



Shopping behaviour and its relationship with final purchase decision in the organized retail sector of India

Comportamiento de compra y su relación con la decisión final de compra en el sector minorista organizado de India

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ABSTRACT:

In India with the rapid economic development, socio-cultural and demographic changes, the lifestyle and consumption behaviour of the consumers have changed. This has ushered in a plethora of opportunity for the retail sector. The frenetic pace of retail development has triggered the mushrooming of shopping malls across the country. This study was undertaken to identify the factors influencing shopping behaviour of customers while purchasing from organized malls and to investigate the relationship with the final purchase decision. A survey of 201 consumers was conducted, using a questionnaire. Exploratory factor analysis and correlation analysis were applied for data analysis. The study revealed that shopping mall image is the most important attractiveness dimension of shopping mall to consumers in India.

Keywords: Shopping behaviour, Purchase decision, Retail sector, India

RESUMEN:

En India, con el rápido desarrollo económico, los cambios socioculturales y demográficos, el estilo de vida y el comportamiento de consumo de los consumidores han cambiado. Esto ha dado paso a una gran cantidad de oportunidades para el sector minorista. El ritmo frenético del desarrollo minorista ha desencadenado la proliferación de centros comerciales en todo el país. Este estudio se realizó para identificar los factores que influyen en el comportamiento de compra de los clientes al comprar en centros comerciales organizados e investigar la relación con la decisión final de compra. Se realizó una encuesta a 201 consumidores, utilizando un cuestionario. El análisis factorial exploratorio y el análisis de correlación se aplicaron para el análisis de datos. El estudio reveló que la imagen del centro comercial es la dimensión de atracción más importante del centro comercial para los consumidores en la India.

Palabras clave: comportamiento de compra, decisión de compra, sector minorista, India

1. Introduction

In the current age of dynamism and stiff competition, most of the organised retailers are now having dual responsibilities, namely, acquiring new customers and retaining them for sustainable business. However, the operational cost associated with new customer acquisition is much higher

than customer retention. Therefore, the modern retailers must have to concentrate more on customer loyalty and their shopping behaviours, so that the current customers may be retained in long term. However, till now very little research studies are carried out giving more emphasis to this type of cost control mechanism (Wallace, Giese, & Johnson, 2004). Many of the past studies implicate that there exist various influencing factors of retail shopping behaviour and customer loyalty, which ultimately gives complex and mixed results to formulate retail strategy for sustainability. A series of antecedents of retail store loyalty are now found, giving ambiguous thought process of marketing strategists. Store image might be one of such determinants, which ultimately put impacts on making the customers' loyal (Sirgy and Samli, 1985; Bloemer and de, 1998; Hartman and Spiro 2005). Again, it is also inevitable to say that customer trust and commitment are one of the major factors to create more loyal retail customers (Macintosh and Lockshin, 1997; Harris and Goode, 2004).

In an organizational context, the marketing function and in particular, a marketer's understanding of consumer behaviour is key to business realising its goals - the success of marketing a product/service rests on understanding who the customer is and what they want which is translated into consumer-centric strategies. These strategies, in turn contribute to a businesses' competitive advantage. In a societal context consumption, and specifically overconsumption, is becoming more topical as the sustainability mandate starts to work its way into business operations. An understanding of consumer behaviour and how to facilitate mindful consumption is thus gaining more prominence and importance. This unit investigates consumer decision-making and more specifically the internal and external influences on the purchasing and consumption process. The marketing challenges and implications for selling to consumers are discussed throughout from a consumer behaviour perspective. Assessment and tutorial activities simulate the professional environment and facilitate application of theory to practice. The marketer therefore tries to understand the needs of different consumers and having understood his different behaviours which require an in-depth study of their internal and external environment, they formulate their plans for marketing.

The modern marketing management tries to solve the basic problems of consumers in the area of consumption. To survive in the market, a firm has to constantly innovate and understand the latest consumer needs and tastes. It will be extremely useful in exploiting marketing opportunities and in meeting the challenges that the Indian market offers. It is necessary to understand Indian consumers' motivations and intentions to patronize contemporary retail formats, such as shopping malls. As markets have evolved, domestic Indian retailers and small stores have also adjusted their formats and operational strategies to cater to different shopper needs and changing consumer trends. An increasingly urbanized demographic, rapid development of shopping malls, an emerging class of brand-conscious consumers, and various influences from the western world are changing the face of the Indian retail industry. Consumers in India are demanding more quality, entertainment, and lifestyle-related goods, along with brand-name merchandise at competitive prices. Consumers expect pleasant sales staffs and better customer services, including convenient return and exchange policies, as well as financing options. A growing number of Indian consumers want products, communication, entertainment, and marketing efforts that arouse their senses—they expect shopping to be a fun and entertaining experience. An understanding of Indian consumers' shopping behaviours and mall preferences will empower international retailers, domestic retailers, and mall operators to market their products and services more effectively.

A thorough understanding of Indian consumers' motivations and their mall-patronage intentions would benefit mall managers in drawing practical and constructive lessons on strategies to meet the needs of consumers in India.

