Factors influencing store patronage behaviour for organised retail stores with special reference to food and grocery

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Abstract: As per the report of TSMG projects in next 10 years, Indian retail market is expected to grow at a CAGR of 5.5% (at constant prices) to 1,677,000 Cr. in 2015. On the other hand the organised retail market is expected to grow more rapidly at a CAGR of 21.8% (at constant prices) to Rs. 246,000 Cr by 2015 thereby constituting 15% of overall retail sales. As per their projections, the top 5 organised retail categories by 2015 would be food, grocery &general merchandise, apparel, durables, food service and home improvement etc. Between FY 15-20, organised retail in India witnessed a CAGR of 24.57% and is expected to account for 24 % of the overall retail market by 2020.This empirical paper presents an investigation to find out different factors influencing store patronage for organised food and grocery retailing in India. Data was collected through store intercept survey among 423 respondents and data analysis was done using factor analysis and correlation.
Keywords: Food retail, Store Patronage, Factor analysis, Store attributes

Introduction

Food retailing started from a period when food items were sold in small road side grocer shops & mandis, haats and bazzars by vendors to a stage when food products (processed and groceries) are retailed through supermarket stores where customers can inspect, select and pick up the products they like in a comfortable ambience and still pay a fair price for the product and the merchandise and sometimes even pay less than the price they would have paid at the nearest food stores.

The world food products market focuses agricultural products and packaged foods segments. The agricultural products market consists of cereals, roots and tubers, sugar crops, sugars and sweeteners, oilseeds, fruit, vegetables, vegetable oil, tree nuts, beans and pulses, spices, coffee, tea and cocoa. The market is valued according to domestic consumption. It does not include forage products or those consumed at a subsistence level. Market values are calculated at retail selling price (RSP) for those products that are sold to consumers in their original form. However, where products have been processed into other forms of foodstuff, values have been calculated at producers selling price. The packaged foods segment covers bakery and cereal, canned food, chilled food, confectionery, dairy food, dried food, frozen food, ice cream, oils & fats, sauces, dressings & condiments, savory snacks, and spreads.

The Indian food and grocery retail sector has started growing due to various reasons such as strong fundamentals in microeconomic policy and change in socio economic scenario. These factors work as a drivers of what were once traditional and small retail outlets into new organized retail formats that aimed at fulfilling to the evolving needs of the consumers. The rapid change in trends of food consumption habit of consumers has greatly contributed to growth and induction of different formats of food retail as per western culture which are as convenience stores, departmental stores, supermarkets, specialty stores and hyper markets. This change has taken place due to several reasons such as demand and supply, socio cultural, demographic, psychographic, economic advancement in technology and growing segment of young as well as Gen X population, fast emergence of middle class, rising income. The drastic change has made it important themselves by meeting the needs of their shoppers better than the competitors.

The basic food retail strategy for creating competitive advantage is to deliver high service quality. Therefore, to have an in depth understanding of consumer behavior with regard to food shopping becomes imperative and it also facilitates in creating a good design for modern food store formats and traditional formats to reach on conclusion that what determines customer satisfaction. There are a set of characteristics and attributes which are considered vital by a customer in patronizing a particular food store. On the basis of these attributes the customer decides that which different stores fulfill best their food needs.

Different studies in the past have tried to pinpoint various determinants of store choice in regard to different attributes such as price, quality, and variety of merchandise, availability of credit, return policies and well known brand. According to Engel, Blackwell and Miniard (1995)[1] different attributes of environmental dimension such as good air quality, lightning, proper layout, carpeting and placement are physical store attributes being used to project store image and have an impact in food store choice decision.

Food retail market scenario in India

Traditionally, Indians were used to buying their daily need products such as sugar, wheat, pulses, rice etc. from their neighborhood small stores. The majority of food and food products were and still are retailed through neighborhood kirana stores. A typical old kirana store has a retail area of 200 sq ft and sells 500 to 800 stock keeping units (SKUs). The kirana stores basically focus on dry food products because the infrastructure for cold storage is lacking. The majority of fresh produce is sold from the carts of traveling vendors. Such produce is deemed to be of low product quality, variety and hygiene.

