“A STUDY OF PURCHASING ATTITUDE OF CONSUMERS TOWARDS ORGANIZED RETAIL FORMATS IN INDIA”

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ABSTRACT

In the day by day growing market scenario, retail marketing has become one of the major emerging trends in the entire economic cycle. Retail market provides consumer a basic platform to encounter with variety of goods. Retail marketing is the range of activities undertaken by a retailer to promote awareness and sales of the company's products under one roof. This is dissimilar from other types of marketing because of the components of the retail trade, such as selling finished goods in different quantities to the consumer or end user, usually from a fixed locality. Retail marketing consists of five basic pillars, first is saving the precious time of the customers, second is setting the precise prices of the goods for different quantities, third is establishing a connection with the emotions of the customers, fourth pillar is paying the right respect to the customers and lastly solving the problems of the customer is another pillar of retail. Retail marketing even focuses on satisfying the customers and maintaining a proper profit margin for the owner of the goods. India is currently the 9th largest retail market in the world. The Indian retail market is estimated at US$ 350 billion and organized retail accounts for merely 2% to 3% out of the total retail market in India. This, more than anything underlines the tremendous scope for growth in organized retailing in the years to come. The purpose of this study is to examine the impact of credibility, customer loyalty and service quality on the purchasing attitude of consumers towards retail formats. Through application of regression, the findings disclosed that these aforesaid factors have impacted the purchasing attitude of consumers.

KEYWORDS: credibility, customer loyalty and service quality, purchasing attitude.

INTRODUCTION

Over the past few years growth in Indian retail has been driven by the country's economic fundamentals. Rising number of nuclear families, trouble-free financing options, increase in the population of financially independent women as they are preferring to be work and emerging opportunities in the service sector during the past few years have been the prime growth drivers of the organized retail sector in India. Consumers are now interested towards growing preference for organized retail, resulting in increased penetration of market. Following are the factors that have and will continue to drive growth of the organized retail sector.

Consumers are motivated by a variety of factors when contemplating a purchase decision. While there are consumers that might simply view price as the most important factor to consider when choosing between competing products or services, there are also consumers that view factors other than those related to pricing as being crucial to the purchase decision Kotler (2008). Consumers generally prefer to choose a product that can offer value-added benefits and are often willing to pay for these types of products. Some stores might choose to differentiate their products through innovation, superior quality and quick turnaround time (Doyle 2002).

According to Garvin (1987), 8 attributes and features: These are additional features which also known as the bells and whistles of the product.

Product Quality – It means to incorporate characteristics that have a capacity to meet consumer needs/wants that gives customer satisfaction by improving products, goods and making them free from any imperfections or defects.

Performance - This refers to products prime operating characteristics.

Conformance - This described as the degree to which a product will operate properly over a specified period of time under stated environment of use.

Reliability: the possibility that will activate properly over a specified period of time under settled conditions of use.
Durability: It is the amount of use a customer gets out of use of a product before it bodily deteriorates or until replacement is preferable.

Serviceability: the hustle competency and courtesy of repair and renovate.

Aesthetics: How a product appeals to all the 5-senses of a human being.

Customer perceived quality: Customers perception towards a products quality based on reputation of the firm/organization.

Variety – If a retailer gives larger variety in product categories, it can improve the convenience of purchase in this way greater than ever customer satisfaction. Range of product selection can also help to diminish the perceived costs like effort and travel time.

Reliability- It refers to how much trust can be afforded by the supermarket staff and organization for example - accurate billing, Product quality, assured products etc. “Reliability refers to the promises certain by the store. If the store cannot keep the promises, it dissatisfies customers and results leads to depressing word-of-mouth. In distinction, when the company is able to maintain its promises, it increases customer self-belief in the store and creates customer satisfaction and lead to faithfulness”, (Yuen & Chan 2010).

After sales services – After sales services or the customer services refer to the number of the processes that make sure that customers are satisfied after buying the product from the store. Good customer services encourage positive worth of mouth which is important in current scenario of the market. C-stores though not established on the large scale make sure that their customers get the proper support after they buy the product. For example they offer free repairing of the product if it gets damaged in a week. This makes sure that customers develop faith in the store and remain loyal to it. The main question which has to be answered in case of after sales service is- Whether the customer is happy or not after buying the product?

