



Chapter 1

Introduction

CHAPTER I

INTRODUCTION

Shopping is perhaps one of the oldest activities that the human race has been performing with high level of regularity and involvement (Sinha, 2003). Shopping demands infinite attention. It has been described as an activity that calls for constant vigilance, subtlety and resources (Falk, 1997). After remaining relatively stable for centuries, in the recent past, shopping as an activity has undergone enormous changes. In the last two decades, consumers have become increasingly more sophisticated and demanding with the availability and abundance of products, services, information, and technology, as well as a new abundance of retail stores and channels (Lizhu, 2006). In India, Retailing has undergone an unhurried, but deep-rooted transformation from complete reliance on innumerable, petite, family-run stores to bigger and more formal retail outlets.

Presently, India is experiencing rapid development of the Retail Industry. India's overall Retail Sector is expected to rise to US\$ 833 billion by 2013 and to US\$ 1.3 trillion by 2018, at a compound annual growth rate (CAGR) of 10 per cent. Also, organized Retail, which accounts for almost 5 per cent of the market, is expected to grow at a CAGR of 40 per cent from US\$ 20 billion in 2007 to US\$ 107 billion by 2013. The share of retail trade in the country's gross domestic product (GDP) was between 8–10 per cent in 2007. It is currently around 12 per cent, and is likely to reach 22 per cent by 2010 (<http://www.ibef.org/industry/retail.aspx>). The foundations of organized retail in India were laid by Kishore Biyani of Pantaloon Retail India Limited (PRIL). A host of Indian business houses such as Reliance, Bharti & Birla have also ventured into the retail sector following the success of Pantaloon. With the arrival of the first Wal-Mart/Bharti cash-and-carry store in the Punjab early in 2009 and rumors still circulating about the likely entrance of French giant Carrefour into the Indian retail sector, the pace of change is likely to accelerate still further.

The recent wave of superstores has ushered in a new paradigm in retail service - the elevated emphasis on self-service principles. These superstores have revolutionized the nature of retail service, mainly by more effective configuration of

self-service, mediated through store design. These giant retail stores provide the consumers with a congenial atmosphere equipped with a staggering variety of goods, ranging from international brands to local-made products. These stores mostly, have a well-designed store layout facilitating the customers in ease of exploring, identifying and picking up items. Quality service is generally provided not only through user-friendly store formats, but also with the presence of knowledgeable sales and support staff for the service of customers. These increasingly sophisticated retail outlets tend to make shopping an enjoyable and recreational experience for the customer.

These innovations brought by retailers and their marketers, in the practice of retailing, have been providing new paradigms in the way shoppers have been disposed towards their act of shopping (Sinha, 2003). Moreover, the consumer's orientation towards shopping has acquired new, multi-faceted dimensions as shopping is no more limited to merely acquiring the required product or service. Today, consumers view shopping as a diversion from the routine of daily life; a means of self-gratification based on the expected utility of the buying process itself; learning about new trends when visiting the store; physical activity since an urban environment provides little opportunity to exercise; a source of sensory stimulation such as handling merchandise, trying it on or trying it out; a means of socialization, encounters with friends or sales persons or for the pleasure of bargaining, as a means to make a wise purchase (Assael, 1987).

Changes in the shopping behavior of consumers are found to be caused by decisions taken by the retailer, particularly with regard to store formats (i.e., whether they are a brick and mortar departmental store or an on line store); the socio-economic variables (such as suburban shoppers, middle class shoppers) and gender along with the changing socio-cultural and political environment. Driven by changing lifestyles, strong income growth, and favorable demographic patterns, the trend of 'value-added' retail culture is on the rise, contributing to the change in shoppers' orientation towards shopping.

Stone (1954) first introduced the concept of *shopping orientation*. He referred to it as shopping lifestyle or shoppers' styles that place emphasis on certain activities in particular. Shopping orientation is a consumer's style or way of shopping, wherein, both feelings about shopping and actual shopping procedures come into play (Lindquist, 2004). Two consumers may shop at the same set of stores for reasons of convenience, courteous sales help, or good decor, but one consumer's orientation to shopping can be totally different from the other's. The first consumer may find shopping a burden, something to be done quickly with minimum effort. The second may enjoy shopping, particularly the satisfaction of buying a desired item at a bargain price. This consumer does not mind spending time searching for alternatives (Assael, 1987). These needs of the consumer determine the orientation of the consumers towards shopping.

According to Shim (1993), shopping orientation is a complex social , recreational, as well as economic phenomenon which could be influenced by individual differences, product of choice and the type of retailer. Shopping orientation is said to differ over generations, owing to constant social, cultural and economic changes in society, providing support for the generational cohort approach to market segmentation (Shim, 1993; Stoltman, 1991).

