Consumer shopping behaviour in organized retail outlet in Hyderabad Metropolitan City: An empirical study

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ABSTRACT: *The Indian retail sector is largely traditional, but stores in modern format are emerging. The contribution of organized retailing in the share of retail sales in India is currently very small. Based on an analysis of retail developments in countries such as Thailand, Brazil and Greece, and some experience in India, it is possible to conclude that modernization of retailing in India would be influenced by some important factors. These factors include economic development; improvements in civic situation; changes in consumer needs, attitudes' and behavior; changes in government policies; increased investment in retailing and rise in the power of organized retail. The development of modern retail will have several implications for managerial practice in manufacturing firms. In this paper an attempt is made to study determinates of store attributes and relationship between consumer demographics and retail format choice shopping. To achieves the objective of the study data is collected from 500 sample respondents base on convenience sampling. From the study it is found that there are three major determinates of store choice they are Store Atmospheric and Merchandise, Store Service and Store Convenience.*

Key Words: *Organized Retailing,Store Atmospheric, Store Choice, Store Merchandise, Store Convenience and Store Service.*

Introduction

Retailing acquires an important role in the world economy. Indian retailing industry has seen outstanding changes. The retail sector in India, which is dominated by small and unorganized entrepreneurs consisting of standalone stores, boutiques and kirana stores, are drastically changing its face. There has been significant expansion in organized retailing business in recent years. Many big industrial houses have entered in organized retail sector with very strong-minded future growth plans. There has been a huge development of new retail formats such as malls, hypermarkets, supermarkets and lifestyle stores. Change is only constant in the retail world; survival in organized retail will depend on the ability to adapt the change. These new retail formats are rising at a rapid speed in India; there remains a need among Indian businesses to understand the changing behavior of consumers towards shopping in these organized retail outlets.

The Indian retail industry is one of the fastest growing in the world. Retail industry in India is expected to grow to US$ 111.25 billion by 2019 from US$ 70.45 billion in 2016. India is the fifth largest preferred retail destination globally. The country is among the highest in the world in terms of per capita retail store availability. India’s retail sector is experiencing exponential growth, with retail development taking place not just in major cities and metros, but also in Tier-II and Tier-III cities. Healthy economic growth, changing demographic profile, increasing disposable incomes, urbanization, changing consumer tastes and preferences are the other factors driving growth in the organized retail market in India.

Review of Literature

Shopping is the act of identifying the store and purchasing the product. The behaviour of shoppers differs according to the place where they are shopping and their involvement level with the act of shopping (Berman, Joel, & Evans, 2005). Shopping is a function of the nature of the product, the degree of perceived risk inherent in the product class and the level of knowledge or amount of information about alternatives. Observations of shopper behaviour in the store show that every purchase involves part or the whole of a process that follows a consistent pattern of See-Touch-Sense-Select.

There is a growing need to evaluate the true drivers of shopping behaviour in the Indian context (Sinha and Banerjee, 2004). The trade mark of Indian retailing, the small kirana shops with a high level of personalised service, is making shoppers reluctant to depart from traditional ways of shopping. The knowledge of

