International Journal of Enhanced Research in Management & Computer Applications,
ISSN: 2319-7471, Volume 15 Issue 8, August 2026

Customer Behavior in Indian Retail

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ABSTRACT

The purpose of this study is to analyze the consumer shopping behavior in modern retail. The method used in this research was cross sectional design. The data obtained was processed using quantitative approach with descriptive analysis and carried out by online survey. Population of this study is visitors who visit the groceries store. The sampling technique in this study used convenience sampling method. Sample in this study were 212 respondents. Criteria of respondents are customers who visit modern retailers at least three times in the last month with a minimum age of 17 years. The average expenditure of modern retail customers per shopping activity, both hypermarkets and supermarkets, is in the range of Rs 100.000 - Rs 500.000. The average time of visit hypermarket respondents is 1-3 hours for both men and women. For supermarkets, the average time of visit for woman respondents is <1 hour while men visit 1-3 hours. According to the type of retail, the time of visit to the hypermarket is 1-3 hours while for supermarket <1 hour. For hypermarkets, respondents prefer to pay using debit with a purchase amount of Rs 100.000 - Rs 500.000. Respondents who shop at the supermarket type of payment using cash with expenditure amount of Rs 100.000 - Rs 500.000.

Keywords:- Consumer shopping behavior, retail, Population, supermarkets.

INTRODUCTION

Retail is a series of business activities that sell products or services. It has been given additional value to be able to meet personal, family, group or end-user needs in retail quantities. Retail business in India can be classified based on its nature, namely traditional (conventional) retail and modern retail. In a process of distributing goods, retail becomes the last and most important link that connects between producers and consumers (Jyotsana 2010).

Retail business in India period 2020 to 2025 is growing rapidly. During this period, the growth of the number of modern retailers averaged around 19 percent and around 6 percent per year for the growth of the number of traditional retailers (Khanna et.al, 2009). It is indicated by the very aggressive expansion of modern retail into the residential areas. The retail growth rate was influenced by the increasing population, the strength of people's purchasing power and the fulfillment need for consumed products (Gupta Suresh 2010).

The growing number of people makes India the most potential consumer market. The survey conducted by the Boston Consulting Group (BCG) recorded 88 million people which is about 35 percent of the population are middle class consumers, who regularly spend more than Rs 2 million per month on routine household expenses, including food, transportation, communication and other ordinary household supplies. In 2020, this number will estimate at 141 million, representing 53 percent of the market share (Aatharva 2009).

This condition responded quickly by foreign and domestic investors to develop retail properties and shopping centers (shopping malls and department stores) in India. The industry categories that still the widest tenants are the fashion industry and food and beverages. The fashion industry represents around 60 percent of total leasing transactions in 2017 followed by food and beverages industry with 30 percent and the rest for health, beauty and jewelry retailers. Although the modern retail industry in the food and beverages sector has been proven to have great potential in the past six years when the retail market has entered a challenging period. In recent years, there has been a decline in sales of modern retailers in India.

Several modern retail outlets in the past few years have closed branch shops in several regions due to high operational costs but lack of visitors. Consumer behavior is changing today with the phenomenon of the development of internet networks affect sales activities, especially the retail sector. The development of technology shifts consumer behavior from offline purchases to online shop purchases. About 4.6 million online buyers were recorded in 2013 which increased to 8.7 million in 2016. According to Singapore Post Limited (2014) e-commerce sales in 2013 reached 1.8 billion and increased to 4.49 billion.

This condition is a challenge for modern retail outlets to be able to survive amid the emergence of similar e-commerce businesses. Increasing e-commerce sales will bring the trend of the emergence of online shops which will ultimately reduce the number of visitors to offline stores because of the convenience offered by online stores. Decreasing number of offline store visitors indicates that consumer buying interest in offline stores has also declined (Gupta and Gupta 2010).

The growth population in India continues to increase every year. The result is an increasing in national food demand and consumption. This makes the modern retail business in the food and beverages category still has great potential in India. But along with the presence of online shopping sites which, according to Gupta (2010), are becoming part of the development of e-commerce businesses that are increasing rapid and offer alternative ways of shopping for consumers resulting in these online stores being able to complement or replace existing conventional shops. This is because these online stores are not limited by space or time. Although Colliers International India Research (2017), recorded that currently only 1 percent of consumers did online shopping for groceries. The increasing volume of internet users in India can be a threat to retail businesses in maintaining outlets modern retail floor. From a survey conducted by Singapore Post, the preference of Indians to shop through groups on social media is most dominant so they can connect directly with retailers. Others use social media platforms such as online forums to share shopping experiences and products that have been purchased. The increasing number of internet users is now in line with the increase in online transactions to reach 10 percent and an increasing number of online shoppers. Based on the description above, the purpose of this study is to analyze consumer shopping behavior in modern retail.

