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CONSUMER BEHAVIOR AT MALLS: A CASE STUDY

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ABSTRACT

Shopping malls are fast becoming a central part of life in urban India. Currently the malls are attracted by most of the people in the form of foot falls of visitors, but they are unable to convert them into purchases. Hence the mall managements need to understand the consumer's behavior to increase their turnover & profits. This paper made an attempt to understand the inner behavior of customers and to know the customers preferences in making the purchases. The data has been collected from a sample of 100 customers (20 customers each from 5 shopping malls at Hyderabad & Secunderabad). Sample is selected by using a convenience sampling method. A standard questionnaire has been administered with the variables of age , gender , income, impulsive buying behavior, offers and gifts, entertainment , convenience and store brands. The data has been analyzed by using the appropriate statistical tools like mean, chi-square test etc. In the changing scenario to retain the customer and to attract new customer's, malls need to understand the customer's needs and adopt the new strategies accordingly, because nothing is permanent except change.

Keywords: Shopping mall, Buying Behavior, Co-opetition, Store Brands, Entertainment.

INTRODUCTION

India is a late starter in the development of shopping malls. The first Indian shopping mall (Spencer Plaza, Chennai) was built in 1990; however, the real impetus came in 1999, when two more malls (Ansal Plaza in Delhi and Crossroads in Mumbai) became operational. During the last decade, there has been a sudden increase in the availability of mall space in India. From just three malls in 1999, the country at present has nearly 200 operational malls providing nearly 87 million square feet of mall space The year 2007 saw mall development growing at a rate of 76 per cent. For 2008, growth was expected to be around 85 per cent; however, this was dampened by the economic recession. India is expected to have 205 million square feet of mall space by 2010, and a total of nearly 750 operational malls providing 350 million square feet of mall space by 2015.

Although the concept of shopping malls originated in Western countries, malls located in other countries around the world cannot merely reflect a foreign business system. These malls have to be very specific in their appeal by developing a tenant mix that reflects the needs of target customers, local real estate demand and quality of competition. For instance, Indian malls are not exact replicas of Western malls, as they are customized for specific cultures and localities. They are smaller than their American counterparts, with commercial space for offices as well. Indian malls are located within high-density urban areas, in contrast to the peripheral locations of US malls. Hence, Indian malls are more 'vertical'

The older generation alike prefer buying stuff from huge malls where one not only get variety, but quality too at moderate prices. Economic changes have resulted in hectic activity in the retail sector and a lot more is on the anvil. India's retail market is expected to rise to \$833 billion by the year 2013.

Growth factors in Indian Retail Revolution:

The reasons for growth in the organized retail sector can be attributed to the following:

1. **An increase in disposable incomes with the people :** Average spending in India has increased to 11.5% per annum for a decade and is expected to increase at the rate of 8.5% p.a. till 2015.
2. **Young and Rich:** The 'young' population of the country comprises over 50% people below 25 years. This age group is expected to continue seeing a growth –and the good news is that these individuals like to spend on lifestyle products.
3. **Urbanization:** Retail stores have predominantly been an urban phenomenon. 28% of India's population lives in urban areas and this is estimated to be 40% of the total population by 2020.
4. **Financing Options:** Easy availability of retail loans has also boosted demand for more products and services. This has led to a spurt in the retail sector.
5. **Availability of Space:** Another reason for this retail surge is the growth of malls. Form a total of 158 in 2005, mall numbers are expected to grow to 850 by 2013.

India and its markets are undergoing a sweeping change. This change is not only in the market structures but also in the way goods are being sold. Gone are the times when a customer would have to make good with whatever merchandise was available, the price and the delivery mode prevalent in those times and finally the value for money that he is given. Today markets and their processes are more flexible in all aspects.

India is at present a fast growing economy and is attracting considerable amount of interest in its retail sector which is till now still in its nascent stages. Shopping malls are a relatively new phenomenon in India and seem to be linked to the growing middle class and increasing interest in the west. The study undertakes an analysis of the attitudes of Indian consumers towards these malls and how the malls need to modify themselves to better service the Indian consumer.

