Consumers outlook towards department stores in Erode city

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ABSTRACT

The phenomenal growth of retail in India is reflected in the rapid increase in number of supermarkets, departmental stores and hypermarkets in the country. However, this unperfected growth trend has been challenged by the shadow of the current economic slowdown, which has raised a fear of dip in consumption and slowdown of growth for Indian organized retailers. At a time when consumer spending is on decline, success will lie with those retailers that can drive customer loyalty by responding to the demands of the discerning consumer. This study aims to know the Consumers opinion towards Department Stores in Erode City. Descriptive research design is used in this study and sample was collected from 300 respondents through structured questionnaire. The collected data was tabulated and analyzed using statistical tools like simple percentage method and Chi-square test

Introduction
Indian Retail Scenario

Shopping in India is witnessing a gradual revolution with the phenomenal rise and exponential growth of the retail industry, which is having employment of around 8 per cent and contributing to over 10 per cent of the country's GDP *(Source: www.business.mapsofindia.com)*. At US$511 billion in 2008, the overall retail industry of the country is expected to rise to US$ 833 billion by 2013 and further to US$ 1.3 trillion by 2018, at a Compound Annual Growth Rate (CAGR) of 10 per cent. Organized retail, which accounts for almost 5 per cent of the market, is expected to grow at a CAGR of 40 per cent from $20 billion in 2007 to $107 billion by 2013. Modernization of the industry is reflected in rapid growth in sales of supermarkets, departmental stores and hypermarkets. Sales from these large-format stores have expanded at commendable growth rates during the period of 2003–2008, ranging from 24 per cent to 49 per cent per year.

Looking at Indian retail in the backdrop of the worldwide economic slowdown, it can be concluded that the current economic environment has raised a fear of dip in consumption and slowdown of growth for Indian organized retailers. According to the Retailers' Association of India, growth in the Rs 45,000-crore organized retail sector has slowed down to 5 per cent in the fourth quarter of 2008–2009, a far cry from the 35 per cent growth recorded in January–March 2008. A report by KPMG (March 2009) states that the ongoing slowdown in the economy has taken a major toll on the dissemination of India's organized retail. The report also revealed that India's investment flow in organized retailing, which was expected to touch $25 billion over the next 5-year period, is showing signs of slowdown.

Let us see the impact of the slowdown on consumers. At a time when consumer spending is on a decline, households may not be able to altogether prevent a fall in total expenditure; they would rather adjust the basket of goods purchased and shift their consumption towards essentials rather than luxury and high-end products. Another possibility would be switching over to cheaper brands or just eliminating some of the more expensive regular items of consumption. Does this mean doom for retail?

It would be quite obvious that under such taut economic circumstances, customers would congregate around outlets that offer higher value. Outlets that offer not-so-essential items would be the foremost victims; success will lie with those retailers that can drive customer loyalty by responding to the demands of the discerning consumer. Increased scrutiny of product quality and value propositions would be the decisive factors behind retail success amid slowdown. Factors like remixing value propositions, store rationalization, regionalization, working capital management, cost optimization and manpower resizing would thus emerge as the foremost concerns for retailers. They must provide good customer service consistently to enhance customer retention and thus drive profitability.

Retailers can, in fact, cash on the current financial turmoil as a business opportunity. They can take the maximum possible benefit from low rentals available in Tier II and III cities across the country, attracting extended middle-income families and thus expanding their loyalty base.

Retail Market Changes: Drivers For The Study

The retail surge in India has percolated to Tier II and III cities. An estimate by Knight Frank indicates that 35 per cent of the total retail space being developed in India is located in 50 such cities. In smaller towns organized retail is growing at a rate of 50–60 per cent annually as compared to 35–40 per cent in metros and Tier I cities. Economic prosperity coupled with fewer spending options in these cities is attracting a number of retailers. Looking at the retail growth and development in Tier II and Tier III cities, researchers in this study have identified two Tier II cities to gain insight into the acceptance of organized retail outlets in smaller cities.

