



A Study on Factors Influencing Store Format Choice in Organized Food and Grocery Retailing in Coimbatore City

Dr.K.Nithya Kala¹, Roly Grace.C.A²

¹Research supervisor, Assistant Professor, Department of Business Administration, PSGR Krishnammal College For Women, Peelamedu, Coimbatore

²Research scholar, M.Phil (Management), Department of Business Administration, PSGR Krishnammal College For Women, Peelamedu, Coimbatore

1. Abstract:The Indian retailing has witnessed an extensive growth over the last decades. India has ranked first in the Global retail development index. In present era consumers are well educated, more price sensitive and individualistic in their taste and preferences. The objective of the study is to identify the factors leading to the choice of selecting organized retail format among 447 respondents in Coimbatore city. The data were analyzed using one way ANOVA. The factors such as store atmosphere, store employee service, store location convenience, perceived price and product variety were studied in detail. The study concludes that store atmosphere; store location convenience and product variety has a significant influence on organized retail format.

Key words: Organized retail format, store atmosphere, store location convenience

2. Introduction:

The growth of organized retail market in India has witnessed substantial change in the economy, change in demographic profile, increase in income and change in consumers taste and preference. Rapid urbanization has increased the purchasing power of the consumers and this has paved way for the entry of new players in the retail market. Retailing can be defined as the buying and selling of goods and services by retailers to consumers at a price that are competitive and affordable. Organized retail is a place where different items, multi brands and high quality products of same type are brought under one roof. The retail format is defined as a type of retail store that includes location, size, display, service and price offered by retailers to attract the shoppers.

21 | Received: 5 November Revised: 13 November Accepted: 22 November

Index in Cosmos
Volume 7 Number 12
UGC APPROVED



2.1 Types of Organized Retail Formats:

2.1.1 Supermarket: A supermarket is a self service shop which offers a wide variety of food and household products. It is a self service retail market.

2.1.2 Hypermarket: Hypermarket is a combination of supermarket and department stores; it carries a wide range of products under one roof including groceries and general merchandise.

2.1.3 Department Store: A department store is a large retail establishment which offers wide range of consumer goods organized into single department.

2.1.3 Convenience Store: These stores are small stores located near residential areas and the store will be working for long time throughout the week. It offers limited variety of convenient.

2.2 Literature Review:

Ali (2012) identified the important factors that affect urban customer's preferences towards modern and traditional food and grocery stores among 471 consumers in Pakistan. The study used factors analysis, correlation, descriptive statistics and logistic regression analysis. The study found that product variety, courtesy of staff; store atmosphere and monthly income have a positive and significant relationship towards modern stores where as location convenience and reasonable price were found to have significant relationship towards traditional stores.

Kamini Singh (2012) investigated the various attributes of organized grocery store with the objective to gauge the role of each attribute and their impact on the shoppers store format choice behavior among 153 respondents using Chi-square Test. The result indicated that the consumers look for the benefits of shopping in a organized retail store over the traditional retail outlets in term of self selection, variety, comparison of brands and also seek value for the money that they pay.

Zulquarnia et al (2015) analyzed the factors affecting consumer's choice of retail store among 150 respondents using correlation and cluster analysis. The study identified factors such as product variety, prices, quality and location of stores. The study found that product variety and quality is most preferred by customers than any other factors. This study helps the retailers to develop good understanding of consumer's behavior while choosing a retail store.

Iton, (2015), identified the socio-economic and store attributes that influenced the choice of retail outlet for purchasing fresh fruits among 306 women customers in Trinidad and Tobago. The tools used in the study for analysis were binary logistic regression, factor and descriptive analysis. The factors influencing store attributes such as appearance of place, presentation of fruits, ability to self



select, convenience of location, price, variety, speed of service, advice offered, and availability of other products were studied in detail. The result indicated that income from socio-economic factor and services from store attribute factor have significant influence in the choice of retail outlet for the purchase of fresh fruits by women.

2.3 Objective:

- To identify the factors leading to the choice of selecting organized retail format

2.4 Research Methodology:

2.4.1 Sample Size: 447 respondents

2.4.2 Sampling Technique: Random sampling

2.5 Data Collection Method:

2.5.1 Primary Data: Collected through structured questionnaire.

2.5.2 Secondary Data: Collected through journals and online websites.

2.6 Variables used for the study:

Variables	No. of Items	Cronbach's alpha
Store Atmosphere	5	0.882
Store Employee Service	4	0.760
Store Location Convenience	2	0.771
Perceived Price	2	0.897
Product Variety	2	0.826

2.7 Tools used for Data Analysis:

- One way ANOVA

3. Analysis and Interpretation:

3.1 One way Anova:

3.1.1 Store atmosphere and Organized retail format:

H₀: There is no significant difference between store atmosphere and organized retail format

