Analysis of Customers at Large Retail Outlets

Dr. Girish C., HOD, Department of MBA and Research Centre, CMRIT, Bangalore

ABSTRACT

The retail sector in India is one of the prime indicators’ of economic health of the nation. Retailers are a vital part of the business world, as they add value to products by making it easier for manufacturers to sell and consumers to buy. There is an increase in customers who demand the best without compromises, people are very happy to pay more if they are given a quality product and good service. So, the retail industry has to cash in on the increasing disposable incomes and create a need for consumption. The malls have changed the way people are shopping. They are teaching them how to appreciate the good things of life such as ‘Comfort’, ‘style’, and ‘convenience’. And truly the real story is that the shop owners and showroom managers are worried. As the shop owners in the malls, wish that all visitors (often a visit to a mall is just seen as entertainment) would turn into customers.

This study is an attempt to analyze the customer’s at large retail outlets/malls in Bangalore. The objective of the study was to find out the reasons behind customers not buying from these large stores and also to understand their needs and perceptions. The survey was conducted on the various factors relating to consumer perception, satisfaction, and brand image and competitors analysis.

Descriptive methodology was used for the study, where a sample of 100 respondents was drawn from the new developed malls around Bangalore city. A well structured questionnaire with appropriate ranking and rating scales were used to collect the data, which were analyzed using Chi-square test and hypothesis were proved.

The outcome of the study was positive as some of the findings were practical and the suggestions are put forward so as to see an increase of sales in the market.

Keywords: Brand, loyalty, customers, perception, shopping outlets, retail industry, competitors

PREAMBLE

Consumers usually want to choose form a variety of goods and services and purchase a limited quantity. So retailers collect an assortment of goods and services from various sources, buy them in large quantities and offer to sell them in large quantities and offer to sell them in small quantities to consumers.

These retailers play a key role as the contact between manufacturers, wholesalers, and other suppliers and final consumers.

The word retail originates form a French –Italian word. Retailer is someone who cuts off or sheds a small piece from something. Retailing is the set of activities that markets products or services to final consumers for their own personal or household use. It does this by organizing their availability on a relatively large scale and supplying them to customers on a relatively small scale. Retailer is a person or an agent or an agency or company or organization who is instrumental in reaching the goods or merchandise or services to the end user or ultimate consumers.

Retailing is the largest stage in a channel distribution, which compromises all the business and people involved in the physical movement and the transfer of ownership of goods and services form producer to customer.

RETAIL SCENE IN INDIA

Today retailing both in India and abroad are venturing beyond their borders on every type of product.

India is a country having the most unorganized retail market. Traditionally retail business is run by people having shop in the front and house at the back, more than 99% of the retailers function in less than 500 sqft of area.

Bargaining was the unwritten law of market, in weekly bazaars held in many small towns had almost all the commodities on the scene including live stock. Virtually there was only one format of retailing and that was mass retail.

WINDS OF CHANGE THROUGH RETAIL INDUSTRY

Organized retail network was seen only in fabrics, with large mills building their own exclusive stores, e.g. Raymond’s, Bombay dyeing, etc.

What is it that has made the piramals, the TATA’S, ITC, and others to a plunge into mega retailing? Why is market research, space management, ERP promotions now necessary tool in this industry?
In the last couple of years the industry has made an agile move its nascent stages, retailing is large business. There is one retailer amongst the top companies in every country. India’s per capita retailing space is the lowest in the world. Per capita retailing space is about 2 square feet compared to 16 square feet in the US. This indicates a huge potential for retailing. The retailing market in India is the second largest untapped market after China.

Family run kirana stores, grocery stores have embraced the modern retail formats, companies have set up exclusive showrooms and professional retail chains like food world, shopper’s stop and pantaloons are growing impressively. Retailing is the most attractive sector of the last decade; it is only the recent past that has witnessed so much dynamism.

But the ever changing customer needs and preferences has made customers to shift brand towards new ventures and design. Thereby posing a threat to the huge investment by the glooming sector.

The intensions of the customers are varied, only a few buy. While a few pickup anything if it interests them and majorly browse. The various factors such as ambience, merchandising, store layout are liked by the respondents. Still it does not influence the buying decision. The study of lost customers will help the retailers to sell their products at their best as compared to the competitors.

MALL CULTURE

The developing Indian retail story that is luring investors, domestic and foreign, to make a pitch for a portion of the great Indian market, Malls are booming in and around the city. People of all age group feel shopping malls help them to get almost everything under just one roof. The purchasing power comes from the growing industry and services sectors, and a small section of the rich agrarian buyers.

The ever growing consumers and their demand for all the good things in life -- from groceries to vegetables to fancy gadgets to fancier cars, powered by Sales and bargain deals, attractive prizes, and schemes are the success formulae that the shopkeepers and showroom and super bazaars use to lure visitors in huge numbers. These malls have changed the way people are shopping. They are teaching them how to appreciate the good things of life such as ‘Comfort’, ‘style’, and ‘convenience’.

