Influence of Demographic Variables on Social Dimension of Shopping behavior for Retail Format Choice

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Abstract

The retail landscape of India is challenging for organized and unorganized retailers. The attempts are made to woo customer by players from both the sectors. The social aspect of shopping plays a dominant role in selection of particular retail format. This paper attempts to understand social influence on consumer for choosing a retail format on basis of demographic variable namely age, gender, occupation and income group. The paired t test was used to compare consumer's opinion about both the formats. The consumers are still loyal to unorganized format but a shift could be observed as inclination towards organized formats. The higher income level consumers are attracted towards hedonic benefits offered by organized formats. The unorganized formats are still dominating on the basis of social dimensions affecting shopping behavior.

KEYWORDS: Organized sector, Unorganized sector, reference group, demographic variables

Introduction

Indian economy is witnessing substantial changes since 1991. Liberalization and information technology revolution has further influenced the Indian society. Currently, India is witnessing an unprecedented consumption boom. The economy is growing between 7 and 9 percent per annum. The importance of understanding shoppers' behavior could be easily understand in present context as number of big corporate are penetrating their way into retail industry.

Retail sector is mainly classified into organized and unorganized formats. According to national accounts statistics of India the 'unorganized format' includes units whose activity is not regulated by any statue or legal provision, and /or those, which do not maintain regular accounts. In case of manufacturing, this covers all manufacturing units using power/electricity and employing less than 10 workers or not using power and employing less than 20 workers (Shreyaskar, 2006). In context of the retail sector; unorganized format could therefore be said to cover those forms of trade which sell an assortment of products and services ranging from fruits and vegetables to shoe repair. These products or services may be sold out of a fixed or mobile location and the number of people employed could be less than 10 people. Thus, the neighborhood baniya, paanwala, cobbler, vegetable and fruit vendors, etc. would be included in the unorganized sector (Pradhan, 2009).

Burton et al. (2001) also discussed three dimensions of shopping namely shopping environment, shopping in socio-cultural context and shopping and individual.

Among all factors influencing shopping behavior, the major impact is of reference groups and family. The decisions related to store and product selection is influenced reference

group.A *referencegroup*is any person or group that serves as a point of comparison (or reference) for an individual in forming either general or specific values, attitudes, or a specific guide for behavior (Schiffman, 2007). Two reference groups mainly influences an individual. Normative reference group influences broadly defined values or behavior (e.g. child and immediate family). The comparative reference group serves as a benchmark for specific or narrowly defined attitude or behavior (e.g. neighbor's lifestyle). Major reference groups are family, friends, social class, and culture. The degree of influence that a reference group exerts on an individual's behavior usually depends on the nature of the individual and the product and on specific social factors. Factors which call for, the individual's attention for seeking help of reference groups include information and experience, credibility, attractiveness and power of the reference group and conspicuousness of the product.

The most influencing reference group for an individual is his family. The role of the family is very dominating in consumers' decision process. Teenagers, Housewife, bread earner husband all have their typical role in a setup (Nair, 2002).

The other reference groups influencing consumers consist of friends and colleagues. Friendship groups are typically classified as informal groups because they are unstructured and lack specific authority levels. In terms of relative influence, after an individual's family, his or her friends are most likely to influence the individual's purchase decisions. The other influencing group is of shopping pals or purchase pals. When two or more people (family, friends, neighbors) shop together for food, clothing, or simply to pass the time can be called as shopping group. The purpose of this group may be social one i.e. to share time together, and enjoy lunch after shopping or may be to reduce the risk if pal is expert in given area. Thirdly, if none of the member is well versed in product category then, collateral decision may be defensive technique of buying.

