"A Strategic Analysis of Customer Purchase Intentions Towards Store Brands in Contemporary Retail Organizations"

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Abstract:

Over the past few decades, the retail industry has undergone significant transformation, reaching new heights of development. It is currently experiencing rapid and unprecedented changes. The combination of economic downturns and technological advancements is accelerating the evolution of the retail sector. Consumer expectations regarding products and services, their perceived value, and the shopping environment have changed drastically compared to just five years ago, becoming far more sophisticated. These evolving trends are creating challenges for some retailers, while offering innovative opportunities for others. Overall, the global retail industry is poised for a dynamic and eventful phase of growth and competition.

In this context, it becomes essential to study customers' purchase intentions toward store brands across various national retail chains. This research focuses on analyzing the factors influencing customers' purchase intentions toward store brands in Andhra Pradesh, a state that was formed following its separation from Telangana in 2014

Key Terms— Sample Design, Sampling Frame, Sample Size, Reliability, Chi-square, Shopping Frequency, Modern Retailing.

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INTRODUCTION ON RETAIL INDUSTRY

The retail industry considers every individual as a customer. This industry accounts for more than 10% of the global workforce and is one of the largest industries in many countries. The common ideology works among Wal-Mart, Big Bazaar, Flipkart, and the neighborhood kirana stores. The answer is retailing. In a distribution chain, retailing is the last component. Consumer good distribution starts at the end of manufacturer and concludes finally with the consumer. The countries with great economic as well as social developments are those with a strong sector of retailing. Why has retailing gained such prominent business line? Thereby the answer is the huge bouquet of benefits offered by the retail sector owing to its access to various product varieties, autonomy to choose, and enhanced levels of customer services.

Tough competition and better value to customers originate from the ease of entering into the retail sector. Entering a retail business is easy, failing is easier[i]. Therefore, to be active and alive in retailing, a retailer must perform an agreeable job as the primary consideration i.e., serving its customers.

RESEARCH GAP

Most of the research on store brands has been conducted in the United States and various European markets, while studies in India remain limited, as store brands are still in the early stages of development. In India, store brands are neither well-established nor widely accepted yet. Furthermore, very few studies have focused on understanding customers' purchase intentions toward store brands, which is more important than merely studying consumer attitudes, because attitudes alone do not accurately reflect a consumer's actual intention to purchase a product.

OBJECTIVES OFRESEARCH

The study aims at predicting the purchase intention of customers on store brands. To be specific we can look at the following objectives.

1. To find out the reasons for Preferring Modern Retail Stores in the state of Newly formed Andhra Pradesh.
2. To identify the average time spent by the consumers in the stores.
3. To examine the shopping frequency of respondents of A.P, through the three cities.
4. To examine the shopping behaviour of customers towards modern retailing organizations

Hypotheses

H_01:   Choice of store location doesn't significantly affect the purchase customer's shopping behavior at latest retail stores.

SAMPLE DESIGN

The sample is defined as a small part of the entire population. In many cases, researchers conduct studies on samples rather than on the entire population because of some inherent difficulties. A presumption of comprehensive coverage of all items where not evena single item is left, assures the high accuracy obtained.

Population of the Study

Setting objectives is the initial step of any sample design. Population for the study comprisesof customers of modern retailing organization in the three cities of Andhra Pradesh viz., Visakhapatnam, Vijayawada and Guntur, in India.

Sampling Frame

Sampling frame of the study consists of customers of the top three corporate hypermarket chain stores namely Big Bazaar, Reliance Mart and Spencer's Retail in three cities of Andhra Pradesh namely, Visakhapatnam, Vijayawada and Guntur who belong to middle or higher socioeconomic class and are above 18 years old.

Technique of Sampling

Sampling is a technique of selecting a sample. There are two broad ways of selecting a sample. They are (i) Probability sampling technique and (ii) Non-probability sample technique. For the present study, technique of convenience sampling ischosen because of its advantages. Systematic non randomsampling also has certain advantages and can be considered as an improvement when compared withsimple non random sampling.In comparison it is a bit easier and less expensive sampling methodwhich can be in case of large population also.

