

Prominent Factors Influencing Consumers' Choice of Retail Store

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Abstract: Retailers in contemporary days are trying to concentrate on customers' changing preferences. This crisis entails a profound understanding of the factors affecting consumer behavior in the retail sectors. This study is carried out to reveal the issues of the store that influence the retail consumer choice. The data were collected through a structured questionnaire from 350 respondents from different areas of Sylhet region, Bangladesh using mall intercept survey. 23 variables related to retail store have been reduced to 6 factors using Principle component analysis (PCA). The factors which have influence on consumers' choice of retail store are specifically problem solving, the physical environment, customer service, customer trust, commitment, and product accessibility.

Key words: Retailers, factors, consumer choice, retail stores.

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I. Introduction

Consumer behavior is the study of people, groups or organizations and all activities related to the purchase, use and disposal of goods and services including the emotional, mental and behavioral responses of the consumer prior to these activities or following them. Consumer behavior in the 1940s and 50s emerged as a distinct marketing sub-discipline. Consumer behavior is an interdisciplinary social science that combines elements of psychology, sociology, anthropology, ethnography, marketing and economics, in particular behavioral economics. It looks at how emotions, attitudes and preferences affect purchasing behavior. In formal studies of consumer behavior, characteristics of individual consumers such as demographics, personality lifestyles and behavioral variables such as usage rates, occasion of use, loyalty, brand advocacy, willingness to provide referrals in order to understand the needs and consumption of people are all investigated. The consumer behavior study also examines the influence of groups such as family, friends, sports, reference groups and society in general on the consumer.

Retailing has increased significantly in Bangladesh over the years foreign retailers have entered the country with expanded retail brands, offering consumers a wider selection of brands and styles. The retail landscape continues to be sophisticated with the introduction of new retail formats, products and services. In recent days, overall retailers have seen an increase in current value terms. When retailers began to carry different products, they started to compete with local and foreign retailers. With consumers demanding broader retail choices and more local and international tastes, retail competition in Bangladesh has intensified. The shopping trends in Bangladesh have shifted from stand-alone traditional food stores and department stores to hypermarkets and shopping malls. Shopping centers are largely urban phenomena, mainly because urban areas are more able and willing to spend more on shopping. In recent years, modernization and urbanization have changed the retail landscape. The behavior of consumers fluctuates depending on the situation. In our study, we have therefore tried to identify certain factors that affect consumers in selecting their stores.

II. Literature Review

The stream of research on retail selection includes studies on store choice, retail outlet selection and store patronage behavior. Recognizing the importance of patronage behavior, researchers have tried to define consumers' store patronage behavior and develop dimensions that measure patronage. Deka, Pradeep Kumar(2018) in their research revealed the following factors namely , availability and variety , store loyalty , store location, store image, shopping convenience, store communication and offers, product price and credit , store ambience, and customer service, as the major factors influencing customer choice of retail stores. Tan and Rashad (2015) stated by their research that a good store environment will encourage customers to patronize the store and this can be achieved through effective marketing activities, well-trained salespeople, and promotional activities high in emotional influence value. As a result, customers are more likely to purchase unplanned products due to the attritional value from the marketing activities. Retailers in emerging markets are trying to address the changing preferences of customers through the creation of new retail formats. However, most of the unorganized retailers are still reluctant to adapt to newer formats.. Hassan Zulqarnain.et al.(2015) identified convenience, variety, product quality, prices and store loyalty were the main

factors through initial study and literature review as factors affecting consumers choice of retail stores and hence a research framework designed evaluated these factors and how they affect store choice. Khurram L. Bhatti..et al.(2015) also revealed in their research that the factors like location of the store, kids play area and parking area is the main focus to determine their impact on consumer's store choice behavior .Kirsi Laine(2014) in his thesis discusses the factors influencing the Finnish consumers' choice of grocery store as well as impulse buying which includes loyalty programs, store features, in store advertising, impulse buying and shopping lists are also discussed as factors affecting grocery shopping in addition Norshamliza Chamhuri and Peter J. Batt(2013) investigated in their studies that the preferred place for Malaysian consumers to purchase fresh meat key variables are : perceptions of freshness, , a good relationship with retailers, a competitive price and a pleasant environment for shoppers. Che Anizaet ..al. (2012).. categorized the important determinants of retail store selection in Malaysia which comprise factors such as (1) Store Personnel and Physical Characteristics of the Store; (2) Advertising by the Store; (3) Store Convenience & Merchandise Selection; (4) Store Location; (5) Peer influence; (6) Product Variety and Quality; and (7) Services offered by Store. Anoop Kumar Gupta(2012) revealed some factors based on attitude of customers towards study variables, factor analysis suggested that customers consider the factors of price & related information, convenience of location & drivability to the store, in-store service & product availability, information sources for product and store, exclusive stores of international brands, information of credit facility in newspapers, information of product features, benefits & price, purchase occasion, and e-commerce, as important. The analysis also suggests that budget shoppers prefer national brands and rely on word-of-mouth communication..In earlier times Peter J. Batt(2008) exposed by his study that service quality attributes that are associated with the shopping experience itself (customer advice, ambience, convenience, credit facilities, etc.) along with price and quality. Store choice has traditionally been studied from the perspective of an individual & family. The retail offering is however consumed more by the family than by an individual.Marco Palma..et al.(2003) on their research identified the following factors consistent to to choice of consumers retail store namely price, variety, quality, cleanliness, and service.