Value for Money – Customer satisfaction is driven by perceived price or value. Though the concept of value is relative and has several dimensions to it, Zeithaml (1988) considers customers value as the overall assessment of the utility of a product is based up on perception of “what is received and what is given”. According to Dodds et al (1991), that customers perceptions of value represent a trade-off between the quality or benefit they receive in the product comparative to the sacrifice they supposed by paying the price. The perceived value process involves a trade-off between what the customer pay-off such as price/money, sacrifices, perceived risk, opportunity cost, and learning cost in exchange for what he/she receives such as benefits, quality, utilities (Yonggui Wang & Hing-Po Lo, 2002). One of the most recent researches in the work of Hume & Mort (2008) confirms that value or price quality is a positive predictor of satisfaction.

According to Ciavolino & Dahlgaard (2007), value for money is the perceived level of quality in compare to the price paid for a product or services. For customers value for money is based on competitive pricing of products, discounts awarded and promotions. Cronin & Taylor (1992) claimed that customer satisfaction is not only affected by customer services but also by price of the product and convenience towards the store and product. Additionally, numerous researches have been done on the value for money and the value attached to it by customers. These studies also point out the difference between price and quality and how they influence perceived cost, customer satisfaction and customer behaviour. Furthermore, Zeithaml (1988) asserted that, “customer value for money is the overall assessment of the utility of a product based on perceptions based on what is received and what is given”.

Staff Behaviour – Employees are core for any organized retail stores’ marketing strategy. In this paper, the authors make use of 2-elements namely friendly helpful workforce and knowledgeable & speedy performance to describe the personnel dimension. According to Gwinner et al (2005), the victorious implementation of stores marketing concept is to an vital degree dependent on the frontline employees because of their direct customer interaction.

Personnel Service – Quality will be measured using variables like personnel service, friendly staff, courteous and knowledgeable staff. The speed of solving problems is also an important variable. We also keep in mind the aptitude of personnel to propose personalize service such as being able to recognize frequent customers visit and even greet them by name.

Service quality – Service Quality is an important strategy for every organized retail store to survive in the competition in recent era. Because of the inherent nature of the service, customers perceive service quality differs in many ways. For this reason, many organizations consider service quality as a valuable tool since it has impact on organization’s strategic and financial performance (Paradise-Tornow,1991). Customer perceived service quality helps organized retail store to retain and attract new customers, boost productivity and market share, reduce operating cost, and reduce employee turnover through improving staff morale that ultimately enhance financial performance and profitability. Customer satisfaction has been a game changer for all organizations that work on business to consumer (B to C) model in this extremely competitive market, where there is cut throat competition with respect to every product. The organized retail formats is all set to become the next
boom industry in the upcoming years. As the per capita income is increasing so as the consumer spending budget which gives a boost to all the companies to remain in the market for the longer time period. The 8% of the retail sector which forms the organized part makes the service quality as their first priority. Service quality is defined as comparison of perceived expectations with the perceived performance. Service quality impacts the customers at different levels depending on the factors like tangibility, reliability, responsiveness, assurance, empathy etc. Quality service has been given a lot prominence as a major ingredient of customer satisfaction. In order to provide quality service the retail store should first of all understand customers and their expectations. Quality consists of a number of dimensions, which were categorized for services into 5-dimensions by Parasuraman et al. (1988) within the SERVQUAL measurement instrument. Finding was - Customers are valuable asset for any company that must be appropriately kept satisfied.

RATIONALE OF THE STUDY

The most significant aspect of this study is that all the necessary information from consumers having different types of demographic characteristics like age, income, education, occupation etc. regarding their preference towards quality, price, credibility, customer loyalty, facilities, discounts, loyalty, location etc. and above all service quality were collected. Further, these major parameters are tested. The association between various elements in form of variables is considered for the study. The term shopping frequency, for the purpose of this study means the number of times the customer visits the organized retail formats. An attempt has been made to study the association between these parameters as the retail stores is trying to enter the Indian organized retail industry to make the present Indian consumers more brand conscious because at present 60% of the Indian store basket consists of non-branded items.

