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Challenges associated with Traditional and Modern Retail Formats and their influence on Consumer Behaviour: A Study of Domestic and International Consumers.

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Abstract: The retail industry has undergone significant changes over the past two decades due to digitalization, the emergence of new retail formats, and changing consumer expectations. Against this background, the present study examines the challenges associated with traditional and modern retail formats and their influence on consumer behaviour, with a focus on domestic and international consumers in Goa. It aims to identify the major issues that affect purchase decisions and the problems that influence consumer satisfaction across different retail formats. Primary data were collected from 200 respondents, including 120 domestic and 80 international consumers, using a structured questionnaire. The collected data were analysed using SPSS, with reliability testing, factor analysis, and regression analysis applied to examine the findings. The results identified six major critical issues: unfair trade practices, consumer exploitation, operational inefficiency, unfavourable retail practices, other unfair practices, and poor customer service. Four major problem dimensions were also identified: operational issues, customer trust issues, customer experience issues, and after-sales support. The regression analysis showed that operational inefficiency, unfavourable retail practices, customer trust issues, and after-sales support have a significant influence on consumer satisfaction. The study highlights the need for retailers to address these concerns to improve customer trust, enhance satisfaction, and encourage long-term customer loyalty.

Keywords: Retail Formats, Consumer Behaviour, Consumer Satisfaction, Retail Challenges, Customer Trust.

Introduction

The global retail industry has experienced considerable changes over the past two decades, largely due to technological advancements, changing consumer expectations, and the growing integration of online and offline shopping channels. New retail formats, such as e-commerce platforms, omnichannel retailing, direct-to-consumer (D2C) models, experiential retail, pop-up stores, and subscription-based services, have gradually changed the way products and services are marketed, purchased, and consumed. These developments have influenced conventional retail practices and brought noticeable changes in consumer behaviour across different demographic groups and geographical regions.

Consumer behaviour is influenced by several interconnected factors, including socio-economic conditions, cultural background, psychological preferences, and technological developments. The adoption of modern retail strategies, such as personalized marketing, real-time customer interaction, artificial intelligence (AI), big data analytics, and improved supply chain management, has further contributed to changes in consumer buying patterns. However, the response to these developments varies among consumer groups. Domestic consumers are often influenced by local needs, purchasing power, available infrastructure, and cultural preferences, whereas international consumers may respond differently depending on global market trends, regional practices, and the level of retail development in their respective markets.

The present study examines the influence of emerging retail formats and strategies on consumer behaviour, with particular emphasis on the differences between domestic and international consumers. It seeks to understand

how consumers from these two groups perceive and respond to changes in the retail environment and how such developments influence their purchasing decisions. By examining consumer responses to contemporary retail practices, the study aims to contribute to a better understanding of changing retail trends and the factors that shape consumer decision-making. The findings are also expected to provide useful insights for retailers in developing appropriate strategies to address the needs and expectations of an increasingly diverse consumer base.

With the continuous transformation of the retail sector, it is equally important to understand the problems consumers face while making purchasing decisions and to assess whether emerging retail formats and strategies are able to meet their expectations. Domestic and international consumers may encounter different challenges concerning product availability, pricing transparency, trust in digital platforms, after-sales services, and the consistency of brand experiences across online and offline channels. Such concerns can influence purchase intentions, brand loyalty, and overall customer satisfaction. Identifying these challenges and examining satisfaction levels across different retail settings can help retailers develop more effective strategies that are responsive to consumer needs. Accordingly, this study focuses not only on the influence of emerging retail practices on consumer behaviour but also on identifying the major factors affecting consumer satisfaction in domestic and international markets.

Literature Review

Nigel Barreto et. al (2025), analyzed the key factors influencing buyers behaviour in local markets, which are central to community identity and tourism-driven economies. Six independent variables were examined: market proximity, availability of traditional goods, tourism influence, staff attitude, cultural relevance of products, and seasonal promotions. The research paper used correlation analysis, multiple regression, and Thurstone Case V Scaling for the analysis. The study revealed that tourist activity had the strongest impact on consumer behaviour, followed by market proximity and staff attitude**.** The finding of the study highlights the valuable insights for enhancing customer engagement, leveraging tourism, and improving local products. The research contributes to consumer behaviour literature and provides managerial recommendations, while highlighting opportunities for future studies on evolving consumer preferences.

