

Effectiveness of Retail Marketing-Mix on Consumer Patronage: A Performance Assessment of Selected Supermarkets



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Abstract: Retail market in India is becoming bigger with the multinational and national brands making rapid changes in order to survive in the highly competitive environment. The changes are not limited to the type of retail format but include all the factors which can improve consumer buying experience. Therefore, the current study seeks to develop a conceptual framework for analyzing the impact of retail marketing mix such as product, services offered, brand, customer perception, customer attitude, promotional measure of the selected mall on its customer satisfaction, patronage intention, patronage behavior and word of mouth using primary data in Nagpur city. The study measure the performance of selected malls and retail outlets situated in Nagpur city. The nature of research is descriptive. A structured questionnaire was designed and distributed among 200 respondents, who have made recent purchases from supermarket operated in Nagpur through convenience sampling. Data was collected by visiting supermarkets multiple times on different timings incorporating more and less crowded situations. Cross tabulation, ANOVA, regression and correlation tests are applied to know the statistical significant relationship among variables.

I. INTRODUCTION

Retail market of India ranks fifth largest in the world with fierce competition from multinational and national firms entering with innovative design, retail formats and technological innovation (Kumar, 2016; Osman, 1993). Recent literature published on retail sector has revealed that the intense competition is being faced globally by retailers as the trend is shifting towards customer experience (Puccinelli, Goodstein, Grewal, Price, Raghubir & Stewart, 2009). Retailers are majorly concerned with the changes occurring in consumer demographics, preferences, choices, likings, needs, retail formats etc, which decides consumer decision,

patronage and reasons of their visit and are becoming the criteria of success for retailers (Kumar, 2016; Osman, 1993).

Literature Review

The study mainly focuses on the social media marketing practices of the personal care brands and its impact on value creation for the brand such as user interaction, brand awareness, brand image & brand building which leads to purchase intention among online consumer. The following section explains each component of the conceptual model (Inspired from the conceptual model of Godey, B., et al., 2016) in the form of literature review by referring the earlier published data.

II. OBJECTIVES

- To identify the retail marketing mix instrument relevant with the selected retail formats.
- To study the effectiveness of retail marketing mix instrument on patronage intention, patronage behaviour, Customer Satisfaction and word of mouth behaviour of customer.

III. LITERATURE REVIEW

The study based on examining the effect of different retail marketing mix instruments on shoppers' patronage explains the answers to the most sought-after questions such as the place of consumer purchase and reason behind their purchase (Blut et al., 2018). The existing literature on retail has drawn significant attention towards the concept of retail patronage (Pan and Zinkhan, 2006). Furthermore, the key strategy of any firm aims in the direction to convert customers into "patrons" by working closely with their customers which helps them to sustain sales, profit and return on investment (Hogreve et al. 2017). Blut et al (2018) had investigated the effect of selected factors on store patronage of shoppers and examined the impact of these factors on four outcomes such as customer satisfaction, patronage intention, patronage behaviour and word of mouth. The established literature has emphasized on the importance of achieving long term performance of organization dealing in retail sector by evaluating the impact of marketing mix on retail patronage with sustainable sales, profit and return on investment (Blut et al 2018; Berman and Evans 2010; Hogreve et al. 2017).

A. Patronage Behavior

Retail managers need to know and understand the patronage behaviour of their consumers in order to develop the steady flow of shoppers.

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The patronage behaviour study mainly focuses on measuring the appeal of the shopping malls or the departmental stores in successfully attracting the consumers. It has become useful tool for retailers for their decisions.

