A Study of the Organized Retail Scenario in India and Customer Impulsiveness in Organized Retail Outlets

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Abstract

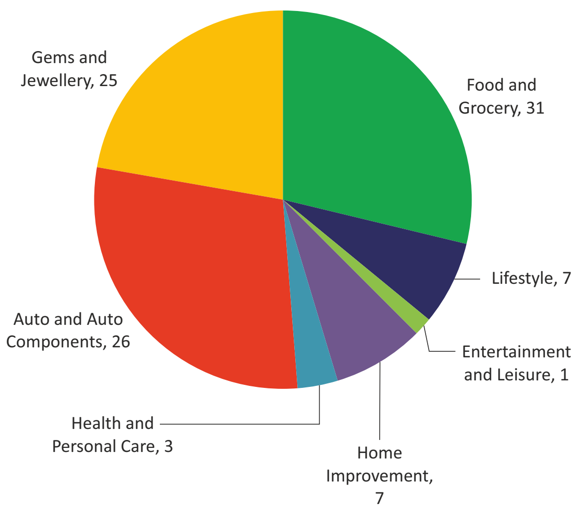
The organized retail sector is growing at a rapid pace across states in India and is the prime driver of impulse buying by youngsters and individuals with substantial salaries. Most buying takes place during weekends at these stores; this was not seen in the previous periods. The research study was conducted to find the impact of effective Visual Merchandising (VM) on the impulse buying behaviour of customers at various retail stores in Andhra Pradesh. The objective of this study is to provide some insight into various segments of the Indian organized retail sector - employment opportunities, education profile of employees across states, skill gaps, work force distribution - and to find the satisfaction attributes of customers at organized retail outlets, and most importantly, how VISUAL MERCHANDISING is affecting impulse decisions of the customer. In this study, we used various questions on lifestyle attributes and satisfaction with life scale variables for collecting information, and tried to study their effect on customer impulse behaviour. A survey of 600 retail customers was done and results interpreted in this paper.

Key Words: *RETAIL, FDI, GDP, BRAND, IMPULSE, EMPLOYMENT*

INTRODUCTION

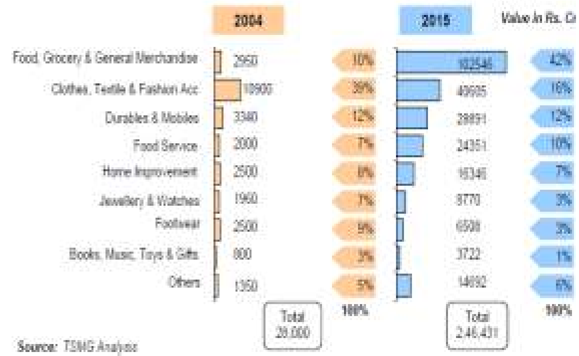
According to a KPMG report which focuses on various segments of the Indian retail sector, the food & grocery segment has a 31 percent share of retail employment, lifestyle has 7 percent, entertainment & leisure has 1 percent and home improvement has 7 percent; health & personal care has 3 percent, auto and auto components has 26 percent, and gems and Jewellery has 25 percent.

Share of Employment in Indian Retail Industry

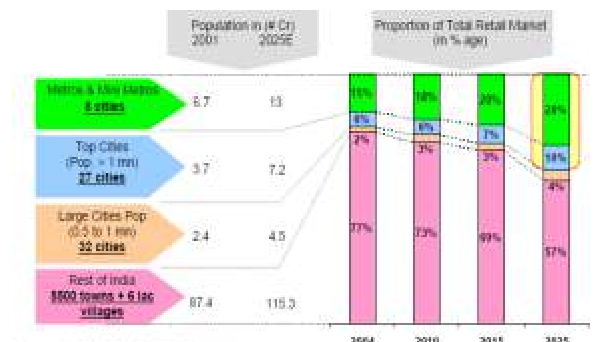


Source: KPMG INDIA

According to Pankaj Gupta, Practice Head – Consumer and Retail, Tata Strategic Management Group, the overall retail market in India has grown at a Compound Annual Growth Rate of 5.5 percent (at constant prices) to Rs 1,677,000 crore in 2015. He projected that the organized retail sector will grow at a much faster CAGR of 21.8 percent (at constant prices) to Rs. 246,000 crore and will constitute ~ 15 percent of total sales in the retail sector. He projected that the top retail categories in the organized retail sector would be grocery, food & general merchandise, clothing & textiles, mobiles & electronic durables, food servicing, home improving decors and the like.



Source: TSMG Analysis



Source: NCAER, CSSO, TSMG Analysis

According to his estimate, the share of the 35 towns with population greater than one million in the overall population of India would grow much faster from around 10 percent to reach around 14 percent by 2025. Simultaneously, the share of these towns in the overall retail market would grow from 21 percent today to 40 percent by 2025. According to him, retailers should focus on the top 37 towns in this decade; the opportunity in smaller towns and rural India would be smaller and fragmented as compared to the larger towns.

According to Pankaj Gupta, Practice Head – Consumer and Retail, Tata Strategic Management Group, there are some likely trends seen internationally that could have a bearing on our country.

The first trend is top retailers consolidating their share of the organized retail market - the big retailers may get bigger at the early stages itself.

He cited the example of China where in 2003, the top hundred players accounted for only 8 percent of the total retail market while the top 10 accounted for a little more than 3 percent share of the market.

According to a report of M+M Planet Retail, 30 retailers accounted for 20 percent share of the total US retail market in the 1990's whereas only 8 retailers account for the same 20 percent share of the market in 2005. Similarly, 37 retailers accounted for 20 percent share of the European retail market in the nineties while only 10 retailers accounted for the same share of the market in 2005.

The second trend is convenience stores and hypermarket formats gaining more prominence driven by the consumer's need for convenience and low price with high value in the mass category. Even though supermarkets are successful in emerging as successful pioneers in the first stage of retail space expansion, they are not able to match value propositions of hypermarkets and convenience stores.

The third trend pertains to the rising importance of private label products. Presently, private labels account for 17 percent of global retail sales with the highest share of 23 percent in Europe and around 4 percent in Asia. As per M+M Planet Retail data, private label penetration varies in the range of 25-95 percent among some of the largest retailers in the world. This is due to rising acceptability of private store labels among store customers and growing competition in the pricing space.

VALUE CHAIN ANALYSIS OF RETAIL OUTLETS

The value chain analysis is an important strategy and forms a critical part of the retail operations of any store. it consists of various steps like sourcing goods, managing inventory, taking stock of the store operations, setting up a proper display and selecting the right promotional mix and marketing strategy, taking stock of sales – product wise and amount wise - and also maintaining an effective after-sales service.

Generally retailers procure their selection of goods from distribution agents or manufacturing companies, and sometimes even resort to backward integration to manufacture their own store branded products. To maintain their inventory, retailers generally have national warehouses where they stock goods and transfer them to regional warehouses based on the demand for those goods. When it comes to marketing, store managers try to identify the various segments that they can and should target for improving the store sales through effective visual merchandising and proper designing of the store with suitable product advertisements and through successful brand promotions. The store managers try to convert people visiting the store to customers by providing good facilities inside the store, and training the store employees to guide and help customers in choosing their goods when needed. For retaining old customers and developing new customers through positive word-of-mouth, retailers now provide a separate and effective customer sales service help desk which offers attractive return options for rejected goods or exchange options as well as guarantees or warranties for almost all goods at the store, except consumables. In India, some states allow multi-brand retail while others don't allow this due to regional considerations.

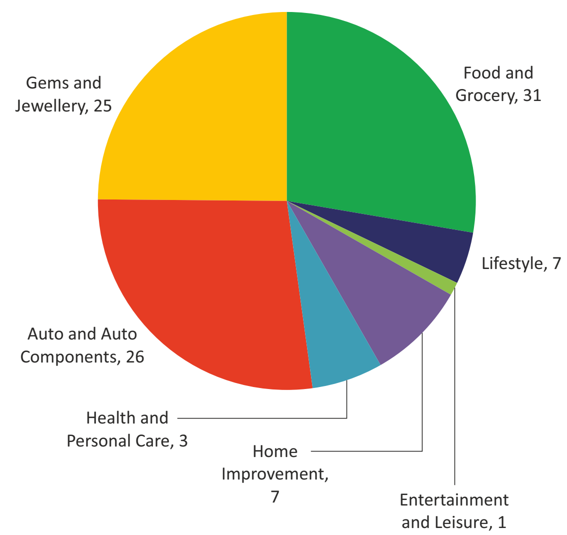
States allowing FDI in Multi-Brand Retail	States that don't allow FDI in Multi-Brand Retail
Andhra Pradesh	West Bengal
Assam	Gujarat
Haryana	Bihar
Jammu and Kashmir	Tamil Nadu
Maharashtra	Kerala
Manipur	Madhya Pradesh
Uttarakhand	Tripura
Daman & Diu	Odisha (Orissa)
Dadra & Nagar Haveli	Delhi
Karnataka	Rajasthan

The segment-wise share of 'Lifestyle' in organized retail is given as 'Apparel & Clothing' with 33 percent, 'Footwear' with 4 percent, 'Time wear' with 2 percent, 'Eyewear' with 1 percent, 'Accessories' with 1 percent, 'Mobile & Telecom' with 11 percent, 'Others' with 48 percent in a consolidated report from India Retail Report 2013, KPMG analysis, CRISIL report; November 2013.

