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A STUDY ON CONSUMER PERCEPTION TOWARDS RETAIL CHAINS AT TRICHY

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Abstract

The Indian Retail Industry is divided into Organized and Unorganized Sectors. Traditional markets are making way for organized formats such as Departmental Stores, Hypermarkets, Supermarkets and Specialty Stores. Indian Retail Industry contributes over 10% of the country's GDP. Strong income growth, changing lifestyles, and favourable demographic patterns, suggest that by 2016, the Modern Retail Industry in India will be worth US$ 175-200 billion. This study was undertaken, considering three competitive Retail Chain Outlets, ***Big Bazaar, Reliance Fresh*** *and* ***Marks Spencers,*** *to evaluate the consumers' opinion and preferences towards these outlets. The study also highlights the pros and cons of the outlets considered and the level of satisfaction compared to the Local Retail Outlets.*

Key Words : *Consumer Perception,Retail Chain Outlets,Brand Awareness.*

Introduction

The Indian Retail Industry is divided into Organised and Unorganised Sectors. Organised Retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses. Unorganised Retailing, on the other hand, refers to the traditional formats of low-cost retailing, for example, the local *kirana* shops, owner manned general stores, *paan/ beedi* shops, convenience stores, hand cart and pavement vendors, etc. India's Retail Sector is the fastest growing sector in the Indian Economy. Traditional Markets are making way for new formats such as Departmental Stores, Hypermarkets, Supermarkets and Speciality Stores. Indian Retail Industry contributes over 10% of the country's GDP, being driven by strong income growth, changing lifestyles, and favourable demographic patterns. By 2016, Modern Retail Industry in India will be worth US$ 175- 200 billion. Shopping in India has witnessed a revolution with the change in the Consumer Buying Behaviour and the whole format of shopping has also altered. This study was undertaken, considering three competitive retail chain outlets, **Big Bazaar, Reliance Fresh and Marks Spencers,** to evaluate the consumers' opinion and preferences towards these outlets. The study also highlights the pros and cons of the outlets considered and the level of satisfaction compared to the local retail outlets.

Statement of the Problem

Trichy is now emerging as a Tier III City, next to Madurai. With the increase in double-income households, more working women, and accumulation of educated residents, there is an increasing pressure due to very little time available for leisure. Under these circumstances, people prefer the convenience of One Stop Shopping. They also seek speed, efficiency, information, better quality, hygiene as well as increased customer service. These changes in Consumer Behavior, favour the sprawling organised retail outlets. Within three years, Trichy has encounterd big retail gaints to open their outlets competing with the local retailers. In this context, it would be ideal to study the shopping behavior of consumers, their perception and preferences towards the choice of their outlets to shop.

Review of Literature

Kincade, Doris H.; Woodward, Ginger A.; Park Haesun (2002) studied the Buyer Seller Relationships as a critical factor for success for promotional support in the Apparel Sector. The study also describes the retailers', perception towards promotional support. Broadbridge and Calderwood, 2002 emphasize the fact that in an age of increasing competition from large scale organized grocery retailers, local shops need to have the commitment and willingness to cater to the local community for survival. Hyllegard, Karen; Eckman, Molly; Descals, Alejandro Molla; Borja, Miguel Angel Gomez (2005) studied the consumers' perception of US apparels and the services rendered by the retailers in the international market. Sinha P.K., Mathew E., Kansal Al (2005) carried out a study on the format of food and grocery retailer for one product and one customer segment. Miranda, Konya and Havrilla (2005) studied the Consumer Behaviour which was influenced by several other reasons such as frequently buying schemes, preference for an in store delicatessen etc,. Mayer (1989), claimed that store image has been one of the main topics in retailing research and recent meta – analysis identifying that the Store Visit Frequency is strongly influenced by Store Image Attributes.

