

A Study on Factors Influencing Consumer Buying Motive at Organized Retail Stores in Jaipur City

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ABSTRACT: Indian retail industry has undergone a significant and fast change in the last two decades due to the growth of the young population of India. This change will enhance profitability and sustainability, only if retailers would understand the consumer buying motives over the attributes of retail stores. This study was thus, taken up to understand the consumer orientation to organized retail industry, and therefore try to identify a pattern or relationship between customer demographics and retail buying. The study was conducted in Jaipur city. Consumer buying motive was analysed, through primary data, collection from selected 5 organized retail stores of Jaipur. Retail stores were Reliance Fresh, National Handloom, Big Bazaar, Vishal Mega Mart and Easy Day. Factor analysis and One-way ANOVA were used to identify influential factors. This study provides base for further research and help in deriving the turn that the organized retail industry might take in the coming years.

Keywords: Retail Industry, Organized retail stores, Consumer buying motive, Factor analysis.

Introduction

The supply of consumer products starts with the producer and ends at the definitive consumer. Retailer links the producer and the definitive consumer for consumption through the process of retailing. Retailing is

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defined as a conclusive set of activities or steps used to sell products and services to consumers for their personal or family use. It is the responsibility of manufacturer to manufacture products according to changing customer need but the responsibility for supplying adequate products to match with customer need vest on the shoulder of the retailer. Therefore retailers play the role of the backbone for the entire distribution channel of the country, and are referred as the middle person between consumer and industry.

Indian retail market has a great potential to grow. Research states that individual retail market will reach to US \$ 865 billion from the current estimate of US \$ 49 billion by 2023. Indian retail industry is contributing 20% to the country's Gross Domestic Product (GDP) and around 8% to the employment. Indian retail industry mainly comprises of food & grocery, apparel, mobile & telecom, food service, jewellery, consumer electronics and pharmacy. The retail concept is experiencing exponential growth due to increased urbanization and consumerism in Tier-II and Tier -III cities along with major cities and metros.

According to A.T. Kearney's Global Retail Development Index (GRDI), Indian retail industry is ranked 14th in the world. The report highlights that 14-15% per year growth is expected in the Indian retail sector by 2015. In the year 2012, Government of India had increased the Foreign Direct Investment limit to 100% in multi-brand retailing. This will attract more global players in the market. Growing markets, favourable government policies and emerging technologies will give a way to Indian retail industry towards the path of growth and lead it to the next boom industry.

Unorganized retail market, with 92% share, is dominating Indian retail sector and is consisting of the local kirana shops, owner-manned general stores, chemist, footwear shops, apparel shops, pan & beedi shops, pavement

vendors, etc. Growing multiplexes, malls and hypermarkets that offer shopping, food and entertainment all under one roof, gave birth to a new concept to retail industry i.e. organized retail stores. Organized retail stores are run by licenced retailers, these trade activities are registered for sales tax, income tax, etc. various forms of organized retailing includes hypermarkets, supermarkets, departmental stores , speciality stores and malls. Though the share of organized retail stores is less in India, but this share is projected to grow to 20% of the overall retail market by 2020. Organized retailers differentiate themselves by meeting the needs of their customers through providing them various standardized services better than the unorganized retailers.

Increased income level, changing life styles and convenient shopping habits of customers had gave a positive response to organized retail stores. There is a huge scope for newer businessmen to enter in the Indian organized retail sector because of the growth pattern and branded product's consumption habits of urban Indian population. Many domestic players like Reliance, Tata, ITC, Bharti Group, Future Group, etc., as well as global players like Walmart, Tesco, Carrefour and many more have entered in the organized retail sector.

Though the progress of organized retail sector has posed an impending threat to the traditional unorganized retail system but a sizable migration of consumers from the old traditional stores did not happen yet. The fight of organized retail sector is not only with the traditional format but the competition is also increasing among these organized stores. In this highly competitive scenario, continuous efforts are required to understand various attributes which attracts consumers and will make them loyal customers and will not led them shift towards competitors. Therefore, retailers has to understand the

consumer buying motives over the attributes of retail stores that are most significance and would help to enhance profitability and sustainability.

