Customer Activation and Consumer Behaviour in Retail

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ABSTRACT

Customers are becoming more powerful, more knowledgeable and more sophisticated. Research into modern consumer behavior is increasingly important for the retailing sector. Studies into retailing and how to attract consumers via better environments, service and policies is an important area of research to improve today’s consumer experience to help better understand our modern society and to support retailing organizations to attract and retain customers. This paper attempts to study the satisfaction level of customers with regard of Carrefour and the buying behavior of the customers coming in to Carrefour. The study also focuses on identifying main competitors of Carrefour with regard to services. Its provide guideline for further research in area for organized retail. The research is also important to identify Market size, growth and Market Potential of Carrefour. It shows future Scenario of Carrefour in current perspective and opportunities and challenges for Carrefour respect of internal and external environment.

INTRODUCTION

Retailing in India

Retailing is the most active and attractive sector of the last decade. While the retailing industry itself has been present since ages in our country, it is only the recent past that it has witnessed so much dynamism. The emergence of retailing in India has more to do with the increased purchasing power of buyers, especially post-liberalization, increase in product variety, and increase in economies of scale, with the aid of modern supply and distributions solution. Indian retailing today is at an interesting crossroads. The retail sales are at the top most point in history and new technologies are improving retail productivity. Though there are many opportunities to start a new retail business, retailers are facing numerous challenges. India has witnessed a frenetic pace of retail growth over the past five years. Goldman Sachs has estimated that the Indian Economic growth could actually exceed that of China by 2015. It is believed that the Country has potential to deliver the faster growth over the next 50 years. As we all know that India has been a nation of Dukandars, having around 12 million retailers. Obviously retailing is in our blood – either as a shopkeeper or as a shopper. The Indian Retail market is estimated to grow from the current US $ 330 billion to US $ 427 billion by 2010 & US $ 637 by 2015. Retail which contributes 10% of our GDP is the largest source of employment after agriculture. In the year 2004, ratio of organized-Unorganized retail was 3:97 which is expected to be 9:91 by 2010. (Annexure: 9 It is not just the global players like Wal-Mart, Tesco and Metro group are eying to capture a pie of this galloping market but also the domestic corporate behemoths like Reliance, Neel Kamal, K.K. Modi, Aditya Birla group, and Bharti group too are at the same stage of retail development...

There is augmented sophistication in the shopping pattern of customers, which has resulted to the emergence of big retail chains in most metros; mini metros and towns being the next target. Customer taste and preferences are changing leading to radical transformation in lifestyles and spending patterns which in turn is giving rise to new business opportunities.

Unorganized retailing in India, the most of the retail sector is unorganized. In India, the retail business contributes around 11 percent of GDP. Of this, the organized retail sector accounts only for about 3 percent share, and the left over share is contributed by the unorganized sector which is mostly a family owned business in India. The major challenge facing the organized sector is the competition from unorganized sector. Unorganized retailing has been there in India for centuries, thses are named as mom-pop stores. The major advantage in unorganized retailing is consumer

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familiarity that runs from generation to generation. It is a low cost structure; they are mostly operated by owners, has very low real estate and labour costs and has low taxes to pay.

Organized retailing in India in late 1990s the retail sector has witnessed a level of transformation. Retailing is being perceived as a beginner and as an attractive commercial business for organized business, i.e., the pure retailer is starting to emerge now. Organized retail business in India is very small but has tremendous scope. Organized retailing will grow faster than unorganized sector and the growth speed will be responsible for its high market share, which is expected to be $17 billion by 2010. Retailing will show fine prospects in cities like Mumbai, Delhi, Chennai, Kolkata, Bangalore and Kanpur. After Dubai, Singapore and Hong Kong. In India, Delhi will be the next big retail destination. According to Confederation of Indian Industries whose findings have shown that Delhi has the good resources and suitable conditions for the retail sector. Out of the total earnings of the Government of Delhi Rs. 11,000 crore, Rs. 6,500 crore is achieved from the retail sector. The organized sector is expected to grow faster than GDP growth in next few years driven by favourable demographic patterns, changing lifestyles, and strong income growth. This organized retail sector mix includes supermarkets, hypermarkets discounted stores and specialty stores, departmental stores.

CUSTOMER ACTIVATION
Planning the Activation
Before executing its marketing activities, a firm will benefit from identifying which customer groups to target. “By focusing on some fewer influencers only, activation can become more efficient and higher returns can be expected.

Customer data is a significant source of information for planning marketing activation. A common practice is to use customer relationship management tools and techniques to augment the impact of marketing activation because CRM “provides an integrative framework in which marketing activation and customer activities collaborate to increase patronage.

