

Store Choice Behavior for Groceries: a Comparative Study

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Abstract

The Indian retail industry has experienced revolutionary changes in the last decade. Most of the challenges are due to the changing demographic, social, political, business climate and changes in the retail sector. How consumers respond to changing retail formats is reflected in their retail shopping behavior. The purpose of this study was to investigate store choice behavior for groceries in Chennai city; a questionnaire based on the literature review was designed. The questionnaire covered two parts, Part I contains questions on the Personal profile. Part II of the questionnaire had rating scale statements, multiple choice questions and dichotomous questions reflecting the store choice behavior. The researcher used Chi-square analysis to find if any significant association exists between the Store choice behavior and the Customers demographic profile. The researcher identified that the following factors like frequency of purchase, time spent for shopping, mode of payment, shopping list and shopping enjoyment and place of shopping are found to be associated with store choice behavior.

Keywords: store choice behavior, Groceries, retail sector.

1. Introduction

Grocery shopping has become an important part of our daily life, because it provides us to purchase food and other necessities. Although traditional retail formats such as convenience stores and department stores have existed for more than 100 years, many new retail types have emerged to meet widely different consumer preferences for groceries. The greatest advantage of these organized supermarkets is that we are able to get all our needs under one roof at economical prices and convenience. Consumers have many choices in today's high competitive market place which can make the consumption experience difficult. They are faced with a wide variety of alternative products within a product category, as well as numerous types of retail institutions (or retail types) from which to purchase the same, or comparable products. "Consumers often find today's complex shopping environment confusing." Therefore consumers may develop strategies for handling information about comparable products and retail types to make satisfying decisions. These changes in the retail environment and the competition are well recognized in the business and the Indian retailers are competing for a limited share of consumer's rupee. Though retailing in India is highly unorganized, urbanization, rise in income, increase in working women etc. has given way to the beginning of the rapid growth of organized retailing. Today, the organized players have ventured into not just in major cities but also in small towns causing threat to unorganized retailers especially in the grocery sector by offering heavy promotions, wider assortments and one stop solution. In spite of all threats unorganized retailers who are managing business professionally are faring well due to their convenience and other factors. Based on the the current retail scenario, the retailers will face challenges in the future. Taking into consideration retailers must strategically position themselves in the market place.

2. Statement of the Problem

Retail business has always been a very competitive business. In India retailing has evolved from small stores to Hypermarkets. Although traditional retail formats such as department stores have existed for more than 100 years, many new retail types have emerged to meet widely different consumer preferences for products and services. In the current era due to globalization and awareness, competitive pressures have increased due to the changing retail environment. Consumer life styles and preferences are changing which have created a wide diversity of consumer demand. Retailers are now challenged by many new retail types that are competing for a limited share of the consumer's rupee. As changes in market conditions continue to take place, the task of how best to attract and retain customers has been a matter of concern for retailers. Based on the current state of retailing industry, it is anticipated that retailers will encounter additional changes in environment in years to come. In conjunction with the aforementioned changes, the competitiveness of the retailing industry itself has forcefully affected changes in market condition for various types of retailers. As competition continues to intensify, retailers must strongly consider how best to strategically position themselves in the market place.

2.1 Purpose of the Study

From a theoretical perspective, this research effort is intended as a preliminary step towards developing a more comprehensive understanding of consumer's preference for various types of grocery retail establishments. Specifically, the focus is on how consumers make store –type choice decisions for groceries.

2.2 Significance of the Study

In today's highly competitive world retailers attempt to operate profitable business by supplying the goods and services that are in line with consumers wants and needs. However competitive pressures have increased due to the changing retail environment. Understanding consumers store choice behavior may be vital for a retailer's success since shifts in consumer shopping patterns can reshape market structure. Since many consumers choose a variety of retail types, retailers may not be able to focus solely on their specific competitive markets, but may have to focus on outside competitors as well. Retailers may have to consider all retail types in analysis of competition, since a supermarket customer may also be a convenience store customer. Therefore retailers may have to understand the entire marketing environment, particularly consumer shopping behavior. Better understanding of consumer store choice behavior would be beneficial to retailers in developing marketing strategies to meet increasing market and competitive challenges. This study will also provide a base for further research that will help marketers and retailers understand why consumers choose a particular retail format for grocery and durable products. The information could assist retailers in identifying and servicing the needs of consumers. This study will provide a better understanding of consumer's choice among competing grocery retail formats in a metropolitan setting.

