

## **Consumer Behaviour towards Marketing Mix in Organized Retail: A Study with reference to Supermarkets in Mangalore**

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### **ABSTRACT**

*Retailing has emerged as one of the vibrant sectors globally. The retail landscape in India is shifting rapidly due to the entry of many foreign and domestic players. The changing consumer behaviour has led to retail transformation of this magnitude. The country is witnessing a paradigm shift in the pattern of retailing from traditional to the most vibrant organized sectors in almost all categories of retails business. In Indian cities like Mangalore the concept of shopping is shifting to hypermarkets, supermarkets, and specialty stores etc. The Marketing Mix strategy of a retail outlet plays an important role in influencing the consumer behavior towards a particular organized retail store. In this regard a study is undertaken to determine the influence of marketing mix in consumer buying behavior towards organized retail in Mangalore City. The main objective of this paper is to study the Consumer Behaviour towards Marketing Mix in Organized Retail in Mangalore City. The data for the study is collected from almost 240 respondents in and around Mangalore city. The data collected has been analyzed by employing Structural Equation Modeling (SEM) technique using Smart PLS 3 and SPSS tool. The results suggests that the Promotional Schemes, Pricing and Process as a marketing mix strategy has very significant impact on buying behaviour. The results also revealed that Product Variety, Physical evidence and Personnel in the outlet plays a significant role in consumer buying behaviour.*

**Keywords:** Consumer Behaviour, Retailing, Organized Retail, Marketing Mix, Supermarkets.

### **INTRODUCTION:**

Indian Retail Industry is one of the fast growing and the world's fifth-largest global destination in the retail space. It accounts for over 10% of the country's Gross Domestic Product (GDP) with employment generation of about 8%. With growing urbanization and affluent middle class population Indian Retail sector has immense growth potential. Retail Sector in India is expected to grow at 10% CAGR (Compound Annual Growth Rate) from US\$ 641 billion in 2016 to 1.6 trillion by 2026. The total market share of the Organized Retail Market in India is valued at \$60 billion which constitutes 9% of the total Retail sector where as the Unorganized Retail Market constitutes the rest 91% of the sector.

Organized retailing is a trading activity of variety of goods or merchandise under one roof in a fixed location like departmental store, hypermarket, supermarket or a convenience store by a licensed retailer who is registered for sales tax, income tax, etc. It also includes online trading of goods and services. The Indian organized sector is overshadowing the unorganized sector with its blistering growth. This is mainly because of the number of players entering this segment with various retail formats. Cities like Mangalore are witnessing a

shift in the pattern of retailing from traditional to the most vibrant organized sectors in almost all categories of retails like Clothing, Fashion Accessories, Footwear, Food and Grocery and Consumer Durables.

## **LITERATURE REVIEW:**

Aaker, D.J. & Joachimsthaler, E (2000) in their study titled, "The Brand Relationship Spectrum: The Key to the Brand Architecture Challenge" opined that consumer behavior can be influenced by visual appeal in the retail outlet and feels that customers preference for a particular brand aids them in defining their personality, social status and mostly their psychological needs.

Helman, D. & De Chernatony, L. (1999) in their paper titled, "Exploring the development of lifestyle retail brands" give an insight into the assumptions that retailers make when developing a lifestyle retail brand. It is also felt that lifestyle retail brand (LRB's) can be viewed as a unique value creating entities whose effectiveness can be determined by perpetual gap between retailers and consumers.

Amit Mittal & Ruchi Mittal (2008) in their study titled, "Store choice in the Emerging Indian Apparel Retail Market: An Empirical Analysis" observe that majority of the stores have merely transplanted western formats onto the Indian retail space without actually evaluating the customer perspective of various store attributes. The study has identified two dimensions, i.e., loyalty drivers and experience enhancers to create sustainable store choice and store loyalty.

Kumar, S. (2015) in his study titled, "A Study on Consumer Buying Behaviour towards Organized Retail Stores in Erode District, Tamil Nadu-India" attempts to explore consumer perception, attitude and satisfaction at the retail stores in erode district. The multiple regression tools is used to analyze the relationship between dependent and independent variables related to the study.

Singh, A. K., & Agarwal, P. K. (2013) in their study titled, "Consumer Behaviour in Organized Retail: An Empirical Study of Noida" have investigated the significance of demographic variables on shopping behavior and also explored various dimensions of consumer retail behavior.

Kumar, P. (2016), in his study titled, "Store Decision Criteria and Patronage Behaviour of Retail Consumers" have investigated the desired store attributes related to store decision for shopping and patronizing behaviour of retail consumers. Factor analysis tool was used to identify the factors related to store decision criteria of consumers in patronizing a retail store. It was found that convenient geographical location, waiting time at shopping, at billing counters, reasonable prices of products, exchange/refund policy of store, promptness and helpfulness of sales personnel are another important attributes regarding the patronizing decision of shoppers.

