An Output Driven Sync of Visual Merchandising and Impulse Buying Behavior – An Organized Retail Case from Bhubaneswar

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ABSTRACT	Key Words
Indian Consumers always remain a marketer's challenge. The great Indian ever increasing consuming class has arrived and is waiting to be served. Currently as the services sector contributes 60% to GDP of India (Source: IBEF) and 50% population is below 25 years of age, 65% population of the country is below 35 years of age (Census of 2011), Indian retail sector promises to scale new heights in times to come. India's largest retailers (in terms of turnover) are Future Group, Aditya Birla, Shoppers Stop, RPG, WEST SIDE, Life Style, Ebony, Pyramid and Globus. In Bhubaneswar, the field of Groceries and Consumer Durables is dominated by organized new retail outlets like Reliance Fresh, BIG BAZZAR, Pantaloon, The World, The Grains etc. Hence, data for the purpose of the study was collected from who patronize these retail outlets. The perceptions of the consumers as regards the new retail outlets and select variables like educational qualification and income of the consumers were analyzed by applying the Chi- Square test. Factor Analysis is incorporated to identify the factors that influence the buying decision of consumers. Five factors were identified, viz., product features & assortments, extended marketing mix, pragmatic consumption, customer relationship & loyalty and sales offers. The Chi-Square test was also applied to assess the significance of consumer perception factors. It is concluded that pragmatism and functionality are the hall mark of modern consumption. This research paper is an honest endeavor of the researcher to understand consumer psychology for ONRO (Organized New Retail Outlets).	

INTRODUCTION

Consumer in India has always been pretty tricky to double guess. It is a market whose potential and desire to consume has perhaps moved ahead of the marketer's mental model of it. It continues to be a multitier market. In short, it does appear that the Great Indian Consuming class has arrived, and is waiting to be served. Shopping is emerging as an important activity. Consumers prefer one stop shopping arcades with food courts and gaming Jones. Hence, organized retailing

has centered on our retail radar. Interesting developments are taking place in the world of retailing. RAI (Retailers Association of India) is the voice of the Indian organized and modern retailers. RAI represents the modern retail Industry of India. Technopak survey shows that the Indian consumer is willing to shop at a place where his time is valued, where he knows that the store genuinely wants his money, and is willing to work for it.

OBJECTIVES OF THE STUDY

1. To examine the association between consumer's perceptions as regards organized new retail outlets (ONRO) and select variables.
2. To identify the factors that influence consumer's perceptions as regards new retail outlets.
3. To ascertain the significance of consumer perception factors.
4. To suggest measures for improving the proper functioning of new organized retail outlets.

SCOPE OF THE STUDY

In recent times, a new set of players have entered in to the retail party. The field of groceries and consumer durables is dominated by organized new retail outlets like Reliance Fresh, BIG BAZZAR, Pantaloons, The World, and The Grains etc. Hence data for the purpose of the study was collected from consumers who patronize these new retail outlets.

LITERATURE REVIEW

While brand choice is devoid of any geography, the choice of a store is very much influenced by location (Fotheringham, 1998 and Meyer and Eagle, 1982). It is as much an information processing behaviour as any other purchase decision. In a study of store choice behaviour among audio equipment shoppers, Dash, Schiffman and Berenson (1976) found that the level of pre- purchase information regarding the brand determined the type of store chosen. Shoppers who had higher level of pre-purchase information generally shopped at the specialty store, whereas shoppers with low pre-purchase information bought at departmental stores. This is mainly attributed to customers adopting a risk reduction policy with regards to their impending purchase.Leszczyc, Sinha, and Timmermans (2000) have shown that store choice is a dynamic decision and can be conceptualized

as a problem of deciding when and where to shop. The first decision is the traditional store location choice problem. The second is the shopping trip incidence problem relating to the timing of shopping trips. The two decision processes are correlated. Store choice is dependent on the timing of shopping trips as consumers may go to a local store for short 'fill-in' trips and go to a more distant grocery store for regular shopping trips (Kahn and Schmittlein, 1989). Both decisions are influenced by shopper characteristics and consumption patterns (Leszczyc and Timmermans, 1979; Kim and Park, 1997).

METHODOLOGY

Given the limited amount of information available on the choice criteria of Indian consumers for organized new retail outlets (ONRO), the researcher have decided to design an exploratory study to identify major preferences among shoppers in India. This involved a field survey conducted across different stores in Bhubaneswar. Respondents were approached at the shop after they had finished shopping and were leaving the store. It was felt that shop intercept (exit interviews) would capture the recency effect and an interview away from the shop might bring only "visualized perception" and not the real experience. The Study is based on primary data. The primary data was collected by issuing questionnaires to 750 consumers in Bhubaneswar during April-October 2013. The perceptions of the consumers with regards ONRO were analyzed by applying appropriate stasticial analysis like Chi- Square test and factor analysis. The hypothesis that consumer's perceptions as regards organized new retail outlets (ONRO) are positively correlated with the independent variables like education and income group of consumers.