Truly the real story is that the shop owners and showroom managers are worried. As the shop owners in the malls, wish that all visitors (often a visit to a mall is just seen as entertainment) would turn into customers. Because, the Indian family still votes for the friendly, neighbourhood ‘kirana’ stores when it comes to groceries and for the shopping complexes where he has been shopping all his life.

NEED OF THE STUDY

Growth of malls and other large retail stores have created a high level of competition in the industry. To attract customers and to retain them has become difficult and a challenging task. There is an increase in customers who demand the best without compromises and are happy to pay for better services. With increasing disposable income levels of the people there has been a growing need to match the customer’s requirements. The variety of products, its price knowledge, and courteousness of the staff, merchandising, ambience, store layout etc are all different factors to retain the customers. So, the study is conducted to understand the constantly changing needs of the customers in order to retain them and increase the market share.

STATEMENT OF THE PROBLEM

Ever changing customer needs and preferences has made them too often shift their brands towards the new markets. Thus, lost customers play a vital role in understanding the needs and retailing the potential customers. Hence the topic and analysis of the lost customer will help retail outlets in retaining their customers as there is a tough competition in the market and hence retention of customers has become a major problem.

OBJECTIVE OF THE STUDY

This particular study fulfill the following other objectives-

- To assess the nature/ intention of customers/people walking into these large retail outlets.
- To study the other factors influencing the customers buying decision.
- To find out the reason for customers not buying from these retail outlets
- To understand the relevance of waiting time with respect to next purchase decisions

SCOPE OF THE STUDY

This study is conducted in order to analyze the lost customers in retail outlets under the existing conditions. The study sets off a viable expediency for retail outlets to meet the constantly changing needs of the customers in order to retain them.

METHODOLOGY

The study is descriptive in nature, as we are describing the different characteristics / attributes of the respondents,
their typical buying behavior and factors which influence the buying decisions of the consumers, thereby definite conclusions can be arrived at.

Convenience sampling plan is used to conduct the study, 100 valid responses out of the 125 respondents were selected. The responses were analyzed using SPSS software and the results have been enunciated.

DATA COLLECTION

The essential primary data relating to customers taste, preferences, awareness level, socio-economic characteristics, important specifications, has been collected as per the requirement using well structured questionnaire with both open ended and close ended questions using appropriate scaling techniques for eliciting the various customer attributes/parameters for fulfilling the desired objectives of the study from the selected customers.

Secondary data includes the research findings already done by organizations. Apart from these data related to Industry Profile, Company Profile, Market Information and various strategies adopted have been gathered to support the primary data.

LIMITATIONS OF THE STUDY

- It was not possible to cover the entire population of consumers, the sample respondents belong to Bangalore.
- Analysis of the data obtained from the questionnaire was done on the assumption and non-based information has been given by the respondents.

Hypothesis 1
Ho: Most of the customers Visiting large retails/ malls is browse than to make purchases and women customers browse more than male.
H1: Most of the customers Visiting large retails/ malls is to make purchases than to browse and men browse more than women customers.

Hypothesis 2
Ho: customers give importance to other aspects of retail sector
H1: customers do not give importance to the other aspects of retail sector

Hypothesis 3
Ho: there is no association between various services levels and Purchase decision,
H1: there is association between various services levels and the purchase decision.

Hypothesis 4
Ho: there is no association between waiting at billing counter and the level of customer irritation.
H1: there is association between waiting at the billing counter and the level of customer irritation.

ANALYSIS

Reason for visiting large retail outlets

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Browse</td>
<td>19</td>
<td>29</td>
<td>48</td>
</tr>
<tr>
<td>Buy</td>
<td>24</td>
<td>13</td>
<td>37</td>
</tr>
<tr>
<td>Browse to buy</td>
<td>7</td>
<td>8</td>
<td>15</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Interpretation:
The chart above shows close to 50% of the customers visit the Large malls/ retail outlets to browse and window shop.

Frequency of visits to Retail outlets

<table>
<thead>
<tr>
<th>Frequency of visits</th>
<th>No of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>First time</td>
<td>22</td>
</tr>
<tr>
<td>Weekly once</td>
<td>3</td>
</tr>
<tr>
<td>Once in a Fortnight</td>
<td>16</td>
</tr>
<tr>
<td>Once a month</td>
<td>45</td>
</tr>
<tr>
<td>Rarely</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

Inference:
It is clearly evident that majority of the respondents visit the store to browse through the products. From, the above charts we can infer that the purchase of products is done more by men and women are mostly window shoppers.
Interpretation:
The customers who visit the store for the first time consist of 22% of the sample and the customers who come back monthly are 45%.

