Factors Influencing the Purchase Decision of Retail Outlets in Coimbatore

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ABSTARCT

Retail sector and Traditional marketplaces are giving way to new formats such as department stores, hypermarkets, supermarkets, and specialty stores as India's retail sector undergoes a massive transformation. Western-style malls have begun to pop up in metros and other locations, offering Indian shoppers a never-before-seen shopping experience. The sector is at a crossroads, with organized retailing and Indian population consumption both on a higher growth trajectory. The demographics of the Indian people are changing dramatically. Various factors such as the availability of professional practices, media proliferation, various brands that are gaining value and thus enhancing industry growth, the availability of various funding options, regulations such as VAT implementation to make processes simple, a sea change in the country's demographics, and international exposure all contribute to the industry's growth. The present study is an attempt to assess the factors influencing the purchase decision of retail outlets in Coimbatore.

Keywords-- Retail Sector, Hypermarkets, Supermarkets, Coimbatore

I.   INTRODUCTION

Indian retail marketing is preparing to reach new heights on a global scale. India's retail industry faces a long road ahead, with a dynamic retail-marketing environment. Indian retail players have established themselves in the market and are expanding their operations by opening new stores across the country. India is now seen as the country of the future by the rest of the world. The retail marketing environment in India is distinct; retailing is an important component of the marketing mix, and includes elements such as product, price, location, and promotion. The distribution and availability of products in various locations is referred to as place. Direct marketing and mass media advertising are useful factors in retailing for personal contact with customers; thus, the retail industry should place an emphasis on innovative advertising, communication, and promotions to assist customers in making purchase decisions. The promotion is an additional sales-generating strategy that is used in conjunction with other strategies.

In the current scenario, retail is one of India's fastest-growing industries. The word 'retail' comes from the French word 'retailer,' which means to cut or break bulk. In simple terms, it refers to a face-to-face interaction with the customer. The word 'retail' comes from a French prefix 're' and the verb 'trailer,' which means "to cut again." As a result, retail trade involves slicing smaller portions of larger lumps of goods. It is the process of transporting goods to their final destinations. It is made up of all the activities that take place during the process. ultimate customers by selling, renting, and providing goods and services for personal, family, and household use. Retailing is an important form of marketing. Retailing brings together not only producers and consumers, but it also adds value to customers and has a significant economic impact.People nowadays have a strong preference for sophisticated living. People have become more cost conscious, but they still feel compelled to compare products before making a purchase. These factors paved the way for the establishment and expansion of retail stores.

A retail store is a location where people can purchase a variety of goods all under one roof. It satisfies the people's needs. A retail store is a large departmental retail establishment that primarily operates on a self-service basis and stocks a relatively broad and complete stock of dry groceries, fresh meat, perishable products, and dairy products, as well as a variety of convenience and non-food merchandise. In India, the retail store format is the most common of all modern retail formats. These are neighborhood stores that sell home and personal care products, as well as food, that a typical family uses on a daily basis. These stores are frequently part of a chain that owns or controls (sometimes through a franchise) other retail stores in the same or nearby towns in order to achieve economies of scale. These stores make shopping more convenient by bringing a wide range of products together in one location. By reducing margins, retail stores are able to offer products at low prices. Products with negative margins (typically staples like bread, milk, and sugar) are frequently sold as loss leaders. To maintain a profit, retailers try to compensate for low margins by increasing overall sales volume and selling higher-margin items.

II. REVIEW OF LITERATURE

In a study of the impact of supercenters on traditional food retailers in four markets, Seiders et al. (2000) discovered that supercenters are gaining 15% to 20% of primary shoppers and an even higher proportion of secondary shoppers. Shoppers were unwilling to sacrifice convenience of location or, in some cases, quality and assortment. As a result, big retailers continue to gain market share at the expense of competitors who do not distinguish themselves in any meaningful way.

In a study on local resistance to large retailers using the example of market towns and the food superstore in the UK, Hallsworth and Worthington (2001)2 found that the loyalty card system used by the large retailers was successful. Local retailers protested, but they lacked the financial means to continue the fight.

