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Management

Key Drivers Influencing Purchasing Behaviour in Organized Retail Outlets

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ABSTRACT

Indian retailing is at all-time growth today. There has been a significant change in retail trading over the years, from small kiranawalas in the vicinity to big super market. This research study focuses on the various key drivers influencing the customers' attitudes, purchasing behavior and the satisfaction level of people in organized retail outlets. This study shows that the main reason for the customers to opt for organized retail outlets is the availability of all under one roof supporting the saying "A One Stop Shop" . It is also suggested that the ambience of the retail outlets should be a major concern for its owners. Streamlined customer care activities will also helps to attract the customers towards purchase in retail outlets.

KEYWORDS : Retailing, purchasing behavior, organized retail, retail outlets

INTRODUCTION:

Retailing in India:

Retailing being the fastest growing industry in India and the seventh largest retail market in the world is expected to grow at 7% over the next 10 years. Being the fastest growing Indian industries it has an estimated value of 500 billion USD and is the second largest employer employing 35.5 million people including the wholesale trade. A dramatically change from traditional village fairs and street hawkers to malls and plush outlets contributing to 22% of GDP makes it the zenith of Indian industries.

The evolution of retailing in India:

The expansion of conventional rural retailing of the past century has given way to sophisticated modern retailing, eliminating the way side hawkers and peddlers by opening large trade centre in densely populated areas to feed the rest. The industrial revolution was a compelling factor for the independent India to feed the people with the necessary merchandise to the nearest point of their dwelling. The present public distribution system emerged from rationing system introduced by the Britishers in the second world war is now catering to the needs of commodities of the majority of rural population and with its presence in the cities and towns as well. Presence of large state owned--consumer stores, such as Canteen stores dept, Khadi and village industries dept, Consumer societies, Kendriyabhandars, Bombay bhandars etc. are some of the retailers other than the private sector players.

The organized retailing in the modern era's major is, "Raymond" with it's over 20,000 retailers and over 400 showrooms spreading throughout the country to feed quality textiles. Textile majors, "Vimal" "Bombay Dyeing", etc. are other prominent and established retailers in textile retailing. The emerging new large middle class Indians were looking for more quality products from these outlets. This paved the way for the rise of large departmental stores and malls extending their retail wings to rural areas also.

REVIEW LITERATURE:

Brow (2004) in his research on, "Determinants of loyalty to grocery store type", identified that similar socio-economic classes group customers behavior is similar in nature. Researcher also revealed that higher education and income group customers likes to shop, where they can save their valuable resources like time, effort and money .

Gursharan and Divakar (2008) in their research on, "The perception of customers retailer towards malls in Jalandhar in Punjab", revealed that the above 50% of the respondents visits malls once a month, one-third of the consumers whose average expenditure is between Rs5,000 to Rs10,000 and around 25% of the respondents prefer more to purchase from malls than from other formats. They also revealed that professional malls management and product varieties influenced over 90% of the customers to spend more time and money at the malls.

Jayasankara Prasad and Raghunadha Reddy (2007) in their research on, "A study on role of demographic and psychographic dynamics in food and grocery retailing in India", identified that younger the age, higher the education and income groups are mostly preferred to visit supermarkets for shopping grocery products. They also identified that female consumers and larger families preferred kirana stores for shopping grocery products

Palan (2000) in his study on, "Gender identity in consumer behavior research: A literature review and research agenda", studied the influence of gender in consumer behavior and identified that complex and changeable nature of personality traits are in the categories of gender.

Sinha and Uniyal (2004) in their research on, "Using observational research for behavioral segmentation of shoppers", revealed that demographic factors like age, gender, marital status, income, education and family size influence the customer decision on shopping in grocery retailing.

Williams (2002) in their research on, "Social class influences on purchase valuation criteria", studied social class like educations and occupational behavior on purchasing decisions. Researchers found that higher education group customers use to collect more information regarding product features and post service rendered by shoppers.

OBJECTIVES:

To understand the demographic and purchasing patterns of the respondents in the study area.

To identify the inter correlation among demographic and purchasing patterns about customer level of satisfaction towards organized retail outlets.

To identify and analyze the factors affecting the customer's attitudes towards organized retail formats.

LIITATIONS OF THE STUDY:

The study is confined to organized retail formats of Nellore district only. The result may not be generalized to the respondents in other districts.

