

ANALYZING RETAIL CUSTOMER BUYING PREFERENCES AND PATTERNS: AN EMPIRICAL STUDY WITH REFERENCE TO SPENCER'S RETAIL OUTLET, GUNTUR

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Abstract: *The world of business today is full of competition. The business organizations are required to differentiate themselves in terms of the quality of the product, the quantities they are producing, the cost at which they are producing, making it available to the end user, and, most importantly, analyzing and understanding customer concerns and customized needs and preferences. This requires an organization to continuously analyze the changing preferences and buying motives and behavior to make the customer delighted. In this context, the researcher felt that it is imperative to attempt to know the preferences and buying patterns of retail customer with reference to Spencer's retail outlet located in Guntur district.*

Keywords: *Retail Customer, Retail Marketing, Customer Preferences, Buying Behavior*

INTRODUCTION

The management of Procter and Gamble stated their business mainly focused on providing the customer the products, which he wanted by having a clear understanding about his preferences [1]. We give more importance to clearly knowing the customer, which helps in designing the right product and marketing strategies.

The success of a business organization will be determined by the customer, whom it is serving [2]. All the activities and strategies of the organization will depend on customer. Therefore, understanding the customer is very much required to design a profitable and successful business strategy. The survival of a retail organization largely depends on better serving the customer with the products and services he wants. For this, it is needed to know and understand customer needs better. Hence, the good marketing program should start with a cautious evaluation of customer's attitudes, habits, motives, preferences, tastes, and needs of the customers. Knowledge of customer preferences and buying motives helps the retail organization to succeed well at the market place as it enables the retailer to satisfy the customers better.

Retailers are required to understand the impact of different aspects of customer on purchase decision. The study of consumer buying behavior should start with:

- understanding about how the consumers' needs for different products and services are determined;
- understanding how customer searches for the information about the products and services;
- understanding how customer evaluates different product offers available in the market;
- knowing about the modes of payment the customer prefers; and
- knowing the behavior of the customer after the purchase.

LITERATURE REVIEW

According to Martenson (2007), customers are satisfied when the store is neat and pleasant and when they feel that the store understands their needs. Furthermore, satisfied customers are loyal.

Hansen et al. (2011) investigated whether consumer-supermarket satisfaction is influenced by the composition

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of consumers' preference structure and observed that the customers were satisfied when their expectations and/or preferences were met.

Anu Singh and Kaur Tripat (2006) explained the strategies adopted by retailers to keep pace with the changing moods of the shoppers. The study addressed how factors within and outside the stores affected store-level shopping decisions.

Palveen Kaur and Raghbir Singh (2007) found shopping motives of youth primarily as: hedonic (meeting friends and getting new ideas), market mavens (to identify new trends), peer group association, utilitarian motive, status consciousness and impulse shopping, and economic shopping motives.

Tyagi (2008) had observed that retailers were looking to adopt a customer-centric strategy to succeed in the hyper-competitive environment.

Nisha Rathore (2010) investigated consumer behavior toward organized and found that consumer behavior in retailing was more unpredictable & volatile than ever before.

Deepika (2012) observed customer preferences for emerging retail formats in Punjab and the results revealed that the trends toward emerging retail formats were changing and consumers preferred those retail formats due to certain product attributes like improved quality and variety of brands.

Monika Talreja and Dr. Dhiraj Jain (2013), in an empirical analysis on changing consumer perceptions toward organized retailing, found that the consumers' perception toward organized retailers was changing regarding their store image, range of products, brand choices, price, store atmosphere, credit availability, and shop proximity.

OBJECTIVES OF THE STUDY

The present study was carried out with the following objectives:

- To understand the preferences and buying patterns of customers toward organized retailing with reference to Spencer's retail outlet.
- To study the relationship between the preferences and buying patterns of the customers and the demographic profiles of the customers.

RESEARCH METHODOLOGY

The present research was carried out by conducting a survey. Population for the present study was the customers of Spencer's Retail outlet located in Guntur City. The primary data were collected with the help of a questionnaire. A questionnaire was designed and distributed to the customers of Spencer's. Out of 400 questionnaires distributed 312 questionnaires were received back, which were duly

filled in by the customers. The sample respondents were chosen by using a random sampling method. The needed secondary data were collected from the academic text books, magazines, journals, websites, and other published work that were relevant to this topic. The collected data were tabulated and depicted graphically. The data were analyzed by using statistical techniques like simple percentages, correlation, and Chi-square.

