

Key Factors That Influence Market Evolving Retail Format Options: An Empirical Evidence

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Abstract - In the present day competitive marketing environment, success and survival of retail organization largely depends on how precisely it can understand the target consumers. Assessing, Ascertaining and understanding, consumer behaviour is one of the important areas of marketing management. It gives an opportunity to the marketers to know the preferences and reactions of consumers' towards a particular product, its brand image and their attitude and perception towards different retail formats. The present study aims at studying the consumers' choice of emerging retail formats in Goa. The various factors influencing choice of retail format are identified by using Exploratory Factor Analysis and subsequently convergent validity of the construct is carried out by using Confirmatory Factor Analysis. The model proposed and validated in the study has identified four important factors influencing the choice of retail format i.e. Core Product Attributes, Secondary Product Attributes, Primary Store Attributes and Secondary Store Attributes. The major findings of the study reveal that, Core Product Attributes like Reasonable Price, Assortment, Product Quality, etc are significant factors attracting customers towards retail formats. Store factors like Ambience, Location, In-store promotion, spacious premises etc. are another set of store attributes preferred by customers while choosing retail formats.

Key Words: Consumer Behaviour, Retail Formats, Evolving Markets, Merchandise Attributes, and Store Choice.

1. Introduction

In the present day genuine advancing condition, accomplishment and perseverance of retail relationship, as it were, depends upon how unequivocally it can fathom the target consumers. Such an understanding is the sole method to decipher the necessities and requirements of the potential consumers into product or services. Assessing, Ascertaining and appreciation, customer lead is one of the noteworthy areas of marketing management. It offers an opportunity to the sponsors to know the tendencies and reactions of customer's towards a particular thing, its picture and to know their disposition and perception towards different retail formats.

Purchaser conduct was moderately another field of study during the second half of the 1960s without a history or research of its own. The examination of buyer direct began when promoters comprehended that customers didn't for the most part act or react as exhibiting speculation suggested they would (Schiffman & Kanuk, 2003). It is in certainty a subset of human conduct and it is frequently hard to draw an unmistakable line between shopper related conduct and different parts of human conduct. The control of purchaser conduct has acquired intensely from ideas created in different orders of study, for example, brain research, human science, social-brain science, social humanities and financial aspects.

Marketers today are busy with guiding expansive elevating investigation to perceive unsatisfied buyer needs. It is similarly an open reality that prerequisites and necessities of different purchaser pieces shift by and large. In this manner to design things and to make fitting advancing procedures that would satisfy client needs, sponsors need to at first consider purchasers and the usage related lead start to finish.

2. Literature Review on Indian Retail Industry

The Indian retail Industry is witnessing far reaching changes. Transformation in lifestyle; growing consciousness of consumers; overall economic growth and employment generation are the important factors contributing to the growth of organized retail in India (Deepika, 2012). The modernization process started by large retailers has spread across the country. Even smaller independent stores are upgrading in terms of assortment, delivery and ambience (Sinha, Gokhale, & Thomas, 2012). However trends of globalization coupled with reduced

trade barriers are inducing competitive retailers to shift focus away from the hitherto attractive developed markets towards investing in the emerging underserved geographic markets. In the wake of relaxing regulatory climate, India's position as an attractive retail destination calls for scrutiny and introspection (Basu, 2013). However it is worth noting that India is at the crossroads with regards to the retail sector. There is need of balanced approach to retail and Government has to play a very vital role in shaping the future course. Though traditional retail has been performing a vital function in the economy, but it has to shed off its shortcomings and inefficiencies and actually this is actually happening (Handa & Grover, 2012)

3. Literature Review on Consumer's choice of retail formats

Store choice is a subject of debate and discussion, particularly in the wake of the retail reforms and the modern retail formats making gamut of offerings to attract the consumers. The store choice behaviour of shoppers has been found to be quite similar to the brand choice behaviour of the consumers, with a difference being the incorporation of the spatial dimension in store choice (Sinha & Banerjee, 2004), (Tripathi & Sinha, 2008). The literature on store choice behaviour reveals that store image has a significant impact on consumers store choice and shopping behaviour. Store location and service has a strong impact on consumer's choice of retail format (Jantan & Kamaruddin, 1999). It is also pointed out that store attributes like store atmospherics, store ambience and store environment affects the store choice (Kotler, 1973).

