

The Attitude of Consumers towards Organized Food Retailing: An Application of Attitude-towards-Object Model

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Abstract

Organized retail sector is booming in metros, cities and now even in small towns; and organized food retailing is one of the fastest growing sector among them. The different types of food retail formats have its own characteristics, focus and target market. The customer or consumer have their own criteria to select a particular food retail format. The selection is based on the attitude of the customer or consumer towards the attribute of the retail format. There are many models to find the attitude of customer or consumer towards any product, service, and brands. This study is an attempt to find out the customer's or consumer's attitude towards three major food retailing formats i.e Big Bazaar, a hypermarket; Reliance Fresh, a Convenience Store and Suvidha, a supermarket.

Introduction

Retailing consists of business activities involved in selling goods and services to consumers for their personal, family or household use. It includes sale of goods and services to the final consumer - ranging

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from automobiles to apparel to meals at restaurants to movie theater tickets. Retailing is the last stage in the distribution process (Berman & Evans, 2002).

A retail format is the type of retail mix that the retailer adopts. Some of the most popular retailing formats adopted in organized retailing are- convenience stores, specialty stores, supermarkets, discount stores, superstores or combination stores, departmental stores, hypermarket, warehouse stores/warehouse clubs, shopping malls, direct catalogue retailing and web stores (Lamba, 2003).

This paper is limited to the study of the attitude of the end customers towards three major food retailing formats i.e. a Hypermarket (Big Bazaar), Convenience Store (Reliance Fresh) and Supermarket (Suvidha).

Hypermarkets are extremely large self-service retail outlets. Their size could vary from 150,000 square feet up to 300,000 square feet (Lamba, 2003). Hypermarkets are characterized by large store size, low operating costs and margins, low prices, and a comprehensive range of merchandise. Hypermarkets own spacious parking facility exclusively for their customers and employees (Bajaj, Tuli & Srivastava, 2005).

Convenience stores provide a limited variety and assortment of merchandise at a convenient location in a 2000 to 3000- square feet store with speedy checkout. They are modern version of the neighbourhood mom-and-pop grocery store. Convenience stores enable consumers to make purchase quickly, without having to search through a large store and wait in a long checkout line. Convenience stores only offer a limited assortment and variety; they charge higher prices than the supermarket. Milk, eggs, and bread once represented the majority of their sales. (levy & Weitz, 2002). A. J. Lamba defines convenience stores as stores that provide a high level of convenience to their customers especially in terms of food and other essential items. Retailers realize that certain convenience goods need to be given a special status and consumers do not wish to waste time or

go out of their way to buy such items. These items are usually low in cost and easy to obtain. Hence convenience stores offer a limited variety and assortment of merchandise at a convenient location usually within a 1500 to 8000 square feet store with a speedy check-out (Lamba, 2003).

Conventional supermarkets are primarily self-service food stores offering almost all items of daily necessity like groceries, meat products, and fresh produce. Although a major portion of their sales come from food items, most supermarkets have added many essential non-food items as well. However, the variety of non-food items that they offer such as health and beauty aids and general merchandise is limited. Most conventional supermarkets are very promotional and continue to have sales promotions across the year (Lamba, 2003). Superstores have a sales area of 25000-50000 square feet (Cox & Brittain, 2004).

The field of consumer behaviour is the study of individuals, groups, or organizations and the process they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impact that these processes have on the consumer and society (Hawkins, Best, & Coney, 2002). In consumer behaviour, attitude is defined as an enduring predisposition of a consumer to behave in a consistently favourable or unfavourable manner with respect to a given object. This predisposition is not in-born but is learned by the consumer depending on his or her cognitive process (Raju, Xardel, & Agrawal, 2004).

The Attitude-toward-object model is especially suitable for measuring attitudes towards a product (or service) category or a specific brand. According to this model, the consumer's attitude towards a product or specific brands of a product is a function of the presence (or absence) and evaluation of certain product- specific beliefs and/or attributes. In other words, consumers generally have favourable attitudes towards those brands they believe have an adequate level of attributes which they evaluate as positive, and unfavourable attitudes

towards those brands they feel do not have an adequate level of desired attributes or have too many negative attributes (Schiffman & Kanuk, 1995). The Fishbein attitude-towards-object model is usually depicted in the form of the following equation:

$$\text{Attitude}_o = \sum_{i=1}^n b_i e_i$$

Where b_i = Strength of belief

e_i = Evaluation Dimension

Objectives

1. To prioritize the attributes of food retailing for the customer of organized food retail outlets.
2. To measure the attitude of customers towards different organized food retail formats.