In the above context, this paper aims at investigating the factors behind shopping behaviour and its relationship with final purchasing decision in indian organized retail sector.

2. Literature review

A study was conducted by Sharma Sunanda et al (2012) discuss the various methods of measuring consumer behaviour and the impact of changing consumer behaviour on growth of business. Qualitative methods are used to explore specific aspects of consumer behaviour and for probing below the surface for effective drivers and subconscious motivations. Their findings show that personal habits and previous experience on of the consumers have a direct impact on the consumers' purchase decision. Willems. H.J.H.M (2012) defined consumer behaviour as "those acts of Individuals directly involved in obtaining, using, and disposing of economic goods and services, including the decision processes that precede and determine these acts". An exploratory

study by in-depth interviews was conducted to determine the reasons why people shop. This widely cited study hypothesized that people's motives are a function of numerous variables, several of which are unrelated to the actual buying of a product or the need for services. This unrelated need is fulfilled by a variety of psychosocial needs that go beyond the acquisition of products or services. These general motives have been classified by into two main dimensions – personal and social motives. Nam et al. (2007) examined the apparel shopping preferences of mature women in America. They found that mature subjects purchase apparel for pleasure or need, but less for conformity. Their purchase decisions are influenced more by fit and comfort than by fashion. Tang Christopher S et al (2001) studied the shopping habits of consumers to form an idea of whether or not the store concepts, product ranges and strategies of the companies are appropriate towards consumer requirements. He believed that consumer behaviours are unpredictable and changing continuously changing; while trying to under try to understand how individual or group make their decision to spend their available resources on consumption-related items. Wesley Scarlett et al (2006) conducted a study to assess how consumers' decision-making styles relate to their shopping mall behaviour and their global evaluations of shopping malls. Based on exploratory data analysis including the use of comparative method, the article provides a theoretical model of antecedents and consequences of consumer- decision making styles. And it was found that the influence of CDM styles on mall shopping consequences is subtle and indirectly influences activities during mall visits via influencing planned expenditure levels. Canabal, M.E. (2002) investigated the decision making styles of South Indian Consumers utilizing Customer Style Inventory. Using data collected from 173 college students from two institutions of higher education in the city of Coimbatore, South India, Canabal (2002) identified five decision making styles of South Indian. These styles are (1) Brand Conscious Style, (2) High Quality Conscious / Perfectionist Style, (3) Confused by Over choice Style, (4) Impulsive / Brand Indifferent Style, and (5) Recreational Shopper Style.

Again, customer loyalty has been seen as a fundamental element for long term business achievement (Srinivasan, Anderson, and Ponnnavolu 2002; O'Brien and Jones 1995; Jones and Sasser, Jr. 1995; Oliver 1997; Dick and Basu 1994). Clients who are faithful to specific items or brands might will pay cost premiums, participate in positive view, and are more opposing to competitor communications (Srinivasan, Anderson, and Ponnnavolu 2002; Zeithaml, Berry, and Parasuraman 1996). Such advantages empower the foundation of customer loyalty as a fundamental objective for any firm. Customer loyalty is the connections that can be built up among buyers and retailers (Hartman and Spiro 2005; Fullerton 2005; Harris and Goode 2004; Macintosh and Lockshin 1997). Researchers propose that such connections must exist among purchasers and retailers all together for client retail devotion to rise (Macintosh and Lockshin 1997; Reynolds and Arnold 2000; Wong and Sohal 2003). Such connections can influence the state of mind of shoppers, bringing about a more inclination to shop at one retail store over another.

3. Research design and methodology

For the purpose of this study data were collected from retail consumers via questionnaire survey. A total of 300 respondents had participated in this survey, out of which 201 cases were finally considered for data analysis after validation. Method of simple random sampling was adopted for selecting the respondents. Data from the survey were analysed using descriptive statistics, factor analysis and Pearson correlations. Exploratory Factor Analysis was used to identify the factors influencing shopping behaviour of customers while purchasing from organized malls. Further to investigate the influencing factors relationship with the final purchase decision Pearson correlation method was applied. Information relating to the theoretical background and past research outcome were gathered from various secondary sources like websites, research journals, books etc

4. Results and Discussion

Table 1 represents the KMO (Kaiser-Meyer-Olkin) statistics of Exploratory Factor Analysis applied to extract factors behind shopping behaviour of retail customers.

Table 1
KMO and Bartlett's Test Results

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.825
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Bartlett's Test of Sphericity	Approx. Chi-Square	1911.599
	df	351
	Sig.	.000

From table 1 it was clearly observed that the KMO value is above 50%. Hence the sample data is adequate for applying factor analysis. Bartlett's Test of Sphericity also gave significant result to substantiate the above statement.