4. Recognizable proof of the Research Problem

The literature survey uncovers that retailing in India is going into a blast stage and consumers see the retail designs contrastingly dependent on their thought processes of buying. In this specific situation, it gets basic to comprehend what consumers see about different retail formats and why they see it? When they come to know about the basic intentions of purchasers, it will get simpler for them to situate themselves in like manner. Taking into consideration these facts the present study aims at studying the consumer's choice of emerging retail formats in Goa and study their attitude and perceptions towards emerging retail formats.

5. Objectives of the study

The present study is carried out with the intention of studying the behavior of consumers in Goa. The key objectives of the study are:

1. To identify the key factors that influence market evolving retail format options.

6. Research Methodology

The study was conducted over a period from January 2020 to February 2020 in the State of Goa. A sample of 150 respondents (76 Males and 74 Females) were selected and studied. The primary data is procured using Structured Questionnaire with seven point likert scale and is processed using Exploratory Factor Analysis (EFA) and Confirmatory Factor analysis (CFA).

The reliability of the data was tested by using Cronbach's Alpha. The Cronbach's Alpha of 0.90 and above is considered excellent, while if it is between 0.70 to 0.90 it is reliable. The 26 variables used for the study has a Cronbach's Alpha of 0.872, hence the data used for the study is reliable.

7. Major findings of the study

Product Attributes influencing choice of retail format

Ten important Product Attributes that influence the consumers to shop from emerging retail formats were analyzed. The factor analysis revealed three categories of factors namely Core Product Attributes, Secondary Product Attributes and Supplementary Product attributes.

Table 1- Rotated Component Matrix

Code	Variables	Core Product Attributes	Secondary Product Attributes	Supplementary Product Attributes
PA1	Reasonable Price	0.828		
PA2	Assortment of Merchandise	0.810		
PA3	Improved Quality	0.644		
PA4	Proper Display of Products	0.556		
PA5	Warranty of Products		0.759	
PA6	Bundling Offers		0.685	
PA7	Variety of Brands		0.662	
PA8	Exchange Facility		0.644	
PA9	Easy Availability of Products		0.561	
PA10	Proper Packing			0.908
	Eigen Value	2.504	2.502	1.194
	% of Variance	25.042	25.019	11.919
	Cumulative Variance	25.042	50.061	61.98

	Chronbach's α	0.740	0.754	-
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Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. (Source: Compiled from Primary Data)

As reflected in table 1, the three factors explain 61.98 percent of the variance. The reliability of the factors derived was tested using Cronbach's Alpha. The first factor, Core Product Attributes has a Cronbach's Alpha of 0.740 and the second factor Secondary Product Attributes has a Cronbach's Alpha of 0.754. Hence both the factors are reliable.

Store Attributes influencing choice of retail format

The Store Attributes influencing the choice of retail formats was analyzed by using factor analysis on ten identified store attributes. It helped in classifying the factors into two categories viz. Primary Store Attributes and Secondary Stores Attributes.

