iJRASET
International Journal For Research in
Applied Science and Engineering Technology

INTERNATIONAL JOURNAL FOR RESEARCH

IN APPLIED SCIENCE & ENGINEERING TECHNOLOGY

Volume: 9 **Issue:** XI **Month of publication:** November 2021

DOI: https://doi.org/10.22214/ijraset.2021.38949

International Journal for Research in Applied Science & Engineering Technology (IJRASET)
ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 7.429
Volume 9 Issue XI Nov 2021- Available at www.ijraset.com

Shopping mall vs Online Retail- Consumer shopping preference in the city of Bengaluru

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Abstract: Ever since the first fully enclosed and climate controlled mall opened in the United States in 1956 It has caught the fancy of consumers. It revolutionized the way retail was looked at. With everything available under one roof, customers thronged the air-conditioned environments to shop in comfort. Slowly they evolved into a recreation space, with multiplex, food courts, gaming zones which ensured that there was something for everyone in a mall.

The replicas were erected all across the world, and embraced with much gusto, as malls became the symbol of urbanization and aspirations for developing nations. In the last two decades or so, India has seen a massive boom in no. and size of a shopping mall. It seemed malls are here to stay even though the high value shoppers were decreasing steadily and the only places you could see crowds were the food courts and the multiplexes, or some large lifestyle stores. The mid and smaller size stores renting out exorbitantly priced floor spaces were starting to wear deserted looks. Then the Covid-19 pandemic hit and forced millions to their homes for months. With shops and malls closed, the online retail exploded and became one of the biggest happening of the last two years. Sitting in comforts of their homes, people were buying food, clothes, electronics, furniture from all over the country, offered to them at an eye watering discount which the physical stores could never match.

So has the consumer preference changed in favour of online shopping or malls are still favoured once the lockdown is lifted ?Given the Strong commercial impact that malls have had on Indian retail economy, an attempt was made to understand shopping preference of the consumers in the city of Bengaluru through a questionnaire survey collecting 120 responses. The analysis revealed that consumers still prefer offline shopping for clothes, shoes and accessories. While online shopping is preferred for household items. Groceries, Beauty & cosmetics, Electronics were equally preferred through online or offline mode. Participants were also inclined towards having more open public spaces and sports related facilities in the mall indicating that in Bengaluru malls are also places to socialise and spend quality time together rather than mere shopping spaces.

Keywords: E-Commerce, Retailing, Consumer Behaviour, Shopping Preferences, Shopping malls

I. INTRODUCTION

The first fully enclosed air-conditioned mall opened in USA in 1956(staff, MNHS.). It provided customers a climate controlled indoor environment to shop in comfort. Ever since then it has caught the fancy of customers and has grown into this gigantic urban catalyst spearheading rapid urbanization in different cities.

In the last two decades, shopping malls have become synonymous with urban growth and developments. Every major city in India has been showing an upward trend in the construction of shopping malls. Occupying huge footprints in major areas of a city offering sometimes a million square feet of retail and leisure therapy, they have become major urban attractors for growth and development of the area. With everything available under one roof, customers throng the air-conditioned environments to shop in comfort. Slowly they evolved into a recreation space, with multiplex, food courts, gaming zones which ensured that there was something for everyone in a mall.

In the state of Karnataka alone there are 84 Malls.(TNN, 2021) Many may argue that it has led to increased traffic snarls, destruction of quaint neighborhoods, skyrocketing property prices. With the biggest of stores only a short drive away, it also led to increased consumption of goods. A mall has a significant impact on housing prices, which decays with distance. Presence of a shopping mall in the proximity impacts the housing prices, wherein there has been seen an increase of more than 10% once a mall opened in the neighbourhood.(Zhang et al., 2018)

But malls in India are facing issues once it comes to money spent by customers on actual shopping. In a discouraging trend for mall owners, even though there is considerable footfall, but people are spending more time on window shopping (Kuruvilla & Joshi, 2010)The reason can partially be attributed to rise in E-commerce shopping platforms where shoppers get a wider range of choices and often eye watering discounts which the physical stores are failing to match.