Challenges
A successful marketing activation will allow businesses to increase their profits and reach their strategic goals. There are however challenges that managers will face in putting in place a marketing activation program. One of the challenges is dealing with an ever changing marketplace. Customer preferences and attitudes keep evolving and require managers to adapt rapidly. This poses a challenge because, for example, “direct marketing activation triggers that were accurate six months ago, may now be quite inappropriate.

Another challenge related to marketing activation has to do with reaching different target markets with culturally relevant propositions. McDonald’s is said to be a good example of a company that can effectively reach a diverse audience. Among the techniques it uses, “it engages in unique marketing activation, including strong use of PR and events targeted at black, Asian, and Latino youth.

Retail Management and Consumer Behavior
Deshopping/Unethical Consumer Behavior: De shopping is the buying and returning of something after it has fulfilled its purpose e.g. buying a suit for interview and returning it afterwards. This is unethical consumer behavior. With the growth of online shopping and returns, de shopping online requires further investigation. How can we measure online de shopping? How can we reduce deshopping in retailers? How does de shopping fit with other ‘naughty’ behaviors? How do these behaviors fit with different ethical perspectives? How do organizations address this? Are their differences in deshopping across cultures? How do retailers manage complaining behaviors?

Customer Service: How do consumers actually perceive the modern customer service experience? How can this be improved?

Retail Atmospherics: How does the retailing environment influence shopping behavior?

Independent Retail Customer Service: Do small retailers have better expertise and closer relationships with customers and therefore a better experience? How can small retailers improve their service?

Male/Female Shopping Behaviors: How do men and women shop differently? How do retailers cater for these differences?

Unethical Consumer Behavior: How can we measure unethical consumer behavior? What are the latest tricks customers are up to? How do retailers reduce shrinkage? How do organizations measure and manage this?

Online Consumer Behavior: With the growth of online shopping there is much research to be conducted in this area.

TYPES OF RETAILER
There are 7 main types of retailers which can be defined by the size of their business and the way they in which they sell their products.

The seven main types of retailers are:

Department Store — This type of retailer is often the most complex offering a wide range of products and can appear as a collection of smaller retail stores managed by one company. The department store retailers offer products at various pricing levels. This type of retailer adds high levels of customer service by adding convenience enabling a large variety of products to be purchased from one retailer.

Supermarkets — Generally this type of retailer concentrates in supplying a range of food and beverage products. However many have now diversified and supply products from the home, fashion and electrical products markets too. Supermarkets have significant buying power and therefore often retail goods at low prices.

Speciality Retailers — Specializing in specific industries or products, this type of retailer is able to offer the customer expert knowledge and a high level of service. They also add value by offering accessories and additional related products at the same outlet.
E-tailer – This type of retailer enables customers to shop on-line via the internet and buy products which are then delivered. This type of retailer is highly convenient and is able to supply a wider geographic customer base. E-tailers often have lower rent and overheads so offer very competitive pricing.

Convenience Retailer – Usually located in residential areas this type of retailer offers a limited range of products at premium prices due to the added value of convenience.

Discount Retailer – This type of retailer offers a variety of discounted products. They offer low prices on less fashionable branded products from a range of suppliers by reselling end of line and returned goods at discounted prices.

CANDIDATE PROFILE
Candidates should ideally have some retail or marketing experience; however, candidates from other disciplines may be considered. A Masters Degree in retail or marketing is desirable but not obligatory. Candidates with interests in this area and working within this field are invited to make contact and setting out a preliminary research agenda as a guide to discussion and indicating what reading you have so far done around your topic.

PROFILE OF THE COMPANY
Carrefour S.A. French [ka fu] is a French multinational retailer headquartered in Boulogne Billancourt, France, in Greater Paris. It is one of the largest hypermarket chains in the world (with 1,452 hypermarkets at the end of 2011), the second largest retail group in the world in terms of revenue, and the second in profit (after Wal-Mart). Carrefour operates mainly in Europe, Argentina, Brazil, China, Dominican Republic, United Arab Emirates, Qatar and Saudi Arabia, but also has shops in North Africa and other parts of Asia, with most stores being of smaller size than hypermarket or even supermarket. Carrefour means “crossroads” and “public square” in French. Previously the company head office was in Levallois-Perret, also in Greater Paris.

