Original Article

Store Choice Behavior of Shoppers in Changing Retail Environment in Northern India

Jasnoor Kaur[1], Veerpaul Kaur Maan [2]

[1] *Department of Management Guru Nanak Girls College,   Modal Town Ludhiana Punjab (India).*

[2]*University Business School, Maharaja Ranjit Singh Punjab Technical University, Bathinda, India*

Abstract - The present paper is an attempt to investigate the shopping behavior of consumers in the changing retail scenario in the country. It highlights the critical factors that affect the choice of retail outlets in India. Major retail formats (Department stores, Convenience stores, Specialty stores, Shopping malls, and Conventional markets) were covered in the study. The whole area was divided into three distinct regions: National Capital Region, New Emerging Cities, and Traditional cities. The present research also undertook a region-wise analysis to examine the impact of different factors. One-way and two-way ANOVA were performed to find variance among different factors and among different regions. Correlation analysis was used to establish a relationship between the frequency of visits to a retail outlet and the time spent in that outlet. The conclusions of this study give an insight into consumers' inclination towards new retail formats such as Department stores, specialty stores, and shopping malls. It also reveals a negative relationship between the frequency of visits and time spent at an outlet. Further, it explores factors that are paramount to outline constructive strategies by retailers.

Keywords - Organized and unorganized retailing, Consumer expectations, Key drivers of the retail industry.

I. INTRODUCTION

The aim of the present paper is to study the scope of the retail industry in India. It covers the literature related to changing scenarios of the retail industry, the shopping behavior of consumers, and the key drivers of the retail industry. In addition, the research gaps have been identified, and the need and scope of study along with the objectives of the present paper have been included. The major objective of this paper is to study the shopping behavior of consumers towards organized retailing. It attempts to determine the factors affecting the shoppers while selecting retail outlets. Organized retailing refers to the retail trade undertaken by registered, licensed retailers who pay taxes regularly [1]. These include departmental stores, malls, specialty stores, etc. Unorganized retailing involves low-cost retailing such as small

Haryana shops, general/convenience stores, pan/bidi shops, etc. Craig and Ghosh developed a model that provided the retailers with a valuable planning tool for making location decisions in the changing environment [1]. The study concluded that good store location was crucial to the performance of retail stores. Banerjee et al. identified major drivers behind the choice of various stores for various shopping needs as exhibited by a typical Indian consumer [2]. They concluded that on an overall basis, the shoppers gave prominence to the proximity of the store, merchandise, and service. Demographics, individual values, and the nature of products purchased also influenced the store choice. Store ambiance and service were secondary reasons.[i] Kumar conducted a study by interviewing shoppers using a structured questionnaire outside the store they visited on that day [3]. He found that products handled by the store were the primary consideration for store selection and subdued the importance of other store variables, and pointed out that the format of the store could be the prime driver. He concluded that it was possible to impact the shoppers by offering newer formats. However, the shoppers' preference for a store that was nearer and could be visited frequently posed a major challenge in the current retail scenario.[ii] In a study by Reddy et al., hierarchical regression was employed to test the drawn hypotheses [4]. The findings of the study indicated that service quality and customer satisfaction showed significant influence on store loyalty, whereas the merchandise quality did not show significant influence on store loyalty. But the interactive effect of merchandise quality and service quality was found to improve the model. Leszczyc et al. proposed a model of multi-purpose grocery shopping behavior, which studied the effect of location, pricing strategy, and shopping strategy (single versus multi-purpose shopping) on store choice [5]. Results of the study indicated that 34 % of the grocery shopping trips were multi-purpose trips, while 66 % were single-purpose trips. The results also showed that store chains could insulate themselves from competitive pressures by providing opportunities for multi-purpose shopping. Thus, they concluded that multi-purpose shopping had important implications for consumer store choice. Garimella

compared shopping experiences at a conventional store with those at a more up-market outlet [6]. He found that shopping at bigger stores lacked a personal touch, which endeared the neighborhood shopkeeper to the buyer. He stated that despite being huge in size, the role of Gigantic Modern Stores in food retailing was very small in proportion and was likely to continue to be so. It was pointed out that while each of the Gigantic Modern Stores had reasonable sales yet, the collective sales of the conventional Indian Retail Outlet in a given area were probably more than the collective sales of the Gigantic Modern Stores in that area.[iii]

II. DATA COLLECTION AND RESEARCH METHODOLOGY

In the present paper, the period of research was from January 2006 to December 2011, and the data was collected between May September 2009. A total of 500 shoppers in the northern region were selected using the multistage convenience sampling technique. In the first stage, the major states in North India were selected. Secondly, major regions in these states and finally a certain number of shoppers from different cities were selected. The whole area was divided into three parts. First was NCR (National Capital City), in which Delhi, Noida, and Gurgaon were selected. The second region was the new emerging Cities which consisted of the Tri-city, i.e., Chandigarh, Mohali, and Panchkula. The third was the Traditional cities; Ludhiana, Jalandhar, and Amritsar. The sample consisted of 150 respondents from NCR, 175 respondents from Traditional Cities, and 175 respondents from New Emerging Cities.

