

Has Modern Retailing in India Influenced the Consumption Expenditure Behavior of Urban Socioeconomic Classes?

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Abstract

The retail industry of India is estimated to be valued at \$470 billion. The modern trade retail occupies 8% share of the business. It was projected to reach US \$ 574 billion by 2015. The organized retail market is estimated to grow at a CAGR of 18.8%, and increase its expansion to 20% of the retail share by 2020. The global retailers are finding India to be an attractive potential destination for their businesses. The expansion of organized retail in different formats has created ample opportunities and has brought a sea change in consumer buying behavior among the various socioeconomic classes in urban India. Modern retail focuses on various non price aspects of human preferences towards consumption behavior like- dietary diversity, convenience, quality and brand, which has implications for food demand. Again, the growing supply chain efficiencies that have reduced real food prices over time have facilitated in boosting consumer demand by relatively expanding the budget line. India, unlike any other nation, has diversity in terms of geographical spread and cultural aspects. The shift of retail towards the organized format has not affected consumption behavior in every sector uniformly. This paper focused upon identifying the impact of organized retail outlets on consumption behavior towards wet food, grocery, and apparel. The paper attempted to explore the organized retail industry and evaluated the extent of its impact on changing consumption expenditure in urban India based on a data set of 850 sample respondents spread across different places of Mumbai, Navi Mumbai, Thane, and Kalyan from different socioeconomic classes.

Keywords: modern retail, global, consumption behavior, urban, socioeconomic classes, SEC system

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There is a rapid change in the Indian retail landscape. The survey conducted by Tata Consultancy Services (2013) highlighted the sentiments of the existing retailers pertaining to the excellence of their operational benchmarking to gear up and compete with the international players. The organized retail industry is trying to focus both on operational excellence and on gaining process improvement. The Indian consumers, as per a study conducted by McKinsey Global Institute (Ablett et al., 2007), stated that more than 50% of the population lies below 30 years of age and being young, the youth are dynamic in nature and experimental in character. The new generation is tech savvy, and is ready to explore every option to optimize their satisfaction. They are demanding, and once they get the product that offers them complete satisfaction, they do not shy away from spending.

The Competitive Landscape in the Indian Retail Sector

Organized retail is a type of cooperative marketing, which is not new in India. In order to gain economy of scales, Indian craftsmen and traders always formed into different “shrenies” or groups and traded during the 6th and 7th

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centuries (Thapar, 1966 as cited in Sachdeva, 2008). Even during the British period, cooperative trade was practiced. The objective was to eliminate the middleman as much as possible and to reduce the gap and benefit retrieved by the middlemen. In the current scenario, this concept of elimination of the middlemen to provide that benefit to the consumer is getting done through organized retailing. The kirana stores are the traditional retailers or the bulk breaker for the consumer. The increased disposable income gave rise to the new cooperative approach of organized retailing in India. As life is getting more westernized in India, people have started looking at shopping as an experience. The malls with their large structures are giving space to these large formats, and consumers are benefitting from the one-stop-shop experience (Sengupta, 2008 as cited in Sachdeva, 2008).

In the pre 1990s time period, during the initiation stages of organized retail (modern trade retail), it was only manufacturers' operated outlets. At the conceptualization stage, between 1990- 1995, retailers understood the potential of the market, and most of them came in the apparel segment. At the expansion stage, between 2005-2010, repositioning by existing players and also introduction of many large Indian corporates to the retail scene happened. Substantial development and expansion took place in the food and general merchandising category. A pan - India expansion took place in the top 100 cities in India. Large scale consolidation took place since 2010 onwards. This included the movement of organized retail towards smaller cities and rural areas. Large-scale entry of international brands happened. Single brand retail got approval from 51% to 100%, and MBRT got approval of 51% (India Brand Equity Foundation (IBEF), 2011).

Today, modern retail is spread over in different formats - department stores, supermarkets, hypermarkets, specialty stores, and cash & carry format. The major retailers dominating these formats are : Future Group with its Pantaloon retail (65 Stores) and Big Bazaar (160 stores) ; Raheja Group with Shoppers Stop (51 stores) ; Reliance Fresh (453 stores) ; Tata Trent with Star Bazaar, Spencer Hypercity, & Daily stores (220 stores) ; Aditya Birla More (640 stores) ; Titan with specialty stores of Titan World (320 stores), Tanishq (130 stores), and Titan Eye Plus (177 stores). Then there are also the Landmark Group, Crosswords, and Odyssey. Croma, E- zone, Vijay Sales, and Viveks are into consumer electronics. Metro and Bharti Walmart in the cash & carry format are also present in the metro cities (KPMG, 2009.)

✍ **FDI in Retail :** Organized retail, which constitutes 8% of the total retail market, is expected to grow much faster than traditional retail and gain a higher share in the growing pie of the total retail market in India. Various estimates have put the share of organized retail as 20% by 2020 (Deloitte, 2013). This sector, as such, has drawn eyes of the policy makers as a potential destination to contribute towards economic development. This optimistic expectation of growth has made them change towards adoption of a liberalized FDI policy in modern retail.