Darden (1971) found significant differences in customer shopping orientation, verifying Stone's contention that some shoppers are largely concerned with buying, while others are more concerned with socializing. Other researchers added to this idea by pointing out that, shopping-specific lifestyles encompass shopping activities, interests, and opinions. Existing research supports this idea, indicating that consumers are motivated to go shopping for different reasons other than pure product acquisition (Lizhu, 2006).

There are important subtle differences in the motives for shopping when comparing developed and developing countries. In Asia, shopping has emerged as a way of life for urban women while women in the west, are, in a sense, still "shopping purists". Research shows that American women buy for emotional satisfaction, especially during a economic slowdown. In contrast, Asian women shop not for self actualization or to find a luxury bargain, but to spend and to embrace the shopping

activity as a social event. The behavior patterns and motives differ when comparing East and West (Gotthelf, 2004).

Shopping orientation has been identified as a reliable discriminator for classifying different types of consumers based on their approach to shopping activities (Gehrt, 1992; Lumpkin, 1991). The different motivations for shopping have led to define shopper profiles. Moschis (1976) provided another strategic dimension to shopper profile by relating shopping orientation to purchasing behavior. He defined six types of shoppers who purchased cosmetic products namely Special Sales Shoppers, Brand Loyal, Store Loyal, Problem Solvers, Socializers, and Name Conscious. Assael, 1987, mentioned three types of shoppers based on the shopper's values, purchasing behavior, and information search. Shopper Types by value orientation was developed by Stone, after interviewing 150 women in Chicago, deriving four types, namely; the Economic Consumer, the Personalizing Consumer, the Ethical Consumer and the Apathetic Consumer. Shopper Type by level of information search were categorized as Constructive Shopper, Surrogate Shopper, Preparatory Shopper and Reutilized Shopper.

Review of literature in the preceding years reveals that researches on shopping orientation were restricted with respect to one or more aspects of consumers' behavior at large. However, over a period of time, the perspective for the study on consumers shopping orientation has widened; wherein the consumer is accounted for as a holistic individual. Today, the focus is to study the consumer with regard to his/her demography (age, education, occupation, income), sociology (family, culture, subculture, reference group etc.), market-related factors (price, advertisement, brand etc.), and psychological factors (personality, knowledge attitude, lifestyle, mood, emotions, perception etc).

In the current consumer behavior literature, the combined knowledge of lifestyle preferences and personality variables is called psychographics (Solomon, 2004). Lifestyle and personality variables are known as psychographic characteristics because they are psychologically oriented variables that can be quantified (Assael, 2005).

Psychographics involves the use of psychological, sociological, and anthropological factors to determine how the market is segmented by the propensity of groups within the market- and their reasons-to make a particular decision about a product, person, ideology, or other wise hold an attitude or use a medium. The use of psychographics, share the underlying principle of going beyond surface characteristics to understand consumers' motivations for purchasing and using products (Solomon, 2004). Lilen (1983) explains that segmenting 'life-style or personality differences' is likely to be of much greater use to the marketer than most other segmentation methods, because even those 'in the same demographic group often differ remarkably in their psychographic profiles'. According to Albanese (2002), the way one shops can shed light on the shopper's personality. These individual differences of personality and lifestyle pick up where demographics leave off and provide an understanding of characteristics more determinant of behavior (Blackwell, 2007).

In recent years, changing lifestyles, increase in nuclear, double income families, influence of the media, increase in foreign travel, integration of ethnic foods into local food habits, rising disposable income groups, branded food, health foods, convenient foods and desire for quality foods have resulted in increased demand for convenience foods. Considering these facts, super markets have had the greater share of engaging in trading food, beverage and grocery for the last two decades. Technological developments, particularly in the field of food processing equipment, processes and packaging material have brought on a revolution in the development of convenience foods as per the necessity, taste as well as nutritional requirements of the consumers. Convenience foods- are the choice of the day (Manohar, 2005).

Convenience foods, especially the ready-to-eat (RTE) sector is growing at a very fast pace due to the above mentioned factors. However, according to analysts, the RTE industry in India has not quite experienced such a significant growth as compared to western countries due to inadequate demand arising from low household incomes and consumer preference for fresh and home-cooked food. This might be because this is a category that has a lot to do with taste, as in most cases it is a replacement for a whole meal. Unlike other foods, drawing acceptance for RTE packs as meals in themselves, is a major challenge. The failure rate of specific

products is very high and hence getting a product to be acceptable to the tastes of a larger audience is the primary challenge of the manufacturer. Unless they get it right, retailers will find it daunting to drive sales. In years to come, India will provide an attractive opportunity for both Indian and international players with a mix of demand and supply side changes. If consumer demands of affordability, availability and enhancing acceptability can be met, the RTE foods segment has a potential market size of Rs 2,900 crore by 2015 (Srivastava, 2009). Presently, marketers require to break through the inertia of the Indian consumers for acceptance of ready-to-eat foods. For this purpose, it becomes vital to understand the food related psyche of the consumers by going beyond surface characteristics and understanding the consumers' motivations for purchase and use of ready-to-eat food products.

