Case Study:

A study on store patronage tendency among various age groups in Indore

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Abstract
With retail revolution making further inroads in India, the competition is more intense and every store is expecting more footfalls leading to more sales. It becomes imperative to study the factors leading to store patronage in this regard. The current study highlights the inclination of various age group respondents towards store patronage in Indore city. With selected respondents visiting to various retail stores, primary data was collected by using questionnaire. The data analysis reveals that age does not have much to impact in terms of store patronage and people of all age groups have similar tendency towards it.

Keywords: Store Patronage, Age groups, Organized Retail.

Introduction
In India, one of the major drivers of strong retail growth path can be attributed to the rapid mall development, which is a subset of this booming retail sector. The common definition of shopping mall has evolved from one of the earliest forms of retail prevalent in India known as the ‘Haat’ (markets) and the ‘mela’ (village fairs), which were used to be temporary open-air markets generally held at a fixed site on a fixed day or at festival time; still prevalent in India.

According to Govt. reports, Indian retail sector is continuing to grow despite irregular global economic trends. As per Kearney, a global consultancy firm, India ranks fourth in terms of most attractive nation for retail investment. The major factors behind prospect of this sector are robust economic growth and high disposable income coupled with rapid construction of organized retail infrastructure. Indian retail sector accounts for 22 per cent of the gross domestic product and contributes to 8 per cent of the total employment.

Evolution of Retail in India: It has emerged from the neighborhood kirana stores catering to relationships and familiarity to the consumers to shopping centers catering to convenience of the consumers. Earlier it was unorganized retail everywhere. Steadily, the foundation for strong economy was being laid when some big players started entry into organized retail stores in metro cities. Only few Indian companies explored the retail platform on a larger scale from metro cities and global exposure was needed. Few international brands like Levi’s, Pepe, Marks and Spencer started targeting the upper classes. Later, organized retail expanded to middle class customers with brands like Big Bazaar making it easy for them. Today the success of such retail brands proves the potential of Indian retail market.

Shopping Center/ Mall: According to International Council of Shopping Centers, ‘A shopping center is a group of retail and other commercial establishments that are planned, developed, owned and managed as a single property’. It further states that malls, one of the two configurations of the shopping center, are typically enclosed with climate controlled walkways and parking in the outlaying areas.

From tier I cities, the retail revolution has entered to tier II and III cities of India. Looking at the retail prospects and development in tier II and tier III cities, it can be said that the road to development in retail goes through these cities. An industry estimate shows that 35 per cent of the total retail space being developed in India is located in 50 such cities. Further, in smaller towns, the organized retail is growing at 50–60 per cent rate per annum as compared to 35 to 40 per cent in metros and tier I cities. Shopping malls have changed the way shopping is done; it is now the outing package with shopping and entertainment all at one place for family.

Organized Retail in India has seen remarkable growth in the last decade. The transformation of the retail industry can be well seen in terms of rapid growth in sales in supermarkets and departmental stores. The Indian retail industry is expected to rise from US$511 billion in 2008 to more than US$ 900 billion by the end of 2016 at a Compound Annual Growth Rate of 10 percent. Organized retail, which contributes to almost 5 per cent of the total market, is expected to grow from $600 billion in 2015 to $ 1 trillion by 2020. Sales from these stores have expanded at commendable growth rates during the period of 2003-2008 and 2008-2013 ranging from 24 percent to 49 percent per year.

As per study by McKinsey Consultancy and Confederation of Indian Industries, the present value of the Indian retail market is about US $ 180 billion per annum. Organized retailing generates employment, both direct and indirect, as notwithstanding the capital intensity of modern retail business, it continues to be labour intensive as well. As the spending power is no longer confined to the metros, tier II city has good market potential followed by tier III cities. Tier II cities like Chandigarh, Coimbatore, Pune, Kolkata, Ahmedabad, Baroda, Cochin, Nagpur, Indore, Trivandrum etc. are providing a good platform for brands to enter Indian market. Now, the malls have entered tier III cities like Ujjain.
The Government of India has allowed 100 per cent FDI in Single-Brand Retail Trading and 51 per cent FDI in Multi-Brand Retail Trading. Foreign retailers investing more than 51 per cent can open outlets across the country on the condition that 30 per cent of their sales would come from small to medium-sized domestic enterprises. Global chains will need to invest only 50 per cent of the initial compulsory investment of US$ 100 million in setting up cold storages and warehouses in India.

