

# An Empirical Study on Factors Influencing Consumer Behaviour in Selection of an Organized Retail Store

**<sup>1</sup>Dr. N. Prasanna Kumar, <sup>2</sup>Mr. K. Prudhvi Raj,**

<sup>1</sup>*Assistant Professor, Department of International Business Studies. Acharya Nagarjuna University - Guntur.*

<sup>2</sup>*Research Scholar, Department of Commerce and Business Administration. Acharya Nagarjuna University – Guntur.*

## **Abstract**

*The Indian retail markets are evolving day-by-day to reach the changing expectations of customers in present epoch. With the abundant opportunities in the organized retail formats most of the customers prefer to purchase their groceries in the organized retail outlets to utilize the available offers and benefits in the market. This makes the organized retail stores like supermarkets, hyper markets etc to attract the more quantity of customers towards their stores in order to occupy market's share. The objective of the present study is to identify various factors influencing consumers buying behaviour towards organized retail formats. The researcher also intended to measure the significant relationships between the consumers with respect to their demographic factors. The retail stores (super markets/hyper markets) like Spencer's, Big Bazaar and More located in Vijayawada City, Andhra Pradesh are selected to conduct the present research study to justify the research objective.*

**Key Words:** *Consumer buying behaviour, organized retail stores, super markets, hyper markets.*

## **1. Introduction:**

The marketing trade had gained loads of importance in recent years. Organized retail stores are attracting shoppers from numerous dimensions. The lifestyle of consumers had changed drastically in recent days. The consumers shopping experience in organized retail stores is completely different from the unorganized formats like local kirana stores, departmental stores etc. The consumers are more likely attracting towards organized retail stores as because they can be able to purchase all required home needs along with the monthly groceries required to run a family on monthly basis. And this leads to higher competitions among the unorganized retailers. These competitions between the retailers create a wide range offers and discounts on grocery items to attract more and more consumers to purchase their needs in their respective store.

According to the “Global Retail Development Index” given by AT Kearney, India ranked at 5<sup>th</sup> place in 2012. Due to the broad enlargement of retail industry especially in food and grocery segment, the Indian retail industry has created more opportunities for the investors from foreign countries. The organized retail formats are majorly classified as supermarkets, hypermarkets, convenience and specialty stores, cash and carry stores etc. The marketing strategies adopting and implementing to improve consumer step-in ratio into their stores are like discounts, low price tags, non-monetary offers, value added services, gift vouchers etc.

### 1.1. Need for the Study:

The rapid and fastest growing rate of urbanization could be one among the major reasons for enormous change in the Indian retail industry. That too the change in the grocery segment is said to be remarkable with huge competitions between the Indian investors, foreign investors and a collaborative action of both. At this point, all retail investors motto is to be a focus for influencing consumers to purchase their groceries in their stores. For, this every retailer has to follow a mixture of commonly used strategies and a few unique strategies to influence customers. Before selecting and implementing marketing strategies, the retailers have to study the changing behaviour of consumers in the market. For this, the retailers have to list out various factors that can influence the consumers and make them to step in to their stores. The present study may provide insights to research scholars, academicians, and marketing practitioners.

### 2. Literature Review:

*Manu Sehgal and Dr. Priyanka Khanna (2017)*, aimed to identify the factors affecting consumer behaviour and consumer preferences to shop in organized retail stores. The researchers has selected 5 major branded retail stores Big Bazaar, Lifestyle, Westside, Vishal Mega Mart and Globus located in Ludhiana city for the study to extract the major factors affecting consumer behaviour and their preferences to purchase products in the select retail stores. It was found that by applying the factor analysis to the primary data collected through a survey form from the customers, the factors like store ambience and convenience, store attractiveness, pricing policy, store promotions are majorly affecting consumers buying behaviours and their preferences to purchase products in the select retail stores.

*Dr. P. Kishore Kumar et al. (2016)* in the study purposed to identify the motivating factors in the shopping of organized retail store found that the factors like convenience shopping and to get the use of offers and promotions are highly motivating the customers to visit the organized the organized retail stores. The statistical tools like ANOVA, correlation analysis and descriptive statistics has been applied on the primary data collected from the customers through a well designed questionnaire to test the significant differences between the responses given by the customers with respect to their demographic variables about the factors motivating customers to shop in organized retail stores.

