

Store Patronage and Customer Choice towards FMCG Stores

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Abstract

Retailing in India is gaining attention like never before. Organized retailing especially is creating euphoria amongst Indian consumers drawing them into malls and trade areas in huge numbers. Retailers are offering newer service dimensions to create unique shopping experiences for the customers. Perceptions about stores are driven substantially by tangible characteristics of stores, such as format or list size, distance of store from home, as well as intangible factors like the environment of the store. The fact that Indian retail environment is going through a sea change due to the introduction of new formats and opening up of retail industry, it becomes important to understand the store image perceptions of consumers here.

This paper attempts to find out the key factors that are perceived as important to Indian consumer. This study aims at evaluating the selection of retail stores provided by selected serviceman and businessmen. This study is carried out to know the perception about satisfaction of customers of the businessmen & servicemen.

KEY WORDS: Retail Stores, Customer preference, Servicemen, Businessmen, FMCG

INTRODUCTION

Retail store selection is not a new notion in the FMCG industry; rather it is in use for several years. It has been observed that retail stores variations are mostly preferred by FMCG companies due to the low involvement of the customers and highly competitive market environment which leads the companies to introduced the product frequently in the market. Indian FMCG market most of the big players are using the line selection rather than retail stores selection because in line selection. Retail stores give strong recognition to the new retail stores and some of the famed and successful examples line selections under retail stores are *Big-Bazaar, Reliance Fresh, Easy-Day, More Mega Stores, Shopper's Stop, Vishal Mega Mart, Apoorti Super Bazaar, Best Price etc.*

On the other hand, category selection is playing an important role in grabbing the market share because category selection provides differentiation strategy to attract large number of consumers, and some of the famed names of category selection are Retail stores category. A retail stores selection under the parent retail stores also reduces the goodwill in the market due to the failure and over success of the extended retail stores and misconception to some extent. In retail stores selection there is benefit for consumers to reduce risk and to choose new retail stores which has been launched under the well-established parent retail stores; this factor provides dual benefits first for the retail stores company and second for the consumer. In today's scenario it is very normal and active, due to low involvement in FMCG industry companies are very rigorous about innovation and new ideas about selection to attract more and more consumers and to compete in the market. Therefore, it is imperative to know the consumer understanding of retail stores selection and whether they recognize such phenomena or not. The research tries to explore the retail store selection concept and duly assess the impact of extending a retail stores on the retail stores from the customer point of view.

Conceptual frame work

The contemporary hypercompetitive market makes it inevitable for the companies to introduce selection strategically and efficiently to survive and compete. And more so, in case of FMCG (Fast Moving Consumer Goods) industry, this is attributed to the low emotional loyalty and low involvement in most of the product categories. Retail stores selection is not a new notion in the FMCG industry; rather it is in use for several years. It has been observed that retail stores selections are mostly preferred by FMCG companies due to the low involvement of the customers and highly competitive market environment which leads the companies to introduced the product frequently in the market. The present study makes an effort to study consumer responses towards retail stores selection in FMCG industry. Because a new retail stores involves huge cost and risk, therefore, companies may alternatively resort to extending their retail stores or lines as a more feasible growth strategy option. Retail stores selection can happen in two ways: expending the line (line selection) and extending the category (category selection). Indian FMCG market most of the big players are using the line selection rather than retail stores selection because in line selection stores give strong recognition to the new retail stores.

On the other hand, category selection is playing an important role in grabbing the market share because category selection provides differentiation strategy to attract large number of consumers, and some of the famed names of category selection are retail stores category. A retail stores selection under the parent brands also reduces the goodwill in the market due to the failure and over success of the extended retail stores and misconception to some extent. Retail stores selection sometimes also results in cannibalization where the extended retail stores eat the sales of parent retail stores.

Cannibalization is a very real threat for the vast majority of new product launches. But there have been little empirical work which quantifies this threat, or which examines the measures which can be used to define it. In retail stores selection there is benefit for consumers to reduce risk and to choose new retail stores which has been launched under the well-established parent brands, this factor provides dual benefits first for the retail stores company and second for the consumer. The risk involvement also varies from selection to selection; in category selection risk is more because retail

stores is totally new for the consumer and perceived risk is too, but in the line selection it will be less because retail stores reputation of parent retail stores already exists in consumers mind. In today's scenario it is very normal and active, due to low involvement in FMCG industry companies are very rigorous about innovation and new ideas about selections to attract more and more consumers and to compete in the market

Objective

The main objectives of the research are:

1. To measure the consumer perception towards selection of retail stores.
2. To compare consumer perception retail stores wise & occupation wise.