A. *Methodology*

Software packages were used for the analysis of the data. The analysis of data was done using statistical tools like mean, percentages, standard deviation, and correlation. ANOVA was applied for analyzing variance in the samples. Region-wise analysis was done to make a comparison between different regions.

Table 1. Importance of different factors while selecting a retail outlet

Factors	Extent of Importance			Overall Status	Overall Level
	Mean	SD	Mean %		
Wide variety of goods	1.46	0.94	72.92	Imp	I
Pricing	1.33	0.75	66.67	Imp	I
Quality of merchandise	1.27	0.93	63.54	Imp	I
Display of goods	1.1	0.9	55.21	Imp	II
Wide opening hours	0.83	0.97	41.67	Imp	III
Convenience of parking	0.6	1.27	30.21	Imp	III
Enter tainment	0.58	1.19	29.17	Imp	IV
Shopping Under one roof	0.54	1.29	27.08	Imp	IV
Nearness to Place	0.52	1.29	26.04	Imp	IV
Fast Checkout	0.5	1.24	25	N	IV
Air-conditioned environment	0.5	1.17	25	N	IV
Free home delivery	0.44	1.24	21.88	N	IV
Shopping assistance	0.25	0.95	12.5	N	V
Store Design	0.17	1.28	8.33	N	V
Credit/ Debit Card facility	0.13	1.22	6.25	N	V
Window Shopping	0.04	0.91	2.08	N	V
Self Service	0.02	1.22	1.04	N	V
PVR/ Multiplexes	-0.17	1.05	-8.33	Un Imp	VI
Club Card facility	-0.44	1.27	-21.88	Un Imp	VI

III. RESULTS

Table 1 depicts the statistical significance of the variables used in the research. The extent of importance for factors under consideration ranges from a minimum value of -21.88% to 72.92%.

F-ratio : .877***   C.D. : 0.2341

***: SIGNIFICANT AT ONE PERCENT LEVEL

Overall rank is based on the value of the critical difference.

$F_{0.01}$ (.877) with a critical difference of 0.2341 led to the acceptance of H_a that there is a statistically significant difference between the variables. . It could be concluded that the most influential determinants of retail format choice were a wide variety of products, pricing, merchandise quality, and its display. Wide opening hours, the convenience of parking, Entertainment, Shopping Under one roof, and Nearness to Place was also significant for store choice. Contrary to this, PVRs/ Multiplexes and club card facilities were non-significant in choice criteria of retail outlets.

This includes buying pattern and changing expectations of the respondents for different product categories, buying roles played by different family members for different products, the pattern of monthly expenditure, preference of different retail outlets, time of visiting a retail outlet, time spent in a retail outlet, frequency of visiting a retail outlet, the relationship between frequency and time spent in a retail outlet, selection of different retail outlets for the purchase of different products, and its region-wise analysis, agreement of different factors considered while selecting a retail outlet, the importance given to different factors while selecting a retail outlet, agreement on different aspects related to organized retail outlets.

A region-wise perusal of Table II reveals that the magnitude of importance of different factors in the selection of a particular retail outlet was statistically significant in different regions. Analysis of Variance among different regions deduced that pricing and entertainment were statistically predominant in-store choices in Traditional Cities (1.75), (0.76), in contrast to New Emerging Cities (1.39), (0.64) and NCR (0.98), (0.41). In New Emerging Cities, display of goods and proximity/nearness to place (1.47), (0.76) were statistically more significant as compared to Traditional Cities (1.08), (0.48) and NCR (0.85), (0.37). Shoppers preferred wide opening hours in NCR (1.09) over Traditional Cities (0.75) and New Emerging Cities (0.57). Within the region, factor to factor variation also stood to be significant.

Consequential to the burgeoning retail industry, studying the preference of consumers towards different retail formats identified the prime formats that the shoppers were inclined towards. A review of Table III exhibits that the shoppers endeared departmental stores (4.22) for their shopping needs. Specialty stores (3.98) and shopping malls (3.54) were also imperative in shopping decisions.

Table IV depicts the correlation between the frequency of visits and time spent in a retail outlet.

There was an inverse relationship between the frequency of visits and the time spent in a retail outlet. Less time was spent on more frequently visited stores.

Table 4. Relationship between frequency of visiting and time spent on different outlets

Retail Outlets	Frequency of Visit	Time Spent (hrs.)
Department Store	2.98	0.57
Convenience Store	2.92	0.76
Specialty Store	2.44	1.83
Shopping Mall	2.13	0.87
Super Market	2.08	0.83
Conventional Market	2.04	0.87
r-value	-0.210**	

The analysis of the data showed that there was a vast scope of the retail industry in India. Further, only a few aspects of shopping behavior, w.r.t. retail industry, were studied. The main emphasis was on store choice behavior, the importance of locational decisions, and service quality in the retail sector. Further, it could be seen that no detailed study has been conducted regarding the shopping behavior of consumers in northern India.