Consumer behavior isn't constant, but varies not only from country to country and culture to culture but also from region to region. There is such great diversity in customer behavior where even Hyderabad and Bangalore are as different as chalk and cheese. On one side Hyderabad is conservative, male dominated, where customers like loud colors and shop in groups and on the other side Bangalore is modern, where customers want subtle shades and shop on their own. In India the culture is more towards being thrift conscious and wanting value for money . The customer needs to be convinced that the malls are giving him good value for his money. In fact, Kishore Biyani, managing director, Pantaloon Retail has turned the study of community behavior into a fine science through a specialized regional diversity tracking system. He goes personally to people's homes, talks to local community leaders and spends weeks walking streets of bazaars to get a feel of what products should be stacked in a new store. Thus a proper understanding of the consumer behavior is a necessary prerequisite to facilitate a smooth transition of the Indian consumers to the malls.

The Indian Consumer has for long relied upon the local kirana store for purchasing their groceries and other daily requirements and are used to having their purchases delivered home. The local kirana store is usually run by someone with whom the consumer is familiar and friendly with; this adds the personal touch to their daily shopping experience. The greatest advantage of the kirana stores is their location, being located within or near the residential area makes it convenient for the residents to shop from them. Another reason is that consumers feel that they can bargain easily with the local shopkeepers which they believe is not possible in the large retail malls. The malls must focus on adapting to the needs of the Indian consumer rather than change their habits.

Design of the stores interiors are also of critical importance. The interiors should be designed so that their interiors closely match the aspirations of their core customers. The interiors of the malls must adapt to the culture and environment in which they are functioning and be dynamic in this regard. An example of such flexible and dynamic interiors can be seen in the Gateway Mall in Durban which has successfully encouraged retailers to show their product in creative ways, and dissolve the boundary between mall and shop. The same is true of the covered street format of Bugis Junction in Singapore, where shops display their wares in a market-type setting. Retailers must respond to consumer expectations with what's been called "mass customization."

The essential premise of localized retailing is about creating "my kind of store" – an environment where customers can feel completely at home, relate with ease to the shopping experience, and see themselves reflected in the marketing. Appealing directly and individually to customers, though, requires a strong awareness of the local customer base and a firm grasp of what will catch customers' attention. The location of new malls should be strategic and locate them in local catchment areas thereby reducing the distance and commuting time of the customer.

The retail model should be customer-centric. This involves not only adapting the ambience of the malls to make the shopper feel comfortable but also to customize the products being sold to the consumers. They should thus create modified versions of their brand by targeting smaller and more specific market segments. Such stores should first determine the demographics of the local market, identify their needs / preferences and typical behavior and then respond to them. The retailer must focus on the following aspects of his market:

- Consumer population
- Consumer requirements
- Consumer potential – Ability to buy and disposable income

- Willingness to buy - Budget
- Authority to buy

Not only this, the retailers must also be sensitive to the constantly changing external environment and should respond accordingly.

The malls must market themselves as offering the customer better quality products and also a greater variety of products to choose from. Further the organized retailers have the advantage of large scale operations. This can be used to eliminate intermediaries and offer better prices to the customers by passing on the middlemen's margins to them. The retailers are able to get better bargains with suppliers and manufacturers by offering business scales higher than the local kirana. Thus customization and localization of the malls is the norm of today. It is said that those retail chains are most successful that come and change for a particular city and react to it.

It is in this setup that the Indian shopping malls could be likened to the beautiful Snow White from our childhood fairytale, who learns to live and adapt herself to the life and surroundings of the seven dwarfs. The seven dwarfs in this context would be the kirana stores (local mom n pop stores), to whose surroundings the fancy malls of the west must come and adapt to.

Linking the concept of flexibility management systems to the Indian retail segment, this article talks about Indian malls and their need to be flexible and adaptive in order to be successful in the Indian market. Retailing is the business activity of selling goods or services to the final consumer. A retailer is any business establishment that directs its marketing efforts towards the final consumer for the purpose of selling goods or services.