Sample Size

This refers to the number of items to be selected from the universe to constitute a sample. Sample size has direct bearing on how accurate the findings are relative to the true values in the population. Therefore, determining an appropriate sample size for this research was considered to be a paramount importance. An optimum sample size fulfils the reliability, validity.

Nearly 30,000 customers visit the retail stores chosen in the selected locations, during the weekdays (Monday to Friday) and the figure plunges to as high as 55,000 including Saturdays

and Sundays, which means the population of the study in infinite. As per the earlierstudies of marketing research, size of minimum sample required in case of infinite population (above 50,000) was calculated with the help of the formula as below (Godden, 2004)

Where,

$$n = Z^2 \times p(1\text{-}p) \ / \ M^2$$

n   =   Sample Size for infinite population (more than 50,000)

Z   =   Z value for the confidence level desired by the researcher

p   =   Proportion of Population (indecimal)   (assumed   0.5 (ie.,50%), since this can provide maximum sample size)

M   =   Margin of error, 5% (ie.0.05)

For the purpose of the present study, it is assumed that Z=1.96 fr 95 percent confidence interval, p is 0.5, and M is 0.05.

Size of sample (n) = 1.96^2 x 0.5(1-0.5) / 0.05^2

= 3.8416 x 0.25 / 0.0025

= 384.16

With reference to the calculation above a minimum sample size of 450 respondents is considered for the study. However, an increasein the sample size can contribute in reduction of sampling error.

Table 3.1   Composition of Sample Collection

Name of the Location	Number of Stores (Approached)	Number of Stores (Surveyed)	Number of Customers Surveyed	Number of Surveys Usable
Visakhapatnam	5	3	160	149
Vijayawada	6	3	160	147
Guntur	5	3	160	154
Total	**16**	**9**	**480**	**450**

RELIABILITY TEST

Reliability is tested using Cronbach Coefficient Alpha test which is one among widely followed methodsin evaluation ofreliability scale of measurement with items at multi-points.**(Peterson 1994).**Co-efficient reflecting homogeneity among the set of items, varies

between 0 and 1. Further, reliability is relatively good with a co-efficient value at 0.07. The following are the results of Cronbach Alpha test conducted on Likert-type questions

SHOPPING BEHAVIOUR OF CUSTOMERS

Studies on customers' behavior in retail typically include identifying customers and their purchase patterns. The objective of such studies is to examine who buys where, what, when and how. Such studies are gaining significance in marketing research. The findings of such studies are useful in finding solutions to varieties of marketing problems for retailers. The below analyses provide insights on shopping frequency of the respondents at modern retail stores, stores usually visited by them, reasons for preferring modern retail stores, perceived benefits of shopping at modern retail stores and their overall opinion on shopping at the modern retail organizations.

## Shopping Frequency of Respondents

Table

Firstly, the survey explored the shopping frequency of the respondents at modern retail stores in general. 93% of the respondents are active shoppers, whereas only 7% rarely shop at these stores. Thus, only those respondents who are found to be active in shopping were further surveyed.

