

Retail Choice Behaviour: Malls vs. Unorganized Markets

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Abstract

The idea of shopping has dramatically changed over the years. It is no longer a mere necessity involving need-based purchases. The gradual emergence of organized retail sector has transformed the consumers' view of shopping who now demand experiential features such as dining, movies, recreation and lifestyle activities. The organized formats such as malls, hypermarkets and chain stores have taken over the traditional markets and kirana stores. Thus, consumers choosing their shopping site has become a complex decision making process. This study aims to qualitatively explore the various factors which influence the consumers while choosing between malls and unorganized markets for shopping. For this, semi-structured interviews with frequent shoppers were conducted to collect data. The analysis yielded various determinants of consumers' retail choice behaviour which were classified into three broad categories i.e. consumer characteristics, characteristics of the shopping trip and consumer perception of retail characteristics. The determinants have been discussed along with concluding remarks, study limitations and future research directions.

Keywords: Retail choice, organized retail, malls, unorganized markets, interviews



Introduction

Over the past two decades, Indian retail industry has witnessed a gradual transformation which was previously dominated by the unorganized sector including standalone stores, local markets and kirana stores. There has been a rapid emergence of the new retail formats such as malls, hypermarkets, supermarkets and chain stores (Taneja, 2007; Ahlert et al. 2010). Although the organized retail sector constitutes a mere 10 percent share of the retail market, it has a great potential for development given the favourable factors such as rise in disposable income and consumption, increasing literacy rate, changing family structure, entry of international brands, media explosion and rise of consumerism (IBEF, 2018).

Shopping malls constitute a significant share of the organized retail sector. Despite its attractiveness, there is this emerging paradox of declining mall patronage and increasing shopping centre space which started in the west (Thomas, 2019; Deloitte, 2019) and seems to be catching up in India (Srivastava, 2017). There is a considerable potential for growth of shopping malls in India, but it can never completely take over the unorganized retail formats. It is a fact that some of the older shopping malls are losing their sheen due to obsolescence with rising competition

and changing customer expectations (Nair and Maheshwari, 2017). Thus, despite the retail boom and popularity of malls, unorganized outlets still dominate the retail space.

Indian consumers now have access to a wide range of products, quality and prices through numerous organized and unorganized retail outlets (Taneja, 2007). Hence, retail choice behaviour i.e. the process of choosing their shopping site is rather complex and intriguing. In this scenario, consumer decision making is of great interest for consumer educators and marketers interested in understanding and serving the consumer. In this study, an attempt was made to qualitatively investigate the factors influencing consumer choice of shopping site (unorganized outlets vs. malls) in the Indian context.

Literature Review

A review of literature revealed a variety of consumer preferences and variables that influence consumers' preference towards different retail formats and specifically shopping malls.

The traditional shopping choice behaviour of consumers was based on need recognition. After recognizing the need, he/she searches for information about the product and evaluates the alternatives before making a purchase decision. The next step is to visit certain stores or outlets offering that product to make the purchase (Taylor and Cosenza, 2002). This process of selecting the store is termed as store choice behaviour which has been extensively discussed in marketing literature. According to Sinha and Banerjee (2004), store choice behaviour of a consumer is considered to be cognitive process. It is similar to brand choice decision except that store choice is influenced by the location factor. Kenhove et al. (1999) differentiated the store choice behaviour of consumers by nature of the task that had to be executed i.e. urgent purchases, large quantity purchases, difficult job, regular purchases and getting ideas.

Store choice behaviour is also influenced by other tangible and intangible characteristics of a store which include store size, format, distance from home and environment of the store (Taneja, 2007). According to Oppewal and Timmermans (1997), the major determinants of store choice behaviour are external factors such as retail floor space, distance, parking facilities, etc. (Zhu et al., 2006). Sinha et al. (2002) found convenience and merchandise as the primary reasons for selecting a store followed by store ambience and service. Ambience and facilities are more important in cases where shoppers spend more time within the store. Chamhuri and Batt (2013) identified four determinants of store choice behaviour of Malaysian shoppers during purchase of fresh meat and produce i.e. perceived risks, attributes of modern retail outlet, convenience and value for money.

