



STORE CHOICE BEHAVIOR OF CUSTOMERS IN SELECT RETAIL OUTLETS - A STUDY UNDERTAKEN IN VISAKHAPATNAM, ANDHRA PRADESH

Dr. M .Jyothsna* Dr. S. Mahalakshmi**

*Associate Professor, GITAM Institute of Management, GITAM University, Visakhapatnam India.

**Assistant Professor, GITAM Institute of Management, GITAM University, Visakhapatnam, India.

Abstract

This study is carried out to determine the different attributes relating to store choice such as communication, infrastructure, after sales services, assortment and human resource and its effects on the customer buying behavior. For the purpose of our study four stores were identified: Spencers, Big Bazaar, More and Reliance. Structured questionnaire was administered to collect the data from the retail outlets in Visakhapatnam city. Research methodology applied was both primary and secondary data. For primary data the sample collected from each store is 55 which came to a total of 220 samples collected out of which about 200 samples were found to be completely filled. Statistical tools like SPSS17 and ANOVA was applied. Secondary data was collected from various journal publications, reports and websites. The study reveals that, human resources; interaction with the customer is one of the most important factors considered by the customer in choosing the store.

1. INTRODUCTION

The retail sector in India is expanding massively day by day. The contribution of retail industry is 13 % of India's GDP. It is the second largest employment provider after agriculture sector. It is seen as the sunrise sector of India. The retail sector is undergoing modernization. The retail store selection depends on the social and economic position of the customers. Today people like to focus on the shopping experience. The new formats are departmental stores, supermarkets and specialty stores. Customers choose stores which offer low prices and quality products. Form past few years in India customer is looking for convenience in preference of stores. The role of ambience in store choice has also been found significant. In today's busy schedule people don't have much time for shopping, so in order to make the best use of their time the stores like hyper market and super market come into picture. They provide wide variety of goods under one roof, reasonable quality, good ambience in stores and reliable services, parking places. Hence the popularity of this store format. Important attributes customers are looking for in their store choice and customer buying behavior patterns can be grouped in relation to:

1. Communication
2. Infrastructure
3. After Sales Services
4. Assortment And
5. Human Resources.

In India 96% of businesses are run by unorganized retailers and these retail stores contributions are 10 percent of the country's GDP and they provide employment to 7 % of the total population. The market size of the Indian retail sector is about \$180 billion and in that organized sector represents only 4 % of the share. As disposable incomes in the hands of people have risen they prefer branded products, organized retail and multinational products.

2. REVIEW OF LITERATURE

There are various studies related to consumer behavior in store choice which was referred to during this study. According to Srivastava (2008) the store choice of the consumers are influenced by various factors like ambience, assortment, sales promotions and services. An important change observed during the retail survey is store cleanliness. Sinha and Uniyal (2005) stated that the convenience stores, department stores, hyper markets, malls and specialty stores are the emerging retail formats that provide different shopping experience to consumers due to this unnecessary shopping has increased that leads to consumer buying goods which are non-essential. Deepika Jhamb and Ravi Kiran (2011) state the reason why consumers "prefer new retail formats is because of its product attributes like improved quality, new variety of brands and assortment of merchandise besides store attributes like parking facility, trained sales personnel." Lather and Kaur (2006) proposed six main indicators that play a very key role for retailers in choosing the type of retail formats that may help them to cope with changing preference of consumers, sales personnel, quality of merchandise, assortment of merchandise, price, advertising and convenience services. Senthilkumar and Shivakumar (2011) express that "due to rapid growth in retail sector, global retailers like Wal-Mart, GAP, Tesco, J.C Penney, Sears and Carrefour are trying to establish themselves in the Indian market." The study by Jackson et al. (2011) investigates the extent to which attitudes toward mall attributes and shopping value derived from a mall visit differ across gender and generational cohorts. Results indicate that there are no differences in hedonic and