As studies have proven the impact of technology transfer and other management efficiencies to be the contribution and carry forward of FDI towards the host economy, organized retail will definitely be able to gain benefits from the efficiency gain through developed logistics and supply chain management. This will be able to facilitate restoring the 30% loss of food items that we had been mourning about, with the improvement in efficient storage conditions. The NSSO's 64th round data stated that more than 2/3rd of the total employment, in the broad category of trade, hotels, and restaurants, is in the retail sector (Ministry of Statistics and Programme Implementation, 2008). FDI in multi-brand retail is likely to bolster retail capabilities by attracting foreign investments. Better retail access is also likely to provide consumers with wider product choice and rationalized prices, facilitating increased consumption.

The experience of China and Indonesia shows that traditional and modern retail can co-exist and grow, albeit at different rates. While kirana stores may be growing at 2% to 5%, organized retail may be growing at 20% to 40% CAGR or more. In Indonesia, even after the emergence of supermarkets, 90% of the fresh food and 70% of the entire food is still controlled by traditional retailers. In Japan, organized retailers co-opt several kirana stores and hawkers drawn from the pool of traditional retailers, who are then upgraded with capital infusion and are trained to meet the demands of the customers (PricewaterhouseCoopers, 2012).

Changing Consumption Behaviour

The ever-changing consumption practices act as one of the biggest challenges for the marketers (in a developing economy like India) to keep pace with the fast changes. The Indian consumers are fluctuating in their purchase behavior from being brand loyalists to conscious analyzers of rupee value, which puts a bigger hurdle in the way of the retailer to suffice the heterogeneous demand pattern of the billion demands and provisions of enduring services and delighting the consumers (Minten, Reardon, & Sutradhar, 2010).

The food pattern consumption has changed from basic cereals to more non - cereal based diets. Many studies (Bansil, 1999 ; Chatterjee, Rae, & Ray, 2006 ; Kumar & Kumar, 2003 ; Kumar & Mathur, 1996 ; Radhakrishna & Ravi, 1992 ; Rao & Dhar, 2004) have illustrated the emerging food consumption patterns in India. The researchers noted that there has been a clear shift in recent decades from grain consumption to non-grain food and animal products consumption. The per-capita grain consumption has been decreasing since the 1980s. This decline is due to various reasons, including income growth and urbanization & associated changes in lifestyles, changes in relative prices, and the availability of non-grain food, which has been introduced by organized retailers in different brands. The National Sample Survey Organization (NSSO) survey results revealed that the average monthly per capita cereal consumption in the urban areas of India dropped from 11.2 kg in 1973-1974 to 10.6 kg in 1993-94. The corresponding decline in the rural areas was 15.3 kg and 13.4 kg, respectively (NSSO, 1996).

It is evident that in every emerging economy, as the number of retailers entering the market has increased, the consumers' shopping habits and their consumption expenditure patterns have also evolved. Moreover, with the growth of modern retail, the offerings of these outlets have turned out to be more accessible to the consumers, thereby helping the retailers to achieve their broad objective of meeting the demands of a diverse audience. The progress of modern retailing of the grocery sector, specifically, is not always dependent on the level of supply chain efficiencies. The convenience as well as quality food demand of the consumers also influences the consumption of the consumers, which leads to efficiencies gained between producers and consumers. The high growth of modern retailers has witnessed the growth of packaged and readymade foods (Tandon, Landes, & Woolverton, 2011).

On the one hand, impulse buying and brand switching became an evident task (Sinha & Uniyal, 2005), and on the other hand, the wide array of brands and product displays has led to the purchase of many non-essential purchases by the consumers, which got facilitated by the emergence of modern trade retail. Vishvas and Valleti (2013) studied the five constructs that could be used by the retail outlets to empower the subjective experience of the consumers, and that can facilitate increased and satisfied consumption.

The definition of the new socioeconomic classes (SEC) has been reworked and redefined by The Market Research Society of India (2011). The emphasis has shifted from income to the chief wage earner's educational qualification along with the number of "consumer durables" (from a predefined list) owned by a family. The list has 11 basic items either owned or used by a family, ranging from electric connection, owning of agricultural land to owning cars and air conditioners. There are 12 grades in the new SEC system, ranging from A1 to E3. The modern trade retailers have been able to facilitate the consumers by offering different products under one roof, thus enhancing their consumption expenditure behavior. The current urban SEC system has 8 grades, and is based on occupation and education of the chief earner. The current rural SEC system has 4 grades, and is based on education of the chief earner and the material used in construction of dwelling (The Market Research Society of India, 2011) (please refer to Appendix Tables 1 and 2).

