



## AN EMPIRICAL INVESTIGATION ON CONSUMER'S PERCEPTION TOWARDS RETAIL HYPERMARKETS IN TIRUCHIRAPPALLI CITY- TAMILNADU

S.P.KARUPPASAMY PANDIAN\*; R.ELAVARASI\*\*; G.ARUN SHANKAR\*\*\*

\*Assistant Professor,  
Department of Management Studies,  
KPR School of Business, Coimbatore, India.

\*\*Pondicherry University,  
Department of Management Studies,  
Pondicherry - 605007.

\*\*\*KPR School of Business,  
Department of management studies,  
Madathukulam, Taluk.

### ABSTRACT

*The enormous retail boom in India has given space to many companies who have mushroomed out to benefit from the retail boom, which is nothing but a structured format of the unorganized retail business which is being done in India from ages.*

*The retail business is booming in India and there has been remarkable shift in the buying behavior of the people from traditional stores to these departmental stores and hyper markets. It becomes important for the marketers to understand these relationships for successful design and execution of retail strategies. It would also enable the researchers to understand the organized retail formats and consumers buying attitude towards the stores.*

*The data was collected by getting the questionnaire filled by the respondents who visited those hyper markets which are available in Trichy city. Through this study we can find the factor that influences them to visit particular hyper market again and again and motivates them to purchase more from the hyper market. The purpose of this paper is to raise the question of the relationship between the various factors and perceptions towards particular hyper market.*

**KEYWORDS:** Retailing, Hypermarket, Consumers.

## INTRODUCTION

Retailing is a traditional form of exchange process practices in India right from the days of barter system. It is a process by which a product/service is transferred by an individual group or organization to the ultimate consumers in the required assortment, which satisfies consumption needs. India is the second largest consumer market in the world with twelve million retail outlets. But the retail sector in India is considered as an unorganized industry the local conventional grocery shops and vegetable vendors are considered as unorganized and they contribute more to the total retail stores. In India, the unorganized retailing sector comprises of 96.5% while that of organized sector is just 3.5% that is mainly in major metropolitan and urban areas. In late 1990's the retail sector has witnessed a level transformation.

Organized retailing will grow faster than unorganized sector and the growth speed will be responsible for its high market share, which is expected to be \$17 billion by 2010 to 2011. Indian retail industry accounts for about 10% to 11% of our country's GDP and 8% of the total employment. Modern retailing has entered into the retail markets in India as is observed in the form of bustling shopping centers, multi-stored malls and huge complexes that offer shopping, entertainment and food all under one roof. Over the last few years, retail has become one of the fastest growing sectors in the Indian economy.

The Indian consumer is changing rapidly. The consumer now has a choice wide range of products, quality and prices. Organized retailing is changing the whole concept of shopping in terms of consumer buying behavior. In such a scenario, consumer decision making is of great interest for consumer educators and marketers interested in serving the consumer (Canabal, 2002). Therefore there is clearly a need for research on this issue in India. In this study, an attempt was made to study the consumer behavior in shopping malls of India.

## LITERATURE REVIEW

Canabal, M.E. (2002) investigated the decision making styles of south Indian consumers utilizing customer style inventory. Using data collected from 173 college students from two institutions of higher education in the city of Coimbatore, south India, Canabal (2002) identified 5 decision making styles of south Indian. These styles are (1) brand conscious style, (2) high quality conscious/perfectionist style, (3) confused by over choice style, (4) impulsive/brand indifferent style and (5) recreational shopper style.

Durvasula et al. (1993) administered the CSI on 210 undergraduate business students at a large university in New Zealand. They found 8 consumer decision making styles. They are perfectionist, brand conscious, novelty – fashion conscious, recreational shopping conscious, price – value conscious, impulsive, confused by over choice and habitual/brand loyal.

Fan and Xiao (1998) used a modified CSI with Chinese students. They clearly identified 5 dimensions of consumer decision making styles: brand consciousness, time consciousness, price consciousness, and quality consciousness and information utilization.

Retailers and marketers often seek to learn and why people shop. The consumer decision making process is a complex phenomenon. The purchase of goods and services includes a

number of factors that could affect each decision. Decision making is more complex and even more important for consumers today than in the past. Consumers are besieged by advertising, news articles and direct mailing that provide an abundance of information, much of it with mixed messages. In addition, increases in the number and variety of goods, stores and shopping malls and the availability of multicomponent products and electronic purchasing capabilities have broadened the sphere of consumer choice and have complicated decision making (Hafstrom et al., 1992).

