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Analysis on Factors Influencing Consumer Store Loyalty towards Organised Retail Stores with Special Reference to Coimbatore

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Abstract: In India organised retail sector is one of the most dynamic and fast-paced industry, mainly due to the entry of several new players. With a large number of new entrants in the industry, achieving success and maintaining the same is not an easy task. Store loyalty plays an important role in retail business success. However, how a retail store develops and maintains its consumer loyalty towards the store is still an open question. Only less marketing effort and resource is required to sustain a loyal customer, than to acquire a new customer. Hence retailers are interested in understanding the factors that drive customers to be loyal towards a retail store. The study aims at understanding the consumer's preference in organised retail formats and also determines the various factors that influence consumer loyalty towards an organised retail store.

Keywords: Store Loyalty, Organised Retail, Retail Store Loyalty.

I. INTRODUCTION

Retailing plays significant role in determining the consumption patterns of consumers, manipulating their preferences that contribute to their increasing the life standards. Today, the power balance is inclined more towards the retailers rather than the manufactures. Increase in the number of the competitor brands in the market has led the firms to a concern of being able to obtain more shares from the retail market. This situation has made the retailers highly advantageous. In addition to this, the retailers have started to create their own brands and offer them at a less cost in market in comparison to the nation-wide brands; it has strengthened their position in the market. Due to the increasing competition that is prevailing in the modern retailing sector, retailers are constantly making considerable efforts to make consumers more committed to their stores, and to increase the consumer's frequency and amount of purchase. Therefore, the importance of strengthening the consumers store loyalty and developing new strategies towards achieving it plays a vital part in every retailers function (Gopinath and Vijay Kumar, 2012).

The study analyses the factors (Promotion, Physical characteristics, Convenience, Peer group, Merchandise quality, Store personnel, Perceived price, Merchandise selection, Service quality, Store image, and Discounts/offers/Loyalty cards) that influence consumers store loyalty towards organised retail.

II. REVIEW OF LITERATURE

Manish and Arora (2012) examined the relationship between various situational factors and their impact on consumers store loyalty. The results of the study doesn't indicate that consumers expect the purchase experience to offer hedonic qualities such as excitement, entertainment, escapism, fantasy, and fun. So the study suggests that retailers who utilize the store-as-the

brand strategy should recognize this and work to deliver hedonic value throughout the purchase experience. In addition, retailers should also recognize that their performance in the delivery of these consumer benefits is linked to important outcomes such as satisfaction, loyalty, and word of mouth communication

Kumar and Gopinath (2012) determined the effect of satisfaction, trust-value perception and store image variables on the consumers' retail store loyalty in Twin cities of Andhra Pradesh. The study found that the store image variables have effect on value and trust perception. Value-trust perceptions have effect on satisfaction and store loyalty of the customers.

Kenneth (2015) identified how the independent variables of value (price, quality, service, convenience, and assortment) contribute to customer loyalty among supermarket customers. Results from the study indicate that quality has the greatest effect on customer loyalty. However, significant interaction and modifying effects were also detected, indicating that predictors of loyalty should not be examined in isolation. The results of the study indicated quality, service, assortment, loyalty programs, and high quality increases loyalty.

III. OBJECTIVE OF THE STUDY

- To analyse the consumer store loyalty towards organised retail.
- To determine the factors influencing consumer store loyalty.
- To identify the preferred retail format and the purchase pattern of the consumers.

IV. RESEARCH DESIGN

Primary data collection was done through survey method using a well-structured questionnaire. The Sample Size of 157 respondents in Coimbatore was chosen through convenience sampling method. Percentage analysis, Garret ranking and Descriptive statistics were used for the analysis through SPSS software.

V. ANALYSIS AND INTERPRETATION

Percentage Analysis:

Table 1: Demographic profile of the respondents

Demographic Factors	Classification	Frequency	Percent (%)
Gender	Male	73	46.4
	Female	84	53.0
Age	18-25	43	25.4
	26-35	43	29.4
	36-45	38	24.2
	46-55	29	18.4
	Above 55	4	2.6
Marital Status	Married	104	66.3
	Single	53	33.7
Educational Qualification	School	12	7.6
	UG Degree	56	35.7
	PG Degree	83	52.9
	Others	6	3.8
Occupation	Student	53	33.8
	Paid Employment	62	39.5
	Business	29	18.5
	Retired	9	5.7
	House Wife	2	1.3
	Others	2	1.3
Monthly Household Income	Less than Rs.10,000	26	16.6
	Rs.10,001 – 20,000	50	31.8
	Rs.20,001 – 30,000	34	21.7

