

## **UNORGANIZED RETAILORS BUYING PATTERN WITH SPECIAL REFERENCE TO NON ALCOHOLIC DRINKS: A STUDY IN BANGALORE**

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### **ABSTRACT**

Retailing sector in India has undergone huge transformation due to culture, technology, buying pattern, and retailing is the primitive form of business which traces even from barter system and still an ever green form of business. While analysing current retailing context in India, it is visible that there become two types of retailers as major players Organised Retailors and Unorganised Retailors. Organised Retailors are run by corporate conglomerates and follows huge marketing programs from loyalty programs to CSR. But unorganised retailers are small convenience stores mostly self-employed are also playing a major part in Indian economy. Major researches on their problems and development are still lacking. This paper is made an attempt on Unorganized Retailors Buying Pattern with Special Reference to Non Alcoholic Drink.

**KEYWORDS:** Buying Pattern, Non-Alcoholic Beverages, Organised Retailors and Unorganised Retailors

### **INTRODUCTION**

Indian marketing context is very versatile compared to other nations in many ways including purchasing power, aggregate demand, innovation, e-commerce etc... and enormous development has been undergoing in this marketing scenario. Marketing Intelligence and Marketing Research are two vital marketing aspects which become very prominent in Indian marketing scenario in the twenty first century.

Marketing Intelligence is continuous process of collecting information to get updated about the marketing trends and marketing research in other hand, is purposeful or intended collection of information with special reference to a particular marketing aspect. Both marketing intelligence and marketing research are inevitable part of modern corporates and hence it is a relevant field of study.

Unorganised retailers buying pattern is different from organised retailers buying pattern, mostly they are engaging in facts of demand, profit and supply of simple economic theory while making their buying decision. The Indian soft drink beverage market is dominated by Coca-Cola India and PepsiCo. The market had grown over the years to become the third largest consumer of beverages after the US and China. The fact that the per capita consumption of soft drinks in India remained among the lowest in the world added to the high growth potential of the market. Since the 1990s the market had witnessed many price, distribution, and advertising was between the two cola giants as they fought hard to corner a bigger share of the market. The companies also had to face allegations in 2004 and 2006 that their soft drinks contained high pesticides levels. With the controversy behind it, both the companies were aggressively working toward increasing their market share in India.

Indian retail sector has become one of the most powerful and fast growing markets in the world. This growth

influences the attitude of the Indian customers and marketing approach of the companies. These features have been discussed in this section. Indian Council for Research in International Economic Relations (ICRIER) 81 developed research report titled “Impact of organized retail on the unorganized sector” states that retail trade alone accounts for 41.83 percent job opportunities with 14.95 million employed in the sector. Establishments involved in retail trade claimed the highest percentage both in the rural (39.28 percent) and urban (45 percent) areas. It has been the most sought after activity amongst own account establishments with a share of 48.45 percent. In rural areas, 46.52 percent own account establishments were set up for retail trade while the percentage was 51.44 in Indian council for research in international economic relations.

Barry Berman and Joel R Evans gave an overview on the impact of retailing on the economy. They stated that retailing is a major part of U.S. and world commerce. According to them retail sales and employment are vital economic contributors and retail trends often mirroring trends in a nation’s overall economy, according to the department of commerce, annual U.S. retail store sales exceed \$4 trillion- representing one-third of the total economy. Telephone and mail-order sales by non store retailers, vending machines, direct selling, and web generate hundreds of billions of dollars in addition to yearly revenues, and apart from this the other services like personal consumption expenditures on financial, medical, legal, educational etc account for another several hundred billion dollars in annual retail revenues. Outside the United States, retail sales are several trillions of dollars per year.

The Indian retail sector is highly fragmented, consisting predominantly of small, independent, owner-managed shops. The domestic organized retail industry is at a nascent stage. At the macro level factors such as rising disposable income, dominance of the younger population in spending, urbanization, shift of the traditional family structure towards the nuclear family are buttressing the organized retail growth in India. Being considered as a sunrise sector of the economy, several large business houses are entering the retail industry under multiple modern retail formats. On the one hand, the advancement of information technology is improving end-to-end business processing by integrating the entire value chain, backward and forward, for operational efficiencies. On the other hand, rising real estate prices, infrastructure constraints, and expensive technology are making the retail industry capital intensive.

