

Role of EDLP Strategy on Consumer Buying Behaviour Patterns With Special Reference to DMart

Prof. Jayashree . K

Research Scholar, Global Academy of Technology

jayashreek.16@gmail.com

Dr. Amruta N

Associate Professor, Seshadripuram Institute of Management Studies

amrutamurthy14@gmail.com

Abstract:

The study focuses on understanding various determinants impacting customer purchase pattern and how Every Day Low Pricing strategies influence on buying decisions. Retail industry is one of the booming industries; in this pandemic it is slowly taking way towards International way of retailing. D-Mart a retail store as a sector of FMCG goods catering to middle class aims to offer customers a wide variety of commodities ranging from home care products to personal products under single roof at lowest prices compared to other retail competitors. The customers of D-Mart store in selected locality were considered for the study and Chi-square is used as a statistical tool to arrive at proper inference. D-Mart a successful retail store serving customers through Every Day Low Pricing strategy, should focus on reaching customers through various communication channels.

Keywords: Every Day Low Pricing, Seasonal Offer, Word-of-Mouth.

1. Introduction

Retailing involves all the functions involved in selling goods or services to the end consumers for personal, non-business use. Ancient history of retail market day back to peddlers, bartering, selling and consuming resources who are transformed from rude boots to the modern era of hyper supermarkets.

During 9000 B.C. during barter system people exchanged animals like cow and sheep for their livelihood. Later on barter system got replaced with retail trade as the civilization grew up. Currencies were also being considered as a mode of exchange. Retail is derived from a French word “retailer, which means cutting off, clip and divide”. Tailoring (1365) it was recorded as a noun with the meaning of “Sale in small quantities”.

It is a business that focus its marketing activities towards satisfying the end consumer based upon the organization of selling good and services as a means of distribution.

Role of EDLP Strategy on Consumer Buying Behaviour Patterns With Special Reference to DMart

Phases of Retail Evolution in India

Sl. No.	Stage	Year	Importance
1.	Initiation stage	Pre 1990's	Dominated by manufacturers marking their presence in retail.
2.	Conceptualization stage	(1990 – 2005)	Retailers entered the retail market chain to expand pan-India
3.	Retail Expansion stage	(2005 – 2010)	Active phase in terms of growth entry of new entrants and development of new methods
4.	Consolidation and growth stage	(2010 onwards)	Considering the challenge and competition faced by the industry at present retail chains are likely to focus on consolidation and growth

Source: <http://india.retailmatra.com>

Since 2 decades the society has come across different varieties of supermarket existing in all the metro pollution cities as well as in the rural areas, by catering service to a different sector of society in a single platform. During COVID- 19, the supermarkets have catered to the need of people through online shopping by the effect of the industrial revolution and with the help of digital platform through the buying and selling of articles. Retail business for decades have gained popularity through business model which includes Business to business (B2B) and Business to Customer (B2C).

Retail business is a business which caters to the need of consumers where goods are available through large distribution channels by gaining popularity in the consumer market. Change in standard of living, change in income, uplift of lifestyle, increase in awareness related to buying pattern through digital platform has created a paradigm shift of consumers towards online orders and delivery options. Attracting consumers towards retail store depends on the long hours of working, providing good ambience, having flexible payment options, providing good parking space, kids zone facility, service provided by the store personnel, store image dimension, working consumers buying patterns depends on family structure such as joint family or nuclear family. It acts as a linkage between demographic attributes and behavioral outcomes of the consumers.

2. DMart: The Indian Retail Chain

DMart is a single roof supermarket with an objective of offering customers a wide variety of products ranging from fundamental house hold products under one platform. DMart stocks include grocery, skincare products, toiletries, apparel, home appliances, bed and bath linen, and more.

