

A STUDY ON PERCEIVED CUSTOMER LOYALTY TOWARDS ORGANIZED RETAIL STORES WITH RESPECT TO DEMOGRAPHIC VARIABLES

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Abstract

The organized retail Industry has witnessed a tremendous growth across the globe. In India, the revolution of organized retailing has been noticed as the people are changing their choice to move from kirana stores to organized retail store formats like department stores, super markets, hyper markets, discount stores, specialty stores, malls etc. Hence, the organized retail industry has a huge potential due to this changing scenario in India.

This study is mainly focused on analyzing the demographic profile of customers preferring organized retail stores for purchasing variety of goods. The research tries to investigate the perceived loyalty of the customers towards the preferred organized retail store. Further, this research also addresses various demographic variables like age, income, gender, marital status, occupation and its relation with perceived loyalty of customers towards organized retail stores.

Keywords: Organized Retail, Loyalty, Perception, Demographics

Introduction

The Indian retail sector has undergone a significant transformation since last two decades. Today retail sector is one of the fastest growing industry. People in India traditionally preferred to shop from unorganized retailers. The entry of private sector players in retailer industry has encouraged the customers to prefer shopping from organized retail stores as compared to unorganized retailers. The organized retail sector offers the customers variety of products, large shopping area, attractive and enjoyable ambience, parking facilities, instore promotions, various brands and various other facilities. This has led the customers to spare more time and purchase more at organized retail stores. As a result, corporate like Tata's, Raheja's, Reliance etc have fascinated the Indian retail sector by offering various types of store formats like supermarkets, self-service stores, every day low price stores, department stores, discount stores, convenient stores etc.

Loyalty has become one of the biggest challenges for the organized retailers as the customers have wide option for choosing a specific store for shopping. Loyalty is a phenomenon that has always received a great deal of attention among retailers, and store loyalty is the most important part for the retailers to be focused. Loyal customers spend more time in a particular store resulting in more purchase of the products and thereby increasing the sales and revenue of the retailers. Thus, stores that are successful in attracting large number of loyal customers may have the advantage of higher returns and increased store image in the mind of the customers resulting into stronger customer base. Store loyalty is one of the most important factor for building retail success and store longevity.

This paper explores the impact of demographic variables on the perceived loyalty of store. Demographics refers to the characteristics such as language, educational level, occupation, income, age, geographic location, family structure, ethnic background, marital status and gender (Schiffman & Kanuk, 2007). Demographics influence consumer behavior and store image perceptions. This study takes into consideration demographic variables like age, income, marital status, education and occupation.

Literature Review

The concept of store loyalty has been studied by numerous researchers for the past few decades. Many factors have been studied which impact store loyalty like store attributes, product attributes, satisfaction, store image, demographic variables etc.

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Eastlick and Feinberg (1999) found that motive scores were often higher among women than among men. The study found negative relationship between education and shopping motivations. Additionally, the researchers found that the motive scores were often higher among women than among men shoppers.

V. Ann Paulins and Loren V Geistfeld (2003) investigated on “The effect of consumer perceptions of store attributes on apparel store preferences” and examined the consumer perceptions of retail store attributes for a set of particular stores in order to determine their effect on store preference. Respondents were given the options of various stores and rated 13 stores. The study concluded that four variables affected store preferences namely the type of clothing desired in stock, outside store appearance, shopping hours, and advertising. Significance of the effect of store attributes on store preference varied by store type. In addition, associations between customer perception of store attributes, education and age were observed and implications were given to the retailers.

Charles Dennis (2005) investigated on “Why does People Shop where they do? The Attributes of Shopping Centers that Determine Where Consumers Choose to Shop”. In this study the researcher concluded that people were attracted to various centers for different reasons. This happened as shoppers had different expectations. The study further revealed that those attributes did not appear to be significantly influenced by income or socio-economic group. It was founded that shoppers used to spend more time at the centers which matched their requirements.

Jason M. Carpenter and Marguerite Moore (2006) investigated on “Consumer demographics, store attributes and retail format choice in the US grocery market”. They identified the various demographic groups and examined the store attributes like price, store atmosphere, in-store promotions as drivers of format choice. The research identified the demographic characteristics of the consumers and provided the grocery retailers that operate within USA a specific knowledge of the attributes that were considered most important by the consumers. The results suggested marketing strategy implications for grocery retailers that operate in the US market. This exploratory study used demographics and store attributes as a framework for profiling consumers by their ultimate retail format choice.