Reasons for Preferring Modern Retail Stores

<table>
<tr><td colspan="10">Table 5.6</td></tr>
<tr><td colspan="10">Reasons for Preferring Modern retail Stores</td></tr>
<tr><td rowspan="3">#</td><td rowspan="3">Reason</td><td colspan="6">Store</td><td colspan="2" rowspan="2">Total</td></tr>
<tr><td colspan="2">BB</td><td colspan="2">RR</td><td colspan="2">SR</td></tr>
<tr><td>No.</td><td>%</td><td>No.</td><td>%</td><td>No.</td><td>%</td><td>No.</td><td>%</td></tr>
<tr><td>1</td><td>Save money</td><td>23</td><td>16.9</td><td>35</td><td>24.3</td><td>31</td><td>21.7</td><td>89</td><td>21.0</td></tr>
<tr><td>2</td><td>Quality products</td><td>31</td><td>22.8</td><td>31</td><td>21.5</td><td>32</td><td>22.4</td><td>94</td><td>22.2</td></tr>
<tr><td>3</td><td>Fun shopping</td><td>27</td><td>19.9</td><td>38</td><td>26.4</td><td>34</td><td>23.8</td><td>99</td><td>23.4</td></tr>
<tr><td>4</td><td>One-stop shop</td><td>22</td><td>16.2</td><td>16</td><td>11.1</td><td>18</td><td>12.6</td><td>56</td><td>13.2</td></tr>
<tr><td>5</td><td>Status</td><td>14</td><td>10.3</td><td>8</td><td>5.6</td><td>10</td><td>7.0</td><td>32</td><td>7.6</td></tr>
<tr><td>6</td><td>Varieties of products</td><td>16</td><td>11.8</td><td>11</td><td>7.6</td><td>9</td><td>6.3</td><td>36</td><td>8.5</td></tr>
<tr><td>7</td><td>Others</td><td>3</td><td>2.2</td><td>5</td><td>3.5</td><td>9</td><td>6.3</td><td>17</td><td>4.0</td></tr>
<tr><td colspan="2">Total</td><td>136</td><td>100</td><td>144</td><td>100</td><td>143</td><td>100</td><td>423</td><td>100</td></tr>
</table>

It is found from the above table that, fun shopping (98%), quality products (94%) and money-saving (89%) are the chief reasons for shopping at these modern retail stores.

Figure: Reasons for Preferring Modern Retail Stores
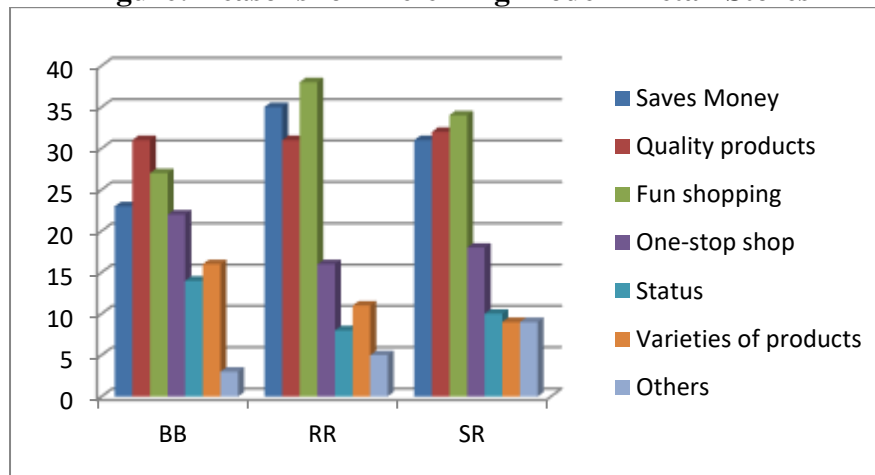
Time Spent (on an average) in the Store

Time Spent in Store

#	Time	BB		RR		SR		Total	
		No.	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
1	Less than half-an-hour	34	25.0	40	27.8	35	24.5	109	25.8
2	Nearly 1 hour	45	33.1	49	34.0	52	36.4	146	34.5
3	Nearly 2 hours	44	32.4	44	30.6	47	32.9	135	31.9
4	More than 2 hours	13	9.6	11	7.6	9	6.3	33	7.8
	Total	136	100	144	100	143	100	423	100

67% of the respondents are found to be spending 1-2 hours shopping at modern retail stores, while only 8% are spending more than 2 hours.

