

An Analysis of Consumer Satisfaction and Preference in Food Retail Outlets-

A case study in Mysore City

Dr. Ashwini. K.J, M.A.K-SET,PhD

Assistant Professor ,Department of Economics ,Post Graduation and Research center
St.Philomena's College (Autonomous), Mysore

ABSTRACT: *The present paper is an attempt to know the factors which differentiate between the organized and unorganized food retail outlets as their shopping destination in Mysore city. The study is based on primary data of 100 samples; it has been gathered with the help of questionnaire and analyzed with suitable statistical tools such as discriminant analysis, chi-square and descriptive statistics. The result indicates that product information is the most significant discriminant factor which discriminates between the organized and unorganized food retail outlets. Followed by display, parking facilities, branded products, Ambience/ Store atmosphere, variety of product, offers, discount and so on. Further, customer service is the least significant discriminant factor. So, the retailers should focus more on the factors like product information, display, parking facilities etc., which makes the consumer to prefer the type of food retail outlets.*

KEYWORDS: *Consumer Satisfaction, Organized Retailing, Discriminant Analysis, Ambience, Offers, Discounts*

Introduction:

India is one of the fastest growing economies in the world and also in terms of purchasing power parity. It has been called a nation of shopkeepers since trading is one of the major sectors of the Indian economy. The development of organized shopping malls has literally been a revolution in India. One of the major developments that have taken place after liberalization was the entry of organized retail stores in different parts of India. This is well supported by researchers and journals that point out that the size of organized retail in India remained at 8 percent and there is an enormous scope for improving the share of organized retail in the market. The country

witnessed the entry of a number of big retail stores established by some of the leading Indian industrial houses like Reliance and Tatas though the stores like Nilgiris and Spencers which were in existence for a longer duration (much before the liberalization era).

The opening of the Indian Economy in the early 1990s brought a wide range of new household appliances, stylish apparel and other consumer goods along with plenty of media exposure. But what the Indian consumer still lacked was a world-class shopping experience, a pleasant ambience for relaxing, air-conditioned place to compare prices, quality and styles without other customers trying to squeeze through the shop doorway or shout over one's head to proprietor.

The Entry of Modern Retailing in India and the changing lifestyle has created a revolutionary shopping preference in the minds of the consumers. The Indian population is witnessing a significant change in its demographics. Also, in today's day to day life, the consumer preferences towards the organized retail stores have changed drastically. Organized retailers actually work as a retail outlet catering to the varied needs of the customers. The purchasing pattern of the customer has changed in recent days. Customers' buying behavior is influenced by social factors such as the group to which the customer belongs and social status. In a group, several individuals may interact to influence the purchase decision.⁵

According to McKinsey Global Institute Report (MGI), over the next two decades, India will become the fifth largest consumer market from its present 12th position and overtake Germany to be behind the United States, Japan, China and the United Kingdom. It is also estimated that the real consumption will grow from Rs. 17 trillion in 2013 to Rs. 70 trillion by 2025.⁶

So in this direction, it is necessary for the retailers to know the consumer perception towards the retail sector and the factors which affect the consumer satisfaction and their preference towards the type of retail outlets.

According to Barry and Joel, "Customer satisfaction is a business term which measures how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is defined as "the number of customers or percentage of total customers whose reported experience with a firm, its products, or its services (rating) exceeds specified satisfaction goals".⁷

Consumer preference is the subjective (individual) taste and is measured by utility of various bundles of goods. They permit the consumer to rank these bundles of goods according to the levels of utility they give to the consumer. The preference of the consumer is independent of income and price.

These days consumer satisfaction is a very important factor playing a major role in the buying decision of the customer in different types of retail outlet. The demographic factors like changing consumption pattern, income, standard of living, brand consciousness, lifestyle, and modernization etc, impacts consumer choice towards unorganized and organized food retail outlets

The present paper deals with comparative analysis of consumer satisfaction and preference towards organized and unorganized retailing. The main objective is to identify and evaluate the consumer's perception. It studies the factors which impact consumer's satisfaction and preferences in both organized and unorganized food retailing in Mysore. It also examines the discriminating factors which make the consumer choose different types of retail outlet with the help of 'discriminant analysis'.