consumer shopping behaviour is an essential input to the development of an effective marketing strategy, which is required for the effectiveness, and success of any business (Al-Rasheed, Zairi , & Ahmed , 2004).
Research conducted by Woodside and Trappey (1992) identified an automatic cognitive processing of store attributes by means of which consumers decide which will be their primary store. It is empirically examined that retail store attributes affect retail format choice and purchases (Popkowski Leszczyc, Harry , & Timmermans, 1997).
Retail format choice and patronage have been widely studied across the world (Sinha & Banerjee , 2004). For many years, marketing researchers have considered issues related to consumers' retail format choice across various purchasing situations (Moore, Marguerite, & Carpenter, 2006).
Moore (2006) found that shopper attributes were significant predictors of their consumption behaviour and choice of retail format. The studies on retail format choice have mostly dealt with individual choices and the studies have investigated the drivers of retail format choice taking individuals as the samples (mostly housewives).
Usefulness of social class in predicting retail format choice behaviour is well explained by Brown and Fisk (2004). They proposed risk-costs perception of shopping, which demonstrates that people want to shop at the store which maximises benefits from shopping and minimises costs and risk required (e.g., time, effort and money).
Zeithaml (1985) conducted a field study to examine the effects of five demographic variables (gender, female working status, age, income, marital status) on supermarket shopping variables (e.g. shopping time, number of supermarkets visited weekly, amount of money spent).
Forsythe and Bailey (1996) found that age, marital status, occupational status, and shopping enjoyment affect the amount of time spent shopping.
Fox et al (2004) examined the effect of demographics on format choice across three formats: grocery stores, mass merchandisers, and drug stores and the findings indicated that household size, income, and level of education influence consumers'format choices.
Bawa and Ghosh, (1999) found that higher income households tend to shop more frequently; similar result was also found by Leszczyc and Timmermans (1997).
Bell and Lattin (1998) also use shopping basket size to distinguish between small and large basket shoppers. They find that large basket shoppers are attracted to Every Day Low Price (EDLP) stores and small basket shoppers to Hi-Lo stores and that small basket shoppers are older, have smaller incomes and smaller families.
Bellenger, et al (1976-1977) found education to be strongly related to the actual store selected to purchase specific categories of merchandise.
A.C. Nielson (1986) explored that the primary reasons for consumer retail format choice are ease of parking and convenient location with no mention of loyalty owing to having a particular store loyalty/ benefit card.
Hutcheson and Mutinho (1998) found that shoppers used a combination of the quality of staff and "the occurrence of low prices and the frequency of promotions" in choosing a store.
Woodside and Trappey (1992) used a multinomial Logit model to investigate consumer retail format choice. They found low prices, large selection and a convenient location were the three reasons mentioned most often by respondents for shopping at their named primary store.

Need and important of the study

Retailing in India is at a crossroads. The Indian retail scenario is presently facing the similar situations as the 'mom and pop' stores in the developing nations faced at the emergence of big box retailers. The new expansions of retail formats are adaptations of western formats fetching moderate to lukewarm success. The challenge lies in retailer's understanding of customer's needs and motivations, and most importantly, such parameters and perceptible dimensions of the shopping experience which are considered more important by consumers in evaluating a store.
There is a vast scope for research and analysis as the retailing environment in the country is changing rapidly, leading to changed customer expectations and choice of retail store format. This phenomenon is quite significant in the Indian retail market with the introduction of larger and more diverse retail formats by organized players. A variety of formats are being rolled out, with mixed success. Both retailers and shoppers are currently in an evaluation phase with no clear verdict as to what drives the customer to a retail store. The newly established stores are able to attract shoppers into stores due to its ambience, but they are finding conversions into purchases to be lower than expected and hence lower profitability for retailers. Evidently, there is not much of the research work done on Indian consumer behaviour in retailing context. Keeping these things in mind the present study was conducted to provide important inputs to understand

consumer behaviour in modern retail format environment and various strategies adopted by retailer for attracting and retaining customers towards retail outlets in Hyderabad city.

Scope of the study

The general scope of the study is to investigate customers' preferences towards modern retail formats. The geographical area of the study is restricted to the selectedorganized retail sector in Hyderabad City.

Objectives of the study

- To study the major store determination of organised retail outlet.
- To study the impact of demographic factors on customers' choice towards different Retail Formats

Hypothesis of the Study

H_o*: *there is no significant impact of store attributes on the selection of retail outlet

H_o*: *there is no association between demographic characteristics of respondents and choice of retail format

Research Method and Design

In the first stage of research exploratory study is carried out to get familiar with the concept of retailing, retail store format and determinates of choice of retail outlet, followed by descriptive study.

Population of the study

The population frame would be the selected retail outlets and their customers.

Sampling Frame

The sampling frame for the present research study would be comprised of adult retail customers of chosen store formats.

Sampling Unit

The sample subjects for the present research are selected retail outlets in Hyderabad metropolitan city.

Sampling Size

The sample size for the present study is 65 selected retail outlets managers working in different retail outlet formats.

Sampling Technique

The convenience sampling technique was adopted for the present study.

Table 1 Selected Organised Retail Outlets

S. No	Name of organised Retail outlet	Location
1	Prasads IMAX-	Khairatabad, Hyderabad Central, Panjagutta
2	Ashoka Metropolitan Mall	Banjara Hills
3	GVK One	Banjara Hills
4	Inorbit Mall	Madhapur
5	City Center Mall	Banjara Hills
6	Manjeera Trinity Mall	Kukatpally
7	SLN Terminus Mall	Gachibowli
8	Asian M Cube Mall	Attapur
9	The Forum Sujana	Kukatpally
	Mantra Mall	Attapur
10	D-Mart branches	Moosapet, KPHB, Sanath nagar,Jubilee hills, Ramachandrapuram, Ramanthapur, Malakpet, LB Nagar,Amberpet
11	Bigbazaar	Ameerpet,jubilee hills,Abids,chikadpally,Banjara hills
	RELIANCE Fresh	Kukatpally, Ameerpet, Santosh Nagar, Dilsukh Nagar, S.R.Nagar, Secunderabad, Kachiguda

Sources of data

The main sources of data for the present research consists of both primary and secondary sources. The primary data is collected from retail outlet manager with the help of administration of well-structured questionnaire. The secondary sources of data are journals, books, articles, reports, records and through internet sources.