Review of Literature

In the present competitive environment, organized retailers have to motivate consumer buying habits by providing the right products and services. This is the key for future growth of the organization. A study conducted by Morganosky(1997) identified that emerging organized retail market had increased cut-throat competition between organized and unorganized retailers. The emerging new retail format had given a cross-shopping patter to customers across various retail channels. Mishra and Dash (2008) in their study revealed that organized retailers have posed a threat on unorganized retailers but these traditional players are providing vital services to certain loyal group of consumers.

Sproles and Kendall (1986) classified consumer decision making style into three types of approaches: (i) the psychographic/ lifestyle approach, (ii) consumer typology approach, and (iii) consumer characteristics approach. Mowen (1995) defined motivation as adrive, urge, wish or desire to have certain gaol that leads to action. Arnold and Reynolds (2003) focused on the shopping motivation. According to them consumer do not buy products or services, they buy benefits. They classified shopping motivation into two classes- utilitarian motivation and hedonic or experiential motivation. The study by Babin et al. (1994) revealed that need to acquire a product is the utilitarian shopping motivation, whereas fun and amusement experience are major hedonic shopping motives. The study of Kim and Kang (1997) supported this further and suggested that convenient shopping, procuring specific information about products & services, and reduction in money, time and efforts are the major utilitarian shopping motives.

Ambience, meeting friends, entertainment and watching people are hedonic shopping motives.

Aggarwal (2007) in his study emphasized that organized retail sector will increase employment opportunities which will result in increased disposable income and growth in real estate sector. All these will have a positive impact on Indian economy. The study of Ali and Kappor (2010) proposed that increased disposable income along with the higher education level influence the product and market choice. According to Crispen et al. (2009) pleasant, attractive and convenient ambience attracts impulse buying motives. Robinson (1998) and Herper et al. (2000) focused that retailers should add on consumer orientated approach along with product oriented approach.

The literature review identified various parameters which affect evaluation of a store by the consumer. Review article of Lindquist (1974) focused on nine attributes which contributes retail buying behaviour. These nine attributes were clientele, merchandise, service, physical facilities, promotion, accessibility, institutional, store atmosphere, and post-transaction satisfaction. Brennan and Lundsten (2000) identified large & unique variety of products and heavy price discounts as two major influencing factors. The study of Marx Njmm et al. (2006) identified three major attributes for customer satisfaction- product, price and staff personnel. According to M. Luth et al. (2006) quality of goods, consulting & service, atmosphere, price- performance ratio, and trust are the major dimensions for choice of a retail store. Qibin Lu et al. (2007) found that pricing features, store ambience, product quality, and staff support are five major influencing factors. Bernadette D'silva et al. (2010) did a research on Indian consumers and found that visibility, advertising, and attractive sales promotion schemes are major factors behind customer's loyalty.

Rationale of the Study

The Indian retail industry has undergone a significant change since liberalization (1991). It is required to identify whether consumer have accepted this change or not. The organized retailers have to strengthen their strategy to motivate the consumer buying behaviour. Various factors influencing the preference of consumers, while selecting a retail outlet, have to be identified. This study is an attempt to identify important factors that affect consumer buying motives at organized retail stores in Jaipur city. This study will help the organized retailers of Jaipur city to formulate effective business strategy to attract and motivate the consumers of Jaipur city.

Objectives of the Study

- To identify important factors influencing consumer buying motives at organized retail stores in Jaipur city.
- To identify the relationship, if any, between consumers buying motives and demographic variables like gender, age and income.

Research Methodology

Research design: The study was done to identify the key factors behind consumer buying motives towards organized retail outlets, for this purpose descriptive research design was adopted.

Scope of the study: The study was conducted in Jaipur city. Five organized retail outlets were selected for the study. Retail outlets were Reliance Fresh, National Handloom, Big Bazaar, Vishal Mega Mart, and Easy Day. These outlets were selected due to their high popularity in the city.

Data Collection: Primary data was collected through self-designed questionnaire. Questionnaire was developed

with the help of literature review and Service Quality of Retail Store scale by Dabholker, Thorpe, and Rentz, (1996). Questionnaire was made up of two parts: Part I included demographic details like age, gender, income, educational background, and occupation; whereas Part II contained 20 closed-ended questions related to shopping motives at organized retail stores. A five-point Likert scale ranging from strongly disagree (1) to strongly agree (5) was used for the second part of the questionnaire. Secondary data was collected with the help of various books, journals and websites.