The patronage shopping behaviour can also be evaluated by analyzing how frequently the consumer visits and how repeatedly they visit for shopping in the shopping mall or store as a function of actual buying behaviour. If the customers are not satisfied with certain features or functions of the shopping mall or the store or the quality of services provided in the shopping mall etc., it may result in that such customers will not make any purchase from stores or may purchase lesser. Such cases of purchase frequency indicate the mall patronage. Previous research reveals that the retail patronage have gained the attention on different aspects of prices and sales persons attribute (Darlan, Wimana & Tucci, 2005). Babin, Chebat & Michon (2004) studied the determinants of retail patronage. Teller and Reutterer (2008) explored the study by adding the marketing mix factors and also the store attractiveness dimensions as the base to form the customer evaluation on a store or shopping mall. Davis & Hodges (2012) concluded that sales person are the front line staff while establishing between store and shoppers. Previous studies have focussed on the literatures on mall atmosphere and mall evaluations as demonstrated by the Massicotte et.al. (2011). Studies also suggest that there is a difference as to how adults, youth and teenagers evaluate the mall atmospheric waiting cues. In a malls and supermarkets assortment system, the quality, choices of the merchandise, prices of merchandise are the main attributes that affect consumer attitude (Massicotte et.al.2011).

Multiple store patronage behaviour is also affected by the annual income, income capacity, employment status and promotions in the mall or supermarket (Maruyama & Wu, 2014). Personal factors of the shopper play an important role in patronage behaviour of the consumer (Luceri & Latusi, 2012). There is a positive relationship between excitement and patronage intention towards the mall and super market (Wake field and Baker, 1998; Kim Jin 2001). All most all the retailers operate their business in a highly competitive environment. Various changes are occurring in consumers' need, demography, retailing types, technology and retail ownership through the merger and acquisition.

B. Word of Mouth

The important ingredient of consumer shopping experience is the sharing of detail and previous shopping experience from which the consumer will engage in shopping process. The term Network marketing is also the aspect that mentioned by many researcher and the scholars with higher rate. Since most of the empirical studies have disclosed that the positive word of mouth keeps huge impact on new customer attraction i.e., accountability of customer interest increases after receiving positive response from another customer. Furthermore, it has been observed by researcher that the shoppers are used to share the information regarding the product and prices of the product and also try to convince their friends and peer with compassion. Earlier research has revealed that the word of mouth plays a major role for service firms and well established companies (Mangold and Miller, 1999). When consumer enjoys the service experience or when they think it is beneficial for them they get motivated to encourage their friends, family members or their peers to take the advantages

of those services or to participate in the behavior. Previous literatures on retail have worked on either testing or development of theories for explaining the environmental changes.

IV. CONCEPTUAL FRAMEWORK

The model is framed to propose the impact of retail marketing mix instruments on the performance of retail mall and outlet. The model is designed based on the literature available on retailing industry. The study has found out many factors on retail marketing mix such as Product, Services offered, Brand, customer perception, customer attitude and promotional measures which contributed in the performance of the retail outlet.