Kuruville and Ranjan (2008) focused on the behavior of Indian youth inside the Mall. The researchers tried to identify the recreational and utilitarian orientation among Indian youth. Further, they examined gender differences in their attitude towards the malls. The study concluded that no major differences were observed in the attitude or motives of both genders for shopping in malls. But it was also proved that purchase of fashion differed across genders.

Lina Salim (2009) investigated on “Indonesian Store Loyalty Factors for Modern Retailing Market” has suggested that suggests that consumers’ store loyalty in the modern retailing market (hypermarkets and supermarkets) is influenced by environmental factors (such as store image, store personnel). In this study stimulus-organism-response (S-O-R) model has been used and S-R relationship of store loyalty has been examined. S-O-R framework was derived from the existence literature and tested empirically based on Indonesian consumers’ experience. The stimuli for this study were store image, store personnel, satisfaction and culture factors. The findings of this study showed that store image, store satisfaction and culture had a significant positive relationship to store loyalty via affect. Also Store personnel was not been regarded as very significant to store loyalty because consumer’s perception still considered modern retailing market as self-service.

Arpita Khare (2011) in researched on “Mall shopping behaviour of Indian small town consumers”. The objective of this study was to understand the mall shopping behavior of the people and specifically focused on exploring the differences across age and gender groups with regard to the familiarity with the concept of malls and their exposure to the organized retail. In this the results showed that consumers’ gender and age play an important role in determining their attitude towards shopping in malls. Through this study the author has suggested that mall attributes like decor, layout, services, variety of stores and entertainment facilities must be offered while planning malls in smaller cities as they play an important role on consumers’ buying behaviour.

Research Methodology

This study conducted was quantitative research in which data from a random sample of 100 customers was collected. The study gathered data from Ahmedabad city. Data Collection Method was based on Survey Research questionnaire adapted from previous studies. The questionnaire comprised of a five point likert scale with the response of perceived loyalty ranging from 1 to 5, where 1 – Very disloyal, 2- Disloyal, 3 – Neutral, 4 – Loyal and 5 – Very Loyal. Mall Intercept method was used to collect the data by using questionnaire as a tool. The tool used for analysis was Excel and SPSS. The study used ANOVA and two independent t-test to find out the significant difference in means score of perceived customer loyalty with reference to various demographic variables.

Research Objectives

- To understand the demographic profile of customers preferring organized retail store.
- To know the significant difference in mean score of perceived customer loyalty with reference to age.
- To know the significant difference in mean score of perceived customer loyalty with reference to gender.
- To know the significant difference in mean score of perceived customer loyalty with reference to marital status.
- To know the significant difference in mean score of perceived customer loyalty with reference to income.
- To know the significant difference in mean score of perceived customer loyalty with reference to occupation.
- To know the significant difference in mean score of perceived customer loyalty with reference to education.

Analysis and Interpretation

Collected data has been analyzed by frequency descriptive statistics and chi-square test. The below mentioned table shows the preference for organized retail stores.

Table 1: Preference towards organized retail stores

	Frequency	Percent
Yes	100	100
No	0	0
Total	100	100

It is clear from the above table that, all 100 customers prefer to shop from organized retail stores like malls, super markets, hyper markets, department stores, discount stores, convenience stores etc.

Demographic Profile of Customers

The below mentioned Table 3 provides a glimpse of demographic characteristics of the surveyed customers. Various categories of demographical information are revealed as under:

Table 2: Demographic Profile of Customers

	Variable	Frequency	Percentage
Gender	Male	61	61
	Female	39	39
Age	<20	2	2
	21-30	53	53
	31-40	40	40
	51 & Above	5	5
Marital Status	Single	57	57
	Married	43	43
Income	< 20000	52	52
	20000-30000	17	17
	31000-40000	10	10
	40000-50000	13	13
	> 50000	8	8
Occupation	Business Person	11	11
	Professional	22	22
	Home maker	10	10
	Private Employee	44	44

	Government Employee	11	11
	Retired	2	2
Education	Undergraduate	4	4
	Graduate	42	42
	Post Graduate	54	54

