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Address:-Ashok Yakkaldevi 258/34, Raviwar Peth, Solapur - 413 005 Maharashtra, India
Cell : 9595 359 435, Ph No: 02172372010 Email: ayisrj@yahoo.in Website: www.aygrt.isrj.org

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EMERGING TRENDS OF ORGANISED RETAILING IN RAYALASEEMA REGION OF ANDHRA PRADESH

G. SomaSekhar[1] and M. Suresh Babu[2]

[1]Research Scholar, Department of Management Studies, S. V. University, Tirupati.
[2]Professor & Dean (Exams), Department of Management Studies, S. V. University, Tirupati.

Abstract:-Rayalaseema Region is basically backward in development and drought affected area in Andhra Pradesh. Even though backward region but some of the major towns like Ananthapur, Chittoor, Kadapa, Kurnool and Tirupati are showing significant changes in retailing. The present study is an attempt to understand the relation between shopper demographics and factors influencing on their shopping behaviour towards organised retailing. Six factors based key dimensions of store attribute preferences were identified through exploratory factor analysis. Based on these identified factors shoppers of organised retailing preferring shopper interface and enhanced shopping experience as a top priorities. The results highlight that demographic groups were given different perception on six factors of organised retailing.

Keywords: Rayalaseema, Retailing, Shopping behavior, Store attributes, Organised etc.

INTRODUCTION

India is the 10th largest economy in the world with a GDP of USD 1700 billion and growing at an average CAGR of about 8%, next only to China. Indian economy is expected to touch almost USD 3100 billion by 2020 in real terms (Technopak 2011). Retailing is one of the important contributors of Indian economy and accounts for about 35% of its GDP. The total retail sales in India is estimated at USD 470 billion in 2011 and is expected to be USD 675 billion by 2016. The organized retail sales is estimated at USD 26 billion and accounts for only 6% of the overall retail sales for 2011. The organized retail sales are projected to grow to USD 84 billion by 2016, at CAGR of 26%. So, a very large proportion 94% of the retail sales happen through small, family owned and managed retail outlets such as kirana stores (mom-and-pop stores), other small stores, hawkers, pavement vendors, mobile stores on carts, bicycles etc. Together, they are called unorganized retailing. With an estimated retail sales of USD 325 billion, the Food and Grocery category accounts for 70% of the total retail sales in 2011. The organized retail sales of Food and Grocery category is estimated at USD 9 billion and accounts for 35% of all organized retail sales (A. T. Kearney 2010). In addition, the Organized Retail Penetration (ORP) in the Food and Grocery category is only 2.2% (CRISIL Opinion 2012). This shows the enormous opportunities that lie in the organized retailing of Food and Grocery category for both the Indian companies and the MNCs.

Though the sale percentage of organized retail in India is less, but the modern formats are showing very interesting trends due to changing life styles of consumers (Sinha and Jasola 2007).

There is a drastic change in the consumer spending patterns due to the contribution of several demographic factors namely rapid income growth, increasing urbanization, growing young population, higher level of education etc., (Swar2007 and Talwar2010). In this dynamic business environment, shopping behavioral trends of retailing are undergoing a sea change. This demands marketing approaches to be altered accordingly. With the changing retail scenario the consumers are bound to look beyond traditional retail stores towards organized outlets may be with some reservations (Urvashi Gupta 2012 and Mishra 2007).

REVIEW OF LITERATURE

The study was done on supermarkets (Spencer's Daily, Reliance Fresh, More, Nilgiris and Kannan) in Coimbatore. It was observed that Accuracy of Billing, Product Quality, Product Availability, Product Variety, Speed of Billing, Location, Parking Facility, Price, Product Return /Exchange Policy and Courteousness of Customer Service Persons are the top 10 factors influencing customers in their supermarket choice (Swamy and Nedunchezhian, 2013). The study reveals that consumers' choice for modern retail formats vary as their income level increases and Consumers' prefer modern retail formats due to its significant product attributes like improved quality, variety of brands and assortment of merchandise and store attributes like parking facility, trained sales personnel and complete security. The retention strategies, promotional strategies, growth and improvement strategies, pricing strategies and competitive strategies are the major contributors for the growth of organized retailing and play an important role in enhancing the sales of retail formats (Deepika Jhamb and Ravi kiran 2012). Younger generation has greater tendency to visit organised retail outlets. The shoppers which remained within a store for at least two hours considered shopping to be stress releaser and fun activity. The commonly purchased items from a retail outlet are garments followed by groceries, lifestyle products and household appliances. The study further reveals that customers in tier 2 and tier 3 cities evaluate a store on convenience & merchandise mix, Store Atmospherics and Services (Ghosh and Tripathi, 2010). The demographics, double income, urbanization and internet revolution title the consumers' preference towards organized retail outlets (Arshad et al. 2009). The level of importance of different factors that influence the selection of consumers preferred grocery stores and has found out price, quality and location are the top three factors that influence the selection of a grocery store (Meyers, 2005). The study focus on influencing role of motivational forces on the shopping behavior. The authors have argued that shopping motives influence the perception of retail store attributes as well as the attitude towards retail stores (Morschett et al. 2005). The study analyzes the consumers buying behaviour with respect to food and grocery items. The purpose of the study is to develop a marketing strategy for a modern food/grocery market based on consumer preferences and behavior. The author is of the view that the consumers are in a relatively advantageous position in terms of purchasing power and awareness of health and nutrition. Higher income and educational levels of consumers influence their decisions on product and market attributes, while gender and age seem to have no significant impact. The preferences of the consumers clearly indicate their priority for cleanliness/freshness of food products followed by price, quality, variety, packaging, and non-seasonal availability. The consumers' preference of market/place largely depends on the convenience in purchasing at the market/place along with the availability of additional services, attraction for children, basic amenities and affordability. The limitation of the study is that it analyses the buying behaviour of the consumers with respect to food and grocery items only (Ali et al. 2010).