1.0 JUSTIFICATION

Today's consumers are bombarded with a massive selection of product offerings, accessible through a multiplicity of shopping channels, which has widened the scope of product availability. The study of consumer behavior in market situations has always been an area of research interest. However, with consumers being a part of the complexities of the global market forces, and dynamic socio-economic environment, the study of consumer behavior has acquired a very intricate character. Consumer behavior is a complex and multi-dimensional process, where a consumer follows a predictable process in their purchases decisions. In case of some products, this process is very clear and is adopted at a conscious level; while in other cases, it is subtle and relatively understated and subliminal. It depends on the consumer's level of involvement with the product. In cases of a high involvement product, the consumers put in a lot of efforts to evaluate all aspects of the product, before making a final decision; while for a low involvement product purchase, the consumer may not consider the product sufficiently important to invest his/her time and efforts and thereby skips the complex decision-making process and directly makes a choice. The increasing buying power, multiplying varieties in a store, increasing media exposure and reducing time availability makes a consumer less involved. Such a behavior is directed by the conscious and subconscious motivations and opinions, and can be studied through the consumer's shopping-orientations.

On the other hand, such a complex consumer behavior in the multifaceted market scenario has laid numerous challenges to the marketers of consumer products. It has made it vital that the marketers be conscious of the consumers' psychological framework, and provide apt solutions to their wishes and requirements in creating competitive business advantage to the firm. To succeed in the market place, it is indispensable that the manufacturers adapt to the shifting tastes of their consumers, and persistently bring innovations and value-addition to their existing products, to realize and fulfill their customer's wants and desires. In order to attract or motivate a particular group of consumers, it is necessary to know how they think, what their values, attitudes and beliefs are, as well as who they are in terms of traditional demographic variables of age, income, etc and communicate to them in a way that matches with their lifestyles. Moreover, it becomes crucial that the manufacturers understand the concerns of the consumer while shopping for a product and how this shopping-orientation is related to his/her psychographics and demographics make up.

Over the years shopping orientation has been studied for various products like grocery, apparel, shoes etc, with respect to aspects like usage of information by consumers, effect of situational factors, environment in stores, availability of time for shopping, patronage behavior, psychographics, etc. However, limited attempts have been made to systematically examine the commonalities, differences, and relationships amongst variables that influence the shopping orientations with regard to a specific product, with special reference to food. In the current study, the investigator opted to make a composite assessment of selected variables and shopping orientation of the consumers with regard to convenience foods. The changing need in the current socio-cultural environment, increased disposable income and availability of large variety of packaged foods have made convenience food an important food item in the grocery list of today's consumer. Thus, with the focus on convenience foods, with special reference to selected packaged foods, namely; ready-to-eat soups, ready-to-use pastes, and ready-to-eat meals it became essential to study how a consumer decides upon its purchase, and what are the various factors influencing the purchase.

The present study was conceptualized on the basis of two basic premises. Firstly, the food shopping orientation of the consumers is determined by the psychographic and demographic characteristics of the consumers. Secondly, the more the marketer knows and understands the consumer, the more effectively they are able to communicate with and market their products to them.

Therefore, in light of the two stated premises, as well as the previously stated background, a number of questions were evolved, such as - What was the consumer's orientation towards shopping with respect to selected packaged foods? What were the lifestyle of the consumers of selected packaged foods? What were their market beliefs and what attitudes did they hold towards selected packaged foods? Which was the most important evaluation criterion for them in selecting the product? Did the lifestyle, personality, beliefs, attitudes and perceived risks of the consumer play any role in shaping their food shopping orientation? Can the target market be differentiated on the basis of consumers' consumption pattern of selected packaged foods? Was there a differentiation in the food-shopping orientation, psychographics, and demographics of the subsets of consumers on the basis of their consumption pattern?

