



A CRITICAL ANALYSIS OF IMPACT OF PRICING ON CONSUMER BUYING BEHAVIOUR IN APPAREL RETAIL SECTOR: A STUDY OF MUMBAI CITY

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CONSUMER BUYING BEHAVIOR

Consumer Buying Behaviour is the study of individuals and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society. Consumer behavior is increasingly a part of strategic planning for the future investment and growth of any industry. Retail industry or precisely to say apparel industry is no exception.

SIGNIFICANCE OF PRICING PER SE INDIAN CONSUMERS' BUYING BEHAVIOUR

In the past few years the whole concept of shopping has been altered in terms of format and consumer buying behavior. With the increasing urbanization, the Indian consumer is emerging as more trend-conscious. There has also been a shift from price considerations to designs and quality as there is a greater focus on looking and feeling good. At the same time, the Indian consumer is not beguiled by retail products which are high on price but commensurately low on value or functionality. However, it can be said that the Indian consumer is a paradox, where the discount shopper loyalty takes a backseat over price discounts. Indians have grown richer and thus spending more on vehicles, phones and eating out in restaurants.

Indian consumer is also witnessing some changes in its demographics with a large working population being under the age group of 24-35, there has been an increasing number of nuclear families, increase in working women population and emerging opportunities in the service sector during the past few years which has been the key growth driver of the organized retail sector in India. The emergence of a larger middle and upper middle classes and the substantial increase in their disposable income has changed the nature of shopping in India from need based to lifestyle dictated. The self-employed segment has replaced the employed salaried segment as the mainstream market, thus resulting in an increasing consumption of productivity goods, especially mobile phones and 2 - 4 wheeler vehicles.

INTRODUCTION TO RETAIL SECTOR

Retail comes from the French word "*retailier*" which refers to "cutting off, clip and divide" in terms of tailoring. It first was recorded as a noun with the meaning of a "sale in small quantities" in 1433 (French). Its literal meaning for *retail* was to "cut off, shred, paring". Like the French, the word retail in both Dutch and German



also refer to sale of small quantities or items.

THE INDIAN RETAIL SECTOR

The Retail Sector of Indian Economy is going through the phase of tremendous transformation. The retail sector of Indian economy is categorized into two segments such as organized retail sector and unorganized retail sector with the latter holding the larger share of the retail market. At present the organized retail sector is catching up very fast. With the arrival of the Transnational Companies (TNC), the Indian retail sector confronts the round of alterations. At present the Foreign Direct Investments (FDI) is not encouraged in the Indian organized retail sector but once the TNC'S get in they would try to muscle out their Indian counterparts. This would be challenging to the retail sector in India.

THE INDIAN APPAREL RETAIL SECTOR

The major problem with the Indian apparel retail market is its size and diversity of preferences. It is also the main reason why it has so much potential. It is being dubbed the second largest retail opportunity for retailers. According to research by McKinsey, the domestic clothing market is estimated at Rs 87,000 crore, 22 per cent of which is made up by readymade garments. Of the 22 per cent, 20 per cent belongs to the branded apparel market. This means that in a market worth Rs 20,000 crore, only Rs 4,000 crore is catered to by branded apparel. So there is still a Rs 16,000 crore market to be tapped.

The future potential of the big players in apparel market lies in companies trying to change consumer perception and help them make a transition from unbranded retail apparel to branded retailing. To achieve this, companies are investing in infrastructure to increase quality, advertising specially brand management. Brands are seen as important in an identity, sense of achievement and personal satisfaction for the consumers who are fashion conscious.

REVIEW OF LITERATURE

CONSUMER BUYING BEHAVIOUR

Consumers can either be subjective or objective, testing the persuasiveness of brand names. Retail stores selling the products also play an important role in swaying the decisions of consumers. The whole package or visual appeal of the retail outlet can determine sales, or the service of the sales ladies or the clerks. Furthermore, consumers may choose particular products/brands not only because these products provide the functional or performance benefits expected, but also because products can be used to express consumers' personality, social status or affiliation or to fulfil their internal psychological needs, such as the need for change or newness.

