

Store Choice Behaviour in a Developing Economy: an Empirical Evidence on Household Consumer Durables

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Abstract: India is an evolving retail destination. Correspondingly the behaviour of the consumer is making new strides as the consumer's metastasis in behaviour brings newer challenges for the retail outlets. The customer has a store choice to make even before he decides on which brand to buy. This study is an attempt to identify, the various dimensions that would drive a consumer to select a store. The study is confined to selected consumer durables as a product category. With focus on the consumer's perception of store selection, 702 respondents were taken into account to arrive at certain store attributes that might be of interest to the large consumer durable industry and the retailers selling these product. Pre-testing followed the result analysis using exploratory factor analysis. The result proposes certain finding relevant for further inquiry on the part of the researchers.

Keywords: Consumer durables, factor analysis, retail, store choice.

I. Introduction

Retail consumer behaviour remains a widely studied area of research in India (Sinha & Banerjee, 2004; Srivastava, 2014). The reasons stated are primarily the fact that India is the global destination for companies and is going to remain so for the times to come (KPMG, 2016). Due to continuously changing Indian demographics (PwC, 2015), it had been observed in the recent past that global retail giants have failed to make a mark amongst the Indian consumers. Although the big giants are initiating reforms in customer service, there still remains a gap in understanding the consumer psychology.

The present literature is more centered towards understanding the dynamics of organized retail, which is attributed to the infancy of organized retail in India. To decipher the consumer behaviour for traditional and modern retail (Talreja & Jain, 2013), it is important that it is explored in light of the developments in the unorganized retail sector in India (Gupta & Shukla, 2015). The advantage for organized retail seems a disadvantage for the success of a small retail store (Pandey & Vashisht, 2014). There is disorientation in the preference for the retail store format with respect to the various product categories and the location of the consumer, like towns and cities (ibef, 2016). The researcher after an exhaustive review of the background literature the researcher has made an attempt to understand consumer's store choice for both organized and unorganized store.

The paper is structured to discuss the conceptual framework in the beginning. This is followed by a discussion on the background studies. The methodology of conducting research is mentioned. Lastly the results, analysis, findings have been put forward. The research inquiry ends with a discussion on the limitations and the future purview of the research.

II. Review of Background Literature

The review if the past research was done to identify store choice variables for selected household consumer durables. The review also consists of literature concerning different products so as to enable a comparison of store choice amongst various product categories. Table 1 below puts forwards the dimensions and the corresponding researchers supporting the given dimension. The dimensions found were considered to meet the objectives of the study.

Table 1: An overview of various dimensions of store choice

Authors	Dimensions
Purushottam (2011), Thiruvankadam & Panchanatham (2015), Singh (2011),	A good bargain on products
Mishra, Koul & Sinha (2014), Thenmozhi & Dhanapal (2012), Purushottam (2011), Singh (2011), Goswami & Mishra (2009), Theodoridis & Priporas (2009), Yilmaz, Aktas & Celik (2007), Sinha & Banerjee (2004),	A high quality products
Thenmozhi & Dhanapal (2012), Singh (2011), Goswami & Mishra (2009), Backstrom & Johannson (2006),	Ability of the employees to instill confidence
Mittal, Arora & Parashar (2011), Narang (2011), Seock (2009), Backstrom & Johannson (2006), Paulins & Geistfeld (2003),	An easy layout