Customer's choice of a particular store depends on shopping orientation as well as satisfying experience. In addition, a customer's attitude towards the store may result from his/her

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evaluation of the perceived importance of store attributes, molded and remolded by direct experiences with the store's overall offerings. An attempt has been made in this study to analyze purchase patterns of customers towards organized retail outlets in terms of merchandise categories purchased; time spent within the store; number of merchandise purchased on each visit; and store switching behavior. Besides, we have also made an effort to identify store attributes that drive store selection process.

A store intercept survey was planned to obtain responses of shoppers on a structured questionnaire. The questionnaire was divided into two broad sections: the first was on purchase patterns of respondents, and the second on store attributes that influence the store selection process. Eleven variables were identified in the second section on the basis of review of related studies in the past and researchers' insight, in order to identify important factors that drive store selection. The questions have been deliberately kept closed-ended, in order to facilitate data analysis. The survey was conducted at different times of the day and different days of the week to improve randomness. Total sample size was 520. However, on ignoring non-response, the sample size stood at 490.

Data were analyzed with SPSS version 11.5, using factor analysis, frequency tables and cross tabulation.

Objectives of The Study

● To find out consumer opinion towards department store in Erode city

● To find out the reasons for purchasing in department store

● To know consumers satisfaction level towards department stores

Methods of Research

1. Research design: Descriptive Research design is used for this study. A descriptive study is undertaken in order to ascertain and be able to describe the characteristics of the variables of interest in the situation

2. Sampling Method: Convenience sampling method was employed for this study

3. Sampling Size: Sample was collected from 300 respondents by using direct interview method.

4. Statistical Tools: Simple percentage method, Correlation method and Chi- square analysis.

Data Analysis And Interpretation

Demographic Details of Respondents

Inferences:

It is inferred that 68% of respondents are belongs to male category, 64.33% of respondents are comes under the age group of 23-30 Years, 36% of respondents are completed their under graduate degree, 63% of respondents are married, 30% of respondents are earning Rs.15001 to 20000 as a monthly income and for Occupation 37% of respondents are comes under others category.

Consumers opinion towards Department Stores:

(SA; Strongly Agree, A: Agree; NA (N) DA; Neither Agree nor Disagree; DA;   Disagree; SDA;   Strongly Disagree)

Inferences:

It is inferred that 54% of respondents are strongly agree with standard price, 50% of respondents are agree with neat and tidy of department stores, 39% of respondents are agree with wide product range available in department stores, 44% of respondents are agree with Good CRM, 46% of respondents are agree with Good shelf design of stores, 42% of respondents are agree with Easy accessibility of department stores, 40%

respondents are agree with the parking facility, 46% of respondents are agree with Good customer support, 42% of respondents are agree with the Advanced billing system in department stores, 43% of respondents are agree with the Good promotional schemes offered by department stores.

Statistical Analysis

Analysis of Relationship between Education of Respondents and Customer Support by using Chi-Square Analysis

* Null Hypothesis (Ho): There is no significance relationship between Education and Customer Support

* Alternative Hypothesis (Ha): There is relationship between Education and Customer Support

Interpretation: The calculated value is more than the table value. So the Null Hypothesis is rejected and the alternative Hypothesis is accepted at 5% level of significance. It implies that there is strong relationship between Education of the respondents and customer support provided by sales persons

Analysis of Relationship between Income of Respondents and Price by using Chi-Square Analysis

* Null Hypothesis (Ho): There is no significance relationship between Income and Price *Alternative Hypothesis (Ha): There is significance relationship between Income and Price

Interpretation: The calculated value is more than the table value. So the Null Hypothesis is rejected and the alternative Hypothesis is accepted at 5% level of significance. It implies that there is strong relationship between Income of respondents and Prices of various products.

Analysis of Relationship between CRM and Customer Support by using Correlation

Interpretation: CRM and Customer support are important criteria which decide the long term success of department stores. It is found that there is Positive Correlation (0.161) between CRM and Customer Support.