SEGMENT-WISE SHARE OF EMPLOYMENT IN INDIAN RETAIL SECTOR

According to a KPMG report which focuses on various segments of the Indian Retail sector, the Food & Grocery segment has a 31 percent share of retail employment while Lifestyle has 7 percent, Entertainment & Leisure has 1 percent and Home Improvement has 7 percent; Health & Personal Care has 3 percent, Auto and Auto Components has 26 percent, and Gems and Jewellery has 25 percent. The report also concluded that unorganized retail has a 93 percent share of employment with the balance 7 percent share with organized retail.

Share of Employment in Indian Retail Industry



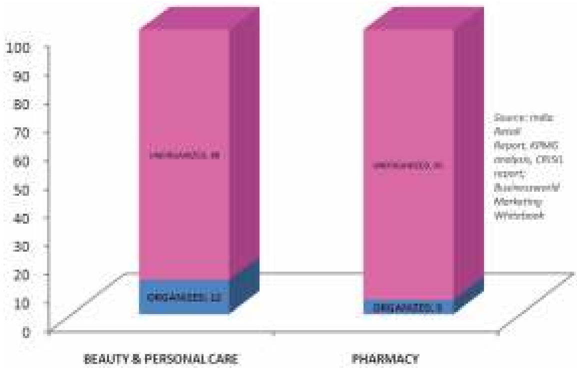
Source: KPMG INDIA

SEGMENT-WISE VALUE SHARE OF BEAUTY & PERSONAL-CARE and PHARMACY

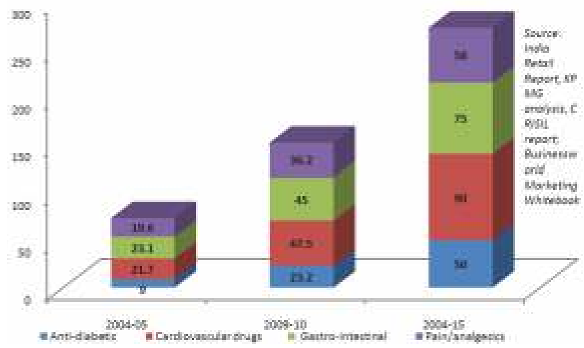
In the Beauty & Personal Care segment, 12 percent is in the organized space while the unorganized space has the remaining 88 percent.

In the Pharmacy segment, 5 percent is in the organized space while the unorganized space has the remaining 95 percent.

Segment Share by VALUE INR (Crores)



Projected Therapeutic Spend INR (Billion)



The Pharmacy retail sector is showing steady growth as indicated from the rise in value through the periods 2004-05, 2009-10 and 2004-15 across divisions of Anti-diabetics, Cardiovascular drugs, Gastro-intestinal and Pain/analgesics.

The Drug retail segment offers good growth potential as the proportion of health spend in overall consumption is on a steady rise in the periods from 2000 to 2010 to 2020.The proportion rose from 4.68 percent in 2000 to 4.97 percent in 2010 and is projected to rise to 5.24 percent in 2020.

In the Food Services retail segment, quick service restaurants are showing promising growth as we can see that in TIER-I cities, QSR spend (in Rs billions) is 25.50 while Total Middle Class Households (in millions) is 6.8 and QSR spend per household (per annum) is Rs 3,700. In TIER-II cities, QSR spend (in Rs billions) is 5.10 while Total Middle Class Households (in millions) is 3.4 and QSR spend per household (per annum) is Rs 1,500.

A Comparative Assessment of Skills in Unorganized and Organized Retail in India

According to India Retail Report 2013, KPMG analysis reports which consolidated various insights regarding the workforce characteristics in the cities of Mumbai, Delhi, Bangalore, Chennai, Hyderabad, Kolkata, Pune, Kochi, Chandigarh and Ahmedabad, the following are the contrasting scenarios.

DIP-STICK SURVEY OF UNORGANIZED RETAIL ENTERPRISES	
ASPECT	**DETAILS**
FINANCIAL DISCIPLINE	A significant number of unorganized retail outlets surveyed are lacking in financial discipline with no records maintained for budgeting, accounting, etc. Merchandising decisions are often based on intuition rather than data analysis and this makes them reluctant to scale up.
JOB ROLE SPECIFICATION	As employees are tasked with any and every activity from customer handling to billing to procurement and delivery of goods to store maintenance, there is a lack of job role distinction and thus a limited scope for specialization in any of these activities.

UNDEREMPLOYMENT	Underemployment is an inherent problem in unorganized retail, one of the reasons being lack of distinct job roles. This is intensified by penetration of organized retail, especially for those unorganized players with organized retail stores in their vicinity.
WILLINGNESS OF EMPLOYEES TO MIGRATE TO ORGANIZED RETAIL	While on one hand employees who were found to be very willing to move to organized retail for reasons of better pay, working conditions and benefits, there was a significant section of employees who weren't willing to migrate to organized retail, citing belongingness and loyalty t o the store in unorganized retail. There was a third section which preferred unorganized retail citing flexibility in work. The first section of employees cite lack of educational qualification as a reason for inability to migrate.
SKILL REQUIREMENTS	One of the strengths of unorganized retail being customer relationship maintenance, many store owners cite knowledge of local language and customer service orientation as necessary skills for their employees. In addition, specialized stores insist that their e mployees possess good selling skills and product knowledge which is not so much of a requirement in non - specialized stores.
ATTRITION	The results show huge variation with a segment of store owners observing little or no attrition while another segment of store owners cite high attrition rate among their employees.
Source: India Retail Report 2013, KPMG analysis	

KEY FUNCTIONS IN ORGANIZED RETAIL

Store operations, which are at the core of the Organized Retail sector, work in tandem with buying & merchandising and SCM & logistics chain (centralized departments), and together are the main areas that provide new employment opportunities. These functions are supported by other central functions like HR, Marketing, Finance, IT, Quality Control, Business Development, E-Tailing, Legal, Secretarial, etc.

Store operations command 70 to 95 percent of employee requirement in Organized Retail whereas buying & merchandising as well as SCM & Logistics command about 5-10 percent each with the balance having 2-5 percent.

Entry level and junior management level workforce constitutes the maximum share (97 percent) of the total workforce at store level operations in India. A huge skill gap exists at all levels in the Indian retail sector.

The following are the roles which have more paucity.

1. Entry Level - The front end staff whose involvement will be directly with the customer.
2. Junior management - As the penetration of organized retail is on the rise, demand for Advisors and Specialists with specific knowledge about the various sub-segments is on the rise.

According to India Retail Report 2013, KPMG analysis, cities with growth potential for Organized Retail in India are categorized into metropolitan cities, high growth cities, and emerging potential cities.

Promotion of a well-planned layout of the store for the convenience of the customer by marketers will maximize sales according to Crawford and Melewar (2003). Successful retailers should design the layout of the store in such a way that it consciously or unconsciously directs the shoppers towards places in the store where merchandise that has prospects of generating high sales is on display thereby stimulating the impulsiveness of the customer; this also results in improved efficiency and productiveness of shelf space according to Zentes, Morschett, and Schramm-Klein (2007).

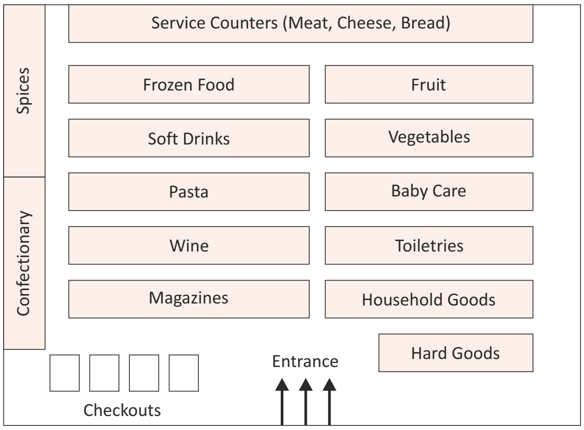
Retailers choose the best layouts suitable for them from the different alternatives available to them; this decision is based on the type of merchandise they sell (Mc Goldrick, 2002). Supermarkets are designed aiming to direct customers to places where items that are sought the most and give margins to the retailer are put on display - generally at the store's sides and back walls (Peter and Olson, 1998). To display the most sought after and highly sold products at the back of the outlet will compel the shopper to browse the entire store and make him encounter as many unlisted items as possible. Tea and sugar, if on display at extreme ends of the store, will make the customer pass a range of other category products and encourage purchases on impulse on the way to these products (Terrazas, 2006).