Study

This study is a survey, based on primary data collection from the organized food retails of Ranchi city in the month of September'11. The survey was restricted to retail outlets of Ranchi, as it has retail chains like Reliance Fresh (Convenience store), Big Bazaar (Hypermarket), and Suvidha (Supermarket) in three different organized food retail chain formats. Also, people of different social and economic status visit these outlets, which could be considered ideal for this study.

First, a study was done by focus group method to identify the attributes of food retail outlets.

Second, a survey was done on 101 respondents with a structured questionnaire by Mall Intercept method. The structured questionnaire was divided into two sections. Section A had dichotomy questions

which enquired about the different attributes that is expected in a food retail format by customers. Multiple response frequency analysis was done to know the customer priority for different attributes and then PARETO chart was prepared for the attributes of organized food retail to know the vital ones. Questions of Section B enquired about the evaluation dimension towards the attributes of organized food retail formats and the strength of belief towards hypermarket, convenience store and supermarket. Respondents were selected by using stratified random sampling method. Both quantitative and qualitative methods were applied in the study.

Analysis and Interpretation

Focus group: 12 respondents were selected from planned sample to discuss and comment on the attributes of food retail. After the discussion, the group came up with the following attributes (without any order of preference): Brand name, Customer assistance, Parking facility, Home-delivery, Pricing, Discount schemes, Easy to shop, Less crowd, Air-conditioned, Ambience, Outing, Fresh vegetables, Location/accessibility, Types of merchandise, Variety and assortment, Layout and appearance, Gift, Operational Hours, Billing and delivery system, Credit card payments, Membership card, Loyalty points redemption, Complain handling, Music, One stop shopping, Availability of latest product.

Survey: Customers of food retails were asked to choose the attributes which they like in food retail formats in Section A of questionnaire and Multiple response frequency analysis of responses shows that variety and assortment (8.6%), Merchandise (8.5%), Billing and delivery system (8.5%), price (8.3%), location and accessibility (8.2%), discount scheme (8.2%) and parking (8.1%) are the priority attributes of the organized food retail formats. However, music (0.5%), brand name (0.9%), air conditioned (0.9%), membership card (1%) and layout and appearance (1.2%) are at least priority among those attributes of organized food retails which was given by the focus group.

Table 1. Attributes Food Retail Frequencies

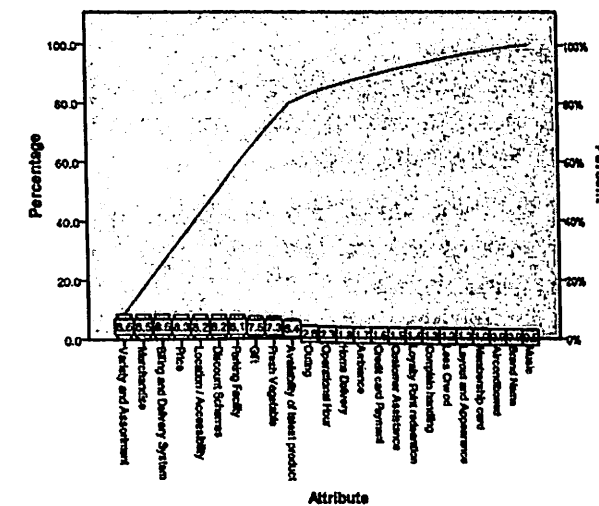
Attributes Food Retail	Responses		Percent of Cases
	N	Percent	
Air-conditioned	10	0.90%	10.60%
Ambience	19	1.70%	20.20%
Availability of Latest Product	70	6.40%	74.50%
Billing and Delivery System	93	8.50%	98.90%
Brand Name	10	0.90%	10.60%
Complain Handling	14	1.30%	14.90%
Credit Card Payment	18	1.60%	19.10%
Customer Assistance	16	1.50%	17.00%
Discount Schemes	90	8.20%	95.70%
Fresh Vegetables	80	7.30%	85.10%
Gifts	82	7.50%	87.20%
Home Delivery	20	1.80%	21.30%
Layout and Appearance	13	1.20%	13.80%
Less Crowded	13	1.20%	13.80%
Location/ Accessibility	90	8.20%	95.70%
Loyalty Point Redemption	15	1.40%	16.00%
Membership Card	11	1.00%	11.70%
Merchandise	93	8.50%	98.90%
Music	6	0.50%	6.40%
Operational Hours	25	2.30%	26.60%
Outing	31	2.80%	33.00%

Parking facility	89	8.10%	94.70%
Price	91	8.30%	96.80%
Variety and Assortment	94	8.60%	100.00%
Total	1093	100.00%	1162.80%

a. Dichotomy Group Tabulated at value 1.

