Trends in Indian Retail Shopping Behavior – an Empirical Investigation

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Key Words
Retail Shopping Behavior, Customer service, Store Atmosphere, Retailing

Abstract
Retailing is the largest private industry in India and second largest employer after agriculture. Retailers not only provide consumers with a wide variety of products, but also a wide range of complementary services, which can lead to more informed choice and greater convenience in shopping. In this study an attempt has been made to take a close look at the shopping behavior of consumers to determine what makes shoppers choose one place over another and how retail managers can drive traffic to their stores. In order to improve store performance, retailers must begin to think like shoppers.

Introduction

The retail sector in India is witnessing a huge revamping exercise as traditional markets make way for new formats such as departmental stores, hypermarkets, supermarkets and specialty stores. India's vast middle class and its almost up tapped retail industry are key attractions for global retail industry and key attractions for global retail giants wanting to enter newer markets. In the period of post 1995 (1995-2005) the organized retail market underwent a revolutionary sea change mainly in urban areas the big retailers emerged into retail market with big shopping malls and hyper markets with facilities like car parking, entertainment, food & beverage targeting urban consumer by providing shopping experience, excitement and entertainment. Post 2005 the organized retailers started targeting all the segments by providing a complete destination experience. The hyper and super markets concentrating on 3V's that is value, variety and volume, further "sachet revolution" enabled the retailers to reach the customers of the "bottom of the pyramid". Indian retail industry accounts for about 10%-11% of our country's GDP and 8% of total employment. The organized retail industry in India is expected to grow 25-30% annually and is projected to attain USD 25 billion by 2010(FCCI, 2005).

Future Growth of organized retailing

The future growth of organized retailing would depend on the ability of retailers to widen their customer base. The growth would also depend on the ability of retailers to efficiently manage the supply chain and increase operational efficiency through economies of scale, optimal space management and serviceability. Organized retailing is changing the whole concept of shopping in terms of consumer buying behavior. In such a scenario, consumer decision making is of great interest for consumer educators and marketers

interested in serving the consumer. In this study an attempt has been made to take a close look at the shopping behavior of consumers to determine what makes shoppers choose one place over another and how retail managers can drive traffic to their stores. In order to improve store performance, retailers must begin to think like shoppers. Therefore, there is clearly a need for research on this issue in India.

Review of Literature

Brennan (1991) surveyed retailers in small towns in Minnesota regarding the actions they had taken to compete with discounters and the success of those actions. Providing specialized services, offering better quality products and improved customer service were most successful strategies. On the other hand, increasing sales and promotions, lowering prices and increasing advertising were least successful. **Brennan and Lundsten (2000)** analyzed the impacts of large discount stores on small US towns, reasons for shopping and retailer strategies, and found that consumers shop at discounters for low prices and large variety and speciality stores for the unique items they cannot find elsewhere. It was observed that consumers shop at the new discounters more than at the existing stores. **Bruce R. Klemz, Christo Boshoff (2001)** in their research work they addressed two critical issues for the small retailer faced with competition from large national one-stop chains: do customers perceive environmental and induced emotional influences the same for these different retailers and do these influences have differential effects on a customer's willingness-to-buy (WTB)? Two studies were performed within a small town in the mid-western USA. **Bernhard Swoboda, Frank Haelsig, Hanna Schramm-Klein, Dirk Morschett(2009**) in their research work on Moderating role of involvement in building a retail brand examined the main antecedents of consumer behavior concerning its role in building a retail brand. It addresses how consumer involvement influences perception of retailer attributes, which affects customer-based retail brand equity when considering retailers as brands. A model is developed that includes the impact of central dimensions of the perception of retailer attributes, their effects on customer-based retail brand equity and the moderating role of consumer involvement. The empirical study is based on a sample of 3,000 consumers spread over five retail sectors (grocery, clothing, DIY, electronics and furniture). Using multiple-group structural equation modeling, the intersectoral relevance of involvement as a moderator in building a strong retail brand is demonstrated. **Canabal, M.E(2002)** in his study investigated the decision making styles of South Indian consumers utilizing customer style inventory. Using data collected from 173 college students from two institutions of higher education in the city of Coimbatore, South India. The author identified some decision making styles of South Indians. These styles are 1)Brand conscious 2) High quality conscious 3) Confused by over choice style and 4) Recreational shopper style.**Durvasula et al. (1993)** administered the CSI on 210 undergraduate business students at a large university in New Zealand. They found eight consumers decision making styles. These styles are perfectionist, brand conscious, novelty-fashion conscious, recreational shopping conscious, price-value conscious, impulsive, confused by over-choice, and habitual/ brand loyal. **Hafstrom et al. (1992)** used the CSI to identify the decision-making styles of Korean students. They confirmed seven of the eight factors using Sproles & Kendall's analytical methods and conceptual framework. The only factor that was not confirmed was 'novelty fashion consciousnesses. They attributed this to possible links between 'brand consciousness' and 'fashion consciousnesses among young Korean consumers. A study by **Morganosky (1997)** on retail market structure change- implications for retailers and consumers revealed that owing to the emergence of new retail formats, competition between retailers of all types is heightening, with pervasiveness and complexity of consumer cross-shopping patterns across various retail channels. **Tillmann Wagner (2007)** In his study on "Shopping motivation revised: a means-end chain analytical