DMart retail chain are owned and functioned by Avenue Supermarkets Ltd., (ASL). The company's headquarters is situated in Mumbai. It was established by Mr. Radhakishan Damani and family to cater to the increasing needs of customers. The first store was established in Powai in 2002; at present it is spread across different states in our country at 238 locations. The mission of the

company is to facilitate the best value possible for their customers so that every rupee they spend on shopping with them gives more value for money than they would receive in any other stores. Brands owned by ASL include D Mart, D Mart Minimax, D Homes, Dutch Harbor. DMart provides around 10,175 employment opportunities across the country and ranks 3rd among its competitors. Their major competitors are Big basket, Big bazaar, More, Nature's Basket etc., DMart issued its first Initial Public Offer in the year 2017 March 8. A DMart storage period in any of the outlets is less than 30 days when compared to its competitors where it is less than 70 days. This is to save the cost, to maintain unsold products and to reduce the storage cost

Role of EDLP Strategy on Consumer Buying Behaviour Patterns with Special Reference to DMart

The retailer will provide the lowest price when compared to other supermarkets based on the demand for the product on a daily basis. To attract the customers, the strategy followed by D-Mart includes flash sales, seasonal offers, discounts, buy 1 get 1 etc., to maintain customer loyalty through creating a platform for spending less amount of valuable goods.

EDLP throws light on Every Day Low Price depends on the buying pattern of the customers based on the demand of the product, especially during the festival season, special occasions, seasonal fluctuations etc.,

DMart concentrates on low operational cost by reducing their expense on fanciful shelves by adopting simple shelves and maximum utilization of the space by keeping its layout well designed and as simple as possible. It also sets very few billing counters, reducing employee cost.

1. **Infrastructure ownership:** Some of the hypermarkets such as Big Bazaar, Reliance Mart, Star Bazaar have more number of stores when compared to DMart but expenses are related to payment of rent (Avinash Pawar 2020). When purchase of products have footfalls in such a case own building will have initial investment is much lesser. DMart have own infrastructure.
2. **Lower Market and Higher Sales:** Indian market can attract more customers by offering more discounts and by increasing the sales volume. DMart offers wide range of goods in a single platform under single roof. Payment to suppliers are cleared within a credit period of 15 days. Other hyper markets extend a credit period of 60 days and above. Price negotiation is done easily with suppliers as the requirement of the goods is in huge demand.
3. **Caters the need of consumers by providing fast moving products:** DMart caters the need of society by focusing mainly on the middle class family such as daily requirements, grocery, electronics, apparel, stationery, detergents, etc., at cheaper price.

3. Literature Review

1. **Sandra McCurley Hortman, Arthur W. Allaway (1910):** This study focuses on the various impacts of patronage- influencing elements among and with various other segments in a choice modelling context. The main objective was to identify if one segment approach can fetch better understanding of retail shop than other segments. Thus, the segment-based patronage will lead to better understanding of the retail sector.
2. **Gyeong-Cho Kim (2013):** This study analyses the impact of service quality and product quality in the choice of super-supermarkets and customers' satisfaction levels and to know whether the customers will revisit. A survey tool was used to collect responses

from super-supermarket customers. The result was the customers were impacted with store low pricing strategies and lead to customer satisfaction and their revisits intension which led to word-of-mouth intensions.

3. **M Guruprasad (2018):** This study concentrates on understanding the customer preference and their opinion on D-Mart products and services. The data for the study was collected from D Mart Karjat and Badlapur. The result showed that the customers were satisfied.
4. **Mohammed Sirajuddin, P Satish Kumar (2018):** The author reveals that four Ps of marketing such as, Product, Price, Place and Promotion has greater influence on modern marketing and customer satisfaction. A wide range of products is increased after the emergence of modern retail industry from the past two decades.
5. **Sourav (2019):** Success mantra of D Mart is customers, vendors, and employees. The strategy adopted at D Mart is “Buy it Low, stack it high, and Sell it Cheap”. By one decade, they can crack the profit due to savings on the huge chunk of money on rent. They save a good amount of 2-3 % from the suppliers by paying them within 48 hours of delivery.
6. **Avinash Pawar and B.V. Sangvikar (2019):** This paper has focused on discussing the case of D-mart retail chain and to give inputs about their success in India. In this case customers choose D-mart to optain better value for money and quantity and price offers greater than their competitors. Most of their target groups are middle-income families who are intended to cater to the most regular consumer requirements. The data is optained from customers and employees with the help of questionnaires and structured interviews.
7. **Avinash Pawar (2019):** The article gives inputs about D Mart providing a wide range of products under a single roof. The customer prefers shopping at D Mart for their discounts when compared to other supermarkets.
8. **D. Satish Kumar, P.Bindu (2020):** In this study the changing preferences and choices of consumers are not creating any popularity in the retail business model strategies like a wide variety of commodities, same location, self picking of goods, window shopping etc.,. Hence this study focuses on understanding the major difference between various retail stores on consumer choice and preferences. The result stated that both D-Mart and Metro were able to attract customers the new range of products and by various offers offered to customers.
9. **Saloni Chechani (2020):** The research paper reveals that D Mart is one of the units in the retail industry which caters business to all age groups. D Mart attracts customers through low pricing, offers and discounts.
10. **Vidyansh Chandra (2020):** The author focuses on Customer Relationship Management at D Mart, which explains about the success of the supermarket chain. The author reveals how D Mart can overcome the competitors by providing good service, quality, maintenance and focuses on lower- and middle-class people.
11. **Ayush Bangera (2020):** Some of the factors which influence low price strategy at D Mart when compared to other hyper-markets such as locality of D Mart outlet, product range, volume sales, negotiation with suppliers, reduce expenses.
12. **Dharmendra S. Mistry, Pallavi C. Vyas(2021):** The main purpose of the study is to understand what impacts the sales in DMart and Big bazaar. Few elements like profit