	Rs.30,001 – 40,000	15	9.6
	Rs. 40,001 – 50,000	13	8.3
	Above 50,000	19	12.1
Family Size	Less than 3 Members	15	9.6
	3-5 Members	118	75.2
	Above 5 Members	24	15.3
Mode of Transport	Two Wheeler	58	36.9
	Four Wheeler	47	29.9
	Public Transport	39	24.8
	Private Transport	13	8.3
Average Monthly Purchase at Organized Retail Store	Less than Rs.2000	48	30.6
	Rs.2001-4000	76	48.4
	Rs.4001-6000	18	11.5
	Rs.6001-8000	4	2.5
	Rs.8001-10,000	4	2.5
	Above Rs.10,000	7	4.5
Frequency of Visit to Retail Store	Everyday	4	2.5
	Weekly Thrice	50	31.8
	Fortnightly	16	10.2
	Monthly	64	40.8
	Rarely	23	14.6

Source: Primary data

Majority of the respondents 53% are female, 29.4% belong to the age group of 26-35, 66.3% are married, 52.9% have post-graduation, 39.5% are paid employees, 31.8% get an monthly household income of Rs.10,001 – 20,000, 75.2% have 3-5 members in their family, 36.9% use Two-wheelers as a mode of transport for shopping purposes, 48.4% on an average spend Rs.2001-4000 per month at organized retail store, and 40.8% of the respondents visit retail store on a monthly basis.

Table 2: Type of Organised retail format consumers usually prefer

Particulars	Mean Score	Rank
Malls (collection if shops in building)	3.26	I
Departmental Store (Separate department for each product)	2.18	III
Hypermarket (Large self-service outlets)	2.53	II
Convenience store (Small stores located near residential outlets)	2.03	IV

Source: Primary data

From the above table it is found that the respondents prefer shopping malls more than any other retail format with a mean of 3.26. Since customers usually will not visit one store to all their needs, a mall format will provide them multiple options with store, brand, assortment, quality, price etc., it is also noted from the demographic profile of the respondents that 40% of them visit retail stores only on monthly basis, So the consumers will prefer to shop from number of store rather than a single store.

Table 3: Products usually purchased by consumers from Organised Retail Stores

Particulars	Mean Score	Rank
Food and Groceries	7.69	I
Beverages	5.24	VIII
Clothing and textile	7.38	II
Footwear	6.27	III
Jewelleries/Accessories	5.54	VI
Beauty and Health care	5.97	V
Home Décor and furnishing	2.31	X
Consumer durable	2.91	IX
Stationary and toys	5.42	VII
Books/Magazines	6.26	IV

Source: Primary data

From the above the above table it could be inferred that the respondents usually purchase Food and Groceries from an Organised retail store with a mean of 7.69. And the least purchased product is Home Décor and furnishing with a mean of 2.31.

Table 3.1: Descriptive Statistics on factors influencing store loyalty

Factors influencing Store Loyalty	N	Minimum	Maximum	Mean	Std.Deviation
Promotion by store	157	1.00	5.00	3.2917	.79662
Physical Characteristics of store	157	1.00	5.00	3.4229	.97111
Convenience of reaching the store	157	1.00	5.00	3.3822	.73568
Peer Group	157	1.00	5.00	3.3280	.74939
Merchandise Quality	157	1.00	5.00	3.5080	.90335
Store Personnel	157	1.00	5.00	3.5057	1.26705
Perceived Price	157	1.00	5.00	3.3742	.74605
Merchandise selection	157	1.00	5.00	3.5000	1.25512
Service Quality	157	1.00	5.00	3.5042	.88499
Store Image	157	1.00	5.00	3.4671	1.18808
Discount/Offers/Loyalty Cards	157	1.00	5.00	3.4819	.78051

Source: Primary data

Through descriptive statistics table it is inferred that all the factors measured in the study has a significant influence on store loyalty of the consumers towards organised retail. It is found that the merchandise quality, store personnel, merchandise selection and service quality have a higher contribution towards store loyalty of the consumers with a high mean value of 3.50. This suggests that a retailer who offers higher product quality and service quality has the best chances to retain their loyal customers. Price along with quality and service plays a significant role; customers usually prefer high quality products at a good price. They might not find value in lesser quality products irrespective of their low price.

VI. CONCLUSION

The value of consumers store loyalty to business sustainability should not be taken lightly. Loyal customers shop more often and spend more when shopping than secondary, non-loyal customers. Increases in number of visits and amount spent by loyal customers provide a greater prospect for increase in sales and profitability of retailers. The importance customers place on product quality over price indicates a change in buying patterns from prior studies that indicate price as the crucial driver of loyalty. This change is a demand to action for retailers who solely rely on price for attracting and retaining loyal customers. Furthermore, the data indicate customers also place more significance on service and merchandise assortments, than price which indicates that customers will not sacrifice good service for low prices.

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