perspective" narrated that Shopping motivation is one of the key constructs of research on shopping behavior and exhibits a high relevance for formulating retail marketing strategies. Previous studies of shopping behavior as well as research in the areas of psychology and organizational behavior point towards a need to investigate the hierarchical nature of shopping motivation. The present study intends to take the first steps towards the development of a hierarchical theory of shopping motivation.

Objectives of the study

1. To examine the perception of consumers with reference to availability of products and services in leading retail stores in Tiruchirappalli District, South India
2. To find those factors that are influencing consumers to choose and purchase goods at a particular Retail store.

Methodology

his study is a descriptive study. Data were collected from shopping malls located in Tiruchirappalli District of Tamilnadu, South India during the period March 2010 to April 2010. The target population for this study consisted of active mall shoppers. A structured questionnaire was developed to measure the consumer behavior styles in the shopping malls.

Five point Likert type scale was used in which respondents were asked to indicate their level of agreement and demographic information consists of respondent's gender, age, income, occupation, marital status and family members. The questionnaire was hand carried and personally explained to respondents by the interviewers. Interviewers gave instructions for completing the questionnaire and waited while respondent independently filled out the questionnaire. A total of 200 respondents were participated in the survey.

Table 1: Reliability Statistics

Cronbach's Alpha	N of Items
.879	23

An examination had been made from the reliability of the data to check whether random error causing inconsistency and in turn lower reliability is at a manageable level or not, by running reliability test. From table 1 it is clear that values of coefficient alpha (Cronbach's Alpha) have been obtained, the minimum value of Coefficient alpha obtained, the minimum value of Coefficient alpha obtained was .879 .This shows data has satisfactory internal consistency reliability.

Using Statistical Package for Social Sciences (SPSS) the following test were administered 1) Factor Analysis 2) Multiple Regression and 3) Reliability Test. The various factors that are taken to measure the retail shopping behavior of the consumers are 1)Customer Service 2)Convenient Location 3)Merchandise sold are good value for money 4)Store hours convenient for shopping 5)Products are quality 6)Price 7)Attractive Display 8)Locating products is easier 9)Parking is convenient and 10)Store atmosphere etc

Brief Profile of the Respondents

The demographic profile of the respondents clearly shows that out of 200 respondents 53 per cent of them were male and 47 per cent were female.45 per cent of the respondents are in the age group of 20-25 years of age, 30 per cent are in the income category

of 5000 to 10000 per month. Majority of the respondents are employed in a private concern and 57 per cent of them are not yet married.

Hypothesis 1: There is relationship among the factors that influence Consumers to choose and purchase at a particular retail store.

Factor Analysis

Table 2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		**.643**
Bartlett's Test of Sphericity	Approx. Chi-Square	5703.315
	df	253
	Sig.	.000