Consumer behaviour refers to the mental and emotional process and the observable behaviour of consumers during searching, purchasing and post consumption of a product or service. Consumer behaviour involves study of how people buy, what they buy, when they buy and why they buy. It blends the elements from Psychology, Sociology, Sociopsychology, Anthropology and Economics. (Bhattacharya, C.B. & Sen, S., 2003)¹



FACTORS AFFECTING CONSUMER BUYING BEHAVIOUR

Consumer buying behaviour is influenced by the major three factors:

1. Social Factors
 2. Psychological Factors
 3. Personal Factors.
- A. Social Factors

Social factors refer to forces that other people exert and which affect consumers' purchase behaviour. These social factors can include culture and subculture, roles and family, social class and reference groups.

B. Psychological Factors

These are internal to an individual and generate forces within that influence her/his purchase behavior. The major forces include motives, perception, learning, attitude and personality.

C. Personal Factors

These include those aspects that are unique to a person and influence purchase behavior. These factors include demographic factors, lifestyle, and situational factors.

(Angel, James F., Kollat, David T. and Blackwell, Roger D., 1968)¹⁸

APPAREL RETAIL SECTOR IN INDIA

The apparel retail industry consists of the sale of all menswear, womenswear and childrenswear. The menswear market includes men's activewear, casual wear, essentials, formalwear, formalwear-occasion and outerwear. The womenswear market includes women's activewear, casual wear, essentials, formalwear, formalwear-occasion and outerwear. The childrenswear market includes baby clothing, boys activewear, boys casual wear, boys essentials, boys formalwear, boys formalwear-occasion, boys outerwear, girls activewear, girls casual wear, girls essentials, girls formalwear-occasion, girls outerwear and toddler clothing.

(Punit Purohit, 2007)¹⁰

The industry value is calculated at retail selling price (RSP), and includes all taxes and levies. All currency conversions used in this report have been calculated at constant 2009 annual average exchange rates.

(Swapna Pradhan, 2007)⁸

RECENT TRENDS IN APPAREL RETAILING IN INDIA

India is a country with diversified customs and cultures; so diverse that Indians differ in their dressing too. Right from the salwaar-kameez to the sari and from lungi to dhoti, our own Indian wear has been vivid and varied. The market of branded



garments is growing up. With favorable events like end of multifiber agreement, entry of foreign retailers and textile companies into the country and the growth and acknowledgement of the Indian fashion industry throughout the world, apparel retailing has become one of the interesting and tough jobs in the arena of marketing. The study emphasizes as to how over the last several decades the face of retail and the distribution of apparel have changed dramatically.

(Piyush Kumar Sinha and Dwarka Prasad Uniyal, 2007)⁴

India ranks among the top target countries for any company sourcing textiles and apparel. Indeed, apart from China, no other country can match the size, spread, depth and competitiveness of the Indian textile and apparel industry. Moreover, with the global elimination of quotas, entry of foreign retailers and textile companies into the country, a thorough study of apparel retailing has become necessary.

(Swapna Pradhan, 2007)⁸

CONSUMERS' PERCEPTION AND THEIR ECONOMIC BACKGROUND

The target audience plays a very important role in the success of the product. The markets today are overflowing with multiple choices but the consumer takes his pick according to his financial capacity. The size of the dent in his pocket makes him prioritize his needs. For example: In spite of there being number of shampoos in the market, an average middle class family chooses to buy sunsilk because it fits into their monthly budget. However the key word here is necessity over want. In comparison, a more well off family would use a better brand because end result is of more importance to them. So the point to be noted is that the brand preference depends on the monetary capability of the consumer. Usually a product and its brand image also signify the social status of its consumer.

(Jones, B., 1996)⁵

“As high net-worth consumers become more discerning about their investments in luxury goods, the coveted luxury handbag category players are raising the bar in uniqueness, exclusivity and artistic value to satisfy consumer demand for true luxury,” said Milton Pedraza, CEO of the Luxury Institute.