P. Pratheesh and K. Rajalakshmi (2025), attempted to explore the retail purchasing behavior in emerging markets, particularly within BRICS countries, where consumer behavior is often perceived as random and culturally influenced. Using the critical incident technique, the authors aim to identify both successful and unsuccessful retail purchasing decisions by analyzing real-life shopping experiences. The research focuses on understanding consumer decision-making processes, resistance, and preferences regarding retail store types, product lines, and services.

The study stands out for incorporating consumer voices to explain real-world retail behaviors rather than relying solely on hypothetical models. A total of 311 consumers across India were surveyed through an online and independent research study. The sample was nationally representative with respect to gender, age, and geographic region. The findings of the study were validated using a 95% confidence level. Overall, the paper highlights the insights into how retail format and product preferences vary across consumer segments in emerging economies, helping retailers align offerings with actual customer expectation.

Rajesh Sharma and Abhinanda Gautam (2016), emphasizes whether numerous retail formats have been adopted globally to improve interactions with consumers, however there exists few actual evidence on how efficient these forms are within the South African Fast-Moving Consumer Goods (FMCG) sector. The study investigates consumer preferences for retail formats in Sandton, Johannesburg, based on a survey of 96 respondents. The finding of the study indicates that the consumers are aware of multiple retail formats, which influences their purchasing behaviour. Additionally hypermarkets emerge as the most preferred retail format, followed by convenience stores and supermarkets, while independent retail stores have minimal impact. The

research paper highlights the importance of aligning retail formats with consumer preferences and market trends to remain competitive in the FMCG sector.

Anthony Satish and Rajendra Kumbharjuvenkar (2012), examined the tourism industry as one of the largest, eco-friendly, and non-polluting sectors globally, playing a significant role in economic growth and employment, especially in underdeveloped areas. In Goa, tourism has diversified beyond beaches to include eco-tourism, medical tourism, adventure sports, and heritage tourism, attracting both domestic and international visitors. Shopping is a key tourist activity with notable economic impact, as many tourists consider it an essential part of their travel experience. The research paper explores tourist's perceptions of retail services in Goa and examines whether domestic and international tourists differ in their service evaluations and shopping preferences.

Research Gap

The retail sector has undergone considerable changes with the emergence of diverse retail formats, including e-commerce platforms, hypermarkets, convenience stores, and experiential retail outlets. These developments have been accompanied by the adoption of innovative retail strategies, such as personalized marketing, digital customer engagement, and localized product offerings, aimed at responding to changing consumer preferences and expectations. Although existing studies have examined various aspects of consumer behaviour, including purchase preferences, cultural influences, and factors affecting buying decisions in different parts of India, research focusing specifically on the Goan retail market appears to be relatively limited, to the best of the researcher's knowledge. In particular, there is a need for a systematic investigation into the critical factors influencing consumer purchase decisions and the extent of customer satisfaction across different retail formats in Goa. Furthermore, understanding the similarities and differences in the experiences and expectations of domestic and international consumers is important for identifying the challenges they encounter and the factors that shape their purchasing behaviour. In this context, the present study seeks to address this research gap by examining the major issues influencing consumer buying decisions and assessing satisfaction levels among domestic and international consumers in the Goan retail market.

Objectives of the study

The objective of the study is:

1. To examine the critical issues influencing purchase decisions and assesses the satisfaction levels of domestic and international consumers in the context of traditional retail formats.
2. To investigate the key challenges influencing buying behaviour and evaluate the satisfaction levels of domestic and international consumers in the context of emerging modern retail practices.

Hypothesis

H01: There is no significant relationship between the critical issues impacting purchase decisions and the level of satisfaction of domestic and international customers in terms of traditional retail formats.

H02: There is no significant relationship between the key problems influencing buying behavior and the satisfaction levels of domestic and international consumers in the context of emerging modern retail practices.

Research Methodology

Sources of Data

Primary Sources - The primary data was gathered through a structured questionnaire designed exclusively for the study. The questionnaire was designed to collect information about demographic profile of the respondents such as age, gender, education and family monthly income, in addition to various core questions related specific to the objectives of the study.