*Vipul Patel and Mahendra Sharma (2009)* conducted a study to identify the major motivations for a customer to shop in shopping malls. After collecting the primary data using a small survey form to know the customers opinions on the factors that are motivating them to shop in shopping malls, it was found that there are three utilitarian convenient, economic, achievement shopping factors) and six hedonic shopping motivations (shopping enjoyment, gratification, idea, aesthetic, ambience, roll, and social shopping factors) are motivating the select respondents to purchase their needs from the shopping malls.

*Kusuma et al. (2013)*, in “a study on organized retailing and its challenges and retail customer services” opined that the opportunities for the foreign investors are growing bigger day-by-day in Indian retail market due to rapid changes in the customer expectations. *Sengupta (2008)*, had argued that the selling trade is growing at a quicker rate not solely owing to increasing shopper shopping for power, there are a unit different reasons

sort of a want to produce quality service at low costs by retailers within the gift era. The macro and small level atmosphere had modified for business in recent years is another cause for the rise of the selling trade.

## 2.1. Research Gap:

Enormous research studies have been conducted so far to studies related to the themes of factors influencing consumer busying behaviours, consumer purchase decisions etc in the retail sector. Though the present study may also be a kind of previous studies, but it was focused to know the consumers perceptions towards the changes in their buying behaviour in selection of a good retail grocery stores (like Spencer's, Bib Bazaar, and More) located in Vijayawada city, Andhra Pradesh. Also, from the previous studies four commonly identified factors (*viz.* convenient shopping, economic shopping, shopping enjoyment, and idea shopping) are considered for the present study to measure the influencing impact of these four factors on the consumers' behaviour in selection of selected organized retail stores located in Vijayawada city.

## 3. Research Objectives:

1. The major objective of the study is to measure the role of the factors influencing customers to select a retail store to purchase their groceries.
2. To identify the significant differences among the perceptions of consumers based on their gender, age groups towards the factors influencing in selecting retail store.

## 4. Hypotheses:

As always with a positive assumption, the researcher considered the following null hypotheses stating that there is no significant difference among the consumers of gender and age factors.

**Null Hypothesis  $H_{01}$ :** There is no significant difference between the responses of male and female consumers and their influencing factors *viz.* "convenient shopping, economic shopping, shopping enjoyment, and idea shopping".

**Null Hypothesis  $H_{02}$ :** There is no significant difference between the consumers of different age groups and their influencing factors *viz.* "convenient shopping, economic shopping, shopping environment, and idea shopping".

## 5. Research Methodology:

**5.1. Research Design:** Descriptive research design is opted for the present study to identify the factors influencing consumers' behaviour in selection of organized retail stores and described the differences between the opinions of consumers with respect to their demographic variables like gender, age groups etc.

**5.2. Data Collection:** The *primary data* has been collected using a well structured questionnaire/survey form to measure the opinions of consumers' towards the factors influencing them in store selection. The *secondary data* has been compiled from all the available topic related sources like national and international journals, online news articles, magazines etc.

**5.3. Selection of Sample:** The customers who regularly purchase their monthly groceries from the organized retail stores Spencer's, Big Bazaar, and More retail stores located in Vijayawada City. With the use of convenient and quota sampling methods, the sample size was confined to 130 respondents from the three stores.

**5.4. Statistical Tools Applied:** The Cronbach's alpha has been used to define the reliability of the statements in the questionnaire. Descriptive Statistics was applied to know the mean and standard deviation values of the respondents' opinions towards the factors influencing consumer behaviour. One Way ANOVA classification was considered to identify the significant differences among the consumers of different gender and age groups.

## 6. Analysis and Interpretation of Primary Data:

The analysis of primary data has been classified into three sections. The section-1 shows the reliability of the factors influencing the consumers' behavior in selection of retail stores. The section-2 reflects the demographic characteristics of consumers considered for the study and the descriptive statistics comprising mean and standard deviation. The section-3 shows the hypotheses testing to measure the significant differences among the consumers' responses towards factors influencing their interest of retail store selection with respect to their gender and age groups.