Hafstrom et al. (1992) used the CSI to identify the decision making styles of Korean students. They confirmed seven of the eight factors using Spearman & Kendall's analytical methods and conceptual framework. The only one that was not confirmed was 'novelty fashion consciousness'. They attributed this possible link between 'brand consciousness' and 'fashion consciousness' among young Korean consumers.

### **RESEARCH OBJECTIVES**

1. To examine consumer's perception towards retail hypermarkets and factors they considered to choose a particular hypermarket for their shopping.
2. To find the overall satisfaction of the customer's towards the retail store.

### **HYPOTHESES**

Hypothesis 1: There is a relationship among the factors that influence customer perception towards hypermarket.

Hypothesis 2: variety of brands and product knowledge of employees can predict the overall satisfaction of consumers towards hypermarket.

### **SCOPE OF THE STUDY**

By making this study we can be able to find out the consumer perceptions towards retail formats of hypermarkets and factors that they are considering to choose a particular hypermarket for their shopping in Trichy city.

The study is relied on primary data. The primary data is collected through structured questionnaire. Convenient sampling method was adopted and the sample size is 307 respondents.

### **SCALING DESIGN**

Likert scale is being adapted to measure a quantity "consumer perception towards hypermarket". Five point scales have been used for the study.

**TABLE 1: RELIABILITY STATISTICS**

Cronbach's Alpha	No of Items
<b>.779</b>	<b>23</b>

An examination had been made from the reliability of the data to check whether random error causing inconsistency and in turn lower reliability is at a manageable level or not, by running reliability test. From table 1 it is clear that the values of coefficient Alpha (Cronbach's Alpha) have been obtained, the minimum value of coefficient Alpha obtained, the minimum value of coefficient Alpha obtained was .779. This shows data has satisfactory internal consistency reliability.

Statistical tools used

- ❖ Reliability analysis
- ❖ Factor analysis
- ❖ Multiple regression

## FACTOR ANALYSIS

Hypothesis 1: there is a relationship among the factors that influence customer perception toward hypermarket.

**TABLE 2: KMO AND BARTLETT'S TEST**

Kaiser-Meyer-Olkin measure of Sampling Adequacy		<b>.743</b>
Bartlett's test of Sphericity	Approx. Chi-Square	5703.315
	Df	253
	Sig.	.000

KMO measure of sampling adequacy is an index to examine the appropriateness of factor analysis. High values 0.5 and 1.0 indicate factor analysis is appropriate. Values below 0.5 imply that factor analysis may not be appropriate. From the above table it is seen that Kaiser-Meyer-olkin measure of sampling adequacy index is 0.743 and hence the factor analysis is appropriate for the given data set. Bartlett's test of Sphericity is used to uncorrelated. It is based on chi-square transformation of the determinant of correlation matrix. A large value hypothesis. In turn this would indicate that factor analysis is appropriate. Bartlett's test of Sphericity Chi-square statistics is 5703.315, that shows the 23 statements are correlated and hence as inferred in KMO, factor analysis is appropriate for the given data set.

Com Opponents	Initial Eigen Values			Extraction sums of squared loading			Rotation sums of squared loading		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.616	33.111	33.111	7.616	33.111	33.111	5.771	25.092	25.092
2	2.143	9.319	42.430	2.143	9.319	42.430	2.469	10.737	35.829
3	1.947	8.467	50.897	1.947	8.467	50.897	2.113	9.186	45.015
4	1.724	7.497	58.394	1.724	7.497	58.394	1.734	7.540	52.555
5	1.537	6.682	65.076	1.537	6.682	65.076	1.698	7.384	59.939
6	1.298	5.645	70.721	1.298	5.645	70.721	1.570	6.824	66.764
7	1.119	4.866	75.587	1.119	4.866	75.587	1.525	6.631	73.394
8	1.017	4.420	80.007	1.017	4.420	80.007	1.521	6.613	80.007
9	.880	3.827	83.834						
10	.762	3.313	87.147						
11	.583	2.534	89.681						
12	.503	2.187	91.868						
13	.401	1.743	93.611						
14	.307	1.334	94.945						