The layout should be designed in a manner that helps the customer comprehend and grasp how the merchandise has been displayed in the store. Customers have the tendency to create a mental map of the store layout – where products are displayed, check-out, time spent, etc. The layout plan should thus encourage convenience of the shopper as well as increase his impulsiveness to purchase (Zentes, Morschett, and Schramm-Klein, 2007). Retailers generally choose between a grid store layout and free-form store layout when it comes to designing a store.

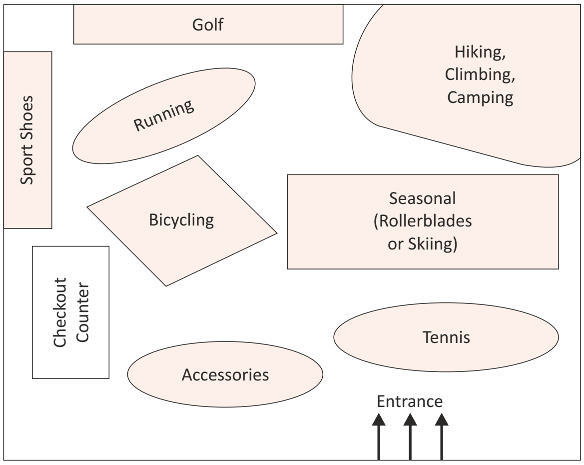
BASIC TYPES OF STORE LAYOUT (ZENTES, MORSCHETT, AND SCHRAMM-KLEIN, 2007)

The grid store layout creates a feel of convenience for customers who like to pin pointedly locate the products they need with ease and also browse through the store very quickly. It also facilitates retail managers to take steps to avoid a crowded store and in general, it is not a stimulus creating layout (Dunne and Lusch, 2008).

Grid Store Layuot



Free-Form Store Layout



In contrast, the free-form layout provides customers a path to free movement in desired areas and due to the irregularity in its pattern, it is conducive to a relaxed shopping experience.

Zentes, Morschett, and Schramm-Klein (2007) emphasized the importance of allocating shelf space, which according to them, must be designed on the basis of quality of the available space. Different areas in a store are given different preferences by different shoppers and they browse the store with varying speed. Some areas in particular will draw greater customer attention than the rest. Also retail managers must pay attention to checking-out points as customers at these points are susceptible to impulse purchases. On the whole, the layout should be designed in such a way that it evokes the necessary emotions in the customer, creates a sense of comfort when they are inside the store and also helps in differentiation of the store from the rest.

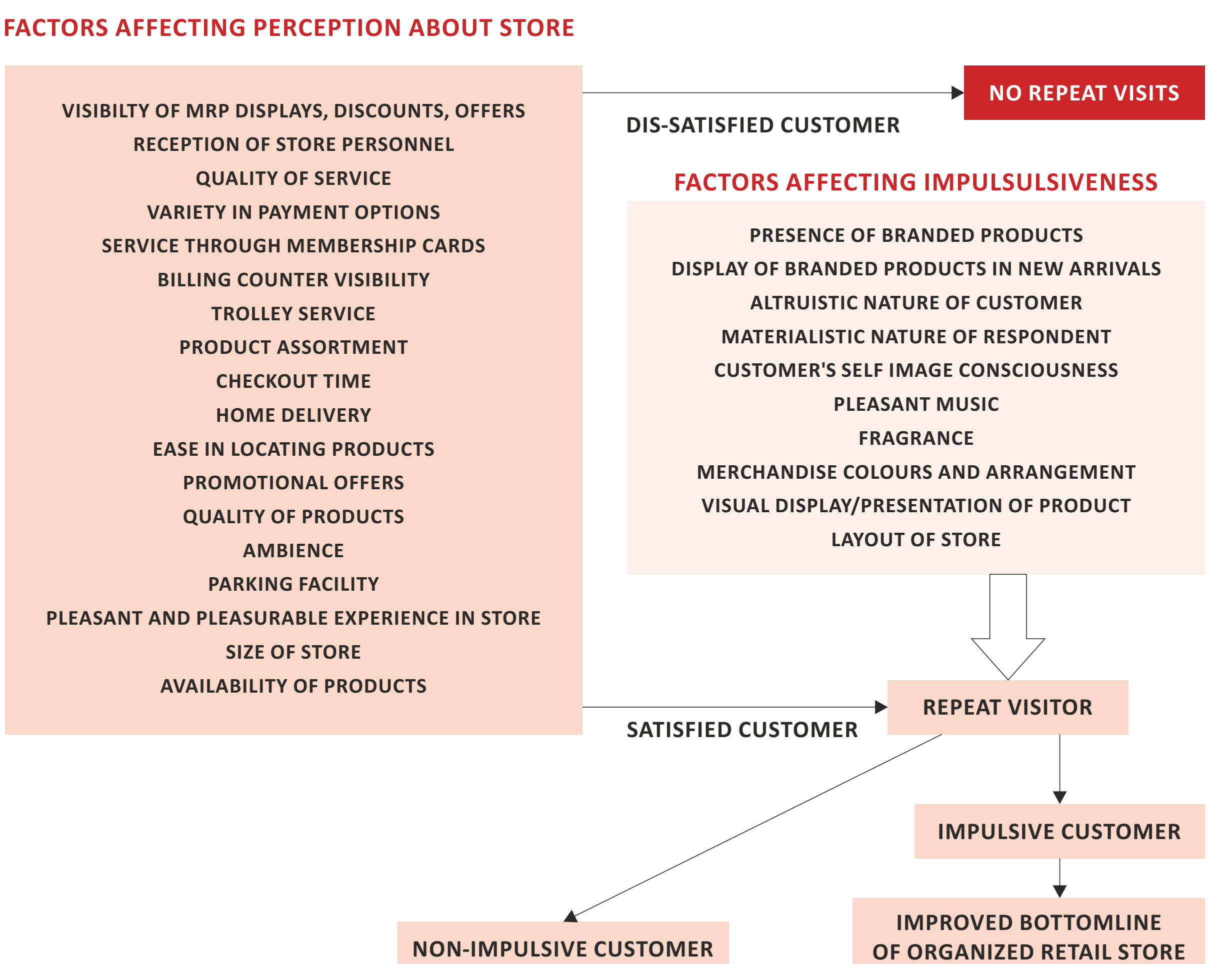
OBJECTIVES OF THE STUDY

1. Study the various factors affecting impulse buying behaviour in Indian Organized retail outlets.
2. Study the effect of visual merchandizing on buying decisions of customers.
3. Assess the impact of various factors of visual merchandizing.

SCOPE OF THE STUDY

The inferences from the study are based on the responses given by customers at some Retail Stores only in specific areas. This study will be helpful in getting an insight into the effectiveness of visual merchandising on buying decisions of customers.

CONCEPTUAL MODEL



CUSTOMER SURVEY AND QUESTIONNAIRE METHOD

The survey method was used for collecting data from customers at retail outlets. We requested all respondents to fill in the questionnaire on their own after explaining the various aspects mentioned in it. It contained both open and close-ended questions in a structured format which is very easy to understand at the first look.

PILOT STUDY

The process of pilot testing involves administration and testing of the designed questionnaire to a small group of people from among the sample population under study. This is done to detect any errors that may have gone un-noticed while designing the questionnaire. All aspects of the questionnaire have to be tested before undertaking the full study. A question should be rephrased if it did not elicit a proper response. Pilot studies should always involve face-to-face interaction with respondents even if the mode of administration in the main study is mail or internet. The researcher may also get the questionnaire vetted by experts from academia and industry to get their opinions.

After making the necessary changes, the researcher can carry out a pilot study and then undertake the actual study. The pilot study should look like a small replica of the original study. He can edit the questionnaire and undertake further pilot tests. Upon completion, he can consolidate the pilot test data and carry out tests on it to find out if it is adequately able to furnish the necessary information for which the questionnaire was designed.

In the pilot study, 30 questionnaires were distributed at Organized Retail outlets in Hyderabad to collect data for determination of the sample size for the thesis.