LITERATURE REVIEW

Naik et. al. (2010) also applied SERVQUAL model in retail environment to identify the customer perceived service quality and satisfaction. The authors found that customers have Policy, Physical Aspect, Personal Interaction, Assurance, Problem Solving, Reliability, Product, Service Quality, Customer Satisfaction highest expectations on the promptness of service, accuracy of transactions, security issues and concerns; the customer’s lowest expectations are cleanliness, ambiance, etc. while staff performance was found to be satisfactory. The research also demonstrated that customers’ satisfaction is highest for promptness and speed of service along with accuracy of transactions at cash counters. They were also satisfied with the processing of transactions and efforts to expedite processing whenever the traffic at the counters increased. The lowest satisfaction levels were reported at the willingness of staff to assist customers in accessing facilities, assortments, information on products, stock positions etc.

Mukherjee, S. (2011) examines regarding the government policies of different countries including India in respect of unorganized and organized retail sector. The study examines whether, for the small and an unorganized retailer to sustain in this big fight the government provides a tight legal framework along with economic support. The study finds that small as well as big domestic retail chains had been helped by the governments of different countries (including India) through formulating appropriate policies over time, by providing capital support and/or formulating strict legislations to restrict entry of foreign retailers in their respective countries. In India, all the regulations regarding retail sector varies across states and their impacts are also heterogeneous since these regulations are still in state level and are being influenced by the existing political parties of different states.

Bernardo Balboni (2011) demonstrated the crucial role of retail service quality in his study as a key activator in the formation of customer loyalty to the store; the latter is understood in a conative and action sense. The results prove that customers consider retail service quality as a second-order dimension and recognized the main contribution of physical aspects and reliability first-order dimensions. The present study is the first to apply a specific RSQS scale to the Italian national context. Moreover, it provided useful information on the relationship between service quality and loyalty in organized retailing.

Daniella Ryding (2011) suggested the relative importance of service quality across two convenience store formats. The study indicated that within the store formats, customers expect value for money in terms of product quality, nutritional value and service quality. If these attributes are met in relation to the customers’ perceived risk, it is more likely that customer satisfaction and retention will occur. In difficult – competitive, social and economic circumstances, some sources indicated that there will be a trading down in customer shopping habits, with more customers expecting higher levels of service provision across a wider range of store formats, including the discounters. This study examined the relative importance of service quality for a quality-led retailer, compared to a discounter. Research findings demonstrated that despite the fact between the levels of service provided across quality-led stores, compared to discounters, is still evident that consumer expectations are rising in relation to the...
overall shopping experience, distinctions in relation to customers’ expectations.

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Reza and Barua (2012) discussed that organizations are facing pressure to deliver quality service to satisfy customers. In the retail business, intense competition forces organizations to differentiate their services through quality. This is why it is essential for the business to identify and measure the key service quality features that leads to customer satisfaction. In light of that, this study attempted to measure the impact of customer perceived service quality on customer satisfaction of the superstores in Bangladesh. Items of service quality were identified based on literature review. It was found that Reliability is the most important quality factor that has significant impact on customer satisfaction followed by Personal Interaction, Problem Solving, and Policy. Physical Aspect, Assurance, and Product have no significant effect on customer satisfaction. Therefore, superstores should increase their service quality focusing on physical aspect of the store and customer need.

Motwani D. (2013) has focused in his study that service quality is an important aspect for retailers to know about customers’ satisfaction and SERVQUAL model is the root way to measure the effectiveness of service quality. In his research he was identified a gap between expectation and perception of customers towards the organized retail outlets of Udaipur, which revealed dissatisfaction among customers. Z-test results projected the insignificance of differences it means gaps can be easily removed by improving the level of service quality.

Parikh (2016) concentrated on the assessing the internal reliability of the retail service quality instrument by evaluating the validity of the scale. Further, for improvements in retail service quality the study has concentrated on the gap analysis and identification of areas. The study found that the gap mode of service quality in terms of its factor structure does not perform as well as the perceptions based performance measures of service quality. The author has opined in order to compete successfully in the global market place, the retail stores in India will have to improve the quality of their services significantly.