OPERATIONS OF CARREFOUR IN INDIA
Carrefour is an French Multinational company. In India Carrefour has a four store first in Delhi, Second in Merrut, Third in Jaipur, fourth in Agra. At the end of this year they were plan to open a fifth store in Bengaluru. It’s full name in India is Carrefour Wholesale cash and carry. Operation head of all Carrefour store is Franck Kenner. First store open in Delhi in the year 2010. It is situated in near Seelampur Metro Station. It’s head office is situated in Gurgaon (Haryana). Store Director of Delhi store is Mr. G.S. MurliDharan. Carrefour have a retail concept business but it deals into wholesale business. Registration in Carrefour is very easy, documents needed only one license and business registration certificate. After this customer get one card from this card they can do shopping in store. In store those who have a business only that persons entry will allow inside the store other persons entry is restricted.

OBJECTIVES OF STUDY
To study the satisfaction level of customers with regard of Carrefour. To find out the buying behavior of the customers coming in to Carrefour. To identify main competitors of Carrefour with regard to services.

SCOPE OF STUDY
The scope of this research is to identify the buying behavior of customers of Carrefour. This research is based on primary data and secondary data. This study only focuses on urban buying behavior of customers. The study does not say anything about rural buying behavior of customer because rural norms/status/attitude and acceptance of the rural customers differs with urban customers. It provides help to further the research for organized retail sector. It aims to understand the skill of the company in the area like technological advancement, competition in management.

MARKET STRATEGY
Finally on September 20, 2012 Government of India allowed Foreign Direct Investment in multi-brand retail in India. It’s possible now for global retail majors like Wal-Mart, Tesco & Carrefour to enter the market which has 300-400 millions strong middle class. Without going into political economy aspect of the move let’s look at the management and marketing side of the multi-brand retail in India. Retail and aviation has many similarities in India particularly. Retail majors need to learn lessons from India’s aviation industry as both cater to same customer base.

Lessons: Largest of the domestic corporate giants have burnt their fingers in organized retail in India during more than decade long period. Top three of them have reported losses. Retail in India is a fragmented unorganized business evolved alongside the social structure of communities. India has more cultural diversity than entire Europe as language, food habits, customs, religions and even Gods change every 50 kilometers in India. Hindustan Lever Limited had attempted to monopolize ice cream market in India two decades ago by buying out major brands but they could not fight with local satraps.

Basics: India has population of the size of China living on 1/3 of the area. Publicity managers of brand India have projected that what makes India attractive is presence of 300-400 million middle class consumers. Let me flag this figure right here from marketing perspective. Since Indian society is highly fragmented and culturally diverse therefore it’s a challenge to find various ‘consumers profiles’ embedded in this large population of consumers.

India buys few cars just [1/6] as compared to China. This figure is very significant as majority of Indian people prefer buy a house before car unlike in rest of the world. India has no problem with congestion as all metro cities are teeming with people hence retail experience to India may not be same as routinely described in
classical retail plans. On the issue of buying on **credit or cash** Indian consumers are no different than others but majority of Indians don’t have credit cards.

**Entry Strategy:** What business model Walmart would use in India is the billion dollar questions. Will they go for company owned company operate [COCO] route to begin with or take the franchise route? I believe later route may be more suitable as it would cut cost of entry and provide for safe landing for this controversial roll out. If Walmart recruits 25 major franchises in the beginning it would provide substantial leverage in domestic market to navigate the social reaction in the first phase.

**POS and billing:** In my opinion POS strategy would be the waterloo for Retail in India. Walmart, Tesco and Carrefour would be wise to invent a new POS strategy as no other country resembles in India in buying behavior. I would recommend that CXOs of retail giants should invest lots of their time at airport lounges and Metro Railway in Delhi & Kolkata to grasp the behavior of Indians and ignore McKinesy consumer reports. It’s impossible to succeed in retail without strategizing this final moment of truth in retail trade.

India is really a more diverse country than it appears on paper. Retail industry may have to take Indian Railway route and organize the operations that could handle the diversity of buyer needs in India. Historically Indian may have lived under centuries of foreign domination but they have succeeded at maintaining their lifestyle and culture and this must serve as guiding principle to any executives involved in this service sector.

**SOURCES OF DATA**

**Primary Source:** The primary data was collected by means of a survey. Questionnaires were prepared and customers of the Carrefour were approached to fill up the questionnaires. The questionnaire contains ten questions which reflect on the type and quality of services provided by the Carrefour to the customers. The response of the customer is recorded on a grade scale of strongly disagree, disagree, uncertain, agree and strongly agree for each question. The filled up information was later analyzed to obtain the required interpretation and the findings.