Research carried out by consultancy houses has proved that there is a rise in purchasing power and disposable incomes (Table 1) and change in consumer expenditure patterns (Table 2) in India, which can facilitate and connect us to understand the relationship of this rising capacity with the availability of products through organized retail, and how this influences the consumption expenditure.

Objectives of the Study

The study aims at finding the influence MTR (modern trade retail) has in boosting consumption. The study also

Table 1. Purchasing Power and Disposable Incomes

Indicator	2010	2011	2012	2013	2014
GDP, Purchasing Power Parity (\$ per capita)	3453	3777	4103	4434	4819
GDP, Purchasing Power Parity (per capita %)	12	9.3	8.6	8	8.6
Gross Disposable Income Per Household \$	5295	6151	6867	7627	8447
Gross Disposable Income Per Household Growth %	16.3	26.1	11.6	11.07	10.75
Rural Population %	70.21	69.98	69.75	69.53	69.3
Urban population %	29.79	30.02	30.25	30.47	30.7

Source : Datamonitor Country Insight, n.d.

Table 2. Consumer Expenditure Pattern

Household	2006	2007	2008	2009	2010	2011
Total US \$ Million						
Couples with children	3,29,364	4,01,651	4,37,863	4,48,467	5,55,701	6,22,907
Couples without children	82,941	1,05,418	1,16,065	1,19,630	1,49,432	1,68,575
Single parent families	10,012	13,149	14,473	14,929	18,646	21,039
Single person	6,825	8,115	8,603	8,547	10,319	11,292
Other	1,20,100	1,60,975	1,73,835	1,76,419	2,16,964	2,41,361
Total	5,49,241	6.89,308	7,50,838	7,67,990	9,51,061	10,65,174
US \$ Per Household						
Couples with children	3,001	3,596	3,854	3,882	4,734	5,223
Couples without children	1984	2,446	2,617	2,625	3,195	3,517
Single parent families	2,214	2,825	3,025	3,039	3,702	4,078
Single person	1,012	1,204	1,276	1,268	1,529	1,672
Other	2,494	3,316	3,550	3,571	4,351	4,795
Total	2,603	3,210	3,210	3,457	4,212	4,64

Source: www.euromonitor.com as cited in Sinha, Gokhale, & Thomas (2012)

aims at finding the following : (a) what all factors influenced its rise ? (b) Though the study considers only three product categories (wet food, grocery, and apparel), did all of them have a similar impact? Since the study also correlates with the SEC's, what was their response towards these product categories ? Thus, the objectives of the study are :

- (1)** To examine if rising consumption is an outcome of impulse buying due to various factors induced by MTR outlets.
- (2)** To examine the preferences of the urban socioeconomic classes to buy from MTR outlets and if their consumption expenditure had increased.
- (3)** To examine whether the consumption expenditure behavior of the socioeconomic classes has a positive relation with their change in income over a period of 3 years, and to analyze the emergence of MTR outlets- specific to each of the product categories.

Hypotheses

The study analyzes the impact of MTR in influencing and boosting consumption of wet food, grocery, and apparel and tries to check the validity of the objectives through the following hypotheses:

- **H01:** Higher consumption through MTR has not been an outcome of impulse buying.
- **Ha1:** Higher consumption through MTR has been an outcome of impulse buying.

- **H02:** Modern retail has not enhanced the consumption expenditure of the urban socioeconomic classes.
- **Ha2:** Modern retail has enhanced the consumption expenditure of the urban socioeconomic classes.

- **H03:** There is no association between the socioeconomic class of the respondent and the pattern of consumption expenditure in proportion to change in income with the emergence of modern retail in the last 3 years pertaining to wet food.
- **Ha3:** There is an association between the socioeconomic class of the respondent and the pattern of consumption expenditure in proportion to change in income with the emergence of modern retail in the last 3 years pertaining to wet food.

- **H04:** There is no association between the socioeconomic class of the respondent and the pattern of consumption expenditure in proportion to change in income with the emergence of modern retail in the last 3 years pertaining to grocery.
- **Ha4:** There is an association between the socioeconomic class of the respondent and the pattern of consumption expenditure in proportion to change in income with the emergence of modern retail in the last 3 years pertaining to grocery.

- **H05:** There is no association between the socioeconomic class of the respondent and the pattern of consumption expenditure in proportion to change in income with the emergence of modern retail in the last 3 years pertaining to apparel.
- **Ha5:** There is an association between the socioeconomic class of the respondent and the pattern of consumption expenditure in proportion to change in income with the emergence of modern retail in the last 3 years pertaining to apparel.

Research Methodology

The study was carried out in Mumbai and its suburbs (of Mumbai, Navi Mumbai, Thane, and Kalyan) towards the end of 2013. A sample set of 850 respondents (urban consumers) of different socioeconomic classes participated in the study. We conducted the study to understand their purchase behavior expressed through consumption expenditure as a result of the emergence of MTR. What all criterion induced them to influence their consumption? Does organized retail have a similar impact in escalating the consumption of wet food, grocery, and apparel? The research thus measured the increase of consumption by the buyers of modern trade retail (MTR) among the different socioeconomic classes of urban India. This was measured on a likert scale by considering the parameters - *increased, remained same, or decreased*.