There are multiple factors driving Indian retail growth. With roughly 60 percent of the total population below 30 years of age, favorable demographics are expected to drive consumption across categories. The purchasing power of a young consuming middle class has been talked of considerably since the time of economic liberalization in 1991.

These centrally air-conditioned malls with piped music, high-speed escalators, underground parking space, a multiplex movie theater, multi-cuisine restaurants and a host of national and international brands, these malls generate approximately 25,000 footfalls each, per day, with figures doubling on weekends.

BENEFITS OF THE MALLS

- The whole retail and merchandizing industry depends on the efficient use of supply chain, pricing and range of products. Single elements alone cannot offer the customer a delightful shopping experience. Small Kirana stores cannot offer this experience as many processes are involved, there are high costs of manpower and infrastructure.

- Large retail formats , owing to their bulk purchases can achieve better economies of scale as compared to a small shop.

- The shopping malls offer the customers a wider variety of goods , and also provides them with a better display of products. The store design and better display are point of differentiation for the shopping malls. They provide the consumer with a memorable shopping experience. The package offered to the consumer involves environment, service, price and the product.

- The shopping mall offers the consumer a one stop shop for all his needs. The concept is to be able to satisfy multiple needs of the customer and to provide for all his requirements at one location, under one roof.
- The malls attract people on the basis of their superior – store atmosphere , store activities , shopping experience and better services.

THREATS SPECIFIC TO INDIA

- Crowds of people window shopping and long queues are one of the major problems which keeps people away from the malls.
- The stores are often out of stock of the goods that the customer is looking for (as they may be in great demand at that particular point of time) and no information is available on when the stock will come again and also on how soon will it be arriving.
- Coming to the malls to shop for one or two products as and when the need arises is not feasible. The malls seem restricted to that segment of the people who shop once/twice a month to stock up , either to save time or to avail of better prices.
- The bad physical infrastructure – lack of fast moving roads resulting in traffic jams on the way is something that keeps people restricted to their local shops and kirana stores.

OBJECTIVES OF THE STUDY

1. To study and analyze the consumer behavior at retail shopping malls.
2. To study and analyze the various purchasing patterns of the customers, who are visiting the malls.

RESEARCH METHODOLOGY

An exhaustive and detailed questionnaire has been designed to explore all the aspects enumerated above. To arrive at the final questionnaire, we first formulated a rough draft with a few questions, which generated a lot of qualitative data, which played a crucial role in helping us zero in on the final questions. The data has been collected from a sample of 100 customers (20 customers each from 5 shopping malls at Hyderabad & Secunderabad). Detailed and specific information was extracted from them and documented. Personal visits were made to conduct a detailed interview of the respondents (these included both the customers and shopkeepers at these malls). A method of passive observation of shoppers at these malls was also adopted to study the shopping styles and behavior of the Indian customer.

Another important tool used for data collection was that of Appreciative Inquiry (AI). Appreciative Inquiry is a positive approach to change that focuses on probing a firm's best attributes and practices. AI is typically thought of as a "soft" strategy used in creating organizational visions, aligning groups, and building cultures. We visited various malls and observed the way the various consumers were going about making their purchases. This helped us get a glimpse of how the mind of the consumer makes choices in real life scenarios.

Case studies have also been undertaken and focused group discussions have also been used to collect data and information.