The analysis is based on the responses given by the respondents and result May inherent some biased levels which are beyond the control of the researcher.

The research was primarily focused on attitudinal and behavioral dimensions.

SCOPE OF THE STUDY:

The present study includes the perception, preferences, overall attitudes of the customers, and the factors those influencing their behavior. This study has been done in one of the major district in Andhra Pradesh. This information is pertaining to retail products (Food, Grocery and Beverages, Textiles, Footwear, Home Appliances, Mobiles and Watches etc.) in the market and the customer preferences towards these products in the organized retail outlets. The study was aimed towards the customers who are visiting different retail outlets, and their frequency of shopping without focusing on any particular outlet. Hence the result can be generalized to improve overall store's performance and the potential of Nellore for the growth of organized retail formats.

RESEARCH METHODOLOGY:

The primary data were collected with the help of a well-structured questionnaire from the selected sample respondents in the study area. In the field survey method cross sectional survey technique was used. The questionnaire comprises of various questions relating to demographic profile of the respondents, respondents life styles, purchasing practices, store location, atmospherics, store merchandise and store service etc. All data required for this analytical study has been obtained mainly from primary sources, but at times secondary sources of data have also been considered.

SAMPLE SIZE:

The sample size of 1000 respondents was selected from different types of organized retail outlets in Nellore District of Andhra Pradesh. As a Non–Probability sampling method the size of sample is chosen as 1000 as per researcher judgment.

TOOLS FOR ANALYSIS:

Constructed several questions in the questionnaire based on the objectives of the research. The collected data were analyzed with the help of percentage method, correlation analysis and Garrett ranking method.

ANALYSIS& DISCUSSION:
Table .1: Demographic profiles of respondents

Variable	Description	Frequency	%
Age	25 or below	275	27.5
	26-30	181	18.1
	31-35	140	14.0
	36-40	175	17.5
	Above 40	229	22.9
Gender	Male	614	61.4
	Female	386	38.6
Education	SSC or below	163	16.3
	Inter/diploma	170	17.0
	U.G	288	28.8
	P.G & Above	330	33.0
	No formal education	49	4.9

Occupation	Professional	65	6.5
	Employee	244	24.4
	Self-employed	69	6.9
	Unemployed	25	2.5
	Business	137	13.7
	Student	199	19.9
	Home maker	161	16.1
	Farmer	70	7.0
	Retired	30	3.0
Income per month			14.2
	10000 or below	142	15.4
	10001-20000	154	16.1
	20001-30000	161	17.4
	30001-40000	174	18.7
	40001-50000	187	18.2
	Above 50000	182	
Family size	Single	63	6.3
	Two	65	6.5
	Three to four	529	52.9
	Above four	343	34.3
Marital status	Married	617	61.7
	Single	383	38.3
Family structure	Nuclear	562	56.2
	Joint family	438	43.8
Average monthly purchase at organized retail outlets	Below Rs 1,000	176	17.6
	Rs 1,001- Rs 2,000	184	18.4
	Rs 2,001- Rs 3,000	176	17.6
	Rs 3,001- Rs 4,000	338	33.8
	Above Rs 4,000	126	12.6
TOTAL		1000	100

Source: primary data.

From the above table depicts that demographic profile of the 1000 customers, 275 (27.5percent) respondents are belongs up to 25 years of age group; 614 (61.4percent) of the respondents are male; 618(61.8percent) of the respondents are graduates, post graduates and above;244(24.4percent) of the respondents are employees;187(18.7percent) of the respondents are in the income level of 40001-50000, and 182(18.2percent) of the respondents have the monthly income above 50,000;529(52.9percent) of the respondents family size of three to four persons; 617(61.7percent) of the respondents are married ; 562(56.2percent) of the respondents are nuclear family structure; Majority of the respondents288 (28.8percent) spend Rs3,001-Rs4,000 of their monthly budget towards their purchase in the organized outlets. Only126 (12.6 percent) of the respondents spend more than Rs 4000 of their monthly budget.

Correlation analysis of customer satisfaction towards organized retail formats

In the foregoing analysis, the relationship between respondents' level of satisfaction and seventeen independent factors was studied. It was found that all factors were closely associated with the level of satisfaction. In order to measure the interdependence of independent factors and their level of satisfaction towards organized retail formats, the results of the analysis was put to multiple correlation and regression analysis. An Inter correlation matrix was prepared to study the interdependence of these factors as shown in table no:1.