utilitarian shopping values by generational cohort, but generational differences in attitude toward mall hygiene factors, convenience and entertainment features did exist.”Jacobs et al. (2010), “layout, ambience, display, self-service, value added services, technology based operations and many more dimensions with modern outlook and practices are the major determinants of modern retail formats.”Prasad and Aryasri (2011) the study indicates a detailed analysis on the effect of consumers’ demographic, geographic and psychographic dimensions in terms of format choice behavior in the fast growing Indian food and grocery retailing from 1,040 customers from upgraded neighborhood kirana stores, convenience stores, supermarkets and hypermarkets in conjoint cities of Secunderabad and Hyderabad in India. Neha P. Mehta, Pawan K. Chugan (2013) in their study aimed to find out “impact of various dimensions of visual merchandising on impulse buying behavior of the customers visiting “Central Malls”. Four dimensions of visual merchandising viz. window display, in-storeform/mannequin display, floor merchandising and promotional signage are studied and its impact on impulse buying behavior is found out. The results reveal that certain dimensions of visual merchandising do affect impulse purchase. Hence, visual merchandising is important for strategic marketing decisions to increase the sales of the stores.” According to Arif Hussain (2013) consumer behavior studies have confirmed that the attraction of a beautifully done up show window and a tastefully decorated facade, prove to be a big draw as they walk in to check out what is on offer. Philip Kotler in a 1973 article in the Journal of Retailing provides two definitions of atmospherics. It is the "conscious designing of space to create certain effects in buyers" or more precise, "the effort to design buying environments to produce specific emotional effects in the buyer that enhance purchase probability".AT Kearney (2011) says retail has caught lot of attention in the past one decade. India is the ‘second most attractive retail destination’ globally among thirty emergent markets.

3. OBJECTIVES

- To ascertain the influence of communication; promotional options prevailing in the retail shop on behavior of customers.
- To determine the dimensions of infrastructure; store ambience as perceived by the customers.
- To analyze the merchandise attributes; especially assortment of goods of the retail store and its influence towards customers’ shopping behavior.
- To enumerate the association of service procedures of retail shop and its influence on customers’ preference towards the retail outlet.
- To determine the convenience and satisfaction level of the customers towards the retail outlet and study the behavior of consumers in the store and their priorities at the time of buying.

4. RESEARCH METHODOLOGY

The study is mainly an empirical one and the variables used are both quantitative and qualitative in nature and the study is based on primary data and secondary data. Primary data has been collected from 200 customers shopping in different leading retail outlets in Visakhapatnam like Spencer’s, Big Bazaar, More, and Reliance. The customers with different occupations, qualifications, experience, age group, gender and income levels are considered for this study. A structured questionnaire has been designed specifically to elicit the opinions of respondents depending on the objectives of the study. Firstly the questionnaire concentrates on analyzing socio-economic characteristics of the customers in retail outlets in Visakhapatnam. Secondly measuring the customer expectations on certain determinants of outlets which are identified from the literature review and finally measuring overall satisfaction levels of the customers. Questions in the questionnaire were framed in such a manner that the respondents gave their opinion mostly for questions on five point likert scale, and some open-ended questions were used. After assigning appropriate coding to the questions as variables, the data was fed into statistical software SPSS 17 for data analysis. ANOVA was also used.

Factors leading to choose the store among the customers with different attributes

	Spencers	Spencers	Big Baazar	Big Baazar	More	More	Reliance	Reliance
	Weighted Average	Rank	Weighted Average	Rank	Weighted Average	Rank	Weighted Average	Rank
Communication	17.6	2	18.8	2	16.76	2	19.34	2
Infrastructure	13.6	3	13.1	3	12.92	3	14.7	3
After sales services	10.5	5	9.5	5	9.38	5	10.82	4
Assortment	10.78	4	9.84	4	9.86	4	10.82	4
Human resources	48.66	1	47.78	1	45.08	1	51.92	1

The choice of customers visiting a store depends on factors like Communication, Infrastructure, After sales services, Assortment, Human resources.

48.66% respondents say that they trust the human resources at Spencer's, 17.6 % of the respondents choose Spencer's as they get updated information regarding the product available at the store .13.6 % respondents feel that infrastructure is one of the main reason for visiting Spencer's .10.78 % respondents say that the products are assorted in structured way.47.78% respondents say that they trust the human resources at big bazaar, 18.8% of the respondents choose big bazaar regarding the information of the product available at stores.13.1% respondents feel that infrastructure is one of the main reason to visiting big bazaar .9.5% respondents feel that big bazaar provide better customer service after and before the purchase of product.45.08% respondents say that they trust the human resource at More super market, 16.76% of the respondents chose More regarding the information of the product available at stores.12.92% respondents feel that infrastructure is one of the main reasons for visiting More. 9.86% respondents say that the products are assorted in structured way.51.92% respondents say that they trust the human resource at reliance,19.34% of the respondents choose reliance regarding the information of the product available at stores.14.74% respondents feel that infrastructure is one of the main reason to visiting reliance.10.82% respondents say that the products are assorted in structured way.10.82% respondents feels that reliance providing best customer service. Considering the factors like communication, infrastructure, after sales services, assortment, Human resources, when compared to Spencer's, Big Bazaar and More super market high proportion of people prefer visiting Reliance.

