

Customer Inclination towards Organized Retail Stores in Erode City – An Analysis



Management

KEYWORDS : Attitude, Behaviour, Customer preference, Retail stores, Word of Mouth Advertising

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ABSTRACT

The concept of "Social Audit" has been derived from the concept of "Corporate Social Responsibility" that is followed by corporate entities around the globe. It has become a popular tool to determine a company's social impact in the community. It is a process by which an attempt is made to find out whether the benefits of the projects/activities reach the people for whom it is meant. The objectives of social audit are – to look at what the social enterprise is doing, to evaluate how well public resources are being used to meet the real needs of target beneficiaries, to ascertain where improvements need to be made and what those improvements should be and to strengthen accountability and transparency in local bodies and many more. Generally Government and Funding Agencies, Private Enterprises and Civil society are the users of social audit. Social audit benefits disadvantaged groups, increases accountability, evaluates the fulfillment of social responsibility etc. The main difficulties in social audit are – absence of appropriate social accounting and reporting systems, mindset of people and lack of education among the common masses. In this background, an attempt has been made in this paper to discuss the ins and outs of 'Social Audit'.

1. INTRODUCTION:

Retailing is one of the oldest businesses that human civilization has known. It acts as an interface between the producer and consumer, improves the flow of goods and services and raises the efficiency of distribution in an economy. For a strong, stable and consistently growing economy, a well-organized and efficient retail sector is a must. Most of the developed and even emerging economies had adopted the organized retail long ago and percentage share of organized retail in total retailing has increased over the years. However, India, a land of self-sufficient villages, has continued to rely primarily on small, close to home shops. It is only off-late with pick-up in pace of urbanization and rising disposable incomes that the country started to take a few steps towards the organized retailing. Gaining high levels of customer preference is very important to a business because satisfied customers are most likely to be loyal, place repeated orders and use a wide range of services offered by a business.

2. LITERATURE REVIEW

In the present day's retail business, ensuring customer satisfaction in delivering the right product and service to the end-users is the major concern for the future growth of the organization. In the present study an attempt is made to find out the customer preference during purchase at retail stores based on customer survey. (Das Prasun, 2009). Literature on customer preference is voluminous and spans several areas such as marketing, management and accounting. The basic view of this research stream is that higher service quality improves customer satisfaction, resulting in better financial performance, although the mechanisms by which this improvement happens vary. This satisfaction leads to the customer preference towards the organized retail stores. Iacobucci et al. (1994, 1995) provide precise definitions of service quality versus customer satisfaction. They contend that service quality should not be confused with customer satisfaction, but that satisfaction is a positive outcome of providing good service. Ittner and Larcker (1998) provide empirical evidence at the customer, business-unit and firm- levels that various measures of financial performance (including revenue, revenue change, margins, return on sales, market value of equity and current earnings) are positively associated with customer preference.

3. OBJECTIVES OF THE STUDY:

- 1) To identify the determinants of customer preference towards the organized retail stores in the city.
- 2) To study the future prospects of organized retail stores in the city.

4. RESEARCH METHODOLOGY

The main aim of this survey is to identify the customer preference towards organized retail stores and find out the key fac-

tors for customer preference. Therefore descriptive research is being adopted to find out the customer preference and characteristics of consumers. The survey is conducted among all class of customers who are the regular purchasers and occasional buyers at the organized retail stores in Erode. Sample size taken in this study is 200. The study was conducted during the period January 2012 to April 2012. As all the possible items are considered for research, the sampling method adopted is convenience sampling. SPSS version 20 is used to tabulate and analyze the valid responses. Initially, a comprehensive data file was created. Then, variables and their labels were defined. Few statistical tools such as Person's Correlation, Chi-Square and Cross Tabling were used for the analysis.

5 ANALYSIS AND INTERPRETATION

5.1 General Profile of the Respondents

Table 5.1

Particulars	Classification	No. of Respondent	Percentage
Age	Age 25 and below	48	24
	Age from 26-35	64	32
	Age from 36-45	51	25
	Age above 45 years	37	19
Gender	Male	120	60
	Female	80	40
Educational Qualification	School Level	15	7
	Graduate	78	39
	ITI/ diploma	33	17
	Post Graduate	74	37
Monthly Income	Below Rs 5,000	4	2
	Rs 5,001 - Rs 10,000	22	11
	Rs 10,001 - Rs 15,000	84	42
	Rs 15,001 - Rs 20,000	47	23
	Above Rs 20,001	43	22
Total members in Family	One	5	2
	Two	23	11
	Three	57	29
	Four	99	50
	Five and Above	16	8

Interpretation:

From the above table, it is clear that 60% of the respondents

are male and the remaining 40% are female. After dividing the respondents on the basis of gender, they are further divided according to their age. In this, it is found that out of total respondents 24% are 25 years old and below, 32% age between 26-35, 25% belongs to the age group of 36-45 and 19% are above 45 years. 39% and 37% of respondents are graduates and post graduates respectively. 42% of respondents are in the income level of Rs 10,001-Rs 15, 000, 23% of respondents are in the income level of Rs 15,001-Rs20, 000 and 22% of respondents are above the income level of Rs 20,001.