SIZE OF SAMPLE

The formula for determining the sample size for a study is N (Sample Size) = Z^2 * α^2 / e^2

From the sample study, we obtained a standard deviation as 0.556053417

The confidence interval Z is 1.96

At 5 percent acceptable error e = 0.05

So N = 1.96 ^ 2 * 0.556053417 ^2 / 0.05 ^ 2

= 475.122023

From this calculation, we conclude that a sample size of 476 is the minimum requirement for our study. To be more precise, a sample size of 600 was taken by us to remove any uncertainties while doing the survey.

VALIDITY OF CONSTUCTS

The validity process will ensure and check whether the scale is able to assess the construct which was intended (Cronbach & Meehl, 1995). Generally, this is done by experts in that particular domain. The constructs in the questionnaire were validated by Dr. Prakash at KLUBS, KL University.

RELIABILITY ANALYSIS

Reliability is the precision level at which an instrument (scale) will be able to assess a dimension. In case we administer a scale to a respondent twice, we do not expect the same response on both occasions. The more the overlap of responses on both occasions the higher is its reliability.

Experts have provided standards for reliability levels but in general, the common acceptability or reliability level is 0.6 or more.

Item Statistics			
	Mean	Std. Deviation	N
Do you agree with "I trust branded products"?	2.07	1.081	30
Does your brand always show up in the new arrivals section?	3.5	1.28	30
Your nature is altruistic	3.67	0.758	30
You are a materialistic person	3.43	1.104	30
You are conscious of your self image	4.1	0.305	30
The music playing in the store affects my purchase intention	3.43	1.073	30
If I like the fragrance inside the store, my chances of buying become greater	3.93	0.944	30
I spend more time in the store looking around if I like the ambience, the merchandise, colours and arrangement	3.6	1.07	30
Visual display/presentation of products influences my buying decision in the store	3.8	1.031	30
Generally you follow the displays and layout to find a product	3.87	1.074	30

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.57	0.61	10

From the test above, we can conclude that the various constructs related to impulse behaviour are valid as the CRONBACH alpha is greater than 0.6.

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.665	0.657	18

From the test, we can conclude that the various constructs related to organized retail outlets are valid as the CRONBACH alpha is greater than 0.6.

Item Statistics			
	Mean	Std. Deviation	N
VISIBILITY OF DISPLAY OF MRP, DISCOUNTS, OFFERS	2.33	1.155	30
RECEPTION OF STORE PERSONNEL TOWARDS YOU	2.07	1.112	30
QUALITY OF SERVICE AT ORGANIZED RETAIL OUTLETS	3	1.259	30
VARIETY IN PAYMENT OPTIONS PROVIDED	2.9	1.47	30
SERVICE PROVIDED THROUGH MEMBERSHIP CARDS	3.67	1.155	30
VISIBILITY OF THE BILLING COUNTER	3	1.39	30
HOW IS THE TROLLEY SERVICE	2.83	1.289	30
HOW GOOD IS THE PRODUCT ASSORTMENT	3.33	1.213	30
IS THE CHECKOUT TIME TAKEN ACCEPTABLE?	2.93	1.437	30
HOW IS THE HOME DELIVERY SERVICE?	2.9	1.269	30
EASE IN LOCATING THE PRODUCTS AT THE STORE	2.9	1.296	30
SATISFIED WITH PROMOTIONAL OFFERS AT THE STORE	2.8	1.297	30
SATISFIED WITH THE QUALITY OF PRODUCTS AVAILABLE AT THE STORE	2.1	1.094	30
HOW IS THE AMBIENCE AT THE STORE?	2.93	1.285	30
IS THE PARKING FACILITY SATISFACTORY?	2.93	1.363	30
IS SHOPPING AT THE STORE A PLEASANT AND PLEASURABLE EXPERIENCE?	2.73	1.172	30
WHAT DO YOU FEEL ABOUT SIZE OF THE STORE?	2.9	1.296	30
HOW IS THE AVAILABILITY OF PRODUCTS AT THE STORE?	3.17	1.289	30

GENERAL PROFILE OF RESPONDENTS

GENDER	Male			Female
	241			359
AGE	<28	28-45	46-60	>60
	65	225	207	103
EDUCATION	DIPLOMA	GRADUATION		PG
	249	242		109
PROFESSION	PVT JOB	GOVT JOB	SELF-EMPLOYED	OTHERS
	278	121	102	99

INCOME	<10,000	10,000-20,000	20,000-35,000	>35000	
	52	194	268	86	
FAMILY MEMBERS	ONE	TWO	THREE	FOUR	FIVE AND ABOVE
	93	69	232	164	42

INTERPRETATION:

From the above table, we infer that 241 of the total respondents are male and 359 are female. On further classification according to age group, we find that of all the respondents, 65 are less than 28 years, 225 are 28-45 years old, 207 are of the age group 46-60 years, and 103 are of the age group of more than 60 years. From the responses collected for education, 249 are diploma holders, 242 are graduates and 109 are post-graduates. On the basis of monthly income, 52 earn less than Rs 10,000, 194 earn Rs 10,000-20,000, 268 earn Rs 20,000-35,000 and 86 earn more than Rs 35,000. When it comes to family members, 93 have 1 family member, 69 have 2 family members, 232 have 3 family members, 164 have 4 family members and 42 have 5 or more family members. In terms of average monthly purchase, 87 of the respondents spend below Rs 500, 150 spend Rs 501-1,500, 162 spend Rs 1,501-3,000, 52 spend Rs 3,001-5,000 and 37 spend Rs 5,000 or more.

ARE YOU A NON-REPEAT/REPEAT BUYER?	YES	NO
	312	288
HAVE YOU EVER EXPERIENCED INSTANT/UNPLANNED IMPULSE BUYING IN A STORE ?	YES	NO
	303	297
ALWAYS TAKE TIME TO CONSIDER AND WEIGH ALL ASPECTS BEFORE MAKINGA PURCHASE	YES	NO
	347	253
I MAKE A LIST WHEN I GO SHOPPING AND BUY ONLY WHAT IS ON THE LIST	YES	NO
	408	192
PRICE SENSITIVITY IMPACTS YOUR PRODUCT PURCHASE	YES	NO
	364	236
THE MORE TIME I SPEND TOUCHING THE MERCHANDISE, GREATER ARE MY CHANCES OF BUYING	YES	NO
	373	227
BRAND PRODUCTS ARE AVAILABLE AT AFFORDABLE PRICES	YES	NO
	291	309

PARAMETERS	HIGHLY DISSATISFACTORY	DISSATISFACTORY	NEUTRAL	SATISFACTORY	HIGHLY SATISFACTORY
VISIBILITY OF DISPLAY OF MRP, DISCOUNTS, OFFERS	155	99	253	74	19
RECEPTION OF STORE PERSONNEL TOWARDS YOU	157	236	114	68	25
QUALITY OF SERVICE AT ORGANIZED RETAIL OUTLETS	43	68	188	134	167
VARIETY IN PAYMENT OPTIONS PROVIDED	129	64	81	186	140
SERVICE PROVIDED THROUGH MEMBERSHIP CARDS	13	46	212	124	205
VISIBILITY OF THE BILLING COUNTER	17	70	136	188	189
HOW IS THE TROLLEY SERVICE?	77	88	75	253	107
HOW GOOD IS THE PRODUCT ASSORTMENT?	14	89	191	165	141
IS THE CHECKOUT TIME TAKEN ACCEPTABLE?	98	56	92	197	157
HOW IS THE HOME DELIVERY SERVICE?	19	54	169	111	247
EASE IN LOCATING THE PRODUCTS AT THE STORE	7	59	159	177	198
SATISFIED WITH PROMOTIONAL OFFERS AT STORE	143	132	142	85	98
SATISFIED WITH THE QUALITY OF PRODUCTS AVAILABLE AT THE STORE	48	97	69	185	201
HOW IS THE AMBIENCE AT THE STORE?	27	59	182	104	228
IS THE PARKING FACILITY SATISFACTORY?	12	159	192	137	100
IS SHOPPING AT THE STORE A PLEASANT AND PLEASURABLE EXPERIENCE?	30	72	214	141	143

PARAMETERS	HIGHLY DISSATISFACTORY	DISSATISFACTORY	NEUTRAL	SATISFACTORY	HIGHLY SATISFACTORY
WHAT DO YOU FEEL ABOUT SIZE OF THE STORE?	7	35	191	115	252
HOW IS THE AVAILABILITY OF PRODUCTS AT THE STORE?	26	55	196	138	185

