Factors Influencing The Buying Behaviour Of Organized Retail Consumers: A Study On Food And General Stores In Visakhapatnam

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ABSTRACT

The growth in organized retailing has been the national trend over the last decade, with many organized retail chains developing larger stores that specialize in providing a wide selection of produce in a particular product range, lucrative pricing, one stop shopping etc. Organized retailing in India's main cities, such as Bengaluru, Kolkata, Hyderabad, Pune and Chennai is growing rapidly, but such is the pace of change, that many smaller, three tier cities are now firmly on the radar screen of the retail sector and mall developers. Despite the tremendous potential - such as low property value, growing income levels, changing socio-economic profile, and a large percentage of young population, which promotes organized retailing, the growth of organized retailers in Visakhapatnam had been modest during the period from 2006-09. This prompted a study to establish the buying behavior of consumers from organized retailers in Visakhapatnam. Since the penetration of large format retail outlets in Visakhapatnam is less, even today, and since more and more organized retailers have opened up exclusive outlets for food and related items, the present study focuses on the purchase behavior of retail customers with respect to food items and general stores. The findings suggest that there are equal spaces for both organized and unorganized retailers in an emerging city like Visakhapatnam. The paper also examines the reasons for the gradual shift of consumers from unorganized retailers to organized retailers in certain product categories.

Keywords: Organized Retail, Unorganized Retail, Emerging Cities, Buying Behavior, Neighbourhood Shops, Consumers, Tier 3 Cities

INTRODUCTION

The retailing environment has seen a tremendous growth in the size and market dominance of the larger players, with greater store size, increased retail concentration, and the utilization of a range of formats (Hollingsworth, 2004). The total retail sales in India are expected to grow from US$ 353.0 billion in 2010 to US$ 543.2 billion by 2014 (The BMI India Retail Report, May 2010). The food and beverages segment accounts for the largest share, at more than 70 per cent of the total retail pie. Food and grocery constitutes the bulk of Indian retailing, and its share is about 60% (Images, 2008). Organized retailing accounts for about less than 2 percent of the food retailing industry in India. However, the share of organized retailing in the food and grocery segment could grow to 15-20% if the current trends in expansion of organized retail continue (Reardon and Gulati, 2008). Most organized retailing activity in India is still overwhelmingly concentrated in India's two largest metros - Delhi/NCR (National Capital Region) and Mumbai (Jones Lang LaSalle Meghraj, 2007). The afore-mentioned study classified the top 50 cities of India into maturing, transitional and emerging cities on the basis of retail and property landscape. While the maturing cities such as Delhi and Mumbai are almost at the risk of saturation in some market segments, the transitional cities such as Bengaluru, Kolkata, Hyderabad, Pune, Ahmedabad, and Chennai are now firmly making their mark on the retail sector. New retailers (both national and international) are still largely focused on India's main cities, but expanding domestic retailers and mall developers are now selectively focusing on smaller cities like Chandigarh, Ludhiana, Jaipur, Lucknow, Kochi, Nagpur, Indore, Nashik, Bhubaneshwar, Visakhapatnam, Coimbatore, Mangalore, Mysore, and Thiruvananthapuram. These cities, due to growing consumer markets, considerable latent demand for branded goods and lower property costs provide an ideal environment for the growth of retailing. The prognosis of the above analysis could be that the next phase of expansion of the retail sector in India will be focused on the emerging cities of India, which promise excellent opportunity for organized retailers. And a closer look at the cities of Andhra Pradesh indicate that, while retailing has made considerable inroads in Hyderabad, which has been categorized as a transitional city, organized retailing in Visakhapatnam is still emerging and that in Vijayawada is still in its nascent stages. The traditional markets of Visakhapatnam and Vijayawada are still dominated by unorganized retailers and organized retailing entered in the foray at the beginning of the new millennium (early 2000). Among the upcoming cities of Andhra Pradesh, Visakhapatnam has been rated as an emerging city with high potential for retail growth due to the envisaged economic development. Organized retailers entered Visakhapatnam in early 2000, and today, there are over 50 organized retail outlets in Visakhapatnam, which contribute to a very meager share in the overall retail-business.

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The present paper analyzes the buying behaviour of the consumers with respect to organized retail, factors influencing their behavior and the study also aims to establish the potential of Visakhapatnam for the growth of organized retailing.

