Evaluation of Store Patronage Behavior of Shoppers: A Multivariate Approach

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ABSTRACT *Indian retail is witnessing a tremendous growth with the changing demographics and increase in income and quality of life of urban people. India is termed as the nation of shopkeepers with about 15 million retail outlets of all kinds. Although organized retail has made a slow but steady inroad in the Indian market, it is still dominated by small neighborhood stores termed as kirana stores. The present study tries to find out the patronage behavior of the customers towards traditional and organized retailers. The primary data were collected from a sample of consumers visiting both organized and unorganized outlets. The study results would provide retailers with useful information about Indian customers' store patronage determinants while developing marketing strategies, and which store patronage determinants they need to improve in order to maintain customer loyalty. The understanding of the patronage behavior would help the modern retailers to focus and strengthen the elements of their retail offerings which are more valued by customers.*

Introduction

The retail market in India is one of the fastest growing markets in the world, with 1.2 billion people engaged directly and indirectly. The traditional grocery retail is not only the largest contributor to the total grocery retailing in India, it also accounts for nearly 10% of the total employment in the country. The projection for the retail industry in India shows high growth potential on grounds of policy reforms, rising disposable incomes and booming consumerism, anticipated strong GDP growth and the introduction of latest technologies in the country. Foreign direct investment (FDI) in the multi-brand retail segment is expected to bring in big ticket investments and open up vast opportunities for consumers, the farmers and the industry. Domestic enterprises have already ventured in the field of multi-brand retailing in the past few years. With the rapid introduction of many new retail formats in the Indian market in recent times but with limited success, it is required for the Indian business to understand changing shopping behavior among consumers, especially with regard to their preferred points of purchase. The consumer purchase behavior is termed as patronage behavior of consumers. The major benefits of the traditional formats over the modern formats are related to convenience of location, flexible working hours, ease of goods return or exchange policy, personalized services, credit facility and home delivery. As the traditional retail outlets are enjoying so many benefits, the modern retailers require some strong value propositions to wean away customers from the traditional stores.

Literature Review

Sinha and Banerjee (2004) in their study emphasized that store convenience and customer services positively influences consumer store selection. Goswami (2009) concluded that customer patronage to grocery stores was found to be positively related to location, helpful, trustworthy salespeople, home shopping, cleanliness, offers, and quality. However, the study revealed that store patronage was found to be negatively related to travel convenience. Maintaining service quality and customer relationship management has become the most important challenge in Retail Marketing (Sathyapriya, Nagabhusana, Nanda, 2012). While brand choice is devoid of any geography, the choice of a store is very much influenced by location (Fotheringham, 1998). Hisrich, Dornoff, and Kernan (1972) found that the perceived risk attached to the product is also transferred to the store and such transfer is more likely for product categories that do not have strong brands associated with them. Aaker and Jones (1971) found store choice to be dependent on socioeconomic background of consumers, their personality, and past purchase experience. Lumpkin, Greenberg, and Goldstucker (1985) found that elderly customers behave differently from younger ones in terms of the type of store patronized. The choice of a store is affected by the brand being bought as well as the personal values that the shopper cherishes (Erdem, Oumlil, and Tuncalp, 1999). Store choice is dependent on the timing of shopping trips as consumers may go to a local store for short 'fill-in' trips and go to a more distant grocery store for regular shopping trips (Kahn and Schmittlein, 1989). Both decisions are influenced by shopper characteristics and consumption patterns (Kim and Park, 1997). Another dimension that has been found to influence the store choice decision has been the type of shopping task. A task is defined as the goals set by the shopper to fulfill the needs derived out of a specific situation. Kenhove, Wulf, and Waterschoot (1999) found that store choice is differentiated by the nature of the task. Rehman, Ashar, Javed, Khalid and Nawaz (2014) contended that satisfaction affected by emotions of shopping through mediating role of positive emotions in the shop will generate a positive assessment of the stock. Kumar, Pozza, Ganesh (2013) generalize that, while there is a positive relationship between customer satisfaction and loyalty, the variance explained by just satisfaction is rather small. The findings of Cant & Hefer (2013) showed that a prominent visual stimulant and important aspect of visual merchandising displays was color, which creates visual attraction and stimulation.