Literature Review

A reference group is defined to be an actual or imaginary individual or group conceived of having significant relevance upon an individual's evaluations, aspirations, or behavior. Within this definition, three motivational influences of reference groups will be examined—informational, value expressive, and utilitarian. Informational reference group's influence is accepted (internalized) if it is perceived as enhancing the individual's knowledge of his environment and/or his ability to cope with some aspect of this environment, e.g., purchasing a product. According to Kelman (1961) the information source most readily internalized is the one perceived as being credible. An individual may use an informational reference group in two different ways. One is to actively search for information from opinion leaders or from a group with the appropriate expertise. Second, the individual makes an inference by observing the behavior of significant others (Park et al., 1977)

The utilitarian reference group also influences individuals. An individual in a product purchasing situation would be expected to comply with the preferences or expectations of another individual or group if: (1) He perceives that they mediate significant rewards or punishments (2) He believes that his behavior will be visible or known to these others and (3) He is motivated to realize the reward or to avoid the punishment. Value-Expressive reference group influence relates to an individual's motive to enhance or support his self concept. Such an individual would be expected to associate himself with positive referents and/or dissociate himself from negative referents (Park et al., 1977).

Asch (1952) highlights importance of this reference group as: 'it is dangerous to not confirm'. Individual finds membership very important and can't afford to lose membership.The value-expressive reference group influence is characterized by two different processes. First, an individual utilizes reference groups to express himself or bolster his ego. In this case, there should be a consistency between the desire to express one's self and the psychological image attached to the reference group. Second, an individual is influenced by a value expressive reference group because of his simple affect (liking) for that group. This does not require consistency between one's self image and the psychological image attached to the reference group. Thus, an individual responds (e.g., adopts the recommendations) to the reference group although the content of responses (e.g., acceptance of recommendations) is irrelevant to the group (Park and Lessig, 1977). In other words, product requirement of customer may be different from what is suggested by his value expressive group, but he will like the product recommended by group.Schiffman (2002) defines social class as 'the division of members of society into a hierarchy of distinct status classes, so that members of each class have relativelythe same status and members of all other classes have either more or less statuses.

Prus, R. (1993) studied companion's influence on shopping. Shopping, if done with companion, influence shoppers depending on their nature of getting influenced. Much marketplace interaction assumes a one to one interaction, involving solitary shoppers who reflect on the merchandise in question and contend with any inputs received from vendors.Tauber (1972) also identified some social motives behind shopping. Shoppers get opportunity to develop new acquaintance, or meeting people of opposite sex on their shopping binge. This is just like traditional marketplace or fairs where there is high probability of social interaction. Also shopping provides opportunity, especially for hobby related goods, to interact with people of similar interest. People also shop for goods they are not interested, under pressure of peer group. Dholakia (1999) concluded that social motives were particularly important in shopping. Since 'shopping is a spectacle in which one is the performer and spectator. It is 'seeing' and 'being seen', 'meeting' and 'being met', and a way of interacting with others.

Objectives

To understand differences in shopping behavior of different demographic profiles for Organized and Unorganized Retail formats on Reference Shopping Dimension.

Hypothesis

On the basis of above objective the following hypothesis were formed :

H_{01}: Shopping behavior of males, do not differ in organized and unorganized retail formats on Reference Shopping dimension.

H_{02}: Shopping behavior of females, do not differ in organized and unorganized retail formats on Reference Shopping dimension.

H_{03}: Shopping behavior of respondents in the age group of 21 to 35 years, do not differ in organized and unorganized retail formats on Reference Shopping dimension.

H_{04}: Shopping behavior of respondents in the age group of 36 to 50 years, do not differ in organized and unorganized retail formats on Reference Shopping dimension.

H_{05}: Shopping behavior of respondents in the age group of 51 to 65 years, do not differ in organized and unorganized retail formats on Reference Shopping dimension.

H$_{06}$: Shopping behavior of respondents having income less than Rs 20000 per month, do not differ in organized and unorganized retail formats on Reference Shopping dimension.

H$_{07}$: Shopping behavior of respondents having income in between Rs 21000 and Rs 40000 per month, do not differ in organized and unorganized retail formats on Reference Shopping dimension.

H$_{08}$: Shopping behavior of respondents having income in between Rs 41000 and Rs 60000 per month, do not differ in organized and unorganized retail formats on Reference Shopping dimension.

H$_{09}$: Shopping behavior of respondents having income above Rs 60000, do not differ in organized and unorganized retail formats on Reference Shopping dimension.

H$_{010}$: Shopping behavior of business class respondents, do not differ in organized and unorganized retail formats on Reference Shopping dimension.