STATEMENT OF THE PROBLEM

From the review of literature, in this dynamic business environment shopper behavior and trends of retailing are undergoing a sea change. This demands marketing approaches to be altered accordingly. With the changing retail scenario the consumers are bound to look beyond traditional retail stores towards organized outlets may be with some reservations. In Rayalaseema Region there is a need to study retailing trends with respect to relation between the demographic profile of the shoppers and the factors affecting shopping behaviour of shoppers' towards organised retail format.

OBJECTIVES OF THE STUDY

1.To identify main factors shaping store attribute preferences in organised retailing.
2.To examine the shoppers' trend with respect to demographic groups and for the factors influencing shopping behaviour in organised retailing.

HYPOTHESES OF THE STUDY

H01:There is no difference between age groups for the importance of factors influencing shopping behavior in organised retailing.
H02:There is no difference between gender groups for the importance of factors influencing shopping behavior in organised retailing.
H03:There is no difference between income groups for the importance of factors influencing shopping behavior in organised retailing.
H04:There is no difference between qualification groups for the importance of factors influencing shopping behavior in organised retailing.
H05:There is no difference between occupation groups for the importance of factors influencing shopping behavior in organised retailing.

RESEARCH METHODOLOGY

The present study is descriptive in approach bases upon primary data. Convenience sampling method has been used for the study due to size of the population is large. This study is confined to the residents of the Rayalaseema Region, Andhra Pradesh. Rayalaseema Region, for the purpose of the research includes five towns namely Anantapur, Chittoor, Kadapa, Kurnool and Tirupati. Structured questionnaire has been employed for collecting the data from shoppers of Rayalaseema region. The research questionnaire was filled up from a total of 1000 respondents covering different groups of shoppers from 5 towns. Finally, after the scrutiny 785 usable questionnaires were considered for the purpose of the study and the analysis of the data. This included 342 respondents from Chittoor and Tirupati, 164 from Anantapur, 143 from Kadapa and 136 from Kurnool. The study has used the descriptive statistics, factor analysis, reliability analysis and ANNOVA for analyzing the data.

RESULTS AND DISCUSSIONS

Descriptive Statistics

The shoppers included the age group ranging from 16 yrs to above 45 years. 17.1% of the total shoppers were of the age group 16-25 years, 52.9% of the total shoppers were of the age group 26-35 years and 15% were of the age group 36-45 and above 45 years. Thus, majority of the shoppers who like to shop are from the age group of 26-35 years.

Out of the total sample, 479 shoppers that accounts for 61% of the sample size are male and 306 shoppers i.e. 39% are female. The analysis shows that both the genders have been given due importance while collecting the data but majority sample was male.

It is found that majority of respondents (i.e 31.8%) come under the income group Rs. (20,001-30,000), followed by 28.8% come under Rs. (10,001-20,000), 18.6% come under Rs. (30,001-50,000) and 9.6% come under above Rs.50, 000.

Majority (i.e 57.5%) of the respondents were Post graduates followed by graduates, SSC and Intermediate.

Majority of the shoppers belongs to service class (54.3%). Housewives, students, businessman and self employed people constitute rest 45.7% of the responses.

RESULTS OF FACTOR ANALYSIS

The factor analysis was performed on the explanatory variables with the primary goal of data reduction. The principal components method, using varimax rotation, reduced the 21 explanatory variables to six factors having Eigen values greater than 1. For the purpose of interpretation, each factor was composed of variables that loaded 0.5 or higher on that factor.