Secondary Sources - Secondary information was collected from research papers, Journals, Magazines, Websites and newspapers.

Sample Size

A target of 200 respondents was set and achieved for Data Collection for final analysis and interpretation. The sample was divided into two distinct groups to represent both Domestic and International consumers:
Domestic Consumers: 120 respondents and International Consumers: 80 respondents

Period of the study: The Period of the survey is the period of study which is three months.

Statistical Tools

The analysis of data has been done by using statistical tools using the SPSS Software in order to study both the objectives of the study. The statistical tools used is Reliability Test, Factor Analysis and Regression Analysis in order to examine the impact of buying behaviour on the satisfaction levels of domestic and international consumers.

Analysis:

1. Evaluation of the Critical Issues that Impact the Purchase Decision and Satisfaction Level of Domestic and International Consumers in the terms of Traditional Retail Formats.

In order to study the impact of critical issues on purchase decision and satisfaction level of domestic and international consumers in the terms of traditional retail formats, a sample of 200 respondents were considered and data was obtained. It was analysed through factor analysis and regression analysis. The data reliability was established using Cronbach's Alpha test of reliability. Applying this test specifies whether the items pertaining to each dimension are internally consistent. The Cronbach's Alpha should be 0.70 or above.

Table No. 1: Reliability Statistics

Reliability Statistics	
Cronbach's Alpha	**N of Items**
0.74	**14**

Source: Computed from Primary Data

Table No.1shows that the Cronbach's Alpha value of accuracy is 0.74 which is more than 0.70.

Factor Analysis on the Critical Issues that impact the Purchase Decision and Satisfaction level of Domestic and International Consumers in the terms of Traditional Retail Formats.

Factor analysis is a dimension reduction technique which combines all the similar variables into dimensions. To evaluate the critical issues that impact purchase decisions and analyze the level of satisfaction of domestic as well as international customers in terms of traditional retail formats has been analyzed by using factor analysis.

Table No. 2: Critical Issues Impacting Purchase Decisions and Satisfaction Levels of Domestic and International Customers in Traditional retail formats.

Sr. No.	Factors	Items	Factor Loadings	Eigen Values	Total Variance Explained	Cummulative %
1	**Unfair Trade Practices**	Inconvenient Operating Hours	.905	2.623	18.734	18.734
		Deceptive Promotional Practices	.863			
		Counterfeit and Substandard Products	.852			
2	**Consumer Exploitation**	Overpricing	.914	1.974	14.101	32.834
		Adulteration	.879			
3	**Operational Inefficiency**	Poor Customer Service	.900	1.784	12.745	45.579
		Unsafe Product Display	.742			
4	**Unfavourable Retail Practices**	Unprofessional Staff Behaviour	.775	1.657	11.835	57.414
		Limited Product Assortment	.643			
		High-Pressure Selling	.606			
5	**Other Unfair Practices**	Miscellaneous Issues	.782	1.648	11.772	69.186
		Weight Manipulation	.746			
6	**Poor Customer Service**	Unplanned Parking Facility	.871	1.486	10.613	79.799
		Poor Quality Standard	.703			

Source: Computed from Primary Data

For the purpose of the study all together 14 variables were analyzed and condensed into six key factors: Unfair Trade Practices, Consumer Exploitation, Operational Inefficiency, Unfavourable Retail Practices, Other Unfair Practices and Poor Customer Service. Eigen value for all the retained factors is more than one. The total variance explained by all prominent factors is to the extent of 79.799%.

The six factors identified from factor analysis are stated as under;

The first factor is named as Unfair Trade Practices. The factor is explained with the total variance of 18.734%. It consists of Inconvenient Operating hours, deceptive promotional practices and counterfeit and substandard products. The second factor is titled as Consumer Exploitation. The factor is explained with the total variance of

14.101%. It comprises Overpricing and adulteration. The third factor is termed as Operational Inefficiency. The factor is explained with the total variance of 12.745%. It comprises of Poor customer service and unsafe product display. The fourth factor is titled as Unfavourable Retail Practices. The factor is explained with the total variance of 11.835%. It comprises unprofessional staff behaviour, limited product assortment and high-pressure selling. The fifth factor is termed as Other Unfair Practices. The factor is explained with the total variance of 11.772%. It consists of Miscellaneous Issues and weight manipulation. The sixth factor is named as Poor Customer Service. The factor is explained with the total variance of 10.613%. It consists of Unplanned Parking facilities and poor quality standards.

