

# Changing Consumer Dynamics - Impact on Shopping Behavior

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**Abstract—** Driven by changing lifestyles, rising income levels, favourable demographic patterns and with the entry of corporate sector, Indian retail is growing like never before. It is going through a transformation and the emerging market is witnessing a significant change in its growth pattern. Both existing and new players are experimenting with new retail formats. These emerging retail formats provide wide variety to customers and offer an ideal shopping experience with an amalgamation of product, entertainment and service, all under a single roof.

Changing tastes and preferences of consumers' are leading to radical transformation in lifestyles and spending patterns and this in turn is giving rise to spurt in new business opportunities. Consumer dynamics in India is also changing and the retailers need to understand the changing dynamics and its impact on shopping behaviour and formulate their strategies accordingly to deliver the expected value to the consumers

## I. INTRODUCTION

Retailing business is very much influenced by the patronage behavioural orientation of consumers. Many studies have been conducted to examine the association between consumer values and the importance of some prominent product and store attributes. In addition, combine values with demographic information can provide a better understanding of targeted consumers, and marketing programs based on this understanding can enhance the effectiveness of retail management. Retailers need to decide on the content and structure of their product assortments and thereby on the degree of variety they offer to their customers.

## II. OBJECTIVE OF THE STUDY

To study the major product attributes influencing the consumers towards selection of retail Outlet.

## III. RELATED HYPOTHESIS

$H_0$ : there is no significant impact of product attributes on the selection of retail outlet.

$H_1$ : there is significant impact of product attributes on the selection of retail outlet.

An attempt is made to obtain the views of consumers selected for the study on product attributes. Products and services can be characterized by a set of attributes. Each brand or product

is considered to have a certain level of performance on each of these attributes. The consumer assigns an overall value to a specific product based on how the product is perceived to perform on the various attributes and based on how important these attributes are. Moreover, in order to position products and brands at a higher level, it is important to understand and gauge the meanings that products have for consumers. Therefore, it is attempted to sought information and opinions from the sample respondents pertaining to sixteen product attributes.

In the same way, an attempt is made to examine the perceptions of sample consumers on the store attributes. Store image, as one of the determinants of store choice is largely based on store attributes, which can gain a selective advantage for retailers in the minds of consumers. Coupled with such consumer characteristics as shopping orientation, store attributes help retailers to foresee which retail outlets consumers will prefer.

The present study is an attempt to understand the relationship between the choice of retail formats based on product and store attribute relating to the product itself, atmosphere, location, prices, promotion, service, satisfaction and loyalty in order to arrive at meaningful retail mix strategies.

As already indicated, opinion of the customer is very important to any organisation for sustaining in the market. It is with close association alone the information about the stores' reputation, its attitude towards customers and thereby measuring the product and store attributes of customers. With this background, the researcher has made an attempt to study the important determinants of product and store attributes influencing the buying decision of consumers.

## IV. STATISTICAL ANALYSIS ON PRODUCT ATTRIBUTES

The researcher further attempted to subject the raw data for statistical analysis. For this factor analysis and reliability test are carried out to validate the data and results of analysis.

## V. FACTOR ANALYSIS

The researcher has carried out the validity test for the purpose of ensuring that the instrument is tapping the right concept. In other words, it is to confirm that the types of statements framed in the questionnaire is measuring the intended concept and not anything else. Factor analysis was used in this study to reduce a large number of related variables to a more manageable number. Trimming a large number of variables to reach at few factors is done to explain the original data more economically and efficiently. The factor analysis is used to avoid any inter- correlations among the variables as the items in each of the variables are adopted from numerous sources. Prior to performing factor analysis, adequacy of data is tested

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on the basis of results of the Kaiser-Meyer-Olkin(KMO) measure of sampling adequacy and Bartlett's test of Sphericity (homogeneity of variance) which are used to determine the suitability of the data for factor analysis.

According to Tabachnick and Fidell (1996), Bartlett's test of Sphericity should be significant( $p < .05$ ) in order for the factor analysis to be considered appropriate, while the minimum value for a good factor analysis is 0.6 for Kaiser-Meyer-Olkin (KMO) index.

The result indicated as indicated in the table number show that the Bartlett's Test of Sphericity was significant (Chi-Square – 23297.198,  $p < 0.000$ ). The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was higher at 0.951. This KMO value of 0.951 is excellent since it exceeded the recommended value of 0.60 (Kaiser). The two results of (KMO and Bartlett's) suggested that the data is appropriate to proceed with the factor analysis.

**KMO AND BARTLETT'S TEST FOR PRODUCT ATTRIBUTES**

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.951
Bartlett's Test of Sphericity	Approx. Chi-Square	23297.198
	df	120
	Sig.	.000

VI. FACTOR ANALYSIS FOR PRODUCT ATTRIBUTES

To determine the important factors of product attributes influencing buying decision of customer, the Principal Component Factor Analysis (PCA) with Varimax Rotation was performed for 16 items measuring product attributes.