## **OBJECTIVES:**

The main objectives of the study is to examine the Consumer Behaviour towards marketing mix in organized retail in Mangalore city. The defined objectives are;

- To analyze the impact of Pricing Factor of the store on Consumer Buying Behaviour.
- To analyze the impact of Physical Evidence of the store on Consumer Buying Behaviour.
- To examine the relationship between Promotional Schemes of the store on Customer Buying Behaviour.
- To understand the impact of Store Personnel on Consumer Buying Behaviour.
- To analyze the relationship between the Shopping Process on Consumer Buying Behaviour.
- To analyze the relationship between the Products Variety on Consumer Buying Behaviour.

## **METHODOLOGY:**

The data from the respondents has been collected using quantitative approach. The population for the study comprises of the customers of retail stores in Mangalore city, especially from Big Bazar, Spar and More super markets. The data for the study has been gathered using survey method from 240 customers of retail outlets in Mangalore. The data has been analyzed by employing Structural Equation Modeling (SEM) technique using Smart PLS 3 and SPSS tool. The Consumer Behaviour has been measured using seven marketing mix parameters, namely Product, Price, Place, Promotion, People, Physical Evidence and Process.

## **RESULTS:**

### **Profile of the Respondents:**

A structured questionnaire was administered to 240 respondents in and around Mangalore city and the demographic profile of the respondents are as follows:

**Gender:**

Of the total respondents surveyed 108 are male which constitutes 45% of the sample and 132 are female i.e., remaining 55% of the sample.

**Age:**

From the total sample considered for the study 24 are in the age group of below 25 years (10%), 96 respondents falls within the age group of 25 years to 35 years (40%), 72 respondents belong to the age group of 35 years to 45 years (30%), 24 respondents fall under 45 years to 55 years (10%) and remaining 24 respondents are categorized as above 55 years (10%). Therefore it is clear that majority of the respondents fall under the age group of 25 years to 45 years.

**Educational Qualifications:**

The profile of educational qualification of the respondents' reveals that 24 respondents have only Secondary Education (10%), 132 respondents is Under Graduates (55%) and 84 respondents have Post Graduate or Professional Degree (35%). Therefore it is clear that majority of the respondents are Graduates.

**Occupation:**

of the total respondents 156 are Salaried (65%), 48 respondents are Self Employed (20%) and only 36 are Housewives (15%). Therefore majority of the respondents are salaried.

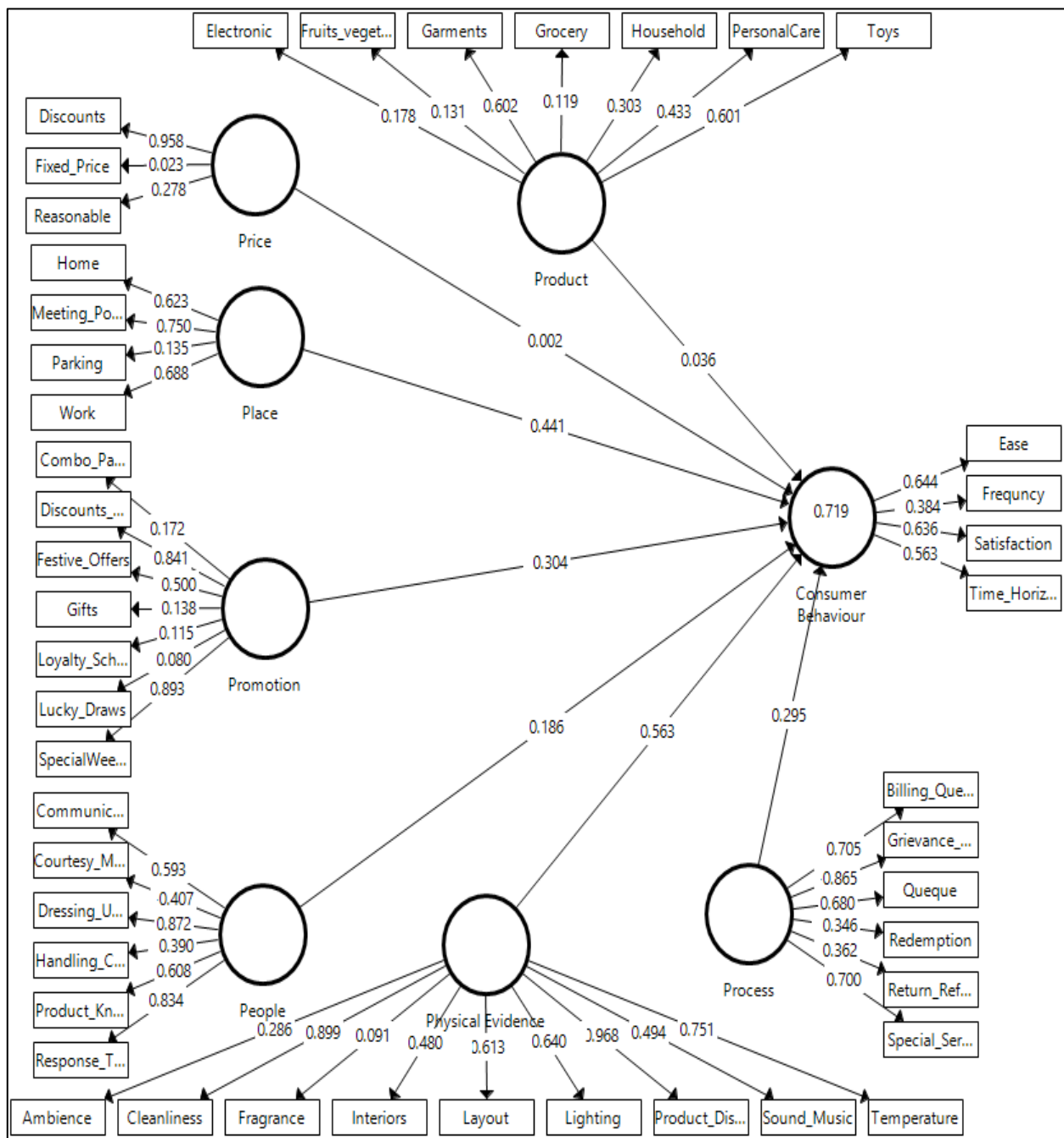
The table below shows the demographic profile of the respondents with regard to Consumer Behaviour towards marketing mix in organized retail in Mangalore city.