LITERATURE REVIEW

The definition of modern retail according to Jyotsana (2010) is a sales activity that involves solving large quantities of products or goods to be distributed directly in small quantities to end consumers who are tailored to their needs. The main characteristic of modern retail is management that is carried out in a modern way using technology, prices cannot be negotiable, facilities provided are sophisticated, there are several payment methods that can be used namely credit cards, debit cards or e-money, using the principle of self-service, there are promos, discounts and prizes, generally managed by the private sector and the condition of the building or building is clean and well maintained (Khanna et, al. 2009).

The classification of modern retail business based on the area of sales according to Gupta and Gupta (2010) include kiosks; small shop with an area of less than 100 m^2, minimarkets; operated with a sales area of 100 m^2 to 1000 m^2, supermarkets; operated with sales area of 1000 m^2 to 5000 m^2, hypermarkets; operated with a sales area of more than 5000 m^2. This is also stated in the Republic of India Presidential Regulation Number 112 of 2007 has been concerned the Arrangement and Development of Traditional Markets, Shopping Centers and Modern Stores, that what is meant by modern stores is a shop with an independent service system, selling various types of goods in retail, minimarkets, supermarkets, department stores, hypermarkets and wholesalers in the form of grocery.

Purchasing behavior according to Vishnu and Aman (2010) is the buying behavior of end consumers, individuals and households who buy goods and services for personal consumption. Purchasing behavior is often influenced by individual thoughts and feelings towards certain objects (Siswanto, 2009). Consumer behavior is all consumer actions to obtain, use and sell goods or services in order to meet their needs. Individuals have the power to decide something, then consumer preference for an object becomes something very important to know. The importance of purchasing comes from the strong need for a product, the involvement of one's ego on the product, and the severity of social and financial consequences of poor decision making. This causes consumers to look for additional information about the product. Consumers in the search and use of information have the value or benefits obtained from that information. Information that is valuable helps consumers to make purchasing decisions that are more satisfying and avoid negative consequences related to poor decision making.

METHODS OF RESEARCH

The method used in this research was cross sectional design. The data obtained was processed using quantitative approach with descriptive analysis and carried out by online survey methods to respondents. Population of this study is visitors who visit the groceries store. The sampling technique in this study used convenience sampling method. Criteria of respondents are customers who visit modern retailers at least three times in the last month with a minimum age of 17 years. Sample in this study were 212 respondents. Data collected in the study was primary data. Primary data that includes all the independent and dependent variables in this study. This study used an online questionnaire with Google Docs.

RESULTS AND DISCUSSION

This research was conducted on 212 respondents who are modern retail consumers. The profile of respondents in this study shows in Table 1 include gender, age, city, recent education, and job. Table 1 shows the profile of research respondents based on demographic aspects.

Table 1 – Profile of respondents based on demographic aspects

Characteristic	Category	Amount (n)	Percent (%)
Gender	Male	46	21.7
	Female	166	78.3
Age	20 – 24	37	17.5
	25 – 35	138	65.1
	36 – 45	26	12.3
	46 – 55	9	4.2
	> 55	2	0.9
Level of education	Post graduated (S2/S3)	26	12.3
	Under graduated (S1)	163	76.8
	Diploma (D3)	10	4.7
	Senior High School	13	6.1
Job	Student	30	14.2
	Entrepreneurs	17	8.0
	Housewives	27	12.7
	Private employee	69	32.5
	Civil servant/Police/Army	31	14.6
	Freelance	5	2.4
	Unemployment	10	4.7
	Others	23	10.8
City	Bogor	69	32.5
	Jakarta	45	21.2
	Medan	16	7.5
	Pekanbaru	16	7.5
	Bekasi	12	5.7

Table 1 shows that the majority of modern retail respondents were female with total is 166 people (78.3%) and male with total is 46 people (21.7%). The results of this study indicate that woman respondents are more dominant to shopping because their needs are more than men. The respondents of modern retail consumers decided into five categories. First category is 20-24 years old (17.5%). Second category is 25-35 years old (65.1%). Third category is 36-45 years old (12.3%). Fourth category is 46-55 years old (4.2%). The last category is > 55 years old (0.9%). These results indicate that the second category that dominates modern retail consumers because the age group generally has the power to make a living in meeting their daily basic needs.

Respondents who go shopping in modern retail are dominated by respondents with undergraduate education (76.8%). The next respondent was dominated by respondents with post graduated education (12.3%). The education level of the next respondent was high school (6.1%) and diploma education level (4.7%). These results indicate that the level of education affects consumer consumption of an item or service because differences in the level of education can determine the way of view and sensitivity of consumers to information (Anshuman 2010).