Objectives of the Study

- To ascertain brand awareness of the outlets considered for the study.
- To analyze customer satisfaction towards products and services offered and to understand the factors that influence consumers to prefer the outlets.
- To provide suitable suggestions to improve the delivery of products and services by the outlets

Methodology

Research Design - Researchers have adopted the descriptive method of research as it is aimed at gaining knowledge and better understanding of the consumers and their choice of preference towards retail outlets. The impact of sprawling retail chains on their perceptions are also studied with the help of this research design.

Sampling Method and Sample Size - Researchers have adopted Non-Probability Convenience Sampling Technique to obtain the samples from the population considerd for the study. The Sample Size of the Study was 100 respondents. The footfalls of consumers at each of the outlets considered for the research were converted into samples for the study and consolidated into a sample size of 100.

Data Collection - Researchers collected information from both primary and secondary source required for the research study. For primary data, a Structured Questionnaire was framed and consumers were interviewed directly to obtain required data for the research study. Secondary data were collected from books, journals, magazines and websites.

Tools Used For Data Analysis

Chi-Square Test, the most widely used non-parametric test, was used to test the goodness of fit between two variables where one variable is dependent on the other variable. **A two – way ANOVA** was used to test the effects of the two factors simultaneously on the response variable of interest. **Correlation Coefficient** was also evaluated to find out the degree of correlation between the two variables taken for the study.

Hypothesis of the Study

NH 1 : There is no significant relation between the outlet choice and the products purchased .

NH 2 : There is no significant relationship between the purchase preference of consumers based on the influencing factors and the outlets concerned.

NH 3 : There is no significant relationship between effective media advertising and the outlet preference of the consumers.

NH 4 : There is no significant relationship between Quality and the Products purchased by the consumers.

Analysis and Interpretation

Table I depicts the factors that influence the consumers in choosing a particular outlet for purchase. It shows that 27% of the respondents were influenced by quality, 20% of the respondents were influenced by affordability, 25% of the respondents were influenced by All Under One Roof Concept,12% of the respondents by services offered and 16% of the respondents were influenced by variety of products and brands available in the outlets.

Table II shows the consumers' preference of outlets based on the products they purchased . It is learnt that 23% of the respondents prefer to shop for apparels, 33% of the respondents go for purchasing food & groceries, 19% of the respondents prefer fruits & vegetables and 25% of the respondents prefer to shop other products. **Chart-I** shows the consumers' preference of outlets based on the products they purchased.

The gender classification of the sample result is given in the **Table-III**. 65% of the respondents were Female Customers and 35% of the respondents were Male customers.

From the demographic characteristics analysed, it is identified that about 43% of the respondents were in the age group of 18-28 and 30% of them under the age group of 28-38.In other words, Organized Retail Chain Outlets are visited mostly by young customers. The satisfaction level of the respondents for each outlet considered for the study was analysed and interpreted . 57% of the respondents were satisfied with the performance and services provided by Big Bazaar, 42% of the respondents were satisfied with Marks Spencers and 35% of them were satisfied with Reliance Fresh.

From the analysis with the help of Chi Square, the significant relation between the outlet choice of the consumers and the products purchased at 5% level of significance, was proved null since the calculated value(8.813) was less than the tabulated value(16.919). **(Table- IV)**

The significant relation between the outlet choice of the consumers and the products purchased at 5% level of significance was also tested and proved null since the calculated value (13.953) was less than the tabulated value(16.919)- **(Table- V).**

Considering the Quality Factor out of all other influencing factors in the Apparel Product Segment, the degree of correlation was analysed with the correlation coefficient and it was discovered that there was a high degree of positive correlation between the two variables concerned- **(Table- VI)**

A two way ANOVA was used to test the significant difference between the purchase preference of the consumers based on the influential factors and the outlets considered at 5% level of significance. From the analysis it was found that the purchase preference of the consumers significantly differed, based on influencing factors like Quality, Service, Variety, etc. and there was no significant difference between preference of consumers as far as outlets were concerned-**(Table- VII)**

Result of Table-VII

a. For degree of freedom(4,12) at 5% level of significance, the table value(3.25) was less than the calculated value(6.165) and hence the null hypothesis is rejected. In other words, the purchase preference of consumers significantly differed based on the influencing factors.

b. For degree of freedom(3,12) at 5% level of significance, the table value(3.49) was greater than the calculated value(2.618) and hence the null hypothesis is accepted. In short, there was no significant difference between the purchase preference of consumers as far as outlets were concerned.