The Judith Leiber brand is rated as much for being a work of art as it is rated a luxury by the only pundits who count — wealthy consumers who can buy the brands. Our impartial surveys are based on the principle that highly educated; discerning luxury consumers have the ultimate expertise and trustworthiness in luxury consumption. The Luxury Institute conducts its research with independent panels, and uses third party analytical firms to tabulate the results so that the true voice of luxury consumers is amplified for the benefit of their peers and industry executives alike.

(Barry Berman and Joel R. Evans, 2007)⁹

ROLE OF PRICING IN CREATING CONSUMER PERCEPTION

Price sensitivity is an important aspect in the market today, as an average consumer would definitely prefer a product that is cheaper than a product which is above his budget. Although brand image comes into picture, but it's the money quotient that plays the key factor in the consumer behavior. It is the pricing of the product that



influences the consumer to go ahead and pick up a product that he desires. (Richins, M. L., & Dawson, S, 1992)²²

Choices made by consumers new to a market are driven by two competing forces: consumers' desire to collect information about alternatives and their aversion to trying risky ones. These forces give rise to three stages of purchasing: an information collection stage that focuses initially on low-risk, big brand names; a stage in which information collection continues but is extended to lesser-known brands; and a stage of information consolidation leading to preference for the brands that provide the greatest utility. The authors use a logic-mixture model with time-varying parameters to capture the choice dynamics of different consumer segments. The results show the importance of accounting for product experience and learning when studying the dynamic choice processes of consumers new to a market. Insights from this study can help marketers tailor their marketing activities as consumers gain purchasing experience.

(SimQes, C. & Dibb, S., 2001)²³

A consumer has his own framework in his mind. He tries a new product keeping in mind two factors-

- The consumers desire to collect information about alternatives
- Their aversion to trying risky ones.

Thus when a consumer is new to the market he will definitely want to try out new products, which means risking and the other factor involves the information that he has collected from the market which lead to his brand preference. After experiencing different products only then will he be choosing a brand as per his want and preference. (Snyder, M., & Gangestad, S., 1986)²⁴

IMPORTANCE OF PRICING IN CONSUMER BUYING BEHAVIOR

When marketers talk about what they do as part of their responsibilities for marketing products by influencing consumer perception, the tasks associated with setting price are often not at the top of the list. Marketers are much more likely to discuss their activities related to promotion, product development, market research and other tasks that are viewed as the more interesting and exciting parts of the job. Yet, pricing decisions can have important consequences for the marketing organization and the attention given by the marketer to pricing is just as important as the attention given to more recognizable marketing activities. (Reda, Susan, 2001)²¹

STATEMENT OF PROBLEM

'Consumers' perception towards apparels can be viewed as an outcome that takes into account the economic, social, cultural, personal, psychological and demographic aspects as well as changes in preferences and tastes. The relationship between economic and financial characteristics of both consumers and brands are becoming increasingly important pricing problems, particularly with characteristics such as materialism being a strong driver of acquiring and consuming specific types of brands. As such, this study focuses on examining the impact of pricing of an apparel product on consumers' buying behaviour. Here it is stated that higher the preference



for the brand, higher is the positive consumer perception which in turn reflects positive buying behavior.

OBJECTIVES OF THE STUDY

In the background of the discussions made above, the following objectives are being dealt in the present research study.

1. To study the impact of pricing in influencing Consumer perception while shopping for apparels.
2. To study the socio economic demography of the potential buyers of apparels.
3. To study the effect of pricing on the purchasing power of the consumers for branded apparels.

RESEARCH METHODOLOGY

The present study has been conducted by collecting secondary as well as primary data. Secondary data has been sought from reports as well as studies directly or indirectly related to impact of pricing on consumer buying behavior while shopping for apparels. The present study is designed towards utilising quantitative data collection for ascertaining the perception, views and attitudes of consumers in view of pricing of the product. Primary data has been collected through questionnaire filled by the consumers. The area of the research is Mumbai city; including; Greater Mumbai, Navi Mumbai as well as Thane. The demographic profile of the respondents includes Qualification, Age, Gender, Family Income and Area of Residence.