Respondents who go shopping in modern retail based on the type of job are divided into eight groups, namely students, entrepreneurs, housewives, private employees, civil servants/police/army, freelancers, unemployment, and others. The results showed that respondents who go shopping in modern retail were dominated by private employees (32.5%), the second was servants/police/army (14.6%), and the third was students (14.2%). The least number of respondents in the job category was freelancers (2.4%). The number of respondents from the employee and student groups shows that respondents in this group have a high need for shopping for daily necessities to modern retail outlets.

Distribution city of modern retail respondents in this study decided into five categories. Most of the respondents are lived in Bogor (32.5%). The second was in Jakarta (21.2%). The large number of respondents from Bogor shows that the development of modern retailers generally still occurs in urban areas because of the densely populated population and the lifestyles of developing urban communities.

Every modern retail customer will have a different shopping behavior. Shopping behavior will be seen based on the average expenditure when shopping, the average visit time, favorite days visiting modern retail, and payment methods for modern retail customers. Table 2 shows the shopping behavior of modern retail customers by research respondents.

Table 2 – Respondents' behavior in shopping in modern retail

Behavior	Hypermarket		Supermarket	
	Amount (n)	Percent (%)	Amount (n)	Percent (%)
The average expenditure				
< Rs 100.000	5	3.6	2	2.7
Rs 100.000 – Rs 500.000	97	70.3	53	71.6
Rs 500.000 – Rs 1.000.000	23	16.7	14	18.9
> Rs 1.000.000	13	9.4	5	6.8
The average visit time				
< 1 hour	48	34.8	33	44.6
1 – 3 hours	90	65.2	39	52.7
> 3 hours	-	-	2	2.7
Favorite days				
Weekends and national holidays	75	54.3	42	56.8
Weekdays	63	45.7	32	43.2
Payment methods				
Debit	67	48.6	39	52.7
Credit	6	4.3	5	6.8
Cash	65	47.1	30	40.5

Table 2 shows that the average expenditure of modern retail customers per shopping activity, both hypermarkets and supermarkets, is in the range of Rs 100.000 - Rs 500.000. Respondents who are hypermarket customers spend their money around Rs 100.000-Rs 500.000 on each purchase (70.3%). Similar to hypermarkets, respondents who are supermarket customers also spend their money around Rs 100.000 - Rs 500.000 for each purchase (71.6%).

The average visit time spent by respondents who are modern retail customers will be different. Based on Table 2, it is known that 65.2 percent of respondents who are hypermarket customers have an average visit time of 1 to 3 hours per arrival to shop. As many as 52.7 percent of respondents who are supermarket customers have an average visit time less than 1 hour. In this study it is also known that there are only 2 respondents who are supermarket customers who spend more than 3 hours in each arrival shopping.

The favorite day of the respondents to shop at modern retailers of hypermarkets and supermarkets has the same behavior. As many as 54.3 percent of respondents who are hypermarket customers agree that weekends and national holidays are the right day to shop. This is also similar to respondents who are supermarket customers. As many as 56.8 percent of respondents prefer weekends and national holidays to shop.

The payment method that preference of hypermarket and supermarket customer respondents is debit. Hypermarket customer respondents are preferred to pay using the debit method (48.6 %). Supermarket customer respondents are preferred to pay using the debit method (52,7%).

Shopping at hypermarkets also requires time to shop. The duration of the visit was divided into three categories, namely <1 hour, 1-3 hours, and > 3 hours. The respondents who needed spending time for <1 hour as many as 49 women, 1-3 hours as many as 74 women and >3 hours as many as 2 women. For men respondents, 29 respondents only needed 1-3 hours to shop. This shows that woman respondents dominated with duration of visit 1-3 hours.

Table 3 – Distribution of respondents by gender and time of visit in the Hypermarket category

Gender	Time of visit		
	< 1 hour	1-3 hours	> 3 hours
Women	49	74	2
Men	0	29	0

Similar to hypermarkets, supermarkets are visited by women and men. The time of visit was the same as the hypermarket. Women respondents needed <1 hour for visit the hypermarket as many as 32 respondents. Woman respondents needed 1-3 hours as many as 10 respondents. Men respondents needed 1-3 hours as many as 18 respondents.