Majority of the mall visitors are under 50 years, educated families belonging to upper middle and higher income groups often having double incomes (Kuruvilla & Joshi, 2010). Again this is the consumer group also having easy access to top of the line smartphones, internet connectivity, credit and debit cards, UPI apps which makes shopping online very convenient for them.

But apart from internet connectivity and incomes, there are various social, demographic and cultural factors which also impacts penetration and trust on E-commerce in different societies and regions (Sadowski et al., 2021)

II. RISE OF E-COMMERCE IN INDIA-

India has seen a rapid rise in number and reach of E-commerce especially in Urban regions. Traditionally Indian consumers always preferred local neighbourhood shops to cover their shopping needs.

Conventional purchase patterns in brick and mortar stores gave retailers an upper hand in directly influencing shopping behaviour of customers at a first-hand level. But now rise of smart technologies can understand customer preferences through apps and thus it is providing stiff competition to physical retail shops. (Reinartz et al., 2019)

Constant access to online environment through smart phones have also increased retailers ability to connect with consumers, thereby increasing customer expectations(Grewal et al., 2017)

E-retail market is predicted to continue its strong growth having registered a CAGR of over 35% to touch US$ 25.75 billion in FY20. Over subsequent five years, the online gross merchandize value(GMV)is expected to reach US$ 100-120 billion propelled by ~300-350 million shoppers. (IBEF). The sheer size of the populace makes it attractive for any big player to make an entry into India's retail scenario. Several market leaders and Big players in retail have already forayed into Indian retail scenario including Amazon, Walmart etc.

Amazon has already digitised 2.5 million small businesses in India as against its target of 10 million. In July 2021, it also unveiled 'digital kendra' in Surat (Abrar, 2021) which will further help small business to join online platforms for selling their wares. When Walmart Acquired 77% stake in Flipkart , it gave the American retailer a direct link to the lucrative Indian Market.

With the Entry of India's biggest retailer Reliance into E-commerce, the dynamics of Indian retail market is going to be further redefined. It has already ventured into fashion ecommerce through Ajio. JioMart will be the one stop marketplace for grocery, value fashion, electronics and a few other categories.(Mukherjee, 2021) Moreover, The electronics retail chain Reliance Digital has already set up its own app and webstore.

III. EFFECT OF COVID -19 PANDEMIC

The covid-19 pandemic and the subsequent lockdown all across the country forced millions inside their homes for months. With basic necessities inaccessible, Online delivery services rose to the occasion and became a life saver for anybody who knew how to place an order online. An overnight shift in shopping habit was first imposed upon and then embraced by an average middle and upper middle-class household.

Also, Concerns about social distancing in often crowded stores led to higher demand for alternative distribution channels. It could be clearly seen in online grocery orders, which though had seen steady growth in the pre pandemic years (Harris & Dall'Olmo Riley, F., Riley, D. & Hand, C. , 2017), online grocery has skyrocketed during the COVID-19 emergency.(Pantano et al., 2020)

E-commerce order volume in India showed a jump of 36% in the last quarter of 2020 with personal care, beauty and wellness (PCB&W) segment registering the biggest growth (*IBEF*)

With changing shopping habits, consumers are engaging in newer services and platforms. Previously sceptical group of elderly consumers are slowly embracing online shopping due to reasons such as safety and convenience such as cashless payment and home deliveries (Pantano et al., 2020)

So does it mean that Indian cities are seeing a shift in the consumer behavior wherein more and more people will embrace online shopping as against physical stores?In this paper we will analyse whether malls still remains a go to place for shoppers post the E-commerce explosion during the pandemic times or has it been changed in favour of online retail.

Given the Strong commercial impact that malls have had on Indian retail economy, it is very important to address theses questions as it will pave the way to how shopping spaces are curated in future. Being a recent phenomenon not much research has been done on this particular area and it is the right time to understand the mindset of consumers so that retail industry understands the dynamics and suitable changes are brought across in retail thus creating a win-win situation both for the consumers and the brands.

IV. DATASET

A total of 120 responses were collected through a questionnaire sent out to families based in Bengaluru and the responses were analysed based on frequency of mall visit before pandemic , shopping behaviour in the last 2 years, access to online shopping websites and shopping references. The hypothesis question was "families with more access and recording more activity on online shopping websites were less likely to return to shopping malls for their shopping needs".