Consumer purchasing patterns depends more on store selection based on various factors that are established and proved by several research worldwide. As far the knowledge of researchers very few research works have been conducted in the context of Bangladesh.

Objective Of The Study

The objective of this study is to identify the vital factors that influence customers' store choice decision.

III. Methodology

This study is based on primary data collected through structured questionnaire. Data have been collected from 350 respondents (irrespective of gender, age, occupation, religion, education) through mall intercept personal interview using convenience sampling method. Data have been collected from different area of Sylhet region in Bangladesh from 15 November, 2018 to 24 January, 2019. For analyzing data Descriptive statistics and Principle Component Analysis (PCA) have been used. Reliability of the collected data has been presented in table-1. Cronbach's Alpha represents the internal consistency of data. The Cronbach's Alpha value is presented in table-1. since the value is exceeding the standard value 0.70 it can be concluded that the data is consistent.

| Cronbach's Alpha | N of Items |
|------------------|------------|
| 0.868 | 23 |

Data Analysis And Findings

For conducting this study responses from 350 individual department store customers were collected through structured questionnaire. The demographic profile of the respondents are presented in table-2

Table-2: Demographic details of the respondents

| | | Frequency | Percent |
|---------------------------------|----------|-----------|---------|
| Gender of the respondent | Male | 207 | 59.1 |
| | Female | 143 | 40.9 |
| Age of the respondents | Below 18 | 57 | 16.3 |
| | 18-25 | 92 | 26.3 |
| | 26-35 | 56 | 16.0 |
| | 36-45 | 73 | 20.9 |
| | 46-55 | 42 | 12.0 |
| | 56-66 | 16 | 4.6 |

| | | | |
|-------------------------------------|--------------|------------|--------------|
| | Total | 336 | 96.0 |
| | Missing | 14 | 4.0 |
| Monthly family income | 10000+ | 52 | 14.9 |
| | 20000+ | 55 | 15.7 |
| | 30000+ | 32 | 9.1 |
| | 40000+ | 48 | 13.7 |
| | 50000+ | 111 | 31.7 |
| | 60000+ | 44 | 12.6 |
| | Missing | 8 | 2.3 |
| | Total | 342 | 97.7 |
| Occupation of the respondent | Service | 60 | 17.1 |
| | Business | 80 | 22.9 |
| | Student | 146 | 41.7 |
| | Others | 59 | 16.9 |
| | Total | 345 | 98.6 |
| | Missing | 5 | 1.4 |
| Education level | Primary | 14 | 4.0 |
| | JSC | 74 | 21.1 |
| | SSC | 53 | 15.1 |
| | HSC | 48 | 13.7 |
| | Honors | 101 | 28.9 |
| | Masters | 57 | 16.3 |
| | Total | 347 | 99.1 |
| | Missing | 3 | .9 |
| | Total | 350 | 100.0 |

To find out the factors that affect consumers' choice of department store factor analysis is conducted. Principal component analysis (PCA) is a statistical procedure that uses an orthogonal transformation to convert a set of observations of potentially correlated variables (entities with different numerical values) into a set of values of linearly uncorrelated variables called main components. Variables with a factor loading greater than 0.5 are grouped under one factor. The relationship of each variable to the underlying factor is expressed by the factor loading.

Before conducting factor analysis, it is essential to determine sampling adequacy. In this study Kaiser-Meyer-Olkin Measure of Sampling Adequacy is used to decide whether the sample is adequate or not. From table-3, it is found that the KMO value is 0.860 which is adequate for carrying out factor analysis.

