

Customers' Perception towards Organized Retail Stores – An Analysis

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Abstract: Customer Perception is a significant subject for most marketers. The key pressure in the formation of consumers' future purchase intentions are the significance of customers' perception, how the perceptions are formed and satisfied and the impacts they have on the success of a business. Satisfied customers are also likely to tell others of their favorable experiences and thus employ positive word of mouth advertising. This article intends on examining customer Perception in the organized retail stores in Coimbatore city. The goal is to identify the determinants of customer Perception in the organized retail stores in Coimbatore city, to identify the attitude and behavior of the customers those who purchase in organized retail stores, and also to study the future prospects of organized retail stores in the city. A total of 200 questionnaires have been randomly distributed to retail customers. The data collected is analyzed using descriptive statistics method, cross table analysis, chi-square test and correlation method (to compare between different means). In order to check the reliability, Cronbach's alpha test is deployed. The outcome of this study put forward that the degree of customer perception is identified in terms of services provided by organized retail stores in the city.

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Key Words: Word of mouth advertising, Customer Perception, Retail stores, Purchase intentions

Introduction:

Customer perception is marketing concept that encompasses a customer's impression, awareness and consciousness about a company or its offerings. Many customer satisfaction studies are intentionally or unintentionally only "descriptive" in nature because they simply provide a snapshot in time of customer attitudes. Retailing is one of the oldest businesses that human civilization has known. It acts as an interface between the producer and consumer, improves the flow of goods and services and raises the efficiency of distribution in an economy. For a strong, stable and consistently growing economy, a well-organized and efficient retail sector is a must. Most of the developed and even emerging economies had adopted the organized retail long ago and percentage share of organized retail in total retailing has increased over the years. However, India, a land of self-sufficient villages, has continued to rely primarily on small, close to home shops. It is only off-late with pick-up in pace of urbanization and rising disposable incomes that the country started to take a few steps towards the organized retailing. A good progress has been made in the last few years, and the retail industry is off late being hailed as one of the sunrise sectors in the economy. Interestingly, for many years, retailers have been administering surveys to their customers to measure both their overall level of Perception and their opinion of various details of their store experience, service and merchandise provided at organized retail stores but they are not able to retain

all their customers by providing solutions to them. Satisfying customers is one of the main objectives of every business. Businesses recognize that retaining the existing customers is more profitable than having to win the new ones to replace those lost. Management and marketing theorists underscore the importance of customer Perception for a business's success. Customer Perception is the key factor in knowing the success of any retail store or business; therefore it is very important to measure it and to find the factors that affect the customer Perception. Customers are most likely to appreciate the goods and services they buy, provided if they are made to feel special. This occurs when they feel that the goods and services that they buy have been specially produced for them or for people like them. It should be always keep measuring in order to get feedback for the products and services in order to develop it further with wide customization. Customer Perception levels can be measured using survey techniques and questionnaires. Gaining high levels of customer Perception is very important to a business because satisfied customers are most likely to be loyal, place repeated orders and use a wide range of services offered by a business.

Literature Review

In the present day's retail business, ensuring customer Perception in delivering the right product and service to the end-users is the major concern for the future growth of the organization. In the present study an attempt is made to find out the customer

Perception during purchase in retail stores based on customer survey. (Das Prasun, 2009). Literature on customer Perception is voluminous and spans several areas such as marketing, management and accounting. For example, numerous papers use the ACSI (American Customer Perception Index) to study customer perception at the company, industry and macroeconomic levels. This paper focuses only on customer perception studies that are related to retailing and does not survey the literature that studies the design of Perception survey instruments, as there is no control over survey design. The basic tenet of this research stream is that higher service quality improves customer Perception, resulting in better financial performance, although the mechanisms by which this improvement happens vary.

Iacobucci et al. (1994, 1995) provide precise definitions of service quality versus customer Perception. They contend that service quality should not be confused with customer Perception, but that Perception is a positive outcome of providing good service. Ittner and Larcker (1998) provide empirical evidence at the customer, business-unit and firm-level that various measures of financial performance (including revenue, revenue change, margins, return on sales, market value of equity and current earnings) are positively associated with customer Perception. However, in the retail industry they find a negative relationship between Perception and profitability which may be because benefits from increased Perception can be exceeded by the incremental cost in retail. Sulek et al. (1995) find that customer Perception positively affects sales per labor hour at a chain of 46 retail stores. Anderson et al. (2004) find a positive association between customer Perception at the company level and Tobin's q (a long-run measure of financial performance) for department stores and supermarkets. Babakus et al. (2004) link customer Perception to product and service quality within retail stores and find that product quality has a six significant impact on store-level profits. Research on customer Perception usually views employees as facilitators of the sales process who are critical to improving the conversion ratio, by providing information to the customers on prices, brands, and product features and by helping customers to navigate store aisles, finding the product and even cross-selling other products. The unique feature of the retail store execution problem is that it combines the factory and the sales components, but this stream of literature focuses only on the latter.