KMO measure of sampling adequacy is an index to examine the appropriateness of factor analysis. High values 0.5 and 1.0 indicate factor analysis is appropriate. Values below 0.5 imply that factor analysis may not be appropriate. From the above table it is seen that Kaiser—Meyer—Olkin measure of sampling adequacy index is **0.643** and hence the factor analysis is appropriate for the given data set. Bartlett's Test of Sphericity is used to examine the hypothesis that the variables are uncorrelated. It is based on chi-square transformation of the determinant of correlation matrix. A large value of the test statistics will favor the rejection of the null hypothesis. In turn this would indicate that factor analysis is appropriate. Bartlett's test of Sphericity Chi-square statistics is 5703.315, that shows the 23 statements are correlated and hence as inferred in KMO, factor analysis is appropriate for the given data set. Table 3: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.616	33.111	33.111	7.616	33.111	33.111	5.771	25.092	25.092
2	2.143	9.319	42.430	2.143	9.319	42.430	2.469	10.737	35.829
3	1.947	8.467	50.897	1.947	8.467	50.897	2.113	9.186	45.015
4	1.724	7.497	58.394	1.724	7.497	58.394	1.734	7.540	52.555
5	1.537	6.682	65.076	1.537	6.682	65.076	1.698	7.384	59.939
6	1.298	5.645	70.721	1.298	5.645	70.721	1.570	6.824	66.764
7	1.119	4.866	75.587	1.119	4.866	75.587	1.525	6.631	73.394
8	1.017	4.420	80.007	1.017	4.420	80.007	1.521	6.613	80.007
9	.880	3.827	83.834						
10	.762	3.313	87.147						
11	.583	2.534	89.681						
12	.503	2.187	91.868						
13	.401	1.743	93.611						
14	.307	1.334	94.945						
15	.274	1.191	96.136						
16	.230	.999	97.135						
17	.172	.749	97.884						
18	.148	.642	98.526						
19	.127	.550	99.076						
20	.087	.377	99.453						
21	.059	.258	99.710						
22	.046	.199	99.910						
23	.021	.090	100.000						

Extraction Method: Principal Component Analysis.

Eigen value represents the total variance explained by each factor. Percentage of the total variance attributed to each factor. One of the popular methods used in Exploratory Factor Analysis is Principal Component Analysis, Where the total variance in the data is considered to determine the minimum number of factors that will account for maximum variance of data.

Table 4: Rotated Component Matrix (a)

	Component							
	1	2	3	4	5	6	7	8
Better Price			-.816					
quality of products								**.900**
variety of products								
parking facilities	.519	.543						
convenience store hours								
product knowledge of employee					.605			
store comfortable to shop in			.634					
Security	.731							

close to where you live				.738				
convenience of parking	**.833**							
friendly employees								
several brands to choose								
High quality fruits & Vegetables							**.875**	
variety of dairy products						**.877**		
Fresh Non-veg & Sea food					-.800			
Home delivery	.782							
Product display and demo	**.854**							
Store ambience		**.849**						
Fast billing				**.806**				
value added services		.522						
Hospitality	**.826**							
home Payment	**.886**							
Better customer service		.590						

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a Rotation converged in 11 iterations.

Rotation Method: Varimax with Kaiser Normalization

Interpretation of factors is facilitated by identifying the statements that have large loadings in the same factor. The factor can be interpreted in terms of the statement that loads high on it.

The factors of a study on consumer shopping behavior comprises of 23 individual statements. Out of 23 factors, 8 individual factors influences more towards the shopping behavior of the consumers
The factors are:

1. Quality of Products.
2. Home bill Payment
3. Variety of Diary Products.
4. High quality Fruits & Vegetables
5. Store ambience
6. Product display and demo
7. Convenience of Parking
8. Hospitality

Hypothesis 2: Retail shopping behavior and Variety of brands can predict retail store satisfaction

Multiple Regressions

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.908(a)	.825	.807	.310

a Predictors: (Constant), Better customer service, Fresh Non-veg & Sea food, quality of products, close to where you live, variety of products, Better Price, variety of dairy products, Fast billing, security, store comfortable to shop in, product knowledge of employee, High quality fruits & Vegetables, Store ambience, friendly employees, convenience store hours, Home delivery, Hospitality, several brands to choose, parking facilities, value added services, Product display and demo, convenience of parking, home Payment

The above model summary table shows R-Square for this model is 0.825. This means that 82.5 percent of the variation in overall shopping behavior of the consumers (dependent variable) can be explained from the 23 independent variables. The table also shows the adjusted R-square for the model as .807.

Any time another independent variable is added to a multiple regression model, the R-square will increase (even if only slightly). Consequently, it becomes difficult to determine which models do the best job of explaining variation in the same dependent variable. The adjusted R-square does just what its name implies. It adjusts the R-square by the number of predictor variables in the model. This adjustment allows the easy comparison of the explanatory power of models with different numbers of predictor's variable. It also helps us to decide how many variables to include in our regression model.