Chart 1.2:

Inference
It can be inferred from the above chart that though 22% of the customers were first time visitors, the conversion of these into potential consumers is very poor.

Table 1.3

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>14</td>
<td>15</td>
<td>13</td>
<td>08</td>
<td>50</td>
</tr>
<tr>
<td>Female</td>
<td>18</td>
<td>12</td>
<td>6</td>
<td>14</td>
<td>50</td>
</tr>
<tr>
<td>Total</td>
<td>32</td>
<td>27</td>
<td>19</td>
<td>22</td>
<td>100</td>
</tr>
</tbody>
</table>

Attributed A: Gender of respondents
Attributed B: Opinion of respondents

HYPOTHESIS
H0: Customers give importance to other aspects of retail sector (i.e. Service provided, Ambience etc.)
H1: Customers do not give importance to other aspects of retail sector (i.e. Service provided, Ambience etc)

Test Statistic
\[ x^2 = \sum \frac{[(A_{ij})-(A_{ij})_o]^2}{(A_{ij})_o} \sim x^2 \text{ with df = (r-1)(s-1)} \]
\[ x^2 \sim x^2 \text{ with df = (4-1)(2-1)} \]
\[ x^2 \sim x^2 \text{ with df = 3} \]

Decision Rule
At 5% level of significance a = 0.05. As it is a one tailed test we have a = 0.05 at 3 degrees of freedom.
H0 is accepted when, \( x^2 \text{ cal} < 7.814725 \)

Computed Test Statistic

<table>
<thead>
<tr>
<th></th>
<th>(oi-ee)</th>
<th>2(oi)</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>16</td>
<td>0.25</td>
</tr>
<tr>
<td>15</td>
<td>13.5</td>
<td>0.1667</td>
</tr>
<tr>
<td>13</td>
<td>9.5</td>
<td>1.2895</td>
</tr>
<tr>
<td>08</td>
<td>11</td>
<td>0.8182</td>
</tr>
<tr>
<td>18</td>
<td>16</td>
<td>0.25</td>
</tr>
<tr>
<td>12</td>
<td>13.5</td>
<td>0.1667</td>
</tr>
<tr>
<td>06</td>
<td>9.5</td>
<td>1.2895</td>
</tr>
<tr>
<td>14</td>
<td>11</td>
<td>0.1812</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\[ x^2 \text{ cal} = 3.7748 \]

Statistical Inference
At 5% level of significance, \( x^2 = 3.7748 < 7.814725 \). Hence, we accept Ho. Thus, we conclude that Customers give importance to other aspects of retail sector (i.e. Service provided, Ambience etc)

Perception on Pricing of products at Retail outlets
Interpretation:
After conducting the survey, my observation was that quite a large proportion of the respondents (85%) have opted for option “c” (i.e. Reasonable price) and hence, I considered studying whether or not there is any association between their “price” description and their monthly household income level. Thus the goodness of fit test was applied.

Test for Independence of Attributes
This test is to know, whether by making the customers wait all the billing counter Large malls / retail outlets is losing out their customer base.

Assumption:
Attribute A: Level of customer irritation Attribute B: Waiting at the billing counter

HYPOTHESIS
H0: There is no association between waiting at the billing counter and the level of customer irritation
H1: There is association between waiting at the billing counter and the level of customer irritation

Test statistic
\[ x^2 = \sum \frac{[(A_{ij})-(A_{ij})_o]^2}{(A_{ij})_o} \sim x^2 \text{ with df = (r-1)(s-1)} \]
\[ x^2 \sim x^2 \text{ with df = (3-1)(2-1)} \]
\[ x^2 \sim x^2 \text{ with df = 2} \]

Decision Rule
At 5% level of significance a = 0.05. As it is a one tailed test we have a = 0.05 at 2 degrees of freedom.
H0 is accepted when \( x^2 \text{ cal} < 5.99 \)
Computed Test Statistic

Table 1.5

\[
\begin{array}{|c|c|c|}
\hline
\text{o}_i & \text{E}_i & \frac{(\text{o}_i-\text{E}_i)^2}{\text{E}_i} \\
\hline
57 & 52.48 & 0.3893 \\
19 & 17.22 & 0.1840 \\
06 & 11.52 & 1.7735 \\
02 & 3.78 & 0.8382 \\
09 & 2.7 & 14.700 \\
\hline
\end{array}
\]

\[
X^2 = \sum \frac{(O_i - E_i)^2}{(E_i)^2} = 21.1118
\]

Statistical Inference:

At 5% level of significance, \( X^2 = 21.1128 > 5.99 \). Hence, we reject \( H_0 \). Thus, we conclude that, there is association between waiting at the billing counter and the level of customer irritation.

