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RESEARCH PAPER

Consumers perception towards modern retail store image

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ABSTRACT

The organized retail business in its new 'Avatar' began its growth story in the country only after the liberalization of the economic policies. The operations of organized retailers have been spearheading and form a niche segment. The overall retailing registers an annual growth of 30 to 40 per cent. A major proportion of retailers of organized sector are food category consisting of 11 per cent food and grocery and 7 per cent food and beverage. The retail sector of India handles about $250 billion every year, and is expected by veteran economists to reach to $660 billion by the year 2015. The business in the organized retail sector of India, is to grow most and faster at the rate of 15-20 per cent every year, and can reach the level of $100 billion by the year 2015. Consumers' perceptions on 44 attributes pertaining to modern retail store image considered in the study. Factor analysis was done using SPSS 16.0 package. The KMO measure of sampling adequacy is 0.839, which indicates the suitability of the collected data for factor analysis. The perception of consumers' about the modern retail store image dimensions revealed 26 significant attributes and the top three factors perceived by the consumers were product choice, market access and hygiene in that order.

KEY WORDS : Organised retail, Liberalization, Consumers' perception, Factor analysis

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Indian market has high complexities in terms of a wide geographic spread and distinct consumer preferences varying by each region necessitating a need for localization even within the geographic zones. India has highest number of outlets per person (7 per thousand) Indian retail space per capita at 2 sq ft (0.19 m^2) person is lowest in the world Indian retail density of 6 per cent is highest in the world. 1.8 million households in India have an annual income of over Rs. 45 lakh (US$81,900). While India presents a large market opportunity given the number and increasing purchasing power of consumers, there are significant challenges as well given that over 90 per cent of trade is conducted through independent local stores. The challenges include geographically dispersed population, small ticket sizes, complex distribution network, little use of IT systems, limitations of mass media and existence of counterfeit goods.

The operations of organized retailers have been spearheading and form a niche segment. The projections carried out by reputed agencies, indicate that 5 to 6 per cent of the overall retailing register an annual growth of 30 to 40 per cent. A major proportion of retailers of organized sector is food category consisting of 11 per cent food and grocery and 7 per cent food and beverage (Marketing Whitebook, 2009) embarking a significant impact on the consumption centres and livelihoods of farmers. India's population pyramid shows that young age with income earning capability is a potential attraction, to seek convenience and less concerned about saving, though they are value conscious

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inclined towards mall culture. Population of working women increased to 18 per cent in 2005 when compared to 12 per cent in 1991. Increasing proportion of working women means kitchen getting redefined as wells as increasing demand for more processed/semi-processed food, convenience seeking pre-mix, time saving recipes etc. They prefer one-stop shopping, speed, and efficiency of purchases, which lack in traditional system of purchases.

A shift from traditional stores to modern retail store:

Shopping habits of Indian customers, shopping priorities, decision-making approach and decision makers are changing. Riding on this phenomenon, consumers are shifting from traditional Kirana stores (Mom and Pop stores) and street side vendors to malls, supermarkets and hypermarkets. A pollution free, air-conditioned shopping ambience in the malls is preferable to the heat, humidity, noise and air pollution associated with road-side and way side shopping. For the consumers lacking confidence on bargaining and preferring to avoid crowded places and crammed market spots, shopping malls come in handy. India's urban population is projected to become 38.2 per cent of total population. The shopping pattern changes juxtaposed with the urban population. Development of India as a sourcing hub shall transform India as an attractive opportunity for the global retailers. Movement of third party buying offices to establishing their own wholly owned/wholly managed sourcing and buying offices shall make India an attracting retail opportunity for the global players.

Organized food retailing :

The organised retail business in its new 'Avatar' began its growth story in the country only after the liberalisation of the economic policies. Initially, this industry showed a great promise, making rapid strides along its growth path but with the global recession of 2008 impacting the domestic retail scenario, a few major players have downed the shutters. However, the organised retail market appears to be poised on a phase of consolidation with mergers and acquisitions. The outcome of the policy debate on FDI in multi-brand retail could impact the growth trajectory of the industry.