WHEN YOU ENTER THE STORE....	YOU GO STRAIGHT TO THE PRODUCTS WHICH YOU WANT	YOU WALK THROUGH THE STORE AS IT LEADS YOU	YOU DO NOT FOLLOW ANY PATTERN. YOU JUST WALK RANDOMLY AND PICK UP PRODUCTS	YOU SEEK THE HELP OF A SALESPERSON TO NAVIGATE IN THE STORE	
	237	106	163	94	
HOW DO YOU GET TO KNOW ABOUT NEW PRODUCT ARRIVALS IN THE STORE?	THROUGH DISPLAY OF THE PRODUCT	THROUGH ANNOUNCEMENTS	BY ENQUIRING SALESPERSON	YOU WILL SEARCH ON YOUR OWN	
	166	112	179	143	
WHILE SHOPPING, HOW DO YOU GET TO KNOW ABOUT THE OFFERS FOR THE DAY IN THE STORE?	SIGN BOARDS/DROP DOWNS	PROMO AREAS (MELAS, CELEBRATIONS)	SALES PEOPLE	PAMPHLETS	ANNOUNCEMENTS IN THE STORE
	215	84	134	91	76
WHICH OF THESE IS MOST RELEVANT WITH REGARD TO YOUR SHOPPING?(AGGRESSIVE BUY)	I BOUGHT WHAT I CAME TO BUY. NOTHING MORE.	I BOUGHT A LITTLE MORE THAN WHAT I CAME FOR.	I BOUGHT A LOT MORE THAN WHAT I CAME FOR.	I BOUGHT EVERYTHING THAT ATTRACTED ME.	I DID NOT FIND WHAT I NEEDED. SO I DID NOT BUY ANYTHING.
	117	128	116	146	93
IF YOU HAVE BOUGHT SOME PRODUCTS OTHER THAN WHAT YOU CAME TO BUY, WHICH OF THE FOLLOWING FACTORS MADE YOU BUY MORE?	ATTRACTIVE DISPLAY OF THE PRODUCT	INFORMATION PROVIDED BY SALESPERSON	WHEN I SEE A GOOD DEAL, I TEND TO BUY MORE THAN THAT I INTENDED TO BUY.		
	166	116	318		
DO YOU GET ATTRACTED BY THE WAY PRODUCTS ARE ARRANGED/ DISPLAYED?	ALWAYS	MOSTLY	SOMETIMES	RARELY	NEVER
	153	124	167	89	67
WHICH FACTOR INFLUENCED YOU MORE TO MAKE YOUR BUYING DECISION?	INFLUENCE OF PRODUCT ARRANGEMENT	INFLUENCE OF PROMOTIONAL SIGNAGE	EXCITEMENT IN TRYING A NEW PRODUCT	INFLUENCE OF MANNEQUIN DISPLAY	NONE
	73	231	95	89	112

AT WHICH PLACE DO YOU TEND TO DO MORE IMPULSIVE BUYING IN THE STORE?	PROMO AREA (MELAS, CELEBRATIONS)	NEARBY CASH COUNTER WHILE WAITING FOR PAYMENT		NONE	
	202	162		236	
WHICH OF THE FOLLOWING FACTORS INFLUENCE YOUR BUYING DECISIONS IN A STORE?	LOCATING PRODUCTS THROUGH SIGNS, GRAPHICS, ETC.	LIGHTING	MUSIC	FRAGRANCE	COLOURS
	137	116	191	112	44
WHAT DO YOU FEEL ABOUT THE PRODUCT ARRANGEMENT IN THE STORE?	EXCELLENT	VERY GOOD	GOOD	AVERAGE	POOR
	188	165	102	94	51

PARAMETERS	**STRONGLY DISAGREE**	**DISAGREE**	**NUETRAL**	**AGREE**	**STRONGLY AGREE**
DO YOU AGREE WITH "I TRUST BRANDED PRODUCTS" ?	234	174	78	78	36
DOES YOUR BRAND ALWAYS SHOW UP IN THE NEW ARRIVALS SECTION	60	60	90	240	150
YOUR NATURE IS ALTRUISTIC	0	36	144	282	138
YOU ARE MATERIALISTIC PERSON	30	72	132	306	60
YOU ARE CONSCIOUS OF YOUR SELF IMAGE	0	18	24	414	144
THE MUSIC PLAYING IN THE STORE AFFECTS MY PURCHASE INTENTION	6	30	156	264	144
IF I LIKETHE FRAGRANCE INSIDE THE STORE MY CHANCES OF BUYING BECOME GREATER	12	24	102	264	198
I SPEND MORE TIME IN THE STORE LOOKING AROUND, IF I LIKE THE AMBIENCE AND THE MERCHANDISE COLORS AND ARRANGEMENT	6	30	48	306	210
VISUAL DISPLAY/PRESENTATION OF PRODUCTS INFLUENCES MY BUYING DECISION IN THE STORE	6	24	108	294	168
GENERALLY YOU FOLLOW THE DISPLAYS AND LAYOUT TO FIND A PRODUCT	12	6	96	312	174

PARAMETERS	HIGHLY DISSATISFACTORY	DISSATISFACTORY	NUETRAL	SATISFACTORY	HIGHLY SATISFACTORY
VISIBILITY OF DISPLAY OF MRP, DISCOUNTS,OFFERS	155	99	253	74	19
RECEPTION OF STORE PERSONNEL TOWARDS YOU?	157	236	114	68	25
QUALITY OF SERVICE AT ORGANIZED RETAIL OUTLETS?	43	68	188	134	167
VARIETY IN PAYMENT OPTIONS PROVIDED?	129	64	81	186	140
SERVICE PROVIDED THROUGH MEMBERSHIP CARDS?	13	46	212	124	205
VISIBILITY OF THE BILLING COUNTER?	17	70	136	188	189
HOW IS THE TROLLEY SERVICE?	77	88	75	253	107
HOW WELL IS THE PRODUCT ASSORTMENT?	14	89	191	165	141
IS THE CHECKOUT TIME TAKEN EVEN?	98	56	92	197	157
HOW IS THE HOME DELIVERY SERVICE?	19	54	169	111	247
EASINESS IN LOCATING THE PRODUCTS AT THE STORE?	7	59	159	177	198
SATISFIED WITH PROMOTIONAL OFFERS AT STORE?	143	132	142	85	98
SATISFIED WITH THE QUALITY OF PRODUCTS AVAILABLE AT THE STORE?	48	97	69	185	201
HOW ISTHE AMBIENCE AT THE STORE?	27	59	182	104	228
IS THE PARKING FACILITY SATISFACTORY?	12	159	192	137	100
IS SHOPPING AT THE STORE A PLEASANT AND PLEASURABLE EXPERIENCE?	30	72	214	141	143
WHAT DO FEEL ABOUT SIZE OF THE STORE?	7	35	191	115	252
HOW IS THEAVAILABILITY OF PRODUCTS AT THE STORE?	26	55	196	138	185

REGRESSION ANALYSIS

Variables Entered/Removed			
Model	Variables Entered	Variables Removed	Method
1	FAMILY MEMBERS, INCOME	.	Enter
a. All requested variables entered.			
b. Dependent Variable: AVG MONTHLY PURCHASE			

COEFFICIENTS

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.034	0.226		9.005	0
	INCOME	0.153	0.059	0.106	2.594	0.01
	FAMILY MEMBERS	0.206	0.043	0.196	4.785	0
a. Dependent Variable: AVG MONTHLY PURCHASE						

$y=a+bx_1+cx_2$

$y=2.0324+0.153x_1+0.206x_2$

The above Estimated Regression equation indicates that average monthly purchasing power is positively related with income level and number of family members as it is evident that the positive coefficients indicate the same (0.206 and 0.153). The results indicate that if income levels go up by one unit, the purchasing power will increase by 0.153 units while keeping the number of family members as constant. Similarly, if the number of family members goes up by one unit, monthly purchasing power will go up by 0.206 units while keeping income levels as constant. The above table also indicates that both income and number of family members significantly influence the purchasing power of the customer as both p values are less than 0.05.