Table-1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.811
Bartlett's Test of Sphericity	Approx. Chi-Square	7.378E3
	df	210
	Sig.	.000

Source: Authors Caluculation

Prior to running the factor analysis Kaiser-Meyer-Olkin (KMO) measure of sample adequacy and Bartlett's test of Sphericity were performed. KMO measure of sample adequacy is an index used to test appropriateness of the factor analysis. The minimum acceptable value of KMO as supported by Othman and Owen (2001) is 0.5. Bartlett's test of Sphericity indicates whether a given correlation matrix is an identity matrix, which would indicate that your variables are unrelated. The significance level gives the result of the test. In this case, the population correlation matrix is an identity matrix, is rejected by Bartlett's test of Sphericity as the approximate chi-square statistic is 737.8 with 210 degrees of freedom, which is significant at the 0.05 level. The test was highly significant ($p< .000$) suggesting the factors are highly correlated and are suitable for factor analysis. Table-1 shows the value of KMO statistic (0.811) is also larger than 0.5. Thus, factor analysis may be considered an appropriate technique for analysis. All variables indicated communalities higher than 0.50. As a result factor analysis was conducted on all variables (i.e 21).

Table-2 : Factors based on Store Attribute preferences

Store attribute preferences and Factors	Loading	Eigen values	Percentage variance	Cronbach's alpha
Shopper Interface		6.899	32.851	0.805
Error free sales transactions and records	0.810			
Promptness of handling customer complaints	0.781			
Hassle free exchange policy	0.677			
Enhanced Shopping Experience		1.885	8.978	0.671
Ambience	0.677			
Freshness of products stocked	0.638			
Attractive discounts, promotion and schemes	0.752			
Quick billing	0.767			
All modes of payment accepted	0.675			
Comfort and Convenience		1.571	7.480	0.689
Availability of products in pack sizes that you need	0.664			
Courteous and well trained staff	0.533			
Proximity to residence	0.656			
Good parking facilities	0.536			
Monetary benefit and Ease of access		1.280	6.094	0.779
Free home delivery	0.515			
Availability of credit	0.828			
Loyalty program membership	0.528			
Convenient store timings	0.514			
Order is taken over phone	0.553			
Store Image		1.192	5.678	0.686
Relationship	0.781			
Store Image	0.798			
Merchandising Mix		1.046	4.979	0.631
Availability of international products	0.782			
Availability of variety of brands and products	0.518			

Source: Authors Caluculation

These six factors represented 66.059 % of the variance of 21 variables (refer table 2). The selection of factors was based on varimax rotation. The reliability of factors identified by factor analysis was further determined through the 'summated scale' and 'cronbach's alpha'. As can be observed from the table 2, the Cronbach's Alpha was above 0.6 for all the multi-item scales which indicated that the factor analyses conducted was reliable.

As per the outcomes of the factor analysis, Factor 1 (Shopper Interface) and Factor 2 (Enhanced shopping experience) comes out as the most critical factors that both explains 41.829% of the total variation. This is followed by Factor 3 (Comfort and Convenience) that describes 7.480% of the total variation, subsequently by Factor 4 (Monetary benefit and Ease of access) that describes 6.094% of variation, then by Factor 5 (Store image) that describes 5.678 and Factor 6 (Merchandise mix) that describes 4.979. Moreover, all statistically significant factors together (all six) explain 66.059% of the variation. This indicated that almost 66% of the Shopper behavior can be explained by these six factors where Shopper Interface and Enhanced Shopping Experience are the most critical followed by Comfort & Convenience.

DEMOGRAPHIC GROUPS AND FACTORS

The effects of the continuous demographic variables like age, gender, monthly household income, education and occupation on the six factors of organised retailing influencing shopping behavior were examined using ANOVA analysis.

H01:There is no difference between age groups for the importance of factors influencing shopping behavior in organised retailing.

Obtained F-values in the table 3 of 4.150 and 9.816 leads to the rejection of null hypothesis at 5 per cent level of significance for Comfort & Convenience and Store Image. Therefore, the shoppers' importance level differs for Comfort and Convenience and Store Image among the age groups. The importance level of age groups for Shopper Interface, Enhanced Shopping Experience, Monetary benefit & Ease of access and Merchandise Mix do not differ significantly for their obtained F-values of 2.917, 1.974, 1.863 and 0.811 respectively at 5 per cent level of significance.

H02:There is no difference between gender groups for the importance of factors influencing shopping behavior in organised retailing.

Obtained F-values in the table 3 of 17.233, 23.649 and 10.412 leads to the rejection of null hypothesis at 5 per cent level of significance for Comfort & Convenience, Monetary benefit & Ease of access and Merchandise Mix. Therefore, the shoppers' importance level differs for Comfort & Convenience, Monetary benefit & Ease of access and Merchandise Mix among the gender. The importance level of gender for Shopper Interface, Enhanced Shopping Experience and Store Image do not differ significantly for their obtained F-values of 3.449, 1.882 and 9.610 respectively at 5 per cent level of significance.