Analysis of Relationship between Price and Product Range by using Correlation

Interpretation: Product range will be varying based on price. Because based on price the product will be categorized. It is found that there is positive Correlation (.312) between price and product range

Findings

❖Majority of the respondents are Male (68%)

❖Most of the respondents are comes under 20-30 Years of age (64.33%)

❖Most of the respondents are completed their under graduate (36%)

❖63% of respondents are married

❖30% of respondents are earning Rs.15001-20000 as a monthly income

❖37% of respondents are belongs to others category as occupation

❖54% of the respondents are strongly agree with the standard price of the products

❖50% of the respondents are agree with Neat and Tidy of Department stores

❖39% of the respondents are agree that wide product range available I department stores

❖44% of the respondents are agree about Good CRM

❖46% of the respondents are satisfied with the shelf design which is used to grab the products

❖Most of the respondents are satisfied about the easy accessibility   of   department   stores   (42%   )

❖40% of respondents are agree that the parking facility is good in department stores

❖Majority of the respondents are satisfied with the customer support rendering by sales persons

❖42% of the respondents are satisfied with advance billing system

❖Most of the respondents are feel good about promotional schemes provided by department stores.

❖It is found that there is significant relationship between Education level of respondents and customer support offered by department stores

❖It is found that there is significant relationship between Income level of respondents and Prices of the products

❖There is positive relationship between CRM and Customer support

❖There is positive relationship between Price and Wide product range

Recommendations

1. In Erode City, most of the department stores are not having good ambience. Department stores have to take necessary steps to improve store ambience.

2. Most of the people are not purchase in department stores. So, advertisement and attractive promotional schemes may solve this problem.

3. It is observed that the customer support is not effective in all the department stores. It is the responsibility of stores to give good customer support.

4. Some of the stores are not having proper parking facility and play station for children. This problem should be avoided.

Conclusion

This study reveals that the department stores are getting important place in retail sector. Majority of the respondents preferring department stores because of the standard price and some of the respondents purchase in that store because of Neat and tidy, Wide product range etc. The opinion of consumers about department stores gives a chance to know the factors which decides the success of the retail sector. Therefore I have got good experience about the retail sector through this study.

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Table 4.1

Particulars	Category	No. of Respondents	Percentage
Gender	Male	204	68
	Female	96	32
Age	20-30 Yrs	193	64.33
	31-40 Yrs	75	25
	41 Yrs- 50 Yrs	29	9.67
	More 50 Yrs	03	1
Educational Qualification	School Level	20	7
	UG	107	36
	PG	102	34
	Professionals	60	20
	Others	11	33
Martial Status	Married	190	63
	Unmarried	110	37
Income Level	Rs. > 10000	84	28
	Rs.10001-15000	84	28
	Rs. 15001-20000	91	30
	Rs. < 20000	41	14
Occupation	Business	50	17
	Self employed	35	12
	Govt employee	31	10
	Professionals	73	24
	Others	111	37

Table 4.2

Sl.No.	Statement	SA	%	A	%	NA N DA	%	DA	%	SDA	%
1.	Standard Price	161	54	98	33	30	10	11	3	0	0
2.	Neat and Tidy	88	30	151	50	40	13	19	6	2	1
3.	Wide Product Range	91	30	118	39	82	28	3	1	6	2
4.	Good CRM	79	26	131	44	75	25	10	3	5	2
5.	Good Shelf Design	56	19	139	46	67	22	34	11	4	2
6.	Easy Accessibility	73	24	125	42	82	27	14	5	6	2
7.	Enough Parking Facility	53	18	121	40	86	29	36	12	4	1
8.	Good Customer Support	60	20	137	46	70	23	26	9	7	2
9.	Advanced Billing System	86	29	127	42	66	22	15	5	6	2
10.	Good Promotional Schemes	77	26	128	43	73	24	16	5	6	2

Table 4.3

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Education * Customersupport	300	100.0%	0	.0%	300	100.0%

Education * Customer support Cross tabulation								
			Customer support					
			SA	A	N	D	SD	Total
Education	20-30	Count	6	12	1	1	0	20
		Expected Count	4.0	9.1	4.7	1.7	.5	20.0
	31-40	Count	17	53	27	10	0	107
		Expected Count	21.4	48.9	25.0	9.3	2.5	107.0
	41-50	Count	21	44	26	10	1	102
		Expected Count	20.4	46.6	23.8	8.8	2.4	102.0
	<50	Count	14	24	15	5	2	60
		Expected Count	12.0	27.4	14.0	5.2	1.4	60.0
	5	Count	2	4	1	0	4	11
		Expected Count	2.2	5.0	2.6	1.0	.3	11.0
Total		Count	60	137	70	26	7	300
		Expected Count	60.0	137.0	70.0	26.0	7.0	300.0

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	68.670[a]	16	.000
Likelihood Ratio	34.235	16	.005
Linear-by-Linear Association	4.286	1	.038
N of Valid Cases	300		
a. 11 cells (44.0%) have expected count less than 5. The minimum expected count is .26.			