RESEARCH TOOL USED

The data has been collected through questionnaire. Data was collected from 600 respondents, 200 being from each of the three areas of study viz; Greater Mumbai, Navi Mumbai and Thane. Final number of filled in questionnaires which were valid was 583. The data was collected by the respondents in the following places of three above mentioned areas:

1. Phoenix Mills Compund Market, Lower Parel
2. Linking Road Market, Bandra
3. Lokhandwala Market, Andheri
4. Inorbit Mall and Sector 17 Market, Vashi, Navi Mumbai
5. Centurion Mall, Nerul, Navi Mumbai
6. Sector 4 Market, CBD Belapur, Navi Mumbai
7. Sixty feet Road Market, Ghatkopar
8. Kohinoor Mall, Vidyavihar
9. Nirmal LifeStyle Mall, Mulund

After designing the questionnaire, a pilot testing was conducted on a sample size of 60 respondents selecting the respondents from each of the three areas of study involved in the research.

SAMPLING METHOD

Sampling method involved is Stratified random sampling method. It is a method of sampling, which involves the division of a population into smaller groups, known as strata based on their members sharing a specific attribute or characteristic. A random



sample from each stratum is taken, in a number proportional to the stratum's size when compared to the population. In the present study, the strata are the three different areas in Mumbai City. In these markets, the respondents have been chosen on random basis ensuring equal number of male and female respondents present at various market places, including malls.

DATA PROCESSING AND ANALYSIS

After the data collection, all the questionnaires were scrutinised to ensure, accuracy and completeness and 583 filled in questionnaires were finalised and were put for analysis. The data was entered in SPSS software package and analysed on various demographic parameters; viz; Age, Gender, Qualification, family Income and Area of residence through a method of cross tabulation.

FINDINGS AND DATA INTERPRETATION

To ensure holistic study of Mumbai City, equal numbers of respondents were included in the study from the three areas viz; Greater Mumbai, Navi Mumbai and Thane in the present study. An insignificant difference is evident in terms of number of eligible copies of questionnaires received from the three areas for the purpose of data analysis. Here eligibility of the filled copy of questionnaire means to be error free in terms of legibility which were found to be able to be analyzed on ground of clarity and proper answering to the questions. They were; 194 from Greater Mumbai, 192 from Navi Mumbai and 197 from Thane area.

The total number of Males and Females included in the data collection for present study was equal i.e. 300 each, again to give an unbiased study as far as gender specific features of consumers are concerned. Out of these 294 filled in copies of the questionnaire obtained from males and 289 copies of questionnaires obtained from female respondents were found to be error free on ground of the criteria mentioned above.

The study includes, as answered by the respondents, 82 respondents in the age group of 15 to 20 years, 126 respondents in the age group of 20 to 30 years, 142 respondents in the age group of 30 to 40 years, 172 respondents in the age group of 40 to 50 years and 61 respondents in the age group of 50 and above.

The study exhibits, as answered by the respondents, 39 respondents with qualification earned till the date of the present research was conducted at SSC level, 86 at HSC level, Non- professional graduates to the figure of 108, Non professional post graduates and above amounting to 181 in number whereas, Non professional Post graduates and above to the tune of 169 respondents.

Final, legible copies of the questionnaire included for assessing the findings included following figure of respondents in terms of their Monthly Family income; 96 having it at Rs. 10,000 to Rs. 20,000; 140 having the income at Rs. 20,000 to Rs. 30,000; whereas, 151 respondents answered Rs. 30,000 to Rs. 40,000 as their Family income per month, 106 respondents' monthly family income was Rs. 40,000 to Rs. 50,000, corresponding 90 respondents having monthly family income to be more than Rs. 50,000.



The question about effectiveness or ineffectiveness of pricing while shopping for apparels was asked to segregate the respondents fit for being included in the study because the respondents who would have answered that pricing do not play any role, do not fall in purview of the present study. Therefore, all the 600 respondents and 583 eligible copies of the questionnaire exhibited effectiveness of pricing to an extent.