OBJECTIVES OF THE STUDY

The study of consumer behavior focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption-related items (Schiffman and Kanuk, 1997). The major objectives of this study are:

1) To analyze the various factors influencing the preference of a retail outlet by a customer.

2) To identify the potential for the organized retailers in Andhra Pradesh.

3) To suggest few strategies to organized retailers to attract the customers.

4)To analyze the factors affecting the buying behaviour of consumers with respect to food and grocery in the retail business.

REVIEW OF LITERATURE

The Indian market has seen vast changes in the political, economic and social environment, which has a great impact on consumption. With Indian as well as international corporates entering into the Indian retail scenario, the market has been divided between the traditional and the organized sector. There are various issues that need to be addressed - like what would be the future patterns of consumption; which formats of retail would be preferred by the consumers and will the rise of organized retail affect the traditional retailers (Mishra, 2008). The Grocery industry is strongly driven by price competitiveness (Taylor, 2003). Product selection, assortment and courtesy of personnel are also very important in determining the format choice, with cleanliness being the most important attribute, regardless of the format of the grocery shops (Carpenter and Moore, 2006; Teller et al., 2006). In an earlier study by Solgaard and Hansen (2003), assortment was found to be the most important single 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 the differentiators between formats. Again, Singh and Powell (2002) found that grocery shoppers consider quality to be the most important, followed by price, locality, range of products and parking. Fox (2002) found that shopping and spending vary much more across than within formats, and expenditures respond more to varying levels of assortment and promotion than price, although price sensitivity was most evident to grocers. While supercenter primary shoppers of food identified 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 (Seiders et al., 2000). Hence, there is a difference in the results of the studies of different authors as far as relative importance of attributes is concerned, which might be attributed to either changes in consumers over a period of time, or to the place of study, as grocery shopping patterns vary with culture (Shanon and Mandhachitara, 2005). The dimensions that are relevant for grocery store choice are: Price- consciousness, Assortment, Behaviour 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 the store, Frequent buyer schemes, Payment/ Credit facility, Shopping companions, In-store specialty, Store signage/ ambience, Parking, Expenditure/ no of times shopping, Apathy/ Stress, and Refund / Exchange (Goswami and Mishra, 2008) .To discern the difference, if any, between customers' perceptions of grocery store attributes for *kirana* stores and organized retailers, the present study was conducted by taking a sample of 200 sample customers of organized retailing in five areas of Visakhapatnam, Andhra Pradesh.

HYPOTHESES OF THE STUDY

It is important to analyze the buying behaviour of the people with respect to an organized retail outlet in order to analyze the factors influencing the respondents' preference of a retail outlet. In this regard, four hypotheses were framed for the present study:

1. (a) There is no significant relationship between the distance of the respondents' (organized retail customers) residence and the amount spent at the organized retail outlet.

(b) The distance of the respondents' (organized retail customers) residence will not have an impact on the

purchase of different items from the organized retail outlet.

2. (a) There is no significant relationship between the amount spent at the organized retail outlet and the frequency of purchases made by the respondents.
(b) There is no significant difference in the frequency of purchase from the organized retail outlet and the different product categories purchased by the respondents.

3. (a) There is no significant relationship between the average monthly household income of the respondents and their spending at an organized retail outlet.
(b) The various products purchased by the respondents in an organized outlet are not dependent on their average monthly income.

DATA ANALYSIS AND DISCUSSION

As data collection was not possible from the entire city of Visakhapatnam - due to paucity of time and resources - the researcher concentrated only on the five main constituencies of the Visakhapatnam district. They are Visakhapatnam (East), Visakhapatnam (West), Visakhapatnam (North), Visakhapatnam (South) and Gajuwaka, which were segregated based on the concentration of the population residing in these areas, and on the basis of the concentration of business and commercial centers in Visakhapatnam in a reasonably uniform manner. A sample of 200 customers of organized retail were selected for the study, taking equal representation of 40 each from the five selected constituencies. The distribution is shown in the Table 1.

