RESEARCH PAPER

Purchasing decision for processed food products –A study of modern retail formats in Bengaluru city

■ **Abdul Kafil Bidar and Mohammad Sadiq Nikzad**

ABSTRACT

Organized retailing is the process of selling goods or merchandise all under one roof in a fixed location such as a departmental store, hypermarket, supermarket or even a convenience store. Organized retail also includes internet retailing, which is the process of buying and selling products and services, such as card on delivery (CoD), or through the internet. In India for a long time the Kirana store was the only choice available to the consumers. With the increasing demand from the customers spurred by changing trends, aspiring needs for variety, the traditional retailing gave rise to modern retail sector. The consumers prefer to buy from organized retail outlets because they can get the right quality at a right time with competitive price. These outlets are able to take care of consumer needs in delivering quality produce at lower prices. Alongside, there are vast investments being made, which open up multiple employment opportunities. The Government also gains substantially in the way of taxes. Therefore, all the parties concerned stand to gain. The present study made an attempt to identify the reasons influencing the purchase of processed food products from Modern Retail Formats in Bengaluru city. A total sample of 60 respondents selected for the study. The availability of different brands, proper shelf display of the products and reasonable price of processed food products were the major factors which influenced the consumers in Modern Retail Formats in Bengaluru city.

KEY WORDS : Purchasing, Decision, Processed food, Modern retail formats

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Food processing mainly deals with converting raw food and other farm produce into edible, usable and palatable form. It is the conversion of clean, harvested, butchered or slaughtered components into marketable food products with value addition so as to improve their quality, reliability and shelf-life. Further food processing is about preservation of food providing greater potential for market. Food processing is one of largest sector which includes many industries that use

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agriculture, horticulture, plantation, animal husbandry and fisheries inputs for manufacturing of final products (Hugar *et al.*, 2001).

A processed food can be defined as any food that has gone through chemical, mechanical or physical processing in the processing industries or at home and which has been altered from its natural state to a new state. These foods include frozen, pasteurized, fried, condensed, dried, dehydrated, canned and homogenized food (Sabeson, 1992).

Food processing involves any type of value addition to agricultural or horticultural produce and also includes processes such as grading, sorting and packaging which enhance the shelf-life of food products. The food processing industry provides vital linkages and synergies between industry and agriculture (Kubendran and Vanniarajan, 2005).

Retailing consists of all activities involved in selling goods and services to consumers for their personal, family, or household use. It covers sales of goods ranging from automobiles to apparel and food products and services ranging from hair cutting to air travel and computer education retailing is one of the largest sectors in the global economy. In India for a long time the corner grocery store was the only choice available to the consumers (Ghosh *et al.*, 2010).

The organized retail system enhances efficiency in the value chain. The farmers also get a better price which encourage growing a better quality food products.

The value chain is starts at the producers level at farm gate further it includes the packing, transportation, warehousing (including cold storage), processing and packaging of final product before being delivered at the consumer's end (Swar, 2007).

Consumer buying behaviour refers to the buying behavior of the ultimate consumer. Consumer behaviour is the understanding of how consumers make decision to use their resources such as time money and effort for buying using and disposing goods and services. The behaviour of humans as consumers is complex. Marketers understanding of the drivers of consumers buying behaviour will help them to service their customer effectively and efficiently and attract new customers. It is very important and required to understand customers shopping behaviour with regards to retailing this includes decision variables regarding brand selection shopping timing and choice of retail format and store (Gurusamy

and Prabha, 2011).

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The consumers prefer to buy from organized retail outlets because they can get the right quality, at a right time with competitive price. These outlets are able to take care of consumer needs in delivering quality produce at lower prices. Alongside, there are vast investments being made, which open up multiple employment opportunities. The Government also gains substantially in the way of taxes. Therefore, all the parties concerned stand to gain (Yadav, 2009).

METHODOLOGY

The present study was undertaken to analyse the preferences of consumers towards processed food products in modern retail formats in Bengaluru city. The main objective of the study is analyzing the buying behaviour of consumers with respect to processed food products in modern retail formats.