Organized retail was chosen for the study as even at its nascent stage (2012 data), comprising of only 8% of the total market share, it was growing at a CAGR of 18.8% per annum (A.T. Kearney, 2012). The SEC (socioeconomic classes) were categorized on the basis of the newly analyzed SEC Classification brought out by The Market

Research Society of India (MRSI), 2011. The study analyzed the influence of much practiced in store promotion and visual merchandising adopted by these outlets in escalating consumption.

Face-to-face, structured questionnaires were used to understand the impact of impulse buying. The sample population belonged to the age group of 30 years plus, and 86% of the respondents fell in the age group of 30-50 years. Out of the total sample, 81.5% belonged to A1, A2, and A3 SECs (refer to the Appendix Tables 1 and 2), and the remaining 18.5% belonged to the other classes, which showed that most of the urban population are educated and possessed all the basic components of livelihood. Throughout the questionnaire, a 5-point scale (1 = *strongly agree*, 5 = *strongly disagree*), or a 3-point scale (1 = *increased*, 3 = *decreased*) was used to measure the constructs of interest. The major two constructs of interest were studied : (a) general impulse buying tendency as a result of emergence of MTR boosting consumption, (b) the impact of this in influencing consumption of wet food, grocery, and apparel amongst the different socioeconomic classes.

The first construct looked at ascertaining the general impulse buying tendency of the respondents to act impulsively and whether they exhibited the tendency to make impulse purchases, thereby pushing up their consumption expenditure. Jones, Reynolds, Weun, and Beatty (2003) used a 9-item scale to measure this construct. But its contents were modified in this study so that it measured the different impulses which induced higher consumption expenditure. This was done with regard to wide variety, good quality, discounted price, impact of visual merchandising, availability of different brands under one roof, one stop shopping experience, and any other to specify.

Analysis and Results

Respondents were people aged between 30 and 60 years, urban dwelling, and were employed in some service or had a business. The major areas analyzed were the increased consumption expenditure being influenced by impulsive buying for grocery, wet food, and apparel as a result of store promotion, visual merchandising, wide assortment, and the shopping experience offered by the modern trade retail outlets.

Initial data screening was done for missing values and outliers, and the normality of the data set was tested using SPSS 20. The following measures were used to assess the model fit: the ratio of chi-square, degrees of freedom and their ratio, Cronbach's alpha as well as content validity through exploratory factor analysis- KMO and Bartlett's test. The normality of the data was observed by its kurtosis and skewness. The final measurement models show a reasonably good fit, and most of the fit indices are above or close to the required minimum threshold level.

The analysis shows that the data is normal as both skewness and kurtosis value lies between +2 and -2. The Cronbach's alpha is .761, proving its reliability. Exploratory factor analysis gives KMO and Bartlett's approximate value for chi square to be 950.563 and significant at .000, and proves the content validity. Chi square test was conducted to prove the hypotheses and accept them, thereby concluding that there exists a positive association between emergence of MTR and increase in respondents' consumption expenditure behavior. The data reveals that 89.6% of the respondents felt that their consumption expenditure increased by up to 25% due to their purchase from MTR outlets.

Analyzing the main sources of supply for the consumers' households, we concluded that the main sources of supply of grocery and apparels for these SEC's were the big shops - the modern trade retail outlets, while for wet foods, they still relied on unorganized local retail outlets. The concept of touch and feel factor for fresh fruits, vegetables, milk, meat and daily need products propelled the consumers to replenish from local stores. Thus, the respondents (35%) said they made between 60% - 80% of their monthly purchases from supermarkets, and the remaining 40% - 20% of the purchases were made from traditional stores and local 'mandis'.

Urban areas have been a witness to the advent of shopping malls since the last 10+ years. These shopping malls give space to large format retail outlets, which are becoming the pull factor for the consumers to renounce shopping from small retailers. The cross tabulation shows the different aspects which acted as influencers in pushing consumption expenditure among the respondents who shopped from these MTR outlets.