Sampling Technique: Consumers of organized retail outlet of Jaipur city were included in the universe of the study. Five organized retail outlets i.e. Reliance Fresh, National Handloom, Big Bazaar, Vishal Mega Mart, and Easy Day, in Jaipur city were selected. Vaishali Nagar, as an area for this study, was selected because people of this area are more habitual with shopping from organized retail outlets. Questionnaire was administered to the 200 customers of selected retail outlets on the basis of convenience. 40 customers were selected from the each retail outlet.

Tool for analysis: Frequencies were calculated to identify key demographic profile of the respondents. Factor analysis was used to identify major factors behind consumer buying motives. One-way ANOVA was used to identify relationship between customer retail buying behaviour and demographic variables like Gender, Age and Income level. SPSS version 20 was used to tabulate and analyse the data.

Hypotheses

- H_{01} - Customer Retail Buying Motive is not affected by gender of the customer.
- H_{A1} - Customer Retail Buying Motive is affected by gender of the customer.

- H_{02} - Customer Retail Buying Motive is not affected by age of the customer.
- H_{A2} - Customer Retail Buying Motive is affected by age of the customer.
- H_{03} - Customer Retail Buying Motive is not affected by income level of the customer.
- H_{A3} - Customer Retail Buying Motive is affected by income level of the customer.

Analysis and Findings

Key Demographic Profile: Gender, age, education, occupation and annual income were included as the key demographic profile of the 200 selected respondents. **Table 1** (Demographic Profile of Respondents) represent that 63% respondent were female and 37% respondent were male. Respondents were a mix of all age groups. Out of the total respondents 9% were between 18-25 age group, 38% were between 26-35 age group, 35% were between 36-45 age group, 18% respondents were between 46-55age group. Majority of the respondents were either graduate or had educational qualification above it. Only 7% of the respondents were undergraduate, whereas 36% respondents were post-graduate, 34% were professionally qualified and 23% were graduate. Most of the respondents were service class, either public servant with 36% or private servant with 37.5%. Self-employed were 18.5% and 7% included both students and house-wives. Majority of the respondents were earning an annual income level between INR 5-8 lakhs with 39.5% share, 28% of respondents were in the income level between INR 3-5 lakhs, 15.5% of respondents were in the annual income level between INR 1-3 lakhs, whereas only 17% of the respondents are earning an annual income between INR 8-10lakhs.

TABLE 1

Demographic Profile of Respondents

<i>Variables</i>	<i>Classification</i>	<i>Frequency</i>	<i>Percentage</i>
Gender	Male	74	37
	Female	126	63
Age	18-25 Yrs.	18	9
	26-35 Yrs.	76	38
	36-45 Yrs.	70	35
	46- 55 Yrs.	36	18
Education	Undergraduate	14	7
	Graduates	46	23
	Post Graduate	72	36
	Professional Degree	68	34
Occupation	Student/ House maker	14	7
	Self-employed	39	18.5
	Government Service	72	36
	Private service	75	37.5
Annual Income	INR 1-3 Lakhs	31	15.5
	INR 3-5 Lakhs	56	28
	INR 5-8 lakhs	79	39.5
	INR 8-10 lakhs	34	17

Source: Primary data.

Reliability Test: Overall reliability of the questionnaire was examined by calculating Cronbach's Alpha. The value of Cronbach's alpha is .839 as depicted by table 2 (Reliability Statistics). This value is greater than the recommended level of 0.7 (Nunnally, 1978), which indicates that the buying motive factors are consistent and reliable.

TABLE 2

Reliability Statistics

<i>Cronbach's Alpha</i>	<i>Cronbach's Alpha Based on Standardized Items</i>	<i>N of Items</i>
.839	.838	20

TABLE 3

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.805
Bartlett's Test of Sphericity	Approx. Chi-Square	3993.162
	Df	190
	Sig.	.000

Factor Analysis: A Pilot study was conducted to identify various factors motivating consumer retail buying behaviour in Jaipur city, with the help of a structured close-ended questionnaire. 20 factors were enumerated through pilot study. On these identified factors factor analysis was performed and effort was made to find the major factors influencing consumer buying motive at organized retail outlet at Jaipur city. Kaiser –Meyer-Olkin (KMO) measure of sampling adequacy was used to find out the sampling adequacy. High KMO value (.805) as shown in table 3 (KMO and Bartlett's Test), shows that the factor analysis will be useful with the data. Bartlett's test of sphericity indicates whether the correlation matrix is an identity matrix. Table 3 shows very small significant value of Bartlett's test, which indicates that there is significant relationship among the buying motive variables, as well as factor analysis can be conducted between these factors.