RESULTS AND DISCUSSION

Association between perceptions of consumers with regards organized new retail outlets and independent variables like education and income groups of consumers.

Table. 1: Chi- Square Results

Independent Variables	d.f	X2 values	p- values	Inference
Educational qualification of consumers	2	7.893	0.019	Significant
Income of the consumers	2	9.199	0.010	Significant

Table shows that there is significant association between perceptions of consumers with regards organized new retail outlets and independent variables like education and income group of consumers.

Factor Analysis for Identifying Relationship Factors

Factor analysis has been applied to investigate the underlying structure of the variables that influence consumer behavior with respect to organized new retail outlets (ONRO). KMO measure of sampling adequacy is 0.676 and Bartlett's test shows a significance of 0.000. Therefore factor analysis can be applied to 15 variables measuring perception of consumers with regards to the organized new retail outlets (ONRO). The anti image metrics of variables measuring perception of consumers with regards to the organized new retail outlets was calculated and it is observed that all measures of sampling adequacy (MSA) being more than 0.5, all the 15 variables can be subjected to factor analysis. Grouping of variables.

The Principal Component Method of factor analysis method and varimax rotation method has been used to group the 15 variables measuring perception of consumers with regards to the organized new retail outlets.

Table 2: Factor extraction perception of consumers with regards to the organized new retail outlets (ONRO)

Variables	Initial Eigen value and extraction sum of squares loadings			Rotation sum of squared loadings		
	Eigen value	% of variance	Cumulative %	Total	% of variance	Cumulative %
I purchase all my requirements from ONRO	4.676	27.171	27.171	2.135	14.230	14.230
I think that the quality of the products is good	1.458	9.718	36.889	1.887	12.580	26.810
I feel that the price of the product charged is reasonable	1.355	9.035	45.923	1.817	12.111	38.920

Products are available in all sizes	1.213	8.087	54.010	1.786	11.906	50.826
I feel that the packages are convenient to handle	1.090	7.268	61.278	1.568	10.452	61278
I am a regular customer of ONRO	0.982	6.546	67.824			
I buy whatever brand of products are available in ONRO	0.939	6.261	74.084			
There is good after sales service	0.747	4.982	79.066			
There is good customer relationship in ONRO	0.704	4.695	83.761			
Terms of sale are attractive in ONRO	0.577	3.846	87.607			
There is facility for physical inspection before purchase of goods	0.504	3.363	90.970			
ONRO deliver products on time to my house	0.449	2.992	93.963			
There are a lot of offers & complimentary products in ONRO	0.401	2.671	96.634			
I am satisfied with the money spent in ONRO	0.278	1.852	98.486			
Prices are low in ONRO when compared to other petty shops	0.227	1.614	100			

Extraction Method: Principal Component Analysis

Table No 2 gives the results of factor analysis. The five factors have accounted for a total variance of 61.27%.

Rotated Component Matrix

Table.3 Rotated Component Matrix

Variables	Component 1	Component 2	Component 3	Component 4	Component 5
I purchase all my requirements from ONRO	0.356	0.280	0.104	**0.500**	0.115
I think that the quality of the products is good	**0.854**	0.159	0.005	0.110	0.0046
I feel that the price of the product charged is reasonable	**0.809**	0.0072	0.240	0.126	0.0040
Products are available in all sizes	0.116	**0.709**	0.107	0.0023	-0.003

I feel that the packages are convenient to handle	0.312	**0.612**	-0.262	0.284	0.007
I am a regular customer of ONRO	0.219	0.0017	-0.002	**0.725**	0.200
I buy whatever brand of products are available in ONRO	**0.500**	-0.221	0.447	0.002	0.324
There is good after sales service	0.188	**0.500**	0.387	0.250	0.195
There is good customer relationship in ONRO	-0.007	0.0077	0.199	**0.829**	0.003
Terms of sale are attractive in ONRO	0.109	0.283	-0.140	0.242	**0.649**
There is facility for physical inspection before purchase of goods	-2.55	**0.587**	0.296	0.0006	0.246
ONRO deliver products on time to my house	-0.0006	0.137	**0.788**	0.160	-0.199
There are a lot of offers & complimentary products in ONRO	0.0022	-0.0001	0.131	0.007	**0.807**
I am satisfied with the money spent in ONRO	0.347	0.399	**0.500**	-0.145	0.252
Prices are low in ONRO when compared to other petty shops	0.157	0.158	**0.526**	0.273	0.357

Extraction Method: Principal Component Analysis

Rotation Method: Varimax with Kaiser Normalizations

Table 4: Naming of Factors

Sl. No.	Overall sample N= 750
Factor 1	Product Features
Factor 2	Extended Marketing Mix
Factor 3	Pragmatic Consumption
Factor 4	Customer Relationship
Factor 5	Sales Offers
% of total variance explained	61.278%