TABLE: 2. CORRELATION ANALYSIS FOR LEVEL OF SATISFACTION

	Var 1	Var 2	Var 3	Var 4	Var 5	Var 6	Var 7	Var 8	Var 9	Var 10	Var 11	Var 12	Var 13	Var 14	Var 15	Var 16	Var 17	LOS
Var 1	1.00																	
Var 2	-0.04^{NS}	1.00																
Var 3	-0.29**	-0.03^{NS}	1.00															
Var 4	0.10**	0.19**	-0.25**	1.00														
Var 5	-0.05^{NS}	0.27**	-0.07*	0.37**	1.00													
Var 6	0.18**	0.01^{NS}	-0.08**	0.14**	0.12**	1.00												
Var 7	-0.60**	-0.03^{NS}	0.26**	-0.03^{NS}	0.04^{NS}	-0.21**	1.00											
Var 8	-0.06**	-0.11**	0.04^{NS}	-0.04^{NS}	-0.06*	0.32**	0.03^{NS}	1.00										
Var 9	-0.06**	-0.11**	0.02^{NS}	-0.04^{NS}	-0.07*	0.05^{NS}	0.07*	0.12**	1.00									
Var 10 0.14**		-0.01^{NS}	-0.02^{NS}	0.00^{NS}	0.09**	0.14**	-0.10**	0.04^{NS}	-0.06^{NS}	1.00								
Var 11	0.05^{NS}	0.11**	-0.01^{NS}	0.06*	0.07*	0.13**	-0.08*	0.10**	0.19**	0.08*	1.00							
Var 12	0.07*	0.11**	0.00^{NS}	0.04^{NS}	0.09**	0.16**	-0.07*	-0.02^{NS}	0.24**	0.13**	0.21**	1.00						
Var 13	0.03^{NS}	-0.03^{NS}	0.06^{NS}	-0.06^{NS}	0.10**	0.10**	0.03^{NS}	0.01^{NS}	0.22**	0.19**	0.06*	0.26**	1.00					
Var 14	-0.05^{NS}	-0.15**	0.08*	-0.06^{NS}	-0.03^{NS}	-0.04^{NS}	0.07*	0.13**	0.12**	0.06^{NS}	-0.02^{NS}	0.04^{NS}	0.16**	1.00				
Var 15	0.06*	0.07^{NS}	-0.06^{NS}	0.03^{NS}	0.07*	0.06*	-0.03^{NS}	0.02^{NS}	0.06^{NS}	0.11**	0.04^{NS}	0.13**	0.31**	0.08*	1.00			
Var 16	0.06	0.15**	-0.05^{NS}	0.11**	0.01^{NS}	0.05^{NS}	-0.01^{NS}	-0.02^{NS}	-0.03^{NS}	-0.08*	0.10**	0.04^{NS}	-0.13**	-0.09**	-0.02^{NS}	1.00		
Var 17	0.07*	-0.04^{NS}	0.02^{NS}	0.05^{NS}	0.12**	0.15**	-0.05^{NS}	-0.04^{NS}	0.04^{NS}	0.17**	0.11**	0.18**	0.16**	0.03^{NS}	0.03^{NS}	0.08*	1.00	
LOS	-0.03	0.09**	-0.03	0.08**	0.02	0.00	-0.02	-0.04	0.03	-0.09**	-0.02	-0.06	-0.06	-0.05	-0.02	-0.01	-0.11**	1.00

Note : * - Significant at 1% level; ** - Significant at 5% level; NS- Not Significant

Var 1 - Age;   Var 2 – Gender;   Var 3 – Occupation   LOS – Level of Satisfaction
Var4 – Education;

Var 5 - Monthly Income; Var 6 - Family size;   Var 7 - Marital Status
Var 8 - Family Structure

Var 9 - Retail outlet type;   Var 10 - Period of awareness; Var 11 - Purpose of visit;

Var 12 - Frequency of purchase;   Var 13 - Average Purchase;
    Var 14 - Mode of Payment;

Var 15 - Average time spent   Var 16 - Mode of transport;
    Var 17 - Time slot

The above analysis indicates that there was Inter correlation between occupation of the respondents and age of the respondents. Similarly relationship was found between education and age, gender and occupation of the respondents. Inter correlation between the monthly income and gender, occupation and education of the respondents was found. Similarly relationship was found between family size and age, occupation, education and monthly income. It is also found that there is a relationship between marital status of the respondents and age, occupation and family size of the respondents. It was found that there is a relationship between family structure of the respondents and age, gender, monthly income and family size of the respondents. Inter correlation between retail outlet type and age, gender, month-

ly income, marital status and family structure. It was also found that there is a relationship between period of awareness and age, monthly income, family size and marital status of the respondents.

