



A STUDY ON CUSTOMER SHOPPING BEHAVIOUR IN RETAIL SECTOR

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ABSTRACT

The growing Indian retail market has attracted a number of foreign retailers and domestic corporates to invest in this sector. But the entry of foreign retailers is currently restricted by the Indian Government for protecting the large segment of domestic retailers. Before these restrictions are lifted there exists an opportunity for Indian retailers to equip themselves in facing competition from foreign players. The need to understand how customers shop and address their expectations on par with foreign retailers is the key for Indian retailers to compete strongly with foreign retailers. offers a more pleasant shopping experience, this fosters a good mood, resulting in greater spending. Apart from store choice factors, store atmospherics, as they impact on perceptions of shopping as a fun and enjoyable experience, are an important strategic tool in proper management for competitive advantage. Thus, in terms of modern retail context, the purpose of current research is to gain an insight into the formation of store satisfaction and loyalty. This importance of gaining a better understanding of loyalty is underscored by the impact of retail sector on the Indian economy.

Key words: Retailing, Marketing, Shopping, global economy

INTRODUCTION

The global economy is now two years into recovery. World real GDP growth is forecast to be about 4.5 per cent in 2011 and 2012, down modestly from 5 per cent in 2010 (Table 1.1). Real GDP in advanced economies and emerging and developing economies is expected to expand by about 2.5 per cent and 6.5 per cent, respectively (International Monetary Fund, 2011). According to International Monetary Fund, the pace of recovery is geographically uneven. In advanced economies, investment is recovering with the rebound of industrial production and consumption is being spurred by reduced job layoffs, the gradual recovery of employment, and previously postponed purchases of durable goods. Activity in emerging and developing economies is being boosted by accommodative macroeconomic policies, rising exports and commodity prices, and in several capital inflows. World retail sales are going strong in emerging market economies and have bounced back in advanced economies, led by the United States. The outcome of the end of recession has brought

REVIEW OF LITERATURE

Bloemer (2012) identify that a number of authors use advanced outcome-type definitions of satisfaction. According to these definitions, satisfaction can be perceived as a state of fulfilment, which is connected to reinforcement and arousal. Several outcome-types exist, according to the satisfaction-as-states framework developed by Oliver (1989). Based on level of reinforcement and degree of arousal the following end states of satisfaction have been advanced: satisfaction-as-contentment, satisfaction-as-pleasure, satisfaction-as-relief,

Keiningham, Munn, and Evans (2013) academics have accepted the premise that customer satisfaction results in customer satisfaction has attracted significant research interest for more than three decades. In particular, researchers have examined theoretical and conceptual underpinnings of customer satisfaction [e.g., Fornell, Johnson, Anderson, Cha, & Bryant, (1996); Luo & Bhattacharya, (2006)]. There is a multitude of scientific articles that have investigated various outcomes of customer satisfaction. Figure 2.1 provides an overview of previous empirical work on the outcomes of customer satisfaction. Luo & Homburg (2007) distinguish four outcome categories: customer-related, employee-related, efficiency-related and overall performance-related outcomes.

Parasuraman, Zeithaml and Berry (2014) suggested that, service quality, product quality and price all influence satisfaction. Voss and colleagues (1998) indicated satisfaction results from the function of price, expectation and performance. Hence, the current study also regards store satisfaction as the function of service quality, merchandise quality and price. In addition, store atmospherics is also considered as an important construct for the formation of store loyalty, the rationale for which is discussed in the later section.

Lee (2008) applied the satisfaction model presented in Parasuraman, Zeithaml and Berry (1994) and Zeithaml and Bitner (1996) to explore how perceived quality of gasoline affected consumer satisfaction and loyalty toward gas stations in Taiwan.

Keaveney (2005) reported finding that more than half the customers she surveyed had switched among services because of poor price perceptions. Her qualitative study suggests that unfavourable price perceptions may have a direct effect on customer intention to switch. Bolton and Lemon (1999) examine the impact of price perceptions on depth of usage of cellular phone and entertainment services. Moore and Carpenter (2006) found that price perception affects the patronage behaviour.