Objective of the Study

The main objective of the study is to find out the decision variables which influence the selection of a retail outlet. The concept of store patronage has received substantial attention from the Academicians and retail professionals are of the opinion that store patronage leads to formation of a bandwagon of loyal customers which would in turn generate continuous revenues for the retailers. The contended loyal customers are likely to spread positive word of mouth which helps bring in additional customers. They are also likely to favor a particular store in their repeat purchase behavior across all product categories.

Keeping in mind the importance of Store Patronage Behavior of customers both in the organized as well as the unorganized sector, the study aims at fulfilling the following objectives:

1. To identify important for measuring store patronage be-havior and other relevant constructs

2. To establish reliability as well as validity of the scales em-ployed in the study

3. To establish relationship between store loyalty and related antecedent variables

4. To examine the perceived difference between store loyalty and other variables in the context of organized and un-organized stores

5. To suggest appropriate retail strategy based on the find-ings as reported above.

Methodology:
After identifying the relevant attributes and dimensions of store loyalty and purification of the measurement items, the data for the study were derived from shoppers belonging to a cross section of population using a convenience sample of respondents. This was done using a survey with the help of a structured questionnaire for shoppers. The data were collected from the four metros, New Delhi, Mumbai, Kolkata and Chennai. In addition, some tier I, II and III cities belong-ing to various regions of the country were also included to make the study more representative and to lend it a pan-Indi-an character viz. Bangalore, Hyderabad, Pune, Ahmedabad, Bhubaneswar, Ranchi, Guwahati, Jodhpur, Siliguri, and Dar-jeeling. The study administered questionnaires to 1600 re-spondents across the various locations. Out of 454 responses obtained through internet, direct mail and personally admin-istered questionnaire, 43 responses were rejected due to errors of omission and commission bringing down the total figure of valid responses to 411. Scale items were developed from reviewing prior literature and were further refined by conducting reliability and validity tests frequently applied in marketing and psychometric research conducted in this area. In addition to employing paired' test, factor analysis, multi-ple regression were employed depending on the nature of the data. A brief description of the profile of respondents is given in table I.

Table –I
Demographic Profile of Sample Respondents

Age Group:	Frequency	Percentages
Below 30 Years	59	14.4
31 to 40 Years	146	35.5
41 to 50 Years	139	33.8
Above 50 Years	67	16.3
Occupation:		
Executives	209	50.9
Non-Executives	106	25.8
Businessmen with:		
No of Employees 1 to 9	65	15.8
No of Employees 10+	31	7.5
Education:		
Below Graduate	04	01.0
Graduate	108	26.3
Post-Graduate	299	72.7
Net Income:		
Less than ₹30,000	61	14.8
₹30,001 to ₹60,000	87	21.2
₹60,001 to ₹90,000	74	18.0
₹90,001 to ₹1,20,000	116	28.0
₹1,20,001 to ₹1,50,000	57	13.9
₹1,50,0001+	16	03.9
Gender(Chief Wage Earner):		
Male	370	90.0
Female	41	10.0
Marital Status:		
Married	357	86.9
Single	54	13.1

Results and Discussions:
The descriptive statistics for the five variables both for the

organized and unorganized sectors are presented in Table II. The distribution of various constructs considered int our study have also been depicted for better understanding of the distribution pattern of respondents for the above-men-tioned variables. The tables are self-explanatory and the dif-ferences of responses are tested with paired 't' Test to un-derstand the discrepancies among the responses for the two categoroes of stores considered in our study.