Customer Preference of Shopping Malls

Most of the recent studies on store choice behaviour focused on consumer preference for shopping malls. Various factors, both spatial and non-spatial, have been discussed in literature regarding what attracts consumers to shopping malls. Irrespective of the demographics, generally shoppers of all age groups, gender and occupations are attracted to innovations and uniqueness (Wilhelm and Mottner, 2005). Bloch et al. (1994) identified six factors which attract consumers to a mall i.e. aesthetics, escape or boredom reliever, enjoyment from exploration, flow experiences, epistemic gains and social benefits. In an exploratory study to examine the teenagers' shopping experience in malls, Haytko and Baker (2004) identified five perceived mall characteristics i.e. comfort, safety, retail mix, accessibility and atmosphere as the determinants of mall choice. Wilhelm and Mottner (2005) posited that the number of retail outlets in a shopping mall is an important factor that helps shoppers in choosing a mall. Apart from being a crowd puller, it also affects the image of the shopping mall, its patronage and rentals (Khare, 2011; Kesari and Atulkar, 2016).

Location is an important aspect of marketing and a good location can be a source of competitive advantage for the retail outlet. Some researchers have even shown that, while good business practices may not compensate for poor location, good location may compensate for poor business practices (Kuruvilla and Ganguli, 2008; Mohan and Tandon, 2015). Besides the proximity issue, malls are seen as a source and venue for recreation. Consumers these days have become very adventurous and variety seeking searching for novel and unique experiences (Singh and Prashar, 2014). Thus the overall shopping experience which includes shopping, leisure as well as entertainment is a key determinant of mall attractiveness. A healthy assortment of all these factors increases the attractiveness of the shopping mall (Taneja, 2007).

Retail choice behaviour studies have generally focussed on a single retail format and analysed its consumer preference. There are very few studies which qualitatively compares the customer perception of various retail formats. Hence, it will worth investigating the consumer choice behaviour between two different shopping formats.

Objective of the Study

Consumer choice of shopping site is a complex process involving a wide range of attributes during decision making. The objective of this study is to explore the various determinants which influence consumers when choosing between a mall and an unorganized market for their shopping needs.

Research Methodology

This study was carried out in Chennai city, Tamil Nadu in India. Being exploratory in nature, an inductive approach with the qualitative research design was employed to achieve the research objective.

Tool for Data Collection

Interviews were used as data collection tool to analyse the various factors on which the Indian consumers base their choice of shopping site. Interviews have been one of the most widely used and effective form of conducting exploratory research which comprehensively capture the perceptions and opinions of the respondents regarding the subject area.

Semi-structured interviews were adopted for this research where open-ended questions were used across all interviews and the interview's job was to probe for more depth answers (Crouch and Housden, 2012). This type of interview is advantageous since it helps the researcher focus on research topics and makes the most value of time spent with the interviewees. It ensures that the interview questions exhaustively cover the research topic, and facilitates the comparability between interviews (Drever, 1995). For this study, a total of six questions were prepared based on extensive literature review (Taneja, 2007). Refer Appendix for the list of interview questions.

Study Sample

The sample for the study consisted of 25 interviewees selected using researchers' personal contacts through snowball sampling technique since such sample facilitates an enriched and candid discussion due to the personal connection between the researcher and the participants (Noy, 2008). Table 1 presents the profile of the interviewees. The researcher ensured that the interviewees chosen were from wider demographic background belonging to diverse age groups, occupations and income levels for a more representative sample of Indian consumers.

Table 1: Profile of the Interviewees

Demographic Characteristics		No. of Interviewees
Gender	Male	9
	Female	16
Age	<25 years	7
	25-40 years	9
	40-55 years	6
	>55 years	3
Occupation	Government service	3

	Private services	10
	Business	2
	Student	4
	Homemaker	5
	Retired	1
Monthly	Below Rs.10,000	2
Household	Rs.10,000 – Rs.25,000	5
Income	Rs.25,000 – Rs.50,000	11
	Above Rs.50,000	7
	Total	25

Interview Procedure

The research first explained the study objectives and purpose of the interview to each interviewee before starting the interview. The open-ended questions were put forth one by one to the interviewee. Based on the responses, the researcher asked questions for in-depth retrieval of required information. Each interview lasted for about 60-90 minutes. The data collection included audio recordings, observations of non-verbal cues and note-taking. At the conclusion of each interview, the researcher provided a summary of major points discussed and gave the interviewees an opportunity to confirm or clarify the points.

Results and Discussion

The interviews were transcribed and analysed taking one question at a time. The key points along with the interview excerpts have been summarized in this section.

1. Shopping malls or unorganized local markets - where do you go for shopping?

Since the study was conducted in Chennai city with the respondents being urban consumers, majority of them preferred shopping malls. However, many respondents stated that their choice was subject to various criteria and constraints as highlighted in these excerpts:

“The choice depends on the need and occasion. If I have time and want to spend an entire day shopping, eating, watching a movie then mall would be the preferred choice because it would be convenient, if only shopping for a particular item or grabbing a bite then local markets will be more convenient.”