- NH₀₁*: There is no difference between the customers' choice of stores based on Communication.
- NH₀₂*: There is no difference between the customers' choice of stores based on Infrastructure.
- NH₀₃*: There is no difference between the customers' choice of stores based on After Sales Service.
- NH₀₄*: There is no difference between the customers' choice of stores based on Assortment.
- NH₀₅*: There is no difference between the customers' choice of stores based on Human Resources.

ANOVA

	F - Statistics	Probability Value
Communication	8.058	0.000
Infrastructure	4.877	0.003
After Sales Services	5.902	0.001
Assortment	3.227	0.024
Human Resources	6.088	0.001

Note: If significance value is above 0.05 null hypotheses cannot be rejected.

The above table discusses the influence of variables namely Communication, Infrastructure, After Sales Services, Assortment, Human Resources in selecting a particular store by the customer. The result reveals that the F- statistics is significant in case of all the selected variables (Communication - 8.058; Infrastructure - 4.877; after sales services - 5.902; Assortment - 3.227; Human resources - 6.088) with the probability value of less than 0.05. Hence, the null hypothesis can be rejected at 5% level of significance in case of all the selected variables. Thus it has been understood that there is difference in the customers' choice of stores based on Communication, Infrastructure, After Sales Services, Assortment, Human Resources provided in the stores. Therefore, it can be concluded that in order to influence the customers' the retail store should provide better Communication, Infrastructure, After Sales Services, Assortment, Human Resources.

5. FINDINGS

It is found that Reliance is having high customer loyalty and it provides best offers to customers with high quality products when compared to other retail stores. The staff interacts and attracts the customers and provides better services. Spencer's provides & maintains good Infrastructure facility after Reliance. Compared to other stores it offers wide variety of products to customers and stands a close second. More super market offers the facilities like home delivery and exchange of items and Spencer's provides more offers on food products. According to research, even though Big Bazaar provides good infrastructure but most of the consumers visit Reliance due to their reach and availability. Even though more provides offers like those being provided by Big Bazaar and Reliance it is not able to attract customers due to non-availability of goods like in other stores. After Reliance, Spencer's stands in second place. Maintenance of infrastructure with wide variety of offerings, Spencer's attracts a wide range of customers.

6. SUGGESTIONS

To increase the connectivity with customers, more super market has to provide better offers than the others; Big Bazaar has to open more outlets so as to increase their connectivity with their customers. Even though Spencer provided vegetable courts in their unit, they didn't reach the level of Reliance because the reach of Reliance among the customers is more than that of Spencer's. To increase the reach Spencer's has to improve their communication attributes to gain competitive advantage over the others like Reliance. Reliance is on top when compared with other stores even though it is not providing food courts like other stores. So as to keep its top position it is suggestible for the stores to open food courts and provide innovative offers. Reliance is top leading among all other stores. They provide best offers to the customers and the reach of the store to customer is also high compared to other stores. Big bazaar offers wide variety of products to the customers but the reach of the customers is low. It is suggested that more no. of Big Bazaar outlets may be opened for better reach of the customers.

7. CONCLUSION

In this age and time when competition among super markets and hyper markets has become intense no effort must be spared by these stores to give utmost importance to customer's needs. In this study five important factors were identified based on numerous studies namely; Communication, Infrastructure, After Sales Services, Assortment, Human Resources. Based on the study and analysis done it is seen that in spite of the various modern offerings like Communication which means store promotion activities, advertisement, display etc.,

Infrastructure which is modern leading to store ambience, After Sales Services and follow up which is based on customer relationship management, Assortment which means a wide range of product offers and wide depth of product offers it is still the Human Resources factor which has emerged as the top most priority among customers. This has come as a pleasant surprise in this modern age where impersonal online shopping is on the rise.

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