Literature Review

According to **Leif E. Hem** (2001) "retail stores with higher perceived reputation should provide consumers with greater risk and so encourage more positive evaluations than retail stores of lower reputation, this notion should be true for FMCG".

Bottomley and Holden (2001) propose that "the quality of the parent retail stores and the fit between the parent retail stores and the retail stores selection are key determinants of consumer evaluations of retail stores selections". And reveal that "cultural differences influence how retail stores selections are evaluated with respect to relative measurement factors". also propose "consumer's retail stores selection evaluations are also determined by (a) the dimensions of fit (i.e. the complementarity and transferability of assets and skills between the parent retail stores and the retail stores selection, and (b) to what extent consumers perceive the retail stores selection is difficult to produce".

Klink & Smith (2001) explain that "the success of a retail stores extension is largely determined by how customers evaluate the selection".

Martinez and Pina (2003) argued that line selection "decreases the risk of failure of new products, because consumers initially are more willing to accept products marketed under known retail stores". Martinez and Pina (2003) defines that "this strategy is not free from risks, since it is not convenient for all the retail stores, and moreover it may have negative effects on the image of the extended retail stores".

Marketing Mastermind (2003) “HUL’s rural marketing initiatives have given the perspectives in which HUL has approached towards rural marketing, ”Keller (2003) argues that “the retail stores selections allow consumers to draw conclusions and form expectations about the potential performance of a new product (i.e. The retail stores selection) based on their existing knowledge about the retail stores”.

Keller (2003) reveals that “firstly selections can clarify the retail stores meaning to consumers and define the boundaries of the domain in which it competes”. Keller (2003) propose that “a new or rejuvenated product can be a mean to renew interest and improve attitude towards the parent retail stores”. According to Keller (2003) “the image of the parent retail stores can be hurt irrespective of the success or failure of the selection”.

Balachander and Ghose (2003) reveal that “forward spillover effects from advertising of a parent retail stores on choice of a retail stores selection are limited”. The findings of Mortimer (2003) suggest that “retail stores selection makes economical sense to try to deliver the same emotional benefits in a different market”. According to Mortimer (2003) “companies should do the retail stores selection to a large extent” “new product introduction are crucial for a firm to sustain its long- term competition”. According to Keller (2003) “retail stores selection allows customers to draw conclusion and form expectation about the potential performance of a new product based on their existing knowledge about the retail stores”.

Kim and John (2008) defines that “consumers evaluate retail stores selections on the basis of their perceived fit with the parent retail stores”.

Research Methodology

It’s an exploratory research which focuses on a population of Retail Store in Indore city. The study is exploratory in nature and was undertaken to explore consumer response towards store selection in FMCG sector. This report is based on primary as well secondary data, however primary data collection was given more importance since it is overhearing factor in attitude studies. One of the most important uses of research methodology is that it helps, in identifying the problem, collecting, analyzing the required information data and providing an alternative solution to the problem. It also helps in collecting the vital information that is required by the top

management to assist them for the better decision making both day to day decision and critical ones.

The Sample

The sample of present study consists of 100 respondents. Indore region has been selected for primary data collection. Random sampling technique was used for data collection. The research was carried out through survey method with the help of self-developed structured, non-disguised questionnaire on 5 point Likert scale on which the respondents were ask to indicate the degree of agreement or disagreement. The close-ended Questionnaire was helpful to get a clear idea about respondent's selections.

Tools For Data Collection

Data was collected from primary source based on field survey where self-administered questionnaire was used and secondary sources such as research papers, journals, and published documents was used. Research is totally based on primary data. Secondary data can be used only for the reference.

Tools For Data Analysis

Data has been represented with the help of pie chart.

And z test is applied on the same.