“It depends on who I go with. If I take my family out, then mall is the best place to hang-out. If I am going alone, I can end up shopping in a market since it is faster.”

“Weather is a decisive factor. If it is really hot I would like to shop in a mall. It also depends on when I am looking to buy and what is my budget. Price is a key factor associated with the choice. If items are priced equally, then I will prefer malls rather than market.”

Conversely, few respondents preferred unorganized markets rather than malls since they believed that malls do not offer everything a consumer wants in India. Majority of them felt that malls are overpriced. There was a mixed response which indicated that Indian consumers are still in a transition phase trying to cope up with the transforming retail scenario.

2. What do you shop in malls and markets?

There is a considerable difference in the kind of merchandise consumers' purchase in a mall and in a market. The Indian consumer is so used to shopping in the nearby markets for their daily needs. They rarely travel far for the purchase of daily and household stuff. However, there is a gradual change in this behaviour and respondents have stated the advantages and disadvantages while shopping in malls vs. markets.

“I visit malls only to purchase branded and costly items. For my daily needs, I prefer going to the market.”

“Malls offer everything under one roof. I can buy groceries from supermarkets, clothing from different branded stores, etc. I need not travel to different places for buying different stuff.”

“I feel malls are very comfortable with less crowd and air-conditioned environment; whereas unorganized markets are very messy, and it's too tiring to search for things you need.”

“Local markets provide all essential goods in a confined small area whereas malls only house a few selected brand stores.”

“Local markets are more accessible with better price and wide variety.”

Thus, most respondents are currently purchasing their daily household items from the local markets. However, if malls provide a large variety at competitive prices, they will prefer malls given that they are closer and more accessible than markets.

3. Purpose of visiting malls -shopping, entertainment, eating out or socializing?

Malls are the prime destination which provides a wholesome hedonic shopping experience to their consumers. Consumers have started viewing shopping as a pleasurable activity rather than a utilitarian task. Hence, they are associating the entertainment factor with shopping and malls are one place where all their purposes

of shopping, entertainment, socializing and munching out could be fulfilled in a single visit to the malls. Some excerpts from the interviews are given below:

“Oh yes, because apart from shopping, there are road shows, movies, trivia contests, lucky draw and all of the same can be associated to leisure.”

“Malls have everything you can ask for. But the best thing is movies. The place is so classy and hygienic. And there are so many food options. I also combine my shopping and movie outing. It's just so comfortable.”

“My family do not like to shop for hours like me. But they instantly agree to come with me to malls just because there is so much variety of food. My husband and kids shop for some time and then hang out in food courts and play games till I finish my shopping. It's so easy now because of malls otherwise they would never come shopping with me.”

Thus, all respondents associated malls with not just shopping but with other entertainment and leisure activities.

4. Pricing in malls vs. unorganized markets

There is a general perception among Indian consumers that merchandise in malls are expensive compared to that in local markets. The similar opinion was observed among the respondents in this study with certain exceptions as presented in the excerpts below:

“Local markets have both branded and unbranded stuff. There is a lot of variety and competitive stores nearby. Hence, they offer merchandise at a lower price. In some stores, you can also bargain on the MRP and get a great deal. But in malls, all stores and items are branded with fixed prices. So they are expensive.”

“Generally, for some goods it is assumed that malls are expensive. But I buy mostly branded goods from malls, and they have the same price all over. So doesn't really make a difference.”

“It's a myth that malls are expensive than markets. If the same shop is present in both, the pricing would be the same. Generally, malls have better quality shops which raise their prices, so they are generally perceived as costlier.”

Thus, pricing is an important factor affecting the consumer choice to visit a mall. The respondents perceived malls as more expensive compared to markets.

5. Associating image with shopping in a mall and its influence your personality/ status

Based on the literature review, an association between image and mall shopping was found. Similarly, the respondents expressed that to a certain extent shopping in malls did influence their image as indicated by the excerpts below:

“I buy branded clothes and accessories from malls the way my friends and colleagues do. See, we live in a society where you need to show off sometimes. I have to make a good impression and feel more respected.”

“I only go shopping in malls because I can visit all branded shops in one place. It's easier to compare the brands and prices. I do not buy in some ordinary store. The place I buy my things define me - my lifestyle and background. It's a sign of status and prestige.”

“Shopping in the mall does not influence the status because status is related to the shop that you are shopping in, whether it be in the mall or market.”

This mixed response corroborates the fact that shopping in malls has some influence on the image and status of consumers. This feeling is an individual perception and varies from person to person.