Inter correlation between purpose of visit and gender, education, monthly income, family size, marital status, retail outlet type, period of awareness, and purpose of visits were studied. Similarly relationship was found between frequency of purchase of the respondents and age, gender, monthly income, family size, marital status, retail outlet type, period of awareness and purpose of visit to the organized retail formats. It was also found that there is a relationship between average purchase of the respondents and monthly income, family size, retail outlet type, period of awareness, purpose of visit and frequency of purchase of the respondents in the study area.

Inter correlation between mode of payment and gender, occupation, monthly income, family structure, retail outlet type and average purpose of the respondents were studied.It was also found that there is a relationship between mode of payment and gender, occupation, monthly income, family structure, retail outlet type and average purchase were studied.

Inter correlation between average time spent and age, monthly income, family size, period of awareness, frequency of visit, average purchase and mode of payment were studied. It was also found that there is a relationship between mode of transport and gender, education, period of awareness, purpose of visit, average purchase frequency and mode of payment.

Inter correlation is also found between time slot and age, monthly income, family size, period of awareness, purpose of visit, frequency of purchase, average purchase and mode of transportation of the respondents' were studied.

Garrett Ranking analysis on factors influencing customer's choice in buying from the organized retail formats.

The following list of factors which influence the customer's choice in buying at organized retail outlets were collected from the secondary data. With the implementation of Garrett Ranking method the significance of customer choices while buying was analyzed. The following table indicates the list as well as the rank order.

Table: 3.Analysis on factors influencing customers' choice in buying from the organized retail formats.

S. No.	Factors	Total score	Mean score	Rank
1.	Brand image	61896	61.9	II
2.	Store shopping experience	45898	45.9	VI
3.	Merchandise selection	41244	41.2	IX
4.	Product quality	65468	65.5	I
5.	Value	52367	52.4	IV
6.	Advertising	44038	44.0	VIII
7.	Price	59746	59.7	III
8.	Feel good	45994	46.0	V
9.	Unique products	38710	38.7	X
10.	Promotional offers	45455	45.5	VII

Source: primary data

From the above analysis it is evident that the Garrett mean score of 65.5, for the product quality is the top most factor which influence the buying decision of the respondents, followed by the mean score of 61.9 and 59.7 for the brand image and price. It is followed by the factors like value and feel good with the Garrett mean score of 52.4 and 46.0. Also the other factors which influence the customer choices while buying as Garrett mean scores of 45.9, 45.5 and 44.00 are store shopping experience, and promotional offers and advertising. With the Garrett mean score of 41.2 and 38.7 for merchandise selection and unique products found to be the last ranks of order as far as customer choice in buying at organized retail formats are concerned.

FINDINGS:
The inter-correlation matrix revealed the relationship among age, gender, educational qualification, occupation, monthly income, fam-

ily size, marital status, family structure, retail outlet type, period of awareness, purpose of visit, frequency of purchase, average purchase, mode of payment, average time spent, mode of transport and time slot with customer level of satisfaction towards organized retail formats.

Garrett Ranking was used to identify factors influencing customer's choice in buying at organized retail formats. It has identified the following orders.

Brand image
Store shopping experience
Merchandise selection
Product quality
Value
Advertising
Price
Feel beautiful
Unique products
Promotional offers

CONCLUSION:
The study recommends that there is a space for organized retailers in an emerging district like Nellore which is one of the best districts in Andhra Pradesh. In this area the retail sector was in high swing and the respondents are highly interested towards these formats. Brand image, store shopping experience, merchandise selection, product quality and values are the main factors influencing the customers' purchasing behavior in organized retail formats. Hence this research has made it possible to understand the customer attitude in greater depth, specifically with reference to behavior in organized retail outlets. Further, the findings of this research can be used to improve overall store performance.

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