Hisam et al. (2016) focused on shopping in India has undergone a revolution with the introduction of modern formats, multiple channels and huge shifts in consumer buying behaviour. Modern retailing has brought all the products under one roof and it is easy for customers to make their choices. Several studies have shown that customer satisfaction in retailing depends to a large extent on the perceived quality of service offered by the retailer. This study aimed to understand the importance and impact of service quality on the satisfaction of customers in selected retail stores in 3 Indian cities using SERVQUAL and GAP models. The study also looks at the various service quality models and tries to assess their relative importance in successfully measuring service quality. Weighted averages and analysis of variance is applied in relevant places in order to critically examine the customers’ perception towards service quality which will ultimately contribute information for the growth of performance of the organized retail outlets.

OBJECTIVES OF THE STUDY

➢ To examine the impact of credibility of products, customer loyalty and service quality on the purchasing attitude towards organized retail formats.

RESEARCH METHODOLOGY

Research Design: The research is descriptive.
Sampling method: Convenient sampling method was used.
Sample Size: 598 consumers were selected.
Instrument Scale: Through self-constructed questionnaire data was collected.
Sample Area: The population for the study was included all the four districts as Gwalior, Bhopal, Indore and Jabalpur of Madhya Pradesh.
Statistical Tool: Correlation & Regression on SPSS 20.0
RESULTS AND FINDINGS

H₀₁: Credibility of Products does not relate to the purchasing attitude towards organized retail formats.

Table 1: Model Summarya On Credibility of Products and Purchasing Attitude towards Organized Retail Formats

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R Square Change</td>
<td>F Change</td>
</tr>
<tr>
<td>1</td>
<td>.397</td>
<td>.158</td>
<td>.156</td>
<td>1.96856</td>
<td>.158</td>
<td>111.764</td>
</tr>
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</table>

a. Predictors: (Constant), Credibility of Products
b. Dependent Variable: Purchasing Attitude

The above table exhibits the correlation between credibility of products and purchasing attitude towards organized retail formats. The correlation value is .397 between credibility of products and purchasing attitude towards organized retail formats indicating moderate correlation and is significant at .000<0.05. Hence, it is accepted that the consistency between credibility of products and purchasing attitude towards organized retail formats is significant. The value of regression is .158 means that 15.8 per cent variance is explained in purchasing attitude by credibility of the products. The value of Durbin Watson is 1.825 higher than the tabulated value (1) so both variables are auto correlated means that a unit increase in credibility of products (independent variable) resulted into increase in purchasing attitude towards organized retail formats (dependent variable). Therefore, the hypothesis namely; ‘Credibility of Products does not relate to the purchasing attitude towards organized retail formats’ is rejected and concluded that Credibility of Products relate to the purchasing attitude towards organized retail formats positively.

H₀₂: Customer Loyalty does not relate to the purchasing attitude towards organized retail formats.

Table 2: Model Summaryb On Customer Loyalty and Purchasing Attitude towards Organized Retail Formats

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>Durbin-Watson</th>
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<td></td>
<td>R Square Change</td>
<td>F Change</td>
</tr>
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<td>.022</td>
<td>.021</td>
<td>2.12110</td>
<td>.022</td>
<td>13.628</td>
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</tbody>
</table>

a. Predictors: (Constant), Customer Loyalty
b. Dependent Variable: Purchasing Attitude

The above table exhibits the correlation between Customer Loyalty and purchasing attitude towards organized retail formats. The correlation value is .150 between Easy Return Policy and purchasing attitude towards organized retail formats indicating weak correlation and is significant at .000<0.05. Hence, it is accepted that the consistency between Customer Loyalty and purchasing attitude towards organized retail formats is significant. The value of regression is .044 means that only 2.2 per cent variance is explained in purchasing attitude by Customer Loyalty. The value of Durbin Watson is 1.826 higher than the tabulated value (1) so both variables are auto correlated means that a unit increase in Customer Loyalty (independent variable) resulted into increase in purchasing attitude towards organized retail formats (dependent variable). Therefore, the hypothesis namely; ‘Customer Loyalty does not relate to the purchasing attitude towards organized retail formats’ is rejected and concluded that Customer Loyalty relates to the purchasing attitude towards organized retail formats positively.
**H03:** Service Quality does not relate to the purchasing attitude towards organized retail formats.