The current regulatory environment is not very conducive to the growth of modern retail in India. The Government of India (GOI) prohibits FDI in retail except for single-brand JVs with up to 51 per cent equity share. The recent growth of the retail industry is already impacting the commercial real estate sector. As a result of shortage of land and rising property prices, finding property in commercial markets is becoming difficult. Further, the land conversion process is complex. The licensing process for organized retail is cumbersome requiring as many as 33 licensing protocols. Taxes differ from state to state on the movement of goods: for instance, some states levy entry tax; a few levy exit taxes; in some states, the local municipal government also levies octroi. Presently, there is the central sales tax (CST) of 3 per cent on inter-state sales and value added tax (VAT) of 4-12.5 per cent on different products. Besides, the lobby against modern retail is mounting in recent months from traditional retailers.

Nevertheless, the macroeconomic landscape indicates that the domestic retail industry has immense scope for the modern as well as traditional retailers to co-exist. Through a balanced regulatory framework and competition policy, both the traditional format and the modern format can continue to grow, eventually closing the gap between the organized and unorganized sectors. Organized retailing will: (i) promote quality employment; (ii) improve business process practices; (iii) spur investments in support industries; and (iv) enable the modernization of the fragmented traditional retail industry.

Modern retail business focuses on maximizing customer footfalls and capturing rising volume and share of the customer wallet. While the competition strategy is largely price focused, the model works by: (i) improving sourcing efficiencies; (ii) expanding product assortment; (iii) differentiating service; and (iv) enhancing the store ambience. Thus, there are four drivers of modern retail's "one-stop shopping model": price, product, service, and ambience.

A few firms are also following a mixture of acquisition and JV routes for quick market access. Additionally, firms are strategically expanding verticals by forming subsidiaries or holding firms that act as catalysts to their retail business. Typically, firms are positioning themselves in one or both of the segments: lifestyle<sup>7</sup> and value retailing<sup>8</sup> under multiple retail formats. Retail firms are adopting a combination of formats including, mega (hyper and/or super), medium (department and/or specialty), and small size (convenience and/or discount) for expansion. This strategy benefits firms in several ways. It helps to: (i) attain critical mass; (ii) economies of scope in sourcing by accruing costs across stores; and (iii) reach out to consumers in the local neighbourhood locations. Regardless of the route followed, the domestic retail industry is witnessing an increase in domestic investment, technical know-how expertise, improvements in supply chain and logistics, and demand for store brand private labels.

### **Need for the Study**

An effort is put through this study to know the buying pattern of the unorganised retailers with reference to non-alcoholic beverages. Findings of the study can be generalised for the other products also if the conditions are suitable in India. A study on unorganised retailers buying pattern with special reference to non-alcoholic beverages in Bangalore

### **Objectives**

- To understand an un-organised retailers buying pattern of non-alcoholic beverages.
- To examine the retailers perception to buyers for non-alcoholic beverages.
- To understand an un-organised retailers attitude towards new product in the market.

### **Research Design**

This study is based on the descriptive research design where we describe the phenomenon of buying pattern of the unorganised retailers with special reference to non alcoholic beverages.

### **Sampling Design**

Samples were being collected from various parts of Bangalore city for the purpose of primary data. It is collected in a random sampling method. 100 samples where be collected.

### **Data Collection Method**

This study follows a descriptive form of research design. Primary data collected by structured questionnaire and depth interview. Secondary data collected from various existing literature on the similar Research Reports and Marketing related texts.

### **Data Analysis and Interpretation**

Primary data where be collected from various parts of Bangalore city with a random sampling method. Data collection includes Retail shops, Cool Drink Bars in the city. Hundred samples are collected and out of hundred samples,

sixteen samples didn't delivered adequate information which considered as indifferent respondents. The samples are collected with a structured questionnaire. Major information expected from the questionnaire is,

- How long the respondents have retailing experience to understand retailers exposure in the industry.
- Retailers non-alcoholic products in the shop
- Understand their profitability in the Non-alcoholic products.
- To understand their stock details.
- To understand their perception about the brands.
- To understand the factors affecting their purchase.