DATA ANALYSIS AND INTERPRETATION OF RESULTS

Table 1: Preference of Customer Toward Retail Formats

| Type of Retail Format | No. of Respondents | Percentage |
|-----------------------|--------------------|------------|
| Malls | 144 | 46.15 |
| Convenience Stores | 49 | 15.7 |
| Departmental Stores | 84 | 26.92 |
| Hyper/ Super Markets | 18 | 5.8 |
| Discount Stores | 10 | 3.2 |
| Speciality Stores | 7 | 2.2 |
| Total | 312 | 100 |

It was found that 46.15% of the sample respondents said that they preferred malls for shopping.

Table 2: Different Kinds of Means to Know About Spencer's

| Means | No. of Respondents | Percentage |
|--------------------------------|--------------------|------------|
| TV Commercials and News Papers | 0 | 0 |
| Hoardings Stores | 13 | 4.2 |
| Leaf Lets | 37 | 11.9 |
| Word of mouth | 181 | 58 |
| Inflatable's | 81 | 26 |
| Total | 312 | 100 |

It was observed that 58% of the respondents expressed that they had come to know about Spencer's through word of mouth.

Table 3: Reasons to Prefer to Shop from Spencer's

| Reasons | No. of Respondents | Percentage |
|-----------------------------|--------------------|------------|
| Economy | 158 | 50.6 |
| Life style | | |
| Status related satisfaction | 32 | 10.3 |
| Location | 70 | 22.4 |
| Family/ Friends | 4 | 1.3 |
| Total | 312 | 100 |

It was clear from the above table that 50.06% of the customers of the Spencer's opined that they preferred to buy from Spencer's because of the economy they would have.

Table 4: Purpose of Visiting Spencer's

| Purpose of visiting | No. of Respondents | Percentage |
|----------------------------|--------------------|------------|
| Shopping only | 74 | 23.7 |
| Entertainment only | 66 | 21.2 |
| Shopping and Entertainment | 155 | 49.7 |
| Window shopping | 12 | 3.8 |
| Enjoying food courts | 5 | 1.6 |
| Total | 312 | 100 |

It was evident that 49.7% of the customers said that they visited the store for both shopping and entertainment purposes.

Table 5: Frequency of Shopping at Spencer's

| Frequency of Shopping | No. of Respondents | Percentage |
|-----------------------|--------------------|------------|
| Daily | 15 | 4.8 |
| Weekly | 97 | 31.1 |
| Fortnightly | 53 | 17 |
| Monthly | 142 | 45.5 |
| Once in six months | 5 | 1.6 |
| Total | 312 | 100 |

It was found that 45.5% of the sample respondents said that they visited once in a month.

Table 6: Preferred Day of Shopping

| Preferred day | No. Of Respondents | Percentage |
|------------------|--------------------|------------|
| Any week day | 12 | 3.8 |
| Weekends | 103 | 33 |
| Special occasion | 117 | 37.5 |
| On any day | 80 | 25.6 |
| Total | 312 | 100 |

From the analysis of data, it was clear that most of the respondents said that they preferred to shop on special occasion or on weekends.

Table 7: Preferred Time of Shopping

| Preferred time | No. of Respondents | Percentage |
|----------------|--------------------|------------|
| Morning | 20 | 6.4 |
| Afternoon | 49 | 15.7 |
| Evening | 159 | 51 |
| Any time | 84 | 26.9 |
| Total | 312 | 100 |

Majority (51%) of the customers said that they preferred evening time for shopping.

Table 8: Time Spent for Shopping

| Time spent | No. of Respondents | Percentage |
|-------------------|--------------------|------------|
| Less than 1 hour | 63 | 20.2 |
| Between 1-2 hours | 156 | 50 |
| Between 2-3 hours | 74 | 23.7 |
| More than 3 hours | 19 | 6.1 |
| Total | 312 | 100 |

From the results of the analysis, it can be understood that 50% of the respondents said that they spent from 1 to 2 hours at Spencer's at the time of shopping.