Jaravaza & Chitando (2013), Thiruvankadam & Panchanatham (2015), Mittal, Arora & Parashar (2011), Yip, Chan & Poon (2012), Janakiraman & Niraj (2011), Seock (2009), Purushottam (2011), Singh (2011), Goswami & Mishra (2009), Theodoridis & Priporas (2009), Paulins & Geistfeld (2003),	Convenient location of the store.
Narang (2011),	Honesty in customer dealing
Paulins & Geistfeld (2003),	Giving individual attention during the first visit
Rigopoulou & Tsistsou (2008), Yilmaz, Aktas & Celik (2007),	Easy finance options
Purushottam (2011), Thiruvankadam & Panchanatham (2015), Goswami & Mishra (2009), Sands, Oppewal & Beverland (2009), Seock (2009), Rigopoulou & Tsistsou (2008), Sinha & Banerjee (2004),	Friendly nature of the employees
Thiruvankadam & Panchanatham (2015), Mishra, Koul & Sinha (2014), Purushottam (2011), Sands, Oppewal & Beverland (2009), Yilmaz, Aktas & Celik (2007), Hundal (2008),	Promotional deals
Thenmozhi & Dhanapal (2012), Singh (2011), Rigopoulou & Tsistsou (2008), Paulins & Geistfeld (2003),	Giving good quantity of information to enable decision-making
Thiruvankadam & Panchanatham (2015), Narang (2011), Purushottam (2011), Yilmaz, Aktas & Celik (2007), Paulins & Geistfeld (2003),	Convenient parking facility
Mishra, Koul & Sinha (2014), Mittal, Arora & Parashar (2011), Thenmozhi & Dhanapal (2012), Purushottam (2011), Singh (2011), Sands, Oppewal & Beverland (2009), Theodoridis & Priporas (2009), Rigopoulou & Tsistsou (2008),	Having wide range of products
Narang (2011), Seock (2009), Paulins & Geistfeld (2003),	Convenient operating hours
Thenmozhi & Dhanapal (2012),	Live product demonstration
Narang (2011), Yilmaz, Aktas & Celik (2007), Backstrom & Johannson (2006),	Product knowledge of the employees
Paulins & Geistfeld (2003),	Giving good quality information to enable decision-making
Mittal, Arora & Parashar (2011), Narang (2011), Sands, Oppewal & Beverland (2009), Theodoridis & Priporas (2009), Rigopoulou & Tsistsou (2008), Yilmaz, Aktas & Celik (2007), Vyas (2010),	Prompt & time-bound service
Thiruvankadam & Panchanatham (2015), Narang (2011), Seock (2009), Theodoridis & Priporas (2009), Yilmaz, Aktas & Celik (2007), Paulins & Geistfeld (2003),	Store Ambience
Narang (2011), Thiruvankadam & Panchanatham (2015), Singh (2011), Seock (2009), Yilmaz, Aktas & Celik (2007),	The retailers reputation
Narang (2011), Mittal, Arora & Parashar (2011), Theodoridis & Priporas (2009), Rigopoulou & Tsistsou (2008),	Timely delivery and installation
Mittal, Arora & Parashar (2011), Sinha & Banerjee (2004),	Value for money
Thenmozhi & Dhanapal (2012), Mittal, Arora & Parashar (2011),	Visual appeal of the store
Yilmaz, Aktas & Celik (2007),	Well groomed employees
Mishra, Koul & Sinha (2014), Purushottam (2011), Seock (2009), Rigopoulou & Tsistsou (2008), Yilmaz, Aktas & Celik (2007), Paulins & Geistfeld (2003),	Willingness to handle returns and exchanges
Narang (2011), Rigopoulou & Tsistsou (2008), Yilmaz, Aktas & Celik (2007), Sinha & Banerjee (2004), Das, Mohanty & Shil (2008),	Good Word of mouth referrals
Purushottam (2011), Thiruvankadam & Panchanatham (2015), Rigopoulou & Tsistsou (2008), Tripathi & Sinha (2008), Yilmaz, Aktas & Celik (2007), Paulins & Geistfeld (2003),	Retailer's Advertising Effort

III. Methodology

Analysis And Findings

1.1. Pre-testing

The research instrument was pre-tested on 55 respondents using convenience sampling. SPSS 21.00 was used to analyze the data. The content validity and the face validity was tested with the help of three academicians in the area of retail and three industry experts who gave their valuable inputs to improve the research instrument. The internal reliability of was determined by using Cronbach's Alpha. The value was 0.847 for all the 27 items taken for the analysis. Based on principal factor analysis 3 items were removed as they had unacceptable factor loadings. The final analysis was based on the remaining 24 items of store choice.