Out of the twenty consumer buying motivational factors, four major factors were extracted through rotated component matrix(table 5: Rotated Component Matrix). These four

factors namely Staff and Ambience; Product Price, Place & Promotion; Product Attributes; and Transaction process & Value-added services, were found to explain 77.36% of the major factors influencing consumer buying motive at organized retail stores in Jaipur city (table 4:Total Variance Explained).

TABLE 4
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	5.054	25.268	25.268	5.054	25.268	25.268	4.170	20.849	20.849
2	3.883	19.414	44.682	3.883	19.414	44.682	4.032	20.162	41.012
3	3.315	16.577	61.259	3.315	16.577	61.259	3.751	18.753	59.765
4	3.221	16.103	77.362	3.221	16.103	77.362	3.519	17.597	77.362
5	.847	4.237	81.599						
6	.697	3.485	85.084						
7	.550	2.752	87.836						
8	.462	2.308	90.144						
9	.355	1.776	91.920						
10	.319	1.593	93.513						
11	.255	1.273	94.786						
12	.215	1.073	95.860						
13	.201	1.006	96.866						
14	.135	.674	97.539						
15	.122	.608	98.148						
16	.107	.533	98.681						
17	.092	.462	99.143						
18	.074	.371	99.514						
19	.071	.354	99.868						
20	.026	.132	100.000						

TABLE 5
Rotated Component Matrix

	<i>Component</i>			
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
Staff behavior	.938			
Individualattention	.933			
Expert& Presentablestaff	.924			
Atmosphere&interiorofstore	.852			
Spacious&cleanstore	.833			
Productprice		.906		
Salespromotionoffers		.833		
Advertising&offerawareness		.808		
Nearbylocation		.804		
Attractive product display		.802		
Easylocationofproduct		.725		
Productquality			.985	
Productvariety			.961	
VarietyofBrands			.960	
Fashionable&trendyproducts			.948	
Parkingfacility				.927
Varietyofmodeofpayment				.913
Convenientbillingprocess				.843
Trolley&basketavailability				.819
Easyexchangeprocess				.575

Component 1. StaffandAmbience, 2. ProductPrice, Place&Promotion, 3. ProductAttributes, and 4. Transactionprocess&Value-addedservices.

The major factor that influences the consumer buying motive is 'staff and ambience'. Behavior of the staff has given utmost importance. Consumers prefer individual attention by expert and presentable staff members. Pleasant atmosphere and attractive interior of store are equally important factors. Consumers also consider spacious and clean store as motivational factors.

Second factor is labeled as 'product price, place and promotion'. Before taking the purchase decision consumer look at the product price. They are motivated with the discounts and sales promotion offers. They would like to be informed in advance about the sales promotion offers through advertising. They prefer a nearby retail outlet for their shopping. They are motivated with the attractive product display. They consider easy location of product as one of the motivational factor.

'Product attribute' is considered as the third important factor by consumers. They are motivated towards the retail outlet which offers quality products, along with the variety of products and brands. They would like to shop from the retailer who provides fashionable and trendy products. The fourth factor is 'transaction process and value-added services'. Consumers give weightage to retail outlet where sufficient parking space is available. Availability of trolley and baskets are equally important. They prefer less time in transaction process through multiple modes of payment and convenient billing process.

One-way ANOVA: For the testing of hypotheses one-way ANOVA was calculated against Gender, Age and Income respectively to determine the impact of these demographic variables on the extracted four factors, within the sample as well as across the sample. Table 6 defines the one-way ANOVA calculation to assess the influence, if any, of gender on the factors influencing consumer buying motives at organized retail outlets. Across the extracted four factors the values for product price, place and promotion; and for transaction process and value-added services are .000 and .031 respectively these values are visibly less than 0.05 ($p < 0.05$), suggesting that gender has a distinctive influence on these two factors with 95% level of significance. (Table 6: One-way ANOVA- Gender)