The organised retail which accounts for 5 per cent of the total retail trade is poised to grow at an annual rate of around 11 per cent and is likely to touch business levels of 53,000 billion by 2020. Agri-food retailing accounts for 18 per cent of the organised retail today and is likely to have a lower share (12%) by 2020. Modern retail industry has tremendous potential to generate direct and indirect employment. The study has forecast employment potential at 1.88 lakh persons directly in 2020, with huge indirect employment generation down the chain. The study report points out that of the employment potential, nearly half will be for skilled manpower but given the infrastructure in the country for education and vocational training, sourcing such skilled manpower for the industry should not be a problem. The main objective of the research study is to analyse the factors influencing consumer's perception on modern fruits and vegetable retail store image.

METHODOLOGY

The different types of modern retailers in the Coimbatore city can be broadly classified into four categories *viz.*, National Corporate Retail Chains (NCRC)-Reliance Fresh, Regional Corporate Retail Chains (RCRC) Shri Kannan Departmental Store, Private Sector Specialized Stores (PRSS)-Pazhamudhir Nilayam and Public Sector Specialized Stores (PUSS)-Uzavar Santhai (Farmers Market) adopting the classification of NABARD (2011). One retail outlet from each of retail type stores as sample for conducting the study accordingly four outlets from five different store types of retailer and outlet were selected for the study based on the relatively maximum volume of sales with respect to fruits and vegetables. Among the consumers who visited each sample fruits and vegetables retail store outlet, eighty customers were selected. Targeted eighty sample respondents' from each of the selected sample retail store outlets. Hence, the total sample respondents from the retail stores considered for the study was 320. The primary data were collected through interview schedule at the selected sample retail store outlets in the city of Coimbatore. The consumers were approached randomly to participate the survey. Respondents were contacted at a designated spot outside the main entrance of the retail outlet after their purchases were approached to participate in the survey (Phau and Teah Min, 2009). The data were collected through a well structured and pre- tested interview schedule.

In order to understand the important variables that influence the perception of consumers on the retail stores image for an ideal fruits and vegetables store outlet, factor analysis was attempted. Factor analysis is a statistical approach used to analyze interrelationships among a large number of variables and to explain the variables in terms of their common underlying dimensions (factors). The statistical approach involves finding a way of condensing the information contained in a number of original variables into a smaller set of dimensions (factors) with a minimum loss of information (Hair *et al.*, 1998). To identify the relationship among the variables that influence and determine the consumers' perceptions of their favourite store, factor analysis was applied. To start with 44 statements that described the attributes of modern retail store image were prepared based on the opinion of experts like retail store managers, fruits and vegetable category heads, faculties in corporate retailing and published literatures in reputed

journals. Consumers' perceptions on 44 attributes pertaining to modern retail store image considered in the study are presented in the interview schedule. These attributes that were perceived by the respondents' were quantified in a 5 point Likert's scale continuum, namely strongly disagree, disagree, neutral, agree and strongly agree (from 1 for strongly disagree to 5 for strongly agree). Factor analysis was done using SPSS 16.0 package. To test the sampling adequacy, Kaiser-Meyer-Olkin measure of sampling adequacy was calculated. Principal component analysis was employed for extracting factors. Orthogonal varimax rotation was applied. The variables whose communalities were greater than 0.50 were retained. The factors with Eigen- values greater than 1.0 were considered and the analysis was done.

Consumer perceives a retail store image as a bundle of attributes like convenience, variety and choice, product price, non-seasonal availability, packaging, cleanliness, freshness etc., and the buying decision or choices among the stores largely depended on a combination of these attributes. Number of different store values such as merchandise assortment, merchandise quality, service in general, personnel, store lay-out, convenience, cleanliness and atmosphere are significant in the consumer's evaluation of stores. It is therefore necessary to research and understand what are the important variables that are influencing the perceptions of consumers on the retail stores image.

ANALYSIS AND DISCUSSION

The results of the factor analysis are discussed in this chapter. The adequacy of data was tested on the basis of Kaiser-Meyer-Olkin (KMO) measures of sampling adequacy and Bartlett's test of sphericity (homogeneity of variance). The KMO measure of sampling adequacy is 0.839, which indicates the suitability of the collected data for factor analysis. This is a goodness of fit co-efficient whose value varies between 0 and 1 and values over 0.6 indicate data reduction is effective. Similarly, Bartlett's test of sphericity is significant ($p < 0.0001$), which indicates the existence of sufficient correlation between the variables to proceed with the analysis.