2.3 Objectives of the Study

- To compare the store choice behavior of consumers for Groceries.
- To study the demographic factors that influence store choice behavior.

3. Research Methodology

Descriptive research design is adopted for the study. Structured questionnaires were used for collecting data related to store choice for grocery. The sample that was chosen for the study covered customers of different demographic profile using different type of stores for buying grocery in and around Chennai. Questionnaire method of data collection has been adopted to collect information. The personal details of the respondents were kept confidential. Systematic sampling procedure has been used in the study. The primary data collected was analyzed using SPSS (Statistical Package for Social Studies) package. Chi-square analysis and frequency tables were used to analyse the primary data.

4. Review of Literature

There are various types of consumers with different shopping motives. Four of these are of particular interest. Self-gratifying consumers, as a first group, try to alleviate depression by spending money. The shopping process is motivated not by the utility of consumption but by the buying process itself. Secondly, those people living in a congested urban environment welcome the opportunity to walk in spacious and appealingly laid-out centers and malls. Members of the third category "sensory-stimulation-seekers" enjoy the physical sensation of handling merchandise, the pleasant background music and the scents. Finally, the motive "pleasure of bargaining" is recognized. They have been associated mainly with grocery store patronage (Enis and Paul 1970). Family income was found to be negatively related to store loyalty (Reynolds et.al. 1974). Income was also found to be related to cognitive orientations toward shopping (Cort and Dominguez 1977-1978). Working status per se is also likely to affect a person's shopping behavior (McCall 1977).

Pavleen Kaur and Raghbir Singh (2007) conducted a study to understand the factors that motivate young people to shop in departmental stores or malls. The results show that the Indian customers especially youth primarily shop from a hedonic angle. They importantly serve as new product information seekers, and the retailers can directly communicate the requisite product information to the customers.

Paromita Goswami and Mridula S. Mishra (2009) investigated to know whether consumers are moving away from traditional convenience neighborhood stores to large organized retailers while shopping for groceries. The study show that Customer store patronage for grocery shopping was found to be positively related to trustworthy salespeople, home shopping, cleanliness, location, helpful, and offers, quality and negatively related to travel convenience. Traditional convenience neighborhood stores do well on location but poorly on cleanliness, offers, quality, and helpful trustworthy salespeople. The opposite is true for organized retailers.

George Baltas and Paulina Papastathopoulou (2003) investigated in their study the association between consumer characteristics, brand choice criteria and store selection criteria. The study found that there is an association between brand and store preferences with specific demographic characteristics of the consumers.

Sunelle Jacobs, Daleen van der Merwe, Ené Lombard, Nadia Kruger(2010) conducted a study to identify the factors that influence consumers in their patronage of a particular store format and to categorize department and specialist food store consumers according to their preferences in store layout and product range in a South African context. Store-related factors such as store location, appearance and hygiene, service quality, convenience of trading hours, and consistency in store layout predominantly influenced participants in their patronage of a specific store format. Furthermore, product-related factors such as quality, price, product range and convenient packaging enhanced consumers' store preference. Department store consumers were orientated towards one-stop shopping and time-saving strategies, while specialist food consumers were focused on food shopping and the trading hours of the store. Although similarities in participants' preferences with regard to department and specialist food store were found, different preferences were found regarding the placement of specific items within the store.

Francis Piron. (2002) stated that Asian husbands are challenging traditions and becoming more involved in grocery shopping. This study analyzed the phenomenon in Singapore and reports that husbands' involvement has evolved to influencing the decision-making process throughout. Wives are still the principal decision-makers. Marketing communicators would be wise to portray more husband-like figures in their messages to reflect husbands' more active role in contemporary grocery purchasing.

Results of a study by Pinini and Morgan (2008) indicate that age, education, income, tenure of marriage and number of children present in the family are significant variables affecting the final purchase decision making of all the three durable products namely television, refrigerator and washing machine. Joint decision making was more predominant in couples married for more than 5 years. Higher the education of wife greater is the wife dominance. Significant association between the decision role and relative influence of family members within a product purchase and the stage of the decision process was observed. It was also noticed that association exists between resources/ contribution of a person relative to his or her spouse and his or her influence in durable purchase decisions. The domination of working women is more in purchase decisions when compared to housewives.

5. Association between Demographic Profile and Store Choice Behavior for Grocery

The various studies conducted earlier relating to the store choice behavior reveal that the demographic factors have impact on the

store choice behavior. The demographic characteristic of customers examined in the study comprises age, gender, educational qualification, marital status, total household income per month, Number of dependents, Person employed in the family. The data examined pertains to the selected samples of retail customers in Chennai city. The profile of the customers is given below in tabulated form by way of percentage analysis. In the survey pertaining to the choice of neighborhood grocery shop, it was found that 63 % of the respondents belonged to the age group of 20-30 years preferred shopping from neighborhood stores.