Figure: Time Spent at the Store
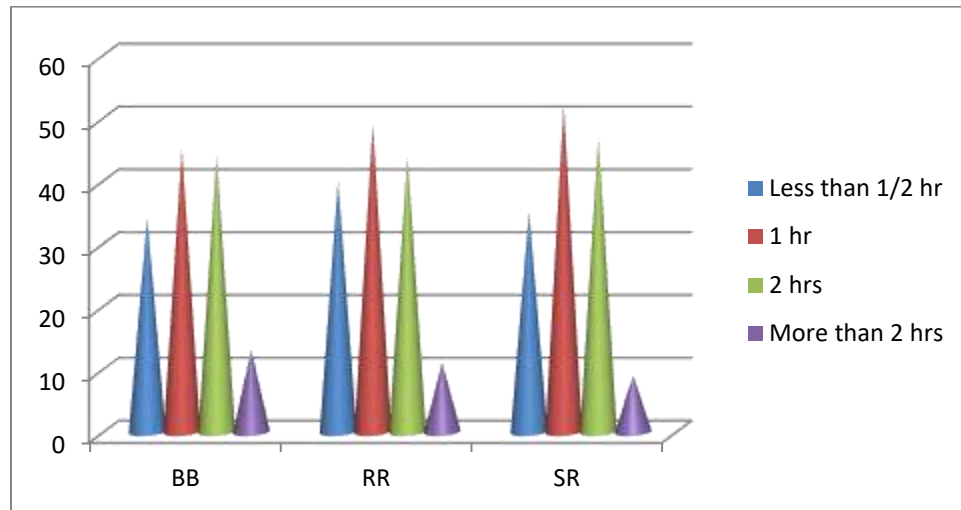
Choice of store location and customer's perceptionon shopping in modern retail stores.

An attempt is made here to check whether choice of store location has any affect on perception if customers towards shopping at modern retail stores. Chi-square is applied for the purpose of testing the hypothesis H_1.

Table: Chi-square Analysis for Testing H1
CrosstabCount

		Location			Total
		VSKP	VJW	GNT	
Type	1	28	29	35	92
	2	23	33	34	90
	3	33	41	33	107
	4	24	14	15	53
	5	11	11	10	32
	6	20	7	10	37
	7	5	5	2	12
Total		144	140	139	423

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.893[a]	12	.154

	Value	df	
Likelihood Ratio	16.817	12	.157
Linear-by-Linear Association	7.791	1	.005
N of Valid Cases	423		

a. 3 cells ie.,(14.3%) have expected a count less than 5. The minimum expected count is 3.94.

Inference: Choice of store location andperception of customers shopping at modern retail stores are independent.

Type * StoreCrosstab

Count

		Store			
		BB	RE	SP	Total
Type	1	25	35	32	92
	2	24	31	35	90
	3	31	38	38	107
	4	20	16	17	53
	5	15	8	9	32
	6	17	11	9	37
	7	4	5	3	12
Total		136	144	143	423

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.084[a]	12	.522
Likelihood Ratio	10.818	12	.545
Linear-by-Linear Association	6.017	1	.014
N of Valid Cases	423		

a. 3 cells (14.3%) have expected count less than 5. The minimum expected count is 3.86.

Inference: Choice of store location andperception of customers shopping at modern retail stores are independent.

H_01 is accepted here.

FINDINGS OF THE STUDY

1)   Most of the respondents are active shoppers, shopping regularly at modern retail stores every week or every monthly.

2)   Most of the respondents shop at modern retail stores for shopping is entertaining, availability of quality products and they can save money.

3)   A good majority of the respondents spend at least 1-2 hours shopping at modern retail stores. However, hardly few spend more than 2 hours.

4)   Groceries, packaged-food and personal-care products are the most bought items at modern retail stores. Fruits & vegetables and apparels come next, while the share of consumer durables is very minuscule.

5)   Though a good number of the respondents make planned visits to the stores, a majority of them visit just to pass time.

6)   Bulk of the respondents opined that modern retail stores offer benefits like availability of wide varieties of products and gaining a rich shopping experience. However, only a few of them said, it is money-saving factor.

7)   Most of the shoppers expressed positive views on modern retail stores citing the factors like store offering products for all their needs, store having attractive and informative displays and store providing modern amenities. For a few of them, it's the right shopping ambience. However, only a handful of them cited store being conveniently located to them.

SUGGESTIONS

  The study found that most of the respondents visit the modern retail stores in order to pass their time, which means they are not serious shoppers. Hence, it is suggested that retail stores must convert time-pass visitors into serious shoppers, For this it is essential to first understand reasons for people not buying. For example, long lines, items out-of-stock, poor sales assistance and poor merchandise are some reasons. Similarly, stores must properly employ staff on floor when more prospects are in store. Also, stores must set conversion targets to sales staff for improving sales.

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