DATA ANALYSIS

Table 1:Gender ratio of the sample population

MALE	FEMALE	TOAL
40	60	100

Source: Primary Data

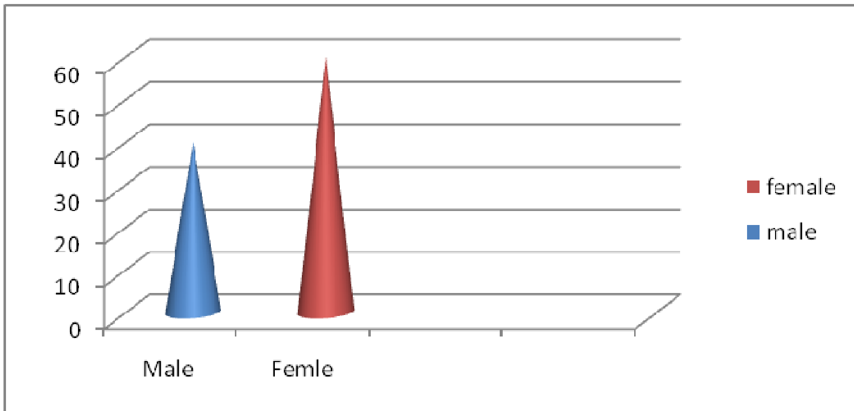

Fig 1: Graphical representation of sample size

From the table 1 , we understood that 40% of the male and 60% of female customers visiting the malls. So malls managements need to concentrate more on female customers.

Table 2: Age wise distribution of the sample population

	≤ 20 years	21 – 30 years	31-40 years	≥41 years
Male	**8**	**20**	**10**	**2**
Female	**12**	**26**	**14**	**8**

Source: primary data

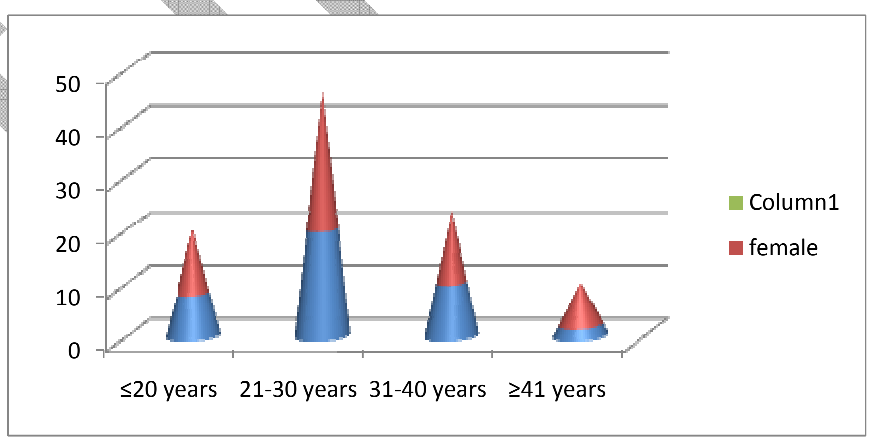

Fig 2: Graphical representation of age wise distribution

From the table2 it is understood that majority of the customers belongs to the age group of 21-40 years (70%).

Table 3: Monthly income of the customers visiting malls

	≥ Rs.5000	Rs.5000-Rs.15000	Rs.15000-Rs.30000	≤Rs. 30000	total
Male	4	8	15	13	40
Female	6	13	24	17	60

Source: Primary data

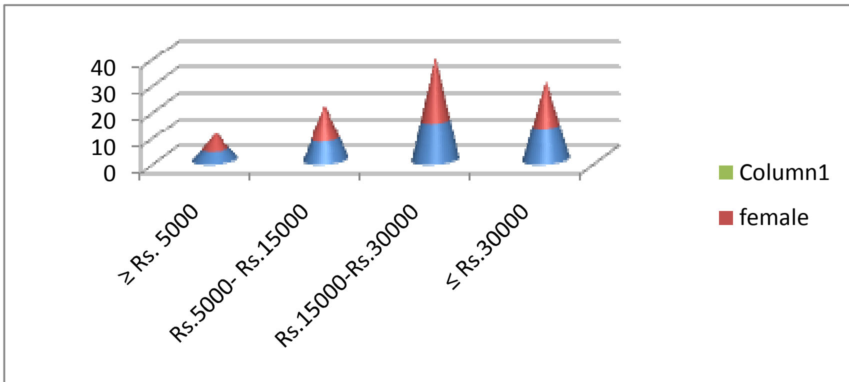

Fig 3: Graphical representation of monthly income of customers visiting malls

Table 3 indicates that, 70% of male customers and 68% of female customers visiting malls whose monthly income is above Rs.15000. 21% of female customers whose monthly income is Rs.5000 – Rs.15000 also visiting malls.

