FACTORS DETERMINING THE PURCHASE DECISION IN RETAIL OUTLETS IN DHARMAPURI

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ABSTRACT

Retailing makes convenient in selling and buying of goods and services at less volume in the market selected for the purpose of business. It creates business at small volume and every small volume creates bigger in its sales achievements. In this present study, the researcher made an attempt to identify the factors influencing in buying goods / services by the customers in Dhampuri Town of Tamilnadu State. Pertinent data relating to the present study were collected from the sources and offered suitable suggestions based on the findings of the study.

Key Words: Retailing, Market, Customer, Sales turnover, Factor

Introduction:

Retailing business in India plays a vital role in selling / buying of goods / services to the target customers. Retailers make tremendous changes in sale of goods / services in the market area. Retailing is one of the important distribution channel members and avails the merchandise from the wholesalers of various products and makes them available in his / her retail outlets for sales. In this present study, the researcher made an attempt to identify the factors influencing in buying goods / services in the retail outlets in Dharmapuri Town.

Objectives of the Study:

The researcher identified the following objectives of the study, are;

1. To identify the factors influencing in buying products in the retail outlets in the study area.
2. To make factor families among various factors taken for the purpose of study.
3. To offer suggestions to improve the sales performance in the retail outlets.

Methodology:

Systematic data collection method and analysis of collected data provides research validity. In this present study, the researcher made an attempt to identify the factors influencing to buy the products in the retail outlets in the study area. For this purpose, a structured questionnaire was constructed to collect the primary data from the sample respondents in the study area. Likert scaling method was used for the purpose of collecting responses for the factors mentioned in the questionnaire. In this study, the researcher collected primary data using questionnaire among one hundred and forty sample respondents in the study area. Factor Analysis was used to study a complex product or

service in order to identify the major characteristics or factors considered important by the respondent. The purpose of factor analysis is to determine the responses to the several numbers of statements, which are significantly correlated.

Data Analysis:

Factor analysis is a method used to transform a set of variables into a small number of linear composite, which have maximum correlation with original values. Factor analysis is used to study a complex product / service in order to identify the major characteristics (or factors) considers important by the respondents. The purpose of factor analysis is to determine the responses to the several numbers of statements which are significantly correlated. If the responses to a number of statements are significantly correlated, it is belived that the statement measures some factors common to all of them.

Factors chosen for the analysis:

The present study identified thirty two statements with five point scaling technique. The statements chosen for this study are;

X_1 :	Availability of more varieties
X_2 :	Self-selection method of purchase
X_3 :	RSP is less than MRP
X_4 :	Availability of more offerings
X_5 :	Possibility of window shopping
X_6 :	All under one roof concept is available
X_7 :	Possibility of entertainment
X_8 :	Available in nearby to home
X_9 :	Quality reasons
X_{10} :	Better service by the sales persons
X_{11} :	Time-saving in purchases
X_{12} :	Tension-free shopping
X_{13} :	Customer coupons for purchases
X_{14} :	Customer card for purchases
X_{15} :	Gift coupons
X_{16} :	Product assortment
X_{17} :	Proper billing for purchases
X_{18} :	Ample parking facility
X_{19} :	Safe custody of luggage's area
X_{20} :	Exact measurement of products
X_{21} :	Wholesale price in retail store
X_{22} :	Swipe machine availability for payments

X23 :	Phone / E-mail messages regarding new arrivals / offerings
X24 :	Availability of original products
X25 :	Non-availability of expired products
X26 :	Ample space to walk on the floors
X27 :	Lift facility for all the floors
X28 :	Availability of door delivery of products
X29 :	Availability of trolley for the purchases
X30 :	Provision of play station for children
X31 :	Availability of food courts / ice-cream parlours
X32 :	Availability of medicines / free-health check-up

Statistics associated with factor analysis:

Eigen-values and communalities:

A factor's Eigen value or latent root is the sum of the squares of its factor loadings. It helps us to explain that how well a given factor fits the data from all respondents on all statements. Communality is the sum of squares of statement's factor loadings, i.e., it explains how much each variable is accounted for by the factors taken together.

Factor loading:

Simple correlation between the variables and the factors were studied with the help of factor matrix contains the factors loading and the factors. The researcher has applied the factor analysis to assess the major attributes influencing to prefer a retail outlet.

