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6. Grocery Retailing Across Goan Customers Demographics

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Abstract

Organized retailing in India which employs 42 million people accounts for 54%of the grocery market. With potential for growth many companies want to enter the retail business but there is a knowledge gap of the consumer market. Research is limited in determination of shopper's parameters in grocery shopping. To fill the literature gaps the present study attempts to analyze the association between selected demographic factors such as gender educational level and monthly income on grocery choice. A survey method through questionnaire was used to elicit primary information from 280 grocery shoppers. The purpose of this study is to examine the consumer's demographics towards grocery items in organized/unorganized retail environment, and to find out if there is a significant difference between the gender and the customer preference, educational level and brand knowledge and between monthly income of the respondents and the grocery brand.

Keywords: grocery, demographics, retailing, gender, educational level.

Introduction

India's retail market is expected to increase by 60 per cent and has immense potential as India has the second largest population with middle class, rapid urbanisation and new growth of internet. [1]. Brick-and-mortar failure in the West may not be the immediate future of Indian retail. [2]. Indian consumers have adopted new technologies and so modified the demand structure which is shaped by factors such as noticeable demographics shift with rising income middle class, emergence of e-commerce, proliferation of internet connectivity, and digital media demand. [3]. The retail sector in India as the largest sectors, brings about 8% employment and a new era of precision retailing, influencing both consumers and retailers significantly. [4]. In a study by Nielsen 60 percent of consumers said that a grocery store is one that provides good value for money. [5]. Residents in rural areas aged 70 above depend more on the local grocery store and for transportation for grocery shopping. [6]. Local residents prefer small grocery stores because they charge lower prices for basic food products. [7]. Many people visit a grocery store

2.2 times per week [8]. Retail grocery stores, the primary locations for food purchases, have now got more attention since the public is more concerned about health. [9].Grocery stores are mainly positioned between the public and the products so it is an appropriate place for marketing opportunity. [10-15]. Grocery stores can provide healthy foods, including fresh fruits, vegetables, and lean meats, which could improve health. [10-11].Traditional full-service supermarkets continue with retail food sales even though consumer food markets are changing rapidly [16]. Women form two thirds of grocery shoppers and they like to shop on Fridays and weekends. [17]. Consumers' cost-saving efforts has increased, price drives the choice of stores and products, and there is a rise of using coupons and bargain shopping. [18]. Private label are taking an increasing market since the importance of national brands is declining [16, 18]. Even though shoppers state that they prefer quality products they do not buy healthful products [18]. Locally grown food demand is increasing [16, 18]. Allowances and loyalty cards are also important [18–21]. 65% of shoppers use shopping lists, and their choices are often made by end-of aisle displays, and other store promotions [19].The Boston Consulting Group estimates the size of organised retail market at $28 billion and expects it to grow nine times to $260 billion in 10 years [23]. India has one of the highest densities of shops with around15 million small retail outlets (14 shops per 1000 people) [22]. **There are other ethnic factors apart from age and income which helps to understand how and who buys groceries** [24]. There has been a sudden and remarkable change in the grocery market in the last five or so years [25].

Theoretical Perspective

It's important to understand consumer behaviour since more than half of the retail market comprises of grocery outlets. (A Sivakumar).The Indian retail sector has grown due to the demographic and psychographic changes [27].The contribution of demographic variables Horton (1984), maintained that they are the best basis for identifying market [28]. Demographic factors such as age, gender, marital status, income, female working status, education, occupation and family size have great influence on grocery retailing store format. [29-36]. Retailing is the single largest component of the services sector in terms of contribution to GDP, the growth potential is immense (Guruswamy, et al). Zeithaml (1988) says that consumers' shopping decisions are not only based on price [37]. Demographic characteristics such as age, income, education and location of residence affect shopping behaviour [38, 69, and 48]. Demographic segmentation divides customers on demographics such as age, family size, gender, family life cycle, income, occupation, education. [39,49]. Food and grocery shopping included shopping for pulses, grains, fresh fruits and vegetables, packaged food, personal products and some household goods [40]. Kunz (1998) hypothesized that different demographic variables influences consumers' patronage with higher levels of education [41]. Carpenter and Moore (2006) studied demographic variables where respondents with higher incomes were more likely to shop in specialty grocery stores [42].