Table 4: Customer's purchasing priorities

	Male	Female
Brand	6	17
Price	18	14
Quality	11	19
Variety	5	10

Source: Primary data

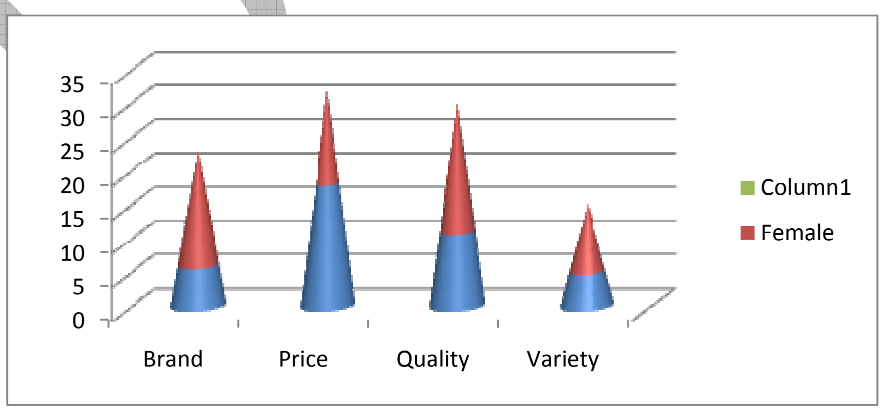

Fig 4: Customer's purchasing priorities

Most of the male customers are giving first priority to price (45%) and next priority goes to quality(27.5%). In female category first priority is given to quality(31.6%) , second priority goes to brand(28.3%) and next place given to Price(23.3%).

Table 5: Entertainment in malls

	yes	No
Male	26	14
Female	51	9

Source: Primary data

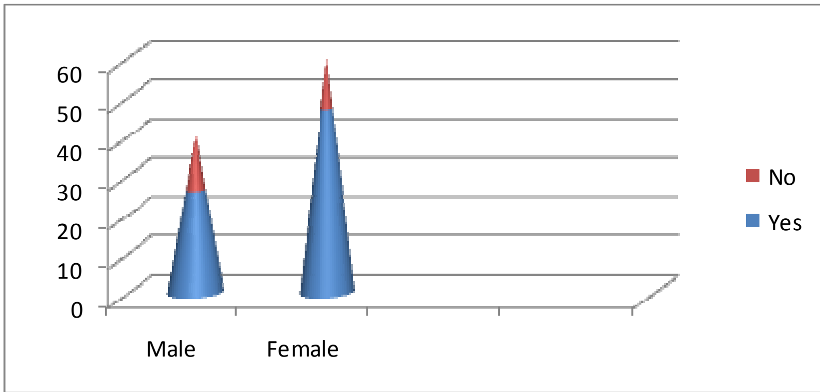

Fig 5: Entertainment in Malls

85% of female customers and 65% of the male customers felt that there should be a provision for entertainment along with shopping like music , games etc in malls.

Table 6: Impulsive buying behavior

	Yes	No
Male	13	27
Female	34	26

Source: Primary data

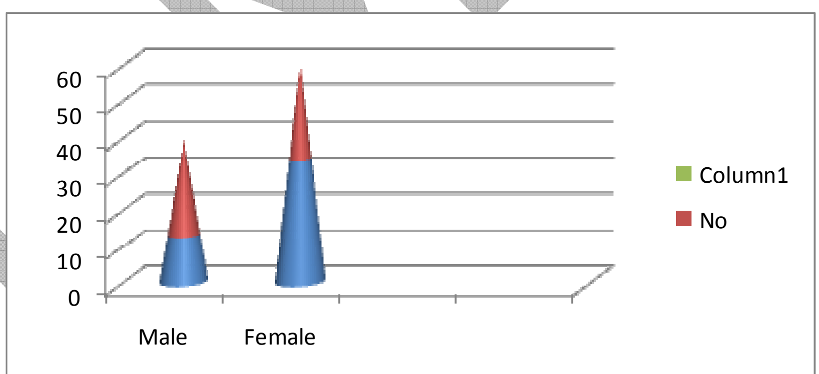

Fig 6: Impulsive buying behavior

From the table6 it is identified that most of the female (56.6%) customers are having impulsive buying nature when compared to male(36.5%) customers.