Table-II
Descriptive Statistics

	TRUST	STORE LOYALTY	VALUE FOR MONEY	AVAILABIL-ITY	SATISFAC-TION	AMBIENCE	DISPLAY
Mean	12.63	13.96	11.32	11.05	9.18	10.75	10.53
Median	12.00	14.00	12.00	11.00	9.00	11.00	10.00
Mode	12.00	16.00	12.00	12.00	9.00	12.00	8.00
Std. Devia-tion	2.25	2.28	2.719	2.16	1.43639	3.09	2.83

The paired 't' test revealed that there is no significant differ-ence between trust and level of satisfaction of shoppers be-tween the organized and the unorganized sectors. For other variables we find the differences are statistically significant. It is being observed that value for money, product availability; store ambience and display of merchandize are rated better in case of organized sector while trust and loyalty are more for unorganized sector.

Table-III
Paired 't' Test

Variables	't' values	Sig-nifi-cance	Mean Dif-ference	Standard Error Differ-ence
TRUST	1.006	.315	.15815	.15723
STORE LOY-ALTY	2.572	.010	.40876	.15893
VALUE FOR MONEY	14.082	.000	2.39903	.17036
AVAILABILITY	7.718	.000	1.12652	.14596
SATISFACTION	.825	.409	.08273	.10022
AMBIENCE	15.536	.000	2.94647	.18965
DISPLAY	15.172	.000	2.65450	.17496

Table-IV

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.605[a]	.366	.361	1.82806

Note: Dependent Variable: Store Loyalty, F value:67.137,p<0.000

Table-V
Coefficients[a]

Model	Unstandard-ized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tol-er-ance	VIF
TRUST	.096	.032	.094	2.941	.003	.760	1.316
VALUE	.045	.032	.053	1.378	.169	.524	1.909
AVAIL	.079	.036	.075	2.205	.028	.674	1.484
SAT	.216	.045	.136	4.748	.000	.956	1.046
AMB	.365	.030	.494	12.268	.000	.481	2.080
DIS	.040	.030	.049	1.326	.185	.561	1.781
STORE-TYPE	-1.002	.158	-.219	-6.357	.000	.654	1.528
a. Dependent Variable: SLOYALTY							

The results of multiple regression have been presented in ta-

ble V. The findings of the regression analysis corroborate that the goodness of fit measured by R^2 is satisfactory that is evident from the 'F' value which is significant beyond $p<0.00$. All the explanatory variables except value for money and display are highly significant. Trust, satisfaction and ambience are found to be very important explanatory variables that shed light on the store loyalty behavior of shoppers. The collinearity statistic results are quite encouraging depicting almost insignificant correlation among the explanatory variables. The dummy variable representing store type exhibit that the shoppers of unorganized sector are more loyal towards their stores since the sign of the coefficients is negative.

Conclusion

From the findings of the study it is clear that in order to increase the chances of success retailers should target their marketing effort in providing greater value for money. The frequently run promotional offers with full page advertisements to lure shoppers towards their stores may be counterproductive in India where it is believed that the average Indian consumer is highly price-sensitive and looks for savings in term of money in his/her retail purchase (Sinha and Kar, 2007). It can also be discerned that the buyers are more loyal to the unorganized retailers which is amply evident from the beta coefficient of -1.002 which is significant beyond $p<0.00$. It is further revealed from the study that there is no noteworthy difference between trust and level of satisfaction of shoppers between the organized and the unorganized sectors. Value for money, product availability; store ambience and display of merchandize are considered to be better in case of organized sector while trust and loyalty are higher for unorganized sector. Trust, satisfaction and ambience are mainly the significant set of independent variables that elucidate the store loyalty behavior of shoppers. The dummy variable symbolizing store type demonstrates that the shoppers of unorganized sector are more loyal towards their stores since the sign of the coefficients is negative.

The findings of this study cannot be generalized because most of the data have been generated using a convenience sampling technique from the metros and large cities as well as smaller cities and towns. The data mostly have been provided by the respondents from the upper-middle and upper social classes which represent a relatively small section of the population. The major limitation of the study is that people living at the bottom of the pyramid and B1B2, C and D categories of the population have not been proportionately addressed. Future studies should make a serious attempt to include shoppers belonging to different classes using suitable sampling procedure.

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