



An Investigation into Shopping Behavior of Customers towards Modern Retail Stores in Vijayawada

Sandeep Kumar Machavolu¹ | Dr. M. Srinivasa Narayana²

¹Department of Business Studies, Geethanjali Institute of PG Studies, Nellore, Andhra Pradesh, India

²Department of Business Studies, Narasaropet Engg. College, Narasaraopet, Andhr Pradesh, India

ABSTRACT

"A man without a smiling face must not open a shop" - Chinese proverb

The study is intended to analyze the general shopping habits and behaviors of customers towards modern retail stores. The objective of the study is to understand the factors affecting the shopping behavior of customers towards modern retail stores. The research is aimed at exploring the reasons for preferring modern retail stores to traditional kirana store, their usual preferences in purchasing various items, their behavior in planning the visits to these stores, the benefits sought by them shopping at these stores and their overall opinion towards these modern retail stores. A survey with a sample size of 120 from Vijayawada city was conducted using a structured questionnaire. The data so collected was analyzed using statistical tools and the results were presented. The findings of the study prove that there is a long way for modern retailers to go. There is ample scope for these modern retailers to capture the market, as a majority of the middle-class just started shifting their preference from kirana stores to modern retail formats. Stores also require introducing in-store sales promotions to turn casual shoppers into serious buyers. Stores may also require luring window-shoppers. Stores also require offering value-added services such as order-by-phone, mail orders and home-delivery to mitigate the image that stores are not conveniently located. Providing improved training for the staff proves to be very effective in serving shoppers better.

KEYWORDS: Modern retail, shopper habits, preferences, buying behavior, merchandise category,

Copyright © 2015 International Journal for Modern Trends in Science and Technology
All rights reserved.

I. INTRODUCTION

In this era of hyper competition, understanding the consumer is a necessity for marketers. Studying the shopping habits and behavior of the customers helps marketers serve them better and in turn scale up their business. Consumer behavior has been defined as "the acquisition, consumption and disposition of products, services, time and ideas by decision-making units" (J. Jacoby, G.V. Johar, and M. Morrin, 1998). The study of consumer behavior is not just limited to just individual consumers; it also includes other decision-making units such as families and organizations. In recent times, consumer behavior has changed tremendously in India. Internet

shopping has become a reality. Small stores are increasingly giving way to large format stores. The number of luxury brands has been continuously increasing over the last decade.

II. LITERATURE REVIEW

Mathew and Gupta (2008), in their study on impact of organized retailing on traditional retailing found that, the Indian consumer's preferences are changing towards modern retail stores these, with the rise in number of various modern formats of shopping such as like departmental stores, supermarkets, specialty stores, hypermarkets, malls, etc. A very similar observation was also made by Urvashi Gupta (2012) in her study in Jammu. Sandeep Kumar

et.al (2016) in their research on customer perception on brand loyalty stated that, companies can have an advantage of getting more and more customers by leveraging consumers' loyalty towards brands in retail. They also found that companies have to take good responsibility, given extra benefits and announce special discounts to turn customers into loyalists.

A market research firm, RNCOS mentioned in their business report that according to "Global Convenience Store Market Analysis", the chief driving factors for growth of modern retail stores in Asia are changing demographics, rise in income levels, heavy economic growth etc. In addition to demographics, surge in income levels, according to Arshad et.al. (2007), urbanization, internet revolution are the two more factors contributed to the customers' preferences to modern retail stores. Writing about understanding the customers preferences, Sandeep Kumar et.al mentioned in their study on mobile advertising effectiveness in Vijayawada that retailers should conduct the social analytics data to have a better understanding of the customers' tastes and preferences. Jasola (2007) in her study highlights that malls, specialty stores, discount stores, department stores, hypermarkets, supermarkets, convenience stores and multi-brand outlets are the most preferred retail formats in India. Ghosh and Tripathi (2010), while analyzing the purchase pattern of shoppers towards modern retail stores with respect to product categories, studied the average time spent by the shoppers inside the store, number of products bought on each visit, store-switching behavior and store features. They found that the younger generation has greater propensity to visit modern retail stores. Customers who remained inside a store for at least a couple of hours treated shopping as a stress-buster and entertaining. The study also depicted that the commonly purchased merchandise from a modern retail store are garments followed by groceries, lifestyle merchandise and household appliances. Furthermore, customers in tier 2 and tier 3 cities evaluate a store on the bases of convenience and merchandise mix, store atmosphere and services. Singh (2007) observed a shift from production-oriented market to consumer-oriented market. Traditional consumption pattern has also been witnessing major revolution. The study