margin, inventory, accounts receivables and payables, etc., has been considered to study their impact on sales revenue. It was observed that D-Mart's profitability was comparatively high to Big bazaar.

13. **Dr. Aparna Jain (2021):** The study intends to identify the significance of mental calculations on buying decisions. In this paper, it was found that mental accounting is the first thing that comes to the customer's mind and they concentrate more on when they are into complex buying behavior.
14. **Shobika S, Dr. R Gunasundari (2021):** The paper reveals that satisfaction of customers places a vital role in the supermarket based on various parameters such as service, parking, location, billing system as well as price. The study concludes that branded products need to be given more importance as customers prefer branded products.

4. Challenges faced by DMart

In this changing market scenario with huge competition from the supermarkets and the shift of consumers' shopping behavior towards online grocery store has given a high challenge for supermarkets to attract customers; hence has created the urgent of implementing Everyday Low pricing strategy (EDLP) to attain sustained growth. This study focuses on understanding how EDLP has impacted customers' buying patterns with special reference to D-mart supermarkets.

5. Objectives

1. To know the marketing strategies of D-mart.
2. To measure the impact of EDLP strategies on the consumer purchase decision.
3. To comprehend the determinants of consumer buying patterns.

6. Methodology

Illustrative is undertaken in the study, which consist of questionnaire method. The response were collected by the customers who visit DMart for shopping purpose. The questionnaire consisted of 2 varieties of questions such as nominal and interval is being used in the study. Interval method consist of 5 Likert rating scale right from strongly agree to strongly disagree. Respondents consist of 214 numbers. The sample was collected based on field study and statistical tools were adopted. Bivariate tool has been taken for the study.

The judgement sampling method is used in the study. In the study 2 judgement criteria are undertaken such as consumers should be married, and second consumers are a middle class family (so that it meets their demand related to everyday low price).

The Chi - square test has been applied in the study to measure categorical variables such as promotional strategy and the impact of family on purchasing patterns of commodities.

7. Findings of the study

Table 1 indicates the frequency between the age group of 25 to 30 years is 15.42%, those within the age group of 30 to 35 years are 43.93% and above 35 years are 40.65%. Regarding the monthly income 32.24% are below Rs. 25,000, the income of 35.98% of customers is between Rs. 25,000 – Rs. 35,000 and 31.78% are of Rs. 35,000 and above.

Table 1 Demographic characteristics of the respondents

Particulars	Frequency	Percentage
Age		
25 - 30 yrs	87	15.42%
30 - 35 yrs	94	43.93%
35 and above	33	40.65%
Total	214	100%
Monthly Income		
<Rs. 25,000	97	45.32%
Rs. 25,000 – Rs. 35,000	77	35.98%
Rs. 35,000	40	18.69%
Total	214	100%

The study explores the impact of consumer buying commodities on the influence of the family requirements of commodities and as well as on the monthly income of the family followed by offers, seasonal festival and discounts in the month.