As the respondents have exhibited considerable affect of pricing on their perception and inclination towards buying the particular brand, it reinstates the fact that their buying behaviour is why so directed towards that particular brand. 84% of the respondents claimed that socio economic factor plays vital role while shopping for apparels. This is supported by the fact that 74% respondents react positively towards effectiveness of peer group towards their brand preferences when pricing is concerned.

In Greater Mumbai, out of 194 respondents, 139 told that irrespective of premiumness of the brand pricing plays the decisive role, 37 expressed that it does not. While as 18 expressed that it is neither effective nor ineffective. In Navi Mumbai, out of 192 respondents 130 told that irrespective of premiumness of the brand pricing plays the decisive role, 53 expressed it does not. The rest 9 expressed neither. In Thane area out of 197 respondents, 137 told that irrespective of premiumness of the brand pricing plays the decisive role. 49 told it doesn't effect. while the rest 11 expressed neither.

Interestingly, women in Navi Mumbai area influenced by peer group while shopping for kidswear to an extent of as high as 63%. Higher income group of 40,000/- and above in Navi Mumbai are reluctant to change their preference even if more versatile product is offered in the same price to an extent of 71%. In Greater Mumbai, people are much conscious as 83% of the respondents are ready to change their preference if better deal is offered, irrespective of brand. While as Thane exhibits that younger age group respondents in the age group upto 30 years are very brand conscious upto 79%. It is quite evident as this is not the phase of life when even minor release in household expenses gives room to satisfy other urgent expenses. It is also quite evident from the study that the more people are educated, the more they will be moved in shelling less money towards comparatively luxury brands.

CONCLUSION

With respect to the set objectives, following are the conclusion derived out of the study:

Pricing of the product has a great impact in deriving consumer perception while shopping for apparels. The extent to which consumer's perception is effected, decides the nature of the particular consumer's buying behaviour. The buying behaviour in turn affects the way a consumer behaves towards a particular brand or any non branded apparel, irrespective of the category of apparel he or she is spending on.

Socio economic status of the consumer play very important role while shopping for apparels. As is evident from the study that a consumer takes care of the perception of people he or she meets, as also peer group leaves impact on his her decision.

The study establishes the fact that branded segment gets equally effected



where pricing is decisive factor while shopping for apparels. Consumers tend to keep price a determinant in choosing a particular brand, even if it is a luxury brand as consumers have expressed that price of luxury brand gives more sense of status symbol in the present study.

SUGGESTIONS

On the basis of conclusion derived, the researcher presents following suggestions:

Pricing of the product should be set as per the consumer profile within the territory of operation of the branded or unbranded apparel. Irrespective of the category, viz; men's wear, women's wear, kids' wear, the consumers tend to give price an important place in their said decision. Interestingly, the study reveals that luxury segment, which is hitherto said to an unaffected segment as far as pricing is concerned, also envisages the fact that pricing is a determinant while a consumer has to take decision regarding buying them. In this case, pricing plays the role of determining the esteem factor associated with the brand. Hence, retailers need to give equal importance to pricing while dealing with luxury brands as well.

As the study establishes the fact that socio economic factors are important while deciding on shopping for apparels, the retailers need to work on the expectations of the consumers as replicated in the study, as this study been conducted in Mumbai city including Greater Mumbai, Navi Mumbai and Thane can be treated as a helpful catalyst for retailers while introspecting the pricing and marketing strategies in apparel sector. Therefore, the retailers should give the determinants like reference group, profession, favourite past time, etc. importance while framing these strategies.

As the study envisages that branded segment's shopping is also influenced by pricing, the retailers can comprehend the study to frame their pricing and marketing strategies as well.

LIMITATIONS OF THE STUDY

Following limitations may be traced in the present study:

·Sample size may not be too feasible for the large population of the country.
The outcome of similar study may render oxymoronic results in other metro cities of India because other metro cities may possibly possess certain demographic peculiarities.

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