### 6.1. Section-1: Test of Reliability

**Table-1: Cronbach's Alpha Test for Reliability**

S. No.	Influencing Factor	Statement	Value of Cronbach's Alpha	Source of Items
1	Convenient Shopping (CS)	1. The availability of wide ranged products influences me to select organized retail store. 2. The availability of all categories of groceries and kitchen needs in a single place motivates me to shop at organized retail store. 3. The timings of organized retail stores are very well-situated with my timings.	0.767	(Patel and Sharma, 2009)
2	Economic Shopping (ES)	1. The sales promotions by retail stores make me to take advantage of purchasing products. 2. I prefer to shop at organized retail stores at the time of promotional sales and offers. 3. Frequently I have the benefit of shopping in organized retail stores at the time of discounts.	0.735	
3	Shopping Enjoyment (SE)	1. Visiting retail stores makes me feel better even if I don't want to purchase products. 2. I feel pleasure in spending time at organized retail stores.	0.794	
4	Idea Shopping (IS)	1. I visit supermarkets or organized retail stores to know more about the new product releases, offers and discounts etc. 2. I often visit organized retail stores to compare with the availability of products in the store and new releases in the market.	0.778	

**Interpretation:** The Cronbach's alpha values of the four influencing factors explain that the statements considered in the questionnaire according to the four factors are reliable and can be considered for primary data collection.

## 6.2. Section-2: Demographic Characteristics and Descriptive Statistics

### (a) Demographic Characteristics

**Table-2: Demographic Characteristics of Consumers**

S. No.	Variable	Characteristic	Frequency
1	Gender	Male	75
		Female	55
2	Age Group	Below 30 Years	39
		30 – 40 Years	56
		Above 40 Years	35
3	Education	Graduation	42
		Post Graduation	56
		Others	32
4	Income Group	Less than Rs. 10000	23
		Rs. 10000 – Rs. 20000	35
		Rs. 20000 – Rs. 30000	42
		Rs. 30000 – Rs. 40000	21
		Above Rs. 40000	9

**Source: Primary Data**

From the table-2, it is found that male consumers are 75 and female consumers are 55. The consumers under the age 30 years are 39, between the age group 30-40 years are 56 and above the age 40 years are 35. The graduated consumers are found to be 42 and the post graduates are 56 while the consumers with other qualifications are only 32. Coming to the income levels, the majority of the consumers (42) who purchases their groceries from the organized retail stores are in between income group Rs. 20000 to Rs. 30000, following by the consumers (35) in the group Rs. 10000 to Rs. 20000 and less than Rs. 10000 and 21 consumers are between the income level Rs. 30000 to Rs. 40000, whereas the least number of consumers (9) are found to be in the income group above Rs. 40000.

### (b) Descriptive Statistics:

**Table-3: Descriptive Statistics of Primary Data w.r.t influencing factors**

S. No.	Influencing Factor	Mean	S.D.
1	Convenient Shopping (CS)	4.26	0.48
2	Economic Shopping (ES)	4.03	0.58
3	Shopping Enjoyment (SE)	3.38	0.73
4	Idea Shopping (IS)	3.94	0.63

**(Source: SPSS Output)**

From the table-3, it was observed that the mean value of “convenient shopping (CS)” factor is ranking high as ‘4.26’, followed by the factor “economic shopping (ES)” with the mean value of ‘4.03’. The factor “Idea Shopping (IS)” stood in the third place with mean ‘3.94’ where the factor “shopping enjoyment (SE)” has been found in the last position with reference to its mean value ‘3.38’. This means, the factors “convenient shopping” and “economic shopping” are influencing consumers behaviour in selection of organized retail stores when compared to other two factors “shopping enjoyment” and “idea shopping” though they are influencing consumers with less impact. The availability of all grocery items and kitchen needs in a single place under satisfying sales, offers and discounts on those products influencing consumers’ to select the organized retail formats like Spencer’s, Big Bazaar, and More supermarkets in Vijayawada City.

### 6.3. Section-3: Testing of Hypotheses

**6.3.1. Null Hypothesis (H<sub>01</sub>):** There is no significant difference between the responses of male and female consumers and their influencing factors viz. “convenient shopping, economic shopping, shopping enjoyment, and idea shopping”.