Objective

- Consumer preference towards the unorganized and organized food retailing in Mysore city.
- To analyze the discriminant factors for unorganized and organized food retailing in Mysore city.

Hypothesis:

There is no significant difference between the preference between the consumer preference between the organized and unorganized food retailing.

Methodology:

This study is based on primary data which was carried out in Mysore city. Interview was conducted by using questionnaires. Total 100 samples were considered for the study. Out of 100 50 samples from the organized sector and 50 from unorganized sectors of consumer response were taken. To analyze the data discriminant analysis has been used to know how consumer finds the difference between the organized and unorganized retail outlets as their shopping destination on the basis of critical factors like product price, quality of product, variety of product, brands, offers, discount, display, customer service etc... in Mysore.

Results and Discussion

Discriminant analysis (DA)² involves the determination of a linear equation like regression that will predict which group the case belongs to. It is shown as follows:

$$D = v_1x_1 + v_2x_2 + v_3x_3 + \dots + v_ix_i + a$$

$$\begin{aligned} D = & -3.240 + 2.192 \text{ Products Information} + 1.396 \text{ Parking Facilities} + 0.863 \text{ Brands} + 0.426 \text{ Display} \\ & + 0.267 \text{ Ambience (Store Atmosphere)} + 0.337 \text{ Offers} + 0.159 \text{ Variety of Product} + 0.092 \\ & \text{Accessibility} + 0.995 \text{ Location of Retail outlets} + 0.079 \text{ Discount} - 0.272 \text{ Customer Service} - 0.386 \\ & \text{Quality of Product} - 0.105 \text{ Price of Product} - 0.553 \text{ Size of Product (Quantities)} - 0.115 \text{ Time} \\ & \text{consumption for Shopping} \end{aligned}$$

D= discriminate function

V= the discriminant coefficient of weight for that variable

X= respondent's score for that variable

a = constant

i= the number of predictor variables

Discriminant analysis was conducted for the two groups:

- A. Group 1-consumers from organized food retail outlets and
 - B. Group 2- consumers from unorganized food retail outlets.
- Thus, two groups discriminant analysis is performed.

The following table gives the results of discriminant analysis:

Table 1: Discriminant Analysis Results

Variables	Wilks' Lambda (λ)	Significance
-----------	-----------------------------	--------------

Price of Product	.998	.389
Quality of Product	.987	.031
Variety of product	.663	.000
Brands	.407	.000
Accessibility	.693	.000
Offers	.620	.000
Discount	.742	.000
Customer Service	.857	.000
Display	.434	.000
Ambience(Store Atmosphere)	.519	.000
Location of Retail outlets	.725	.000
Parking Facilities	.315	.000
Product Information	.260	.000
Time consumption for Shopping	1.000	.635
Size of a Product(Quantities)	.999	.696
	Structure Matrix (Canonical loadings)	Unstandardized canonical discriminant function coefficient
Products Information	.697	2.214
Parking Facilities	.610	1.302
Brands	.499	.794
Display	.472	.434
Ambience(Store Atmosphere)	.398	.203
Offers	.323	.383
Variety of Product	.294	.178
Accessibility	.275	.794
Location of Retail outlets	.254	.996
Discount	.241	.095
Customer Service	.169	-.302
Quality of Product	-.048	-.404
Price of Product	-.019	-.099
Time consumption for Shopping	.009	-.605
Size of Product (Quantities)	-.011	-.098
Constant		-3.227
Canonical correlation 0.924 Wilks' Lambda (λ) 0.146 Chi-square $\chi^2(15df)$ 654.372 p<0.000		

The canonical correlation associated with the function is found to be 0.924. The square of this correlation is 0.8537 point out that 85.37 percent of the variation is explained by model to the selection of type of food retail outlets.

The Wilks's Lambda statistic was used to test the significance of the function. The value of Wilks's lambda 0.146 which transforms to a chi-square of 654.372 with 15 degrees of freedom, ($p<0.000$) points out that the model is significant and explains the consumer preference to the organized and unorganized retail outlets.