Brennan and Lundsten (2002) investigated the effects of large discount stores on small towns in the United States, as well as the reasons people shop there, as well as retailer strategies, and discovered that people shop at discounters for low prices and a wide selection, and specialty stores for unique items they can't find anywhere else. Consumers are more likely to shop at new discounters than at existing stores, according to research.

According to Michel Laroche (2005), customers' assessments of service quality in a shopping environment mediate their pleasure and purchase intent. The decision-making process for mall shopping is the same for English and French Canadians. Practical implications – This research provides a model that can be tested in cross-cultural contexts for researchers interested in understanding consumer mall shopping behavior. The study offers interesting solutions for mall operators and store managers looking to improve the mall environment, product quality, and customer service. Value/originality – This study demonstrated that consumers' moods are evoked by their perceptions of service quality by incorporating it into their mall shopping decision-making. Regardless of their cultural orientations, the mall shopping decision-making process of English and French Canadian consumers is universal.

Gauri, Dinesh Kumar (2008) Pricing and store format decisions are two powerful and highly effective strategic tools that retailers have. A retailer can choose any combination from the several strategic options available for each decision. We concentrate on two areas where there are gaps in the literature. First, both decisions are tailored to the customers served by the stores and the environments in which they operate, but there is little academic research to support them. As a result, determining the combined effects of considering pricing and format decisions in a single framework is critical. Second, do retailers, who have access to findings from a wealth of prior literature on consumer store choices related to pricing and format preferences, actually consider this information when making strategic decisions?

According to Zameer, Asif, et al., (2011), the first major value that customers consider very important for modern food and grocery retailers to provide is product choice. The urban customer can fulfill most of their monthly requirements in one shopping trip and avoid making frequent trips to various kirana stores thanks to the large merchandise assortment available under one roof. This value will outweigh the higher cost of purchasing products from a modern retailer. This factor is likely to boost the success of hypermarkets or large supermarkets in the food and grocery category in urban India. Furthermore, the factor and discriminant analysis shows that modern retail outlets need to improve their store management skills in order to increase customer preference. Customers' shopping experiences will be enhanced by a pleasant environment, neat visual merchandising, consistent product availability, complementary product layout, and a quick check-out process. Extensive value-added services (such as phone ordering and home delivery), goods exchange or return policies, packaging services, carry bags, and so on can all add value to modern retailers. Finally, customer relationship management activities such as loyalty bonuses/discounts, special customer cards, free parking, and so on are important factors that can lead to increased patronage at modern retailers.

III. PERIOD OF THE STUDY

The study covers a period of 2 years (July 2019– July 2021). During this period, the primary and secondary data were gathered about the retail stores and customers of retail stores.

IV. OBJECTIVES OF THE STUDY

To assess the factors influencing the purchase decision of retail outlets in Coimbatore.

V. FACTOR ANALYSIS

Factor analysis is a multivariate technique also known as data reduction. It can be used in situations where we are studying a large number of variables affecting a particular situation. In this analysis we combine the related variables into a small numbers of relevant factors. Factor analysis computes pairs of correlation between all variables and the highly related variables are combined into factors.

1. Factor Analysis: Communalities

Communalities indicate the amount of variance in each variable that is accounted.

Table 1: Communalities

Factor No.	Factors	Initial	Extraction
F1	Value of products	1.000	.759
F2	Quality of products	1.000	.722
F3	Freshness of products	1.000	.795
F4	Quick & Prompt service	1.000	.802
F5	Variety of products	1.000	.805
F6	Availability of products	1.000	.655
F7	Home delivery services	1.000	.623
F8	Availability of trolley and baskets	1.000	.746
F9	Fast and error free billing transactions	1.000	.713
F10	Availability of the sales personnel	1.000	.788
F11	Mode of payment	1.000	.776
F12	Refunds & Replacements	1.000	.791
F13	Location of store	1.000	.785
F14	Convenient parking facilities	1.000	.819
F15	Customer compliant Redressal	1.000	.805
Extraction Method: Principal Component Analysis			

Source: Primary Data

2. Factor Analysis: Rotated Component Matrix

The table 1 displays rotated component matrix and reports the factor loadings for each variable on the components or factors after rotation. Each number represents the partial correlation between the item and the rotated factor. These correlations can help us formulate an interpretation of the factors or components.