Table 1 : Size of The Sample

Sl	Area	Total
1	Visakhapatnam East	40 (20.0)
2	Visakhapatnam West	40 (20.0)
3	Visakhapatnam North	40 (20.0)
4	Visakhapatnam South	40 (20.0)
5	Gajuwaka	40 (20.0)
	Total Sample	**200 (100.0)**

Figures in the parenthesis indicates percentages to their row totals

❖ **Demographic Profile of The Respondents :** The study was conducted by taking a sample of 200 customers of organized retail, 40 each belonging to Vizag (E), Vizag (W), Vizag (S), Vizag (N) and Gajuwaka. The Table 2 examines the distribution of the sample by their age groups. It is clear from the analysis that a majority of the respondents of Vizag visiting the organized outlets belonged to the age group of 20-29 years (34.5%). This overall trend remains true for all individual assembly constituencies. It is understood that the maximum respondents visiting the organized outlets were married. The demographic analysis of the respondents also reveals that a majority of the customers visiting the organized retail outlets were accompanied by a shopping companion like, spouse, children,

Table 2: Age Group Profile of The Customers Visiting The Organized Retail Outlets

	<20 yrs	20-29 yrs	30-39 yrs	40-49 yrs	50-59 yrs	>60 yrs	Total
Vizag (E)		12 (6.0)	6 (3.0)	12 (6.0)	4 (2.0)	6 (3.0)	40 (20.0)
Vizag (W)		18 (9.0)	14 (7.0)	3 (1.50)		5 (2.5)	40 (20.0)
Vizag (N)	5 (2.5)	16 (8.0)	2 (1.0)	4 (2.0)	3 (1.5)	10 (5.0)	40 (20.0)
Vizag (S)	7 (3.5)	20 (10.0)	1 (0.5)	4 (2.0)	3 (1.5)	5 (2.5)	40 (20.0)
Gajuwaka	1 (0.5)	3 (1.5)	16 (8.0)	10 (5.0)	7 (3.5)	3 (1.5)	40 (20.0)
Total	**13 (6.5)**	**69 (34.5)**	**39 (19.5)**	**33 (16.5)**	**17 (8.5)**	**29 (14.5)**	**200 (100.0)**

Source: Computed from primary data. Figures in Parentheses are percentages.

friends, parents, etc. This shows that the customers wanted shopping to be an enjoyable experience and hence, they were accompanied by friends/family.

The reach (in terms of distance) of an organized retail customer is considered to be more than it is for an unorganized retailer. This question is to establish the actual reach of the organized retailers. It is understood from the analysis that a maximum number of the respondents were living within a distance of more than 1km, but less than 5 km from the organized retailer. Only in the case of Vizag (N), a striking difference was noticed. Maximum respondents in this area reported that they stayed more than 5 kms away from the retail outlets. Hence, it was understood that the number of organized outlets in this area are few in number. In an organized retail outlet, customers are expected from faraway places (greater reach) and thereby, reaching such an outlet requires elaborate transportation. It is understood from the analysis that 44% of the respondents used a two wheeler and 26% of the respondents walked down to the organized retail stores.

The Table 3 shows the average monthly household income of the respondents. It is seen from the Table 3 that 75 % of the respondents earned a monthly income between ₹ 10000 to ₹ 20000. It is understood from the analysis that only a small percentage of the respondents belonged to the high-income group.

Table 3: Monthly Household Income of The Consumers (Respondents) (In ₹)

	Upto 10,000	10,000-20,000	20,000-50,000	50,000-1,00,000	Above 1,00,000	Total
Vizag (E)	3	30	10	2		40 (20.0)
Vizag (W)	4	24	7			40 (20.0)
Vizag (N)	4	24	9	1		40 (20.0)
Vizag (S)	2	28	10			40 (20.0)
Gajuwaka	3	29	9	1		40 (20.0)
Total	**16**	**135**	**45**	**4**		**200 (100.0)**

Source: Computed from primary data,

Figures in Parentheses are percentages.