H$_{011}$: Shopping behavior of service class respondents, do not differ in organized and unorganized retail formats on Reference Shopping dimension.

H$_{012}$: Shopping behavior of self -employed respondents, do not differ in organized and unorganized retail formats on Reference Shopping dimension.

H$_{013}$: Shopping behavior of Housewives, do not differ in organized and unorganized retail formats on Reference Shopping dimension.

Research Methodology

In this research work Research Instrument developed by Bansal and Choubey (2013) for shopping behavior was used to understand social dimension of shopping behavior (Table 1). Bansal et al. (2013) identified six dimensions of shopping behavior namely, Shopping Contentment, Reference Shopping, Store Image, Store Patronage, Enthusiastic Shopping and Shopper Orientation

The second dimension Reference shopping comprised of two factors and nine items mentioned in Table(1)

The descriptive research was done in this research work. The primary data was collected using self-administered instrument containing nine items of table (1) on scale of five i.e strongly agree (5) agree (4) neutral (3) disagree(2) strongly disagree (1). The respondents were asked to rate each item on above five points.

The primary data was collected from 300 respondents in Nashik with the Profile given in Table (2).

First, the respondents were asked to choose any one retail category from three selected retail categories namely apparels, grocery and electronic goods. Then they were asked to rate the items on basis of their shopping experiences at organized retail format of the chosen category. Lastly, they were asked to rate the items on basis of their shopping experience at unorganized retail format in the same category

In order to compare shopping behavior of respondents in organized and unorganized retail formats, hypothesis was tested on Reference Shopping Dimensions comprising of factors Social Group Influence and Family Influence and Nine items.The paired t-test was applied to compare influences of selected independent variables (namely -gender, occupation, family income, and age of shoppers) on the dependent variables (i.e. Reference Shopping Dimension). Significant differences were calculated at 5% level of significance. As the sample size increases, the t-distribution approaches the Z-distribution in shape and characteristics (Chandan, 2007). Therefore for the large sample of the study, the t-distribution was used instead of Z-distribution.

Results

On the basis of responses recorded for 9 items of instrument the average score for each of the demographic variable category viz gender (male and female), Age groups (four category), Income (four Category) and occupation (four category) was taken. The average score of each category for organized format is compared with average score of unorganized format for the same category using paired t test.

The results are given in table (3). From the table (3) the following are the hypothesis testing results :

H_{01}: stands rejected.

The hypothesis stands rejected at 1% level of significance ($p \leq 0.01$). Hence, male respondents have significantly better opinion about Reference Shopping dimension affecting their shopping behavior in unorganized retail formats (X=35.07) than in organized retail formats (X=32.70).

H_{02}: stands not rejected.

Shopping behavior of females on Reference Shopping dimension, in organized retail format (X=32.45) and unorganized retail format (X=33.78) do not differ significantly to reject the hypothesis ($p \geq 0.05$).

H_{03}: stands rejected.

The hypothesis stands rejected at 1% level of significance ($p \leq 0.01$). Hence, respondents in the age group of 21 to 35 years have significantly better opinion about Reference Shopping dimension affecting their shopping behavior in unorganized retail formats (X=34.29) than in organized retail formats (X=32.14).

H_{04}: stands not rejected.

Shopping behavior of respondents in the age group of 36 to 50 years on Reference Shopping dimension, in organized retail format (X=33.10) and unorganized retail format (X=36.69) do not differ significantly to reject the hypothesis ($p \geq 0.05$).

H_{05}: stands not rejected.

Shopping behavior of respondents in the age group of 51 to 65 years on Reference Shopping dimension, in organized retail format (X=32.43) and unorganized retail format (X=34.18) do not differ significantly to reject the hypothesis ($p \geq 0.05$).

H_{06}: stands not rejected.

Shopping behavior of business class respondents on Reference Shopping dimension, in organized retail format (X=33.46) and unorganized retail format (X=33.59) do not differ significantly to reject the hypothesis ($p \geq 0.05$).