METHODOLOGY

Retail is a sale for final consumption in contrast to a sale for further sale or processing (i.e. wholesale). It is a sale to the ultimate consumer. Retailing is defined as the set of business activities that adds value to the products and services sold to consumers for their personal or family use

NEED FOR THE STUDY

With the anticipation of growth in the retail sector and subsequent entry of large players into the sector, the market is becoming highly competitive for organized retailers. In this environment, customer retention is becoming difficult as shoppers become savvier and are willing to shop at a wide variety of stores and across a broad range of retailing formats. Indeed, a number of market pressures are forcing retailers to consider how to provide customers with greater perceived value than do their competitors. In the wake of the above reasoning, the purpose of the current research is to gain an insight into the formation of store satisfaction and loyalty. This importance of gaining a better understanding of loyalty is underscored by the impact of retail sector on the Indian economy.

OBJECTIVES OF THE STUDY

Based on the above discussion this research aims to achieve following proposed objectives:

1. To study the present status of Indian retail industry with specific reference to Organized Retailing.
2. To study the emotional states of pleasure and arousal as induced by the store atmospherics.
3. To study the consumer evaluations of merchandise quality, service quality and price as induced by the store atmospherics.
4. To develop a framework describing the nature of store loyalty behaviour based on the influences of store atmospherics and store satisfaction.

HYPOTHESES

H₁: Background music significantly influences pleasure, arousal, merchandise quality, service quality and perceived price.

H₂: Ambient lighting significantly influences pleasure, arousal, merchandise quality, service quality and perceived price.

RESEARCH DESIGN

Sample Selection

Sample size plays an important role in the accuracy of results and in the appropriateness of the chosen statistical technique. This study employs structural equation modeling (SEM) as the statistical technique. For running SEM, sample size should not be small because SEM relies on certain model fitting criteria which are sensitive to sample size. Thus, this study aimed to obtain more sample of respondents. For this purpose, in first stage, 15 cities (New Delhi, Chennai, Kolkata, Mumbai, Ahmedabad, Pune, Hyderabad, Bangalore, Jaipur, Lucknow, Chandigarh, Nagpur, Indore, Thiruvananthapuram, and Vizag) in India are identified as there is high retail concentration in these cities. Out of these 15 cities, 6 cities are randomly selected through simple random technique.

LIMITATION OF THE STUDY

In view of the scope of the study considered following are the limitations of the study: The study is limited to only four atmospheric elements of the retail store viz background music, ambient lighting, ambient scent and in-store signage and graphics. The direct effects of these atmospheric elements are not studied because of the theoretical background of S-O-R model. The study results are limited to organized retail sector and not to unorganized sector. The study is limited to Delhi, Mumbai, Kolkata, Chennai, Bangalore and Hyderabad cities. Hence, the study does not address the rural consumer responses. The data from the respondents is collected after the respondents have completed their shopping. Hence, the data and results do not represent the actual in-store behaviour.

FINDINGS

1. It is found that structural model fitness is acceptable. The fit indices (CFI, GFI and RMSEA) resulted in acceptable values indicating that the model of the study is good for describing the nature of store loyalty behaviour based on the influences of store atmospherics and store satisfaction.
2. Based on the R^2 values of dependent variables in the model, it is found that the model of the study could well predict and explain customer behavioural outcomes in terms of store atmospherics.
3. It is found that the hypothesis related to background music is partially accepted. Background music is found to have significant influences on pleasure, arousal and service quality and insignificant influences on merchandise quality and perceived price. This implies that retail managers should include background music as an important ingredient of the store environment for the creation of positive shopping experience.
3. It is found that the feelings of pleasure have negative effect on store satisfaction and positive influence on store loyalty. The negative influence of pleasure on store satisfaction implies that the pleasant environment diminishes the customer expectations thereby effecting satisfaction levels. The results also imply that for building store loyalty retail managers should focus on creating shopping pleasure in terms of store atmospherics.

CONCLUSION

This study developed an empirical framework to depict the relationship between store atmospheric elements (background music, ambient scent, ambient lighting and in-store signage and graphics), customers' internal evaluation states (pleasure, arousal, merchandise quality, service quality and perceived price) and behavioural states (store satisfaction and store loyalty). Findings of the study indicate significant influences of store atmospherics on both cognitive and affective states of the customers. Different elements of store atmospherics have varying influences on consumer perceptions of merchandise,

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