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V. METHODOLOGY

The Data Set was analyzed against the following questions-

1) Whether People who have access to more no. of online shopping websites have more preference for online shopping once the malls reopen.
2) People who browse through websites more often will have more preference for online shopping in future as well.
3) Relation between Frequency of mall visits and expenditure in malls- Frequency in use of online shopping websites
4) What category of products are preferred to be bought online and what categories are preferred offline?
5) What are the additional facilities apart from shopping, multiplex and F&B that a mall can incorporate to continue attracting customers.

VI. ANALYSIS

A. *Demography Distribution*

Total number of survey responses collected were 120. The demographic distribution shows a majorly female participation with 67% participants being female.(Fig. 1) It works in favour of the survey as most of the time decision makers for shopping and family outings are females of the family. If we see the marital status of the participants, 68% were married having either one or more child, 26% were unmarried and 6% were married with no children.(Fig. 2) Thus, again the demographic distribution includes a key category of young urban couple with children in majority.

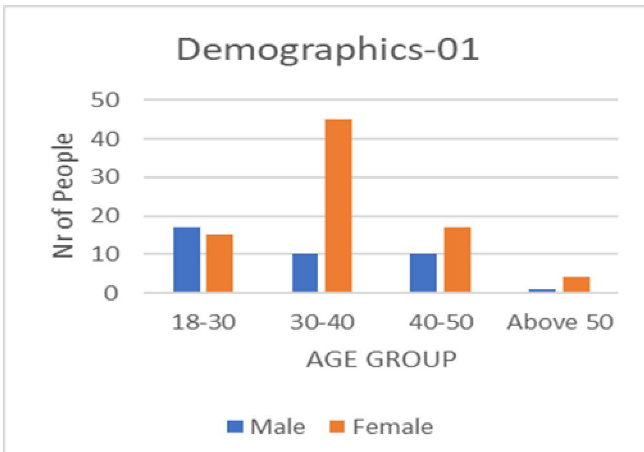

Fig. 1- Gender distribution as per Age group

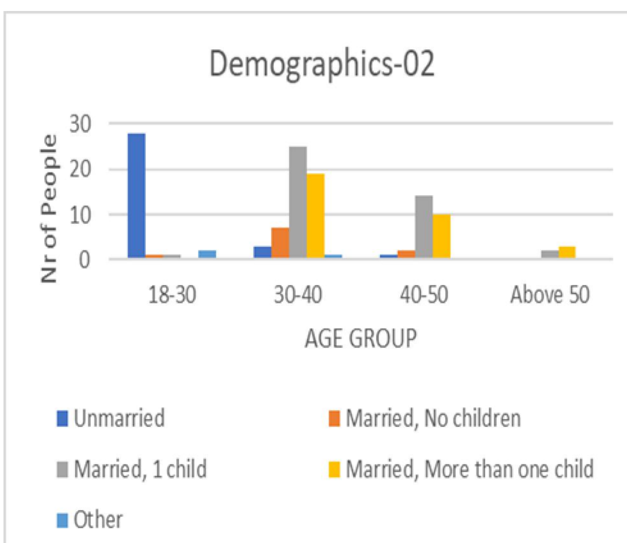

Fig. 2-Marital Status as per age group

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B. Accessibility and Frequency of visits to Malls

Almost 79% of the participants had a mall within 5 kms of their place of stay. 82% of the participants were frequent mall goers with frequency of mall visit ranging from once a Week to at least Once every month. 75% would spend between Rs 1000-5000 on shopping alone on every mall visit with only 14% spending less than Rs 1000 on each visit.

C. Purpose of Mall Visit

Shopping and watching movies were two predominant reason for mall visits.(Fig. 3) Thus we see that the sample size has participants who had high level of engagement with their neighbourhood malls.