TABLE 6
One-way ANOVA- Gender

		<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
Staff and Ambience	Between Groups	.317	1	.317	.285	.59
	Within Groups	220.715	198	1.115		
	Total	221.032	199			
Product Price, Place, & Promotion	Between Groups	12.266	1	12.266	24.285	.000
	Within Groups	100.009	198	.505		
	Total	112.276	199			
Product Attributes	Between Groups	1.890	1	1.890	2.740	.099
	Within Groups	136.602	198	.690		
	Total	138.492	199			
Transaction process & Value-added services	Between Groups	.678	1	.678	4.729	.031
	Within Groups	28.406	198	.143		
	Total	29.085	199			

Table 7 defines the one-way ANOVA calculation to assess the influence, if any, of age on the factors influencing consumer buying motives at organized retail outlets. Across the extracted four factors the values for product price, place and promotion is .013 ($p < 0.05$), this result reveals that age has a distinctive influence on this factor with 95% level of significance. (Table 7: One-way ANOVA- Age)

TABLE 7
One-way ANOVA- Age

		<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
Staff and Ambience	Between Groups	.994	3	.331	.295	.829
	Within Groups	220.038	196	1.123		
	Total	221.032	199			
Product Price, Place & Promotion	Between Groups	5.971	3	1.990	3.670	.013
	Within Groups	106.304	196	.542		
	Total	112.276	199			

Product Attributes	Between Groups	4.280	3	1.427	2.084	.104
	Within Groups	134.212	196	.685		
	Total	138.492	199			
Transaction process & Value-added services	Between Groups	.500	3	.167	1.143	.333
	Within Groups	28.585	196	.146		
	Total	29.085	199			

Table 8 defines the one-way ANOVA calculation to assess the influence, if any, of income level on the factors influencing consumer buying motives at organized retail outlets. Across the extracted four factors the values for all the factors are above 0.05 ($p > 0.05$), suggesting that neither of the factors have distinctive influence of the various income level of the customers in Jaipur city with 95% level of significance. (Table 8: One-way ANOVA- Income)

TABLE 8
One-way ANOVA- Income

		<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
Staff and Ambience	Between Groups	8.369	3	2.790	2.571	.055
	Within Groups	212.663	196	1.085		
	Total	221.032	199			
Product Price, Place, & Promotion	Between Groups	3.578	3	1.193	2.151	.095
	Within Groups	108.697	196	.555		
	Total	112.276	199			
Product Attributes	Between Groups	.244	3	.081	.115	.951
	Within Groups	138.248	196	.705		
	Total	138.492	199			
Transaction process & Value-added services	Between Groups	.367	3	.122	.835	.476
	Within Groups	28.718	196	.147		
	Total	29.085	199			

The results of ANOVA indicate that null hypotheses 1 and 2 are rejected based on the strong association among

the variables ($p < 0.05$). Null hypotheses 3 is accepted because the relationship between the variables are weak ($p > 0.05$).

Conclusion and Suggestions

Attractive infrastructure, improving economic growth and changing demographics of Indian population are few facts which are providing opportunities to the organized retailers in India. The organized retail industry in India is attracting many business houses including domestic as well as global business players. This has further increased the competition among these business houses and with the traditional unorganized retail sector. Therefore there is a strong requirement to understand the consumer buying motives and draw inferences to improve the sustainability and profitability of the organized retail stores. This research was conducted to identify major factors, influencing consumer buying motive at organized retail stores in Jaipur city.

The major finding of the study indicated that there are four major factors that have motivational influence on the consumers of the Jaipur city. These factors are Staff and Ambience; Product Price, Place & Promotion; Product Attributes; and Transaction Process & Value-added Services. As these factors are giving an insight about the consumer buying motives, retailers can use these factors to formulate strategies for customer attraction, retention and loyalty. The new-age customer is not only looking for product quality and discount offers but he is also looking for convenient shopping through proper staff behavior and attractive ambience of the store. He would like to feel a easy and excellent shopping through effective and time saver transaction process and value-added services like sufficient parking facility and trolley and basket availability.

This study also indicates that male and female respondents have a significant difference for the attribute related with Product Price, Place & Promotion; and

Transaction Process & Value-added Services. While men prefer to save time by convenient transaction process whereas women prefer to take time to compare various items and would also look for more discount offers. The study revealed that there is a significant difference related with the factors between the various age groups studied. The study identified that all the extracted factors have equal influence by the different income level groups studied. The study suggests that organized retailers should analyze their customer data. They should identify the needs of the customers and monitor the buying motives for the successful and long run survival of the Indian retail industry.

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