Table 4 – Distribution of respondents by sex and length of visit in the Supermarket category

Gender	Time of visit		
	< 1 hour	1-3 hours	> 3 hours
Women	32	10	0
Men	0	18	0

There are two types of retail modern, namely hypermarkets and supermarkets. When shopping, respondents need different times. The time of visit divided into 3 categories, namely <1 hour, 1-3 hours, and > 3 hours. Respondents who visited the hypermarket with time of visit <1 hour were 49 respondents. Respondents who visited the hypermarket with time of visit of 1-3 hours were 103 respondents. Respondents who visited the hypermarket with time of visit >3 hours were 2 respondents. Respondents who visited supermarket with time of visit <1 hour were 32 respondents. Respondents who visited Supermarket with time of visit of 1-3 hours were 28 respondents. This shows that respondents most often visit hypermarkets with time of visit for 1-3 hours.

On every purchase, there are 3 types of payments, namely debit, credit, and cash. Whereas the expenditure has four categories, namely <Rs 100.000, Rs 100.000 - Rs 500.000, Rs 500.000 - Rs 1.000.000, and >Rs 1.000.000. At the hypermarket, respondents who use the type of debit payment with an expenditure <Rs 100.000 as many as 5 respondents. Respondents who used a type of debit payment with an expenditure Rs 100.000 - Rs 500.000 as many as 60 respondents. Respondents who used a type of debit payment with an expenditure > Rs 1.000.000 as many as 12 respondents.

Table 5 – Distribution of respondents based on time of visit and type of retail

Time of visit	Type of retail	
	Hypermarket	Supermarket
< 1 hour	49	32
1 – 3 hours	103	28
> 3 hours	2	0

A total of 8 respondents used the type of credit payment with expenditure Rs 100.000 - Rs 500.000. A total of 41 respondents used a type of cash payment with expenditure Rs 100.000 - Rs 500.000. Respondents who used the type of cash payment with expenditure Rs 500.000 - Rs 1.000.000 as many as 28 respondents. This can indicate that most respondents use debits and range of expenditure is Rs 100.000 - Rs 500.000.

Table 6 – Distribution of respondents based on the type of payment and expenditure on the hypermarket category

Type of payment	Expenditure			
	1	2	3	4
Debit	5	60	0	12
Credit	0	8	0	0
Cash	0	41	28	0

1: < Rs 100.000; 2: Rs 100.000 – Rs 500.000; 3: Rs 500.000 – Rs 1.000.000; 4: > Rs 1.000.000.

Every time you spend at supermarket, respondents use 3 types of payments, namely debit, credit, and cash. In addition, there are large expenditures divided into four categories, namely < Rs 100.000, Rs 100.000 - Rs 500.000, Rs 500.000 - Rs 1.000.000, and > Rs 1.000.000. Respondents who used the type of debit payment and expenditure were < Rs 100.000 as many as 2 respondents. Respondents who used the type of debit payment and expenditure range Rs 100.000 to Rs 500.000 for 19 respondents. Respondents who used the type of debit and expenditure payments amounted >Rs 1.000.000 as many as 7 respondents.

Respondents who used the type of credit payment and expenditure range Rs 100.000 to Rs 500.000 for 4 respondents. Respondents who used a type of cash payment and expenditure range Rs 100.000 to Rs 500.000 as many as 20 respondents. Respondents used the type of cash payment and expenditure range Rs 500.000 to Rs 1.000.000 for 8 respondents. This showed that the most respondents in the supermarket used cash with an expenditure range Rs 100.000 to Rs 500.000.

Table 7 – Distribution of respondents based on the type of payment and expenditure in the Supermarket category

Type of payment	Expenditure			
	1	2	3	4
Debit	2	19	0	7
Credit	0	4	0	0
Cash	0	20	8	0

1: < Rs 100.000; 2: Rs 100.000 – Rs 500.000; 3: Rs 500.000 – Rs 1.000.000; 4: > Rs 1.000.000.

CONCLUSION

The average expenditure of modern retail customers per shopping activity, both hypermarkets and supermarkets, is in the range of Rs 100.000 - Rs 500.000. The average time of visit by hypermarket and supermarket respondents is 1-3 hours. The favorite day to visit of the respondents to shop at the types of modern retailers of hypermarkets and supermarkets has the same behavior, namely weekends. The payment method for hypermarket and supermarket respondents is debit.

The average time of visit hypermarket respondents is 1-3 hours for both men and women. For supermarkets, the average time of visit for woman respondents is <1 hour while men visit 1-3 hours. According to the type of retail, the time of visit to the hypermarket is 1-3 hours while for supermarket <1 hour.

For hypermarkets, respondents prefer to pay using debit with a purchase amount of Rs 100.000 - Rs 500.000. Respondents who shop at the supermarket type of payment using cash with expenditure amount of Rs 100.000 - Rs 500.000.

Suggestion for further research is that it is necessary to do research on tenant mix in shopping malls that have modern retail stores in the category of groceries.

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