Table 2 Role of Family and Social Factors influencing buying pattern of customers

Sl. No.	Particulars	Mean Value
1.	My family encourages me in buying commodities as per the requirement	4.21
2.	Elders at home plan the purchase of commodities as per monthly requirement	4.19
3.	My family helps me in making a balanced savings during the month	3.73
4.	Support of family helps me in case of extra expenses	4.10
5.	The encouragement given by my family members helps me in knowing the offers, discount and seasonal offers.	4.44
6.	Everyday low pricing encourages the family to buy the commodities	4.22
7.	My family supports me in selecting the commodities as per requirements	4.13
8.	Being a joint family consumption of commodities is more	3.10
9.	Traditional method of buying commodities demotivates me due to work pressure	3.45
10	It is difficult to match offers during weekends	4.01
11.	Infants make shopping more difficult for ladies	3.99
12.	Due to unawareness among customers it is difficult to get sufficient information about prices	3.55
13.	Word of mouth about everyday low price influence customers to visit Dmart	3.51

14.	Tagline of Dmart :”Daily Discount, Daily Savings”attracts the consumers	3.66
15.	There is less awareness among consumers regarding everyday low pricing	3.49

Table 2 depicts the Mean value for the particulars with reference to the “Role of Family and Social determinants on buying pattern of customers.” According to the response given by the respondents; highest mean value of 4.44 is analyzed in the particulars, “Encouragement given by my family members helps me in knowing the offers, discount and seasonal offers,” as working customers face problem in knowing the daily offers, discount and seasonal offers, it is shown in the statement, “Everyday low pricing encourages the family to buy the commodities” with the mean value of 4.22. My family makes a list of commodities to be purchased as per individual need of the family member the mean value is 4.21 for the statement “My family encourages me in buying commodities as per the requirements.” Without knowing the family requirement related to purchase of commodities it is difficult to do a random shopping at times, that is proved by the statement “Elders at home plan the purchase of commodities as per monthly requirement” with the mean score of 4.19, “My family supports me in selecting the commodities as per requirements” records the mean score of 4.13. Support of family is highly required in case the expenses crosses the budget for the month “Support of family helps me in case of extra expenses” with the mean score of 4.10. As working customers find very difficult to shop during the weekdays in such a case weekend is more preferable, which is shown in the statement, “It is difficult to match offers during weekends” with the mean score of 4.01. To accompany kids of smaller age group for shopping is very difficult and it is shown in the statement, “Kids of small age make shopping for mother quite difficult” score the mean value of 3.99. During festivals or any events at home the expenses shoots up more in such a case reserve fund or emergency fund needs to be utilized, “My family helps me in making a balanced savings in the month” the mean score of 3.73, “Tagline of Dmart :”Daily Discount, Daily Savings”attracts the consumers to buy all commodities in a single platform under single roof with the mean score of 3.66. Customers find it difficult to know the discounts, price and offers especially with below poverty line people, “Due to unawareness among customers it is challenging to gather enough information about prices” the mean score is recorded as 3.55, “Word of mouth about everyday low price influence customers to visit Dmart” mean value is 3.51. Statements “There is less awareness among consumers regarding everyday low pricing” and “Traditional method of buying commodities demotivates me due to work pressure” the mean value of 3.49 and 3.45 respectively. Purchase of commodities depends on the members of the family more likely it is more in joint family “Being a joint family consumption of commodities is more” recorded the lowest mean value of 3.10.

Table 3 Role of Family and Social determinants on buying pattern of customers

Sl. No.	Particulars	Mean Score	T Value	Sig
1.	My family encourages in buying commodities as per the requirement	4.21	12.573	0.000
2.	Elders at home plan the purchase of commodities as per monthly requirement	4.19	17.032	0.000