**Table 3: Model Summary on Service Quality and Purchasing Attitude towards Organized Retail Formats**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>Durbin-Watson</th>
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<td>55.504</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Service Quality  
b. Dependent Variable: Purchasing Attitude

The above table exhibits the correlation between Service Quality and purchasing attitude towards organized retail formats. The correlation value is .292 between Service Quality and purchasing attitude towards organized retail formats indicating weak correlation and is significant at .000<0.05. Hence, it is accepted that the consistency between Service Quality and purchasing attitude towards organized retail formats is significant. The value of regression is .085 means that only 8.5 per cent variance is explained in purchasing attitude by Service Quality. The value of Durbin Watson is 1.881 higher than the tabulated value (1) so both variables are auto correlated means that a unit increase in Service Quality (independent variable) resulted into increase in purchasing attitude towards organized retail formats (dependent variable). Therefore, the hypothesis namely; ‘Service Quality does not relate to the purchasing attitude towards organized retail formats’ is rejected and concluded that Service Quality relates to the purchasing attitude towards organized retail formats positively.

**DISCUSSIONS & CONCLUSION**

The findings indicated that these factors are contributing in the attitude of consumers towards organized retail formats. Consumers prefer to buy from the retail store because of certain store attributes like Display/Visual Merchandise and store ambience. It is also seen that merchandising affects the perception of consumers towards retail format. The findings revealed that Customer Loyalty programs/club membership attracts me, availability of well known branded merchandise and Shopping from organized retail formats provides a utility and psychological satisfaction in terms of, high self-esteem.

The study found that Service Quality is also related to the purchasing attitude towards organized retail formats. Regarding ranked by the consumers, the study found that convenience is given first ranked followed by time saving, attractive offers, product delivery, return policies, security, mode of payment and personal information privacy. All these dimensions have significant impact on their purchasing attitude towards retail formats.

Yadav et al (2016) explained the growth and transformation of retail market in India, on one side creating a better shopping experience and other side it is creating a lot of pressure on unorganised retailers. The result of the study showed that small neighbourhood kirana shop owner perceived that their profit is negatively affected, their operational cost is increased to meet the higher service quality expectation of the customer but the result do not show significant negative impact on their employment due to growth of convenience organized retail stores such as Big Bazaar, Reliance, Supermarkets.

**SUGGESTIONS**

- Product quality is of prime importance and the consumers look towards store brands for good quality. Therefore the retailers should strive to maintain good quality standards in the store brand merchandise. It can be lead to increase in customer loyalty.
- Pricing is a major determinant for differentiating from competing brands and to generate preference towards store brands. This is because consumers expect to get good quality at a fair price when they buy store brands.
- The retailers should therefore set the price at a level where the consumers feel that they are getting much more than what they are paying for. Promotion of store brands is vital for their success.
- The retailers should promote their store brands, especially at the selling points, in order to create awareness as to why customers should purchase them in preference over national brands.
- Proper placement of store brands in the store and on the shelves is quite important for drawing the attention of consumers. Significantly the central position is more effective in both vertical and horizontal display of merchandise.
The Marketing strategies of retailer’s are very important tools for improving the value of retail business and to enhance the sales of organized retail outlet. Strategies of retailers are: Retention strategies like understanding the consumers, customer delight, store image better environment, attractive merchandising and loyalty programs and customized technology.

Promotional strategies like customer segmentation, personal selling, advertising, entertainment facilities and after sales service.

Image improvement strategies like franchise/joint venture and training sales personnel.

To increase customer loyalty, like free gifts, discounts options and festival offers should be promoted. Competitive strategies like competitive pricing and public relation. Retailers might have to be patient and make consistent investments in terms of both money and effort to sustain and grow their store brand business. The dominance of national brands demands extra effort on the part of retailers to successfully promote their store brands.

REFERENCES