5.2 Preference level towards service provided at organized retail stores

Table 5.2
Preference level towards services provided at organized retail stores

Parameter	Level of Preference (%)				
	Highly preferred	Pre-ferred	Neutral	Not preferred	Highly not preferred
Quality of service	55	33	12	0	0
Self Service	25	43	18	9	5
Product price range	16	36	38	2	8
Visual merchandising	21	31	22	24	2
Time saving	22	46	22	4	6
Fast Checkout	17	38	26	13	6
Easy accessible layout	22	36	25	8	9
Parking facilities	33	31	24	12	0
Trolley facilities	17	40	31	6	6
Home Delivery facilities	18	53	21	8	0
Store Entrance & walkways	17	31	37	8	7
Variety of Mode of Payment	26	28	19	18	9

5.3 Chi-square Test

Table showing the relationship between Preference level towards the quality of service & education level of the respondents

EDUCATION AND QUALITY OF SERVICE CROSS TABULATION				
EDUCATION LEVEL	QUALITY OF SERVICE			TOTAL
	HIGHLY SATISFIED	SATISFIED	NEUTRAL	
SCHOOL LEVEL	11	3	1	15
GRADUATE	40	30	8	78
ITI/DIPLOMA	21	9	3	33
POST GRADUATE	38	23	13	74
TOTAL	110	65	25	200

Table Value : 12.592

Calculated Value: 6.186

Degree of freedom: 6

Interpretation:

The calculated value is less than the table value, and there is no significant relationship between the two variables- prefer-

ence level towards the quality of service & education level of the respondents.

5.4 Correlation:

Table showing the Correlation of income level of respondents and their monthly average purchase at retail stores
Table 5.4

MONTHLY INCOME	MONTHLY AVERAGE PURCHASE AT RETAIL STORE					TOTAL
	BELOW Rs1000	Rs1001-Rs2000	Rs2001-Rs3000	Rs3001-Rs4000	ABOVE Rs4001	
BELOW Rs 5000	0	4	0	0	0	4
Rs5000-Rs10000	3	14	4	1	0	22
Rs10001-Rs15000	3	7	69	5	0	84
Rs15001-Rs20000	3	1	25	18	0	47
ABOVE Rs20001	5	0	10	25	3	43
TOTAL	14	26	108	49	3	200

The above table values of Pearson's R & Spearman Correlation are 0.465 & 0.545. From this table it is obvious that the correlation between the monthly income of the respondents and their average monthly purchase at the organized retail stores constitute a positive correlation.

6. RESULTS AND DISCUSSIONS

In this study, it is found that the organized retail stores provide better quality of service, product range as compared to the unorganized retail stores. With the help of Pearson's R & Spearman Correlation test, it is found that there is a positive correlation between the monthly income of the respondents and their monthly purchase in organized retail stores. By using Chi-Square test it is made clear that there is no relationship between preference level towards quality of service offered and the education qualification of respondents. Most of the customers prefer the quality of service provided by the organized retail stores. They prefer self service, product price, visual merchandising, home delivery, and fast checkout as provided at the organized retail stores. They feel that the store layout is easily accessible to find the products. Also, their preference lies in the parking facility and variety of modes of payment. The organized retail stores provide good parking facilities to their customers. Moreover, such stores also concentrate more on free home delivery and increase the number of billing counters, so as to ensure fast checkout. Most of the stores accept credit and debit cards. Since most of the customers are youngsters and employed, they feel more comfortable with card payment than cash.

7. CONCLUSION

The root of the study is that most of the customers prefer purchasing from organized retail stores than unorganized stores. Also, most of them prefer the quality of service, price and product range of the goods provided by organized retail stores. Preference of consumers in retail service is an important criterion for a marketer to understand for further strategic decision. This study also reveals that the customers prefer organized retailing over unorganized retailing, due to which the organized retailing become a threat to the unorganized stores. The establishment of such organized retail stores in tier-1 & tier - 2 cities has proved to be successful, as it fulfills the needs of the customers. As an expansion, such stores are being established in tier-3 cities like Erode and other places. Hence, it's significant for such stores to cater to the needs of the customers for its long run.

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