**Table 1: showing Respondents Profile**

		Frequency	Percent
Gender	Male	108	45
	Female	132	55
Age	Below 25 years	24	10
	25-35 years	96	40
	35-45 years	72	30
	45-55 years	24	10
	Above 55 years	24	10
Educational Qualification	Secondary	24	10
	Under-Graduate	132	55
	Post-Graduate/Professional	84	35
Occupation	Salaried	156	65
	Self-Employed/Business	48	20
	Housewife	36	15

The below chart illustrates the final goodness-of-fit statistics for the Consumer Behaviour Model with the marketing Mix parameters like Product, Price, Place, Promotion, People, Physical Evidence and Process. The above Structural Equation Model using Smart PLS3 revealed statistical significance with the R-Square value of 0.719 which assumes that all the Marketing Mix parameters has an impact on the Consumer Buying Behaviour.

**Figure 1: Structural Equation Modeling of Consumer Behaviour and Marketing mix in Organized Retail**



The model can be further analysed with the help of Path Coefficient Table and Model Fit Summary. The table below shows the Model Fit for Consumer Behaviour towards Marketing Mix in Organized Retail.

**Table 2 : Model Fit**

	Estimated Model
SRMR	0.081
Chi-Square	840.049
NFI	0.718

From the Model Fit Summary, it is clear that the Model is an adequate fit as the Standardized Root Mean Square Residual (SRMR) value of 0.081 is in the range of 0.08-0.10. The model also shows fairly good result with regard to the values of Chi-Square and Normed Fit Index (NFI).

**Table 3: Path Co-efficient**

	<b>T-Stats</b>	<b>P-Value</b>
People >Consumer Behaviour	4.017	0.001
Physical Evidence>Consumer Behaviour	3.951	0.002
Place>Consumer Behaviour	2.337	0.045
Price>Consumer Behaviour	3.726	0.013
Process>Consumer Behaviour	4.321	0.000
Product>Consumer Behaviour	2.138	0.045
Promotion>Consumer Behaviour	4.731	0.000

The table above shows the path coefficients for various parameters of Marketing Mix with Consumer Buying Behaviour. It is clear from the table that Marketing Mix Parameter such as People, Physical Evidence, Price, Process and Promotion has a very significant impact on consumer behaviour in Organized Retail with P-values almost nearing Zero, whereas Place and Product parameter show a slightly lower level of significance when compared to others.

#### **Correlation between Frequency of Shopping and Overall Customer Satisfaction:**

The table below shows the correlation between frequency of shopping and level of customer satisfaction with regard to consumer behaviour in organized retail.

**Table 4: Correlation between Frequency of Shopping and Overall Customer Satisfaction**

		<b>Value</b>	<b>Asymp. Std. Error<sup>a</sup></b>	<b>Approx. Tb</b>	<b>Approx. Sig.</b>
Interval by Interval	Pearson's R	.191	.032	2.996	.003c
Ordinal by Ordinal	Spearman's Correlation	.385	.036	6.443	.000c
N of Valid Cases	240				

It is clear from the above table that the variables Frequency of Shopping and Overall Customer Satisfaction is positively correlated with the p-value of 0.003 and 0.000 for Pearson's and Spearman's correlation respectively with significance level of 5%.

#### **CONCLUSION:**

With market liberalization, especially in retail sector, the global retailing is witnessing phenomenal changes. The focus has shifted from traditional retailing to organized retailing with the entry of number of players globally. With increased variety of retail formats and inclusion of many other marketing mix strategies understanding the best mix that influences consumer demand is a challenge. This paper is an attempt to explore Consumer Behaviour towards marketing mix in organized retail with specific reference to Mangalore city. Of the total sample used in the study, majority were females, graduates, salaried employees belonging to the age group of 25 to 45 years. The study reveals that Marketing Mix Parameters such as People, Physical Evidence, Price, Process and Promotion have a very significant impact on consumer behaviour in Organized Retail, whereas Place and Product parameters show a slightly lower level of significance. The study concludes that all the marketing mix parameters play a significant role in consumer behaviour but Promotional Schemes, Pricing and Process are the prominent ones.

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