The study shows that 65.3% of the respondents said that they chose to shop in large stores because of the

Table 3. Attributes Influencing Consumption Expenditure

		Outlet from where you generally buy							
		Organized		Unorganized		Both		Total	
		Count	Column N %	Count	Column N %	Count	Column N %	Count	Column N %
Q9. Other factor for buying from such outlets	Wide Variety	70	74.5%	25	29.8%	460	68.5%	555	65.3%
	Good Quality	59	62.8%	24	28.6%	367	54.6%	450	52.9%
	Reasonable Price/ discount & offers/promotions	53	56.4%	24	28.6%	368	54.8%	445	52.4%
	attractive display and ambience	40	42.6%	18	21.4%	235	35.0%	293	34.5%
	experience of shopping / concept of one stop shop	43	45.7%	19	22.6%	262	39.0%	324	38.1%
	Others	5	5.3%	3	3.6%	16	2.4%	24	2.8%
	None	0	.0%	22	26.2%	17	2.5%	39	4.6%
	Total	94	100.0%	84	100.0%	672	100.0%	850	100.0%

Table 4. Influence of Attributes on Different Urban Socioeconomic Classes

SEC Class													
		A1		A2		A3		B1		B2 to E3		Total	
		Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
Q9. Other factor for buying from such outlets	Wide Variety	120	77.9%	232	68.2%	124	62.3%	37	52.9%	42	48.3%	555	65.3%
	Good Quality	85	55.2%	174	51.2%	122	61.3%	30	42.9%	39	44.8%	450	52.9%
	Reasonable Price/ discount offers/ promotions	90	58.4%	172	50.6%	117	58.8%	31	44.3%	35	40.2%	445	52.4%
	attractive display and ambience	61	39.6%	115	33.8%	80	40.2%	16	22.9%	21	24.1%	293	34.5%
	experience of shopping / concept of one stop shop	74	48.1%	128	37.6%	89	44.7%	17	24.3%	16	18.4%	324	38.1%
	Others	5	3.2%	7	2.1%	9	4.5%	2	2.9%	1	1.1%	24	2.8%
	None	4	2.6%	11	3.2%	4	2.0%	5	7.1%	15	17.2%	39	4.6%
	Total	154	100.0%	340	100.0%	199	100.0%	70	100.0%	87	100.0%	850	100.0%

diversity of products available ; 52.9% of the respondents revealed that they chose MTR outlets because of the availability of good quality of products ; 52.4% of the consumers found the prices to be lower than they were in the traditional stores, and that these stores had attractive offers and discounts and various in store promotions, making the real purchase more ; 34.5% of the respondents felt that the display and ambience attracted them to purchase more ; thus confirming visual merchandising to being an important aspect of impulse decisions ; 38.1% of the respondents stated that the MTR outlets provided them a good experience of shopping with a concept of one-stop shop, and it became a weekend outing with the family as an entertainment and leisure activity. Some other reasons given specifically by 2.8% of the respondents are : The MTR outlets gave them an opportunity to study the products, go through the labels, check in detail their compositions, make comparisons between similar products with their prices, and then take a purchase decision. The respondents revealed that they could discuss about the

Table 5. Emergence of MTR Influencing Consumption Expenditure of Different SECs (Cross Tabulation)

			Upto what extent has emergence of organized retail enhanced (increased) your consumption pattern?					Total
			<i>Can't Say</i>	<i>Highly</i>	<i>Moderately</i>	<i>Not at all</i>	<i>Not Much</i>	
Socio Economic Classes	A1	Count	24	32	84	3	11	154
		Expected Count	25.5	24.6	86.4	4.7	12.7	154.0
		% within Socioeconomic Class	15.6%	20.8%	54.5%	1.9%	7.1%	100.0%
	A2	Count	46	64	207	7	16	340
		Expected Count	56.4	54.4	190.8	10.4	28.0	340.0
		% within Socioeconomic Class	13.5%	18.8%	60.9%	2.1%	4.7%	100.0%
	A3	Count	37	23	114	6	19	199
		Expected Count	33.0	31.8	111.7	6.1	16.4	199.0
		% within Socioeconomic Class	18.6%	11.6%	57.3%	3.0%	9.5%	100.0%
	B1	Count	13	5	39	3	10	70
		Expected Count	11.6	11.2	39.3	2.1	5.8	70.0
		% within Socioeconomic Class	18.6%	7.1%	55.7%	4.3%	14.3%	100.0%
	B2 to E3	Count	21	12	33	7	14	87
		Expected Count	14.4	13.9	48.8	2.7	7.2	87.0
		% within Socioeconomic Class	24.1%	13.8%	37.9%	8.0%	16.1%	100.0%
Total	Count		141	136	477	26	70	850
	Expected Count		141.0	136.0	477.0	26.0	70.0	850.0
	% within Socioeconomic Class		16.6%	16.0%	56.1%	3.1%	8.2%	100.0%

Table 6. Chi Square Test Value

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	46.882 ^a	16	.000

Note : The superscript "a" signifies calculated value of the chi square test.

products among their own close group like family or friends as long as they wanted, and this relaxed atmosphere provided them satisfaction, and induced more purchases (refer to Tables 3 and 4).

Validity of the Hypotheses

The hypotheses thus formulated need to be validated to observe if they are to be accepted or rejected to prove the objectives of the study. Thus, the data analysis of the study (Tables 3 and 4) shows that, though the respondents preferred to buy from both traditional and modern outlets, yet, their purchases were more from MTR outlets when their proportionate spending was analyzed. The mean spending through MTR is more (52.22) than through traditional outlets (47.66). The statistical test shows that the expenditure through organized (MTR) retail is greater than it is for unorganized retail ($t = 2.342, p = 0.019$, which is less than 0.05, hence significant).