This is done by looking for a common thread among the variables that have large loadings for a particular factor or component. Factor analysis rotation methods start with the original axes and apply a mathematical rotation which simplifies the relationships between factors and variables.

Table 2: Rotated Component Matrix

Factors	Component						
	1	**2**	**3**	**4**	**5**	**6**	**7**
F5	.829						
F2	.743						
F3	.643						
F4		.865					
F7		.850					
F8			.816				
F6			.744				
F10			.427				
F12				.714			
F15				.699			
F9					.792		
F11					.791		
F13						.823	
F14						.710	
F1							.839

Extraction: Principal Component Analysis
Rotation Method: Varimax with Kaiser Normalization
a. Rotation converged in 11 iterations.

VI.   INFERENCE

Through Factor Analysis we have been able to extract four (7) factors out 15 attributes. In other words we have transformed 15 attributes into 7 representative Factors. As it is visible from the table no: 75, variables (satisfaction attributes) have correlated with first Factor, 3 variables have correlated with second factor, 2 variables have correlated with third factor, 3 variable have correlated with fourth factor, 2 variables have correlated with fifth factor, 2 variable have correlated with sixth factor, 2 variable have correlated and 1 variable with seventh factor.

VII.   FACTOR ANALYSIS: FACTOR TRANSFORMATION MATRIX

The factor transformation matrix describes the specific rotation applied to our factor solution. This matrix is used to compute the rotated factor matrix from the original (unrotated) factor matrix. If the off-diagonal elements are close to zero, the rotation was relatively small. If the off diagonal elements are large (greater than ±0.5), a larger rotation was applied.

Table 3: Component Transformation Matrix

Component	1	2	3	4	5	6	7
1	.492	.472	.397	.388	.355	.317	-.037
2	.249	-.637	.518	.247	-.054	-.289	.341
3	-.694	.228	.434	.101	-.142	.278	.413
4	.048	.072	.074	-.635	.618	-.141	.426
5	.414	-.025	.080	-.468	-.550	.506	.210
6	-.124	-.538	-.238	.134	.402	.677	-0.12
7	.159	.156	-.563	.372	-.076	-.062	.697

Extraction Method: Principal Component Analysis
Rotation method: Varimax with Kaiser Normalization

From the table it is visible that most of the off-diagonal values are small or close to zero indicating that the rotation required in the current case was small. For our study the all variables have correlated with 7 factors and have been named and shown in the Table .It is concluded that the 15 factors are reduced to 7 factors/categories such as product choice, store management, value added services, dissonance reducing measures, policy related aspects, shopping convenience and pricing. Factors grouped under product choice are: Variety of products, Quality of products.Freshness of products . Followed by Factors grouped under value added services are: Quick & prompt services, Home delivery services and Factors grouped under store management includes Availability of trolleys and baskets,Availability of products, Availability of sales personnel Factors grouped under Dissonance reducing measures are: Customer complaint redressal ,Refunds & Replacements .Factors grouped under Policy related aspects are:Fast and error free billing transactions, Mode of payment . Factors grouped under shopping convenience are:Location of store, Convenient parking facilities And finally Factor grouped under pricing includes Value of products .

VIII. CONCLUSION

The goal of retailing is to provide high-quality, low-cost, and convenient service to customers. Retailers, both organized and unorganized, bear a greater share of the responsibility for improving customer satisfaction. Higher-income consumers, as well as young and high-income consumers, prefer organized retail formats. For purchasing various shopping goods such as jewellery, furniture, clothing, durables, electrical and electronic goods, organized retail shops are preferred over unorganized retail shops. These stores place a premium on product quality and variety, as well as superior customer service. The study assesses the factors influencing the purchase decision of retail outlets in Coimbatore.

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