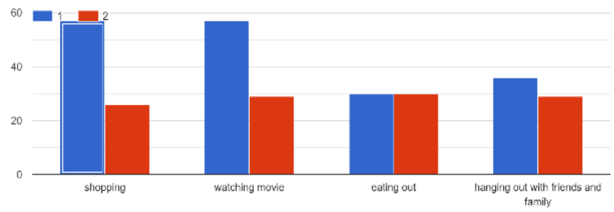

Fig. 3-Primary purpose of visiting a shopping mall

D. Shopping Pattern Analysis During Pandemic Lockdown

When asked to rate categories based on frequency of ordering them online, 33 % of the participants rated grocery as number 1 followed by Household items(26%) and Clothes(23%).(Fig. 4)

When asked to rate E-commerce websites, 75% of the participants rated Online shopping websites 8 and above on a scale of 10(Fig. 5) in terms of covering their shopping needs during pandemic period thereby indicating how effectively E-commerce websites managed to cover different areas of essential needs during pandemic time.

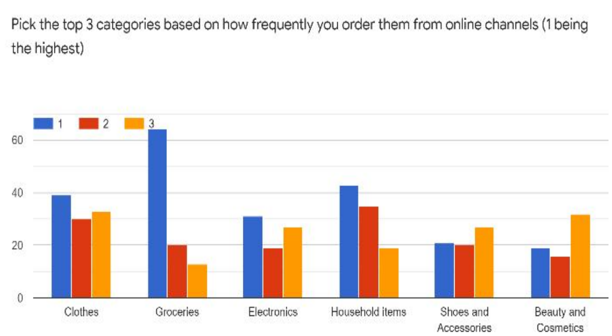

Fig. 4-Rating of different product categories based on how frequently they were ordered from online channels.

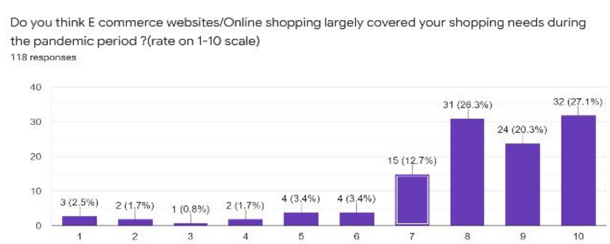

Fig. 5-Rating of E-commerce platforms on a scale of 1-10 based on whether they covered shopping needs during the pandemic period..

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E. Online Vs Offline Preferences

The products were divided into key categories and participants were asked to enter preferred mode of shopping for each category (Table 1). People clearly preferred offline mode of shopping for Clothing (63%) and Shoes (65%) indicating that personal items requiring fitting and trials were still preferred to be bought after physically trying the products. Household items were preferred to be bought online (62%) since a larger range is available online. For Grocery, electronics, beauty and cosmetics online and offline modes were almost equally preferred.

Categories	Preferred online	Preferred offline
Clothes	37	63
Grocery	52	48
Household items	62	38
Electronics	51	49
Shoes and Accessories	35	65
Beauty and Cosmetics	51	49

Table 1- Online Vs Offline shopping preference in percentage.

F. Hypothesis Test

A Null hypothesis test was used to understand relation between variables like Frequency of mall visit, Shopping expenditure in mall, Access to online websites, frequency of browsing, online and offline shopping preferences for different categories.

No direct correlation between Frequency of mall visit and expenditure Vs Online or Offline shopping preference was found in any of the category though such a relation cannot be rejected in a larger data set. (Table 2)

Categories	Chi Square	Degree of Freedom	p-Value	Null Hypothesis
Clothes	5.87	14	0.97	Failed to Reject
Grocery	18.7	14	0.26	Failed to Reject
Household items	18.9	14	0.22	Failed to Reject
Electronics	12.1	14	0.75	Failed to Reject
Shoes and Accessories	17.5	14	0.24	Failed to Reject
Beauty and Cosmetics	15.7	14	0.32	Failed to Reject

Table 2-Chi-Square test for relationship between frequency of mall visits , expenditure on shopping and preference for online/offline mode of shopping.(Significance level-0.05)

Relationship between Access to online websites and frequency of browsing Vs whether such participants will prefer online or offline shopping for different categories once the malls reopen reflects no direct correlation but again in a larger dataset , the probability of finding a correlation cannot be rejected.(Table 3)