concluded that the extent of brand awareness of various food products among urban consumers is more in comparison to the rural respondents. Tender and Crispen (2009), in their work described the affect of in-store shopping atmosphere on impulse-buying behavior among shoppers and the results depict that economics factors such as cheaper prices, coupons and helpful shop assistants were more likely to influence impulsive buying, in case of poor consumers. In addition to that, it is also found that factors related to atmospheric effects such as music, fresh scent and ventilation also play an important role in keeping shoppers for longer time in stores.

Sandeep Kumar et.al in their paper on brand equity on customer purchase decision making concluded that retail companies should focus on customer retention which can be achieved by keeping the prices reasonable, maintaining quality merchandise, announcing loyalty programs during special events, offering perfect customer service, advertising more on internet, newspaper, social-media and tele-media. Anjali Sharma et al. (2013), in their effort to investigate the effect of brand loyalty on consumer buying behavior for beauty products and aspects involved while purchasing cosmetic products, a great majority of the respondents expressed the fact that that quality is the most important factor while purchasing beauty products followed by brand name and price of the product. However, a few women opined that packaging is the key factor for purchase decision making. The researchers concluded that the above factors are normally the reason for the consumers switching to other brands and friends are the most influential reference group.

(Pachauri Moneesha, 2001), in her work, developed a framework to study consumer behavior by considering the evolution of the field of consumer research and the different theories of consumer buying behavior that have influenced the consumer preference. It is found that India is witnessing a revolution in its retail industry, and if managed properly, it would pay handsome returns beyond retailers' expectations. It is further found that a thorough understanding of the perception of the consumer is crucial for grocery retailing (Bhatnagar Meenu, 2006). A majority of Indian

youth chiefly shop from a hedonic perspective. They primarily serve as new product information seekers, and the retailing firms can directly connect with and communicate the requisite product information to them (Kaur Pavleen and Singh Raghbir, 2007). The changing consumption patterns trigger changes in retail styles of consumers, for consumers, the shopping mall or variant of organized retail format is the preferred type of retail store, due to convenience and variety (Mishra S. Mridula, 2007). Customer patronage to grocery stores was found to be positively related to location, helpful, trustworthy salespeople, home retail, cleanliness, offers, quality and negatively related to travel convenience. Kiranas do well on location but poorly on cleanliness, offers, quality, and helpful trustworthy salespeople. The converse is true for organized retailers (Paromita Goswami & Mishra S. Mridula, 2009)

III. OBJECTIVES OF THE STUDY

1. To study the factors for preferring modern retail stores over kirana stores.
2. To identify the most preferred merchandise category for the shoppers.
3. To examine the store-visiting behavior of the shoppers.
4. To study benefits sought by the shoppers from modern retail stores.
5. To examine the overall opinion of the shoppers on modern retail stores.

IV. SCOPE OF THE STUDY

The inferences from the study are based on the responses given by the consumers in a specific area. This study will be helpful in getting an insight into the general purchasing habits and behavior of shoppers towards modern retail stores. Though every care has been taken to generalize the study findings, they may still not reflect the actual mindset of the consumers as a few the respondents might have withdrawn from answering all the questions straight forwardly due to shyness or reluctance.

V. RESEARCH METHODOLOGY

A. Research Design

The study is based on both primary data and secondary data. The primary data was collected through structured questionnaire for which samples of 120 respondents were selected for this

study. The samples collected using convenient sampling method was validated and took it for further analysis. Secondary data is also collected from database sites and articles. The collected data were analyzed with the suitable tools like Chi – Square tools.

B. Area of the Study

The respondents were randomly selected for this study.

C. Research Approach

Survey method was used for collecting data from shoppers of modern retail outlets at various locations in Vijayawada city. Respondents were requested to fill in the questionnaire on their own, after explaining the various aspects mentioned in it. The questionnaire contained both open- and close-ended questions in a structured format which are very easy to understand.