The frequency of visit of a customer to a particular retail outlet indicates his patronage, if any, to that outlet. From the analysis, it is understood that 68% of the respondents made purchases of food and grocery more than thrice in a month. Even though they made more than three purchases in a month, only a meager 10% of the respondents made those purchases from organized outlets. The remaining respondents made maximum purchases from an unorganized outlet. Furthermore, it emerged from the analysis, that maximum respondents spent less than ₹ 500/- during one visit to the organized outlet. For the sake of the analysis, the products in organized outlets have been divided into staples, other grains, oil/ghee, other food items, toiletries, cosmetics, household products, fruits/vegetables and others. The Table 4

Table 4 : Items Purchased During The Visit To Organized Outlets

	Vizag (E)	Vizag (W)	Vizag (N)	Vizag(S)	Gajuwaka	Total
Staples	4	13	10	3	5	35
Other grains	16	7	10	5	10	48
Oil/ghee	10	8	5	4	7	34
Other food	18	15	11	19	20	83
toiletries	13	16	9	11	15	64
Cosmetics	9	16	7	10	14	56
Household products	17	5	20	31	32	105
Fruits / vegetables	11	3	20	1	13	48
Others	6	9	7	9	7	38

Source: Primary Data

explains the distribution of the items purchased by the respondents during their visit. By analyzing the data, it is understood that the maximum number of respondents (105 out of 200) purchased household products from the outlets, followed by packaged food. It is clear from the Table 4 that the total number of respondents purchasing staples were few in number. The next popular item (for 83 out of the 200 respondents) among the organized retail customers was the packaged food category. It is understood that 65 % of the respondents purchased the same products from unorganized outlets also. Only 35% of the respondents relied on the organized outlets for repeat purchase of the items.

Table 5 : Purchases Made By The Respondents From Organized Outlets In A Month

	Once	Twice	Thrice	More than Thrice	Total
Vizag (E)	8 (4.0)	19 (9.5)	10 (5.0)	3 (1.5)	40 (20.0)
Vizag (W)	36 (18.0)	4 (2.0)			40 (20.0)
Vizag (N)		11 (5.5)	17 (8.5)	12 (6.0)	40 (20.0)
Vizag (S)	15 (7.5)	17 (8.5)	6 (3.0)	2 (1.0)	40 (20.0)
Gajuwaka	2 (1.0)	19 (9.5)	16 (8.0)	3 (1.5)	40 (20.0)
Total	**61 (30.5)**	**70 (35.0)**	**49 (24.5)**	**20 (10.0)**	**200 (100.0)**

Source: Computed from primary data; Figures in Parentheses are percentages.

❖ **Buying Behaviour of Organized Retail Customers :** The frequency of visit of a customer to a particular retail outlet indicates his patronage, if any, to that outlet. Even though the respondents made purchases of food and grocery more than thrice a month, from the Table 5, it is understood that a majority of them made the purchase only twice or once a month from the organized outlets. This shows that the respondents were not loyal to the outlets, and relied on other retailers for their regular purchases. They still made their maximum purchases from unorganized outlets. The analysis also reveals that the respondents spent less than ₹ 500/- a month at an organized outlet.

❖ **Relationship Between The Distance Of The Respondents' Residence And Their Buying Behavior At The Outlets :**

The first set of null hypotheses tested are as follows:

(a) H0: There is no significant relationship between the distance of the respondents' (organized retail customers) residence and the amount spent at the outlets.

(b) H1: The distance of the respondents' (organized retail customers) residence will not have an impact on the purchase of different items from the outlets.

The Table 6 indicates the distribution of the amount spent by the respondents at organized retail outlets by the distance of their residence from the retail outlets. The calculated chi-square value (18.71) is significant at 0.05 levels because the generated value is more than the table value (16.9).Thus, the null hypothesis H0 is rejected and there is a significant relation between distance of the respondents' residence from the outlets and the amount spent at organized outlets. The majority of the respondents who visited the organized outlets stayed at a distance between 1 km and 5 kms from the outlets. They respondents staying nearby the outlets had a tendency to spend more (as they could purchase even common items such as soaps and all from the organized retail outlets) as compared to the respondents who stayed further away from the outlets. Most of the organized retail outlets in Visakhapatnam are located in areas which cater to the upwardly mobile consumers staying within a radius of 1-5 kms from the outlets.

The Table 7 shows the results of ANOVA for the purchase of various product categories from organized retail outlets and the distance of the respondents' residence from the outlets. The generated F-values for staples, other food grains, cooking oil/ghee, packaged foods, toiletries, cosmetics, household cleaning products, fruits and vegetables and others with respect to distance from respondents' residence are 1.56, 0.30, 0.09, 2.32, 0.18, 0.09, 12.75, 3.58, and 0.28 respectively. From the values of F, in the case of household cleaning products, packaged foods and fruits and vegetables, the null hypothesis is rejected at 5% level of significance i.e., there is no significant difference in the purchase of household cleaning products and fruits &vegetables and the distance of the respondents' residence from the outlets. The results suggest that among the various product categories at the outlets, there is no significant

difference in the purchase of household cleaning products with respect to the distance of the respondents' residence from the outlets. For staples, oil, other food grains, toiletries, etc., it is quite unlikely that consumers will travel long distances to purchase these products. They may opt to purchase the same from the nearby kirana shops for these items. For house cleaning products, which are generally bought on a monthly basis, they opted for organized outlets, even if it meant that they have to travel a certain distance for the same.