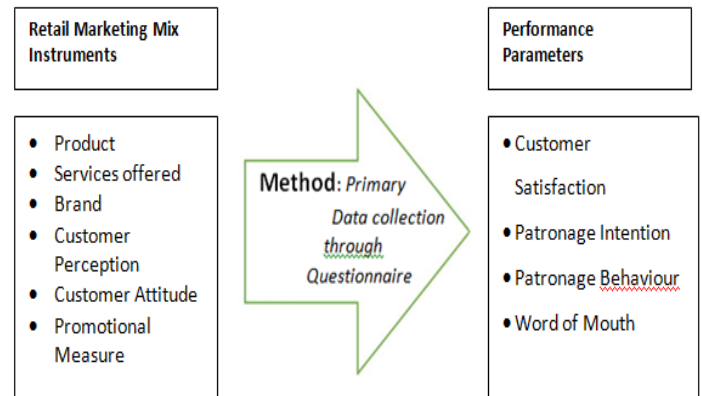


Figure 1: Conceptual Framework

V. RESEARCH METHODOLOGY

Mueller The Present study was conducted to examine the impact of retail marketing mix instrument on customer satisfaction, store patronage intention, patronage behaviour and word of mouth of customer in highly competitive retail environment. In order to identify relevant studies including published and unpublished data, elaborate research strategy was adopted. The online databases were used such as Google scholar and EBSCO, to carry out a computerized bibliographic research. We examined 12 marketing journals and we have also searched the internet for working papers, books, abstracts, and conference proceedings using combinations of keywords (e.g.; satisfaction, Patronage intention, Patronage behaviour and Word of Mouth). Last; we screened the references in the publications obtained for additional studies. We based the decision to include a specific publication on three criteria. First, studies must have examined constructs such as retail marketing-mix instruments, store satisfaction, WOM, patronage intention, or behavior. Second, only quantitative studies must have been used for analysis. The nature of research is descriptive. A structured questionnaire was successfully distributed to 200 respondents, who have made recent purchases from supermarket operated in Nagpur through convenience sampling. Data was collected by visiting supermarkets multiple times on different timings incorporating more and less crowded situations. We collected data through questionnaires by interviewing the respondent of different age, different occupation and other demographic factors.

The five-point likert Scale was used to with 1 indicating “strongly disagree” and 5 indicating “strongly agree” examining the various features as perceived by consumers in patronising a retail store.

VI. DATA ANALYSIS

The analysis shows that 35% of respondents are females and 65% are males. Similarly majority of the respondents belong to the age group of 18 to 24 years followed by those belonging to the age group of 25 to 40 years. Mostly students (41%) and House wives (24%) visit supermarket for purchase. People who are visiting supermarket for shopping have 5 or more family members. Majority of the respondents are graduate (45%) followed by post graduates and high school. Only 5 % belongs to other. 37% use two-wheeler whereas 29% use four-wheeler. Very few people i.e. 30 respondents visit to the mall for product purchase if they are travelling more than 3km to reach the mall. Most of the respondents are travelling less than 3km for shopping from the supermarket.

1. Cross tabulation:

Cross tabulation is applied between the frequency of product purchase from the supermarket and to what extend customer want to visit again in the future. Following hypotheses are framed for the test:

Ho: There is no association between the frequency of product purchase from the supermarket and the customer intention to visit again in the future.

H1: There is association between the frequency of product purchase from the supermarket and the customer intention to visit again in the future.

Table 1: Cross Tabulation

Questions/Parameter		How frequently do you purchase product from big supermarket?				Total
		Once in week	Once in fortnight	Once in month	Once in six months	
		Rarely	0	0	4	
To what extend you intend to visit Supermarket again in the future?	Occasionally	11	7	17	8	43
	Often	13	20	68	6	107
	Always	6	6	26	6	44
Total		30	33	115	22	200

Table 2: Result of cross tabulation

Questions/Parameter	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.555a	9	0.041
Likelihood Ratio	18.443	9	0.03
Linear-by-Linear Association	0.014	1	0.904
N of Valid Cases	200		

For the cross-tabulation given in Table, there are (4-1) x (4-1) = 9 degree of freedom. The critical value from the table is 16.92 with 9 degree of freedom and with 0.05 probabilities.

The calculated chi-square statistic has a value of 17.55. Since the Pearson chi-square value is greater than the critical value of 16.92, the null hypothesis of no association can be rejected indicating that the association is statistically significant at the 0.05 level. The p value is also less than 0.05 i.e. 0.041 therefore supporting the rejection of null hypothesis.

2. Regression Analysis: Customer Attitude and Word Of Mouth

Null Hypothesis: There is no significant correlation between customer attitude and word of mouth behavior of the customer.

H0: $\beta_1 = 0$ (β = Regression coefficient)

Alternate Hypothesis: There is significant correlation between customer attitude and word of mouth behavior of the customer.

H1: $\beta_1 \neq 0$

Significance level: 0.05

Test statistics: Linear regression f test.

Condition of null hypothesis rejection: When the p value from the one way ANOVA f test is less 0.05 and regression coefficient is positive and greater than zero.