D. Sampling Technique

A systematic sample (probability sampling method) of 120 shoppers coming out of major retail stores in the city was collected for the current study in which every 8th respondent of the study was requested to complete the questionnaire.

E. Sample Size

The size of the sample taken in this study is 120.

F. Data Usage

For analysis and interpretation, only primary data is used. However for conclusion and recommendations both primary and the secondary data along with the verbal knowledge and information obtained from respondents, though they are outside the parameters of questionnaire were also included. The data collected from these sources were analyzed using various tools like percentage analysis, chi-square test, cross table analysis methods.

G. Tools

Frequencies and cross tabulation have been calculated for the reaction of the respondents. Chi – Square test analysis was conducted on the data of part II in questionnaire.

VI. DATA ANALYSIS

A. General Profile of the Respondents

Gender	Male	Female			
	82	38			
Age	Below 20	21-30	31-40	41-50	Above 50
	22	46	37	12	3
	Urban		Rural		
Monthly Income	Below 10000	10000-20000	20000-30000	30000-40000	Above 40000
	8	52	44	13	3
	Upto X		Intermediate	Graduation	Post-Graduation
Education	9	6	4	99	2
	Employed	Unemployed	Business	Student	
Employment	7	3	22	21	
	One		Two	Three	Four
Family Size	31	49	28	8	4

Inference:

From the table it can be inferred that of the total 120 respondents, a majority of the shoppers in modern retail stores are dominated by male (82) and female constitute the rest (38). Further, young adults constitute the major share (46) followed by adults (37), teenagers (22) and elderly (15). Most of the shoppers are from urban localities (104) while the others are from surrounding rural places (16). A large part of the respondents (52) have monthly income between Rs. 10000 and 20000, while another good amount of the respondents (44) have monthly income between Rs. 20000 and 30000. A very few respondents' income (8) is below 10000 while the least number of respondents (3) have their monthly income above Rs. 40000. In terms of the literacy levels, a great majority of the respondents (99) are post-graduates while only a handful of them (9) are below Xth standard. Coming to their employment part, most of the shoppers (22) are from business background, nearly similar figures (21) constitute students, while a few (7) are employed and the least (3) are unemployed. The family size of the most of the shoppers (49) is two followed by three (28), one (31) and it is very small (8) and least (4) in case of four and above five respectively.

B. Shopping Behavior of the Respondents

How often do you shop at modern stores?	Always	Often	Occasionally	Rarely		
	26	40	45	9		
Why do you prefer modern retail stores to kirana stores?	Saves money	Quality products	Fun shopping	One-stop shopping	Status	Varieties of products
	26	26	30	15	10	13
How much time do you usually spend at the store?	Less than half-an-hour	Nearly 1 hour	Nearly 2 hours	More than 2 hours		
	31	41	38	10		
What do you mostly buy at this store?	Fruits & vegetables	Groceries	Packaged-food	Personal-care	Apparels	Consumer Durables
	13	38	30	27	10	2
Whenever you visit this store, your visits are generally...	Planned	Unplanned	To pass time	On some urgency		
	48	15	54	3		
What benefits do you get by shopping at this store?	Saves time	Saves money	Rich experience	Wide varieties	Status	Window-shop
	12	22	28	30	16	12

C. Shoppers' Opinion on Modern retail Stores

Opinion	SA	A	Neutral	DA	SDA
Conveniently located	2	4	3	1	0
Modern amenities	8	6	3	2	0
Trained staff	6	3	4	3	2
Attractive displays	3	8	4	2	3
Products for all needs	13	7	3	1	1
Right ambience	8	3	2	2	0
Affordable prices	2	2	3	6	0

D. Chi-Square Test

Location and Frequency of Visit:

Is there any relation between location of the respondents and the frequency of visiting a store?