Table 1: Age distribution and preferred Shopping Place

Age	Neighborhood Shop		Super Market		Chi-Square Sig.
	N	%	N	%	
20-30	60	63.2	80	40	0.005
31-40	19	20	81	40.5	
41-50	5	5.3	29	14.5	
51-60	8	8.4	7	3.5	
More than 60	3	3.2	3	1.5	
Total	95	100	200	100	

Source: Primary Data

In contrast, slightly old age group of 31-40 preferred supermarkets to shop for groceries. To test the association between age and preference for shopping place, the Chi-square test has been carried out. It is hypothesized that there is no association between the two attributes, viz., age and place of shopping. A close scrutiny indicated that younger women in the age group 20-30 prefer Neighborhood shops whereas slightly older people (30-40 years) prefer supermarket.

Table 2: Association between Gender and preferred Shopping Place

		Where do you do your main shopping				Chi-Square Sig.
		Neighborhood Shop		Super Market		
		N	%	N	%	
Gender	Male	56	58.9	128	64	0.403
	Female	39	41.1	72	36	
Total		95	100	200	100	

Source: Primary Data

Although, Males are found to be more in number in the two places of shopping, there is no significant association between gender and the place of shopping.

Table 3: Association between Marital status and preferred Shopping Place

		Where do you do your main shopping				Chi-Square Sig.
		Neighborhood Shop		Super Market		
		N	%	N	%	
Marital status	Married	62	65.3	138	69	0.522
	Unmarried	33	34.7	62	31	
Total		95	100	200	100	

Source: Primary Data

Married customers are found to be more in the two places of shopping. From the table it is found that there is no association between the marital status and where they shop grocery.

Table 4: Association between Person employed in the family and preferred Shopping Place

		Where do you do your main shopping				Chi-Square Sig.
		Neighborhood Shop		Super Market		
		N	%	N	%	
Who is employed	Husband	62	65.3	125	62.5	0.732
	Wife	4	4.2	13	6.5	
	Both	29	30.5	62	31	
Total		95	100	200	100	

Source: Primary Data

In both the categories of shops Husbands employed constituted the majority. From the analysis it is found that there is no significant association between the person who is employed in the family and the place of purchase.

Table 5: Association between Income of the customers and preferred Shopping Place

		Where do you do your main shopping				Chi-Square Sig.
		Neighborhood Shop		Super Market		
		N	%	N	%	
Income in Rupee	Less than 20000	46	48.4	85	42.5	0.736
	20000-30000	17	17.9	25	12.5	
	30000-40000	6	6.3	32	16	
	40000-50000	14	14.7	29	14.5	
	50000-60000	12	12.6	29	14.5	
	Total	95	100	200	100	

Source: Primary Data

In both the stores respondents belonging to less than 20000 incomes constituted the majority. From the analysis it is found that income of the respondents does not have any association with where they shop.

Table 6: Association between Number of dependents and preferred Shopping Place

		Where do you do your main shopping				Chi-Square Sig.
		Neighborhood Shop		Super Market		
		N	%	N	%	
Number of dependents	1	18	18.9	16	8.1	0.074
	2	27	28.4	52	26.3	
	3	14	14.7	41	20.7	
	4	19	20	56	28.3	
	5	12	12.6	25	12.6	
	6	5	5.3	8	4	
Total		95	100	198	100	

Source: Primary Data

Nearly 19 % of the respondents who visit Neighborhood shop belong to customers' category that has only one dependent. Whereas only 8 % of the supermarket customers have one dependents. It implies that unmarried customers or married couples who don't have children prefer Neighborhood shop for buying groceries. From the analysis it is found that there is no significance association between the number of dependents of the respondents and where they shop.

Table 7: Association between Level of education and preferred Shopping Place

		Where do you do your main shopping				Chi-Square Sig.
		Neighborhood Shop		Super Market		
		N	%	N	%	
Level of education	Primary	2	2.1	26	13.1	0.455
	High School	1	1.1	0	0	
	Diploma	8	8.4	1	0.5	
	Graduate	24	25.3	37	18.7	
	Post Graduate	33	34.7	96	48.5	
	Professional	27	28.4	38	19.2	

Total	95	100	198	100
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Source: Primary Data

Majority of the respondents who purchase in the two types of shops have studied up to post graduation level. From the analysis it is found that there is no association between the level of education of the respondents and where they shop.