Review of Literature

Research has been carried out on household demographic variables influencing store format choice behaviour [43-45, 33, 47]. Demographic factors such as age, gender, marital status, income, female working status, education, occupation and family size have great influence on grocery retailing store format [29, 30, 32, 49, and 50]. Authors focussed their research study on demographic and socio economical variables [51 - 53], they being age, social class, housing type, level of studies, gender, profession and level of income the most widely used. Krystallis and Ness (2004) found that quality, healthiness, tastiness, convenience behind the selecting quality food [54]. Homberg and Gierung (2001) studied the impact of gender on buying behaviour which has attracted research interest [55, 29]. Women's purchasing behaviour is found to be influenced by evaluation of personal interaction. Women compared to men were involved in purchasing [56]. The retail structure of society has a wide variety of demographic, cultural, social, economic, legal and technological factors [57]. Individual retail choices are influenced by these factors in the retail structure. Keng et al., (1984) compared consumers who shopped on the basis of their demographic and socio-economic characteristics, and grocery shopping habits and characteristics [58]. Korgaonkar et al., (1985) researched demographic variables related to retail behaviour [59]. Loudon et al., (1984) put forward reasons for employing demographics in consumer behaviour study [60]. Baltas George and Papastathopoulou (2003) examined relationship between consumer profile and brand and store choice behaviour in the Greek grocery market [61]. With globalisation the geographic segmentation is linked to other differences in socio-economic and demographic characteristics referred to as *geodemographics* [62]. The geodemographic segmentation combines the geographic segmentation with the demographic segmentation studies the target customers with where they live [63]. Knox and Walker (2003) confirmed the relationship between involvement and brand loyalty in grocery markets [64]. Pessimier (1980) said that demographic and lifestyle variables define the individual and household needs [37]. Tete (1961) found that one-store shoppers come from low-income families, from less populated areas and the head of the household is a farmer by occupation [42]. Household demographic variables (Bawa and Ghosh, 1999; Leszczyc, Sinha, and Timmermans, 2000) were related to the household shopping behaviour [46].

Objectives

The research has been conducted in south Goa to find out the grocery preferences across gender education and monthly income categories.

Methodology

Primary data was collected using structured questionnaire directly distributed to the respondents. Secondary data is collected from websites, journals, newspapers, magazines and books etc. The questionnaire had been prepared with closed ended questions in such a way that the respondents were able to answer in easy way.

Limitations

The study is related to grocery products, only restricted to south Goa customers and the results may not apply to the whole of Goa.

Research Methodology

The questionnaire first aimed at creating a basic profile of the respondents- age, education, family size, monthly family income, frequency of purchase and average expenditure per purchase. Further on, the respondents had to state their responses on a scale 1-5 (1-Strongly agree, 2- Agree, 3-Neutral, 4- Disagree, 5- Strongly disagree).

Microsoft Excel worksheet for all the calculation to get the final Data Analysis.

Sample size

- For collection of primary data a survey was conducted in south Goa where 280 respondents were personally interviewed using a structure questionnaire. There were responses received from Navelim, Benaulim, Colva, Assolna, Carmona, Davorlim, Betul, Cuncolim, Chinchinim, Margao and Seraulim.

Statistical tool

The statistical tool used in data analysis and interpretation were chi-square test was used for data analysis including percentage analysis, simple charting, tabulation tools were also used to find out customers preference for grocery products.

Sampling design For the purpose of the study, a sample of 280 customers living in south goa was selected on simple random sampling basis.38.21% of the respondents are male and 61.79% are females. Majority of the respondents i.e. 60.71% belong to the age group of 19 to 25 years, 18.93% belong to 26 to 35 years, 10.36% are more than/ above 36 years and 10% are in the group of less than 18 years. 13.93% have completed SSC, 24.29% have cleared 12^{th}, 58.21% have acquired degree and 3.57% are post graduates. Majority of the respondent i.e. 81.07% have a monthly income of less than 30000, 15.36% earn between 30001 to 50000, 1.79% earn between 50001 to 70000 and 1.79% earn above 70001.

H_0- There is no significant difference between the gender and the customer preference.

H_1- There is a significant difference between the gender and the customer preference.

Table: 4.1- Gender and Customer preference

	Gender	1	2	3	4	5	Total
Customer preference	Male	26	31	36	8	6	107
	Female	49	61	34	20	9	173
	Total	75	92	70	28	15	280
	%	27	33	25	10	5	100

Source: Primary Data

Since the p-value is 0.05 and the significant value for the above information is 0.1119 we conclude that there exist a significant difference between gender and the customer preference of the respondents and hence we accept the H_1 and ignore the Null hypothesis i.e. H_0. In the above table we can see that 27% of the respondents have strong customer preference for good quality grocery products out of which 35% are male and 65%are female. And only 5% of the respondents do not have a preference for good quality grocery products. Out of the total respondents 33% of the respondents have agreed to the statements out of which 34% are male and 66% are female`s: 25% of the total respondents are neutral, 10% have disagreed and only 5% have strongly disagreed to the statement out of which 40% are male and 60% are females.