Findings of the Study

1. The study identifies that only fewer men visit retail stores as against women.
2. Regarding the preferred outlet choice of the consumers, the highest number of responses were attributed to Big Bazaar since it attracted people of many income groups, and offered products that appeal to a wide array of consumers. Next comes Marks Spencers and Reliance Fresh where price factor predominated the perception of consumers and made them hesitate to shop in these Organized Retail Chains.

Suggestions

1. By providing products that are geared towards men and by providing a shopping experience that attracts men, the retail chains can expand their customer base.
2. It can be deduced that consumers, who shop only once a month, look to buy groceries and other essentials to last them a month. Therefore, retail outlets have tough customers in those who shop once a month. Such customers look to buy in bulk. Hence to capture this market, retail outlets must put in place strategies that attract them like Home Delivery Services and discount for bulk purchase .
3. The products can be assorted based on their price also, so that the consumers can pick commodities based on their income potentiality.
4. The nationally branded retail chain outlets can provide installment purchase schemes for the durable products or should come forward to alter their marketing strategies favouring the local customers.
5. From the study, it is understood that Promotional Activities and providing offers and discounts can be advertised in the local TV channels and Radio for better reach. This can alter the consumers' perception towards outlets like Spencers and Reliance Fresh where such strategies are lacking.

Conclusion

The study has analyzed the pros and cons of three outlets. The trend of modern retail markets and its implications towards the consumers' perception was studied. Though the ambience, assortment style, computerized weighing and billing system attract the consumers and distinguishes the Organized Retail Outlets from the Traditional Retail Shops, the inadequate services provided to the consumers reduces the affinity and loyalty to these outlets. To compete in this sector, retailers need to have up-to-date market information for planning and decision making. The second most important requirement is to manage costs widely in order to earn at least normal profits. Fixing reasonable price and attracting consumers with expected services gradually improves loyalty.

Scope of the Study

This study helps us to gain independent knowledge about the consumer perception of the outlets identified. It can be extended to acquire the opinion of the consumers towards other local retail outlets like Femina, Kavery Supermarket etc., in Trichy. A comparative study can be done with another Tier III city and the distinguished response of the consumers would help the companies to get additional research information. It facilitates evaluation of consumers preferences and satisfaction to support better strategic decision making in the Retail Business.

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Table- I
Factors Influencing to Purchase in the Outlets

Preferred outlet	Number of Respondents	Percentage
Quality	27	27%
Affordability	20	20%
All under one roof	25	25%
Service	12	12%
Variety	16	16%
Total	100	100%

Source : Primary Data

Table- II
Respondents Preference of Products to Purchase in Outlets

Preferred outlet	Number of Respondents	Percentage
Apparels	23	23%
Food & Groceries	33	33%
Fruits & Vegetables	19	19%
Others	25	25%
Total	100	100%