**ROTATED COMPONENT MATRIX FOR PRODUCT ATTRIBUTES**

	Rotated Component Matrix <sup>a</sup>		
	Component		
	1	2	3
Better Quality	.904	.400	-.138
Reasonable price	-.140	-.098	.980
Availability of Products in Right Quantity/Size	.896	.391	-.136
Availability of preferred brand	.902	.395	-.146
Attractive Packaging and Informative Labelling	.402	.900	-.114
Price-led Promotions	.407	.906	-.094
Product Warrantee/guarantee	.418	.893	-.081
Assortment of merchandise/ Merchandise breadth in all departments	.902	.391	-.129
Variety of well-known brands	.896	.394	-.134
Availability of foreign brand	.406	.896	-.092

Availability of private labels/store brands	.888	.393	-.135
Availability of latest/fresh products	.887	.393	-.140
Availability of product style /Designs	-.147	-.078	.968
Bundling offers	-.124	-.103	.977
Unique Merchandise	.394	.902	-.093
Easy availability of product	.396	.897	-.110
Component	Initial Eigen values		
	Total	% of Variance	Cumulative %
1. Primary Product Attributes	11.440	71.498	71.498
2. Product Promotional Attributes	2.635	16.471	87.969
3. Supplementary Product Attributes	1.588	9.925	97.894

It can be concluded that there are three factors extracted from 16 variables explaining about 97.59 % of total variance. The factors were labelled according to the variables under them (based on factor loading). The above table shows the highest loading (after rotation) of variables into factors.

VII. EXPLANATION OF FACTORS DERIVED

The factor analysis extracted three factors out of 16 variables relating to product attributes on which data was collected from the customers. These factors are referred as constructs. These three factors explain 97.89 percent of total variance. Primary product attributes emerged as the most important factor. This includes (1) Better Quality of product (0.904); (2) Availability of Products in Right Quantity/Size (0.896); (3) Availability of preferred brand (0.902) ; (4) Assortment of Merchandise (0.902); (5) Variety of well-known brands(0.896); (6) Availability of private labels/store brands (0.888) and (7) Availability of latest/fresh products (0.887). These explain 71.498 % of variance.

The above analysis indicate that consumers give first priority to quality of the product when choosing a retail store followed by availability of preferred brand and the next preference is given to assortment of merchandise. Availability of Private labels is also a primary factor which is influencing the choice of the store. Availability of products in right sizes/quantities, availability of fresh/latest products and variety of well known brands take the next precedence.

Top priority for quality is obvious for the reasons and people always prefer to visit the store where their preferred brands are available as they are attached to those brands and also choose the stores where there is large variety.

Consumers prefer private labels as they create product differentiation and have comparatively low prices and give greater value.

Product Promotional attributes emerged as the second important factor accounting for 16.471 of total variance. The major elements of this factor are include: (1) Unique Merchandise (0.902); (2) Price-led Promotions (0.906); (3) Easy availability of product (0.897); (4) Attractive Packaging

and Informative Labelling (0.900); (5) Availability of foreign brand (0.896) and (6) Product Warrantee/guarantee (0.893)

The above analysis depict that, among the secondary product attributes consumers have a liking towards price-led promotions are which attract them to the store followed by unique merchandise and attractive packaging and informative labelling. Easy availability of the products, foreign brands and product warrantee take the next precedence.

The Supplementary Product attributes emerged as the third important factor which accounts for 9.925 % variance. The major items comprising this factor are: (1) Reasonable price (0.980); (2) Availability of product style /Designs (0.968) and (3) Bundling offers (0.977).

The above analysis shows that consumers prefer stores based on reasonable price followed by bundling offers and availability of different product styles and designs.

#### VIII. RELIABILITY TEST

A reliability test is also conducted to ensure that the instrument measures are consistent and stable over time. In other words, the reliability of the measure is without bias (error free) and, hence, ensures consistent measurement across time and across the various items in the instruments.

In the present study, the reliability of the standardized scales was confirmed using Cronbach's coefficient alpha. The higher the coefficients, the better the measuring instruments. However, according, to theory, Cronbach's alpha should be at least 0.7 to be considered as acceptable. Cronbach's alpha for each three product attribute was performed to measures its reliability. The cronbach's alpha value for Primary Product Attributes, Promotional Product attributes and Supplementary Product Attribute are 0.980, 0.968 and 0.977 respectively. In this study, all the Cronbach's alpha coefficients show a value higher than 0.07 meeting minimum acceptable requirement.

#### CONCLUSION

The existence of the customer is integral to the existence of the retailer. The ability to understand consumers is the key to developing a successful retail strategy. There has been a phenomenal change in the Indian consumer. Liberalisation and steady economic growth have been the main factors that have driven the change.

The study has taken the influence of product attributes on consumers' purchase intention. In product attributes, highest priority has been given to primary product attributes viz. Better Quality of product, Availability of preferred brand, Assortment of Merchandise.

Product promotional attributes viz. price-led promotions and unique merchandise has been rated next in priority while supplementary product attributes are deemed as less important. In case of store attributes, shopping enhancing factors are considered more vital than store service factors and store convenience factors.

In a nutshell it can be stated that combining attribute wise and product wise choice with demographic information will provide an improved understanding of consumers' preference for emerging retail formats, and further marketing program based on this understanding can enhance the effectiveness of retail choice. Retailers' perspective adds an extra feature highlighting not only the preferred retail mix strategies, but

also presents the format-wise preference of these marketing strategies.

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