A correlation matrix is constructed based on the ratings. The analytical process is based on the matrix of correlation between variables. Valuable insights can be gained from an examination of this matrix. If the factor analysis should be proper, the variables must be correlated. If the correlation between all the variables is small, factor analysis may not be appropriate. In this inter-correlation matrix, the correlations of all the variables are in good fit, and factor analysis may be appropriate.

Table: 1

Component Matrix

Factors	Component							
	1	2	3	4	5	6	7	8
Possibility of window shopping	.817							
Availability of medicines / free-health check-up	.791							
Ample space to walk on the floors	.791							
Availability of original products							.405	
Provision of play station for children							.405	
Wholesale price in retail store		.505						
Lift facility for all the floors		.505						
Better service by the sales persons	.691							
Quality reasons	.668							
Available in nearby to home	.594							
Swipe machine availability for payments				.450				
Availability of door delivery of products				.450				
Time-saving in purchases		.804						
Product assortment			.275					
Non-availability of expired products		.780						
Availability of food courts / ice-cream parlours		.780						
Availability of more varieties		.651						
Exact measurement of products		.619						
Tension-free shopping	.392							
Availability of trolley for the purchases			.856					
Phone / E-mail messages regarding new arrivals / offerings			.856					
RSP is less than MRP				.367				
Customer coupons for purchases			.562					
Availability of more offerings			.549					
Gift coupons			.407					
Proper billing for purchases				.560				
Safe custody of luggage's area						.465		
Ample parking facility			.351					
Possibility of entertainment						.614		
All under one roof concept is available						.548		
Customer card for purchases							.472	
Self-selection method of purchase								.505

Extraction Method: Principal Component Analysis.

a. 8 components extracted.

The above table is a correlation matrix constructed, on the ratings. The analytical process is based on a matrix correlation between the variables. Variables insights can be gained from an examination of this matrix. For the factor analysis to be appropriate, the variables must be correlated. If the correlations between all the variables are small, factor analysis may not be appropriate.

Table: 2

Communalities

Factors	Initial	Extraction
Availability of more varieties	1.000	.871
Self-selection method of purchase	1.000	.763
RSP is less than MRP	1.000	.850
Availability of more offerings	1.000	.594
Possibility of window shopping	1.000	.916
All under one roof concept is available	1.000	.662
Possibility of entertainment	1.000	.832
Available in nearby to home	1.000	.775
Quality reasons	1.000	.809
Better service by the sales persons	1.000	.772
Time-saving in purchases	1.000	.923
Tension-free shopping	1.000	.771
Customer coupons for purchases	1.000	.881
Customer card for purchases	1.000	.728
Gift coupons	1.000	.938
Product assortment	1.000	.919
Proper billing for purchases	1.000	.677
Ample parking facility	1.000	.642
Safe custody of luggage's area	1.000	.935
Exact measurement of products	1.000	.726
Wholesale price in retail store	1.000	.933
Swipe machine availability for payments	1.000	.954
Phone / E-mail messages regarding new arrivals / offerings	1.000	.933
Availability of original products	1.000	.884
Non-availability of expired products	1.000	.894
Ample space to walk on the floors	1.000	.949
Lift facility for all the floors	1.000	.933
Availability of door delivery of products	1.000	.954
Availability of trolley for the purchases	1.000	.933
Provision of play station for children	1.000	.884
Availability of food courts / ice-cream parlours	1.000	.894
Availability of medicines / free-health check-up	1.000	.949

Extraction Method: Principal Component Analysis.

Table: 3

Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.528	23.524	23.524	7.528	23.524	23.524	5.661	17.690	17.690
2	5.210	16.281	39.805	5.210	16.281	39.805	4.447	13.895	31.585
3	4.277	13.364	53.169	4.277	13.364	53.169	4.289	13.403	44.988
4	2.617	8.177	61.346	2.617	8.177	61.346	3.083	9.634	54.621
5	2.412	7.536	68.882	2.412	7.536	68.882	2.959	9.246	63.868
6	1.996	6.237	75.119	1.996	6.237	75.119	2.578	8.058	71.925
7	1.665	5.202	80.321	1.665	5.202	80.321	2.277	7.115	79.040
8	1.373	4.292	84.613	1.373	4.292	84.613	1.783	5.573	84.613
9	.943	2.948	87.561						
10	.818	2.556	90.117						
11	.646	2.020	92.137						
12	.564	1.763	93.900						
13	.469	1.464	95.364						
14	.352	1.099	96.463						
15	.309	.965	97.428						
16	.217	.679	98.107						
17	.189	.589	98.696						
18	.129	.404	99.100						
19	.093	.290	99.389						
20	.090	.282	99.671						
21	.067	.209	99.880						
22	.021	.066	99.946						
23	.012	.038	99.984						
24	.003	.010	99.994						
25	.002	.006	100.000						
26	6.756E-5	.000	100.000						
27	3.112E-16	9.725E-16	100.000						
28	2.559E-16	7.998E-16	100.000						
29	1.075E-16	3.359E-16	100.000						
30	5.335E-17	1.667E-16	100.000						
31	-1.567E-17	-4.896E-17	100.000						
32	-2.593E-16	-8.104E-16	100.000						