Table 9: Average Monthly Purchase

| Monthly purchase | No. of Respondents | Percentage |
|-------------------------------|--------------------|------------|
| Below Rs. 1000 | 17 | 5.4 |
| Between Rs. 1000 and Rs. 2000 | 63 | 20.2 |
| Between Rs. 2000 and Rs. 3000 | 95 | 30.4 |
| Between Rs. 3000 and Rs. 4000 | 107 | 34.3 |
| Above Rs. 5000 | 30 | 9.6 |
| Total | 312 | 100 |

It was found that most of the respondents said that they spent between Rs. 2000 and Rs. 4000 on an average for their monthly purchase.

Table 10: Shopping Companion

| Shopping companion | No. of Respondents | Percentage |
|--------------------|--------------------|------------|
| Friends | 75 | 24 |
| Relatives | 19 | 6.1 |
| Colleagues | 4 | 1.3 |
| Family members | 181 | 58 |
| Alone | 33 | 10.6 |
| Total | 312 | 100 |

It was observed that 58% of the customers said that they shopped along with their family members.

Table 11: Preference to Shopping with Others

| Preference to shop with others | No. of Respondents | Percentage |
|--------------------------------|--------------------|------------|
| Provides financial support | 37 | 11.9 |
| Gives second opinion | 83 | 26.6 |
| Their choice suit to me best | 61 | 19.6 |
| Company | 87 | 27.9 |
| Information and reviews | 44 | 14.1 |
| Total | 312 | 100 |

The results showed that the customers said that they preferred to shop with others as they gave second opinion to them.

Table 12: Factors Influencing Purchase Decision

| Factors influencing purchase decision | No. of Respondents | Percentage |
|---------------------------------------|--------------------|------------|
| Self | 12 | 40.1 |
| Family members | 62 | 19.9 |
| Friends | 97 | 31.1 |
| Relatives | 1 | .3 |
| Advertisements and offers | 27 | 8.7 |
| Total | 312 | 100 |

From the analysis, it was found that the friends influenced their purchase decision.

Table 13: Spending on Organized Retailing

| Spending on organized retailing | No. of Respondents | Percentage |
|---------------------------------|--------------------|------------|
| Increased | 161 | 51.6 |
| Decreased | 76 | 24.4 |
| No change | 75 | 24 |
| Total | 312 | 100 |

The sample respondents opined that their spending on organized retailing was increased.

Table 14: Kind of Goods Preferred

| Type of goods preferred | No. of Respondents | Percentage |
|-------------------------|--------------------|------------|
| Convenience goods | 188 | 60.25 |
| Shopping goods | 124 | 39.74 |
| Total | 312 | 100 |

From the study, it was observed that convenience goods were more preferred than the shopping goods.

Table 15: Relationship between Customer Preferences and Buying Patterns and Various Demographic Variables

| Demographic Variables | Correlation | Chi-Square |
|---|-------------|------------|
| Age vs. Purpose of visiting | - | 3.271 |
| Age vs. Shopping companion | - | 37.89 |
| Gender vs. Purpose of visiting | - | 3.697 |
| Gender vs. Preference to shop from Spencer's | - | 25.345 |
| Income vs. Preferred Retail Format | - | 2.869 |
| Income vs. Frequency of Purchase | .062 | - |
| Income vs. Monthly Purchase | .087 | - |
| Income vs. Kind of goods purchased | - | 24.297 |
| Total No. of members in a family vs. average monthly purchase | -.146 | - |

The association between age and purpose of visiting the outlet was analyzed by computing Chi-Square. It was observed that there was no association between these two as the calculated value 3.271 was less than the table value (9.488). A good association was found between age and shopping companion as the calculated value 37.89 was high than the table value (21.026). The relationship between gender and preferred retail format, and purpose of visiting was examined. Significant association was observed between gender and preferred retail format as the calculated value (25.345) was high than the table value (21.026). No association was examined between gender and purpose of visiting as the calculated value (3.697) was less than the table value (9.488). There was no significant association between income and preferred retail format as the calculated value (2.869) was less than the table value (9.488). Significant association was observed between income and kind of goods purchased as the calculated value (24.297) was high than the table value (21.026). Significant positive relationship was observed between income and frequency of purchase, and average monthly purchase. There was an inverse relationship between total number of members in a family and average monthly purchase.

CONCLUSION

Understanding customer, his preferences, and buying motives and patterns has become an imperative for the retail marketers.

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