The DA table indicates that product information is the most significant discriminant factor with least Wilks' Lambda of 0.260 with highest canonical loading (0.697 or 69.7 percent) discriminates between the two groups. Followed by parking facilities- 0.610 or 61 percent, branded products by 0.499 or 49.9 percent, display- 0.472 or 47.2 percent, Ambience/ Store atmosphere- 0.398 or 39.8 percent, offers- 0.323 or 32.3 percent, variety of product -0.294 or 29.4 percent, accessibility- 0.275 or 27.5 percent, location of the retail outlets- 0.254 or 25.4 percent, discount-0.241 or 24 percent, customer service-0.169 or 16.9 percent. Further, product quality is the least significant discriminant factor with least Wilks' Lambda of 0.987 and least canonical loading (-0.048 or 4.8 percent).

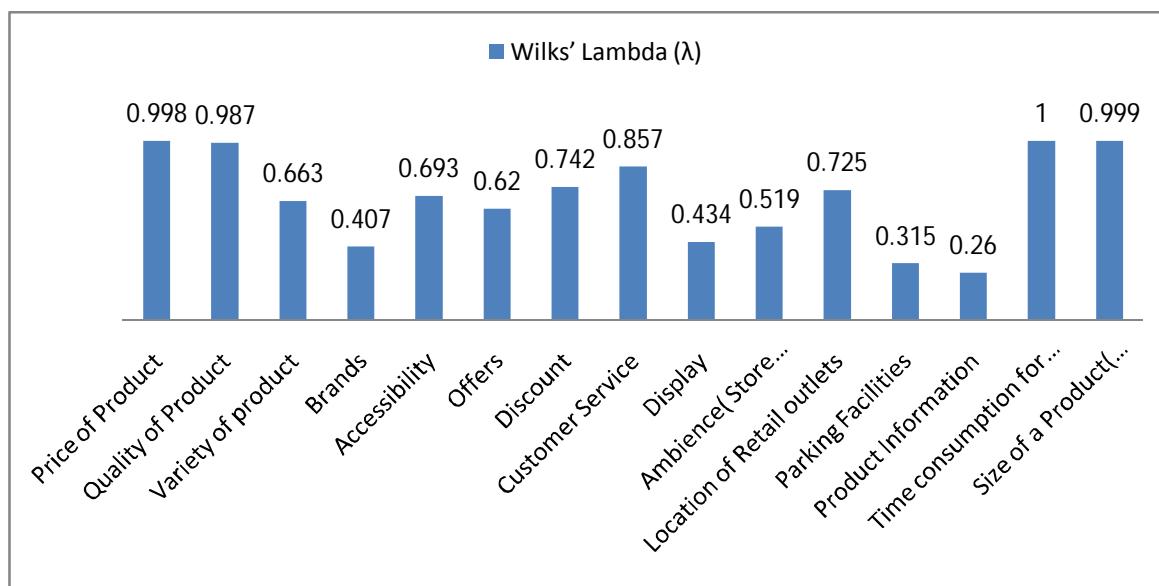
Following table 2 is a graphical representation of the discriminating factors in their descending order.

Table 2: The Discriminating Factors

Variables	Wilks' Lambda (λ)
Price of Product	0.998
Quality of Product	0.987
Variety of product	0.663
Brands	0.407
Accessibility	0.693
Offers	0.62
Discount	0.742
Customer Service	0.857
Display	0.434
Ambience(Store Atmosphere)	0.519
Location of Retail outlets	0.725
Parking Facilities	0.315
Product Information	0.26
Time consumption for Shopping	1
Size of a Product(Quantities)	0.999

Source: Discriminant Analysis Results

Figure 1: The Discriminating Factors



Source: Table 2

The cross validation is often termed a ‘jack-knife’ classification; it successively classifies all cases but one to develop a discriminant function and then categorizes the case that was left out. This process is repeated with each case left out in turn. This cross validation produces a more reliable function. Most researchers would accept a hit ratio that is 25% larger than that due to chance.