**Table – 4: ANOVA One Way Classification for Gender**

Factor		Sum of Squares	df	Mean Squares	F	p-Sig.
CS	Between Groups	0.01	1	0.01	0.055	0.81
	Within Groups	30.05	129	0.23		
	Total	30.06	130			
ES	Between Groups	0.45	1	0.45	1.342	0.25
	Within Groups	42.54	129	0.33		
	Total	42.99	130			
SE	Between Groups	4.47	1	4.47	8.931	0.00
	Within Groups	64.14	129	0.50		
	Total	68.61	130			
IS	Between Groups	0.08	1	0.08	0.202	0.65
	Within Groups	50.84	129	0.40		
	Total	50.92	130			

**Source: SPSS output**

**Interpretation:** From the table-4, the p-value for the factors convenient shopping, economic shopping and idea shopping are greater than 0.05 and confirms that there is no significant difference between the responses given by male and female consumers towards the above three factors that are influencing them in selection of organized retail stores. On the other hand, the null hypothesis has been rejected for the factor “shopping enjoyment (SE)” as because the p-value (0.003) is less than 0.05. This explains that there is significant difference in the responses given by male and female consumers and it shows that the male and female consumers are not equally enjoying their shopping experience in the organized retail stores.

**6.3.2. Null Hypothesis H<sub>02</sub>:** There is no significant difference between the consumers of different age groups and their influencing factors viz. “convenient shopping, economic shopping, shopping environment, and idea shopping”.

**Table – 5: ANOVA One Way Classification for Gender**

Factor		Sum of Squares	df	Mean Squares	F	p-Sig.
CS	Between Groups	0.89	2	0.44	1.93	0.15
	Within Groups	29.17	128	0.23		
	Total	30.06	130			
ES	Between Groups	1.04	2	0.52	1.58	0.21
	Within Groups	41.94	128	0.33		
	Total	42.99	130			
SE	Between Groups	0.29	2	0.14	0.27	0.77
	Within Groups	68.32	128	0.54		
	Total	68.61	130			
IS	Between Groups	1.51	2	0.76	1.94	0.15
	Within Groups	49.41	128	0.39		
	Total	50.92	130			

**Source: SPSS output**

**Interpretation:** From the table-5, the p-value for all the four factors convenient shopping, economic shopping, shopping enjoyment and idea shopping are greater than 0.05 and confirms that there is no significant difference between the responses given by the consumers of different age groups towards the above four factors that are influencing them in selection of organized retail stores. Thus the null hypotheses for all the four factors are accepted.

## 7. Findings of the Study:

The descriptive results of the study shows that maximum number of consumers are showing interest to shop at organized retail stores at their convenience and are preferring to shop at the retail stores which are giving huge discounts and offers on the products. It was found that the male and female consumers are responding similarly towards the factors convenient shopping, economic shopping and idea shopping whereas there are differences observed between their responses towards the factor shopping enjoyment. The respondents of different age groups are having no significant differences in their opinions towards the four factors CS, ES, SE, and IS.

## 8. Conclusion:

From the results and findings of the study, it can be concluded that maximum number of customers are showing interest in selection of organized retail stores at their convenience, where they can find large range of products with huge discounts and offers on products. Thus, the convenience shopping and economic shopping factors are highly influencing the customers in organized retail store selection when compared to other two factors. The factors idea shopping and shopping enjoyment are influencing the customers but shows less impact when compared with convenience and economic shopping factors. Another motivating conclusion was drawn out the findings is that the customers are shopping with the influence of economic factors are also showing high level of interest in searching new products or brands availability in the market and abreast of the latest trends.

### 8.1. Limitations of the Study:

The time and money are common constraints for any research and the same are considered seriously in the present study and results in the small sample size of 130 respondents. The present study is restricted only to the geographical location of Vijayawada City in Andhra Pradesh state. The findings of the present study may not be generalized to other locations in India as because the perceptions of customers may vary from place to place.

### 8.2. Scope for Further Research:

The central theme of the present research can be conducted in any geographical locations. In addition to the currently used influencing factors, there are more factors like social shopping, roll shopping, aesthetic shopping, and ambience shopping etc. can be considered by the researchers on the same theme of the present study. The demographic variables of consumers like gender and age group are only two variables considered for the study. The present study can be extended by considering the demographic variables like income levels, education, marital status, number of family members etc.

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