3.	My family helps me in making a balanced savings during the month	3.73	3.474	0.000
4.	Support of family helps me in case of extra expenses	4.10	9.348	0.000
5.	The encouragement of my family helps me in knowing the offers, discount and seasonal offers.	4.44	11.525	0.000
6.	Everyday low pricing encourages the family to buy the commodities	4.22	10.669	0.000
7.	My family supports me in selecting the commodities as per requirements	4.13	10.976	0.000
8.	Being a joint family consumption of commodities is more	3.10	-6.805	0.000
9.	Traditional method of buying commodities demotivates me due to work pressure	3.45	-0.744	0.229
10.	It is difficult to match offers during weekends	4.01	7.140	0.000
11.	Infants make shopping more difficult for ladies	3.99	6.690	0.000
12.	Due to unawareness among customers it is difficult to get sufficient information about prices	3.55	0.583	0.280
13.	Word of mouth about everyday low price influence customers to visit Dmart	3.51	0.122	0.451
14.	Tagline of Dmart :”Daily Discount, Daily Savings”attracts the consumers	3.66	2.208	0.014
15.	There is less awareness among consumers regarding everyday low pricing	3.49	-0.143	0.443

Table 3 depicts that all the particulars with reference to the “ Role of Family and Social determinants on buying pattern of customers,” it is observed that mentioned particulars, “My family encourages in buying commodities as per the requirement,” “Elders at home plan the purchase of commodities as per monthly requirement,” “My family helps me in making a balanced savings during the month,” “Support of family helps me in case of extra expenses,” “The encouragement of my family helps me in knowing the offers, discount and seasonal offers,” “Everyday low pricing encourages the family to buy the commodities,” “My family supports me in selecting the commodities as per requirements,” are found to be significant as their significant value is less than 0.05. The particulars which is negatively significant is “Being a joint family consumption of commodities is more,” the particulars which are not relevant in the study are “Traditional method of buying commodities demotivates me due to work pressure,” Due to lack of knowledge among below poverty line customers about offers, discounts and festival available they find difficult to do the shopping, “Due to unawareness among customers it is difficult to get sufficient information about prices,” “Word of

mouth about everyday low price influence customers to visit Dmart” and “There is less awareness among consumers regarding everyday low pricing.”

8. Customers are influenced to visit DMart by word-of-mouth

The study also explains how customers influence to visit DMart by spreading word-of-mouth. the following hypotheses were being formed:

H1: There is a significant relationship between the customers who influenced to visit DMart by word-of-mouth

H0: There is no significant relationship between the customers who influenced to visit DMart by word-of-mouth

Table 4 Chi Square Test to check the Role of Family and Social determinants on buying pattern of customers

Impact of Family and Social determinants of Customers	Monthly Income			Total
	Low impact of income	Moderate impact of income	High impact of income	
Low impact of income	15	19	39	73
Moderate impact of income	23	37	14	74
High impact of income	43	14	10	67
Total	81	70	63	
Value of Chi-square				51.4007
Degree of freedom				4
P value				0.00001

Table 4 depicts the Chi-Square test and the calculated result of the chi-square at 4 degree of freedom. The value of chi square is 51.4007 which is greater than the critical value, hence the null hypothesis (H0) is rejected and alternate hypothesis is accepted. It was concluded that, “There is a significant relationship between the customers influenced to visit DMart by word-of-mouth”. The customers who are motivated or interested to visit DMart are more likely by word of mouth.

Conclusion

- D-Mart caters the need of the customers by providing a wide range of product to its customers right from food, grocery, general items and apparels. D-Mart is able to attract customers as goods are directly purchased from suppliers and sold to end-users by taking into consideration B2C (Business to Consumer). D-Mart is a single roof supermarket chain under

one roof by providing a wide range of products. D-Mart fulfills the need of middle class family and as well as lower income groups.

Reference

- <https://startuptalky.com/dmart-case-study/#>
- <https://thestrategystory.com/2021/03/31/dmart-strategy/>
- <https://thebrandsofindia.com/dmart-strategies-that-make-it-a-success/>
- <https://blog.finology.in/investing/business-model-dmart>
- [https://www.academia.edu/42279317/Strategy and Success of DMart The Case of Retail Chain in India](https://www.academia.edu/42279317/Strategy_and_Success_of_DMart_The_Case_of_Retail_Chain_in_India)
- <https://www.nextbigbrand.in/the-rise-and-rise-of-d-mart-building-supermarkets-the-right-way/>
- <https://www.quora.com/What-is-the-business-model-of-Dmart-in-India>
- <https://www.myquestend.com/business/business-models/how-does-dmart-work/>
- <https://tradebrains.in/dmart-business-model/>
- <https://www.linkedin.com/pulse/5-key-success-factors-develop-brand-like-dmart-dr-rupal-agarwal>
- <https://moneymodels.org/business-models/dmart-business-model/>
- <https://www.youtube.com/watch?v=NDQvTD1oyH0>