The result shows the value of the chi-square test to establish a relation of increased consumption with the emergence of modern retail among various SECs. The calculated value of the chi-square test at 16 degrees of freedom is 46.882, and its two - sided p value is 0.000. Hence, H_01 is rejected, and H_{a1} is accepted to establish that impulse buying influenced consumption expenditure through modern retail outlets.

Table 7. Consumption Expenditure of SECs in Wet Food Category (Cross Tabulation)

			Food			Total
			Decreased	Increased	Remained Same	
Socio Economic Classes	A1	Count	3	99	52	154
		Expected Count	3.3	95.5	55.3	154.0
		% within Socioeconomic Class	1.9%	64.3%	33.8%	100.0%
	A2	Count	6	222	112	340
		Expected Count	7.2	210.8	122.0	340.0
		% within Socioeconomic Class	1.8%	65.3%	32.9%	100.0%
	A3	Count	3	121	75	199
		Expected Count	4.2	123.4	71.4	199.0
		% within Socioeconomic Class	1.5%	60.8%	37.7%	100.0%
	B1	Count	3	43	24	70
		Expected Count	1.5	43.4	25.1	70.0
		% within Socioeconomic Class	4.3%	61.4%	34.3%	100.0%
	B2 to E3	Count	3	42	42	87
		Expected Count	1.8	53.9	31.2	87.0
		% within Socioeconomic Class	3.4%	48.3%	48.3%	100.0%
Total	Count	18	527	305	850	
	Expected Count	18.0	527.0	305.0	850.0	
	% within Socioeconomic Class	2.1%	62.0%	35.9%	100.0%	

Table 8. Chi-Square Test Value

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.236 ^a	8	.189

Note : The superscript "a" signifies calculated value of the chi square test.

The cross tabulation exhibits enhanced consumption (Table 5) of the different SECs that shows increased consumption expenditure of the respondents. The value of the chi-square test (Table 6) shows the calculated value of chi-square at 16 degrees of freedom to be 46.882, and its two-sided *p* value is 0.000. It can be concluded that at the 5 % level of significance, the hypothesis H02 is rejected and Ha2 is accepted, so it can be concluded that there is an association between the socioeconomic class of the respondent and that the emergence of organized retail enhanced (increased) the consumption expenditure behavior of the respondents.

Next, the Table 7 shows the consumption expenditure in the wet food category. The chi-square test value (Table 8) gives the calculated value at 8 degrees of freedom to be 11.236, and its two-sided *p* value is 0.189. It can be concluded that at the 5% level of significance, the hypothesis H03 is not rejected. So, it can be concluded that there is no association between the socioeconomic class of the respondent and the pattern of consumption expenditure in proportion to change in income with the emergence of modern retail in the last 3 years pertaining to wet food.

The consumers' expenditure pattern exhibited (Table 9) the pattern towards grocery purchases for the SECs. The calculated value of the chi-square test (Table 10) gives its calculated value at 8 degrees of freedom to be 25.556, and its two-sided *p* value is 0.001. It can be concluded that at the 5 % level of significance, the hypothesis H04 is rejected, and Ha4 is accepted. So, it can be concluded that there is an association between the socioeconomic class of the respondent and the pattern of consumption expenditure in proportion to change in income with the emergence of modern retail in the last 3 years pertaining to grocery.

Table 9. Consumption Expenditure of SECs in Grocery Purchase (Cross Tabulation)

			Grocery			Total
			Decreased	Increased	Remained Same	
Socio Economic Classes	A1	Count	2	94	58	154
		Expected Count	3.6	85.2	65.2	154.0
		% within Socioeconomic Class	1.3%	61.0%	37.7%	100.0%
	A2	Count	4	201	135	340
		Expected Count	8.0	188.0	144.0	340.0
		% within Socioeconomic Class	1.2%	59.1%	39.7%	100.0%
	A3	Count	5	110	84	199
		Expected Count	4.7	110.0	84.3	199.0
		% within Socioeconomic Class	2.5%	55.3%	42.2%	100.0%
	B1	Count	3	33	34	70
		Expected Count	1.6	38.7	29.6	70.0
		% within Socioeconomic Class	4.3%	47.1%	48.6%	100.0%
	B2 to E3	Count	6	32	49	87
		Expected Count	2.0	48.1	36.8	87.0
		% within Socioeconomic Class	6.9%	36.8%	56.3%	100.0%
Total	Count	20	470	360	850	
	Expected Count	20.0	470.0	360.0	850.0	
	% within Socioeconomic Class	2.4%	55.3%	42.4%	100.0%	

Table 10. Chi-Square Test Value

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	25.556 ^a	8	.001

Note : The superscript "a" signifies calculated value of the chi square test.