Table 3: Model Summary

Model Summary					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df 1	df 2	Sig. F Change
1	.424	0.18	0.15	0.745	0.18	5.974	7	191	0

The R and R square value is greater than zero that shows linear relationship between the variables. The correlation coefficient i.e., R is +0.424 which shows strong correlation among variables. The coefficient of determination R Square is .1806 indicates that 18% variation in WOM is explained by customer attitude. The model is significant because the p value is less than 0.05.

3. Regression Analysis: Customer Perception and Satisfaction

Null Hypothesis: There is no significant correlation between customer perception and satisfaction.

H0: $\beta_1 = 0$ (β = Regression coefficient)

Alternate Hypothesis: There is significant correlation between customer perception and satisfaction.

H1: $\beta_1 \neq 0$

Significance level: 0.05

Test statistics: Linear regression f test.

Condition of null hypothesis rejection: When the p value from the one way ANOVA f test is less 0.05 and regression coefficient is positive and greater than zero.

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Table 4: Model Summary

Model Summary					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. Change
1	.503a	0.253	0.217	0.549	0.253	7.112	9	8	0.002

The R and R square value is greater than zero that shows linear relationship between the variables. The correlation coefficient i.e, R is +0.503 which shows strong correlation among variables. The coefficient of determination R Square is 0.253 indicates that 25% variation in customer satisfaction is explained by customer perception. The model is significant because the p value is less than 0.05.

4. ANOVA

Null Hypothesis: There is no significant difference between customer feel satisfied while shopping at Supermarket, customer intend to visit Supermarket again in the future and the extend to what customer recommend Supermarket to the people

Alternate Hypothesis: There is no significant difference between customer feel satisfied while shopping at Supermarket, customer intend to visit Supermarket again in the future and the extend to what customer recommend Supermarket to the people

This table shows that the output of the ANOVA analysis and whether there is a statistically significant difference between group means. It can be observed that the significance values are 0.002 (i.e., p = .0021), .016 and 0.017 which are less than 0.05, therefore, there is a statistically significant difference in customer feel satisfied while shopping at Supermarket, customer intend to visit Supermarket again in the future and the extend to what customer recommend Supermarket to the people.

Table 5: ANOVA

ANOVA		Sum of Squares	Df	Mean Square	F	Sig.
To What extent do you feel satisfied while shopping at supermarket?	Between Groups	6.221	4	1.555	4.336	0
	Within Groups	69.934	195	0.359		
	Total	76.155	199			
To what extent you intend to visit suprmarket again in the future?	Between Groups	6.683	4	1.671	3.141	0.02
	Within Groups	103.712	195	0.532		
	Total	110.395	199			
To what extent you recommend your supermarket to the people	Between Groups	7.732	4	1.933	3.087	0.02
	Within Groups	121.454	194	0.626		
	Total	129.186	198			

VII. CONCLUSION

The present study reveals that the people who mostly visit to the supermarket belong to the age group of 18 to 24 years

followed by those belonging to the age group of 25 to 40 years. Mostly students and housewives prefer to visit supermarket for shopping. Most of the respondents of the study are those who travel less than 3km to reach to the supermarket. 37% of the respondents use two-wheeler to reach mall whereas 29% use four-wheeler. The Pearson chi-square value is greater than the critical value of 16.92 and also the p value is less than 0.05 which indicates that there is association between the frequency of product purchase from the supermarket and the customer intention to visit again in the future. From the study we find that 107 respondent are ready to visit often supermarket in future. The R and R square value is greater than zero that shows linear relationship between customer attitude and word of mouth behavior of the customer. The p value is less than 0.05 which shows that there is significant correlation between customer attitude and word of mouth behavior of the customer. The significance values are 0.002 (i.e., p = .0021), .016 and 0.017 which are below 0.05, therefore it can be concluded that there is a statistically significant difference in customer feel satisfied while shopping at Supermarket, customer intend to visit Supermarket again in the future and the extent to what customer recommend Supermarket to the people. Also if consumers are satisfied with the services, brands etc. of the supermarket, they prefer to visit again to the mall or supermarket and also recommend supermarket to others for shopping which shows their word of mouth behaviour (WOM).

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