

FACTORS INFLUENCING CONSUMERS ON SHOPPING IN A MALL BASED STORE – AN EMPIRICAL STUDY

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Abstract:

The Indian retail industry is crowded with more than 12 million retailers spread across the country. The retail industry provides around 8% of countries employment. The Indian retail industry is undergoing a tidal change with many organized players entering into the market. Many malls are coming up in towns and major cities that focus shopping with entertainment. In this connection a study about the factors that are majorly affecting the customers who do shopping in mall based store will give us an insight on the factors influencing them. This study is done in a store located in Brookefields Mall Coimbatore, the data was collected from the customers who were shopping in the store. The data was analysed for reliability test and subjected to factor analysis for segregating important factors.

Key words: Mall, Reliability test, Indian Retail Market, Retail Format

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Introduction:

Retailing involves a direct interface with the customers and the coordination of business activities right from conception or design stage of the product to its delivery and post delivery service to customers. The word retailing is derived from French word “Retailier” which means to cut off a piece or to break bulk. Hence a retailer is defined as a dealer or trader who sells goods in small quantities.

Characteristics of Indian Retail Industry.

Today retailing in India is done through a vast number of unorganized retailers with over 12 million retail outlets spread across the country in various sizes and formats. India has the largest retail density with 9 stores available for every 1000 people. The Indian retail industry is providing 8% of the country's employment with its vast distribution of retail stores across the country. The retailing in India is undergoing a gradual change as market conditions and technological developments combined with affluent, highly mobile and time starved consumers are playing an important role in the changes happening in the retail sector in India.

Business Models in Retail: -

The business model followed by the retailer is generally called as “Format”. By way of classification of stores on location, one can classify store as Chain Store Format, high street format, destination format, convenience format. The formats like franchisee model, independent retail stores are falling under the category of store format by ownership.

Shopping Centers

A Shopping Center is a group of retail and other commercial establishment that is planned, owned and managed as a single property. Some of the formats are community Shopping Centers,

Megamalls, Lifestyle Centers, and Neighborhood Shopping Centers etc. The stores in the planned shopping centers complement each other. Shopping centers attracted more customers as they hosted more stores, hence customers can buy more varieties of products. Shopping Malls are one of the formats under the location Shopping Centers.

Literature review

Factors that are influencing the shopping

There are many factors that play in the consumers' decision making. Some of the prominent among the factors are the image of the store, risk associated with the consumers in purchasing the product and the price perception of consumers on the store or about the product category. Store image contain by many elements like the stores opening and closing time, the availability of merchandise in the shelf of the stores, product availability during the shopping time, the quality of the product made available to the customers, the depth of assortment of merchandises, layout design of the stores, the easiness of finding the merchandise in the shelves of the stores, knowledge of the employees who are placed to assist the customers during their purchase, behavior of employees while dealing with the customers, ability of employees in assisting each customers, and the problem associated with the returning of products (Burton et al 1998).

The risk factor plays an important role in making the decisions for the product that are new or untried by the consumers so far. Perceived risk is the expected negative utility associated with the purchase of a particular brand. Risk can be classified in two classes.

The first being 'inherent' risk that operates at the primary demand level and the second one, 'handled' risk is a factor in consumer behaviour at the brand level.

The risk has been studied in the following dimension, Financials, Social, Performance, Physical, Psychological, Economics, Opportunity loss and Time (Jacoby and Kaplan, 1972, Roselius 1971).

Greatorax and Mitchell (1994) have categorized risks associated with purchase of a product into four groups namely Functional/ Physical, Psychosocial, Financial and Time related risks. Stone

and Gronhaug (1993) classified, risks into seven distinct types namely, Financial, Social, Time, Performance, Functional, Psychological and Overall risk.

The functional risk which is evaluated by physical performance is also evaluated by consumers on how difficult it is to produce a product category and the perceived difficulty is based on technology required and the ingredients. Psychosocial risks arise when the consumers believe that they will be negatively evaluated due to the product they have done with (Batra and Sinha 2000).

Corstjens and Lal (2000) divided retail consumers into two segments. First is represented by 'Quality' segment. The customers in this segment greatly benefited from perceived quality and the second segment being low price segment. They proposed that by projecting store brand in the quality conscious segment, a retailer can avoid brand switching by consumers.

Another way of improving perceived quality and store brand equity is through the use of free samples to customers. Baltas (1997) recommended trial packs to improve the familiarity of the store brands among customers. The quality perception of a store brands is enhanced through sampling, when the private label brand was of high quality (Sprott and Shimp, 2004). The perception of the quality is improved when these samples were tried before judging their quality.

Cue utilization theory supports the use of sample to enhance the perceived quality (Sprott and Shimp, 2004). When the customers use the free sample, it enables them to evaluate the product based on the intrinsic cues. Intrinsic cues are the product attributes, which when changed will result in change in the composition of the products itself. Extrinsic cues are the product attributes that can be changed without affecting the composition of the product, like price, brand name, etc.