**Secondary Source:** In order to have a proper understanding of the customer service of Carrefour a depth study was done from the various sources such as books, a lot of data is also collected from the official websites of the Carrefour and the articles from various search engines like Google, yahoo search and answers.com.

**RESEARCH DESIGN**

The research design is exploratory till identification of customer services parameters. Later it becomes descriptive when it comes to evaluating customer perception of customer service of the Carrefour.
**INTERPRETATION**

Carrefour store price is 54% good, 30% excellent, 12% Average and 4% not good.

**INTERPRETATION**

54% are from restaurant, 36% are from kirana, 6% are from trader, 4% are from hot.

**INTERPRETATION**

Availability of products on shelves is 12% excellent, 28% good, 12% average and 38% not good.

**INTERPRETATION**

Our delivery mechanism system is 6% excellent, 34% good, 40% average and 20% not good.
INTERPRETATION
Main customer reason for buying in our store is assortment which is 40%.

INTERPRETATION
Rating of our store hygiene and safety is 4% excellent, 50% good, 36% average and 10% not good.

INTERPRETATION
Receiving of price offers by customer is mostly by sms and visit which is 50% and 44%.

INTERPRETATION
Mode of transportation use by customer is mainly metro which is 32%.

INTERPRETATION
Mode of payment customer prefer is cash which is 82%.

INTERPRETATION
Rating of staff is 4% excellent, 34% good, 44% average, 18% Not good.
CONCLUSION

Indian wholesale sector is witnessing one of the most hectic Marketing activities of all times. The companies are fighting to win the hearts of customer. There is always a first mover advantage in an upcoming sector. In India, that advantage goes to — CARREFOUR. It has brought about many changes in the buying habits of people. It has created formats, which provide all items under one roof. The consumer's preferences are changing & they are moving from Traditional Kirana stores to Modern wholesale outlet. It's the main challenge to the Modern wholesale outlets to attract the customers towards them from that of competitors. To attract more customers companies have to carry out the promotional activities in unique way. CARREFOUR has maintained that uniqueness and has succeeded in attracting customers. As the competition is becoming tuff in the market the activities conducted by the company are unique, that have brought fruitful result to the company. Among them sales promotions activity organizing by CARREFOUR is one of the leading activity or unique among all other activities and has high influence on the customer walk in.

RECOMMENDATIONS

Advertising is the basic and most prominent tool to increase the awareness of product. So, Carrefour should use this tool to increase their share in the market. Retail business is successful only when they have a good customer services. Customer loyalty can only be gain by providing good or satisfied services to the customers.

Most respondents take on the spot decision of buying different products because of the various attractive products displays. So pretty combination with good services should be done to retain customers. Quality play a major role because most respondent said that they want a quality product.

And that’s also the one of the two particular reason brand. for most Customers are very price conscious they are having many options in the market. The following steps should opt :

• Should follow more of high low pricing rather than everyday low pricing.
• Should go for a weekly coupon system as it hold more of the loyal customers.
• Should provide good customer services so that customer like to visit again.
• There should be a proper assortment of various product categories.
• Proper training should be provided to the customer so that they can deal with customer efficiently.
• Various offers can be provided to them to attract new customers.
• Quality in product should be reach up to mark.
• Customer care should be separated because lots of noise are their and sometime difficult to understand the customer voice.

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Questionnaire

Name:
Age:
Gender:
Area:

Q1. How do you rate our prices?:
A. Excellent
B. Good
C. Average
D. Not good

Q2. What is your Business?:
A. Trader
B. Kirana
C. Restaurant
D. Hotel
E. Institutions

Q3. How do you describe the availability of the products on the shelves?:
A. Excellent
B. Good
C. Average
D. Not good

Q4. If you are using our delivery mechanism, how do you rate it?:
A. Excellent
B. Good
C. Average
D. Not good

Q5. What are the reasons for buying in our store?:
A. Price
B. Assortment  
C. Proximity  
D. Availability of product  

Q6. How do you rate the Store hygiene and safety environment?:  
A. Excellent  
B. Good  
C. Average  
D. Not good  

Q7. How do you rate our staff in the way they assist you, when needed?:  
A. Excellent  
B. Good  
C. Average  
D. Not good  

Q8. Are you receiving our price offers catalogues, by SMS or by visiting the store?:  
A. Catalogue  
B. SMS  
C. Visit  

Q9. Which mode of transportation do you use for coming in our store?:  
A. By Bike  
B. By Car  
C. By Taxi  
D. By Metro  

Q10. What mode of payment do you prefer?:  
A. Cash  
B. Debit card  
C. Credit card