N=100

As depicted in the above table, out of 100 respondents, 61 were male and remaining 39 were female. Further, taking age group, majority (53%) of the customers belonged to the age group of 21 to 30 followed by 40% of the customers in the age group of 31 to 40 and very few i.e. around 5% of the customers were of the age above 51. Around 57% of the customers were single and 43% were married. Income was also considered in this study. Majority of the customers had their income below 20,000 in this study. The 17% of the customers belonged to the income group of 20,000 to 30,000 followed by 13% of the customers having income between 41,000 to 50,000. The remaining 10% of the customers with the income of 31,000 to 41,000 and 8% belonged to the income of more than 50,000. Occupation also plays a key role in determining the loyalty of the customers. In this study 44% of the customers were private employees, 22% of the customers were professional, 11% were business person, 11% were government employee, 10% were home maker and 2% were found to be retired. In terms of education level, majority i.e. 54% of the customers were post graduate followed by 42% of the customers graduate and the remaining 4% of the customers were found to be undergraduate.

Hypothesis Testing

Gender and Perceived Loyalty:

As seen in the table 3, male and female exhibit low loyalty as the mean value is 2.07 and 2.06 respectively.

Table 3: Descriptive Statistics

Gender	N	Mean	Std. Deviation
Male	61	2.07	.98
Female	39	2.06	.78

Based on the literature review, the following hypotheses have been developed and tested.

Hypothesis 1:

H0: There is no significant difference in the mean of perceived customer loyalty with reference to gender

H1: There is a significant difference in the mean of perceived customer loyalty with reference to gender

Table 4: Gender and perceived loyalty (t-test)

	Levene's Test for Equality of Variances		t-test for Equality of Means		
	F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed	4.579	.033	1.506	798	.041
Equal variances not assumed			1.491	710.941	.041

As seen in the above mentioned table, independent t-test has been performed and the significant value is less than 0.05. This concludes that null hypothesis is rejected and it can be said that there is a significant difference in the mean square of perceived customer loyalty with reference to gender.

Age and Perceived Loyalty

Table 5 shows the cross tabulation of age and perceived loyalty. It is clear from the table that people of all age groups do not perceive themselves loyal towards organized retail store. People who are above the age 51 perceive themselves to be loyal as the mean value is highest (4.20).

Table 5: Descriptive Statistics

Age	N	Mean	Std. Deviation
<20	2	2.00	.00
21-30	53	2.17	.96
31-40	40	2.20	.84
51 & above	5	4.20	.54

Hypothesis 2:

H0: There is no significant difference in the mean of perceived customer loyalty with reference to age.

H1: There is a significant difference in the mean of perceived customer loyalty with reference to age.

Table 6: Age and Perceived Loyalty (ANOVA)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.949	3	.316	.374	.772
Within Groups	102.443	121	.847		
Total	103.392	124			

As seen in the above mentioned table, independent t-test has been performed and the significant value is more than 0.05. This concludes that null hypothesis is accepted and it can be said that there is no significant difference in the mean square of perceived customer loyalty with reference to gender.

Marital Status and Perceived Loyalty

The below mentioned table of descriptive statistics shows that single and married both are less loyal towards the organized retail store as the mean value is 2.68 and 2.47 respectively.

Table 7: Descriptive Statistics

Marital Status	N	Mean	Std. Deviation
Single	57	2.68	.97
Married	43	2.47	.74

Hypothesis 3:

H0: There is no significant difference in the mean square of perceived customer loyalty with reference to marital status.

H1: There is a significant difference in the mean square of perceived customer loyalty with reference to marital status.

In order to find out the significant difference in the mean square of perceived customer loyalty with reference to marital status two independent t-test was performed as seen in the below mentioned table.

Table 8: Marital Status and Perceived Loyalty (t-test)

	Levene's Test for Equality of Variances	t-test for Equality of Means
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	F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed	.287	.593	3.034	123	.003
Equal variances not assumed			3.154	122.701	.002

As seen in the above mentioned Table 7 independent t-test has been performed and the significance value is less than 0.05. Therefore null hypothesis (H0) is rejected and alternative hypothesis is accepted and it can be concluded that there is a significant difference in the mean square of perceived customer loyalty with reference to marital status.

Income and Perceived loyalty

Table 8 shows the cross tabulation between income level and perceived loyalty of respondents. It is evident that people of the income with below Rs. 20000 is 2.25 which depicts low loyalty, people with income between Rs. 20000 - Rs.30000 show loyalty mean value of 2.04 which shows low level of loyalty, people with income slab of Rs. 31000 - Rs. 40000 also have mean value of 2.3 which also seems that they are less loyal. People with the income of Rs. 40000 - Rs.50000 are also not loyal as the mean value is 2.40 and people having the income with more than Rs. 50000 are almost neutral about their loyalty.