Table 5: Consumer Perception Variables in respective Factors

Factors	Variables	Factor Loadings
Factor 1 Product Features	I think that the quality of the products are good	0.854
	I feel that the price of the product charged is reasonable	0.809
	I buy whatever brand of products are available in ONRO	0.500
Factor 2 Extended Marketing Mix	Products are available in all sizes	0.709
	I feel that the packages are convenient to handle	0.612
	There is good after sales service in ONRO	0.500
	There is facility for physical inspection before purchase of goods	0.587
Factor 3 Pragmatic Consumption	ONRO deliver products on time to my house	0.788
	I am satisfied with the money spent in ONRO	0.500
	Prices are low in ONRO when compared to other mom and pop stores	0.526
Factor 4 Customer Relationship	There is good customer relationship in ONRO	0.829
	I purchase all my requirements from ONRO	0.500
	I am a regular customer of ONRO	0.725
Factor 5 Sales Offer	Terms of sale are attractive in ONRO	0.649
	There are a lot of offers and complimentary products in ONRO	0.807

Extraction Method: Principal Component Analysis

Rotation Method: Varimax with Kaiser Normalizations

Tables 2, 3,4 and 5 shows that Principal Component Method of Factor Analysis and the Varimax Rotation Method have been used to group the 15 variables into 5 factors. The most dominant factor is 'product features' and it includes 3 variables viz, quality of the products, reasonable price of the products and availability of all brands of the product and it explains 14.23% of the variance. The next factor is "Extended Marketing Mix", which comprises of 4 variables viz, availability of products in all sizes, convenient package, good after sales service and facility for physical inspection before purchase. This explains 12.58% of the variance. The third factor is 'Pragmatic Consumption' consisting of 3 variables viz, on time of delivery, satisfaction with

money spent in ONRO and comparatively lower prices. This explains 12.11% of variance. The fourth factor is 'Customer Relationship' comprising of 3 variables viz, purchase of all requirements from ONRO, regular customer of ONRO and good customer relationship at ONRO. This factor explains 11.90% of the variance. The list factor being 'Sales Offers' includes attractive terms of sales and lot of offers and complimentary products in ONRO. This explains 10.45% of the variance.

Association between Consumer Perception Factors with regards Organized New Retail Outlets (ONRO) and selected Variables

Chi- Square test was used to test the association between consumer perception factors with regards ONRO and independent variables like age and occupation groups of consumers, frequency of purchase, total value of purchase and factors influencing purchase.

Table 6: Chi- Square Results

Independent Variables	Factor	d.f.	X2 values	p- values	Inference
Age groups of consumers	2	2	7.893	0.019	Significant
Occupation groups of consumers	3	2	9.199	0.010	Significant
Frequency of purchase	5	24	38.478	0.031	Significant
Total value of purchase	2	30	49.521	0.014	Significant
Factors influencing purchase	3	60	118.340	0.000	Significant
Factors influencing purchase	3	48	85.780	0.001	Significant
Factors influencing purchase	4	54	75.102	0.030	Significant

Table shows that there is significant association between perception of consumers with regards to ONRO and independent variables like age and occupation of consumers. There is also significant association between consumer perception factors with regards to ONRO and independent variables like frequency of purchase, total value of purchases and factors influencing purchase. This shows that out of the five consumer perception factors, four are significant. Hence the ONRO should concentrate and improve them.

SUGGESTION

Pragmatism and Functionality are the hallmark of the modern consumption. Hence ONRO must provide

- Real value for money product/ services to the consumers.

- Availability of all sizes of products

- Good after sales service

- Facility for physical inspection of products

- On time home delivery

- Competitive prices

- Good customer relationship and loyalty

- Attractive terms of sale and offers

CONCLUSION

Indian consumer market is witnessing a lot of change because better literacy, affluence, income and spending pattern, demographic profile change and education. Values, attitudes, lifestyle and consumption patterns are changing. As the middle class consumer size is increasing not only in numbers but also in their purchasing power, family decision making locus, attitude towards shopping and the frequency as well puts organized retail at a higher and better footing. This has ushered a retail revolution in India and every retailer is adding scale in volume and size. One of the biggest opportunities and challenges that characterize the Indian retail sector is its structure. While it has matured over the years, it is still highly fragmented, with an estimated 12 to 15 million outlets. Its overall size is estimated to be INR31trillion (USD534 billion) in 2013-14, with a CAGR of 15 per cent over the last five years, which is much higher than the growth of the Indian GDP in the same period. Going forward, the overall retail sector growth is likely to witness a CAGR of 12-13 per cent, which would be worth INR55 trillion (USD948 billion) in 2018-19. With over 92 per cent of the business coming from the fragmented unorganised sector, such as traditional family run mom and pop stores and corner stores, the Indian retail sector offers immense potential for growth and consolidation. The revenue generated from organised retail (or modern retail) was INR0.9 trillion (USD15.5 billion) in 2009, INR2.4trillion in 2012(USD41.4billion), and is expected to continue growing at an impressive rate to a projected

INR5.5trillion (USD94.8billion) by 2019 *(Source: KPMG).* So the country will witness a tremendous retail growth opportunities with the increase in the number of ONRO.

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