Table 7: Offers , Schemes, Gifts & Prize

	inox	Big Bazar	GVK one	Hyd Central	Inorbit	total
Offers	15	18	2	15	8	58
Schemes	10	14	12	14	6	56
Gifts	8	13	10	9	14	54
Prizes	12	16	12	10	12	52

Source: Primary data

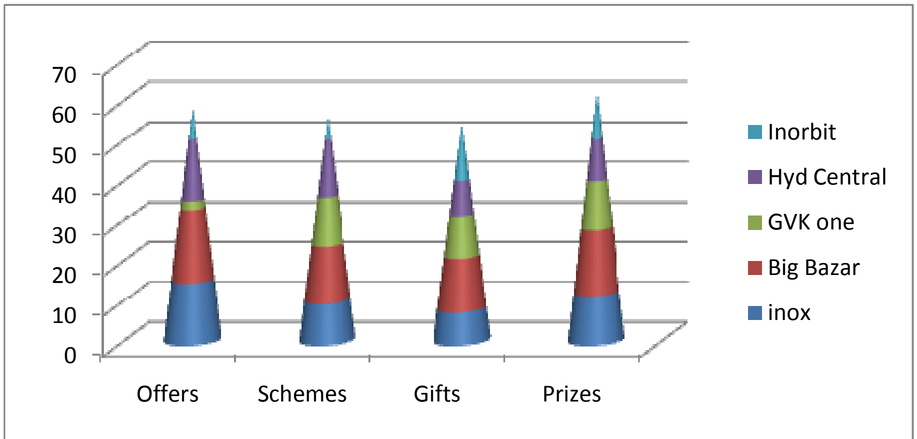

Fig 7: Offers , Schemes, gifts & Prizes

From the table7 more than 50% of the people are preferring Offers , Schemes, gifts & Prizes while making purchases at malls. They are the catalysts in purchasing decisions. Hence all malls need to implement all the above strategies to increase their turnover.

Table 8: Convenience at malls

	inox	Big Bazar	GVK one	Hyd Central	Inorbit	total
Male	5	4	9	6	4	28
Female	10	11	5	10	12	48

Source: Primary Data

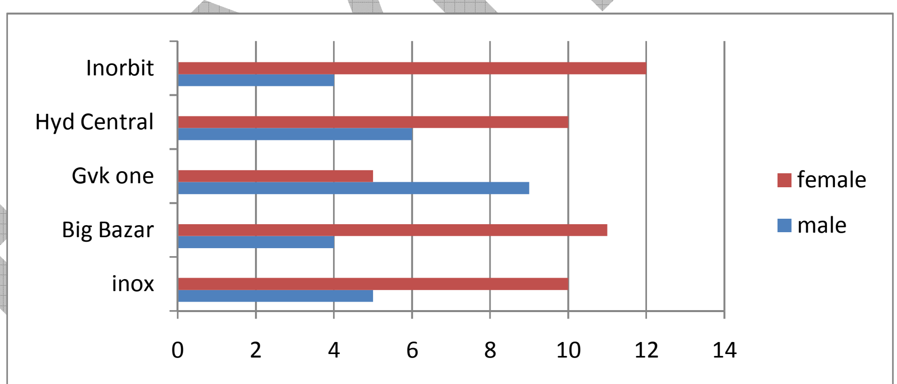

Fig 8: Convenience at malls

From the table8 70% of The male customers and 80% of the female customers said that the malls they visited are convenient them to shop.