Extraction Method: Principal Component Analysis

It is observed that the labeled Eigen values used highlights that the Eigen value for a factor indicates total variance attributed to the factor. Factor 1 accounts for 7.528 which is 23.524 percentage of the total variance; likewise the second factor accounts for 5.210 and the first three factors combine to account for 16.281 percentage of total variance. The eighth factor showed the variance of 1.373 the total value of 4.292 percentage represents the combination of all these factors.

Determination of Factors Based on Eigen Values:

In this approach, only the factors with Eigen values greater than 1.0 are retained. The other factors are not included in this model. Since there are eight components that possess Eigen values and which are greater than 1.0 and eight components are said to be extracted from the total of thirty two factors.

Table: 4

Rotated Component Matrix

Factors	Component							
	1	2	3	4	5	6	7	8
Availability of medicines / free-health check-up	.946							
Ample space to walk on the floors	.946							
Quality reasons	.796							
Available in nearby to home	.756							
Better service by the sales persons	.698							
Availability of more offerings	.580							
Availability of original products					.479			
Provision of play station for children					.479			
Product assortment				.106				
Time-saving in purchases		.934						
Non-availability of expired products		.911						
Availability of food courts / ice-cream parlours		.911						
Availability of trolley for the purchases			.942					
Phone / E-mail messages regarding new arrivals / offerings			.942					
Proper billing for purchases					.361			
RSP is less than MRP	.123							
Lift facility for all the floors			.611					
Wholesale price in retail store			.611					
Availability of door delivery of products				.927				
Swipe machine availability for payments				.927				
Availability of more varieties					.786			
Tension-free shopping							.180	
Ample parking facility					.601			
Customer coupons for purchases						.775		
Safe custody of luggage's area						.671		
All under one roof concept is available						.652		
Possibility of window shopping						.535		
Possibility of entertainment							.828	
Gift coupons							.746	
Exact measurement of products					.380			
Self-selection method of purchase								.733
Customer card for purchases								.720

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

It is learnt from the above table that the rotated component matrix indicates the relationship between the factors and individual variables, it is seen that several factors are having high correlation with the same component, for better interpretability, we moved to the next step. The above table is the result of the Varimax procedure of factor rotation. Rotation does not affect the percentage of total variance explained. However, different methodology rotation may result in the identification of different factors.

Interpretation is formulated by identifying the variables that have large loadings on the same factor. That factor can be interpreting in terms of variables that have high values on it.

Rotated Component Matrix:

From the Rotated Component Matrix table it is inferred that eight distinct components are extracted based on their Eigen values which are greater than 1. In the Rotated Component Matrix table the factors are named as based on the loading associated with them.

Table: 5

Component Transformation Matrix

Component	1	2	3	4	5	6	7	8
1	.746	.185	-.312	-.421	-.182	.299	-.026	-.107
2	-.031	.805	.269	-.025	.472	.113	-.199	.050
3	.441	-.212	.802	.149	.033	.119	.283	-.009
4	.463	-.172	-.294	.534	.488	-.297	-.225	.087
5	.123	.426	-.120	.257	-.365	-.363	.540	.406
6	-.135	-.060	-.278	.264	.288	.709	.485	.103
7	.001	-.240	.017	-.546	.366	-.124	.092	.697
8	.016	-.013	.092	.285	-.394	.381	-.542	.562

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Conclusion:

The respondent in the study area is studied by selecting all the one-hundred and forty respondents. These respondents were asked to highlight their views to achieve their task in retailing. For this purpose thirty two statements were selected and Likert's scale technique was employed. Among the thirty two variables, only eight variables are influencing at high level to achieve the tasks in retailing. They are Availability of medicines / free-health check-up , Ample space to walk on the floors, Quality reasons , Available in nearby to home , Better service by the sales persons, Availability of more offerings, Availability of original products, and Provision of play station for children, which shows 84.613 percent level of variance.

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