Pareto Analysis of the different attributes of organized food retail shows that only 10 attributes are vital for any organized food retail. The ten vital attributes are: 1. variety and assortment, 2. merchandise, 3. billing and delivery system, 4. price, 5. location and accessibility, 6. discount schemes, 7. parking facility, 8. gifts, 9. fresh vegetables, and 10. availability of latest product.

Figure 1



The high ranking of variety and assortment shows that majority of retail customer wants to have variety in the retail outlets. They

want both – different categories of items (breadth) and choice in the same category under one roof. During the course of study, it was found that most of the customers want the billing and delivery system to be perfect. During the course of interaction they showed their dissatisfaction during the billing process. Queue was either too long because of less number of payment counters or as some payment counter remain out of order permanently. This dissatisfies the customers and hence they ranked the billing and delivery system much higher.

Customers of retails are price conscious, they believe in “Sabse sasta aur accha” or “buy 2 get 1 free” like offers and look forward for discount week to plan their shopping. They believe that they should get the product at cheaper rate in organized retails. Location of malls also holds importance to the customers, this indicates that they will prefer to shop at nearby retail outlet more often and their choice of shopping will depend on accessibility.

Customer want to shop without botheration of their vehicle, hence proper parking facility was given importance. Though all the retail outlets concerned offer parking facility but in weekends and evening hours this become insufficient and customer park their vehicle either at a distance or at No Parking zones.

In order to increase their sales, the retailers offer certain gifts to their clients. This entices the customers to purchase the products. However, many customers want retailers to give this offer regularly and they plan their purchase accordingly to get the benefit of bulk purchasing and to receive gifts.

Purchasing vegetables is a daily affair and it gives the maximum transaction to the retail outlets and help in image building of food retail outlets. Fresh vegetables are one of the fast moving items of retail outlets and the customers relates the quality of vegetables with other goods available for sale in the particular outlet. Thus, the quality of vegetables becomes important for both customers and retailers.

Most of the customers of retail outlets are trendy and look for latest products available in the market. They want latest products to be available in retail outlets as soon as it is launched which can differentiate their lifestyle from others in the society.

Customers of retail outlets were asked about the evaluation dimension they attach to the vital attributes of the food retail formats and the strength of their belief towards hypermarket, convenience stores and supermarket in the Section B of the Questionnaire.

The analysis shows that Evaluation Dimension of Variety and Assortment (2.85), Merchandise (2.83), Billing and Delivery System (1.97), Price (1.95), Location and Accessibility (1.95), Discount Scheme (1.94), parking facility (1.91) and gift (1.89) scored high.

The strength of belief of different food retail formats (Hypermarket, supermarket and convenience store) follow:

Table 2. Big Bazar Strength of Belief (bi)

	N	Minimum	Maximum	Mean	Std. Deviation
Latest Product Availability	101	1	3	2.80	.530
Billing Delivery System	101	1	3	1.13	.462
Discount Scheme	101	1	3	2.82	.518
Fresh Vegetables	101	1	2	1.87	.337
Gifts	101	1	3	2.77	.564
Location	101	1	3	2.06	.396
Merchandise	101	1	3	2.80	.548
Parking Facility	101	1	3	2.67	.665
Price	101	1	3	2.75	.590
Variety Assortment	101	1	3	2.75	.654
Valid N (listwise)	101				

Table 3. Suvidha Strength of Belief Statistics (bi)

	N	Minimum	Maximum	Mean	Std. Deviation
Latest Product Availability	101	1	2	1.10	.300
Billing Delivery System	101	1	3	1.98	.400
Discount Scheme	101	0	2	1.02	.244
Fresh Vegetables	101	0	0	.00	.000
Gifts	101	0	2	.31	.596
Location	101	1	3	1.16	.463
Merchandise	101	1	3	1.94	.420
Parking Facility	101	1	3	1.21	.535
Price	101	1	3	1.16	.463
Variety Assortment	101	1	3	1.96	.445
Valid N (listwise)	101				

Table 4. Reliance Strength of Belief (bi)

	N	Minimum	Maximum	Mean	Std. Deviation
Latest Product Availability	101	1	3	1.18	.477
Billing Delivery System	101	1	3	1.92	.417
Discount Scheme	101	1	3	1.13	.391
Fresh Vegetables	101	1	3	1.90	.387
Gifts	101	1	3	1.23	.527
Location	101	1	3	2.78	.576
Merchandise	101	1	3	2.00	.283
Parking Facility	101	1	3	2.03	.411
Price	101	1	3	1.18	.518
Variety Assortment	101	1	3	2.00	.316
Valid N (listwise)	101				

Reliance Fresh has highest strength of belief for location (2.8), which shows there are more number of Reliance Fresh outlets compared to other retail format outlets. It makes Reliance Fresh near to each home. Merchandise (2), parking (2) and variety and assortment (2) come next to location which attracts customers to the outlets.