Table 6: ANOVA(b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	102.073	23	4.438	46.281	.000(a)
	Residual	21.671	226	.096		
	Total	123.744	249			

a Predictors: (Constant), Better customer service, Fresh Non-veg & Sea food, quality of products, close to where you live, variety of products, Better Price, variety of dairy products, Fast billing, security, store comfortable to shop in, product knowledge of employee, High quality fruits & Vegetables, Store ambience, friendly employees, convenience store hours, Home delivery, Hospitality, several brands to choose, parking facilities, value added services, Product display and demo, convenience of parking, home Payment
b Dependent Variable: overall satisfaction

The ANOVA table, as displayed in the above table 6 shows the F ratio for the regression model that indicates the statistical significance of the overall regression model. The larger the F ratio there will be more variance in the dependent variable that is associated with the independent variable. The F ratio =46.281. The statistical significance is .000 the "sig". There is relationship between independent and dependent variables.

Table 7: Coefficients(a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.807	.336		5.373	.000
	Better Price	.227	.038	.270	5.954	.000
	quality of products	-.036	.041	-.045	-.876	.382
	variety of products	.115	.035	.167	3.294	.001
	parking facilities	-.212	.033	-.440	-6.501	.000
	convenience store hours	.219	.034	.381	6.433	.000
	product knowledge of employee	.364	.025	**.734**	14.616	.000
	store comfortable to shop in	-.097	.028	-.162	-3.474	.001
	security	-.037	.037	-.069	-1.000	.319
	close to where you live	.073	.026	.139	2.748	.006
	convenience of parking	.006	.045	.013	.136	.892
	friendly employees	-.165	.039	-.237	-4.254	.000
	several brands to choose	.416	.034	**.830**	12.410	.000
	High quality fruits & Vegetables	.073	.032	.127	2.296	.023
	variety of dairy products	-.261	.031	-.401	-8.362	.000
	Fresh Non-veg & Sea food	.305	.020	**.736**	14.884	.000
	Home delivery	-.085	.058	-.179	-1.463	.145
	Product display and demo	.052	.038	.109	1.355	.177
	Store ambience	.118	.031	.216	3.844	.000
	Fast billing	-.113	.036	-.128	-3.157	.002
	value added services	-.351	.065	-.516	-5.437	.000
	Hospitality	-.025	.029	-.052	-.858	.392
	home Payment	.254	.060	.534	4.252	.000
	Better customer service	-.143	.038	-.218	-3.775	.000

A Dependent Variable: overall satisfaction

To determine if one or more of the independent variables are significant predictors of overall satisfaction of consumer, we examine the information provided in the coefficient table. From the above 23 independent statements only 8 statements are not statistically significant. The standardized coefficient beta column reveals that better price has a beta coefficient .270, which is significant (.000). Quality of products has a beta coefficient -.045, which is not significant (.382).Variety of products has a beta coefficient .167, which is not significant (.001).Parking facilities has a beta coefficient -.440, which is significant (.000).Convenience store hours has beta significant .381, which is significant (.000). Product knowledge of employee has beta coefficient.734, which is significant (.000). Store comfortable to shop in has a beta coefficient -.162, which is not significant (.001). Security has a beta coefficient -.069, which is not a significant (.319). Close to where you live has a beta coefficient .139, which is not significant (.006). Convenience of parking has a beta coefficient.013, which is not significant (.892). Friendly employees have a beta coefficient -.237, which is significant (.000). Several brands to choose has a beta coefficient .830, which is significant (.000). High quality fruits & Vegetables has a beta coefficient .127, which is not significant (.023). Variety of dairy products has a beta coefficient -.401, which is significant (.000). Fresh Non-veg & sea food has a beta coefficient .736, which is significant (.000). Home delivery has a beta coefficient-.179, which is no significant (.145). Product display and demo has beta coefficient.109, which is no significant (.177). Store ambience has beta coefficient .216, which

is significant (.000). Fast billing has beta coefficient -.128, which is no significant (.002). Value added services has beta coefficient -.516, which is significant (.000). Hospitality has beta coefficient -.052, which is no significant (.392). Home bill payment has beta coefficient .534, which is significant (.000). Better customer service -.218, which is significant (.000). Consumers are looking for variety of brands when they go for purchase and further product knowledge of the retail store employees also play a significant role to satisfy the requirement of the consumers at the time of purchase and selection of retail shop.

Conclusion

Once retail managers understand how consumers view the shopping process, they can find ways to drive more traffic to their store and improve its performance. Consumers expect that particular retail store they visit must have a pleasant atmosphere, customer hospitality and service must bring satisfaction to them when they are shopping. In the retail store the products must be displayed in such a fashion that it must be easy for the customers to locate it. "The lesson for everyone is that it is always cheaper to keep customers than to try to attract new ones. Therefore, all retail stores should be creative about enhancing store-specific benefits in ways that keep customers coming back

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