DISCRIMINANT ANALYSIS

Group Statistics					
ARE YOU AN NONREPEAT/REPEAT BUYER		Mean	Std. Deviation	Valid N (listwise)	
				Unweighted	Weighted
NON-REPEAT STORE CUSTOMER	SATISFIED WITH THE QUALITY OF PRODUCTS AVAILABLE AT THE STORE	3.8541667	1.2152845	288	288
	SATISFIED WITH PROMOTIONAL OFFERS AT STORE	2.9166667	1.2959331	288	288
	IS SHOPPING AT THE STORE A PLEASANT AND PLEASURABLE EXPERIENCE	3.6076389	1.1607147	288	288
	HOW IS THE AMBIENCE AT THE STORE	3.6319444	1.2367572	288	288
	WHAT DO FEEL ABOUT SIZE OF THE STORE	4.0173611	0.9858108	288	288
	HOW IS THE AVAILABILITY OF PRODUCTS AT THE STORE	3.7395833	1.1160357	288	288
	EASINESS IN LOCATING THE PRODUCTS AT THE STORE	3.7847222	1.0503903	288	288
	VISIBILITY OF DISPLAY OF MRP, DISCOUNTS,OFFERS	2.4826389	1.091483	288	288
	RECEPTION OF STORE PERSONNEL TOWARDS YOU?	2.3958333	1.0962003	288	288
	QUALITY OF SERVICE AT ORGANIZED RETAIL OUTLETS	3.5798611	1.1509172	288	288
	HOW WELL IS THE PRODUCT ASSORTMENT	3.5034722	1.0526167	288	288
	IS THE CHECKOUT TIME TAKEN EVEN	3.3715278	1.4231125	288	288
	SERVICE PROVIDED THROUGH MEMBERSHIP CARDS	3.7326389	1.0499929	288	288
	VISIBILITY OF THE BILLING COUNTER	3.7395833	1.1222624	288	288
	VARIETY IN PAYMENT OPTIONS PROVIDED	3.2048611	1.4873604	288	288
	HOW IS THE TROLLEY SERVICE	3.3958333	1.3078096	288	288
	IS THE PARKING FACILITY SATISFACTORY	3.2465278	1.0616806	288	288
	HOW IS THE HOME DELIVERY SERVICE	3.8611111	1.1330395	288	288

REPEAT STORE CUSTOMER	SATISFIED WITH THE QUALITY OF PRODUCTS AVAILABLE AT THE STORE	3.474359	1.3583076	312	312
	SATISFIED WITH PROMOTIONAL OFFERS AT STORE	2.6378205	1.4524331	312	312
	IS SHOPPING AT THE STORE A PLEASANT AND PLEASURABLE EXPERIENCE	3.3846154	1.0845986	312	312
	HOW IS THE AMBIENCE AT THE STORE	3.849359	1.1396393	312	312
	WHAT DO FEEL ABOUT SIZE OF THE STORE	3.8878205	1.0804812	312	312
	HOW IS THE AVAILABILITY OF PRODUCTS AT THE STORE	3.6025641	1.1463881	312	312
	EASINESS IN LOCATING THE PRODUCTS AT THE STORE	3.8782051	1.0165382	312	312
	VISIBILITY OF DISPLAY OF MRP, DISCOUNTS,OFFERS	2.525641	1.1050816	312	312
	RECEPTION OF STORE PERSONNEL TOWARDS YOU?	2.1730769	1.0887526	312	312
	QUALITY OF SERVICE AT ORGANIZED RETAIL OUTLETS	3.4711538	1.2625453	312	312
	HOW WELL IS THE PRODUCT ASSORTMENT	3.5929487	1.0955985	312	312
	IS THE CHECKOUT TIME TAKEN EVEN	3.4871795	1.3632153	312	312
	SERVICE PROVIDED THROUGH MEMBERSHIP CARDS	3.8044872	1.0893724	312	312
	VISIBILITY OF THE BILLING COUNTER	3.7980769	1.0822729	312	312
	VARIETY IN PAYMENT OPTIONS PROVIDED	3.2724359	1.4521776	312	312
	HOW IS THE TROLLEY SERVICE	3.3557692	1.2698705	312	312
	IS THE PARKING FACILITY SATISFACTORY	3.2660256	1.1067171	312	312
	HOW IS THE HOME DELIVERY SERVICE	3.849359	1.1647556	312	312

As the two groups, namely 'Repeat Store Customer' and 'Non-Repeat Store Customer' are to be compared on the basis of 18 characteristics, namely - satisfaction with the quality of products available at the store, satisfied with promotional offers at the store, a pleasant and pleasurable shopping experience at the store, ambience at the store, size of the store, availability of products at the store, ease in locating the products at the store, visibility of display of MRP, discounts, offers at the store, reception of store personnel, quality of service at organized retail outlets, product assortment, checkout time taken, service provided through membership cards, visibility of the billing counter, variety in payment options provided, trolley service, satisfactory parking facility, and home delivery service, it will be useful in computing the mean values for getting an in-depth idea about the differences in their mean scores. The mean scores along with the standard deviation of the 18 characteristics of the perception of repeat/non-repeat customers are presented in the table. It can be observed that mean scores of satisfactory attributes for shopping at the store - a pleasant and pleasurable experience, ambience at the store, ease in locating the products at the store, visibility of display of MRP, discounts, offers at the store, product assortment, checkout time taken, service provided through membership cards, visibility of the billing counter, variety in payment options provided, and parking facility - are higher in case of repeat store customers than in case of non-repeat store customers and thus, we expect these predictor variables to be useful to discriminate between prospective repeat store customers and non-repeat store customers. When it comes to variability, the standard deviation of almost all variables is high.

Tests of Equality of Group Means					
	Wilks' Lambda	F	df1	df2	Sig.
SATISFIED WITH THE QUALITY OF PRODUCTS AVAILABLE AT THE STORE	0.978805036	12.949043	1	598	0.0003466
SATISFIED WITH PROMOTIONAL OFFERS AT STORE	0.989871767	6.1186546	1	598	0.0136529
IS SHOPPING AT THE STORE A PLEASANT AND PLEASURABLE EXPERIENCE	0.990198167	5.9195186	1	598	0.0152661
HOW IS THE AMBIENCE AT THE STORE	0.991671598	5.0222116	1	598	0.0253904
WHAT DO FEEL ABOUT SIZE OF THE STORE	0.996100717	2.3408988	1	598	0.1265456
HOW IS THE AVAILABILITY OF PRODUCTS AT THE STORE	0.99634377	2.1944488	1	598	0.1390355
EASINESS IN LOCATING THE PRODUCTS AT THE STORE	0.997952929	1.2266595	1	598	0.268503
VISIBILITYOF DISPLAY OF MRP, DISCOUNTS, OFFERS	0.999616427	0.2294645	1	598	0.6320963
RECEPTION OF STORE PERSONNEL TOWARDS YOU?	0.989692696	6.2279612	1	598	0.0128432
QUALITY OF SERVICE AT ORGANIZED RETAIL OUTLETS	0.997983584	1.2082529	1	598	0.2721207
HOW WELL ISTHE PRODUCT ASSORTMENT	0.998268614	1.0371648	1	598	0.3088936
IS THE CHECKOUT TIME TAKEN EVEN	0.998274982	1.0333431	1	598	0.3097859
SERVICE PROVIDED THROUGH MEMBERSHIP CARDS	0.998873477	0.6744204	1	598	0.4118419
VISIBILITY OF THE BILLING COUNTER	0.999294462	0.4222095	1	598	0.5160861
VARIETY IN PAYMENT OPTIONS PROVIDED	0.99947047	0.316827	1	598	0.5737317
HOW IS THE TROLLEY SERVICE	0.999757829	0.1448531	1	598	0.7036384
IS THE PARKING FACILITY SATISFACTORY	0.999919183	0.0483328	1	598	0.8260652
HOW IS THEHOME DELIVERY SERVICE	0.999973831	0.0156496	1	598	0.9004877

Tests for differences in group means

To know which characteristics result in a significant difference between means of the two groups, a one-way Anova on them was tested for each of the characteristics where each of the predictor variables (perception of the customers) is taken as a dependent variable and the repeat store customers/ non-repeat store customers group as an independent variable. From the table above, a significant difference in the means exists for the variables 'quality of products available at the store', 'satisfied with promotional offers at the store', 'shopping experience at the store a pleasant and pleasurable experience', 'ambience at the store', and 'reception of store personnel' as all the p-values in these cases is less than 0.05, which is the assumed level of significance and it appears that there is a significant difference in the means of the remaining variables where p-value is more than 0.05.

Canonical Discriminant Function Coefficients	
	Function 1
SATISFIED WITH THE QUALITY OF PRODUCTS AVAILABLE AT THE STORE	0.398770727
SATISFIED WITH PROMOTIONAL OFFERS AT STORE	0.217419294
IS SHOPPING AT THE STORE A PLEASANT AND PLEASURABLE EXPERIENCE	0.461181211
HOW IS THE AMBIENCE AT THE STORE	-0.260840592
WHAT DO FEEL ABOUT SIZE OF THE STORE	0.32420708
HOW IS THE AVAILABILITY OF PRODUCTS AT THE STORE	-0.092408469
EASINESS IN LOCATING THE PRODUCTS AT THE STORE	-0.134131497
VISIBILITY OF DISPLAY OF MRP, DISCOUNTS,OFFERS	-0.193165783
RECEPTION OF STORE PERSONNEL TOWARDS YOU?	0.50923959
QUALITY OF SERVICE AT ORGANIZED RETAIL OUTLETS	0.016169557
HOW WELL IS THE PRODUCT ASSORTMENT	-0.402013872
IS THE CHECKOUT TIME TAKEN EVEN	-0.008513071
SERVICE PROVIDED THROUGH MEMBERSHIP CARDS	0.037143431
VISIBILITY OF THE BILLING COUNTER	-0.171192398
VARIETY IN PAYMENT OPTIONS PROVIDED	-0.031769059
HOW IS THE TROLLEY SERVICE	-0.038986144
IS THE PARKING FACILITY SATISFACTORY	0.21562303
HOW IS THE HOME DELIVERY SERVICE	0.05997981
(Constant)	-2.593043994
Unstandardized coefficients	

Unstandardized Discriminant Function

The basic principle involved in estimation of discriminant function is that the variance within the group should be at maximum. The ratio of 'between groups' variance to 'within groups' variance is illustrated by Eigen values. Eigen values on the higher side are desired. The results in the table can be written in the form of a discriminant function.