The present study aimed at obtaining answers to the above questions. Therefore, the study was designed to understand the disposition of the shoppers factoring in their demographic characteristics, pre-purchase aspects, and psychographic attributes. An in-depth study was conducted to assess the relationships between the psychographic attributes such as lifestyle, personality, market beliefs, attitude, and perceived risk; and shopping orientation of the consumers. Relationships were observed that enabled to understand the consumer with a holistic perspective. Moreover, the investigator in the present research studied consumers of selected packaged foods with the approach to segment the consumer market. For the purposes of designing target marketing strategies, market segmentation was carried out which involved artificial grouping of consumers into homogeneous groups. This type of segmentation divided the market into groups according to consumer's characteristics, which included demographics, food shopping orientation, and psychographics. The consumer market was segmented on the basis of the consumption pattern of selected

packaged foods. Thus, a complete profile of the consumers was developed on the basis of aspects, which mainly encompassed the demographics of the consumers, their food shopping-orientations, and their psychographics.

The above research was directed in a manner that it would give an actionable utility value to the study. The findings of the present study will enable the definition of the key target i.e., the consumers of selected packaged foods (convenience foods); with multidimensional perspective through the use of data pertaining to their psychographics. In addition, the study of shopping orientation will help to identify their core concerns while shopping. Aspects such as; the outlet choice, factors affecting outlet choice, information sources referred and their respective believability, and the evaluation criteria's applied in making a product selection will add more in understanding of the target group.

Understanding of the consumption pattern of selected packaged foods will not only form the basis of segmenting the consumers, but will also be useful in studying the market concentration for the product. Market segmentation will allow the marketers to understand the market of selected packaged foods, and the attitudes, beliefs, and common values of the consumers in the market. The data will be useful to the marketers, and facilitate them in product positioning, by fitting their product into the psychographic make up of the consumers of each segment. Different communications and advertisements can be designed on the basis of different lifestyles, personalities, beliefs and attitudes of the consumers of different profiles. The marketers can identify the right medium through which they can market their product for the respective section of the consumers. It will also help in developing sound overall marketing and media strategies. The findings of the present study justifies its utility since knowing the consumers precisely and reaching them in the most effective way is the key to unlocking profitability.

The data will also throw light on the problems encountered by the consumers with respect to the product and it's labeling / packaging. This information will be useful to the manufacturers of selected packaged foods to bring about appropriate modifications in the product and its labeling, and thereby increase consumer

satisfaction. The findings with regard to the preferences of the consumers in relation to the product, its labeling and packaging, and concerns in the use of the product will direct the manufacturers to evolve their product, and provide value added characteristics, which will help the consumers overcome their hitch in using the product. The information will facilitate the manufacturers to broaden their market, and thus increase penetration amongst Indian consumers.

The statistics with respect to the problems and preferences of the consumers with respect to selected packaged foods can also act as an input to organizations such as the Ministry of Food Processing Industry, Ministry of Health and Family Welfare, certification bodies like FPO and HASSAP, and consumer research and welfare organizations to act as mediators between the consumers and manufacturers, and formulate standards to ensure the desired quality of the product.

Over and above this, the findings and results will help in contributing to the theoretical base for future studies and current references. It will be useful for the researchers and academicians to validate the conceptual framework and formulate theories. The database of the present study will form a platform for conducting further researches on similar lines. This study will make a valuable contribution to the knowledge base of consumer behavior in the Indian context as well.

2.0 OBJECTIVES OF THE STUDY

1. To study the consumption pattern of the consumers of selected packaged foods with respect to its frequency, duration, and quantity of consumption.
2. To study the food shopping-orientations of consumers of selected packaged foods.
3. To study the psychographics of consumers of selected packaged foods, focusing on parameters, like; (i) lifestyle orientations (ii) personality traits (iii) market beliefs (iv) attitude, and (v) perceived risks.
4. To assess the inter-relationships between food shopping-orientations, and selected demographic and psychographic variables.

5. To develop consumer segments based on consumption pattern of selected packaged foods, and create profile for each segment with respect to consumer demographics, food shopping-orientations, and psychographics.

3.0 HYPOTHESES OF THE STUDY

- HA: There exists a relationship between the consumption pattern of consumers of selected packaged foods, and their (i) personal and (ii) family variables.
- HB: The food shopping-orientations of the consumers of selected packaged foods differ with their (i) personal and (ii) family variables.
- HC: There exists a relationship between the food shopping-orientations of consumers and their psychographic variables, namely; ((i) lifestyle orientations (ii) personality traits (iii) market beliefs (iv) attitude, and (v) perceived risks in the purchase and consumption of selected packaged foods.
- HD: There exists a difference in the (i) background characteristics (ii) food shopping-orientation, and (iii) psychographic attributes of consumers of ready-to-eat soups amongst the three identified clusters.

4.0 DELIMITATIONS

The study was limited to

1. Consumers consuming selected packaged foods since minimum one year.
2. Selected packaged foods i.e ready-to-eat soups, ready-to-use pastes, and ready-to-eat meals.