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A Study on Impact of Age Grouping on Structure Retailing

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ABSTRACT

This paper intends to examine whether certain age groups have a positive influence on retail revenue. A large body of work exists on the subject of retailing, however, many fail to show quantitative research on whether demographic characteristics of customers influence retail sales. While previous literature focuses on the supply side of retailing i.e. spatial dependencies between shops, number of competitors, and retail location, the empirical analysis of this paper will rather focus on the demand side of retailing i.e., the customer. A dataset consisting of retail sales, age structures, income, population density and gender ratios of 290 municipalities in Sweden collected in 2014 is used in the empirical testing. The main findings show that age groups between the ages of 18 and 44 have a significant positive influence on retail sales.

Introduction

The retail sector in India holds significant growth potential and various opportunities across diverse sectors and segments. In the past, Indian consumers were primarily reliant on corner grocery stores (Kirana stores) as their sole option. However, with the advent of the 1991 LPG policy, international retail formats found their way into the Indian market. Over time, organized retailing, in particular, has captured the interest of Indian consumers, drawing them to malls for shopping in considerable numbers. Nonetheless, the expansion of organized retailing has been predominantly confined to urban markets within the nation. Despite this modest growth in organized retailing, substantial portions of unorganized retail have not succumbed to decline, instead opting to revamp and redefine themselves by introducing self-service models and value-added conveniences such as credit facilities and home delivery options. To maintain their market standing, retailers have strived to entice customers through novel service dimensions, aiming to create distinctive shopping encounters. Customers' perceptions of these retailers are heavily influenced by tangible aspects of stores, encompassing factors like format, size, proximity, product range, as well as intangible elements such as store ambiance and complaint resolution processes.

By the year 2020, India is projected to double its current sales in the organized retail format. The Indian retail industry contributes to 10% of the GDP and 8% of overall employment. This sector remains highly fragmented, with unorganized retailers dominating the landscape by operating small, single-outlet enterprises that rely on family labor.

In India, the terms large-scale, modern-format and organized are used synonymously even though they have different meaning. Large-scale refers to the scale of operation of retail business which in turn implicitly refers to a chain of stores. Modern-format basically refers to self-service.

However, many of the self-service stores also called as "Supermarkets", are in the range of 500 square feet or less in size and are nothing more than independent mom-and-pop stores.

And organized retail typically means large-scale chain stores which are corporatized, apply modern- management techniques and are very likely to be self-service in nature. Most of the estimates of organized retail market size refer to only large-scale retail.

There are about 15 million retail outlets, the largest number in the world. Organized retailing is merely 7% compared to the US – 80%, Western European Countries – 70% and Brazil 40%.

Review of Literature

Prof. Rajni Yashwantrao Kshirsagar (2016), This study investigates the shift in consumer behavior towards organized retail establishments in the Solapur area, prompted by the presence of stores like D-mart, Big Bazaar, McD, and Oasis Mall. The research delves into how organized retailing has transformed the way people perceive shopping. The study analyzes the drivers behind this shift, including rising household incomes, educational levels, the convenience of finding all essential items in a single location, and the option for cashless transactions. The author identifies six key elements that will impact consumer purchasing: Individual, Communal, Societal, Financial, Emotional, and Incentive-related Factors.

Objectives of the study

The study aims to establish a connection between the age of participants and the elements taken into account in organized retail operations.

Hypothesis of the study

A correlation exists between age and the factors taken into consideration in organized retailing.

Research Methodology

The research is grounded in a combination of primary and secondary data sources. To gather primary data, a structured questionnaire was employed, involving a sample size of 800 participants chosen for the study. The collected samples, acquired through the application of a stratified random sampling technique, were subjected to validation before proceeding to subsequent analysis. Additionally, secondary data was sourced from online databases and articles. The amassed information...

Utilizing appropriate methodologies like factor analysis, the collected data underwent analysis. Participants were chosen from Tumkur, Davanagere, Shimoga, and Chitradurga.

Impact of age group of the respondent and factors considered in organized retailing

To test the hypothesis, the Chi-square test was employed to determine the connection between the age category of participants and the factors taken into account within organized retailing. The respondents' age groups were classified as 15-25, 26-35, 36-45, and 45 and above. This elucidates the correlation between the age groups of participants and the factors considered in organized retailing, as outlined in the provided table.

S. No		Chi Square observed value	P value	S/NS
01.	Everything at one Place	16.429*	0.012	S
02.	Variety of Products	13.880*	0.031	S
03.	Offers	14.104*	0.029	S
04.	Quality of product	18.302**	0.006	S
05.	Ambiance	6.274*	0.043	S
06.	Social Recognition/ Status	20.620**	0.002	S
07.	Trust	6.336	0.387	NS
08.	Inexpensive	12.710*	0.048	S
09.	Pick in Choice	12.782*	0.047	S
10	Life style	24.056**	0.001	S

*P<.05, **P<.01

Hypothesis 1: There is no association existing between the age of the respondent and factors considered in organized retailing

As indicated in Table 1, the hypothesis is disproven in a majority of instances (significant), while in a singular case (insignificant), the hypothesis finds acceptance. Drawing from this observation, we can infer that the age of respondents plays a role in influencing organized retailing. With the exception of trust, all other variables display a positive correlation with the factors under consideration in organized retailing. Consequently, the comprehensive hypothesis stands invalidated.

Similar patterns can be observed in the research conducted by Askegaard (1999) and Amanda (2004). According to Askegaard (1999), distinct age groups of customers manifest diverse desires and preferences. Despite varying characteristics within the same age bracket, there exists a shared set of values and collective cultural experiences that endure across their lifespans. Amanda (2004) suggests that males aged 18-24 drive expenditures in apparel and show an increasing inclination towards appearance-related products. People alter their consumption patterns as they progress through life, with their tastes and inclinations evolving in tandem with their age. This assertion finds support in the writings of Kotler and Armstrong (1996). The inclination towards specific foods, clothing styles, and furniture is greatly linked to age. Within the realm of marketing, age stands out as a paramount factor influencing overarching strategies for product promotion and advertisement. In devising a positioning approach for a product, marketers segment the target consumer base by age. This raises pertinent questions about the primary consumers of a given product, emphasizing the significance of age categories: children, adolescents, young adults, middle-aged, or elderly individuals (Kotler and Armstrong, 1996, p.144-145). Given the aforementioned discourse, it becomes evident that the age category of respondents significantly impacts their purchasing behavior for items such as clothing, food, and furniture. This study also validates the influence of age on consumer choices regarding toothpaste brands. As such, companies must formulate tailored marketing strategies that align with different age groups.

Findings of the study

A correlation is present between the respondent's age and the factors deliberated in organized retailing. Consequently, the hypothesis is invalidated in light of the findings derived from the aforementioned table.

Conclusion

These factors contribute to individuals favoring the organized retail format. The elements encompass a centralized shopping experience, a diverse array of products, attractive promotions, product excellence, an appealing environment, societal acknowledgement, reliability, affordability, a wide selection range, and alignment with lifestyle preferences.

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