Primary data was collected with the help of standardized questionnaire of service quality which was administrated to a convenience sample of 100 respondents accessing selection of retail stores in Indore, a city of Madhya Pradesh, a state in India. The data collected were analyzed with the statistical tools of factor analysis and 'Z'-test. The factors influencing customers perception comes to be responsiveness, tangibles, empathy, convenience, assurance and reliability. The study revealed that, there is no significant difference in the perception about satisfaction of the serviceman and businessman selection of retail stores customers. Only one factor i.e. convenience, have significance difference. the study conclude that in the view of stiff competition in the global business arena where business have to survive and grow on the basis of volume instead of margin , selection of retail stores will constitute an essential plan of FMCG marketing.

Major Results

Comparison of consumer perception of retail stores as per occupation

Occupation	Mean	Standard deviation(S.D.)	Square of S.D.
Businessman	61.8	14.13	199.6569
Serviceman	62.2	14.18	210.0724

Z-value at 5% level of significance

Z-calculated	0.608
Z-tab	1.96
Z tab >Z cal	1.96>0.608

At 5% level of significance value of Z cal. is lower than the value of Z tab i.e. (**Z tab >Z cal, 1.96>0.608**) which shows that there is no significant difference in the perception of services man and businessman in the retail stores.

Findings

- According to the research, to launch any new retail store against any existing retail stores is beneficial to the company.
- The reputation of the retail stores is a crucial factor influencing the likelihood of successful retail stores selections.
- It was found that the retail stores selection stops consumers to switch over to some other retail stores.
- The success and the failure of the retail stores selection highly affect the goodwill of the parent brands.
- It was found that retail stores selection affects the loyalty of the consumers.
- The success of the extended retail stores affects their sales in the competitor market.
- Most of the respondents are agree with the point that the retail stores selection is a risky step.
- Selection provides a wide variety of goods under a single retail stores.

- Retail stores selection enables the companies to introduced new products at significantly lower cost.
- It was found that the selection adds value to the parent retail stores.
- It was found that the quality of the extended product is not always better than the previous one.
- It was found that selections are often used as a short term competitive weapon to increase a retail stores' image
- The awareness and trust about the retail stores is a strong factor to reduce the risk of failure of new product.
- It was found that the selection should be according to the expectation of the customers.

Conclusion

As we conclude, people know the new stores have been launched under the big brands on which they trust. And they also trust on new one as the previous one. But they actually don't know that the process is called retail stores selection. Overall we study that the awareness regarding retail stores selection among the consumers is very much. Retail stores selection is very important tool for the organizations to expand its business; on the other hand it is conclude that some of the consumers don't know the selection. They just buy the products according to circumstances. They need the knowledge of selection. We investigate that customers evaluate selection trustworthy. "Retail stores" plays important role for the organizations. People purchase from those stores on which they have faith or they are well known with them. And selection cements their trust in the parent brands. And also conclude that the failure of selection affects the goodwill of the company as well as parent brands.

Recommendations

Retail stores selection is very important for making a retail stores successful and building trust so:

- Company should follow the strategy which includes a specific selection related to the product image in the market and its content.
- The extended retail stores should have compatibility with the nature of parent retail stores should also highlight the same expertise.

- Selection should match the perception of the consumers which would make them more efficient clear and excited towards the retail stores.
- Company should initiate loyalty programs like emotional loyalty.
- When retail stores managers decide to grow their retail stores using retail stores selection strategies, they are advised to consider the potential effects of unrelated retail stores selection.
- Retail stores managers are advised to evaluate their retail stores with the factors emotions and feelings and not based just on consumers' cognitive evaluation of the retail stores.

Limitations

- Some of the persons were not so responsive.
- Possibility of errors in data collection because many of investors may have not given actual answers of my questionnaire.
- Sample size is limited to 100 respondents of Indore.
- The sample size may not adequately represent the whole market.
- Some respondent were reluctant to divulge personal information which can affect the validity of all responses.
- The research is confined to a certain part of Indore

Implications of study

Retail stores selection with respect to FMCG industry is a very vast concept. FMCG includes endless product categories and in every product category consumers have different perception, approach and attitude. This particular study provides an overview of the selection in FMCG from the customer's point of view. Therefore an extensive and focused research can be undertaken to understand the consumer response for selection.

A big boom has been witnessed in FMCG industry in recent time. A large number of new player have entered the market and trying to gain market share in this rapid improving market. The above research would facilitate the companies to incorporate the fine tuned results in their marketing strategy.

The research would provide a framework for the companies to understand the buying behavior of the consumers with respect to retail stores selection in FMCG industry.

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