6. Future shopping preferences

When asked about their future shopping preferences, all of the respondents chose mall shopping over the unorganized market shopping where one could find all the brands, entertainment, recreation as well as food joints. The markets would only be selected by them in case whatever they needed would not be available in the malls.

“Malls are preferable. But there is no bargaining in malls and you at times don't get minute and little things, which you get from markets. So, both hold their own importance.”

“I would prefer both. Each of them is appropriate for different situations. In a country like India, it is not possible to replace unorganized markets completely with malls.”

With the changing socio-demographics, consumer expectations, rise of consumerism, entry of international brands, influence of western culture, etc., the retail landscape is transforming with increasing share of organized sector such as malls. Though most respondents stated that they would prefer malls in future, they also realize the necessity and their dependence on local markets for some essential purchases.

Conclusion

The comprehensive qualitative analysis indicated that there is a gradual transformation in the preferences of Indian consumers who are shifting from

shopping in unorganized markets to modern malls. Based on literature review, there are significant variations in shopping patterns of consumers belonging to different income groups and hence there is no consistent trend in buying behaviour of the population as a whole. Studies on organized retailing show that this sector has greater penetration in the upper class. However, even this segment visits traditional shops for items such as milk, fruits, vegetables and other daily purchases. Though middle class consumers have started patronizing malls, they still associate organized outlets with branded items/special purchases and fall back on traditional outlets for daily household needs and bulk shopping. In case of lower class, organized outlets have no impact except for curiosity shopping (Taneja, 2007). This pattern was also observed in this study with consumers of different income groups having varied perceptions and opinions.

Based on the in-depth analysis of the interview excerpts and inputs from marketing professors, the determinants of retail format choice can be classified into three broad categories i.e. consumer characteristics, characteristics of the shopping trip and consumer perception of the retail format characteristics. The first factor, consumer characteristics comprises attributes inherent to the consumer such as demographic and psychographics. The consumers' demographic attributes such as age, gender and income as well as psychographic attributes such as lifestyle, personality and values have a significant influence on their retail choice. These characteristics are intrinsic and generally do not vary over time.

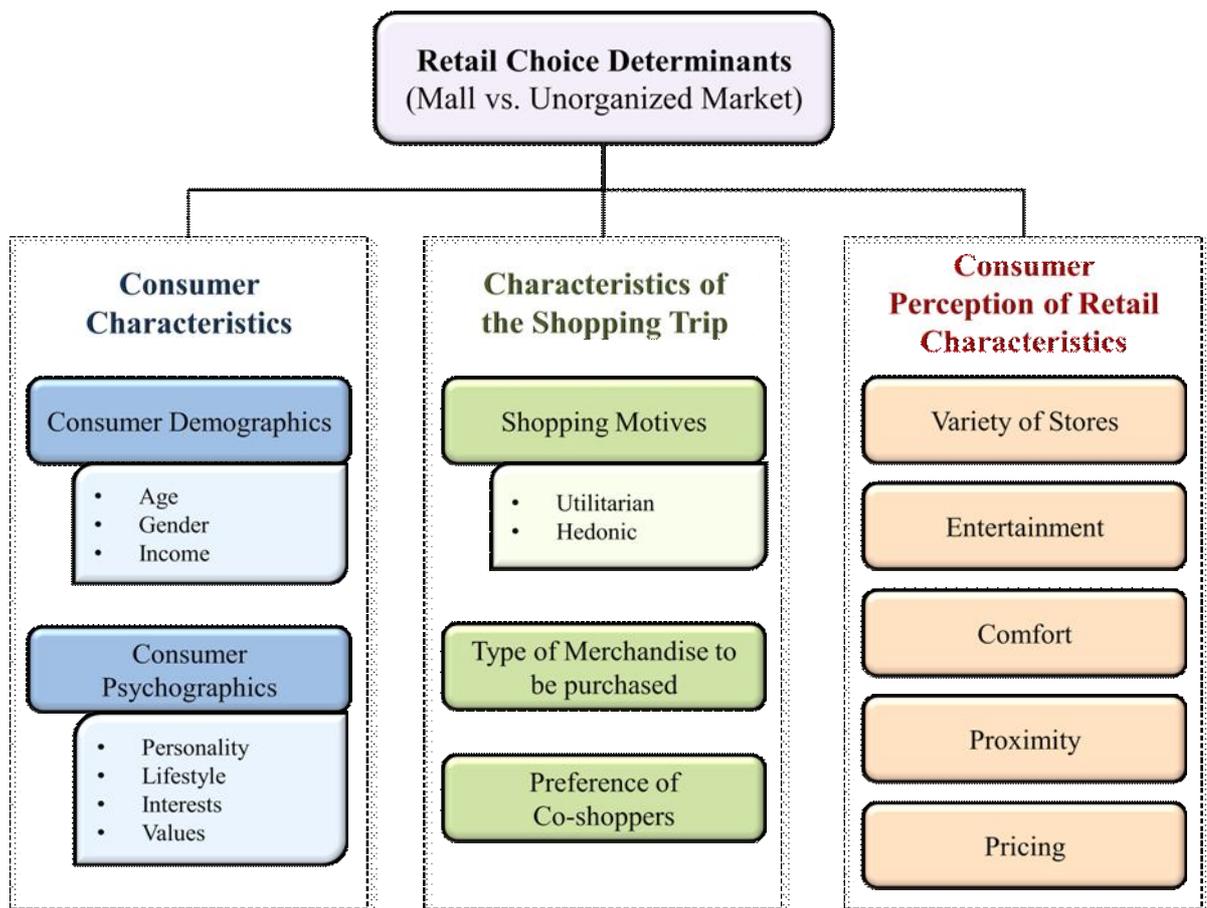
The second factor, characteristics of shopping trip consists of variables specific to a particular shopping trip of the consumer such as shopping motives, type of merchandise to be purchased and influence of co-shoppers. Shopping motives define the purpose or reason for shopping which can be broadly classified as utilitarian or hedonic. If the sole motive of shopping is to just purchase, it can be termed as utilitarian or task-oriented shopping. If the consumer wants something more than just making purchases i.e. entertainment, food, socializing, etc. then it can be referred as hedonic or experiential shopping. Thus, the consumers' shopping motives play a major role in selecting the shopping site. The type of merchandise also influences the retail choice. If the consumer wants to purchase everyday essential goods such as milk, fruits, vegetables and basic groceries, they might prefer nearby markets or shops. If they want to purchase branded items, clothing for special occasions, they will prefer large, branded stores or malls. In addition, co-shoppers have a considerable influence on the retail choice behaviour of the consumer. The co-shoppers are people who accompany the consumer for shopping who can be friends, family, children, elders, colleagues, etc.