❖ **Relationship Between The Amount Spent By The Respondents At Organized Outlets In A Month And Their Buying Behaviour:**

The second set of null hypotheses tested are as follows :

a) H0 : There is no significant relationship between the amount spent at the organized retail outlets and the frequency of purchase made by the respondents.

b) H1:There is no significant difference in the frequency of purchase from the organized retail outlets and the

Table 6 : Chi - Square Table For The Amount Spent (In ₹) At Organized Outlets In A Month And Distance of The Outlets From The Respondents' Residence

S. No.		Less than ₹ 500	₹ 500-1000	₹ 1000-2000	above ₹ 2000	Total	Chi-square Value
1	less than 1 km	27 (13.5)	14 (7.0)	7 (3.5)	4 (2.0)	52 (26.0)	
2	1-5km	63 (31.50)	37 (18.5)	14 (7.0)	8 (4.0)	122 (61.0)	
3	5 -10km	5 (2.5)	14 (7.0)	4 (2.0)	2 (1.0)	25 (12.5)	18.71*
4	Above 10km				1 (0.5)	1 (0.5)	
	Total	**95 (47.5)**	**65 (32.5)**	**25 (12.5)**	**15 (7.5)**	**200 (100.0)**	

Table 7 : ANOVA For The Purchase of Various Product Categories From Organized Retail Outlets And The Distance Of The Outlets From The Respondents' Residence

Variables	Distance	N	Mean	Std. Deviation	Std. Error	F	Sig.
Staples (Rice, Atta, wheat)	less than 1km	52	39.15	126.40	17.53	1.56	0.20
	1-5km	122	59.31	155.10	14.04		
	5-10km	25	117.84	189.31	37.86		
	above 10km	1	0.00	0.00	0.00		
Other food grains	less than 1km	52	28.94	69.55	9.65	0.30	0.82
	1-5km	122	38.93	72.25	6.54		
	5-10km	25	37.20	88.58	17.72		
	above 10km	1	0.00	0.00	0.00		
Cooking oil/ghee	less than 1km	52	29.88	64.40	8.93	0.09	0.97
	1-5km	122	29.92	71.06	6.43		
	5-10km	25	34.20	87.63	17.53		
	above 10km	1	0.00	0.00	0.00		
Packaged foods	less than 1km	52	68.88	116.79	16.20	2.32*	0.08
	1-5km	122	68.84	90.08	8.16		
	5-10km	25	43.56	102.39	20.48		
	above 10km	1	300.00	0.00	0.00		
Toiletries (soap, shampoo)	less than 1km	52	48.37	90.80	12.59	0.18	0.91
	1-5km	122	53.07	89.53	8.11		
	5-10km	25	58.40	98.91	19.78		
	above 10km	1	0.00	0.00	0.00		

Cosmetics	less than 1km	52	53.25	104.85	14.54	0.09	0.96
	1-5km	122	50.19	98.63	8.93		
	5-10km	25	49.52	122.50	24.50		
	above 10km	1	0.00	0.00	0.00		
Household cleaning products	less than 1km	52	102.83	181.82	25.21	12.75*	0.00
	1-5km	122	93.29	136.70	12.38		
	5-10km	25	249.48	389.67	77.93		
	above 10km	1	1100.00	0.00	0.00		
Fruits and vegetables	less than 1km	52	14.65	49.89	6.92	3.58*	0.02
	1-5km	122	34.19	67.99	6.16		
	5-10km	25	68.96	101.20	20.24		
	above 10km	1	0.00	0.00	0.00		
Others	less than 1km	52	39.04	90.58	12.56	0.28	0.84
	1-5km	122	28.04	81.10	7.34		
	5-10km	25	36.40	91.05	18.21		
	above 10km	1	0.00	0.00	0.00		
*Significant at 0.05 level							

different product categories purchased by the respondents.