Table 4.4

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Income * Price	300	100.0%	0	.0%	300	100.0%

Income * Price Cross tabulation								
			Price					
			SA	A	N	D	SD	Total
Income	>10000	Count	48	30	0	3	1	82
		Expected Count	44.0	26.8	8.2	2.7	.3	82.0
	10001-15000	Count	54	24	4	2	0	84
		Expected Count	45.1	27.4	8.4	2.8	.3	84.0
	15001-20000	Count	41	35	12	3	0	91
		Expected Count	48.8	29.7	9.1	3.0	.3	91.0
	>20000	Count	18	9	12	2	0	41
		Expected Count	22.0	13.4	4.1	1.4	.1	41.0
	5	Count	0	0	2	0	0	2
		Expected Count	1.1	.7	.2	.1	.0	2.0
Total		Count	161	98	30	10	1	300
		Expected Count	161.0	98.0	30.0	10.0	1.0	300.0

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	55.158[a]	16	.000
Likelihood Ratio	49.861	16	.000
Linear-by-Linear Association	12.865	1	.000
N of Valid Cases	300		
a. 14 cells (56.0%) have expected count less than 5. The minimum expected count is .01.			

Table 4.5

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
CRM * Customersupport	300	100.0%	0	.0%	300	100.0%

CRM * Customer support Cross tabulation								
			Customer support					
			SA	A	N	D	SD	Total
CRM	SA	Count	21	36	14	8	0	79
		Expected Count	15.8	36.1	18.4	6.8	1.8	79.0
	A	Count	21	77	22	7	4	131
		Expected Count	26.2	59.8	30.6	11.4	3.1	131.0
	N	Count	15	23	26	8	3	75
		Expected Count	15.0	34.2	17.5	6.5	1.8	75.0
	D	Count	1	1	7	3	0	12
		Expected Count	2.4	5.5	2.8	1.0	.3	12.0
	SD	Count	2	0	1	0	0	3
		Expected Count	.6	1.4	.7	.3	.1	3.0
Total		Count	60	137	70	26	7	300
		Expected Count	60.0	137.0	70.0	26.0	7.0	300.0

Symmetric Measures					
		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.161	.061	2.808	.005[c]
Ordinal by Ordinal	Spearman Correlation	.175	.061	3.070	.002[c]
N of Valid Cases		300			

Table 4.6

Case Processing Summary							
	Cases						
	Valid		Missing		Total		
	N	Percent	N	Percent	N	Percent	
Price * productrange	300	100.0%	0	.0%	300	100.0%	

Price * product range Cross tabulation								
			productrange					
			SA	A	N	D	SD	Total
Price	SA	Count	58	71	31	1	0	161
		Expected Count	48.8	63.3	44.0	1.6	3.2	161.0
	A	Count	29	31	38	0	0	98
		Expected Count	29.7	38.5	26.8	1.0	2.0	98.0
	N	Count	3	10	11	2	4	30
		Expected Count	9.1	11.8	8.2	.3	.6	30.0
	D	Count	1	5	2	0	2	10
		Expected Count	3.0	3.9	2.7	.1	.2	10.0
	SD	Count	0	1	0	0	0	1
		Expected Count	.3	.4	.3	.0	.0	1.0
Total		Count	91	118	82	3	6	300
		Expected Count	91.0	118.0	82.0	3.0	6.0	300.0

Symmetric Measures					
		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.312	.059	5.678	.000[c]
Ordinal by Ordinal	Spearman Correlation	.264	.055	4.720	.000[c]
N of Valid Cases		300			