The Confederation of All India Traders has signed a Memorandum of Understanding with eBay to train domestic retailers to use the online market space as an additional tool for expanding their business. The agreement will enable Indian traders to export via eBay to 201 countries and sell at 4,306 Indian locations. It is expected that such initiatives would lead to further boost of this sector.

Research Methodology
Objective of the study is to study the tendency of various age groups towards organized retail store patronage in Indore city.

Review of Literature
Summers et al. studied fashion and shopping perceptions, demographics and store patronage. Data was collected from urban and rural female customers to determine if the psychographic dimension of perceptions of fashion and perceptions of apparel shopping was related to store patronage as well as to demographic characteristics.

An analysis of variance revealed that rural and urban consumers held similar perceptions of fashion and of apparel shopping as measured by the factors. Significant differences in the factor scores that measured perceptions of fashion and of apparel shopping were noted in analysis of variance with type of stores patronized, shopping locales favored, time spent shopping for apparel for self and family, ethnicity, age, marital status, education, work status, and total family income.

Moye and Kincade studied shopping orientation segments and explored the differences in store patronage and attitudes toward retail store environments among female apparel consumers. The purpose of study was to identify shopping orientation segments for US female consumers. The sample included 151 women, aged 18 years and over. The authors examined differences in the segments relative to store patronage preferences (i.e. department, discount, specialty), attitude toward the environment of the store selected as first choice when shopping for a specific apparel item (i.e. a dress), and demographic characteristics. Cluster analysis revealed that shopping segments described the female consumers.

Carpenter studied demographics and patronage motives of supercenter shoppers in the United States. The author provided an updated, general understanding of supercenter shopping behavior. The author used a sample generated from Retail Forward panel data to assess the impact of demographic variables including gender, age, ethnicity, education, income, marital status, and household size, on supercenter shopping frequency across various product categories. Descriptive and inferential statistical techniques are used to evaluate the data. The study identifies demographic groups.

Hemalatha and Najma in a study examined the influence of different store attributes such as customer service, price, salesman response, convenient payment and delivery and merchandise on store patronage behaviour. The retailing landscape is changing dramatically. India is the ninth-largest retail market in the world. It is expected to grow further in the coming years. In this study, a total of 156 shoppers were surveyed in different Indian cities. The authors have constructed a multiple regression model on store patronage behaviour.

Bhattacharya and Dey studied the patronage behavior of customers towards traditional and organized retailers in India. Primary data were collected from visitors of organized and unorganized outlets. The study results provide useful information about Indian customers’ store patronage determinants while developing marketing strategies. Understanding of patronage behavior would help modern retailers to focus and strengthen the elements of their retail offerings. The authors found that value for money, product availability; store ambience and display of merchandise are considered to be better in case of organized sector while trust and loyalty are higher for unorganized sector.

Basu et al. have explored the store choice behaviour of Indian apparel shoppers and tried to analyze the factors influencing their choice of retail formats from an emerging market perspective. The research drew on a data set of 336 structured questionnaires with adult urban Indian respondents to understand their perceptions about organized and unorganized apparel store formats. The analysis revealed well-defined store attributes influencing the apparel shoppers’ decision. The study established that the shoppers’ perception of single-brand stores is still going through a formative phase.

Das explored the influences of store attributes on store personality dimensions across different consumer segments in India. Subsequently, the study examines impact of store personality dimensions on consumer store choice behaviour. A mall-intercept survey was undertaken using a systematic sampling of department store shoppers of age 18 years and above in Kolkata. Multiple regression analysis has been used by the author to examine the objectives of this study. The study has revealed that different sets of store attributes have positive impact upon various store personality dimensions differently across the segments.
Table 1
Correlations Values for Store Patronage on the Basis of Age

<table>
<thead>
<tr>
<th></th>
<th>Store Patronage</th>
<th>Age</th>
</tr>
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<tbody>
<tr>
<td>Pearson Correlation</td>
<td>Store Patronage</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td>Age</td>
<td>.122</td>
</tr>
<tr>
<td>Sig. (1-tailed)</td>
<td>Store Patronage</td>
<td>.122</td>
</tr>
<tr>
<td></td>
<td>Age</td>
<td>1.000</td>
</tr>
<tr>
<td>N</td>
<td>Store Patronage</td>
<td>719</td>
</tr>
<tr>
<td></td>
<td>Age</td>
<td>719</td>
</tr>
</tbody>
</table>