Conclusion:

The assumption made by us during the beginning of the analysis has turned out to be true and it is statistically proved that by making the customers wait the billing counter Large malls / retail outlets is losing out their customer base.

During the surveys most of the respondents were the opinion that the waiting time at the billing counters is a problem at almost all the retail outlets.

Other factors influencing the customers buying decision

Table 1.6

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Excellent</th>
<th>Good</th>
<th>Average</th>
<th>Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ambience</td>
<td>29%</td>
<td>59%</td>
<td>12%</td>
<td>0</td>
</tr>
<tr>
<td>Product variety</td>
<td>12%</td>
<td>48%</td>
<td>23%</td>
<td>17%</td>
</tr>
<tr>
<td>Merchandise</td>
<td>17%</td>
<td>43%</td>
<td>34%</td>
<td>6%</td>
</tr>
<tr>
<td>Store layout</td>
<td>24%</td>
<td>36%</td>
<td>27%</td>
<td>13%</td>
</tr>
<tr>
<td>Service</td>
<td>18%</td>
<td>49%</td>
<td>30%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Analysis

From the table we can see that the respondents who said the ambience is good is 59%, respondents who said the ambience is excellent is 29%, who said average is 12%.

The respondents who felt the product variety is good is 48%, respondents who said excellent is 12% and the customers who felt average is 23% and respondents who felt the product variety is poor is 17%.

The table shows customers who said merchandise is good is 43%, customers who felt its excellent is 17%, customers who felt it was average is 34% and customers who said the merchandise is 3%.

The respondents who said that the store layout is good is 36%, respondent who felt the store layout is excellent is 24%, who felt the store layout is average is 27% and respondents who felt the store layout is poor is 13%.

The respondents who said the service was good is 49%, who said the the service was excellent is 18%, respondents who said the service is average is 30% and the respondents who said the service was poor is 3%.

Chart 1.3

Inference

From the table it can be inferred that majority of the customers said that the ambience, product variety, merchandise, store layout and service of the store was good. Very few of them felt it was excellent. There were customers who also said that the services were poor.

SUMMARY OF FINDINGS:

From the data analysis, the following are the summaries of findings.

- The basic intention of the customer to visit the large malls / retail outlets was to browse. Few customers visited with the intention to buy and some others with the intention to browse and pickup anything if it interests them.
- It was found that maximum numbers of the customers purchasing from these store because of the factors like product variety, brand and quality, which indicates that the variety of products is good and also there is variety of branded products in these outlets.
- With regard to the price factor at the large malls / retail outlets, few customers found that the products were of reasonable rate, many found it to be very expensive.
- The opinion of the customers towards large malls / retail outlets on the various factors such as ambience, merchandising, store layout and service was ranked as good. These aspects and buying the products were independent.
• The study found that the knowledge, helpfulness, communication, appearance and courteousness of the staff are good, which induces them to browse more and sometimes buy.

• From the study, it was also found promotional scheme undertaken by these retail outlets are good. And there were customers who felt it was satisfactory, but constant improvement is required.

SUGGESTIONS

The following suggestions can be given:

• The large malls retail outlets should add variety in most of their products in all the segments which are books, music, gifts, stationary and toys.

• The promotional activities carried out by the store should be more aggressive in order to attract more customers to the store.

• The staff should have a good knowledge of the products present in the store. They should be able to communicate well with the customers.

• The merchandising of the store should be improved since lots of customers find it difficult to locate the product they are looking for.

• The ambience of the store should be maintained properly since lots of customers were satisfied with it. Maintaining the standard is a tougher task so it must be implemented with care and discipline.

• Advertisements should be done in newspapers and leaflets, as it’s the most effective medium of creating awareness.

• Most of the customers who visited the store were interested in books and music, so more emphasis should be given to the improvement of this sector.

• More emphasis should be given to the activities for the kids like games, drawing competitions in schools and sponsoring fests in colleges thus creating brand awareness among all sectors of the customer base.

• The waiting time at the billing counter should be reduced to keep the customers’ spirits at a high.

CONCLUSION

There is an increase in customers who demand the best without compromises. People are very happy to pay more if they are given a quality product and good service. Also, burgeoning disposable incomes lead to increased consumption. Advances in technology, like the internet, have helped make retailing an even more challenging and exciting field in recent years.

The nature of the business and the way retailing is done are currently undergoing fundamental changes. However, retailing in some form will always be necessary to reach out to the customers. The project undertaken in large malls / retail outlets was to study the reason behind the customers not buying in the store and to identify the market potential of the store. After the detailed study it is found out that large malls / retail outlets are the best stores providing different categories of product under one roof. So retailers have to take in the suggestions and maintain the reasonable pricing and use heavy promotional activity to increase its sales. The outlets/store would be well accepted for its product quality and its ambience. As for now “Retail outlets” is here to stay and grow.