H_0- There is no significant difference between educational level and brand knowledge.

H_1- There is a significant difference between educational level and brand knowledge.

Table: 4.2- Educational and Brand knowledge

	Educational level	1	2	3	4	5	Total
Brand knowledge	SCC	4	6	12	12	5	39
	12^{th}	13	16	20	11	8	68
	Degree	22	40	70	23	8	163
	Post graduate	0	2	2	3	3	10
	Total	39	64	104	49	24	280
	%	14	23	37	17	9	100

Source: Primary Data

Since the p-value is 0.05 and the value obtained for the above information is 0.0231, so we conclude that there is no significant difference between educational level and brand knowledge. Therefore we accept the null hypothesis and reject the alternate hypothesis. In the above table we can see that most of the respondents have acquired degree i.e.58% of total respondents and 24% have cleared 12^{th}, 14% have cleared SSC and only 4% have acquired a post graduate degree. Out of the total respondents 14% have strongly agreed, 23% have agreed, 37%

are neutral, 17% have disagreed and 9% have strongly disagreed to the statement that they a more knowledgeable about the grocery brands. Among the degree holders 13% have strong agreed, 25% have agreed, 43% are neutral, 14% have disagreed and 5% have strongly disagree that they are more knowledgeable about the brands of grocery products.

H_0- There is no relationship between monthly income of the respondents and the grocer brand.

H_1- There is a relationship between monthly income of the respondents and the grocer brands.

Table: 4.3-Monthly income and Grocery brand

	Monthly income	1	2	3	4	5	Total
Grocery brands	Less than 30000	28	74	61	42	22	227
	30001-50000	4	7	10	14	8	43
	50001-70000	1	2	0	1	1	5
	70001-above	0	1	4	0	0	5
	Total	33	84	75	57	31	280
	%	12	30	27	20	11	100

Source: Primary data

Since the p-value 0.05 and the value for the above information is found to be 0.0754. So we conclude that there is no significant relation between monthly income and grocery brands. Therefore we accept the alternate hypothesis i.e. H_1 and reject the null hypothesis i.e. H_0. In the above table we can see that majority of the respondents i.e. 81% fall in the income category of less than 30000 out of which 12% have strongly agreed, 33% have agreed, 27% are neutral, 19% have disagreed and 10% have strongly disagreed to the statement; 15% are inthe category f[illegible]n 30001 to 50000, 2% are in the category 50001 to 70000 and only 2% of the respondents earn monthly income above 70000. We can also see that 12% of the total respondents have strongly agreed, 30% have agreed, 27% are neutral, 20% have disagreed and 11% have strongly disagreed to the statement.

Conclusion

The grocery retail business in India faces so many challenges that it will give way to a more professional approach. There is no real time frame where managers might have to rely on secondary sources of information and carry out their own research also if it wants to reach global standards. It can help to make timely decisions about retail businesses .The Government's act of demonetization led to an increase online transactions through E-banking, E-Wallets and Apps along with more of debit and credit cards. -The Goods and Services Tax (GST), is expected to positively impact both the offline retail industry as well as India's e-retail sector. For the offline retail Industry, uniformity of tax rates and structure is expected to facilitate ease of doing business. GST is also likely to boost the competitiveness of the sector along with increasing profit margins, owing to reduction in transaction costs. Indian Government has allowed 100 % Foreign Direct Investment (FDI) in online retail and this could boost investment and modernize the retail sector. It could balance offline and online retailing by preventing marketplaces from offering discounts. With accelerated pace of change, retail outlets need to constantly innovate and adopt new technologies to sustain a rapidly growing consumer base. The trends in grocery retail structure are moving in a direction that is the reverse to the increasing heterogeneity of society. While society is becoming less unified and homogeneous, grocery retailers are increasingly introducing a one-size-fits-all model on all consumers, and thus may not be catering for the full and varying needs of different social groups. There has been a marked decline in the number of specialist shops (butchers, green grocers, fishmongers, bakers, wine merchants, etc) and in the number of convenience stores.

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