Table 2
ANOVA Values for Store Patronage on the Basis of Age

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>3.756</td>
<td>1</td>
<td>3.756</td>
<td>10.803</td>
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<tr>
<td></td>
<td>Residual</td>
<td>249.300</td>
<td>717</td>
<td>.348</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>253.057</td>
<td>718</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Data Collection: Secondary data was collected from books, Internet etc. Primary data was collected through questionnaire. A structured questionnaire was given to randomly selected youth respondents divided on the basis of age groups in three range: below 25 years; 25-30 years and 30-35 years. There were 21 questions based on store patronage where respondents were asked to rank from among the options from among excellent to poor.

Among the youth who do shopping in the retail stores in Indore city, there were 719 respondents selected for primary data collection. These were the inhabitants of Indore or outside who have been the regular shoppers of 8 major stores in Indore city (i.e. More Mega Store, Reliance Fresh, Vishal Mega Mart, D-Mart, Easyday, Apporti, Pakiza and Pick and Move). Data collection was done in the particular store only. These respondents tend to offer patronage to that specific store. First time shoppers were not included in the survey. Correlation and Anova were applied for data analysis.

Results
The values of the table 1 show the relationship between the variables. The values clearly show that there is low degree of correlation. The store patronage does not go in line with the demographic variable of age. It shows that age keeps store patronage unaffected. The significance value less than .05 accepts the hypothesis. Hence it can be concluded that store patronage is not significant with the age. ANOVA table 2 shows the value of regression and residual. The difference of regression & residual is too much which says that age is not able to explain the variations seen in the responses of store patronage. The value of significance is also less than .05 which depicts that the hypothesis stands accepted. Thus, there is no significant difference of age on store patronage variables.

The above hypothesis states that store patronage is not affected by different age groups. The respondents belonging to younger age group may have store patronage due to some other variables and the respondents belonging to an older age group may have store patronage on the basis of some other variables. The store patronage is measured by different factors. The hypothesis stands accepted. Hence the age group of a respondent does not depict their patronage towards a particular store. These findings stand contradictory with Thiruvenkadam and Panchanatham showing that there is a significant variation between the age groups in patronizing a retail store. However, Roy argues that young people, facing greater constraints on their time, may be restrained from frequently visiting a retailer.

Empirical studies of shopper motivations also identify a predominantly older age segment that derives satisfaction from aspects of shopping, such as negotiation with salespeople and an affiliation with other shoppers. Older shoppers may shop more frequently if they view shopping as a recreational activity. Lifestage-age-analysis could be used to analyze the different evaluations of the store consumers make throughout their lives. Younger generation shoppers gives importance for advertising and sales promotions where middle age group were found price conscious and location sensitive and the old age groups surprisingly had given importance for advertising and brand image of the stores.

Implications
Implications for Store Managers: The store managers everywhere are having their major focus on increased footfalls ultimately leading to increased sales. However, in many cases, footfalls are not totally converted to sales. There are people who just walk-in and walk-out without purchasing anything; or there are many who visit just once.
The first and foremost objective of store manager is to generate sales from a customer and then make him/her loyal customer who will patronize the store. Every store has got a set of loyal customers. All it needs is to increase the number.

Customers of all age groups specially youth have got a major say in overall sales of items like garments, accessories, mobile phones, electronic items etc. Better understanding of youth psyche would surely help store managers. The study also has critical implications for store managers specially in the wake of big challenges thrown by Online shopping models. There are numerous companies like Flipkart, Myntra, Snapdeal, Amazon etc., which are making big profits in India through online mode by targeting specially the youth.

The study has delved into store patronage tendency among various age groups in Indore. In terms of respondents, people from age up to 35 years were taken, which may not be actual representative of all those who go to organized retail stores. There may be a possibility of biasness from respondents in filing the response. Further research can be done in more cities and more states across the country. Comparative studies can be done with respect to impact of gender and other demographic variables on store patronage.

References


(Received 02nd January 2019, accepted 03rd February 2019)