Table 8: Association between person buying and preferred Shopping Place

		Where do you do your main shopping				Chi-Square Sig.
		Neighborhood Shop		Super Market		
		N	%	N	%	
Person buying	Husband	12	12.6	47	23.5	0.188
	Wife	30	31.6	39	19.5	
	Both	24	25.3	71	35.5	
	Others	29	30.5	43	21.5	
Total		95	100	200	100	

Source: Primary Data

From the analysis it is found that there is no association between the person who shop grocery and where the purchase. But with respect to neighborhood shop wives constitute the majority (31.6 %) whereas among supermarket shoppers both husband and wife shopping together constitute the majority (35.5 %).

Table 9: Association between frequency of purchase and preferred Shopping Place

		Where do you do your main shopping				Chi-Square Sig.
		Neighborhood Shop		Super Market		
		N	%	N	%	
How often purchased	Almost every day	17	17.9	16	8	0
	Once a week	37	38.9	62	31	
	Once a month	40	42.1	93	46.5	
	Not periodical	1	1.1	29	14.5	
Total		95	100	200	100	

Source: Primary Data

It is found that the supermarket customers buy groceries on non periodical basis whereas Neighborhood shop customers buy almost every day. To test the association between frequency of purchase and preference of shopping place, the Chi-square test has been carried out. It is hypothesized that there is no association between the two attributes, viz., frequency of purchase and place of shopping. From the analysis, it is found that frequency of purchase and place of shopping are found to be associated

Table 10: Association between day of shopping and preferred Shopping Place

		Where do you do your main shopping				Chi-Square Sig.
		Neighborhood Shop		Super Market		
		N	%	N	%	
When are you most likely to shop	Sunday	48	50.5	90	45	0.232
	Monday	4	4.2	0	0	
	Tuesday	1	1.1	9	4.5	
	Wednesday	5	5.3	1	0.5	
	Thursday	0	0	10	5	
	Friday	5	5.3	7	3.5	
	Saturday	32	33.7	83	41.5	
Total		95	100	200	100	

Source: Primary Data

There is no significant association between the day of shopping and where they shop. The results from this table clearly indicate that most of the shopping is done on weekends. Almost 86.5% of the respondents shop on weekends

Table 11: Association between time of shopping and preferred Shopping Place

		Where do you do your main shopping				Chi-Square Sig.
		Neighborhood Shop		Super Market		
		N	%	N	%	
Which time do you shop	Morning	23	24.2	42	21	0.218
	Afternoon	7	7.4	18	9	
	Evening	61	64.2	115	57.5	
	Night	4	4.2	25	12.5	
Total		95	100	200	100	

Source: Primary Data

There is no significant association between the time of shopping and where they purchase. Majority of the customers of both the shops state that they shop during evening.

Table 12: Association between amount of time spent and preferred Shopping Place

		Where do you do your main shopping				Chi-Square Sig.
		Neighborhood Shop		Super Market		
		N	%	N	%	
Amount of time spent	Less than 30 MT's	25	26.3	45	22.5	0.028
	31-60 MT's	47	49.5	79	39.5	
	60-90 MT's	17	17.9	42	21	
	90-120 MT's	3	3.2	10	5	
	> 2 Hrs	3	3.2	24	12	
Total		95	100	200	100	

Source: Primary Data

Among the supermarket customers 12 % of the customers spend more than 2 hours for buying the groceries whereas regarding neighborhood customers only 3.2 % of the consumers spend more than 2 hours for shopping their groceries. Thus it implies that customers spend more time in supermarket compared to Neighborhood shop. There is significant association between the time spent for shopping and where they shop.

Table 13: Association between mode of payment and preferred Shopping Place

		Where do you do your main shopping				Chi-Square Sig.
		Neighborhood Shop		Super Market		
		N	%	N	%	
Mode of payment	Cash	73	76.8	114	57	0.002
	Credit and Debit card	22	23.2	86	43	
	Total	95	100	200	100	

Source: Primary Data

There is significant association between the mode of payment and where they shop. In Neighborhood shops 77% of the customers use cash for buying their groceries whereas in supermarket majority 43% of the customers used credit and debit card for buying their groceries.