Table 9: Descriptive Statistics

Income (Rs.)	N	Mean	Std. Deviation
Below 20000	52	2.25	.91
20000-30000	17	2.04	.84
31000-40000	10	2.30	1.10
40000-50000	13	2.40	.95
More than 50000	08	2.92	.69

Hypothesis 4:

H0: There is no significant difference in the mean value of perceived loyalty of customers with reference to income.

H1: There is a significant difference in the mean value of perceived loyalty of customers with reference to income.

Table 10: Income and perceived loyalty (ANOVA)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.292	4	.573	.684	.604
Within Groups	99.668	119	.838		
Total	101.960	123			

It can be observed from the above table that the significance value more than critical value of 0.05. Therefore null hypothesis (H0) is accepted and it can be concluded that there is no significant difference in the mean value of perceived loyalty of customers with reference to income.

Education and Perceived Loyalty:

The below mentioned table shows the descriptive statistics of education and perceived loyalty. It can be seen that people who are undergraduates are neutral about loyalty, graduates show low level of loyalty, post graduates are also almost neutral.

Table 11: Descriptive Statistics

Education	N	Mean	Std. Deviation
Undergraduate	4	3.00	.
Graduate	42	2.62	.94
Post graduate	54	3.04	.88

Hypothesis 5:

H0: There is no significant difference in the mean value of perceived loyalty of customers with reference to education.

H1: There is a significant difference in the mean value of perceived loyalty of customers with reference to education.

Table 12: Education and perceived loyalty (ANOVA)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7.318	3	2.439	3.072	.030
Within Groups	96.074	121	.794		
Total	103.392	124			

The above mentioned table shows the significance value less than critical value of 0.05. Therefore null hypothesis (H0) is rejected and it can be concluded that there is a significant difference in the mean value of perceived loyalty of customers with reference to education.

Occupation and Perceived Loyalty:

Table 13 shows the cross tabulation of occupation and mean score of perceived loyalty. It is evident that government employee tend to be loyal towards organized retail stores with highest mean score of 4.60. Professionals and home maker display low perceived loyalty with the mean score of 2.03 and 2.00 respectively. Business person and private employee are almost neutral about loyalty with the mean score of 3.17 and 3.14 respectively. The retired respondents display high perceived loyalty with the mean score of 4.

Table 13: Descriptive Statistics

Occupation	N	Mean	Std. Deviation
Business person	11	3.17	1.48
Professional	22	2.03	.89
Homemaker	10	2.00	.89
Private employee	44	3.14	.84
Government employee	11	4.60	.54
Retired	2	4.00	.52

Hypothesis 5:

H0: There is no significant difference in the mean value of perceived loyalty of customers with reference to occupation.

H1: There is a significant difference in the mean value of perceived loyalty of customers with reference to occupation.

Table 14: Occupation and Perceived loyalty (ANOVA)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.230	5	.446	.525	.757
Within Groups	101.162	119	.850		
Total	103.392	124			

The above mentioned table shows the significance value more than critical value of 0.05. Therefore null hypothesis (H0) is accepted and it can be concluded that there is no significant difference in the mean value of perceived loyalty of customers with reference to occupation.

Findings and Conclusion

- In this study all the customers surveyed preferred to shop from organized retail stores.

- Majority of the customers i.e. 61% were male and 39% were female. Out of the total customers surveyed, majority (53%) of the customers belonged to the age group of 21 to 30 followed by 40% of the customers in the age group of 31 to 40 and very few were of the age above 51. Maximum customers (57%) were single and 43% were married. Majority of the customers had their income below 20,000 in this study.
- In this study majority (44%) of the customers were private employees, 22% of the customers were professional, 11% were business person, 11% were government employee, 10% were home maker and 2% were found to be retired. Further, majority i.e. 54% of the customers were post graduate followed by 42% of the customers graduate and very few were found to be undergraduate.
- This research concluded that the customers did not consider themselves very loyal or very disloyal towards the preferred store for shopping. The perceived loyalty was found to be medium.
- The hypothesis was tested using two independent t-test and ANOVA and it was found that there was a significant difference in the mean score of perceived customer loyalty with reference to gender, marital status and education.
- There was no significant difference in the mean score of perceived loyalty with reference to age, income and occupation.

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