Table No. 3: Regression Analysis of Critical Issues Impacting Purchase Decisions and Satisfaction Levels of Domestic and International Customers in Traditional retail formats.

$H0_1$: There is no significant relationship between the critical issues impacting purchase decisions and the level of satisfaction of domestic and international customers in terms of traditional retail formats.			
Dependent Variable: Customer Satisfaction			
R2 : 0.181	**F : 7. 104**	**P : 0.000**	
Influencing Factors	**Beta**	**T Test**	**P value**
Constant	3.955	76.307	.000
Unfair Trade Practices	-.028	-.533	.594
Consumer Exploitation	.077	1.488	.138
Operational Inefficiency	.189	3.634	.000
Unfavourable Retail Practices	.129	2.474	.014
Other Unfair Practices	.148	2.847	.005
Service and Accessibility Challenges	-.185	-3.563	.000

Source: Computed from Primary Data

The regression analysis reveals the relationship between the critical issues impacting purchase decisions and the level of satisfaction of domestic and international customers in terms of traditional retail formats. This model is found to be significant wherein four variables out of six independent variables is found to be significant. The dependent variable in the regression model is considered to be the Customer Satisfaction. From the above regression model four factors that are Operational Inefficiency, Unfavourable Retail Practices, Other Unfair Practices and Service and Accessibility Challenges are found to be significant which is less than 0.05 and the remaining two independent variables have found to be insignificant. The R Square value obtained is 0.181, which implies that the model is explained to the extent of 18.10%. The model P value is obtained as 0.000, which is less than 0.05. Therefore the Null hypothesis stands rejected and the Alternative hypothesis is accepted which states that there is a significant relationship between the critical issues impacting purchase decisions and the satisfaction level of both domestic and foreign consumers with regard to expanding retail forms.

2. Identification of Key Problems Influencing Buying Behaviour and Assessment of Consumer Satisfaction in the context of Emerging Modern Retail Practices.

In order to prove the reliability of the model used Cronbach's Alpha test of reliability has been performed. Applying this test specifies whether the items pertaining to each dimension are internally consistent. The Cronbach's Alpha should always be 0.70 or above.

Table No. 4: Reliability Statistics

Reliability Statistics	
Cronbach's Alpha	**N of Items**
0.754	**13**

Source: Computed from Primary Data

Table No.4 shows that the Cronbach's Alpha value of accuracy is 0.754 which is more than 0.70.

Factor Analysis of Key Problems Influencing Buying Behaviour and Consumer Satisfaction in Emerging Modern Retail Practices.

A technique to reduce dimensions, the factor analysis groups all of the comparable variables into dimensions. To study the key problems influencing buying behaviour and consumer satisfaction in emerging modern retail practices has been analyzed using factor analysis.

Table No. 5: Factors influencing buying behaviour and consumer satisfaction in emerging modern retail practices.

Sr. No.	**Factors**	**Items**	**Factor Loadings**	**Eigen Values**	**Total Variance Explained**	**Cummulative %**
1	**Operational Issues**	Miscellaneous	.923	3.063	25.528	25.528
		Product display hazard	.903			
		Customer complaint resolution	.851			
		Parking facility organization	.777			
2	**Customer Trust Issues**	Ignored customer feedback	.922	2.799	23.322	48.850
		Misleading promotion information	.817			
		Unprofessional staff behavior	.724			
		Inconvenient operating hours	.630			
		Deceptive discount pricing	.505			
3	**Customer Experience Issues**	Insufficient checkout counters	.881	1.813	15.112	63.962
		Poor service quality	.866			

4	**After Sales Support Issues**	Poor after sales support	.935	1.113	9.279	73.241

Source: Computed from Primary Data

For the purpose of the study all together 13 variables were analyzed and condensed into four key factors: Operational Issues, Customer Trust Issues, Customer Experience Issues and After Sales Support Issues. Eigen value for all the retained factors is more than one. The total variance explained by all prominent factors is to the extent of 73.241%.