IV. CONCLUSION

The present research focused on the factors affecting the shopping behavior of consumers with respect to the changing retail environment in India. The results provide some new insights for strategists and scholars regarding crucial factors in the retail industry. It explores that merchandise variety, quality, and pricing, along with proper display and parking facility, are important considerations for the shoppers. Further, it could be concluded that department stores and specialty stores have high growth potential. It has been observed that shoppers in different regions gave prominence to different factors in-store selection. Since the study was conducted in major cities of North India, it provides scope for further research in smaller towns and rural areas.

Table 2. Importance of different factors while selecting a retail outlet: Region-wise Analysis

Factors	Extent of Importance						F-ratio	C.D.
	NCR		New Emerging Cities		Traditional Cities			
	Mean	SD	Mean	SD	Mean	SD		
Wide variety of goods	1.59	0.83	1.33	0.91	1.41	1.1	1.24	NS
Pricing	0.98	0.75	1.39	0.75	1.75	0.75	4.69***	0.1625
Quality of merchandise	1.49	0.93	1.07	0.93	1.18	0.93	1.13	NS
Display of goods	0.85	0.9	1.47	0.9	1.08	0.9	3.45**	0.1962
Wide opening hours	1.09	0.97	0.57	0.97	0.75	0.97	3.19**	0.2369
Convenience of parking	0.57	1.27	0.61	1.27	0.64	1.27	0.97	NS
Entertainment	0.41	1.19	0.64	1.19	0.76	1.19	2.98**	0.1709
Shopping Under one roof	0.66	1.29	0.42	1.29	0.51	1.29	1.06	NS
Nearness to Place	0.37	1.29	0.76	1.29	0.48	1.29	3.87**	0.1655
Fast Checkout	0.41	1.24	0.58	1.24	0.54	1.24	1.63	NS
Air-conditioned environment	0.63	1.17	0.37	1.17	0.46	1.17	1.28	NS
Free home delivery	0.53	1.24	0.31	1.24	0.44	1.24	1.01	NS
Shopping assistance	0.21	0.95	0.29	0.95	0.26	0.95	0.37	NS
Store Design	0.16	1.28	0.21	1.28	0.13	1.28	0.43	NS
Credit/ Debit Card facility	0.17	1.22	0.08	1.22	0.11	1.22	0.34	NS
Window Shopping	0.03	0.91	0.04	0.91	0.06	0.91	0.29	NS
Self Service	0.03	1.22	0.02	1.22	0.01	1.22	0.18	NS
PVR/ Multiplexes	-0.14	1.05	-0.17	1.05	-0.2	1.05	0.23	NS
Club Card facility	-0.31	1.27	-0.43	1.27	-0.62	1.27	3.76**	0.1498
F-ratio	6.51*		5.63*		6.09			
C.D.	0.1837		0.1592		0.1752			

Table 3. Ranking assigned to different retail outlets by the respondents

Retail Outlets	1	2	3	4	5	6	Weighted Score	Overall Rank
Convenient Store	102	38	69	51	100	140	3.14	IV
%age	20.40	7.60	13.80	10.20	20.00	28.00		
Department Store	151	89	98	72	60	30	4.22	I
%age	30.20	17.80	19.60	14.40	12.00	6.00		
Supermarket	10	10	169	191	70	50	3.10	IV
%age	2.00	2.00	33.80	38.20	14.00	10.00		
Specialty Store	111	119	70	88	72	40	3.98	II
%age	22.20	23.80	14.00	17.60	14.40	8.00		
Conventional Market	30	110	60	60	120	120	3.02	IV
%age	6.00	22.00	12.00	12.00	24.00	24.00		
Shopping Mall	100	130	29	41	80	120	3.54	III
%age	20.00	26.00	5.80	8.20	16.00	24.00		

REFERENCES

[1] S. M Craig Samuel and Ghosh Avijit ., Formulating Retail Location Strategy in a Changing Environment, Journal of Marketing, 47 (1983) 56-68.

[2] Banerjee Arindahm et al., Deciding where to Buy: Store Choice Behavior of Indian Shoppers, Vikalpa, IIM Ahmedabad Publication, 27(2) (2002) 13- 28.

[3] Sinha Piyush Kumar., Shopping Orientation in the Evolving Indian Market", Vikalpa, IIM Ahmedabad Publication, 28 (2) (2003) 13-22

[4] Reddy Ramana N. R. V., Reddy T. N., Azeem Abdul B. , Influence of Store Satisfaction, Merchandise Quality, and Service Quality on Store Loyalty, International Journal of Trade, Economics and Finance, 2(5) (2011) 351-355.

[5] Leszczyc Peter T.L. Popkowski., The Effect of Multi-Purpose Shopping on Pricing and Location Strategy for Grocery Stores, Babson Publications, Journal of Retailing ., (2004).

[6] Garimella Suresh ., Conventional Indian Retail Outlet- The Competency Points, Marketing Mastermind, ICFAI University Press, January, (2005) 13-16.