Table 9 : Store Brands

Name of the mall	Number of Customers Prefering	Percentage Customers (%)
Inox	14	70
Hyd Central	16	80
Gvk One	12	60
Big Bazar	19	95
Inorbit	5	25

Source: Primary Data

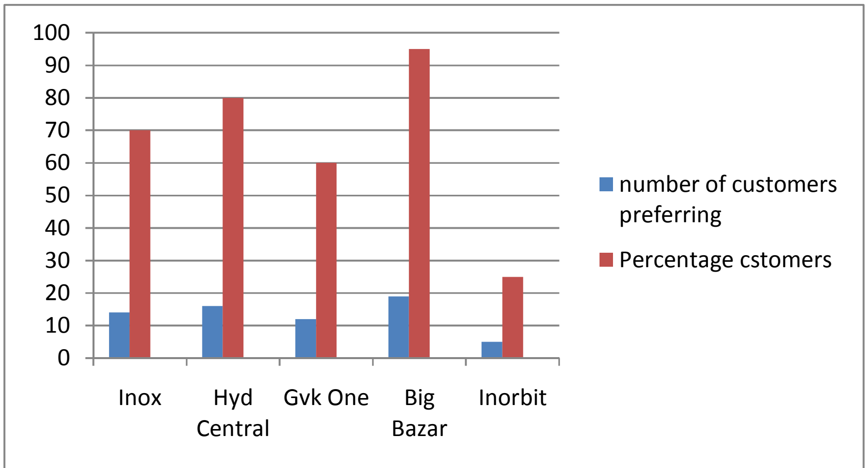

Fig 9: Store Brands

From the table 9, In all the malls except inorbit more than 60% of the customers preferring to purchase the store brands.

SUGGESTIONS

- 40% of the male and 60% of female customers are visiting the malls. So malls managements need to concentrate more on female customers.
- Majority of the customers belongs to the age group of 21-40 years (70%).So, malls need to concentrate on young India.
- 70% of male customers and 68% of female customers visiting malls whose monthly income is above Rs.15000. 21% of female customers whose monthly income is Rs.5000 – Rs.15000 also visiting malls. So, malls need to take care in the assortment of products.
- Most of the male customers are giving first priority to price (45%) and next priority goes to quality (27.5%). In female category first priority is given to quality(31.6%) , second priority goes to brand(28.3%) and next place given to Price(23.3%).so, mall managements has to concentrate on Quality and Price simultaneously to attract the customers.
- 85% of female customers and 65% of the male customers felt that there should be a provision for entertainment along with shopping like music, games etc in malls. So, malls need to provide a special zone for games, children's playing and recreation. Music also made the customers to spend more amount of time at malls.
- 56.6% of the female customers are having impulsive buying nature when compared to male (36.5%) customers. Hence, mall management s need to focus on display.
- 50% of the customers preferring Offers, Schemes, gifts & Prizes while making purchases at malls. These became the catalysts in purchasing decisions. Hence all malls need to implement all the above strategies to increase their turnover.
- 70% of the male customers and 80% of the female customers said that the malls they visited are convenient them to shop. And to make more comfortable, malls need to provide good parking and valet parking facilities.
- In all the malls except inorbit mall more than 60% of the customers preferring to purchase the store brands. Hence the malls need to bring their own store brands to fill the gaps in product assortment.

END POINT

Now a days , retailing sector became a cash cow for many big organizations in and out side of India. The recent central Government decision that is permitting Foreign Direct Investment (FDI) in retail sector made many of the multinationals to think of Indian retailing sector. In these turbulent and changing environment, it is very difficult for the mall managements to retain and to attract the new customers. For this mall managements need to understand the customer's preferences in purchasing of products and services.

Mall managements must adopt consumer friendly strategies and provide rich shopping experience. To provide the services according to the expectations of the customer's, even mall's can adopt a win- win strategy like co-opetition. Co-opetition is a business strategy based on a combination of cooperation and competition, derived from an understanding that business competitors can benefit when they work together.

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Annxure1 – List of Malls in Andhrapradesh:

Hyderabad central

Hyderabad GM Mall

Hyper City

Inorbit

Inox

PVR Cinemas

Babukhan Estate

Big Bazaar

Brand Factory

Life Style

Reliance Fresh

Reliance Trendz

Chenoy Trade Centre

CMR Shopping Mall

City Centre

Spencers Hypermarket

Spencer's

Globus

GVK One

Pantaloons

PCH Zone

Prasad's Entertainment

Westside

Subhiksa

MPM mall

Next

TMC