The four factors identified from factor analysis are stated as under;

The first factor is named as Operational Issues. The factor is explained with the total variance of 25.528%. It consists of Miscellaneous, Product display hazard, Customer complaint resolution and parking facility organization. The second factor is titled as Customer Trust Issues. The factor is explained with the total variance of 23.322%. It comprises of Ignored customer feedback, misleading promotion information, Unprofessional staff behaviour, Inconvenient operating hours and Deceptive discount pricing. The third factor is termed as Customer Experience Issues. The factor is explained with the total variance of 15.112%. It comprises of insufficient checkout counters and Poor service quality. The fourth factor is named as After Sales Support Issues. The factor is explained with the total variance of 9.279%. It consists of Poor after sales support.

Table No. 6: Regression analysis of relationship between the key problems influencing buying behaviour and the satisfaction levels of domestic and international consumers in the context of emerging modern retail practices.

$H0_2$: There is no significant relationship between the key problems influencing buying behaviour and the satisfaction levels of domestic and international consumers in the context of emerging modern retail practices.			
Dependent Variable: Customer Satisfaction			
R2 : 0.129	**F : 7. 223**	**P : 0.000**	
Influencing Factors	**Beta**	**T Test**	**P value**
Constant	3.955	74.383	.000
Operational Issues	-.001	-.023	.981
Customer Trust Issues	.236	4.428	.000
Customer Experience Issues	.014	.271	.786
After Sales Support Issues	-.162	-3.035	.003

Source: Computed from Primary Data

The regression analysis reveals the relationship between the key problems influencing buying behaviour and the satisfaction levels of domestic and international consumers in the context of emerging modern retail practices.

This model is found to be significant wherein two variables out of four independent variables is found to be significant. The dependent variable in the regression model is considered to be the Customer Satisfaction. From the above regression model two factors that are Customer trust issues and after sales support issues are found to be significant which is less than 0.05 and the remaining two independent variables have found to be insignificant. The obtained R Square value of 0.129 indicates that 12.90% of the model is explained. The model P value is obtained as 0.000, which is less than 0.05. Therefore the Null hypothesis stands rejected and the Alternative hypothesis is accepted which states that there is a significant relationship between the key problems influencing buying behaviour and the satisfaction levels of domestic and international consumers in the context of emerging modern retail practices.

Limitation of The Study

Due to time constraints the total sample size of the study is restricted to only 200 respondents. The respondent bias may be present in Data Analysis.

Conclusion

Emerging retail formats, including e-commerce, omnichannel models, and experiential retail outlets, are transforming the retail landscape and reshaping consumer shopping behaviour. These developments have significant implications for consumer behaviour across diverse markets, influencing both the promotion and distribution of products and the overall shopping experience. The present study highlights the substantial influence of emerging retail formats and practices on consumer behaviour, with particular emphasis on the experiences and responses of domestic and international consumers. The findings reveal that several critical issues, including operational inefficiencies, unfair trade practices, and inadequate customer service, significantly affect consumer satisfaction. These challenges not only influence purchasing decisions but also shape consumers' perceptions of the overall retail experience.

To sustain consumer satisfaction and foster long-term customer loyalty, retailers must address critical concerns such as inadequate after-sales service and difficulties in establishing and maintaining customer trust. The findings demonstrate that unfair retail practices and operational challenges adversely affect consumer satisfaction, thereby influencing the likelihood of repeat purchases in an increasingly dynamic retail environment characterised by e-commerce, omnichannel models, and experiential retail. The study contributes to a broader understanding of how domestic and international consumers respond to the evolving retail landscape. Furthermore, it underscores the importance of aligning retail strategies with consumer expectations, particularly in relation to operational efficiency, pricing transparency, service quality, and post-purchase support. Retailers seeking to remain competitive in a rapidly evolving marketplace must prioritise the development of seamless, reliable, and customer-centric experiences across all retail touch points. Addressing the identified challenges and implementing improvements in product display, employee conduct, customer complaint management, and parking facilities can contribute to enhanced consumer satisfaction and the development of stronger brand loyalty.

Accordingly, retailers should prioritise improvements in operational efficiency, the strengthening of customer trust, and the provision of effective after-sales support to enhance consumer satisfaction. In addition, aligning retail strategies with emerging consumer expectations and evolving retail formats is essential for maintaining competitiveness and achieving sustainable success in the global retail market.

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