The Table 8 shows the distribution of the sample by the amount spent at the organized retail outlets and the frequency of purchase made by the respondents in a month. The assumed hypothesis is that there is no significant relationship between the amount spent at the outlet and the frequency of purchase made by the respondents. The table value of Chi square for 9 degrees of freedom at 1 % level of significance is 16.9. The generated chi-square value 25.36 is much higher than this table value, and hence, it does not support the hypothesis. Hence, we conclude that there is a relationship between the amount spent at the outlets and the frequency of purchase made by the respondents.

Table 8 : Chi Square Table For Amount Spent By The Respondents At Organized Outlets In A Month And The Number of Purchases Made In A Month

S. No		< ₹ 500	₹ 500-1000	₹ 1000-2000	> ₹ 2000	Total	Chi-square Value
1	once	1 (0.5)	3 (1.5)			4 (2.0)	
2	twice	4 (2.0)	16 (8.0)	7 (3.5)	2 (1.0)	29 (14.5)	
3	thrice	14 (7.0)	13 (6.5)	3 (1.5)	1 (0.5)	31 (15.5)	25.36**
4	More than thrice	76 (38.0)	33 (16.5)	15 (7.5)	12 (6.0)	136 (68.0)	
	Total	**95 (47.5)**	**65 (32.5)**	**25 (12.5)**	**15 (7.5)**	**200 (100.0)**	
*Significant at 0.01 Level							

The Table 9 shows the ANOVA for the purchase of various product categories from organized retail outlets and the frequency of purchase made by the respondents in a month. The generated F-values for staples, other food grains, cooking oil/ghee, packaged foods, toiletries, cosmetics, household cleaning products, fruits and vegetables, and others with respect to their frequency of purchase are 4.47, 1.53, 0.25, 1.62, 1.08, 0.64, 20.88, 3.66, and 5.65 respectively. Since the F value is less than 0.05, in the case of staples, household cleaning products, fruits & vegetables and others, the null hypothesis is rejected i.e. there is a significant difference in the purchase of staples, household cleaning products, fruits and vegetables and others by the frequency of purchase made by the respondents in a month. In all the other cases, the null hypothesis is accepted.

Table 9 : ANOVA For Purchase of Various Product Categories From Organized Retail Outlets And Frequency of Purchase Made In A Month

Variables	Frequency of purchases	N	Mean	Std. Deviation	Std. Error	F	Sig.
Staples (Rice, atta, wheat)	once	4	100.00	200.00	100.00	4.47*	0.01
	twice	29	67.24	155.42	28.86		
	thrice	31	146.77	242.45	43.55		
	> thrice	136	39.10	116.59	10.00		
Other food grains	once	4	100.00	115.47	57.74	1.53	0.21
	twice	29	19.66	66.47	12.34		
	thrice	31	38.71	69.22	12.43		
	> thrice	136	36.88	74.03	6.35		
Cooking oil/ghee	once	4	37.50	75.00	37.50	0.25	0.86
	twice	29	22.41	70.19	13.03		
	thrice	31	38.06	90.83	16.31		
	> thrice	136	29.99	66.78	5.73		
Packaged foods	once	4	175.00	202.07	101.04	1.62	0.19
	twice	29	63.79	122.40	22.73		
	thrice	31	69.03	115.94	20.82		
	> thrice	136	63.82	86.23	7.40		
Toiletries (soap, shampoos)	once	4	75.00	150.00	75.00	1.08	0.36
	twice	29	37.93	89.30	16.58		
	thrice	31	75.81	132.21	23.75		
	> thrice	136	49.26	76.40	6.55		
Cosmetics	once	4	0.00	0.00	0.00	0.64	0.59
	twice	29	51.72	121.36	22.54		
	thrice	31	67.90	121.27	21.78		
	>thrice	136	47.98	95.32	8.17		
Household cleaning products	once	4	375.00	377.49	188.75	20.880*	0.00
	twice	29	349.66	417.69	77.56		
	thrice	31	34.52	87.52	15.72		
	> thrice	136	83.49	99.39	8.52		
Fruits and vegetables	once	4	0.00	0.00	0.00	3.66*	0.01
	twice	29	70.69	95.91	17.81		
	thrice	31	34.19	59.82	10.74		
	> thrice	136	26.08	64.76	5.55		
Others	once	4	125.00	150.00	75.00	5.65*	0.00
	twice	29	20.69	61.99	11.51		
	thrice	31	75.81	154.07	27.67		
	> thrice	136	21.40	55.71	4.78		

*Significant at 0.05 level

❖ **Relationship Between Average Monthly Income And Buying Behavior Of Consumers :** The third set of the null hypotheses tested are as follows :

(a) H0: There is no significant relationship between the average monthly household income of the respondents and their spending at organized retail outlets.