Study area :

Bengaluru was chosen intentionally for the project work as it is the capital city of Karnataka. Since, it is one of the ahead developing metropolitan cities and is vastly multicultural in nature with people from various states, languages, culture, religion and caste. The population of Bengaluru is composed of income groups like urban rich, middle class and urban poor. It is also the information technology (IT) and biotechnology (BT) hub of India, with industrial estates and numerous financial and educational institutions with an enormous potential for retail outlets.

Analytical tools :

The data collected for the study was processed and analyzed by using suitable statistical techniques. Descriptive statistics and Garretts ranking technique were used in the analyse the primary data. A detailed description of the analytical tools employed in the study is presented below.

Descriptive statistics :

Percentage analysis was used to study the employment pattern of consumers and the nature of purchase decision, and place of purchase and influencers of purchase decision.

Garrett's ranking technique :

Garrett's ranking technique was adopted for ranking the reasons influencing the consumer preference for the purchase of processed food products in Modern Retail Formats in Bengaluru metropolitan and to analyse the constraints faced by retail outlets in the marketing of fruits and vegetables. As per this method, respondents were asked to assign the rank for all the reasons, after which the assigned ranks were counted into per cent position value by using the formula.

Garrett's formula for converting the ranks into per cent is given by per cent position

= **100*(Rij-0.50)/Nj**

where,

Rij = Rank given for the ith item by the jth individual

Nj = Number of items ranked by the jth individual

With the help of Garrett's Table, the per cent position estimated was converted into scores. Then for each factor, the scores of each individual respondent were added and divided by the total number of respondents for whom the scores were gathered. The mean scores for all the factors were ranked, following the decision criterion that higher the value, the more important the factor was in the order of the preference by the consumers. The overall ranking was obtained by assigning the ranks 1, 2, 3 …etc. in the descending order of the mean score.

ANALYSIS AND DISCUSSION

The findings of the present study as well as relevant discussion have been summarized under the following heads :

Income level of organized retail visitors :

The monthly income of buyers, preference processed food products from organized retail store visited for shopping needs was also studied and it was found that 58. 33 per cent of respondents had monthly income level in the range of Rs. 0.5-1 lakh, followed by Rs. 100000 (31.67 %) and Rs. 10000 – 50000 (10.00 %). It shows that the buyers in organized retail formats are in

Table 1 : Monthly income of organized retail visitors			(n=60)
Sr. No.	Rs.	Numbers	Percentages
1.	10000 - 50000	19	10.00
2.	0.5 - 1 lakh	35	58.33
3.	>100000	6	31.67
	Total	60	100.00

Source : Primary data

middle and high level of income.

Occupation pattern of organized retail formats visitors :

Occupation wise customer's preference for the organized retail store visited for shopping needs was also studied and it was found that 31.67 per cent of respondents belonged to business class, followed by professionals (26.67 %), academicians (20. 00 %), house wife (16.67 %) and students (3.33 %).

It is clear from the table that most of organized retail visitors are in educated and reach class. So it shows the future of organized retail stores in Bengaluru is bright.

| Table 2: Employment pattern of respondents			(n=60)
Sr. No.	Employment	Number	Percentage
1.	Academician	12	20.00
2.	Professional	16	26.67
3.	Business	19	31.67
4.	House wives	10	16.67
5.	Students	2	3.33
6.	Others	1	1.66
	Total	60	100.00

Source : Primary data

Purchase decision by consumers in modern retail formats :

Purchase decision by consumers for processed food products from modern retail formats is presented in Table 3. It is clear from the Table that 65 per cent of consumers are purchasing the processed food product based on advance planned decision, the remaining (35.00 %) respondents were purchasing as and where they feel to buy processed food products from modern retail formats.

