

“Can you do something about the price?” – Exploring the Indian deal and bargaining-prone customer

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Abstract

Purpose – The paper aims to study how deal- and bargaining-prone customers are different from each other. This paper brings out this difference based on psychographics encompassing values – consciousness, price mavenism and personality orientations – needed for special treatment (distinctiveness and play).

Design/methodology/approach – The measurement model was assessed using both exploratory factor analysis and confirmatory factor analysis. The structural model was tested using structural equation modeling.

Findings – This paper finds that value consciousness is a two-dimensional construct in the Indian context. This construct comprises two dimensions of value consciousness, including concern for price and concern for quality. The authors find that deal-prone customers are value conscious and price mavens. Bargaining-prone customers are value-conscious price mavens and have a high need for special treatment (play). Play orientation distinguishes between a deal-prone and a bargaining-prone customer.

Research limitations/implications – The study was limited to grocery products. The consumers surveyed were urban and educated Indians.

Practical implications – With the Indian markets being opened for Western retailers, it is imperative to study the Indian consumers. It is important to understand why the local neighborhood store is able to retain its customer base even when the organized fixed-price formats have been around for approximately 20 years.

Originality/value – This is one of the few papers that tries to understand the Indian consumer’s buying behavior, especially with respect to their haggling nature. This paper further develops our understanding of the “deal proneness” and “bargaining proneness” constructs. The authors also study their differences based on psychographics.

Keywords Emerging markets, Bargaining, Bargaining proneness, Deal proneness, Haggling

Paper type Research paper

An executive summary for managers and executive readers can be found at the end of this issue.

1. Introduction

Organized retail in India constitutes 8 per cent of the total retail market and is expected to grow to 20 per cent by 2020 (Deloitte, 2013). Ernst & Young (2014), India, opines that this rate of growth is much slower than what was predicted. They suggest lack of retail experience to be one of the primary reasons for this restrained growth. Indian retail is and will be dominated for some time ahead by the small neighborhood retailer, popularly known as the “kirana” store. To understand

the Indian retailing scenario, marketing scholars and managers cannot ignore this format and the customers who like to frequent it.

Popular press (Khurana, 2013) suggests that Indians “love to haggle and their obsession with bargaining goes beyond making sure one gets value for money”. One benefit that the neighborhood store gives the Indian consumer is the ability to negotiate a price (bargaining or haggling). They often pass on any monetary and non-monetary benefits decided by the manufacturer (deals) as a bargained price. While deals can be seen as contractual obligations, bargaining is non-contractual or discretionary (Butori, 2010). RS Worldwide’s Global consumer survey (as quoted in Sharma and Krishnan, 2000) calls a haggling-prone customer as a “Deal Maker”.

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