Varimax rotation was applied for the 44 variables. The factor loadings of the 44 variables were then observed and were grouped into 10 factors. It could be inferred that in the first iteration, a total of 10 components were extracted with 64.59 per cent of the total variance explained.10 components with the Eigen value more than 1were selected. The individual per cent for the 10 factors of were 19.32, 13.82, 6.69, 5.11, 3.96, 3.76, 3.42, 3.04, 2.84 and 2.57, respectively. From correlation matrix, factors with factor loadings = 0.6 were considered as significant under each factor. Factor I had five variables with maximum loadings namely 'loyalty of store' (0.876), 'mixed category' (0.781), 'exotic products' (0.742), 'reasonable price' (0.715) and 'self-weighing' (0.669). The factor 1 is termed as "product choice". Factor 2 showed high loading on four variables such as 'public transportation to go to store' (0.813), 'parking facility' (0.755), 'location of store' (0.662)and 'number of neighbouring stores' (0.616). All the attributes covered by factor 2 is named is "market access".

Factor 3 showed high loading on five attributes such as 'free of unpleasant odour' (0.761), 'general cleanliness of store' (0.723), 'workers hygiene' (0.690), 'fresh produce' (0.651) and 'proper handling' (0.608) and named "hygiene factor". The Factor 4 showed high loading on the variables such as 'good lay out' (0.695) and 'self service facility' (0.601) and termed as "customer friendliness". Factor 5 showed high loading on the safety attributes such as 'chemical / pesticide smell free' (0.755) and 'biological infections free' (0.753) named "food safety factors". Factor 6 showed high loading on two variables namely 'frequent refilling' (0.685) and 'product cleanliness' (0.631) named as "food quality factor". Factor 7 showed high value in two attributes such as 'credit card facility' (0.750) and 'price display' (0.710) and termed as "convenience factor". Factor 8 showed high loading on 'wider merchandise' (0.703) and 'credibility of the product' (0.635). The factor has been called as "product scope factor". Factor 9 showed high loading on, 'good display of product' (0.808) and which is named as "visual merchandise factor". Factor 10 showed high loading on labelling (0.745) and the factor was termed as "traceability factor", in his study on the responses and patronage of various retail formats, especially in food and grocery purchase. They also studied the differences perceived by the consumers between kirana and modern retailers.

Conclusion:

The perception of consumers' about the modern retail store image dimensions revealed 26 significant attributes and these were ranked. Naming of factors and ranking of variables are presented in the Table 1. The top three factors perceived by the consumers were product choice, market access and hygiene in that order. The product choice, market access and hygiene were found to influence the consumer perception of modern fruits and vegetable retail store. The retail chain must ensure that these three aspects are given priority while designing the store format and should communicate these features to the consumers. The modern fruits and vegetable retail stores though bestow attention for providing wider merchandise of product, they need to bestow attention to personalized service and convenience factor in their store formats, so as to improve their competitive advantage. So, there is a greater scope for exclusive modern fruits and vegetable retail chains. The government should facilitate the growth of such modern fruits and vegetable retail

Table 1: Naming of factors and ranking of variables

Variables	Factors									
	I product choice	II market access	III hygiene	IV customer friendliness	V food safety	VI food quality	VII convenience	VIII product scope	IX visual merchandising	X traceability
Loyalty of store	0.876									
Mixed category	0.781									
Exotic products	0.742									
Reasonable price	0.715									
Self weighing	0.669									
Public transportation to go to store		0.813								
Parking facility		0.755								
Location of store		0.662								
Number of neighbouring stores		0.616								
Free of unpleasant odour			0.761							
General cleanliness of store			0.723							
Workers hygiene			0.690							
Fresh produce			0.651							
Proper handling			0.608							
Good lay out				0.695						
Self service facility				0.601						
pesticide smell free					0.755					
Biological infections free					0.753					
Frequent refilling						0.685				
Product cleanliness						0.631				
Credit card facility							0.750			
Price display							0.710			
Wider merchandise								0.703		
Credibility of product								0.635		
Good display of product									0.808	
Labelled products										0.745

chain through Public Private Partnership (PPP) and revamping the existing public infrastructure such as Uzhavar Santhai (Farmers' Market), Raithu Bazzar and Farmers Shandy.

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