Table 14: Association between money spent and preferred Shopping Place

		Where do you do your main shopping				Chi-Square Sig.
		Neighborhood Shop		Super Market		
		N	%	N	%	
How much do you spend	Less than Rs.1000	10	10.5	16	8	0.397
	Rs.1500-2000	20	21.1	42	21	
	Rs.2000-2500	17	17.9	30	15	
	More than Rs.2500	48	50.5	112	56	
Total		95	100	200	100	

Source: Primary Data

There is no significant association between the amount of money spent for shopping groceries and where they shop. In both the type of shops majority constitute the respondents who spend more than Rs.2500 for buying their groceries,

Table 15: Association between enjoyment of shopping and preferred Shopping Place

		Where do you do your main shopping				Chi-Square Sig.
		Neighborhood Shop		Super Market		
		N	%	N	%	
Do you enjoy shopping	Yes	70	75.3	170	85	0.044
	No	23	24.7	30	15	
Total		93	100	200	100	

Source: Primary Data

Customers of both the shop state that they enjoy shopping. With respect to "No enjoyment" 25 % of the neighborhood customers state that they don't enjoy shopping whereas in the case of supermarket customers only 15 % state that they don't enjoy shopping. It is implied that Neighborhood shop customers have less enjoyment compared to supermarket customers. From the analysis it is found that there is significant difference between the customers of both the shops on their shopping enjoyment and where they shop.

Table 16: Association between Time availability and preferred Shopping Place

		Where do you do your main shopping				Chi-Square Sig.
		neighborhood Shop		Super Market		
		N	%	N	%	
Do you have sufficient time	Yes	71	76.3	153	76.5	0.977
	No	22	23.7	47	23.5	
Total		93	100	200	100	

Source: Primary Data

Majority of the customers of both the shop state that they have sufficient time for shopping. From the analysis it is found that there is no association between the time available of the respondents for shopping and where they shop.

6. Findings

- Customer in the age group 20-30 prefers neighborhood shops whereas slightly older people (30-40 years) prefer supermarket.
- Although, Males are found to be more in number in the two places of shopping. , there is no significant association between gender and the place of shopping.
- Married customers are found to be more in the two places of shopping. From the table it is found that there is no association between the marital status and where they shop grocery.
- In both the stores respondents belonging to less than 20000 incomes constituted the majority. From the analysis it is found that income of the respondents does not have any association with where they shop.
- From the analysis it is found that there is no significance association between the number of dependents of the respondents and where they shop.
- It is implied that Neighborhood shop customers have less enjoyment compared to supermarket customers.
- Majority of the customers of both the shop state that they have sufficient time for shopping. From the analysis it is found that there is no association between the time available of the respondents for shopping and where they shop.
- Customers of both the shop state that they have sufficient time for doing shopping and they enjoy shopping.
- Customers prefer weekends for shopping groceries and do most of their shopping in evenings.
- Younger consumers in the age group of 20-30 prefer Neighborhood shops whereas slightly older people (30-40 years) prefer supermarket.
- The following factors like Gender, Marital status, Person employed in the family, Income, Number of dependents, Level of education, Person buying do not have any association with the place of shopping.
- Supermarket customers buy groceries on non-periodical basis whereas Neighborhood shop customers buy almost every day.
- Customers spend more time in Supermarket compared to neighborhood shops while buying groceries.
- Supermarket customers use credit and debit cards for buying groceries whereas neighborhood shop customers use cash for buying groceries.

7. Suggestions

- Retail outlets should provide good product assortment and make all products available in one place.
- Product display, ambience should be good.
- Online facility should be provided and the shopkeepers should educate customers about its convenience by demonstrating lively in the more.
- Free home delivery should be provided to the customers
- Shopkeepers should add additional services to customers like ordering through phone.
- In the prevailing retail scenario customers combine shopping and entertainment together, so retailers should include food stalls and entertainment for children's.
- Retailers should give importance for ambience, retailers should provide pleasant shopping atmosphere by including music, Aroma, attractive window display and decorations.
- In the current competitive retail business environment customers are seeking more value for the money; hence retailers should give attractive promotions to pull customer traffic.

- Loyal customers should be given privileges in order to retain customers from competitors.

8. Conclusion

In today's highly competitive world especially after the arrival of hypermarkets, online retailer's etc. customers have more choice of products at economical prices and convenience of drop of products at door steps. Though customers get benefit like value purchase and all under one roof, the demand for neighboring convenience stores have not reduced and it is still growing. Thus in order to be successful both organized and unorganized retailers should understand the entire marketing environment, particularly consumer store choice behavior and retailers must strategically position themselves in the market place to satisfy their target customers. Hence this study helped to identify the factors that influence customers store choice behavior

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