Date collecting procedure

The data used for the present study is primary in nature. The primary data was collected through the field survey.

Tools of analysis

In this study, the data analysis is performed with the help of Statistical Package for Social Sciences (SPSS-20 Version). The study utilises both descriptive as well as inferential statics for data analysis.

Reliability of the instrument

In this study, the coefficient alpha analysis is performed on each subscale and on the entire scale. The coefficient alpha values are shown in the table no 2.

Table 2 ***Cronbach's Alpha Coefficient for Constructs***

S.no	Constructs	No. of items	Cronbach Alpha (α)	Cronbach Alpha (α)
	Store Attributes			
1	Store Atmospheric and Merchandise	17	0.766	
2	Store Service	7	0.826	**0.834**
3	Store Convenience	5	0.723	

Analysis and Discussion

Table 3 Gender of Respondents

Gender	Frequency	Percentage
Male	331	66.2
Female	169	33.8
Total	500	100

Interpretation

The table no 3 show the gender of the respondents. From, the table it is observed that out of total 500 sample respondents, 66.2 percent (331) of respondents are male and rest of 33.8 percent (169) are female.

Table 4Age of respondents

Age group	Frequency	Percentage
20-30 years	187	37.4
31-40	176	35.2
41-50	111	22.2
Above 50 years	26	5.2
Total	500	100

Results (table no 4) show that out of total (500) respondents, 37.4 percent (187) of respondents are in the age category of 20-30 years of age, 35.2 (176) of respondents are in the age 31-40 years, 22.2 percent (111) of respondents are in the age category of 41-50 years and remaining 5.2 percent (26) are in the age category of above 50 years.

Table 5Choice of Retail Outlet for Purchase of Goods

Type of retail outlet	Frequency	Percentage
Malls	48	9.6
Departmental Stores	59	11.8
Discount Stores	85	17
Convenience Stores	69	13.8
Hyper Markets/Super Markets	172	34.4
Speciality Stores	67	13.4
Total	500	100

The above table no 5 shows the choice of retail outlet for purchasing goods. From the table it is observed that out of total 500 respondents, 34.4 percent (172) of respondents preferred Hyper/Super Markets for purchasing of goods, 17 percent (85) of respondents preferred Discount Stores, 13.8 percent (69) of respondents preferred Convenience Stores, 13.4 percent (67) of respondents choose Speciality Stores for purchasing of goods, 11.8 percent (59) of respondents favoured Departmental Stores for shopping and remaining 9.6 percent (48) of respondents preferred Malls for purchasing of goods.

Factor Analysis for Store Attributes

To determine the important factors influencing choice of retail outlet. The Principal Component Factor Analysis (PCA) with Varimax Rotation was performed for 22 items measuring retail store selection. The result indicated that the Bartlett's Test of Sphericity was significant (Chi-Square – 33247.447, p<0.000). The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was higher at 0.971. This KMO value of 0.971 is excellent since it exceeded the recommended value of 0.60 (Kaiser, 1974). The two results of (KMO and Bartlett's) suggested that the data is appropriate to proceed with the factor analysis.

Table 6 KMO and Bartlett's Test for Store Attributes

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.971
Bartlett's Test of Sphericity	Approx. Chi-Square	33247.447
	df	406
	Sig.	.000

Four rounds of EFA were performed before it extracted three (3) distinct dimensions with eigenvalue exceeding 1.0. The total variance explained for the three dimensions is 91.12. The contribution from the component 1, component 2 and component 3 are 59.60, 23.381 and 8.132 respectively. Table 6 present the Rotated Component Matrix for dimension of retail store selection.