The consumption expenditure of apparel as exhibited in the Table 11 shows the pattern of purchase by the SECs. The value of the chi-square test (Table 12) gives the calculated value of the chi-square test at 8 degrees of freedom to be 28.710, and its two-sided *p* value is 0.000. It can be concluded that at the 5 % level of significance, the hypothesis H05 is rejected, and Ha5 is accepted. So, it can be concluded that there is an association between the socioeconomic class of the respondent and the pattern of consumption expenditure in proportion to change in income with the emergence of modern retail in the last 3 years pertaining to apparel.

Findings of the Study

The chi-square test was conducted to accept or reject the hypotheses framed to prove the objectives. In the validation of the hypotheses, it is observed that for the wet food category, the null hypothesis is not rejected, and in the case of grocery and apparel, the null hypothesis is rejected, and it is accepted that both these products' consumption expenditure increased due to the emergence of and the consequent purchases through organized retail. Therefore, the overall consumption expenditure of the SECs was influenced by MTR outlets.

The growth of the nation has increased the disposable income of its population. Economic growth, changes in tastes and preferences, and urbanization have resulted in turning the consumption patterns away from traditional

Table 11. Consumption Expenditure of SECs in Apparel Purchase (Cross Tabulation)

			Apparel			Total
			Decreased	Increased	Remained Same	
Socio Economic Classes	A1	Count	4	112	38	154
		Expected Count	6.0	104.5	43.5	154.0
		% within Socioeconomic Class	2.6%	72.7%	24.7%	100.0%
	A2	Count	8	247	85	340
		Expected Count	13.2	230.8	96.0	340.0
		% within Socioeconomic Class	2.4%	72.6%	25.0%	100.0%
	A3	Count	6	131	62	199
		Expected Count	7.7	135.1	56.2	199.0
		% within Socioeconomic Class	3.0%	65.8%	31.2%	100.0%
	B1	Count	5	41	24	70
		Expected Count	2.7	47.5	19.8	70.0
		% within Socioeconomic Class	7.1%	58.6%	34.3%	100.0%
	B2 to E3	Count	10	46	31	87
		Expected Count	3.4	59.1	24.6	87.0
		% within Socioeconomic Class	11.5%	52.9%	35.6%	100.0%
Total	Count	33	577	240	850	
	Expected Count	33.0	577.0	240.0	850.0	
	% within Socioeconomic Class	3.9%	67.9%	28.2%	100.0%	

Table 12. Chi-Square Test Value

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	28.710 ^a	8	.000

Note : The superscript "a" signifies calculated value of the chi square test.

food commodities to processed and high value commodities (Murty, 2000 ; Meenakshi, 1996 ; Rao, 2000). However, this aspect of urbanization had a different impact in the study conducted by Chattopadhyay (2013) to identify consumers' shopping behaviour. The researcher studied these three products with reference to Eastern India in the capitals of Bihar, West Bengal, Jharkhand, and Odisha. The results obtained for these regions were different. Both food and grocery were purchased from local shops in these areas, but for apparel, the assortment range was important. So, the concept of "shopping experience" in organized retail outlets was not associated with the first two product categories. The concept of a shift towards high value retrieving from organized outlets was confined to apparel only. However, in the metropolis of Mumbai and its suburbs (in case of the present study), the preference for both grocery and apparel purchase was organized retail outlets, and wet food was preferred to be purchased from local retailers.

A similar study conducted by Farhangmehr, Marques, and Silva (2000) at Braga, Portugal, by considering a sample size of 500 respondents revealed almost similar reasons of impulse buying, influencing purchases from supermarkets. The study stated that according to the respondents, store appearance and purchase at the same location at an attractive discounted price influenced the respondents' purchases. Minten et al. (2010) noted that the modernized bulk and direct purchases from the producer enabled organized retail stores in Delhi to offer products at lower prices than offered by traditional stores.

All these studies reveal a similar impact - that modern retail outlets do influence the consumption expenditure of the consumers.

Conclusion

Modern retailing of food, grocery, and apparel is expanding. However, based upon evidence and experience, its expansion in wet food seems to have many bottlenecks due to diversity in customer demography and the strength of prevalence of a fragmented industry in this field. People's cultural preferences of going on a regular basis to buy fresh from local roadside outlets still has dominance. The milkman coming and distributing milk, a local vendor coming to deliver bread, pav (a type of bread used as breakfast in Mumbai and its suburbs), and eggs are prevalent practices since decades. Grocery will have more and more opportunities, hence the structured retailers prevalent would be opening up faster. FDI in multibrand retail will benefit these existing players both in the grocery and apparel segments. It would add to the development by generating huge employment opportunities both in front as well as back-end supply chain management. Customers too would benefit this efficiency gain.