H₁: There is significant difference between store atmosphere and organized retail format

Table 1: Store atmosphere and Organized retail format

Store atmosphere		Sum of squares	Df	Mean square	f	Sig.
Retail format	Between groups	3.250	1	3.250	22.196	.000
	Within groups	65.299	446	.146		
	Total	68.549	447			

Source: Primary Data

23 Received: 5 November Revised: 13 November Accepted: 22 November

Index in Cosmos

Volume 7 Number 12

UGC APPROVED



The f value is 22.196 and the significant value is 0.00 which is less than the acceptable value 0.05 hence null hypotheses is rejected and alternate hypotheses is accepted. It is inferred that store atmosphere influence the organized retail format. The present study agrees with Ali (2012) where there is significant relationship between store atmosphere and modern retail store format.

3.1.2 Store employee service and Organized retail format:

H₀: There is no significant difference between store employee service and organized retail format.

H₁: There is significant difference between store employee service and organized retail format.

Table 2: Store employee service and Organized retail format

Store employee service		Sum of squares	df	Mean square	f	Sig.
Retail Format	Between groups	.353	1	.353	2.425	.120
	Within groups	64.881	446	.145		
	Total	65.234	447			

Source: Primary data

The f value is 2.425 and the significant value is 0.120 which is greater than the acceptable value 0.05 hence null hypothesis is accepted and alternate hypothesis is rejected. It is inferred that store employee service does not influence organized retail format. The result of the present study differs from Ali (2012) where there is a positive significance between store employee service and modern retail format.

3.1.3 Store location convenience and Organized retail format:

H₀: There is no significant difference between store location convenience and organized retail format.

H₁: There is significant difference between store location convenience and organized retail format.

Table 3: Store location convenience and Organized retail format

Store location convenience		Sum of square	df	Mean square	f	Sig.
Retail format	Between Groups	1.340	1	1.340	6.465	.011
	Within Groups	92.427	446	.207		
	Total	93.767	447			

Source: Primary data

The f value is 6.465 and the significant value is 0.011 which is less than the acceptable value 0.05 hence null hypotheses is rejected and alternate hypotheses is accepted. It is inferred that store location convenience has influence on the organized retail format. The result of the present study



differs from Ali (2012) where there is no significance between store location convenience and modern retail format.

3.1.4 Perceived price and organized retail format:

H₀: There is no significant difference on perceived price and organized retail format

H₁: There is significant difference on perceived price and organized retail format

Table 4: Perceived price and organized retail format

Perceived price		Sum of squares	Df	Mean square	f	Sig.
Retail format	Between groups	.082	1	.082	.371	.543
	Within groups	98.186	446	.220		
	Total	98.267	447			

Source: Primary data

The f value is .371 and the significant value is 0.543 which is greater than the acceptable value 0.05 hence the null hypotheses is accepted and alternate accept is rejected. It is inferred that perceived price does not influence organized retail format. The present study agrees with Ali (2012) that there no significance between perceived price and modern retail format.

3.1.5 Product variety and Organized retail format:

H₀: There is no significant difference between product variety and organized retail format

H₁: There is significant difference between product variety and organized retail format

Table 5: Product variety and Organized retail format

Product variety		Sum of squares	Df	Mean square	f	Sig.
Retail format	Between groups	2.182	1	2.182	8.143	.005
	Within groups	119.532	446	.268		
	Total	121.714	447			

Source: Primary data

The f value is 8.143 and the significant value is 0.005 which is less than the acceptable value 0.05 hence null hypotheses is rejected and alternate hypotheses is accepted. It is inferred that product



variety influence the organized retail format. The study agrees with Ali (2012) that there is positive significance between product variety and modern retail format.

4. Findings and Conclusion:

The findings of the study reveals that factors such as store atmosphere, store location convenience and product variety has a significant influence on organized retail format; store employee service and perceived price has no significant influence on organized retail format. The study concludes suggesting the retailers to concentrate more on the services provide by employees within the store because they represent the image of the store. The retailer should build a good relationship with the employees, enhance their knowledge about the products available in store, help out the customer to locate and pick the right product. The retailers should offer discounted deals for products, provide reasonable prices compared to quality and quantity purchased.

5. References:

1. Ali Sujaat (2012), An analysis of factors influencing store format choice among customers in Pakistan.
2. Zulqarnain Hussan, Zafar Abaid Ullah, Shahzad Mohsin (2015), Factors that affect the choice of consumers in selecting retail store for grocery shopping; International Journal of Multidisciplinary and Current Research.
3. Iton Ardon (2015), Factors influencing retail outlet choice of women purchasing fresh fruits in Trinidad & Tobago; American Journal of Business & Management.