Ho: Location and frequency of visit are not dependent

H1: Location and frequency of visit are dependent

		Frequency				
Location		Always	Often	Occasionally	Rare	Total
	Urban	23	36	37	8	104
	Rural	3	4	8	1	16
Total		26	40	45	9	120

Degree of frequency (df) = 3,

Level of Significance = 5%

Critical Value = 7.815 (from table)

Expected Value:

		Frequency				
Location		Always	Often	Occasionally	Rare	Total
	Urban	23	35	39	8	104
	Rural	3	5	6	1	16
Total		26	40	45	9	120

Contingency Table:

O	E	O-E	(O-E) ²	(O-E) ² /E
23	23	0	0	0.000
36	35	1	1	0.029
37	39	-2	4	0.103
8	8	0	0	0.000
3	3	0	0	0.000
4	5	-1	1	0.200
8	6	2	4	0.667
1	1	0	0	0.000
				0.998

Chi-square calculated = 0.998

Chi-square from table = 7.815

Since, calculated value of Chi-square is much low than table value, Ho is accepted

Inference:

Location of the respondents and the frequency of their visit to the modern retail store are independent to each other.

Age and Store Preference

Is there any relation between age of the respondents and their store preference?

Ho: Age and store preference are not dependent

H1: Age and store preference are dependent

Expected Value:

	Store Preference						Total	
	Saves money	Quality products	Fun shopping	One-stop shopping	Status	Varieties of products		
Age	≤ 20	5	5	6	3	2	2	22
21-30	10	10	12	6	4	5	5	46
31-40	8	8	9	5	3	4	4	37
41-50	3	3	3	2	1	1	1	12
≥ 50	0.7	0.7	0.8	0.4	0.3	0.3	0.3	3
Total	26	26	30	15	10	13	13	120

Contingency Table

O	E	O-E	(O-E) ²	(O-E) ² /E
4.00	4.80	-0.80	1	0
3.00	4.80	-1.80	3	1
6.00	5.50	0.50	0	0
2.00	2.80	-0.80	1	0
2.00	1.80	0.20	0	0
5.00	2.40	2.60	7	3
8.00	10.00	-2.00	4	0
11.00	10.00	1.00	1	0
13.00	11.50	1.50	2	0
5.00	5.80	-0.80	1	0
3.00	4.00	-1.00	1	0
6.00	5.00	1.00	1	0
11.00	8.00	3.00	9	1
10.00	8.00	2.00	4	1
8.00	9.00	-1.00	1	0
3.00	5.00	-2.00	4	1
4.00	3.00	1.00	1	0
1.00	4.00	-3.00	9	2
2.00	3.00	-1.00	1	0
2.00	3.00	-1.00	1	0
2.00	3.00	-1.00	1	0
5.00	2.00	3.00	9	5
1.00	1.00	0.00	0	0
0.00	1.00	-1.00	1	1
1.00	0.70	0.30	0	0
0.00	0.70	-0.70	0	1
1.00	0.80	0.20	0	0
0.00	0.40	-0.40	0	0
0.00	0.30	-0.30	0	0
1.00	0.30	0.70	0	2
20.01				

Chi-square Calculated = 20.01

Chi-square from table = 31.410

Since, calculated value of Chi-square is lower than table value, Ho is accepted

Inference:

Age of the respondents and their preference to modern retail store are independent to each other.

VII. FINDINGS

- 1) Most of the respondents (38%) said that they shop at modern retail store occasionally.
- 2) Location of the respondents and the frequency of their visit to the modern retail store are independent to each other.
- 3) A majority of the respondents (25%) said they prefer shopping at modern retail formats for fun.
- 4) Age of the respondents and their preference to modern retail store are independent to each other.
- 5) It is found that a great amount of the respondents (34%) spend nearly 1 hour inside the store.
- 6) Most of the respondents (32%) bought groceries from the stores, followed by packaged food (25%) and personal-care items (23%).
- 7) It is identified that a majority of the respondents (45%) planned their visit to the store, while a few more (40%) visited the store to pass the time.
- 8) A bulk of respondents (25%) expressed that they shop at these modern retail stores as they can get wide varieties of products, while another good number of them (23%) said that it is because of the rich experience they get while shopping at these stores.
- 9) While a few of the respondents (18%) opined that they can save money, a few more (10%) said that can save time, shopping at these stores.
- 10) It is also found that there exists a very few number of respondents (10%) who are window-shoppers.
- 11) It is identified that hardly any respondent (8%) agreed that the store is conveniently located to them.
- 12) Also, a very small amount of the respondents (11%) opined that the prices are affordable.
- 13) A few respondents (15%) stated that the staff is trained well.
- 14) A majority of them (21%) agreed that the store has products for all their needs.