### **Popular Non Alcoholic Beverages in the Bangalore City**

Bangalore city is the IT capital of the country where 4.3 million people are Inhabits. Non-alcoholic products in the city includes major brands in the country and locally manufactured products popular products among them are given below,

#### **Soft Drinks**

**PEPSI PRODUCTS:** 7UP, AQUAFINA, DUK'S, GATORADE, MIRINDA, MOUNTAIN DEW, NIMBOOZ, PEPSI, SLICE, TROPICANA

**COCA-COLA PRODUCTS:** COCA-COLA, DIET COKE, THUMS UP, SPRITE, FANTA, LIMCA, KINLY, MAAZA, MINUTE MAID, NIMBU FRESH, BONAQUA

**CAVAINSE PRODUCTS:** CAVINSE MILK SHAKES, BEJOYCE, DALILEE, BINDU FIZZJEERA

**ENERGY DRINKS:** MONSTER, REDBULL, PAPERBLOAT, POWER

#### **Respondents Experience in the Industry**

Out of hundred respondents eighty four are given enough information for the study, 26 respondents out of them are has ten years of experience in the retailing field. 21 of them got three years and 20 retailers have two years experiences and another 17 of them has a five years experience.

#### **Non Alcoholic Beverages in the Retail Shops**

Forty two retailers sell twenty products of Non- Alcoholic Beverages. The products includes all major brands including Pepsi, Coca-Cola, Monster, Red Bull, Power, Cavinse and also local manufactures products including Bejoyce, Dalilee, Bindhu Fizz Jeera, PaperBloat. Coca- Cola and Pepsi supply five products in the market.

Twenty seven retailers in the city sells twelve non-alcoholic beverages and five retailer's sells eight products these retailers are small shops nearby bus stops in the major parts of the city. Rest of fifteen small tea shops are also included in the sample collection they mainly sell tea and cigarettes along with it the also provides cool drinks for the customers but they mainly sells local products like Bejoyce and Fizz Jeera.

### **Most Profitable Product in the Non-Alcoholic Beverages**

Customers of Non-alcoholic beverages in the city are students, employees and working men who gets tired and gets into nearby shops to drink something, in this situation they are sometimes not bothered about the product, retailers says “if one particular product they asked is not available then they will choose another one, besides choosing another shop for the particular product”

Almost forty six per cent of the retailers or convenience shoppers choose Pepsi products as the most profitable for them and thirty seven per cent chose Coca-Cola products and fifteen per cent chose local products like Bejoyse but another five per cent informed they get good profit margin for the energy drinks like RedBull and Monster but the sales margin is lesser. Sweet beers in the market sales lesser and they don't makes good profit margins in it.

### **Stock Details of the Retailers for 15 Days Duration**

Retailers stoke of the product in the shop depends upon various factors like supply, credit duration from the distributors, demand and profit margin. Most of the retailers willing to make enough stock of the product once it finish. Forty per cent of the respondents purchase 10 case of the product once it finishes for the most profitable product. Thirty one per cent of the respondents purchase 8 case of the product and eighteen per cent mentioned they take six cases. Only five per cent chose five case of the product. Almost forty per cent chose Pepsi as the most profitable product and most of the retailers purchase 8 to 10 case of the Pepsi product for fifteen days duration. One case of the Pepsi and Coca cola product has 24 bottle of the product.

### **Best Brand According to Un-Organised Retailers**

Thirty per cent of the retailers have saved to ten years in the retailing industry. Their loyalty is depends upon the residential area nearby the shop and their credit facility they offers to customers. The study also found that their customer satisfaction level has a great role with their experience in the area. Unlike other industry it is also found very important that the relationship with the customers very unique they involves in chatting with silly matters with the customers who make a great level of loyalty among them.

Almost forty per cent of the respondents chose Pepsi as their best product because they deliver a great product length in the market which enables to attract customers of different age group. Thirty per cent chose Coca-Cola as their best product and twenty percent chose Grapza and remaining un-organised retailers chose local brand as their best product. None of the respondents found energy drinks as good for them due to the lesser sales margin and profit margin.

### **Effectiveness of the Supply and Delivery of the Product**

In Bangalore city supply of the product is normally very effective, Companies like Pepsi, Coca-Cola, Bejoyce, Dailee, Cavinse, owns their own distribution channel but for the products like energy drinks Redbull, Monster, Power and Paper Bloat delivers to the retailers by distributors. For the product that own their own distribution channel provides better profit margin for the retailers and it has fast and effective supply cycle in the city. Major companies like Coca-Cola and Pepsi make research in stoke and supply of the retailers to make effective distribution.