(b) H1: The various products purchased by the respondents from organized outlets are not dependent on their average monthly income.

The Table 10 indicates the distribution of organized retail respondents' average monthly household income by the amount they spent at the organized outlets. The generated chi-square value 50.29 is found to be significant at 0.01 level, because the generated value is greater than the table value (16.9). This shows that there is a significant relation between the average monthly household income of the organized retail respondents and the amount they spent at the organized retail outlets.

Table 10 : Chi Square Table For Average Monthly Household Income (In ₹) Vs. Amount Spent At Organized Outlets

S. No		Up to 10,000	10,000-20,000	20,000-50,000	50,000-1,00,000	Total	Chi-square Value
1	less than ₹ 500	7 (3.5)	72 (36.0)	16 (8.0)		95 (47.5)	
2	₹ 500-1000	3 (1.5)	44 (22.0)	14 (7.0)		61 (30.5)	
3	₹ 1000-2000	4 (2.0)	12 (6.0)	9 (4.5)		25 (12.5)	50.29**
4	above ₹ 2000	2 (1.0)	7 (3.5)	6 (3.0)	4 (2.0)	19 (9.5)	
	Total	**16 (8.0)**	**135 (67.5)**	**45 (22.5)**	**4 (2.0)**	**200 (100.0)**	

** Significant at 0.01 level

The Table 11 shows the ANOVA table for the purchase of various product categories from organized retail outlets and the average monthly income of the respondents (in a month). The calculated F-values of staples, other food grains, cooking oil/ghee, packaged foods, toiletries, cosmetics, household cleaning products, fruits and vegetables and others are 5.56, 2.25, 7.60, 0.23, 4.04, 0.35, 1.74, 1.09, and 1.18 respectively. Since the F-values are less than 0.05, the null hypothesis is rejected in the case of staples, cooking oil, and toiletries. In all the other cases, the null hypothesis is accepted.

Table 11: ANOVA For Purchase of Various Product Categories From Organized Retail Outlets (In A Month) And Average Monthly Income of The Respondents

Variables	Average monthly household income (₹)	N	Mean	Std. Dev.	Std. Er.	F-value	Sig.
Staples (Rice, atta, wheat)	up to ₹ 10,000	16	167.88	253.84	63.46	6.85*	0.01
	₹10,000-20,000	135	40.79	118.36	10.19		
	₹20,000-50,000	45	75.00	180.07	26.84		
	₹ 50,000-1,00,000	4	86.21	223.15	15.24		
Other food grains	up to ₹ 10,000	16	44.12	56.95	9.54	3.56*	0.02
	₹ 10,000-20,000	135	40.16	76.54	6.59		
	₹ 20,000-50,000	45	33.64	69.68	10.39		
	₹ 50,000-1,00,000	4	22.15	72.64	8.59		
Cooking oil/ghee	up to ₹ 10,000	16	18.13	53.44	13.36	8.48*	0.00
	₹ 10,000-20,000	135	17.60	48.09	4.14		
	₹ 20,000-50,000	45	60.96	103.60	15.44		
	₹ 50,000-1,00,000	4	40.56	75.41	10.24		
Packaged foods	up to ₹ 10,000	16	82.50	130.51	32.63	2.88*	0.06
	₹ 10,000-20,000	135	66.93	99.56	8.57		
	₹ 20,000-50,000	45	62.53	92.70	13.82		
	₹ 50,000-1,00,000	4	92.79	85.18	15.24		