H_{07}: stands rejected. The hypothesis stands rejected at 1% level of significance ($p \leq 0.01$). Hence, service class respondents have significantly better opinion about Reference Shopping dimension affecting their shopping behavior in unorganized retail formats (X=34.50) than in organized retail formats (X=32.60).

H_{08}: stands rejected.

The hypothesis stands rejected at 5% level of significance ($p \leq 0.05$). Hence, self employed respondents have significantly better opinion about Reference Shopping dimension affecting their shopping behavior in unorganized retail formats (X=34.13) than in organized retail formats (X=31.22).

H_{09}: stands rejected.

The hypothesis stands rejected at 5% level of significance ($p \leq 0.05$). Hence, housewives have significantly better opinion about Reference Shopping dimension affecting their shopping behavior in unorganized retail formats (X=35.71) than in organized retail formats (X=32.90).

H_{010}: stands rejected.

The hypothesis stands rejected at 1% level of significance ($p \leq 0.01$). Hence, respondents having income less than Rs 20000 per month have significantly better opinion about Reference Shopping dimension affecting their shopping behavior in unorganized retail formats (X=37.09) than in organized retail formats (X=28.95).

H_{011}: stands rejected.

The hypothesis stands rejected at 1% level of significance ($p \leq 0.01$). Hence, respondents having income between Rs 21000 and Rs 40000 per month male have significantly better opinion about Reference Shopping dimension affecting their shopping behavior in unorganized retail formats (X=37.20) than in organized retail formats (X=30.27).

H_{012}: stands rejected.

The hypothesis stands rejected at 1% level of significance ($p \leq 0.01$). Hence, respondents having income between Rs 41000 and Rs 60000 per month have significantly better opinion about Reference Shopping dimension affecting their shopping behavior in organized retail formats (X=35.48) than in unorganized retail formats (X=31.58).

H_{013}: stands rejected.

The hypothesis stands rejected at 1% level of significance ($p \leq 0.01$). Hence, respondents having income above Rs 60000 per month have significantly better opinion about Reference Shopping dimension affecting their shopping behavior in organized retail formats (X=28.27) than in unorganized retail formats (X=21.67).

Summary of Results

The first group identified on the basis of hypothesis tested above include the following respondents**:** males, people in the age group of 21 to 35 years, occupation groups of service class, self-employed and housewives 'families with income less than Rs 20000 per month',and 'families with income in between Rs 21000 and Rs 40000 per month'. These Respondents, have significantly better opinion about Reference Shopping dimension affecting their shopping behavior in unorganized retail format than in organized retail format.*In simple words they visit unorganized formats on the basis of recommendation of their friends and family*

Whereas respondents of 'families with income in between Rs 41000 and Rs 60000 per month' and 'families with income above Rs 60000 per month' have significantly better opinion about Reference Shopping dimension affecting their shopping behavior in organized retail format than in unorganized retail format. *This group visits organized formats on the recommendation of their friends and family*

Opinion of rest of the respondents about Reference Shopping dimension affecting their shopping behavior do not differ in organized and unorganized retail formats. These respondents include female, people in age groups of 36 to 50 years and 51 to 65 years, occupation group of business class. These respondents are not influenced much by opinion of friends and family.

Discussion

Unorganized stores were visited more on the basis of references given by close groups than organized formats across all demographic profiles. Naturally, organized stores have

to work more on informal communication (like word of mouth) and unorganized formats have to work more on improving image (like price image).

Implied to retailers is that they should design marketing programs, keeping in view family, neighborhood, colleagues, etc. of individuals. Purchasing decisions are based on the recommendations of these groups. If 'opinion leaders' could be traced, then it becomes extremely easy for marketers to attract customers. On the other hand, if negative opinion spreads about offering, it results in massive disinterest. Word of mouth publicity is dominating while choosing the outlet for purchase. Advertisers can use this while designing the advertisements. Retail outlets could be positioned as the place where whole family and friends could shop i.e. a place where socializing may be highly effective. In this research, it was observed that people were recommending unorganized formats for purchase looking to some specialty.