$Y= 2.59+ 0.40X_1+0.22 X_2 +0.46 X_3 -0.26 X_4 +0.32 X_5 -0.09 X_6 -0.13 X_7 -0.19 X_8 +0.51 X_9 +0.02 X_{10} -0.40 X_{11} -0.01 X_{12} +0.04 X_{13} -0.17 _{X14} -0.03 _{X15} -0.04 _{X16} +0.22 X_{17} +0.06 X_{18}$.

The Eigen value for the above estimated discriminant function is 0.084 as shown in the table with 100 percent of variance explained. The last column in the same table indicates the canonical correlation, which is the simple correlation coefficient between the discriminant score and their corresponding group membership (repeat store customers / non-repeat store customers group).

Eigenvalues				
Function	**Eigen value**	**% of Variance**	**Cumulative %**	**Canonical Correlation**
1	.084a	100	100	0.278042414
a. First 1 canonical discriminant functions were used in the analysis.				

Classification of cases using the DISCRIMINANT FUNCTION

Functions at Group Centroids	
ARE YOU AN NONREPEAT/REPEAT BUYER	**Function**
	1
NON-REPEAT STORE CUSTOMER	0.300772825
REPEAT STORE CUSTOMER	-0.277636454
Unstandardized canonical discriminant functions evaluated at group means	

We can compute the mean discriminant scores of repeat store customers/ non-repeat store customers groups separately. This is known as group centroids. In our case, it is 0.30 for non-repeat store customers and -0.28 for repeat store customers. The value of the function at group centroids can be used to design decision rule for classifying a customer into the repeat store customers/ non-repeat store customers categories.

Structural Coefficients

One way to find the relative contribution of the predicting variables while discriminating between repeat store customers/ non-repeat store customers groups is by comparing the structural coefficients of those variables. The structural coefficients can be obtained by computing the correlation between discriminant score and each of the independent variables, and they are called discriminant loadings. The structure matrix is presented.

Structure Matrix	
	Function
	1
SATISFIED WITH THE QUALITY OF PRODUCTS AVAILABLE AT THE STORE	0.5083767
RECEPTION OF STORE PERSONNEL TOWARDS YOU?	0.3525655
SATISFIED WITH PROMOTIONAL OFFERS AT STORE	0.3494579
IS SHOPPING AT THE STORE A PLEASANT AND PLEASURABLE EXPERIENCE	0.3437241
HOW IS THE AMBIENCE AT THE STORE	-0.3166025
WHAT DO FEEL ABOUTSIZE OF THE STORE	0.2161514
HOW IS THE AVAILABILITY OF PRODUCTS AT THE STORE	0.2092809
EASINESS IN LOCATING THE PRODUCTS AT THE STORE	-0.1564692
QUALITY OF SERVICE AT ORGANIZED RETAIL OUTLETS	0.1552908
HOW WELL IS THE PRODUCT ASSORTMENT	-0.1438768
IS THE CHECKOUT TIME TAKEN EVEN	-0.1436115
SERVICE PROVIDED THROUGH MEMBERSHIP CARDS	-0.1160198
VISIBILITY OF THE BILLING COUNTER	-0.0917975
VARIETY IN PAYMENT OPTIONS PROVIDED	-0.0795203
VISIBILITY OF DISPLAY OF MRP, DISCOUNTS,OFFERS	-0.0676744
HOW ISTHE TROLLEY SERVICE	0.0537689
IS THE PARKING FACILITY SATISFACTORY	-0.031059
HOW IS THE HOME DELIVERY SERVICE	0.0176733
Pooled within-groups correlations between discriminating variables and standardized c anonical discriminant functions. Variables ordered by absolute size of correlation within function.	

The correlation coefficient between discriminant score and variable quality of products available at the store is 0.51 (highest) while the rest carry lower scores. The variables that are at higher position have greater weight while discriminating between repeat store customers/ non-repeat store customers groups.

FACTOR ANALYSIS

ESTABLISHING THE STRENGTH OF THE FACTOR ANALYSIS SOLUTION

KMO and Bartlett's Test of Sphericity are used for establishing the strength of factor analysis solution. The results are shown in the table.

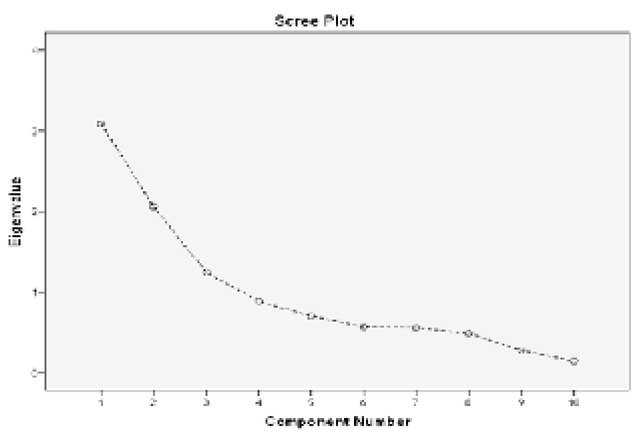
KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.662906937
Bartlett's Test of Sphericity	Approx. Chi-Square	2108.727873
	df	45
	Sig.	0

The value of KMO statistics is more than 0.5 which indicates that factor analysis can be used for the given set of data. Furthermore, Bartlett's Test of Sphericity testing for significance of correlation matrix of variables 'music playing in the store', 'fragrance inside the store', 'ambience and the merchandise colours and arrangement', 'visual display/presentation of products', 'displays and layout', 'altruistic nature', 'materialism', 'consciousness of your self-image, 'trusting branded products', 'brand showing up in the new arrivals section' indicates that the correlation matrix is significant as indicated by the p value corresponding to the chi-square stated is <0.05. This justifies the use of Factor Analysis for the problem.

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.08632	30.86324	30.86324	3.08632	30.86324	30.86324	2.85972	28.59715	28.59715
2	2.06043	20.60434	51.46758	2.06043	20.60434	51.46758	1.92372	19.23718	47.83433
3	1.24349	12.43491	63.90249	1.24349	12.43491	63.90249	1.60682	16.06816	63.90249
4	0.88608	8.86085	72.76334						
5	0.70369	7.03691	79.80025						
6	0.56470	5.64699	85.44724						
7	0.55549	5.55487	91.00211						
8	0.48419	4.84189	95.84400						
9	0.27587	2.75874	98.60274						
10	0.13973	1.39726	100.00000						
Extraction Method: Principal Component Analysis.									

The above table shows us that the extraction of actual factors was successful. Looking at the "Rotation Sums of Squared Loadings," column, we understand that the 10 factors meet the cut-off criterion. Here we see the presence of 3 factors whose Eigen value is more than 1. The column named "Percentage of variance" shows the extent of total variation which can be explained and provides an account by each one of the component factors. Here, the first factor accounts for 28.6% of the variability of the 10 factors and so on.

Communalities		
	Initial	Extraction
THE MUSIC PLAYING IN THE STORE AFFECTS MY PURCHASE INTENTION	1	0.612853821
IF I LIKE THE FRAGRANCE INSIDE THE STORE MY CHANCES OF BUYING BECOME GREATER	1	0.759636789
I SPEND MORE TIME IN THE STORE LOOKING AROUND, IF I LIKE THE AMBIENCE AND THE MERCHANDISE COLORS AND ARRANGEMENT	1	0.567332427
VISUAL DISPLAY/PRESENTATION OF PRODUCTS INFLUENCES MY BUYING DECISION IN THE STORE	1	0.575269497
GENERALLY YOU FOLLOW THE DISPLAYS AND LAYOUT TO FIND A PRODUCT	1	0.236618298
YOUR NATURE IS ALTRUISTIC	1	0.644252594
YOU ARE MATERIALISTIC PERSON	1	0.725485276
YOU ARE CONSCIOUS OF YOUR SELF IMAGE	1	0.513913395
DO YOU AGREE WITH "I TRUST BRANDED PRODUCTS" ?	1	0.887152084
DOES YOUR BRAND ALWAYS SHOW UP IN THE NEW ARRIVALS SECTION	1	0.867734848
Extraction Method: Principal Component Analysis.		



