in our country is still in the unorganized sector. The retailing sector in India is undergoing an exponential growth.

### Review of Literature

Indian retail sector has become one of the most powerful and fast growing markets in the world. This growth influences the attitude of the Indian customers and marketing approach of the companies. Joshi (2011) explained that the surest path to a strong business bottom line is assuring that customers receive the highest appropriate quality of service across multiple applications and delivery mechanisms. Customers make their purchasing and defection decisions on the basis of the perceived value of the service package being offered, rather than simply their current levels of satisfaction. Mittal and Prashar (2010) revealed that irrespective of area, people prefer grocery stores to be nearby, product assortment is important for grocery. Ambience of the grocery stores has been perceived differently by people of different areas and prices are equally important for all grocery. Perception and preference towards importance of service was also different across different areas. Goswami and Mishra (2009) conducted a study that was carried across four Indian cities-two metros (Kolkata and Mumbai) and two smaller cities (Jamshedpur and Nagpur) with around 100 respondents from each city. The results of the study suggested that Kirana stores would do best to try and upgrade in order to survive. Given that modern trade outlets have deeper pockets and can afford to make mistakes and get away with it in the short-term, Kirana Stores have to stay alert, try to upgrade and continue to serve customers as well, while concentration on innovating, evolving and remaining efficient on retailer. Sonia (2008) highlighted in the study that customers preferred a particular mega-mart due to its convenience in terms of space, product range, billing system, multiple choice etc. and location at an easy approach and safety. The researcher found that in Ludhiana, customers are generally not satisfied with safety measures and parking facilities at mega-mart. The results of the study concluded that customers preferred cash discount offers, followed by free gifts and finance facility. Quality and discounts were the most important factors in influencing customers' decision to purchase.

### Objectives of the Study

1. To study the customer preferences in choosing products and services from retail stores.
2. To study the factors affecting customer preferences.

3. To study the factors which help retail stores in retaining the customer.

### Data Collection

The primary as well as secondary sources were used to collect the data for the purpose of the study. The primary data was collected through self-designed questionnaire by distributing the same to the customers visiting retail stores of Shimla Town. The secondary data was collected through various journals, books, magazines, newspapers and websites. The sample of 80 respondents were used for the purpose of the study and response rate was hundred percent.

### Data Analysis

**Table 1: Gender-Wise distribution of the respondents**

Gender	Respondents (f)	Percentage (%)
Male	36	45.00
Female	44	55.00
Total	80	100.00

**Table 2: Age-Wise distribution of the respondents**

Age Group (In Years)	Respondents (f)	Percentage (%)
Below 25	06	07.50
26-50	44	55.00
Above 50	30	37.50
Total	80	100.00

**Table 3: Income-Wise distribution of respondents**

Income Level (IN INR)	Respondents (f)	Percentage (%)
Below 20,000	20	25.00
20,001-40,000	29	36.25
Above 40,001	31	38.75
Total	80	100.00

**Table 4: Respondents responses regarding why they purchase products from retail stores**

Reason for Purchase	Respondents (f)	Percentage (%)
Better-Quality	30	37.50
Lower-Prices	32	40.00
Variety of Products	12	15.00
Various Brands	06	07.50
Total	80	100.00

**Table 5: Respondents responses regarding free space in retail stores for moving around the products.**

Responses	Respondents (f)	Percentage (%)
Small Space	06	07.50
Free Space	58	72.50
Not Free Space	16	20.00
Total	80	100.00

**Table 6: Respondents responses regarding why people visit retail stores**

Reason for Visit	Respondents (f)	Percentage (%)
Buying Interest	73	91.25
Product Interest	07	08.75
Information Seeking	00	00.00
General Interest	00	00.00
Total	80	100.00

**Table 7: Respondents responses regarding their perception after shopping at retail stores**

Response	Respondents (f)	Percentage (%)
Highly Satisfied	17	21.25
Satisfied	63	78.25
Not-Satisfied	00	00.00
Total	80	100.00

**Table 8: Respondents responses regarding that they have to wait for a long period of time to make payments at billing section**

Response	Respondents (f)	Percentage (%)
Yes	69	86.25
No	11	13.75
Total	80	100.00

**Table 9: Respondents responses regarding from which sources of information make them aware about the products and services available at retail stores**

Sources of Information	Respondents (f)	Percentage (%)
F.M. Radio	02	02.50
Television	10	12.50
Newspaper	40	50.00
Friends/Relatives	20	25.00
Internet	08	10.00
Total	80	100.00

## Findings

It is found that majority of the respondents (55 percent) visiting retail stores are females. 55 percent of the customers visiting retail stores are come under the age group of 26 to 50 years of age which means that young population is more keen to visit the retail stores. 38.75 percent of the customers who visiting the retail stores comes are having income above 40,001 per month. 40 percent of the people visit retail stores for lower-quality products whereas 37.50 percent of the respondents visit retail stores for better-quality products. 72.50 percent of the respondents satisfied with the space available at the retail stores so that they can easily move inside the store around products displayed. 91.25 percent of the customers visiting retail stores for buying goods and services available there. 100 percent of the customers satisfied with their shopping at the retail stores. More than 80 percent of the customers dissatisfied with the services provided at the billing section as customers have to wait for a long time at payment section. 50 percent of the respondents become aware through newspaper advertisement about the goods and services provided by the retail stores for their customers. Most of the customers visiting retail stores for fast moving consumer goods.

## Conclusion

The study concluded that majority of the customers prefer shopping at retail stores because of product variety, quality, service facility, reasonable prices which makes the customers feel more comfortable while visiting the store again and again. Customers shop more in the food bazaar and the men's wear department at retail stores. Customers feel that retail stores have variety of products available in various departments. Considering the fact that there are a lot of middle-class families in India and retail stores have a huge impact on the middle-class section of India, the prices, quality and sales strategy has helped in getting the middle-income groups getting attracted towards retail stores. The retail stores have been known for its great sale and great offers and discounts. Because of this retail stores has long queues of customers waiting to get into the stores for the sale. Therefore, the sales that retail stores has increased in a huge way due to offers and discounts, thus this has been one of the major advantages of retail stores.

## Suggestions

To attract more customers, retail stores need to offer more brands of products. They have to improve their advertisement through audio-visual media. The signage or sign boards which have been labeled in the areas required should be visible to the visitors and customers as well as potential customers. The trial rooms also be increased and to increase the customer shopping duration retail stores must provide food outlets and entertainment section at the retail stores. The retail stores can improve their customer satisfaction level by providing better services to their existing as well as potential customers such as home delivery, sales coupons and gifts etc.

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