Table 7 Rotated Component Matrix for Store Attributes

Rotated Component Matrix[a]			
	Component		
	1	2	3
Neat and clean environment	.904	-.002	.292
High quality merchandise	.868	.024	.309
Convenient store layout	.429	-.012	.895
Convenient location	.474	-.041	.810
Brand image/goodwill	.889	-.004	.290
Better customer service	.923	-.018	.283
Pleasant ambience	.921	-.024	.275
After sales service	.917	-.016	.273
Use of credit/debit card	.930	-.003	.270
Adequate dressing rooms	.408	.001	.897
Adequate parking facility	.398	-.004	.904
Complete safety and security	.415	-.010	.898
Customer loyalty cards	.001	.997	-.005
Home delivery	-.002	.976	-.011
Blend of shopping and entertainment	.911	.029	.226
Well-marked prices	-.011	.980	-.001
Aesthetically pleasing store	.904	.009	.235
Excellent return policy	-.004	.989	-.012
Easy to find merchandise	.916	.004	.217
Advertised items are in stock	.001	.984	-.001
Friendly staff	.936	-.019	.218
Available and helpful staff	.920	.011	.234
Large merchandise selection	.941	-.018	.234
Fast checkout	.929	-.001	.217
High quality products	.933	-.012	.229
Advertisement offers	-.009	.981	-.022
Availability of product style	.584	-.025	.138
Merchandise breadth in all department	.925	.012	.238
Everyday low prices	-.003	.980	-.002
Component	**Initial Eigen Values**		
	Total	**% of Variance**	**Cumulative %**
1 Store Atmospheric and Merchandise	17.287	59.609	59.609
2 Store Service	6.780	23.381	82.990

3 Store Convenience	2.358	8.132	91.122

Extraction Method: *Principal Component Analysis.* ***Rotation Method:*** *Varimax with Kaiser Normalization Rotation converged in 4 iterations.*

Factor 1 was named as "**Store Atmospheric and Merchandise** ", since it comprised of items measuring the physical characteristics of the store and merchandise selection. The factor 1 comprise of such items as Neat and clean environment, High quality merchandise, Brand image/goodwill, Better customer service, Pleasant ambience, after sales service, Blend of shopping and entertainment, aesthetically pleasing store, aesthetically pleasing store, Easy to find merchandise, Friendly staff, Available and helpful staff, Large merchandise selection, Fast checkout, High quality products, Availability of product style and Merchandise breadth in all department.

Factor 2 was named as "**Store Service** ", since it reflects the service provided by the store to attract the customers. These items are Customer loyalty cards, Home delivery, Well-marked prices, Excellent return policy, and advertised items are in stock, Advertisement offers and Everyday low prices.

Factor 3 was named as "**Store Convenience** ", to refer to the convenient store layout, Convenient location, Adequate dressing rooms, Adequate parking facility and Complete safety and security.

Table 8Chi-Square Test between Demographic Characteristics and Choice of Retail Formats

S. No.	Null Hypothesis	df	Chi-Square Value	Table value	Asymp.Sig. (2-sided)	Results
1	No Association between Gender and Choice of Retail Outlet	5	9.162	11.1	.103	Accepted
2	No Association between Age of the Respondents Choice of retail Outlet	15	18.732	25.0	.226	Accepted
3	No Association between Occupation of Respondents and choice of retail Outlets	20	43.622	31.4	.002	Rejected
4	No Association between Family Monthly Income and the Choice of retail Outlet	20	54.340	31.4	.000	Rejected
5	No Association between Frequency of visit and Choice of retail outlet	10	43.967	18.3	.000	Rejected
6	No Association between time spend in retail outlet and Choice of retail outlet	15	67.608	**25.0**	.000	Rejected
7	No Association between purpose of visit and Choice of retail outlet	20	29.175	31.4	.084	Accepted

Conclusion:

From the study results, it is concluded that several factors that induce the consumers buying behaviour. Likewise, demographic characteristics like age, gender, education, marital status, occupation and family size of the customers' shows those different perceptions in buying the modern retail products. In current scenario retail has emerged as a separate function by itself. Indian Market has just entered the stage of growth and this can last for 15 to 25 years. Many retailers will move from local to national presence. The environment in a large organized retail store is significantly different from that in a traditional or mom and pop store. With the emergence of large supermarkets hypermarkets and other formats retailers have come in more contact with customers. Unorganized Retailers in the vicinity of organized retailers experienced a decline in their volume of business and profit in the initial years after the entry of large organized retailers. Adverse impact on sales and profit weakens over time. There is competitive response from traditional retailers through improved business practices and technology upgradation.

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