Initially the food retail format was evidenced its emergence in metros like Mumbai, Delhi, Chennai which had co-operative stores like "Apna Bazaar" in Mumbai and "Kendriya Bhandar" in Delhi. Both were very successful and are operating many outlets in all strategic localities in the city. Escorts group in the late eighties diversified into non-auto sectors by getting into agri business or food business. It came out with first "Nanz" store at South Extension in Delhi in 1990.

The first visible sign of the change in food retailing was evidenced in mid-eighties. Around that time a few new food stores were set up in all metro cities in India. Calcutta was the only exception where it started a little later. At that time couple of leading food stores started operating such as "Morning Stores" and "Modern Stores" in Delhi, "Nilgiri" in Bangalore, and "Food Land" in Mumbai "Spencers Food Stores" in Chennai. Spencers were the first to tie up with a Singapore based large retail chain -- "Dairyland" and had set up the food stores in Chennai. This was a technology tie up. In Mumbai, Garware group during the late eighties had set up a large food store, which is now reported to have been closed down.

Until the late 1990s, food retailing was confined to south of the India. Southern India has been witnessing revolutionized activity in food retailing. It has thoroughly experienced the food retailing in various formats such as the supermarkets, hypermarkets and neighborhood stores. These include Food World, Subhiksha, Nilgiris, Margin Free, and Big Bazaar. The reason being is that most entrepreneurs who started organized retail came from southern India and the cost of real estate in the southern region was less than other regions (particularly north and west). Since then, however, organized food retailing has emerged across the country, inspired by the presence of high potential markets in the north, west and east as well as the success of some non-food retailers and food services companies in these regions.

In 2011, food accounted for 70% of Indian retail, but was under-represented by organized retail. A.T. Kearney estimates India's organized retail had a 31% share in clothing and apparel, while the home supplies retail was growing between 20% to 30% per year. According to the India brand equity foundation report August 2017, Indian food and grocery market is presently valued at US$ 1.3 billion and is increasing with growth at a Compound Annual Growth Rate (CAGR) of 20 per cent and is expected to increase three times at the end of 2020.

Current size of Modern Food retail in India

As per the USDA Foreign Agriculture Service (GAIN) Global Agricultural Information Network retail food sales in India are estimated at $270 billion which equates to 60% of total retail sales and a $225 per capita annual expenditure on food. Estimate indicate that modern grocery retailers managed to crave out an estimated one percent of share of food retail sales in 2005 and that share has increased to two percent in 2011or $5.4 billion.

Food Retail Formats

Food retail formats are the retail offering that can be segmented based on the different value that it offers to the consumers along three key dimensions- choice, service and price.

Formats of food retail in India
Figure 1.

Source:http://www.ncap.res.in/contract_%20farming/Resources/3.%20P.G.%20Chengappa.pdf
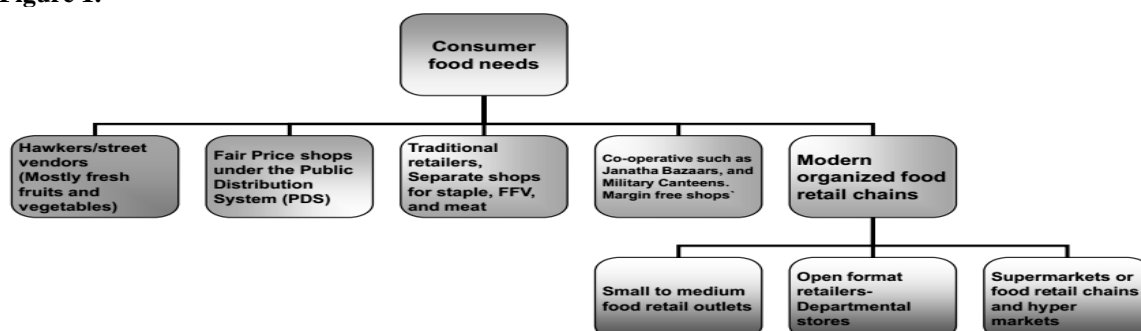
Literature Review

Operational definitions of Patronage

The American Marketing Associations' defines patronage motive as: "the motives that drive an individual toward selection of a particular outlet, retailer, or supplier of services". Even though it has been studied hundreds of times, store patronage lacks a generally agreed-upon operational definition. Haynes et al. (1994)[2] said that store patronage is the consumer's selection of a shopping outlet. Patronage is also defined as "all the possible inner features of dynamism around the shopping behaviour phenomenon in terms of store choice" (Laaksonen, 1993)[3].