But Richardson et al (1994) found that consumer's evaluation of store brand is driven by extrinsic cues that are displayed by the brands than intrinsic cues. Richardson et al (1994) suggested that consumers' evaluation driven by extrinsic cues and in another experiment, recommended that choice of right aesthetic impressions serves as external cue for creating positive image for the store.

This study aims at identifying the important elements that play an important role while shopping in a store situated in a mall.

Methodology:

The research was carried out in Coimbatore City in TamilNadu state of India and the study was done during the period of May and June 2011. ‘Max’ store was identified for obtaining the customer response for store located in Mall as it is located in Brookefields Mall in Coimbatore. A total of 150 responses were obtained from this store. Shoppers who come out after paying the bill was selected randomly with every fifth customer coming out were identified for the response. The responses were obtained with the help of a structured questionnaire covering the concepts of Store image, Price perception. There were 10 items representing Store image that were adopted from J.Semeijn et al (2004). Another 5 items related to the price perception were developed with the help of attitude scale developed by Burton et al (1998). Hence a total of 15 items were used to study the customer perception about the store located in Mall on the aspect of store image and price perception in a 5 point scale. Factor analysis was carried out to screen the variables for further analysis on the hypothesis mentioned below.

Findings of the Study:

A test on reliability on the randomness of the sample was taken and the Cronbach’s alpha was found to be 0.690 which shows, that the data has internal consistency reliability
Factor analysis is used to identify the variables that exhibit a pattern of correlations within a set of observed variables. Responses of 15 variables that study the consumer’s perception on the store image and price perception for retail store located in a Mall were obtained using Principal component Analysis method.

Reliability Statistics

Cronbach’s Alpha	N of Items
.690	15

KMO and Bartlett’s Test of Sphericity

KMO and Bartlett’s Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.636
Bartlett's Test of Approx. Chi-Square	761.062

Sphericity	Df	105
	Sig.	.000

KMO measure of sampling adequacy is an index to examine the appropriateness of factor analysis. High values between 0.5 and 1.0 indicate factor analysis is appropriate. Values below 0.5 imply that factor analysis may not be appropriate. From the above table it is seen that Kaiser-Meyer-Olkin measure of sampling adequacy index is **.636** and hence the factor analysis appropriate for the given data set.

Bartlett's Test of Sphericity is based on Chi-Square transformation of the determinant of correlation matrix. A large value of the test statistic will favour the rejection of the test. In turn this would indicate that factor analysis is appropriate. Bartlett's test of Sphericity Chi-square statistics is 761.062, that shows the 15 statements are correlated and hence as inferred in KMO, factor analysis is appropriate for the given data set.

	Component				
	1	2	3	4	5
Physical facilities are visually appealing	-.001	-.045	.705	.257	.089
Easy to find articles in promotion	-.251	.465	.574	-.275	.256
Merchandise is available when needed	.072	.868	.027	.249	.106
Store offers high quality merchandise	.121	.102	.714	.130	-.018
Store offers broad assortment	.006	.282	.206	.719	-.099
employees are knowledgeable	.139	.815	.136	.109	.003
employees are courteous	-.181	.495	.532	-.128	-.162
No problems when returning items	.042	.010	.140	.014	.879
Employees willing to find solution for each customer	.005	.468	-.210	.426	.486
Store has convenient opening hours	-.045	.025	.087	.756	.101
I am not willing to go to extra effort to find lower prices	.869	.162	.022	-.115	.052
The money saved by finding low prices is usually not worth the time and effort	.842	-.198	.087	-.026	-.077

I would never shop at more than one store to find low prices	.721	.035	.255	.080	-.222
Generally speaking, the higher the price of a product, the higher quality	.642	.064	-.264	.104	.206
The old saying "you get what you pay for" is generally true	.568	.141	-.282	-.086	.335

The following factors were identified through the Rotated Component Matrix that were found to be having a significant factor loading among all other variables that fell in each of the factors.

Factor 1

I am not willing to go to extra effort to find lower prices .869

Factor 2

Merchandise is available when needed .868

Factor 3

Store offers high quality merchandise .714

Factor 4

Store has convenient opening hours .756

Factor 5

No problems when returning items .879

As the above mentioned variables are with high factor loading among the other variables in the factor loaded, it can be inferred that these variables play a major role in influencing the consumers while they go for purchase in a store located in a mall.

1. I am not willing to go to extra effort to find lower prices
2. Merchandise is available when needed
3. Store offers high quality merchandise
4. Store has convenient opening hours
5. No problems when returning items

Conclusion:

From the study it can be inferred that there are five main factor elements that influence the consumers who shop in a mall. It can be stated that the consumer do not like to put extra effort in finding lower prices and they expect the merchandises to be available when required by them with good quality. The store should offer them the convenience of shopping at their convenient time. Customers expect a hassle free 'Return of items' policy.

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