Categories	Chi Square	Degree of Freedom	p-Value	Null Hypothesis
Clothes	12	13	0.52	Failed to Reject
Grocery	13.8	13	0.38	Failed to Reject
Household items	15.5	13	0.27	Failed to Reject
Electronics	9.3	13	0.74	Failed to Reject
Shoes and Accessories	11.6	13	0.56	Failed to Reject
Beauty and Cosmetics	12.4	13	0.49	Failed to Reject

Table 3- Chi-Square test for relationship between access to shopping websites, frequency of browsing and preference for online/offline mode of shopping.(Significance level-0.05)

Thus, no pattern was found in what category of people preferred online/offline shopping. It was more to do with the categories of product itself which decided the preferred mode of shopping.(Table 1)

G. Facilities that could be added in a mall

With essential shopping needs covered by E-commerce websites, how else can malls reinvent themselves to ensure continued footfalls? Here, 39% of the participants asked for more public spaces and open plazas which acts as spaces to socialize while 28% wanted sports related facilities to be included in malls.

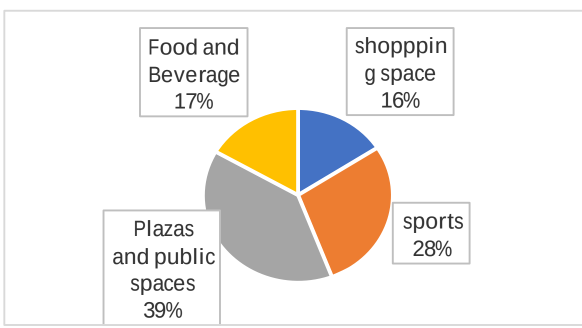

Fig. 6-Additional facilities that could be provided in a mall

VII.LIMITATIONS

Since the study was done during covid pandemic , restrictions on movement , physical interaction and access had some limitations on the survey . Sample size was relatively small as the survey was time bound(two weeks) and done through online questionnaires. The outcome reflects the shopping behaviour of one city in India(Bengaluru) since the respondents were mainly based in the city. A more comprehensive survey ought to be carried out in tier two cities and other metros to gauge the complete picture.

Limitations in analysis was that due to the nature of the survey a good part of the data that was collected was categorical rather than numerical. The information sought was more in terms of shopping preferences , frequency of online access and shopping mall visits. So no direct correlation or variance analysis could be done. The data was interpreted through frequency tables and a Hypothesis test was applied to understand the dependencies between two variables.

VIII. CONCLUSION

No direct relation could be derived between Frequency of access to Online Shopping channels and participants preference to shop online. Preference to whether buy a product online or offline depends on the product category, where personal use items like clothing and shoes are still preferred to be bought in physical stores.

Both online and offline channels have advantages and disadvantages and in Indian retail scenario there is still no clear winner between the two. "The worlds of online and offline are converging. Knowing what is different and what is similar in these two worlds, as well as how new technologies are going to impact both, is key for the future of retailing".(Grewal et al., 2017) Fashion & experience retailing are expected to co-exist in a omni channel platform . Digital Mkt. will also give a push to brick & mortar stores. Brands will continue to focus on Omni channel Platforms as India's offline market may not slow down anytime soon. Pandemic has definitely pushed Consumers out of their traditional shopping mindset and we see consumers being comfortable shopping for essential online without getting an actual feel of the product. But at the same time, Shopping in India is not only about necessity but it is a means to socialise and spend a quality time with family and friends. So shopping malls as experience centres will continue to remain so. But the need of the hour is to provide an extra something to a family to continue repeated visits , malls as urban spaces rather than just shopping centres.

Krish Iyer, President and CEO Walmart India said, "Online will definitely catch on but physical retailing will not get eliminated."(Pathak, n.d.) The retailers share the same thoughts. In a survey 51% of retailers felt that creating a differentiated model was a bigger challenge. Only 18% felt that on-line retailers are the primary cause of disruption in their businesses.(Pathak, n.d.)