Income is come out as the key demographic variable affecting decision about shopping destinations. Organized formats were preferred by high income group, and unorganized formats were preferred by low income groups. In order to widen the market size, organized formats are required to attract segment in lower income group. The main resistance towards organized formats perceived by the people of lower income group is related to higher cost of offerings. Retailers have to design offerings in such a way that this perceived difference could be overcome. Similarly, retailers in unorganized formats have to position their outlets such that it could attract higher income group. At the moment, offerings of unorganized formats are not as per expectations on the factors like quality of products, image of shopper, additional services provided and overall satisfaction derived.

Women shoppers arealso inclined towards unorganized formats. The major decisions makers are in favor of unorganized format is big challenge for Organized sector. Though this inclination is not giving clear favor to unorganized formats. This indicates that hedonic benefits offered by Organized formats are appealing women.

Conclusion

On the basis of above study it can be observed that unorganized formats are still preferred by residents of Nashik. The higher income group has given clear favor for organized formats. Age, gender and Occupations wise favor for shopping destination was unorganized format. Unorganized formats are required to maintain their relation with existing customers because difference in choice is very thin. Organized sectors are required to get associated with customers. The major challenge for them is to change mindset of customers that organized sector is for high income group.

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Table 1 : Reference Shopping Dimension

Dimension	Factors	Items
Reference Shopping	Social group influence	I seek friend's advice before buying product
		I observe products used by my friends before making the purchase
		I seek neighbour's advice before buying product
		I observe products used by my neighbour before making the purchase
		I observe products used by my work place colleague before making the purchase
		I seek work place colleague's advice before buying product
		I seek friend's advice before buying product
		I observe products used by my friends before making the purchase
	Family influence	I am influenced by family's viewpoint for making purchase
		The products I buy say a lot about my family
		I collect lots of information before shopping
		I consider choice of kids before making purchase decision

Table 2 : Respondents Profile

Variable	Classification	No. of Respondents
Gender	Male	130
	Female	170
Occupation	Business	70
	Service	80
	Self Employed	65
	Housewife	85
Family Income	Up to 20000	87
	21,000 to 40,000	67

	41,000 to 60,000	61
	Above 60,000	85
Age (in years)	21 to 35	120
	36 to 50	98
	51 to 65	82
Retail Category	Apparels (Clothing)	100
	Grocery (Kirana)	100
	Electronic Goods	100

Table 3 : Results of Paired t-Test on Reference Shopping Dimension for selected Demographic Variables

Hypothesis #	Classification of Independent variable	Format	N (Number of respondents)	Means	Standard Deviation	Sig. Value (p Value)
H_{01}	Males	Organized	130	32.70	14.35	0.002**
		Unorganized	130	35.07		
H_{02}	Females	Organized	170	32.45	13.52	0.067
		Unorganized	170	33.78		
H_{03}	Age 21 to 35 years	Organized	120	32.14	12.90	0.006**
		Unorganized	120	34.29		
H_{04}	Age 36 to 50 years	Organized	98	33.10	13.76	0.060
		Unorganized	98	36.69		
H_{05}	Age 51to65 years	Organized	82	32.43	15.94	0.174
		Unorganized	82	34.18		
H_{06}	Business	Organized	70	33.46	15.93	0.919
		Unorganized	70	33.59		
H_{07}	Services	Organized	80	32.60	12	0.006**
		Unorganized	80	34.50		
H_{08}	Self-employed	Organized	65	31.22	16.53	0.049*
		Unorganized	65	34.13		
H_{09}	Housewives	Organized	85	32.90	12.66	0.024*
		Unorganized	85	35.71		
H_{010}	Income less than Rs 20,000	Organized	87	28.95	15.76	0.000**
		Unorganized	87	37.09		
H_{011}	Income between Rs 21,000 to Rs 40,000	Organized	67	30.27	12.48	0.000**
		Unorganized	67	37.20		
H_{012}	Income between Rs 41,000 to Rs 60,000	Organized	61	35.48	11.42	0.000**
		Unorganized	61	31.58		
H_{013}	Income above Rs 60,000	Organized	85	28.27	8.56	0.000**
		Unorganized	85	21.67		

*If p < 0.05 then hypothesis is rejected at five percent level of significance.
**If p < 0.01 then hypothesis is rejected at one percent level of significance.