Pan and Zinkhan (2006)[4] consider retail patronage along two dimensions: store choice and frequency of visit. Spiggle and Sewall (1987)[5] outlined three different levels of retail selection behaviour: retail preference, retail choice and retail patronage. They define retail preference in terms of positive statements customers make about stores and whether a customer purchase patterns are repeated over a series of purchase events.

Table.1 Summary of literature review

Study	Samples	Variables studied	Key findings
Oates, Barbara, Shufeldt, Lois, Vaught, Bobby 1996[6]	550 respondents from senior citizen centres	Life styles, Characteristics and retail store attributes	Regarding store attributes the lifestyle groups differ significantly when considering store/ personnel quality, Fair prices, Quality products, Well known brands. Service attributes Retirees select stores in close proximity to their residence due to busy lifestyle and limited time to shop.
Kohijoki, A. M., &Marjanen, H. (2013).[7]	4582 respondents	Recreation, Quality and selection, car based convenience, Price consciousness, Location based convenience, Shopping atmosphere, Customer service	Aging customers are not homogenous consumer group according to their shopping orientations. Inactive shoppers have low education level. According to choice orientation, the oldest age cohorts were rather similar to the youngest cohorts. Older people disliked wasting food.
Angell, R., Megicks, P., Memery, J., Heffernan, T., & Howell, K. (2012)[8]	36 respondents	Accessibility, merchandise, Physical Environment, Atmospheric Environment, Price/Promotions, Service policies, Personnel and other shoppers.	They actively refrained from using stores that they considered confusing, difficult to find their way around or that regularly changes their layout. Older shoppers place a high premium on comfort when they shopped.

			Appreciated on high standard of service.
Goodwin, D. R., &McElwee, R. E. (1999)[9]	600 respondents	Assistance in carrying goods to car. Assistance on locating goods on shelves. Clean easily accessible toilets. Close and easy parking. Store atmosphere. Delivery to home. Good lightning. Groceries packed at check out. Large clean prices on the products. Shopping outlet close to home.	Groceries are often purchased at an outlet with a high level of service quality than other stores even if prices are marginally higher. Older age group people seek to purchase traditional brands which some grocery outlets do not stock.
Teller, C., Gittenberger, E., &Schnedlitz, P. (2013)[10]	800 respondents	Chronological age, Cognitive age, Feel Age, Look Age, Act (do) age, Interest Age, Health Age, Think age	Cognitive age which reflects psychological, emotional, biological, physical, social and cognitive dimension is significantly lower than chronological age. Cognitive age has significant impact on store patronage. It also has a significant impact on satisfaction. Significantly higher effect of product range on store satisfaction for cognitively older consumers. Superior importance of Product range compared to pricing for cognitively older consumer.
Teller, C., &Gittenberger, E. (2011).[11]	404 respondents	Accessibility, Monoeuvaribility, Shelf Management, Price value ratio, product range	Product range and price value ratio was found as most important determinant attribute.
Meneely, L., Strugnell, C., & Burns, A. (2009)[12]	791 respondents	Shopping Patterns	The issue of overcrowding was a concern for older people when food shopping reported as they feel like burden. Check out queuing had a negative impact upon older consumer's food shopping experiences. Product relocation caused confusion and anxiety among older people
Moschis, G., Curasi, C., &Bellenger, D. (2007).[13]	Price reduction or special sale, Ease of reading information on labels,	2080 respondents	Taste would appear to be a major determinant of brand choice. Large