The Government has a big role to play to enhance this benefit for the consumers. It needs to fast track infrastructural growth, quality affordable real-estate needs to be provided to boost this penetration, the labour laws need to be streamlined, which would facilitate a better take-off for this sector. Modern retail is able to meet the rising demand for (a) dietary diversity, (b) an experience and convenience of shopping, (c) fulfillment of hygienic food safety as desired by rising income groups. Food accounts for a large share of expenditure in developing countries and the consumers are more responsive to income and price changes. At the end, what matters most is that the consumers get the best, availability pushes their consumption and satisfaction along with a great experience, and the economy also can reap the benefits in the form of growth.

Managerial Implications

Retail is an industry which caters to the last stage of distribution, and thus, as per its definition, it breaks bulk for the consumer to suit the specific need of every shopper. Consumer buying behavior has always been an important aspect of analysis for a marketer. The factors that act to pull and thus facilitate in boosting consumption is a matter of great importance. The marketers want to identify those multiple objectives which drive consumer decisions so as to identify if their consumption decisions are routine or non-routine. The managerial approaches to consumer behavior are focused upon identifying these mechanisms which might influence consumer decision in escalating their consumption. Consumer behavior is an important phenomenon as there are several options available to a consumer, and the consumer has to take a decision within the given constraints, relating to his/her choices. Every retailer thus expects to grab the maximum share of the surplus that a consumer tends to spend on each product category, which optimizes both marketers' objective of profit optimization and consumers' desire of getting a quality product for a good price. The present research will enable the government to formulate suitable policies for the retail sector, and will be useful for the retailers to get an insight into consumer behavior, which is the basis of growth of this business.

Limitations of the Study and Suggestions for Future Research

The study was restricted to Mumbai and its suburban areas, and as such, it has a limitation in terms of its impact on all the urban places due to geo-demographical diversity. The study is based on the perception of the consumers, which is subject to change both from place to place and from time to time, and may even change in case of different product categories. Changing consumer behavior in India in the future might warrant more studies in this area. Time constraints acted as another major limitation of this study.

Further empirical studies can be done so as to identify the influence of rising consumption expenditure on

economic growth - does it influence the quality of life of the people, which is considered real growth, beyond the material evaluation through GDP growth? Future studies can look for answers to this question.

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Appendix

According to the New SEC Classification, the CWE (chief wage earner) needs to have access to these 11 components, and higher the access along with higher qualification makes them attain the classification from A1 - E2 (7 groups) for urban India and R1, R2, R3, and R4 (4 groups) for rural India. For more details, please see the link : <http://mruc.net/sites/default/files/NEW%20SEC%20System.pdf>

Appendix Table 1. The New SEC System

	Items owned / have access at home	Circle	Tick
1a	Electricity Connection	01	✓
	Ceiling Fan	02	✓
	LPG Stove	03	✓
	Two Wheeler	04	✓
	Colour TV	05	✓
	Refrigerator	06	✓
	Washing Machine	07	
	Personal Computer/ Laptop	08	
	Car/Jeep/Van	09	✓
	Air Conditioner	10	
1b	Agricultural Land	11	✓
	NUMBER OF STANDARD 11 OWNED		8

Source : Reproduced from *The Market Research Society of India. (2011). Socio - economic classification - (2011). The New SEC System. Recording The Grid, Table 01* (p. 10). Retrieved from <http://mruc.net/sites/default/files/NEW%20SEC%20System.pdf>

Appendix Table 2. The New SEC System

No. of Durables (TRANSFER FROM Q1)	Chief Earner: Education (Q2)						
	Illiterate	Literate but no formal schooling/ School- Upto 4 years	School- 5 to 9 years	SSC/HSC	Some College (incl a Diploma) but not Grad	Graduate/ Post Graduate: General	Graduate/ Post Graduate: Profession al
	1	2	3	4	5	6	7
None	E ₃	E ₂	E ₂	E ₂	E ₂	E ₁	D ₂
1	E ₂	E ₁	E ₁	E ₁	D ₂	D ₂	D ₂
2	E ₁	E ₁	D ₂	D ₂	D ₁	D ₁	D ₁
3	D ₂	D ₂	D ₁	D ₁	C ₂	C ₂	C ₂
4	D ₁	C ₂	C ₂	C ₁	C ₁	B ₂	B ₂
5	C ₂	C ₁	C ₁	B ₂	B ₁	B ₁	B ₁
6	C ₁	B ₂	B ₂	B ₁	A ₃	A ₃	A ₃
7	C ₁	B ₁	B ₁	A ₃	A ₃	A ₂	A ₂
8	B ₁	A ₃	A ₃	A ₃	A ₂	A ₂	A ₂
9 +	B ₁	A ₃	A ₃	A ₂	A ₂	A ₁	A ₁

Source : Reproduced from *The Market Research Society of India. (2011). Socio - economic classification - (2011). The New SEC System. Recording The Grid, Table 02* (p. 11). Retrieved from <http://mruc.net/sites/default/files/NEW%20SEC%20System.pdf>