Big Bazaar scores very high strength of belief (2.8) for six vital attributes out of ten. This high strength of belief for availability of latest product, discount schemes, gifts, merchandise, price, variety and assortment provides a broader base for customer satisfaction and customer retention.

Suvidha scores high only for billing and delivery system (2) and variety and assortment (2) and other attributes have very low strength of belief. This shows that Suvidha does not meet the vital requirements of customers and hence it has less market share. Due to less market share, sales are less and it results in no queuing at the billing and delivery system.

The summation of evaluation dimension of each attribute multiplied by strength of belief for different organized retail formats are 46.51 for Big Bazaar, 36.54 for Reliance Fresh and 25.65 for Suvidha. This shows that most of the customers like to do shopping from Big Bazaar. Reliance Fresh comes next to Big Bazaar and Suvidha is least preferred among the three retail formats.

Table 5. Attitude of Customers toward Different Retail Format

Attributes	Evaluation Dimension (ei)	Strength of belief (bi)			Attitude		
		Reliance	Big Bazaar	Suvidha	Reliance	Big Bazaar	Suvidha
		bi	bi	bi	biei	biei	biei
Availability of Latest Product	1.9	1.2	2.8	1.1	2.28	5.32	2.09
Billing and Delivery System	2.8	1.9	1.1	2	5.32	3.08	5.6
Discount Schemes	1.1	1.1	2.8	1	1.21	3.08	1.1
Fresh Vegetables	2	1.9	1.9	0	3.8	3.8	0
Gifts	1	1.2	2.8	0.3	1.2	2.8	0.3
Location/ Accessibility	1.9	2.8	2.1	1.2	5.32	3.99	2.28
Merchandise	2	2	2.8	1.9	4	5.6	3.8
Parking Facility	2	2	2.7	1.2	4	5.4	2.4
Price	1.9	1.9	2.8	1.2	3.61	5.32	2.28
Variety and Assortment	2.9	2	2.8	2	5.8	8.12	5.8
Total A _i = ∑ bie _i					36.54	46.51	25.65

Conclusion and Recommendations

The customers of organized retail outlets look for basic requirements in a retail format like variety and assortment, merchandise, quick billing and delivery system, low price, nearby location. Once these requirements are fulfilled they look for pleasant shopping experience and the attributes may include music, air conditioning, layout and appearance of the retail outlet.

The retailers should take the basic attributes into consideration to meet prime requirements of the customers and then they can improve

the shopping experience by adding the peripheral service attributes. This will bring more business by retaining the regular customers and enticing new customers.

The exhaustive list of attributes of organized retail formats is very long and it is difficult to maintain a competitive mix of all the attributes. The vital ten attributes can meet the 80% requirements of the customers and can satisfy them. The satisfied customers will bring new customers by sharing their good experience related with the concerned retail outlet. This will act as a promotional tool, commonly called "word of mouth" in marketing.

The retailers should make a competitive market mix of vital attributes of organized retail outlets so that they can differentiate their outlet from the others and can also meet the customer expectations.

The Evaluation Dimension of Variety and Assortment, Merchandise, Billing and Delivery System, Price, Location and Accessibility, Discount Scheme, parking facility and gift scored high which matches with the PARETO analysis in most of the cases and strengthens the results of analysis. The retailers should give priority to the above mentioned attributes to satisfy the customers.

Strength of belief for six vital attributes for big bazaar gives an edge to it but with more number of outlets, reliance fresh has also a good customer base. However, Suvidha does not perform satisfactorily in terms of vital attributes.

Big Bazaar has good market reputation and it can increase its market share by opening more outlets in different locality of a town to get advantage of location. Reliance fresh can re-plan its discount schemes, gifts and make latest product available to attract more customers and increase market share. Suvidha should make new competitive market mix of vital attributes focusing on gifts, fresh vegetables, latest products, discount schemes, location, price and parking space.

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