H03:There is no difference between income groups for the importance of factors influencing shopping behavior in organised retailing.

Obtained F-values in the table 3 of 4.469 and 12.832 leads to the rejection of null hypothesis at 5 per cent level of significance for Monetary benefit & Ease of access and Store Image. Therefore, the shoppers' importance level differs for monetary benefit & Ease of access and Store Image among the income groups. The importance level of income groups for Shopper Interface, Enhanced Shopping Experience, Comfort & Convenience and Merchandise Mix do not differ significantly for their obtained F-values of 0.572, 5.526, 0.446 and 2.191 respectively at 5 per cent level of significance.

H04:There is no difference between qualification groups for the importance of factors influencing shopping behavior in organised retailing.

Obtained F-values in the table 3 of 20.354 leads to the rejection of null hypothesis at 5 per cent level of significance for Shopper Interface. Therefore, the shoppers' importance level differs for shopper interface among the educational qualification groups. The importance level of education groups for Enhanced Shopping Experience, Comfort & Convenience, Monetary benefit & Ease of access, store image and Merchandise Mix do not differ significantly for their obtained F-values of 2.260, 1.983, 0.182, 1.780 and 0.123 respectively at 5 per cent level of significance.

Table-3: ANOVA results for demographic groups and factors influencing shopping behavior in organised retailing.

Demographic Variables	Factors	F-Value	P-Value
Age	Shopper Interface	2.917	0.123
	Enhanced Shopping Experience	1.974	0.172
	Comfort and Convenience	4.150*	0.042
	Monetary benefit and Ease of access	1.863	0.190
	Store Image	9.816*	0.046
	Merchandising Mix	0.811	0.566
Gender	Shopper Interface	3.449	0.204
	Enhanced Shopping Experience	1.882	0.242
	Comfort and Convenience	17.233*	0.025
	Monetary benefit and Ease of access	23.649*	0.008
	Store Image	9.610	0.199
	Merchandising Mix	10.412*	0.000
Income	Shopper Interface	0.572	0.691
	Enhanced Shopping Experience	5.526	0.005
	Comfort and Convenience	0.446	0.773
	Monetary benefit and Ease of access	4.469*	0.013
	Store Image	12.832*	0.015
	Merchandising Mix	2.191	0.233
Qualification	Shopper Interface	20.354*	0.002
	Enhanced Shopping Experience	2.260	0.134
	Comfort and Convenience	1.983	0.187
	Monetary benefit and Ease of access	0.182	0.906
	Store Image	1.780	0.324
	Merchandising Mix	0.213	0.882
Occupation	Shopper Interface	5.886*	0.016
	Enhanced Shopping Experience	1.321	0.304
	Comfort and Convenience	0.396	0.808
	Monetary benefit and Ease of access	2.798	0.062
	Store Image	2.128	0.241
	Merchandising Mix	0.764	0.600

Note: *significant at 5 % level of significance Source: Authors Caluculation

H05:There is no difference between occupation groups for the importance of factors influencing shopping behavior in organised retailing.

Obtained F-value in the table 3 of 5.886 leads to the rejection of null hypothesis at 5 per cent level of significance for Shopper Interface. Therefore, the shoppers' importance level differs for shopper interface among the occupational groups. The importance level of occupation groups for Enhanced Shopping Experience, Comfort & Convenience, Monetary benefit & Ease of access, store image and Merchandise Mix do not differ significantly for their obtained F-values of 1.321, 0.396, 2.798, 2.128 and 0.764 respectively at 5 per cent level of significance.

CONCLUSION

The study was aimed at establishing the emerging trends of organised retailing in Rayalaseema region on the basis of their demographics and store attribute preferences. As an outcome of this research, six factors shaping store attribute preferences were identified. These factors in order of preference were 'Shopper Interface', 'Enhanced Shopping Experience', 'Comfort & Convenience', 'Monetary benefit & ease of access', 'Store image' and 'Merchandise mix'. This study clearly indicates that the Rayalaseema region shoppers give top priority to the shopper interface and enhanced shopping experience. The results highlight that demographic groups were given different perception on six factors of organised retailing. Comfort & Convenience and Store Image are important factors for different age groups; Comfort & Convenience, Monetary benefit & ease of access and Merchandise mix are important for gender; monetary benefit & ease of access and store image are important for different income groups; Shopper interface is important factor for different qualified and occupational groups.

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G. SomaSekhar
Research Scholar, Department of Management Studies, S. V. University, Tirupati.