1.2. Sample characteristics

The majority of sample belonged to the age group of 26-30 years (37.2 %), followed by 36-45 years (23.6 %). A large number of respondents were married (64 %) and mainly belonged to the income segment of INR 30,000 to INR 60,000 (28.9). There were salaried employees (38.2%), own business (20.9%) and professional (19.4%). The education was having majority of graduates (40.6%). The number of earning members in the sample was two (45.2%) and minority had four members earning in the family (6.3%). The most preferred destination to buy a consumer durable was exclusive brand store (32.6%) and the least preferred was online purchase for this segment of products (5.6%) (Table 2). Due to the nature of the data in descriptive statistics median, mode, skewness or kurtosis was examined for the items used in the questionnaire. There was no need to work on skewness or kurtosis as the data was normal.

Table 2: Sample profile

		Freq	N %			Freq	N %
Age	Less than 18	20	2.8%	Occupation	Professional	136	19.4%
	19 – 25	144	20.5%		Own Business	147	20.9%
	26 – 35	261	37.2%		Salaried Employee	268	38.2%
	36 – 45	166	23.6%		House wife	80	11.4%
	46 – 55	78	11.1%		Retired	29	4.1%
	More than 55	33	4.7%		Unemployed	12	1.7%
Gender	Male	478	68.1%	Student	30	4.3%	
	Female	224	31.9%	Education	Professional	108	15.4%
Marital Status	Married	449	64.0%		Postgraduate	200	28.5%
	Unmarried	253	36.0%		Graduate/Diploma	285	40.6%
Income	Less than 10000	93	13.2%		10th	74	10.5%
	10000 - 30000	185	26.4%	Below 10th	35	5.0%	
	30000 - 60000	203	28.9%	Earning Member	One	251	35.8%
	60000 - 100000	112	16.0%		Two	317	45.2%
	100000 - 150000	88	12.5%		Three	90	12.8%
	More than 150000	21	3.0%		Four or more	44	6.3%
Place of Buying	Shopping Mall	106	15.1%				
	Exclusive Brand Store	229	32.6%				
	Trade Retail Store	201	28.6%				
	Wholesale Formats	78	11.1%				
	Stand alone Store	49	7.0%				
	Online	39	5.6%				
	Total	702	100.0%				

1.3. Analysis for dimensions of store choice

The analysis was performed on SPSS 21.0. Exploratory factor analysis was applied, after examining whether the data was appropriate for factor analysis or not. The data had significant value of Bartlett’s Test of sphericity and the value of KMO was good (0.863) for the application of factor analysis (Table 3). Using ‘Kaiser criterion’ and varimax rotation, six factors were extracted with variables having Eigen-value greater than 1.

The first factor was named “Operating policy” where the sub-dimensions explaining were- “Giving good quality of information to enable decision making (0.576), A high quality product (0.576), Giving good quantity of information to enable decision making (0.553), Value for money (0.532), Having a wide range of products (0.521), Retailer’s advertising effort (0.473) and Giving individual attention during first visit (0.464) (Table 4). The second importance was given to “Physical appearance” which was explained by- “Well groomed employees (0.708), Visual appeal of the store (0.698), Live product demonstration (0.529) and Store ambience (0.505). The third factor was named “Ease of shopping” with the defined by- “An easy layout (0.757), Convenient location of the store (0.638) and Convenient operating hours (0.613)” (Table 4). The fourth component was “Customer value” explained by- “Promotional deals (0.736), Easy finance option (0.647) and A good bargain on products (0.547)”. The fifth importance was given to “Service” which was explained- “Timely delivery and installation (0.67), Prompt & time-bound service (0.65), Ability of the employees to instill confidence (0.48) and Willingness to handle returns and exchanges (0.42)” (Table 4). The sixth component was called “Retailer’s reputation” explained by- “Good word of mouth referrals (0.58), The retailer’s reputation (0.57), Honesty in customer dealing (-0.44)”.

The construct reliability and descriptive statistics for the components has been given in the table 5.