It is clear that malls are one of the very few urban community spaces in India unlike the western countries where there are ample options for families to spend their weekends . But today , malls cannot be mere conglomeration of Stores and that may be one of the reason why so many malls are failing to cut profit. They must reinvent themselves And if mall management can think of innovative ways to keep the consumers engaged within the stores and outside , then the footfall is only going to increase.

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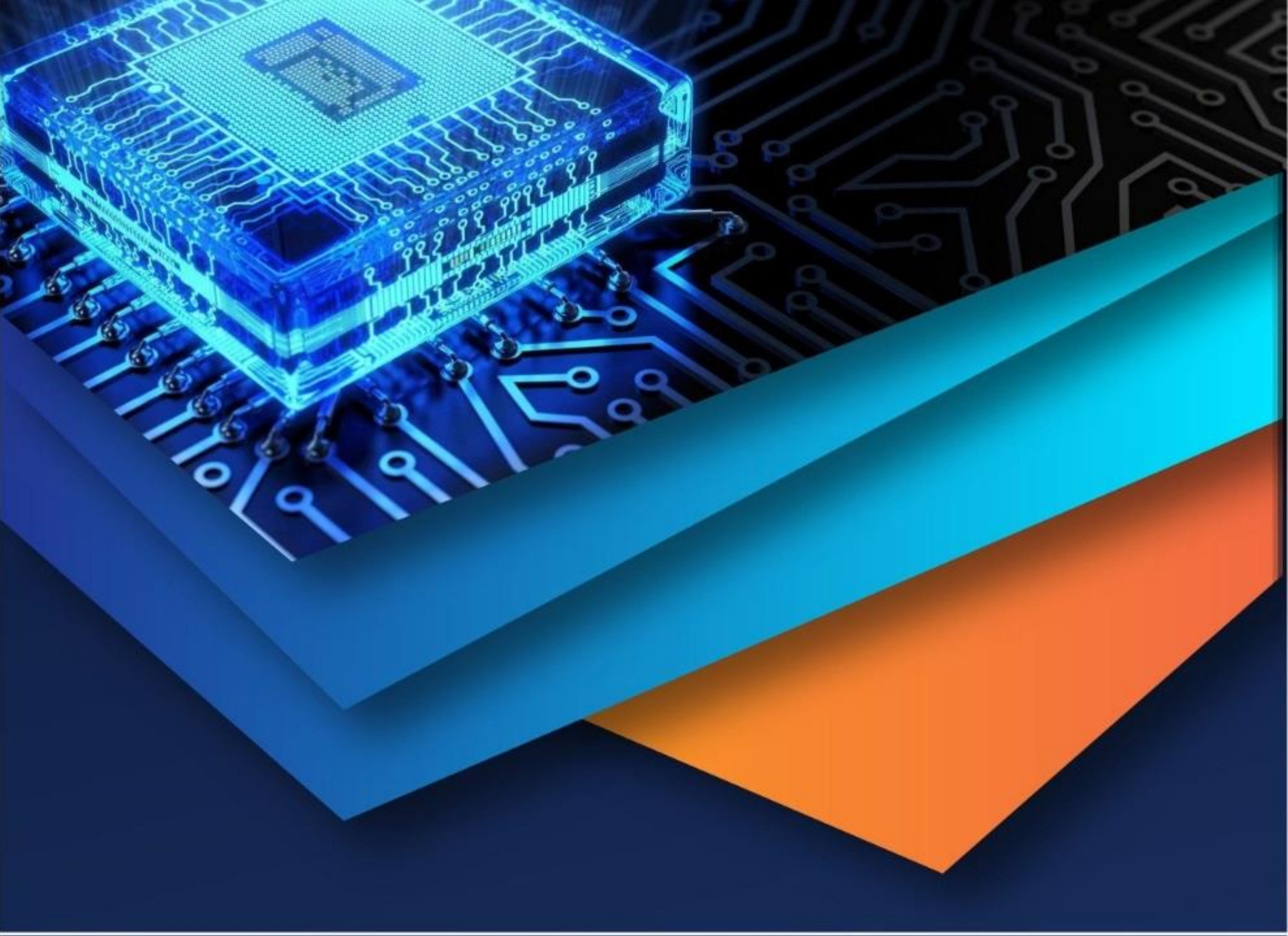

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