Bibliography

- Sivasakathi, D., & Banupriya, S. (2020). EPRA International Journal of Research and Development (IJR D) A STUDY ON CUSTOMER SATISFACTION TOWARDS SAMSUNG SMART PHONES WITH SPECIAL REFERENCE TO COIMBATORE EPRA International Journal of Research and Development (IJR D). 7838(November), 267–271.
- Satish Kumar, D., Bindu, P., Rao, D. S., Anusha, S., & Srinivas, J. (2018). A comparative study of factors influencing purchasing decisions at D-mart and metro in Vijayawada city. International Journal of Engineering and Technology(UAE), 7(4.10 Special Issue 10), 221–224. <https://doi.org/10.14419/ijet.v7i4.10.20900>
- Pawar, A., & Sangvikar, B. (2019). Strategy and Success of DMart: The Case of Retail Chain in India. June 2019.
- Muthuseshan, G. (2020). Study on the Consumer Preference and Perception of Supermarket Chain - Case of Dmart. 3(November 2018).
- Mistry, D. S., & Vyas, P. C. (2021). Similar yet Different : A Comparative Study of Profitability Performance of Indian Retail Sector with a Special Reference to Big Bazaar and D Mart. 11(1). <https://doi.org/10.21567/adhyayan.v11i1.2>
- McCurley Hortman, S., Allaway, A. W., Barry Mason, J., & Rasp, J. (1990). Multisegment analysis of supermarket patronage. Journal of Business Research, 21(3), 209–223. [https://doi.org/10.1016/0148-2963\(90\)90029-D](https://doi.org/10.1016/0148-2963(90)90029-D)
- Marketing, S. C. (2020). A Study on “ Impact of D -Mart on small grocery retailers- consumer perspective in Bhilwara .” 22(11), 1149–1161.

- Kim, G.-C. (2013). A Study on the Effects of Super-Supermarket Service Quality on Satisfaction in Store Selection. *Journal of Industrial Distribution and Business*, 4, 41–49. <https://doi.org/10.13106/jidb.2013.vol4.no2.41>.
- Li, I., & June, A. (2021). International Journal of Advance and Innovative Research USE OF MENTAL ACCOUNTING IN PURCHASE DECISION MAKING WITH REFERENCE TO D-. 8(2), 184–189.
- Chandra, V. (2020). “ A Study On The CRM Strategies Of D-Mart .” 8(5), 9–12.
- Title, M., & Relevance, C. (n.d.). Sample jcr manuscript.
- Reynolds, J., Howard, E., Cuthbertson, Ch., Hristov, L. (2007) —Perspectives on retail format innovation: relating theory and practice, *The International Review of Retail, Distribution and Consumer Research*, 35 (8), pp.647-660.
- Tan, Thomas Tsu Wee (Editor), (2005), *Asian Retailing: Trends, Challenges and Strategies*, Singapore: Pearson-Prentice Hall, ISBN 9812449582
- Tuli, R., Mookerjee, A., (2004) Retail Formats: Patronage Behaviour of Indian Rural Consumers. *South Asian Journal of Management*, 11 (3), 57-75.
- Vijay Durga Prasad, V. (2007) —The Spread of Organised Retailing in India – With a special Reference to Vijayawada City — *Indian Journal of Marketing*, May, pp. 3-9
- Wakefield, K. L. and Baker, J. (1998) Excitement at a mall: determinants and effects on shopping response, *Journal of Retailing*, 74(4), pp. 515-539.
- Ni Ketut Seminari , Ni Made Rastini , and Eka Sulistyawati ,The Impact of Modern Retail on Traditional Retail Traders in The Mengwi, Badung District, *IRCS UNUD Journals*, Vol. 1 No. 1, February 2017