The third factor, retail format characteristics refers to the consumer perception of the various retailer characteristics such as variety of stores, entertainment, comfort, proximity and pricing. The retail mix or variety of stores in a mall and market

influence the consumers’ decision to shop. In recent years, consumers’ idea of shopping is not pure purchasing. With the changing retail landscape, competition and consumer expectations, the concept of shoppertainment has emerged. Consumers now demand experiential features such as movies, food courts, and play areas for children, etc. during shopping. Apart from this, comfort or convenience plays a major role in retail choice which includes facilities such as air-conditioned environment, parking facilities, easy checkouts, less crowding, etc. Proximity is a vital factor which decides consumers’ retail choice. Consumers naturally prefer the store or mall closer to them to save their time and effort. Finally, the pricing of merchandise influences the retail choice behaviour of consumers.

The graphical representation of the determinants of retail format choice found in this study is shown in Figure 1.

Figure 1: Determinants of Retail Format Choice Behaviour



Limitations of the Study

Every research has its limitations. The findings and analysis of this study are based on semi-structured interviews of twenty five consumers which is unrepresentative of the population. Hence, the findings of this study may not present the comprehensive list of retail choice determinants of Indian consumers. In addition, due to time and financial constraints, this study was conducted only in Chennai city in Tamil Nadu which restricts the generalizability of the results.

Future Research Directions

This study can be replicated with a larger and geographically diverse sample for better applicability and generalizability of the results. As a future research, the determinants of retail choice found in this exploratory study can be empirically validated to substantiate the qualitative research findings. Researchers can also conduct interviews of retailers or stores to investigate the consumer preferences from their point of view. Comparative analysis of the consumers' and retailers' perceptions can help bridge any supply-demand gap that exists. In future, researchers can examine the effect of these determinants on consumers' retail choice and post-consumption measures such as customer satisfaction, loyalty and patronage behaviour.

Appendix

Open-ended questions used in the Interviews

1. Given the choice of shopping malls and unorganized local markets in India, where do you go for shopping?
2. What all do you shop in malls and what all from the market?
3. Do you go to malls for shopping, entertainment, eating out or socializing?
4. Do you find a pricing difference in malls and unorganized market and does it affect your shopping habits?
5. Do you associate image with shopping in the shopping mall? Does it influence your personality/ status?
6. Eventually with the constant growth in the number of malls, where would you prefer to shop?

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