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15	.274	1.191	96.136						
16	.230	.999	97.135						
17	.172	.749	97.884						
18	.148	.642	98.526						
19	.127	.550	99.076						
20	.087	.377	99.453						
21	.059	.258	99.710						
22	.046	.199	99.910						
23	.021	.090	100.000						

Extraction Method: Principle Component Analysis

Eigen value represents the total variance explained by each factor. Percentage of the total variance attributed to each factor. One of the popular method used exploratory factor analysis in principle component analysis, where the total variance in the data is considered to determine the minimum number of factors that will account for maximum variance of data depicted.

	Component							
	1	2	3	4	5	6	7	8
Better price			-816					
Quality of products								<b>.900</b>
Variety of products								
Parking facilities	.519	.543						
Convenience store hours								
Product knowledge of employee					.605			
Store comfortable to shop in			.634					
Security	.731							
Close to where you live				.738				
Convenience of Parking	<b>.833</b>							
Friendly employees								
Several brands to choose								
High quality fruits& vegetables							<b>.875</b>	
Variety of dairy products						<b>.877</b>		

Fresh Non-veg & Sea food					-800			
Home delivery	.782							
Product display and demo	<b>.854</b>							
Store ambience		<b>.849</b>						
Fast billing				.806				
Value added services		.522						
Hospitality	<b>.826</b>							
Home bill payment	<b>.886</b>							
Better customer service		.590						

Extraction method: Principle component analysis

Rotation method: Varimax with Kaiser Normalization

A rotation converged in 11 iterations

**ROTATION METHOD:** Varimax with Kaiser Normalization

Interpretation of factors is facilitated by indentifying the statements that have large loading in the same factor. The factor can be interpreted in terms of the statement that loads high on it.

The factors of a consumer perception towards hypermarkets comprise of 23 individual variables. Out of 23 variables, 8 individual variables contribute more towards consumer perceptions towards retail hypermarket.

The variables are:

1. Quality of products
2. Home bill payment
3. Variety of dairy products
4. High quality fruits & vegetables
5. Store ambience
6. Product display and demo
7. Convenience of parking
8. Hospitality

**MULTIPLE REGRESSION**

**HYPOTHESIS 2:** variety of brands and product knowledge of employees can predict the overall satisfaction of consumers towards hypermarket.

**MODEL SUMMARY**

Mode I	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.908(a)	.825	.807		.310

A predictors: (constant), better customer service, fresh non-veg and sea food, quality of product, close to where you live, variety of products, better price, variety of dairy products, fast billing, security, store comfortable to shop in, product knowledge of employee, high quality fruits and vegetables, store ambience, friendly employees, convenience store hours, home delivery,

Hospitality, several brands to choose, parking facilities, value added services, product display and demo, convenience of parking, home payment.

The above model summary table shows R-square for this model is 0.825. This means that 82.5% of the variation in overall satisfaction of consumers (dependent variable) can be explained from the 23 independent variables. The table also shows the adjusted R-square for the model as 0.807.

Anytime another independent variable is added to a multiple regression model, the R-square will increase (even if only slightly). Consequently, it becomes difficult to determine which models do the best job of explaining variation in the same dependent variable. The adjusted R-square does just what its name implies. This adjustment allows the easy comparison of the explanatory power of models with different numbers of predictor's variable. Its also helps us to decide how many variables to include in our regression model.

Mode I		Unstandardized Coefficient		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	1.807	.336		5.373	.000
	Better price	.227	.038	.270	5.954	.000
	Qualityof products	-.036	.041	-.045	-.876	.382
	Varietyof products	.115	.035	.167	3.294	.001
	Parking facilities	-.212	.033	-.440	-6.501	.000
	Convenience store hours	.219	.034	.381	6.433	.000
	Product Knowledge of employee	.364	.025	<b>.736</b>	14.616	.000
	Store comfortable to shop in	-.097	.028	-.162	-3.474	.001
	Security	-.037	.037	-.069	-1.000	.319
	Close to where you live	.073	.026	.139	2.748	.006
	Convenience of Parking	.006	.045	.013	.136	.892