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	ease of using the products, Ease of following and understanding directions provided with them.		majority of older consumers are not likely to buy food items whose tastes they do not like.
Worsley, T., Chun Wang, W., & Hunter, W. (2011) [14]	1037 respondents	Access to food shops, usual shopping habits and behaviors, use of particular diet(vegetarian diets) attitude to shopping anticipated future food shopping behaviour, Personal Values , Health status, Demographic characteristics	Reasons for choosing particular shops- Majority of respondents said good quality food, low price, Convenience, A good range of healthy products, user friendly environment
Baltas,G.,and Papastathopoulou, P.(2003).[15]		Store choice	Brand,price,variety, quality, packaging, origin, location, service
Cirman, A., and Pahor, M. (2009).[16]		Frequency of Visits	Variety, quality, entertainment, social events, catering facilities, child friendliness, upscale neighbourhood ,parking, ease of access, staff

Research Methodology

The present research is based on the primary data. A structured questionnaire was used for collecting primary data through store intercept survey. The universe for the research study was all the customers who visited the organised food retail stores such as BigBazar,Spencers retail, Easyday, Vishal mega mart, V mart etc. The sample size for the study is 423 respondents. Likert's 5-point agreement scale namely 1=Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree was used.

Data Collection Method

The data for the study was collected through a structured questionnaire with questions traced through a focused group discussion. The survey was conducted in Lucknow city of state of Uttar Pradesh.

Research Design

Exploratory Cum Descriptive research design was adopted in the study.

Sampling Technique

Convenience sampling technique has been used for contacting the respondents for the study.

Objectives of the Study

To study the structure of organized retail in India.
To examine the changing shopping trends of consumers in the Indian organized food and grocery retail industry.
To investigate the antecedents influencing consumer purchase behavior its affect on store patronage for organized retail.

Hypothesis

H1- There is no association between store location with store patronage.
H2- There is positive correlation between Store ambiance and store patronage.
H3- There is no association between in store service quality and store patronage.
H4- There is no relation between in facilities by the store and store patronage.
H5- There is no association between quality and price of the products with store patronage.
H6- There is no association between store information and store patronage.

Data analysis and Interpretation

In the present study, antecedents of organised retail store purchase were extracted using exploratory factor analysis, which is an approach used to find underlying dimensions among a set of factors (Aaker, Kumar & Day, 2007) [17]. Scale purification was done in which low factor loadings, cross-loadings and low communalities were eliminated in order to improve "interpretability of the factor structure" (Malhotra 2010:643)[18]. A minimum cut-off of 0.50 was used on the variable loadings (Hair *et al.,* 2010)[19]. The Bartlett's test was significant at p<0.000 inferring that the variables were uncorrelated, which confirmed that exploratory factor analysis could be conducted in the study.

Table 2.

Factors	Items	Loadings	Communalities	*KMO and Bartlett's test* *sig.*
Store location				**.731,p=0.000**
Availability of public convenience	CSL1	.814	.719	
Good Parking facility	CSL2	.734	.466	
Store in close proximity to home	CSL3	.601	.677	
Easy in and out	CSL4	.581	.745	
ATM	CSL5	.550	.668	
Store Located close to other good stores	CSL6	.835	.596	
Situated to meet relatives	CSL7	.815	.485	
Store ambiance				**.818, p=0.000**
Availability of seating place	PEC1	.807	.496	
Soothing Temperature	PEC2	.792	.664	
Proper Lighting	PEC3	.777	.551	
Placement of Items	PEC4	.733	.574	
Good placement of shelves	PEC5	.562	.664	
Placement of Items in proper way	PEC6	.807	.663	
Good store layout	PEC7	.742	.647	
Shelves with proper height	PEC8	.687	.672	
Availability of merchandise	PEC9	.632	.316	
Store service quality				**.878,p=0.000**
Store is less crowded	ISS1	.818	.434	
The store takes less time to do billing	ISS2	.816	.631	
Staff gives close attention	ISS3	.814	.623	
Staff listens to the customer properly	ISS4	.794	.669	
Store is quick in service	ISS5	.789	.666	
Store personnel are kind	ISS6	.779	.608	
Store employees handle queries properly	ISS7	.659	.663	
Facilities by the store				**.806,p=0.000**
Variety of products	ISF1	.891	.611	
Accepts debit and credit cards	ISF2	.826	.812	
Availability of modern products	ISF3	.804	.706	
Easy to understand labels	ISF4	.699	.590	
Good return policy	ISF5	.627	.681	
Products matches to my diet	ISF6	.893	.773	
Package suited to my need	ISF7	.790	.843	
Store provides loyalty cards	ISF8	.740	.562	