Objectives of the study:

- 1) To identify the determinants of customer perception in the organized retail stores in the city.

- 2) To identify the attitude and behavior of customers in organized retail stores.
- 3) To study the future prospects of organized retail stores in the city.

Scope of study:

The scope of this study is wide and valuable. The study deals with the customer perception towards organized outlets which is very essential for retailing. Also, it deals with various problems in the present retail store products and promotional schemes.

Research Methodology

Research design

The main aim of this survey is to know the customer perception towards organized retail stores. Therefore descriptive research is being adopted to find out the customer perception and characteristics of consumers.

Area of the study

The survey is conducted among all class of customers who are the regular purchasers and occasional buyers in the organized retail stores in Coimbatore.

Research approach

Survey method and questionnaires method

Primary data is collected through survey method. All the respondents are asked to fill in the questionnaire by themselves. The questionnaire contains open ended and closed ended questions and it is in a structured format which is clear and simple to the respondents.

Sample Size

Sample size taken in this study is 200.

Period of Study

The study was conducted during the period October 2012 to December 2012

Sampling Technique

As all the possible items are considered for research, the sampling method adopted is convenience sampling.

Data Usage:

For analysis and interpretation, only primary data is used. However for conclusion and recommendations both primary and the secondary data along with the verbal knowledge and information although obtained from respondents, though they are outside the parameters of questionnaire were also included. The data collected from these sources were analyzed using various tools like percentage analysis,

chi-square test, correlation and cross table analysis method.

Research Instrument:

A standard questionnaire is prepared for the collection of data from various respondents. The questionnaire is designed in such a way that the aim of collecting essential information for the study would meet the set of objectives.

Tools:

SPSS version 20 is used to tabulate and analyze the valid responses. Initially, a comprehensive data file was created. Then, variables and their labels were defined. Few statistical tools such as Person's Correlation, Chi-Square and cross tabling were used for the analysis.

The reliability of the scales were tested through by Cronbach's Alpha coefficient

Cronbach's Alpha Test:

Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. A "high" value of alpha is often used (along with substantive arguments and possibly other

statistical measures) as evidence that the items measure an underlying (or latent) construct. However, a high alpha does not imply that the measure is unidimensional. If, in addition to measuring internal consistency, you wish to provide evidence that the scale in question is unidimensional, additional analyses can be performed

Case Processing Summary

		N	%
Cases	Valid	200	100.0
	Excluded ^a	0	.0
	Total	200	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.676	20

The alpha coefficient for the 20 items are .676, suggesting that the items have relatively high internal consistency.

Analysis and Interpretation

General Profile of the Respondents

Table 1. General Profile of the Respondents

Particulars	Classification	No. of Respondent	Percentage
Age	Age 25 and below	48	24
	Age from 26-35	64	32
	Age from 36-45	51	25
	Age above 45 years	37	19
Gender	Male	120	60
	Female	80	40
Educational Qualification	School Level	15	7
	Graduate	78	39
	ITI/ diploma	33	17
	Post Graduate	74	37
Monthly Income	Below Rs 5,000	4	2
	Rs 5,001 - Rs 10,000	22	11
	Rs 10,001 - Rs 15,000	84	42
	Rs 15,001 - Rs 20,000	47	23
	Above Rs 20,001	43	22
Total members in Family	One	5	2
	Two	23	11
	Three	57	29
	Four	99	50
	Five and Above	16	8
Average monthly purchase at organized retail stores	Below Rs 1,000	14	7
	Rs 1,001 - Rs 2,000	26	13
	Rs 2,001 - Rs 3,000	108	54
	Rs 3,001 - Rs 4,000	49	24
	Above Rs 4,000	3	2

Interpretation:

From the above table, it is clear that 60% of the respondents are male and 40% of the respondents are female. After dividing the respondents on the basis of gender, they are further divided according to their age. In this, it is found that out of total respondents 24% are 25 years old and below, 32% age between 26-35, 25% belongs to the age group of 36-45 and 19% are above 45 years. 39% and 37% of respondents are graduates and post graduates respectively. 42% of

Stores before buying from Organized Retail stores

respondents are in the income level of Rs 10,001-Rs 15,000, 23% of respondents are in the income level of Rs 15,001-Rs20,000 and 22% of respondents are above the income level of Rs 20,001. Majority of the respondents (54%) spend Rs2,001-Rs3,000 of their monthly budget towards their purchase in the organized outlets. Only 2% of the respondents spend more than Rs 4000 of their monthly budget. 50% of respondents' family size is four.

Table 2 Stores before buying from organized retail stores

S.No	Shop	No. of respondent	Percentage
1	Neighbourhood Store	23	11
2	Wholesale Market	35	18
3	Convenient Store	128	64
4	Other Stores	14	7

Interpretation:

From the above table it is clear that maximum (64%) of the respondents were purchasing from convenient stores before they have moved to organized retail stores.