Source : Primary Data

Chart -I
Respondents Preference of Products to Purchase in Outlets

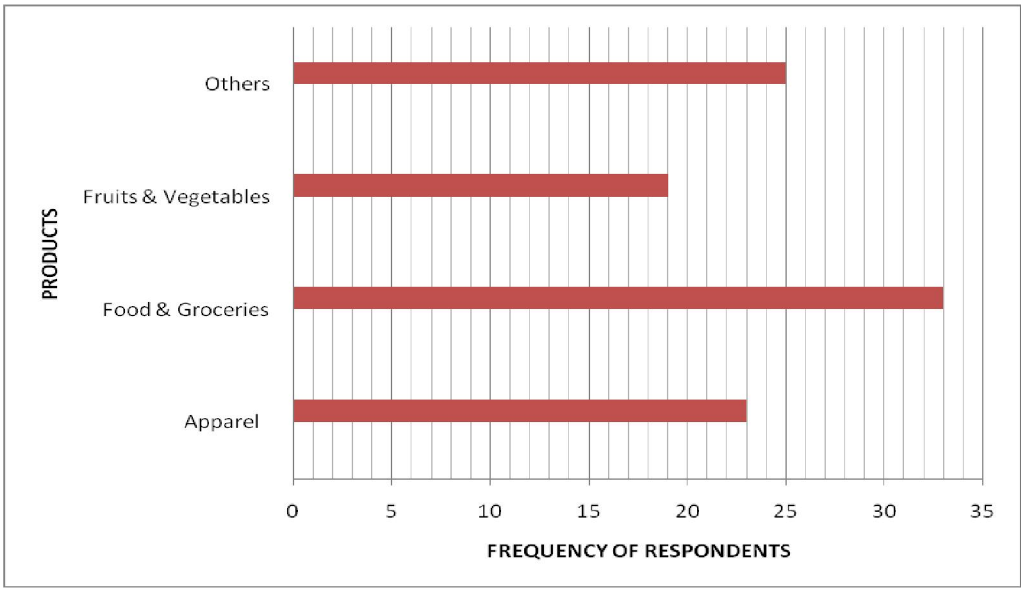

Table- III
Gender Classification

Gender	Number of respondents	Percentage
Male	35	35%
Female	65	65%
Total	100	100%

Source : Primary Data

Table - IV
Chi-square Analysis (1)
Outlet Choice of the Consumers Vs the Products Purchased

Products / Outlets	Apparels	Food & groceries	Fruits & Vegetables	Others	Total
Big Bazzar	10	06	04	08	28
Reliance Fresh	03	04	05	03	15
Marks Spencers	04	12	05	04	25
Others	06	11	05	10	32
Total	23	33	19	25	100

Calculated Value = 8.813 ; Degree of freedom = 9; Table Value = 16.919 at 5%level ; H0 accepted.

Table - V
Chi-Square Analysis (2)
Outlet Choice of the Consumers Vs the Media Used for Advertising

Media / Outlets	TV	Radio	Newspaper	Others	Total
Big Bazzar	15	03	04	06	28
Reliance Fresh	05	04	03	03	15
Marks Spencers	07	03	11	04	25
Others	13	10	06	03	32
Total	40	20	24	16	100

Calculated Value = 13.953; Degree of freedom = 9; Table Value = 16.919 at 5% level; H0 accepted

Table- VI
Corellation Coefficient Between Quality Factor and the Product Category Prefered (Apparels)

X (QUALITY)	x	x^2	Y (APPARELS)	y	y^2	xy
11	2.5	6.25	10	4.25	18.06	10.625
7	-1.5	2.25	3	-2.75	7.56	4.125
11	2.5	6.25	4	-1.75	3.06	-4.375
5	-3.5	12.25	6	0.25	0.625	-0.875
$\sum X = 34$	$\sum x = 0$	$\sum x^2 = 27$	$\sum Y = 23$	$\sum y = 0$	$\sum y^2 = 28.7$	$\sum xy = 9.5$

$$\text{Correlation Coefficient (r)} = \frac{\sum xy}{\sqrt{\sum x^2 \sum y^2}} = 0.34.$$

There is a high degree of +ve correlation between the variables. The product category 'Apparel' preferred by consumers is influenced by the Quality factor

Table -VII
Two – Way Anova Table

Source of variation	Sum of Squares	d.f	Mean Squares	F-ratio	5% F- limit (from the F-table)
Between columns (Influencing factors)	56.5	4	14.125	6.165	3.25
Between rows(outlets)	18	3	6	2.618	3.49
Residual	27.5	12	2.291		
Total	102	19			

Source : Primary Data