VIII. SUGGESTIONS

A majority of the middle-class prefers modern retail stores to traditional kirana stores; hence these modern retail stores can boost their business by taking certain measures to increase footfalls. Stores can introduce in-store sales promotion activities to turn casual shoppers into serious buyers. Stores can also plan for effective Point-of-Purchase (POP) displays and window displays to lure window-shoppers. It is also suggested to plan for order-by-phone or mail-orders and home-delivery for those who feel the store is not conveniently located to them. Also, stores can concentrate on offering improved training for their staff in order to serve the shoppers better.

REFERENCES

- [1] Dr. Kamalesh Mishra, Abhinav Kumar Shandilya(2012), "Study of Customer Preferences to Choose an Organized Retail Outlet," International Journal of Management, IT and Engineering, Volume 2, Issue 3, pp302.
- [2] Chetan Bajaj, Rajneesh Tuli Nidhi Varma Srivastava (2010), "Retail Management", Oxford University Press.
- [3] Sandeep Kumar M, Rajeswari B, Prasanna Kumar D, Srinivasa Narayana M (2016), "Study on Consumer Perception and Brand Loyalty towards Hyundai in Vijawadada", International Journal of Economics Research, Serials Publications, Volume 13, No. 1, pp383-394.
- [4] Swapna Pradhan (2009), *Retail Management: Text and Cases*, Tata McGraw-Hill Education, p4.
- [5] P Kotler, KL Keller, F Ancarani, M Costabile (2009), "Marketing Management: A South Asian Perspective", Pearson Education India, p432.
- [6] S.P. Karuppasamy Pandian, S.P. Nivetha Varthani (2013), "An Empirical Study on Retailer's perception towards Pepsi", Asia Pacific Journal of marketing and Management Review, Vol 2(3).
- [7] A.J. Lamba (2002), *The Art of Retailing*, Tata McGraw-Hill Education, p23.
- [8] Sandeep Kumar M, Prasanna Kumar D, Srinivasa Narayana M (2016), "A Study on Mobile SNS Advertising Effectiveness in Vijawadada", Man in India, Serials Publications, Volume 96, No. 5, pp1671-1684.
- [9] K.P. Sharma, Poonam Parashar (2010), *Entrepreneurship*, FK Publications, p129.
- [10] Dr. Tiwari Anshuja, Mehra Sonal, "Analytical Study of the Impact of Retail Industry in India's Overall Development", Asian Journal of Research in Marketing, Vol 4 Issue 3, p1-12, 2015.
- [11] Dr. Chaturcedi Shailendra, (2010), *Organized Retail: How to Increase performance Level of Employees, Dynamics of Public Administration*, Vol 27, Issue 2 p99-110
- [12] J Kaivo-oja et.al, (2015). "The Effects of the Internet of Things and Big Data to Organizations and their Knowledge management Practices", Knowledge Management in Organizations, Spinger p498.
- [13] <http://www.chainstoreage.com/article/study-%E2%80%93-global-retail-sales-pass-22-trillion-2014>
- [14] <https://cardstream.com/blog/2014/12/retail-sales-2014/>
- [15] <http://www.thepaypers.com/ecommerce/global-web-sales-account-for-6-of-retail-in-2014-to-reach-8-8-in-2018/757898-25>
- [16] <https://www.internetretailer.com/2014/12/23/global-e-commerce-will-increase-22-year>
- [17] <http://www.quora.com/What-is-Global-Retail-Industry-Market-Size>
- [18] <http://www.emarketer.com/Article/Retail-Sales-Worldwide-Will-Top-22-Trillion-This-Year/1011765>
- [19] Sandeep Kumar M, Prasanna Kumar D, Srinivasa Narayana M (2016), "Impact of Brand Equity on Customer Purchase Decision Making while Choosing Branded over Unbranded Apparel in Andhra Pradesh", International Journal of Applied Engineering Research, Research India Publications, Volume 11, No.7, pp5202-5209.