Toiletries (soap, shampoo)	up to ₹ 10,000	16	106.25	136.47	34.12	5.29*	0.01
	₹ 10,000-20,000	135	42.16	77.70	6.69		
	₹ 20,000-50,000	45	59.73	96.66	14.41		
	₹ 50,000-1,00,000	4	69.85	55.22	15.67		
Cosmetics	up to ₹ 10,000	16	68.75	149.30	37.33	1.79	0.58
	₹ 10,000-20,000	135	52.01	99.61	8.57		
	₹ 20,000-50,000	45	43.78	97.87	14.59		
	₹ 50,000-1,00,000	4	55.62	85.67	19.83		
Household cleaning products	up to ₹ 10,000	16	28.13	68.24	17.06	2.19*	0.05
	₹ 10,000-20,000	135	127.69	209.34	18.02		
	₹ 20,000-50,000	45	139.73	257.88	38.44		
	₹ 50,000-1,00,000	4	149.89	189.65	42.16		
Fruits and vegetables	up to ₹ 10,000	16	43.75	87.32	21.83	1.83	0.25
	₹ 10,000-20,000	135	28.61	57.36	4.94		
	₹ 20,000-50,000	45	45.11	96.85	14.44		
	₹ 50,000-1,00,000	4	68.21	54.69	17.98		
Others	up to ₹ 10,000	16	45.63	131.05	32.76	1.09	0.53
	₹ 10,000-20,000	135	25.64	63.67	5.48		
	₹ 20,000-50,000	45	45.78	116.03	17.30		
	₹ 50,000-1,00,000	4	39.45	59.87	12.48		
*Significant at 0.05 level							

SUGGESTIONS

The results of the study indicate that there is a clear, distinct space for organized and unorganized retailers to operate in Visakhapatnam. While a large-scale transformation of retail outlets is forecasted, the current study indicates that the organized and unorganized retailers target the specific needs of the customers. Products like staples are the strongholds of the unorganized retailers, whereas household cleaning products and packaged foods are the much sought-after products at organized outlets. One of the key observations by customers was that it is very difficult to point out the uniqueness of the retail stores. Uniqueness in retailing requires innovation leading to distinct retail models through an appropriate mix of physical stores and online formats, aided by technology drivers like mobile phones, which could be used by companies to create unique retail models that reach out to a wider customer base in shorter times, and at lower costs. Companies in India should seriously consider leveraging existing lines of business into retail formats, whether through a chain of stores or online sales models. There are ample niche opportunities for companies who wish to enter the retail business and develop unique value propositions for their customers. The main characteristics of a nuclear urban family is that the members are highly individualistic, they have adequate spending power, the members have divergent tastes, and they have unique needs that require unique solutions. These consumers receive pleasure in addition to merchandise as outcomes of a shopping trip, and expect the visit to be entertaining and pleasurable. The organized retailers should model their outlets to meet the requirement of these target consumers who constitute the major portion of their customer base. The retailers should work out a strategy to build a franchise model to control the rent and employees' costs, which are biggest operating costs of organized retail businesses.

CONCLUSION

Retail sales are growing exponentially, both nationally and internationally. However, the spread of organized retailing among various countries varies depending upon the socio- economic factors related to the country. With the changing demographic features and improvement in quality of life of urban India, the Indian retail sector is witnessing a tremendous growth. The market is witnessing a migration from traditional retailing to modern/organised retailing formats, with an explosive proliferation of malls and branded outlets. Modern retailing outlets in India are increasingly

becoming global in standards and are witnessing intense competition, as over 12 million small and medium retail outlets exist in India, the highest in any country. The next phase of expansion of the retail sector in India will be focused on the emerging cities of India, which promise excellent opportunity for organized retailers. Among the upcoming cities of Andhra Pradesh, Visakhapatnam has been rated as an emerging city with high potential for retail growth due to its envisaged economic development. An attempt has been made in this paper to analyze the buying behaviour of the people with respect to organized retail outlets; to analyze the factors influencing their behavior; and to establish the potential of Visakhapatnam for the growth of organized retailing.

The findings suggest that there are equal spaces for both organized and unorganized retailers in an emerging city-like Visakhapatnam. Although the consumers would utilize the services of an unorganized retailer in their neighbourhood for fulfilling their basic needs, they are also aware and conscious of the benefits and advantages associated with an organized retail outlet. Despite the strength of apparent plausibility of the above findings, some of the limitations of the study are large population size, focus only on consumer behavioural aspects, and the study does not cover other aspects such as logistics, supply chain, store area, etc., and element of personal bias may also be present in the survey method .

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