Table 2
Total Variance Explained

Component	Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.558	24.290	24.290	3.561	20.187	20.187
2	3.065	11.350	35.641	2.889	18.700	38.887
3	1.785	6.609	42.250	2.572	12.525	51.412
4	1.607	5.953	48.203	2.461	9.116	60.528
5	1.180	4.372	52.575	2.338	8.660	69.188
6	1.166	4.318	56.893	1.432	5.305	74.493
7	1.005	3.723	60.616	1.113	4.124	78.617

From table 2 it may be interpreted that there are seven factors that have been extracted out of 27 number of variables whose Eigen values are more than 1. The total variance explained by these 7 factors is 78.617%, out of which 20.187% of variance is explained by 1st factor, 18.700 % of variance is explained by the 2nd factor and so on as per the table. The 7 extracted factors can be named as, 1- mall facilities, 2- shopping partner, 3- shopping intention, 4- urge, 5- internal layout, 6- location convenience, 7- discounts and bargain.

Table 3
Rotated Component Matrix

	Component						
	1	2	3	4	5	6	7
Q1			.681				
Q2			.727				
Q3			.694				
Q4							
Q5							

Q6			.580				
Q7		.684					
Q8		.699					
Q9		.709					
Q10		.713					
Q11							.608
Q12						-.523	
Q13					.776		
Q14					.763		
Q15							
Q16							
Q17						.625	
Q18	.535						
Q19	.798						
Q20	.787						
Q21	.765						
Q22	.680						
Q23				.553			
Q24				.767			
Q25				.544			
Q26				.625			
Q27				.573			

The respective factor loadings of the concerned variables for each of the factors after rotation are given in table 3.

Table 4
Karl Pearson Correlation Matrix

Items of purchase decisions	Mall facilities	Shopping partners	Shopping intentions	urge	Internal layout	location	Discounts bargain
Q 1	0.103 (0.144)	.179* (.011)	.056 (.432)	.230** (.001)	.134 (.057)	.146* (.038)	-.025 (.724)

Q2	.100 (.156)	.114 (.107)	.064 (.365)	.271** (.000)	.169* (.016)	.149* (.035)	.158* (.025)
Q3	.039 (.587)	.045 (.524)	.115 (.105)	.182** (.010)	.205** (.003)	-.047 (.511)	-.003 (.962)
Q4	-.028 (.689)	.105 (.137)	.145* (.040)	.187** (.008)	.111 (.118)	-.052 (.461)	.115 (.106)
Q5	-.003 (.962)	.244** (.000)	-.082 (.247)	.164* (.020)	.135 (.056)	.139* (.049)	.041 (.564)
Q6	.060 (.398)	.223** (.001)	-.082 (.247)	.164* (.020)	.135 (.056)	.139* (.049)	.041 (.564)
Q7	.149* (.035)	.094 (.186)	.042 (.557)	.163* (.020)	-.116 (.100)	-.030 (.669)	-.005 (.944)
Q8	.014 (.840)	.217** (.002)	.173* (.014)	.058 (.412)	-.022 (.761)	.041 (.560)	-.020 (.783)
Q9	.166* (.019)	.198** (.005)	.111 (.118)	.163* (.021)	.040 (.573)	.094 (.184)	-.107 (.132)
Q10	.268** (.000)	.302** (.000)	.295** (.000)	.167* (.018)	.033 (.638)	.148* (.036)	-.021 (.772)
Q11	.108 (.128)	.215** (.002)	.248** (.000)	.174* (.014)	.103 (.147)	.163* (.020)	-.069 (.332)
Q12	.036 (.613)	.222** (.002)	.189** (.007)	.243** (.000)	.101 (.156)	.143* (.043)	-.053 (.458)
*Significant @ 5% level, ** Significant @ 1% level							

From table 4, it may be interpreted that shopping partners, urge and location conveniences are positively correlated with the partners influencing decision. Urge, internal layout, location conveniences and discounts or bargain are positively correlated with the decision to purchase from a particular mall. Urge and internal layout are positively correlated with the co- worker influences. Shopping intention, urge and internal layout shopping partners, urge and location conveniences are positively correlated with parents influencing decisions to purchase. Mall facilities and urge are positively correlated with the likely hood of the malls. Shopping partners and shopping intention are positively correlated with merchandise of the malls. Mall facilities, shopping partners and urge are positively correlated with recommend to friends. Mall facilities, shopping partners, shopping intention, urge and location convinces are positively correlated with future shopping. Shopping partner, shopping intention, urge and location convinces are positively correlated with possibly and purpose fir future shopping.

5. Conclusions

A successful mall positioning strategy should be beneficial to the mall developers, retailers in the mall and shoppers. It will include attributes like allocating space to retailers in the mall, choice of leasing or selling, and attributes like size of store, type of floor and location/Zoning (centre, corner, street side, near atrium, across the main entrance etc.) on the floor.

From cities as malls venture into smaller towns, they can bank on location as an advantage if there is no other mall in that place. However if there is competition, mere location based advantages may not lead to mall success. A positioning strategy needs to be developed. A sound positioning also needs to work on zoning apart from the tenant mix. Retailers' success in the mall is the success of the mall, good mall positioning needs to include decision regarding zoning which includes the most profitable position for each retailer.

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