Perception level towards service provided at organized retail stores**Table 3 Perception level towards service provided at organized retail stores**

Parameter	Level of Perception (%)				
	HS	S	N	DS	HDS
Quality of service	55	33	12	0	0
Self Service	25	43	18	9	5
Product price range	16	36	38	2	8
Visual merchandising	21	31	22	24	2
Time saving	22	46	22	4	6
Fast Checkout	17	38	26	13	6
Easy accessible layout	22	36	25	8	9
Parking facilities	7	21	24	33	15
Trolley facilities	17	40	31	6	6
Home Delivery facilities	18	53	21	8	0
Store Entrance & walkways	17	31	37	8	7
Variety of Mode of Payment	9	18	19	28	26

Chisquare Test

Table 4 Showing the Relationship between Perception level towards quality of service & Education level of the Respondents

Table 4. The Relationship between Perception level towards quality of service & Education level of the Respondents

	Case processing summary					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Education level* quality of service	200	100.0%	0	.0%	200	100.0%
Education and quality of service cross tabulation						
Education level	Quality of service					
	Highly satisfied	Satisfied	Neutral	Total		
School level	11	3	1	15		

Graduate	40	30	8	78
ITI/Diploma	21	9	3	33
Post graduate	38	23	13	74
Total	110	65	25	200
Chi-square tests				
	Value	Df	Asymp. Sig. (2-sided)	
Pearson chi-square	6.186 ^a	6	.403	
Likelihood ratio	6.136	6	.408	
Linear-by-linear association	1.537	1	.215	
N of valid cases	200			
A.) 3 cells (25.0%) have expected count less than 5. The minimum expected count is 1.88.				

Interpretation:

From the above Pearson chi-square test the acquired value is 6.186 for Perception level towards the quality of service and the education level of the respondents and the table value for the degree of freedom 6 is 12.592

Taken: H0: There is no significant relationship between the two variables- Perception level towards quality of service & education level of the respondents.

H1: There is significant relationship between the two variables- Perception level towards quality of service & education level of the respondents.

Since the acquired value is less than the table value, H0 is accepted and there is no significant relationship between the two variables- Perception level towards quality of service & education level of the respondents.

Correlation:

Table 5 showing the Correlation of Income Level of Respondents and their Average Monthly Purchase at Retail store.

Table 5. the Correlation of Income Level of Respondents and their Average Monthly Purchase at Retail store

	Case processing summary					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Income level of family and monthly purchase at retail store	200	92.6%	16	7.4%	216	100.0%
Monthly income	Average monthly purchase at retail store					Total
	Below Rs1000	Rs 1001-Rs 2000	Rs2001-Rs 3000	Rs3001-Rs 4000	Above Rs 4001	
Below rs 5000	0	4	0	0	0	4
Rs5000-rs10000	3	14	4	1	0	22
Rs10001-rs15000	3	7	69	5	0	84
Rs15001-rs20000	3	1	25	18	0	47
Above rs20001	5	0	10	25	3	43
Total	14	26	108	49	3	200
Symmetric measures						
		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.	
Interval by interval	Pearson's r	.465	.076	7.400	.000 ^c	
Ordinal by ordinal	Spearman correlation	.545	.066	9.136	.000 ^c	
N of valid cases		200				

Interpretation:

The above table values of Pearson's R & Spearman Correlation are 0.465 & 0.545. From this table it is obvious that the correlation between the monthly income of the respondents and their average monthly purchase in organized retail stores constitute a positive correlation.

Results and Implications

In this study it is found that organized retail stores provide better quality of service, product range as compared to the unorganized retail stores. Most of the customers are satisfied with the quality of service

provided by the organized retail stores. They are satisfied with self service, product price, visual merchandising, home delivery and fast checkout. They feel that the store layout is easily accessible to find the products. Some of the respondents are not satisfied with parking facility and variety of modes of payment. With the help of Pearson's R & Spearman Correlation test, it is found that there is a positive correlation between the monthly income of the respondents and their monthly purchase in organized retail stores. By using Chi-Square test it is made clear that there is no relationship between Perception level towards quality

of service offered and the education qualification of respondents. The organized retail stores should provide good parking facilities to their customers. Also, they are expected to concentrate more on free home delivery and increase the number of billing counters, so as to ensure fast checkout. Most of the stores do not accept credit and debit cards. Since most of the customers are youngsters and employed, they feel more comfortable with card payment than cash, these stores are expected to make this facility available to all the customers.

Conclusion

The root of the study is that most of the customers prefer purchasing from organized retail stores than unorganized outlets. Also, most of them are satisfied with the quality of service, price and product range of the goods provided by organized retail stores. Perception of consumers in retail service is an important criterion for a marketer to understand for further strategic decision. This study also reveals that the customers prefer organized retailing over unorganized retailing, due to which the organized retailing become a threat to the unorganized outlets. The establishment of such organized retail stores in tier-1 cities has proved to be successful, as it fulfills the needs of the customers. As an expansion, such outlets are being established in tier-2 cities like Coimbatore and other places. Hence, it's significant for such outlets to cater to the needs of the customers for its long run.

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