	Friendly employees	-.165	.039	-.237	-4.254	.000
	Several brands to choose	.416	.034	<b>.830</b>	12.410	.000
	High quality fruits& vegetables	.073	.032	.127	2.296	.023
	Variety of dairy products	-.261	.031	-.401	-8.362	.000
	Fresh Non-veg & Sea food	.305	.020	.734	14.884	.000
	Home delivery	-.085	.058	-.179	-1.463	.145
	Product display and demo	.052	.038	.109	1.355	.177
	Store ambience	.118	.031	.216	3.844	.000
	Fast billing	-.113	.036	-.128	-3.157	.002
	Value added services	-.351	.065	-.516	-5.437	.000
	Hospitality	-.025	.029	-.052	-.858	.392
	Home bill payment	.254	.060	.534	4.252	.000
	Better customer service	-.143	.038	-.218	-3.775	.000

Dependent variable: overall satisfaction

To determine if one or more of the independent variables are significant predictors of overall satisfaction of consumer, we examine the information provided in the coefficient table. From the above 23 independent statements only 8 statements are not statistically significant. The standardized coefficient beta column reveals the better price has a beta coefficient .270, which is significant (.000). Quality of products has a beta coefficient -0.045, which is not significant (0.382). Variety of products has a beta coefficient 0.167, which is significant (0.001). Parking facilities has a beta coefficient -0.440, which is significant (0.000). Convenience store hours have a beta significant 0.381, which is significant (0.000). The store comfortable to shop in has a beta coefficient -0.162, which is significant (0.001). Security has a beta coefficient -0.069, which is not significant (0.319). Close to where you live has a beta coefficient 0.139, which is not significant (0.006). Convenience of parking has a beta coefficient 0.013, which is not significant

(0.892). Friendly employees have a beta coefficient -0.237, which is significant (0.000). Several brands to choose have a beta coefficient 0.830, which is significant (0.000). High quality fruits and vegetables have a beta coefficient 0.127, which is not significant (0.023). Variety of dairy products has a beta coefficient -0.401, which is significant (0.000). Fresh non-veg and sea food has a beta coefficient 0.734, which is significant (0.000). Home delivery has a beta coefficient -0.179, which is not significant (0.145). Product display and demo has a beta coefficient 0.109, which is not significant (0.177). Store ambience has a beta coefficient 0.216, which is significant (0.000). Fast billing has a beta coefficient -0.128, which is significant (0.002). Value added services has a beta coefficient -0.516, which is significant (0.000). Hospitality has a beta coefficient -0.052, which is not significant (0.392). Home bill payment has a beta coefficient 0.534, which is significant (0.000). Better customer service has a beta coefficient -0.218, which is significant (0.000). From the above table we can able to know that several brands to choose and product knowledge of employee are having major impact in the minds of the consumer and brings them lot of satisfaction when compared with other factors.

## CONCLUSION

From the above study it is clear that most of the shoppers were conscious about the close to residents, price, quality of the product, variety of the products, convenience shop timing, ample parking, hospitality, store ambience, product display and demo and high quality fruits and vegetables. Consumers are very much attracted by the store atmosphere and décor and also the convenient location of the store. They are recreational in their shopping.

The store patronage is a result of both the relative importance of various motives and shopping assessments of alternative stores with respect to the various factors used in making the selection.

Store choice is dependent on the timings of shopping trips as consumers may go to a small local store in short fill-in trips and go to a larger store for regular shopping trips. Consumer's personnel differences interact with situational factors and together they determine the store choice and shopping trip behavior.

For every merchandise category the factors would be different for patronizing a retail outlet. Durable products certain factors that extremely affect the customer are the store image and for that the location comes secondary. The store image is developed due to store ambience, knowledge of the sales personnel and the assortments available.

If the manufacturers brand is preferred than an individual would like to go to specific branded outlet where as if the brand has to be finalized then he/she prefers going to the MBO, yet the ultimate factor that comes in is the trust factor. For patronizing for durable products the store image place the major role along with the after sales service.

The consumer's selection of a store is not completely random. The more recent purchases experience and the more frequent visits to the store, the more he is likely to purchase the product in the store. This shows that the past experience influences store choice and patronizing ability to either chance, alter or reinforce the new shopping experiences.

Those we can say that consumers characteristics interact with situational variables to impact how information about the retail mix is processed, resulting in store choice and impact in the store patronage nature.

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