Good quality and price of products				.731,p=0.000
Store has quality merchandise	QPC1	.823	.396	
Availability of schemes	QPC2	.801	.316	
Prices are good	QPC3	.689	.642	
Store has good image	QPC4	.629	.677	
Special discounts at festivals	QPC5	.562	.477	
Store Information				
Mobile messages for special sales	CFS2	.847	.682	**.686.p=0.000**
Proper advertisement in newspapers	CFS3	.826	.712	
Mobile messages by the store	CFS4	.790	.624	

The Kaiser-Meyer-Olkin (KMO) measure of sampling and Bartlett's of sphericity. The KMO statistic varies between 0 and 1, a value close to 1 indicates that patterns of correlations are relatively compact and factor analysis should yield distinct and reliable factors (Field, 2000)[20]. The recommended accepting values greater than 0.5 as acceptable (Field, 2000)[20]. The value of KMO is > 0.50 for each construct and the significance of Bartlett's test is less than 0.001 (Table 4) and indicates the suitability for principal component analysis. Varimax rotation method used to rotate factors and component matrix. Therefore six factors were identified such as Public convenience, store ambience, Store Service quality, facilities by the store, Good quality and price of products, Store Information.

Correlation analysis was performed in order to find out that whether all these six factors have influence on store patronage or not.

There is linear positive correlation between convenience and store location with store patronage. The correlation coefficient is .462 and is statically significant as the p value is 0.00<.05. It says that the more convenient location a store offers the consumers are going to patronize the store. There is also positive association between store ambiance and store patronage as the correlation coefficient is .485 which is statistically significant as the p value is 0.00<.05 which supports the study of (Baker et al., 2002[21]; Sirgy et al. (2000)[22]. This indicates that the organised retail store which offers good store atmospherics and aesthetics will be highly patronised by the consumers. For in store services there is also positive association as the correlation coefficient is .526 and p value is 0.00<.05, therefore we will reject null hypothesis and conclude that In store service quality has positive impact on consumers, store patronage decision which support the study of (Wong and Sohal, 2003)[23]. In store facilities also has positive relation with store patronage as the correlation coefficient is .586 which is significant at 5% level of significance. Quality and price of the products was also found to have positive linear association with each other as coefficient of correlation .542 significant as the p value is 0.00<.05.Therefore we can infer that consumers will patronize the stores which will offer high quality and reasonable prices. Store Information was also having positive association with store patronage as the coefficient of correlation is .187 which is statistically significant as the p value is 0.00<.05.The organised retailers should communicate well for the announcement of discounts and schemes etc. to attract the consumers to have repeat purchase.

Discussion and Conclusion

This empirical study provides insights into retail industry such as different antecedents which influences consumer's decision of purchasing from organised retail stores. The study concludes that there is influence of various store attributes dimension on store patronage for organised retail stores. A shopper patronizes a department store for Public convenience, store ambience, Store Service quality, facilities by the store, Good quality and price of products, Store Information.

As discussed above, we find relatively strong association between consumers' patronage behaviour and various store attributes. The findings suggests that retailers have various tools to influence consumer patronage behaviour such as providing good In store facilities, ensure good product assortment, communicate well with consumers etc.

Implications and directions for further research

This study has implications for both academicians and managers of retail industry. I have explored the new dimensions of retail store attributes such as communication from store etc and their direct impact on retail

store patronage behaviour. A retailer can increase consumer patronage behaviour by identifying and implementing suitable marketing strategies. The study will help them guide in a long way by taking right retail marketing decisions. Examining the antecedents of retail patronage, guides managers in evaluating and understand the extent to which their self perceptions of the store and its offerings are inconformity with consumer's perceptions. Future researchers may go for exploring role of moderating variables in more comprehensive way with greater sample size.

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