Table-3 also presents the Bartlett's Test of Sphericity result. Bartlett's test of sphericity tests the hypothesis that correlation matrix is an identity matrix, which would indicate that variables are unrelated and therefore unsuitable for structure detection. From the table, it can be seen that the Bartlett's Test of Sphericity is significant (0.000) since the calculated value is less than 0.5. So, the null hypothesis can be rejected and concluded that correlation matrix is not an identity matrix.

| | | |
|--|--------------------|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | 0.860 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 2320.859 |
| | df | 253 |
| | Sig. | 0.000 |

Table-4: Rotated Component Matrix

| | Problem solving | Physical environment | Customer service | Customer trust | Commitment | Accessibility of products |
|---|-----------------|----------------------|------------------|----------------|------------|---------------------------|
| This store willingly handles returns and exchanges | .741 | | | | | |
| When a customer has a problem, this store shows a sincere interest in solving it | .635 | | | | | |
| Employees in this store treat customers courteously on the telephone | .629 | | | | | |
| Employees in this store are able to handle customer complaints directly and immediately | .615 | | | | | |
| The physical facilities at this store are visually appealing | | .781 | | | | |
| The store has modern-looking equipment and fixtures | | .666 | | | | |
| This store has clean and attractive | | .647 | | | | |
| Materials assisted with this store's service(such as shopping bags) are visually appealing | | .642 | | | | |
| Employees in this store give prompt service to customers | | | .657 | | | |
| The store layout at this store makes it easy for customers to move around in the store | | | .564 | | | |
| This store gives customers individual attention | | | .562 | | | |
| Employees in this store are consistently courteous with customers | | | .535 | | | |
| Employees in this store tell customers exactly when services will be performed | | | .529 | | | |
| Customers feel safe in their transactions with this store | | | | .664 | | |
| The behavior of employees in the store instill in confidence in customers | | | | .624 | | |
| Employees in this store have the knowledge to answer customer's questions | | | | .623 | | |
| When this store promises to do something by a certain time, it will do so | | | | | .774 | |
| This store provides its services at the time it promises to do so | | | | | .768 | |
| This store has merchandise available when the customers want it | | | | | | .718 |
| The store layout at this store makes it easy for customers to find what they need | | | | | | .574 |
| This store insists on error-free sales transactions and records | 0.165 | -0.066 | 0.332 | 0.242 | 0.198 | 0.395 |
| Initial Eigenvalues | 6.435 | 1.644 | 1.388 | 1.229 | 1.158 | 1.084 |
| % of Variance | 27.976 | 7.146 | 6.036 | 5.345 | 5.033 | 4.715 |
| Reliability (Cronbach's Alpha) | 0.725 | 0.733 | 0.69 | 0.614 | 0.722 | 0.389 |

The summary of factor analysis is presented in table-4, 23 variables regarding department store selection have been categorized in to 6 factors by performing factor analysis. The first factor identified responsible for department store choice is '**Problem solving**' has an Eigenvalue of 6.435. Eigenvalues are the variances of the factors. Since the value is more than 1.0 and it explains more variance than a single variable. It fact, this factor explains 6.435 times than a single variable. Moreover, this factor explains 27.976% of total variance. The Cronbach's Alpha value for reliability is 0.725 which represents a good internal consistency within the factor. This factor can be termed as the most prominent factor that influence buyers' department store selection. However, the other factors identified are **Physical environment** (Eigenvalue-1.644, 7.146% variance and Cronbach's Alpha-0.733), **Customer service** (Eigenvalue-1.388, 6.036% variance and Cronbach's Alpha0.69), **Customer trust** (Eigenvalue-1.229, 5.345% variance and Cronbach's Alpha 0.614), **Commitment** (Eigenvalue-1.158, 5.033% variance and Cronbach's Alpha 0.722), **Accessibility of products** (Eigenvalue-1.084, 4.715% variance and Cronbach's Alpha 0.389). Together, all these factors are responsible for 56.25% of total variance.

IV. Conclusion

With the advancement of science and technology business world is profound with innovative, customer oriented products, services and offerings. In order to keep pace with the emergent trend retailers should be more tactical to win the insight of consumers. Purpose of this study is to determine the factors affecting the consumers' choice of retail store so as to better convince the customer that convicted them towards more purchase and retention. Outcomes of this study deviate with other studies to some extent which is noticeable by some of the factors revealed namely problem solving, commitment feature of retail store.

However, due to its small scale design, the overview of findings from this research is limited. A larger study involving customers from various geographic areas may provide more representative results. In addition, a larger sample size could lead to the development of tentative factor analysis into various determinant factors.

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