Table 2 - Rotated Component Matrix

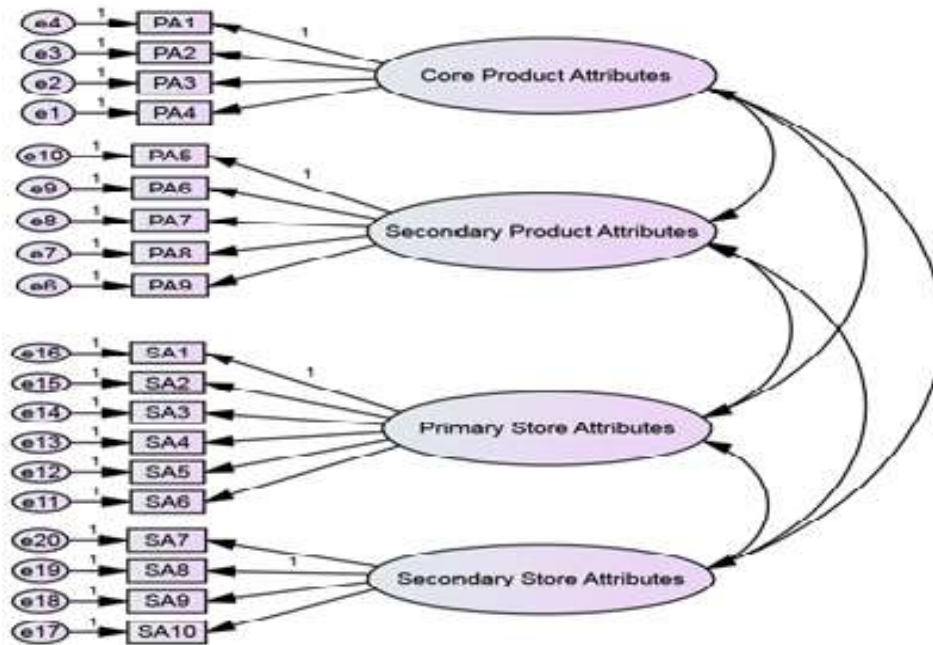
Code	Variables	Primary Store Attributes	Secondary Stores Attributes
SA1	Pleasant Ambience	0.826	
SA2	Better Location	0.799	
SA3	Appropriate In-Store Promotions	0.719	
SA4	Spacious Premises	0.690	
SA5	Complete Security	0.523	
SA6	Cleanliness of Store	0.518	
SA7	Trained Sales Personnel/Helpful Staff		0.866
SA8	Good Parking Facility		0.738
SA9	Children Play Area		0.698
SA10	Convenient Shopping Hours		0.628
	Eigen Value	3.109	2.872
	% of Variance	31.089	28.724
	Cumulative Variance	31.089	59.813
	Chronbach's α	0.842	0.785

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. (Source: Compiled from Primary Data)

As per table 2, the two factors explain 59.813 percent of the variance. The first factor, Primary Store Attributes has a Cronbach's Alpha of 0.842 and the second factor Secondary Store Attributes has a Cronbach's Alpha of 0.785. Hence both the factors are reliable.

The model fit of the sample data and the four factors identified through EFA, were further validated using Confirmatory Factor Analysis (CFA). CFA tells us how well the specification of the factor structure matches the reality. It provides a confirmatory test of our measurement theory. The following model (Figure 1) was prepared for carrying out CFA to test the convergent validity of the construct.

Fig 1 Measurement Model for the construct in the study



Source: Compiled from primary data by using SPSS AMOS 20

Table3 Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P
PA4	<---	CPA	.633	.142	6.367	***
PA3	<---	CPA	.617	.195	5.846	***
PA2	<---	CPA	.705	.146	6.511	***
PA1	<---	CPA	.688	.174	6.367	***
PA9	<---	SPA	.786	.196	6.524	***
PA8	<---	SPA	.510	.141	4.718	***
PA7	<---	SPA	.650	.155	5.689	***
PA6	<---	SPA	.442	.140	4.152	***
PA5	<---	SPA	.640	.199	5.689	***
SA6	<---	PSA	.642	.210	5.355	***
SA5	<---	PSA	.691	.160	6.342	***
SA4	<---	PSA	.747	.195	6.708	***
SA3	<---	PSA	.606	.162	5.709	***
SA2	<---	PSA	.728	.156	6.615	***
SA1	<---	PSA	.564	.166	5.355	***
SA10	<---	SSA	.685	.116	7.438	***
SA9	<---	SSA	.561	.150	5.546	***

			Estimate	S.E.	C.R.	P
SA8	<---	SSA	.779	.156	7.438	***
SA7	<---	SSA	.761	.187	7.178	***

Source: Compiled from primary data

Table 4 Co variances: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P
CPA	<-->	SPA	.344	.085	4.062	***
SPA	<-->	PSA	.249	.066	3.794	***
PSA	<-->	SSA	.365	.084	4.362	***
CPA	<-->	PSA	.407	.091	4.466	***
CPA	<-->	SSA	.584	.112	5.236	***
SPA	<-->	SSA	.309	.079	3.887	***

Source: Compiled from primary data

Table 5 Variances: (Group number 1 - Default model)