Table 3: Factor analysis appropriateness for the store choice variables

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.863
Bartlett's Test of Sphericity	Chi-Square
	3768.237
	276
Degrees of freedom	.0001***
p-value	

Table 2: Components of store choice for consumer durables

	Components					
	‘Operating policy ‘	‘Physical Appearance’	‘Ease of shopping’	‘Customer Value’	‘Service’	‘Retailer Reputation’
Eigenvalue	5.70	1.70	1.38	1.33	1.16	1.08
% Variance	23.75	7.09	5.77	5.57	4.84	4.52
Cronbach’s Alpha	0.72	0.73	0.75	0.78	0.73	0.72
Giving good quality information to enable decision making	.581					
A high quality product	.576					

Giving good quantity information to enable decision making	.553					
Value for money	.532					
Having wide range of products	.521					
Retailer's advertising effort	.473					
Giving individual attention during first visit	.464					
Well groomed employees		.708				
Visual appeal of the store		.698				
Live product demonstration		.529				
Store ambience		.505				
An easy layout			.757			
Convenient location of the store			.638			
Convenient operating hours			.613			
Promotional deals				.736		
Easy finance option				.647		
A good bargain on the products				.547		
Timely delivery and installation					.669	
Prompt and time bound service					.645	
Ability of the employees to instill confidence					.486	
Willingness to handle exchange and returns					.417	
Good word of mouth referrals						.583
The retailer's reputation						.571
Honesty in customer dealing						-.440
Notes: *Extraction method is principal component analysis with Varimax rotation method. The rotations converged into 6 iterations						

Table 5: Reliability for the factors of store choice

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Operating Policy	19.5658	5.314	.607	.719
Physical Appearance	19.8774	5.100	.558	.726
Ease of shopping	19.8511	5.196	.479	.747
Customer Value	19.9631	5.264	.374	.781
Service	19.7001	5.486	.547	.733
Retailer's Reputation	19.9560	4.912	.594	.716

IV. Discussion, Findings And Managerial Recommendations

Similar studies with consumer durable and other product categories were compared to analyze the differences and the similarities in the consumer response. The factors related to service and the information given by the retail were considered important during the purchase of consumer durables indicating that for this product category the service of the retail store and the information given were important as this was an infrequent and high involvement product category (Rogopoul et al., 2008). In a similar study where multiple product categories were studied, it has been reconfirmed that for the consumer durable category strong image of the retailer, retailer's attitude and discounts were important attributes for store choice evaluation. These findings are in line with the results, where retailer's reputation and customer value played an important role in store choice (Mishra et al., 2014; Singh, 2011; Narang, 2011 Seock, 2009). The convenience that location and other factors like operating hours, parking facility have been considered important by the consumer in any product category, as has been emphasized as ease of shopping as an important factor for store choice (Janakiraman & Niraj, 2011; Jaravaza & Chitando, 2013; Purushottam, 2011).

For products like grocery the store choice variables include functional and psychological aspects, where the functional elements were merchandise, price, salesmen, location, and psychological were sales promotion, brand image, atmosphere and reputation (Martineau, 1958; Thiruvankadam & Panchanatham, 2015; Mishra et al., 2014; Prashar, 2013; Narang, 2011).

With retail companies expanding with special focus on durables, it becomes imperative for the decision making managers to focus on the factor of having a customer friendly operating policy, focus on the physical aspects of the store, providing convenience of shopping and give the right kind of service. In the longer run the retailer's need to build on building a promising reputation in the market through a good word of mouth with the help of its present customer's. Hence the researcher concludes the discussion by emphasizing on the point that for the consumer durable category a distinctive strategy needs to be framed to get a customer on board.

V. Limitations And Future Scope Of Research

The study has geographical limitations and limitation of respondent bias as the data was collected just outside the store and consumer might be influenced by the store just visited. The scope of research lies in

knowing from the retailer his perception on how he would acquire a new customer and study the gap between the perception of retailer and the consumer. All retail formats could not be studied due to non availability of these formats in the prescribed location. The study can be further expanded to find the segments of consumer and their description so as to better help the decision makers to design the appropriate marketing mix.

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