It is clear from the Table that processed food products are the common, and using on tea time and snacks. Hence, they always find a place in the purchase list of the consumers. Especially younger generations are more attracted by these products. The children, when they are out with elders usually demand for these

Table 3 : Purchase decision of the processed food from modern retail formats by consumers in Bengaluru city (n=60)		
Sr. No.	Nature of purchase	Number	Percentages to the total
1.	Impulsive buying	21	35.00
2.	Planned purchase	39	65.00
	Total	60	100.00

Fig. 1 :   Nature of processed food products purchasing by consumers
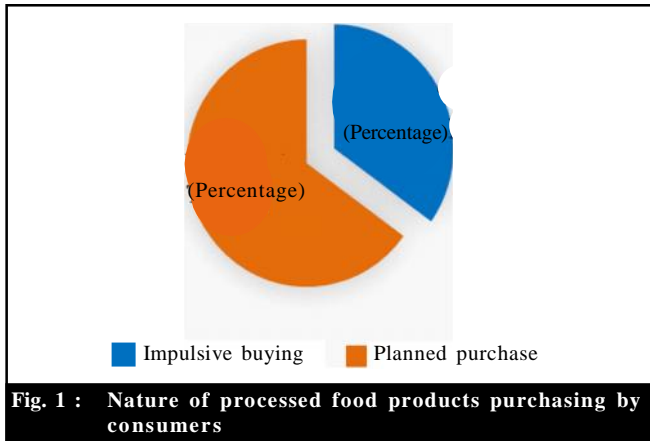
products whenever they see the shops displaying them.

Reasons for purchasing processed food products from modern retail formats in Bengaluru city :

The reasons for purchasing of processed food products in modern retail formats presented in the Table 3. The study revealed that availability of different brands of processed food products was considered as the important reason (mean score of 73.50). The second reason was proper shelf display of the products with a mean score of 71.85. The reasonable price of different brands was ranked as third factor (mean score of 66.05). The high quality of the products and friends advice were ranked fourth and fifth ranks (mean score of 53.13 and 48.95, respectively). Further store location ranked as the sixth reason (mean score of 46.97). It is interesting to note that payment methodis considered as other important reason by the consumers (mean score of 45.53). Relations with the shopkeeper was the eight reason indicated by consumers (mean score of 43.32). Shopping environment was the ninth reason for consumers (mean score of 41.48). Immediacy of the store was the tenth reason for consumers (mean score of 40.87). Further Entertainment for children and bargain facility were ranked the eleventh and twelfth reasons ranks (mean score of 40.37 and 38.42, respectively).

During the last decade there is a growing

acceptance of modern retail formats by large number of consumers in the city. This is mainly due to various reasons which are presented in the Table 3. The presence of large number of modern retail formats in Bengaluru city has encouraged large number of agribusiness industries to convert agricultural products in to acceptable form of processed food products. From the consumers point of view, the processed food products are convenient to use and also easy to prepare the food. Hence, the processed food products are generally accepted by the customers. The Table provides various reasons indicated by the consumers.

Table 4 : Reasons for purchasing processed food products from modern retail formats in Bengaluru city (n=60)			
Sr. No.	Reasons	Mean score	Garett's ranking
1.	Availability of different brands	73.50	I
2.	Proper shelf display of the products	71.85	II
3.	Reasonable price	66.05	III
4.	High quality of the products	53.13	IV
5.	Friends advise	48.95	V
6.	Store location	46.97	VI
7.	Payment method	45.53	VII
8.	Relations with the shopkeeper	43.32	VIII
9.	Shopping environment	41.48	IX
10.	Immediacy of the store	40.87	X
11.	Entertainment for children	40.37	XI
12.	Bargain facility	38.42	XII
13.	Parking facility	37.67	XIII
14.	Others	0.42	XIV

Source: Primary data

Conclusion :

Organized retail is usually chain stores, all owned or franchised by a central entity, or a single store that is larger than some cut-off point. The relative uniformity and standardization of retailing is the key attribute of modern retail. The size of each unit can be small so that a chain of convenience stores is modern retail. A single large department store is also modern retail.

The consumers prefer to buy from organized retail outlets because they can get the right quality, at a right time with competitive price. These outlets are able to take care of consumer needs in delivering quality produce at lower prices. Alongside, there are vast investments being made, which open up multiple employment opportunities. The Government also gains substantially

in the way of taxes. Therefore, all the parties concerned stand to gain.

The findings of the study contribute to the understanding of consumer shopping behaviour and their attitude and intention towards organized retail stores. A retailer must understand and know in detail, various reasons that lead to shopping intention and attitude of the consumers. This will help them to achieve success in the organized retail formats.

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