	Estimate	S.E.	C.R.	P
CPA	.633	.149	4.252	***
SPA	.409	.114	3.596	***
PSA	.296	.094	3.158	.002
SSA	.670	.142	4.721	***

Source: Compiled from primary data

The convergent validity of the construct was assessed by examining the factor loadings and average variance extracted of the constructs as suggested by Fornell and Larcker (1981), S. Ganguli and S. K. Roy (2010). All the indicators had significant loadings onto the respective latent constructs with values varying between 0.44 and 0.79 and Critical Ratio (C.R.) more than 1.96 ($P < 0.001$) as shown in Table 3 which shows a good construct validity. The co-variances of the latent construct have a loading of less than 0.80 and are significant since the P value is < 0.001 (Table 4). In addition, the average variance extracted (AVE) for each construct is greater than or equal to 0.50, which further supports the convergent validity of the constructs.

Table 5 shows the variances in respect of the four factors in the model. Secondary Store attributes and Core Product Attributes explains 67% and 63 % of the variance respectively. While the Secondary Product Attributes and Primary Store Attributes explain 41 and 30% of the variance respectively.

Table 6 Major Fit measures and guidelines for their acceptable values

Indicators of Fit	Target Values for very good fit	Target values for moderate fit
Normed χ^2 (CMIN/DF)	< 3	< 5
GFI	> 0.90	> 0.80
AGFI	> 0.80	> 0.70
RMSR	< 0.05	< 0.10

RMSEA	< 0.05	< 0.08
CFI	> 0.90	> 0.80

Source: Joreskong and Sorbom (1989), Sam Thomas (Decision, Springer, June –Sept. 2013) 40 (1-2)

Table 7 Fit measures for the model variants

Indicators of Fit	Values for the Model Fit
χ^2	278.744
D. F.	142
Probability Level	0.000
Normed χ^2	1.83
GFI	0.839
AGFI	0.781
RMSR	0.067
RMSEA	0.084
CFI	0.885

Source: Compiled from primary data

Based on the major fit measures and guidelines for their acceptable values as shown in table 6 and the model fit indices derived through CFA, as shown in table 7, it is seen that the χ^2 for the CFA model is 278.744, Degree of Freedom is 142 and the P value is < 0.001. Hence it is significant at 0.001. Further the Normed χ^2 i.e. (CMIN/DF) is 1.83 which is < 3 and signifies a very good fit. However the GFI, AGFI RMSR, RMSEA and CFI are 0.839, 0.781, 0.067, 0.084 and 0.885 respectively these indicates that the model is moderately fit. Hence the **H1**: that there is a positive impact of Product Attributes and Store Attributes on consumer's choice of Retail format is accepted.

While summing up we can say that the model is acceptable and that the four factors, viz. Core Product Attributes, Secondary Product Attributes, Primary Store Attributes and Secondary Store attributes play a significant role in the choice of retail store.

Product attributes like Assortment of Merchandise, Reasonable Price, Easy Availability of Products with regression weights more than 0.7 and the Store attributes like Better Location, Spacious Premises, Good Parking Facility, Trained Sales Personnel/Helpful Staff, and Pleasant Ambience have a positive impact on consumer's choice of retail format.

8. Conclusions

The organized retailing in India is growing at a very fast pace. Increased competition in the sector has conferred greater importance to customer loyalty as a way to obtain competitive advantage. It is in this context, that the present research proposed and validated the model suggesting the factors influencing customers' choice of retail format. The four factors identified in the model i.e. Core Product Attributes, Secondary Product Attributes, Primary

Store Attributes and Secondary Store Attributes are significant in attracting the customers towards retail formats. The major findings of the study reveal that, Primary product attributes like Reasonable Price, Assortment, Product Quality, etc are significant factors attracting customers towards a particular retail format. The secondary product attributes like easy availability of products, warranty, bundling offers, exchange facility, cleanliness etc. are also playing a significant role in consumer decision making while selecting retail formats.

With regards to Store Attributes influencing choice of retail format, Primary Store Attributes like Ambience, Location, In-store promotion, spacious premises etc. are considered by customers while choosing a retail format. Store attributes like Helpful staff, Parking facility, etc. can also enhance their shopping experience.

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