Table 3: Classification Results

Actual Groups	No of cases	Predicted Group	
		Unorganized	Organized
Unorganized	100	99(99)	1(1)
Organized	250	14(7)	236(93)
Percent of cases correctly classified: 95.7 percent			

The above table shows indicates that 95. 7 percent of the cases are correctly classified, higher than recommended 25 percent (Malhotra 1996); the model has satisfactory predictive powers.

Conclusion

India is one of the fastest growing economies in the world and has one of the largest purchasing power parity. The opening of the Indian Economy in the early 1990s brought a wide range of new household appliances, stylish apparel and other consumer goods along with plenty of media exposure. The Entry of Modern Retailing in India and the changing lifestyle has created a revolutionary shopping preference among the minds of the consumers. The Indian population is witnessing a significant change in its demographics. India will become the fifth largest consumer market from its present 12th position and will overtake Germany to be behind the US, Japan, China and the UK. It is also estimated that the real consumption will grow from Rs. 17 trillion in 2013 to Rs. 70 trillion by 2025.

The consumer satisfaction is an important factor which plays a major role in the buying decision of the customer in different types of retail outlet. Demographic factors like age, gender, education level, average monthly income of family, working status, product category and critical factors like product price, quality of product, variety of product, brands, accessibility, offers

discounts, customer service, display, ambience (store atmosphere) location, parking facilities and others impacts consumer choice towards unorganized and organized food retail outlets. The consumers who visit the organized retail outlets are happy with the product price, branded items, quality of products, variety of product and accessibility. Whereas consumers who visit the unorganized retailing are happy with price of product, quality of product, customer service, time consumption for shopping and size of the product. The consumer finds difference between the organized food retail outlets to unorganized retail outlets in terms of quality of product, variety of product, brands, accessibility, offers, discount, customer service, display, ambience (store atmosphere), location of retail outlets, parking facilities and product information. The Discriminate Analysis indicates that product information is the most significant discriminant factor with least Wilks' Lambda of 0.260 and with the highest canonical loading (0.697 or 69.7 percent) discriminating between the organized and unorganized food retailing. Product quality is the least significant discriminant factor with least Wilks' Lambda of 0.987 and with the least canonical loading (-0.048 or 4.8 percent) discriminating between the organized and unorganized food retailing. So, the retailers should give more importance to the ever changing needs to satisfy the consumer and retain their customer base.

References:

1. Mathur, U.C.(2010). 'Retail Management- Text and Cases'. Bangalore, *I.K. International publishing House Pvt, Ltd*, 1-49.
2. Kothari C R and Gara (2016). 'Research Methodology – Methods and techniques', New age international limited, 3rd edition, New Delhi, pp-373-383.
3. Krishnan, M. Gopal. (2010). 'Impediments in Rural Retailing'. *Southern Economist*, 49(2), 52-54.
4. Kusuma, B, Durga, N. Prasad & Rao,M. Srinivas. (2013). 'A Study On Organize Retailing and Its Challenges and Retail Customer Services'. *IJBM-Innovative Journal of Business and Management*, 97-102.
5. Up to 2002, consumers proceeding of the International Conference on Social Science Research, ICSSR 2013 (e-ISBN 978-967- 11768-1-8). 4-5 June 2013, Penang, MALAYSIA. Organized by WorldConferences.net 187.
6. McKinsey Global Institute Report- 2007
7. Retail Management by Barry and Joel, p-137.

8. Singh Kumar Arun & Agarwal,P.K. (2012). ‘Study on Shifting Consumer Preference From Unorganized Retailing Vis-À-Vis to Organized Retailing in Noida’. *BKMNIJAEBM, Bookman International Journal Of Accounts, Economics & Business Management*, 1(2), 69-79.
9. Mathew Joseph, Nirupama Soundarajan, Gupta Manisha & Sahu Sangamithra. (2008). ‘ Impact of organized retailing on the unorganized sector’ .ICIER Report. Retrieved from http://icrier.org/pdf/Working_Paper222.pdf on 2-2-2015.
10. Manodha Sanjay & Pandey Anoop. (2012). ‘Organized Retailing in India: Challenges and Opportunities’. *VSRD-IJBMR*, 2(3), 65-80.