### **Factors Affecting Their Purchase Behavior**

Once stoke of a product finish, many retailers informs distributors for immediate supply while others waits till the distributors reach their area on their weakly routine. Common factors affecting their purchase behavior are profit margin,

demand, supply, credit facility, and income. For products like Coca-cola, Pepsi, Cavinse, Red Bull, Monster distributors are indifferent to provide credit facility but a few retailers like local manufactures and newly introduced products are favorable for the credit facility.

The question asked to respondents in order to gain information about the factors affecting while making the purchase of stoke is “Which factor you concern while purchase stoke of a Non-alcoholic product?” and options are given like profit, supply, demand, income and credit facility from the distributors. It is found that fifty three respondents are chose profit as a major factor while making the purchasing of stoke. Twenty three respondents chose demand as major factor two respondents has mentioned supply as major factor. But for nine respondents concerns credit facility and income as an affecting factor while making purchasing decision.

### **Un-Organised Retailors Attitude towards New Products in the Market**

Directly and indirectly retailers plays a big role in the promotion of every newly introduced products in the market, they places the product in an attractive manner and position, their behavior makes huge impact on the final consumer while making the purchase decision. If the retailer itself is indifferent towards the product a major chain of marketing communication is lost in to vein. To understand their attitude towards the new products the survey risen two question in the questionnaire, “Do inform a newly introduced product to your customers?” and “Do you speaks about the product to your customers?” Ninety per cent of the retailers responded that they informed about the new product to their customers but the remaining ten per cent of the retailers were indifferent towards newly introduced product. Only thirty per cent of the un-organised retailer converts about the product to their customers rest were indifferent.

### **Findings**

- Pepsi soft drink products are most profitable products for forty sixty per cent of the respondents.
- Unorganised retailers sell eight to ten cases of cool drink products within fifteen days.
- Forty per cent of the respondents chose Pepsi as the best brand according to their perception and the study found that Pepsi has an effective distribution in the city.
- Sixty five per cent chose profit as the effecting factor while purchasing stoke, seventeen percent respondents chose demand as the effecting factor, nine percent respondents chose supply and nine percent respondents chose income and credit facility.
- 90% of the retail respondents are favorable and promotes new product in the market.
- Unorganised retailers buying pattern is affected by profit, demand, income, credit facility and supply.
- Most of the unorganised retailers concerns FDI in the retailing sector as an adverse for them in the future.
- Global soft drink conglomerates Pepsi and Coca-Cola dominates soft drink market in Indian cities.

### **CONCLUSIONS**

Unorganised retailing sector is very fragmented and complex industry, but it is the industry which makes great level of direct consumer exposure other than any industry in India. Unorganised retailers sell all the products that the end consumer need in their daily life to costly ornaments. But in India unorganised retailers dominates the market. Foreign

Direct Investment Act in the retail sector made adverse impact for the unorganised retailers but growing population and Indians cultural and psychological attachment towards them makes it an evergreen industry. Soft drinks are an inevitable part of modern human life it has great product length from water to energy drinks in the market. Unorganised retailers are not choosy while making the purchase they are actually compelled to buy what the distributors offers. And a major part from the profit margin is looted by distributors. Many factors effects the unorganised retailers while making their purchase behavior i.e. demand, profit, supply, income of the retailer, and credit facility. The study is found that most of the retailers will choose a higher profit margin product but for a least retailer's credit facility and income factors affects them while making the decision. Most of the unorganised retailers favor Pepsi products and Coca-Cola product as their best brand by reason it has better distribution facility in the city. Pepsi and Coca-Cola have three round distribution per month for a particular retail shop. Most of the retailers chose Coca Cola for effective distribution, global manufactures like Coca-Cola and Pepsi runs their own distribution operation in India.

### SUGGESTION

- Customer focused retailing has to be done by unorganised retailers.
- Computerisation of accounting is a necessity for them to make annual reports.
- Government must take actions to support unorganised retailers living standard.
- Manufactures of the soft drinks (non-alcoholic beverages) should increase profit margin for unorganised retailers.
- Purchasing power of the consumer directly effects the unorganised retailers better economic condition will improve their sales and profit margin
- In time supply of the products must be delivered because shortage of the product effects their sales

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