From the SCREE plot, we observe that the slope of the curve is levelling out after three factors.

Rotated Component Matrix			
	Component		
	1	2	3
THE MUSIC PLAYING IN THE STORE AFFECTS MY PURCHASE INTENTION	0.7824864	0.0108904	-0.021218
IF I LIKE THE FRAGRANCE INSIDE THE STORE MY CHANCES OF BUYING BECOME GREATER	0.812817	0.2768512	0.1493943
I SPEND MORE TIME IN THE STORE LOOKING AROUND, IF I LIKE THE AMBIENCE AND THE MERCHANDISE COLORS AND ARRANGEMENT	0.7506396	0.057987	0.0225867
VISUAL DISPLAY/PRESENTATION OF PRODUCTS INFLUENCES MY BUYING DECISION IN THE STORE	0.7580019	-0.0171033	0.020252
GENERALLY YOU FOLLOW THE DISPLAYS AND LAYOUT TO FIND A PRODUCT	0.459713	0.1561415	-0.030035
YOUR NATURE IS ALTRUISTIC	0.0800027	-0.3041526	0.7384737
YOU ARE MATERIALISTIC PERSON	-0.3124225	0.1757152	0.7726588
YOU ARE CONSCIOUS OF YOUR SELF IMAGE	0.2757216	-0.1857715	0.635122
DO YOU AGREE WITH "I TRUST BRANDED PRODUCTS"?	-0.2071435	-0.905688	0.1548322
DOES YOUR BRAND ALWAYS SHOW UP IN THE NEW ARRIVALS SECTION	0.1202367	0.9169248	-0.1119237
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 5 iterations.			

The Rotated Component Matrix table shows the factor loadings of each variable. On studying each row and highlighting every factor being loaded by various variables, it was concluded that the factors represent:

In the first row, the first 5 variables loaded strongly on Factor 1, which we called 'visual merchandising'.

In the second row, the last 2 variables loaded strongly on Factor 2, which we called 'brand behaviour'.

In the third row, the last 3 variables loaded strongly on Factor 3, which we called 'attitude of the customer'.

FINDINGS

From the analysis of the results and based on the literature review done keeping the objectives of the study in the mind, the following findings can be ascertained:

1. 303 of the 600 respondents experienced instant/unplanned impulse buying in the store. Price sensitivity impacted the product purchase of 364 out of the 600 people. 462 of the 600 respondents said that visual display/presentation of products in the store had an influence on their buying decision. 373 respondents said that more time they spent touching the merchandise, greater their chances of buying. 244 customers were influenced in their decision to buy more than what they intended to buy, the main reasons being attractive product display and good deal/offer with

the product. 166 respondents got to know about a new product arrival through the display of the product, 112 through announcements, 179 by enquiring from a salesperson and 143 by searching on their own. Of the 600 respondents, 166 preferred to follow the displays and layout to find a product.

2. When customers entered the store, 237 went straight to the products they wanted, 106 walked through the store as it led them, 163 did not follow any pattern, they just walked randomly and picked up products, 94 sought the help of a salesperson to navigate in the store. While looking for different offers in the store, 215 used signboards/drop downs, 84 got to know through promo areas (Melas, Celebrations), 134 through sales people, 91 through pamphlets and 76 through announcements.

3. Out of the factors that influenced customers to make more instant/unplanned buying decisions, 73 stated that they were influenced by the product arrangement, 231 were influenced by promotional signage, 95 were influenced with excitement to try a new product, and 89 were influenced by the display mannequin. This brought the conclusion that the visual merchandising of the stores was good. 162 respondents stated that the area near the cash counter was a place where they tended to make impulse purchases while 202 respondents made impulse purchases in promo areas (Melas, Celebrations). In terms of factors that influenced buyers' purchase decisions, 137 mentioned signs, graphics, etc., 116 attributed their buying decisions to lighting, 191 to music, 112 to fragrance, and 44 to colours.

4. Customers take a subconscious cognizance of the way goods are presented at the store. Impulse buying mainly depends on the personality traits of the shopper. Retail displays are very significant as the visual merchandizing makes or breaks the first impression of the potential customers. The store should be designed in such a way that the customer is able to easily locate his desired department and category. The colour of the merchandise and various divisions of the store definitely have a positive impact on the propensity of consumers' purchases. Gen Y customers are as active as the present and next gen customers when it comes to buying at the marketplaces, and frequent the stores mainly for groceries. Young customers tend to be more impulsive than older ones and they have a preference towards new experiences and the urge to make spontaneous purchases, whereas old shoppers may be better in their ability to control urges for impulsive purchases.

5. Customers who make impulse purchases have higher levels of enthusiasm, delight, joy and amusement. An impulsive purchase arises due to factors like stimuli, joy of shopping, impulsive nature and lack of self-control on part of the customer. Customers desiring high levels of self-esteem have a high tendency to purchase products impulsively as they derive a sense of pleasure from the process. A customer's attitude to enjoy shopping will have an effect on his impulsiveness and ability to stick to the buying list. Customers use a shopping list for controlling their expenditure at the store as well as making sure they are not buying items that are not in their plan which tends to make them exceed their budgeted spending. The store environment which includes layout, size of the store, ambience, cleanliness as well as format and marketing along with advertisements, has an impact on Impulse purchase behaviour of the customer. Innovations like instant credit availability, cash vending machines, and 24 /7 open retail outlets will propel purchases. Shoppers'

buying behaviour will be impacted in a positive or negative way due to the environment at the store. An organized retail store is designed with an aim to direct customers to places where items that are sought the most and give margins to the retailer, are put on display. Displaying the most sought after and highly sold products at the back of the outlet will compel the shopper to browse through the entire store and make him encounter as many unlisted items as possible. The layout should be designed in such a manner that it creates an ease of understanding and facilitates comprehension of customers about the distribution of various categories of merchandise across the store.

6. There are two major layouts observed in most retail outlets - the grid store layout and free-form layout. The grid store layout creates a feel of convenience for customers who like to pin pointedly locate the products they need with ease and also quickly browse through the store. Free-form layout provides the customers a path for free movement in desired areas, and due to the irregularity in its pattern, it is conducive for a relaxed shopping experience. Different areas in a store are given different preferences by different shoppers and they browse the store with varying speeds. Some areas in particular, draw greater customer attention than the rest. Retail managers must pay attention to checking-out counters as customers at this point are susceptible to impulse purchases. The layout should be designed in such a way that it evokes the necessary emotions in the customer, creates a sense of comfort when they are inside the store and also helps in differentiating the store from the rest. Interaction between salesmen and customers is an important marketing factor that improves the chances of customer purchase. The customer's intentions of buying are influenced by the way the customer reacts emotively to a sales person. Customers have the tendency of enjoying their shopping in the company of supporting sales persons with a friendly approach; they make a difference by making shopping fun and enjoyable through their service. Sometimes consumers have fun and enjoy shopping in the absence of an interacting salesperson even though appreciating his presence and availability, if needed. Training a salesman to guide and aid the customer will reduce the frustration of the latter and will activate his impulsive purchase behaviour.

7. The attitude and behaviour of employees at the store may sometimes make customers feel uncomfortable. Sometimes salespersons will show some attitude to compel the customer to purchase a product while providing little/no help to the shopper; in such a circumstance, the shopper may develop a tendency towards perceiving such an experience to be uncomfortable and unpleasant. The store's atmosphere can be used to stimulate pleasantness, which motivates the customer to purchase on impulse. Retailers perceive that store atmospherics is a helpful tool to generate an influence on the psychology of customers in enhancing their tendency to purchase. Environmental factors like store layout, playing music, etc. play an important role to enhance purchases. The in-store shopping environment has an influence on impulsive purchases; it is also established that discount coupons, gift vouchers, attractive displays at the store, advertising and promoting products, behaviour of staff at the store, etc. are significant factors. Allocation of shelf-space can be defined as allocation of total retail space between different products and their categories in a store. Positioning of the product and increasing its space occupancy in the shelves will translate into a rise in sales as its visibility is increased. A positive relation exists between area of shelf space occupied by an impulse brand and its

acceptance. Sight, sound and smell trigger desires and motivate customers to make impulse purchases. Sight, sound, smell and touch are the factors inside a store that affect the choices of customers. Colour will have a positive effect in influencing the purchase behaviour of the consumer, increase the time duration spent by the customer at the store and will enhance pleasantness and good feelings, which, in turn, will improve customer perception of the store.

8. Various colours generate a varied influence on the psychology of the shopper. White and blue symbolize cleanliness and calm; orange, red and yellow are good for creating stimulus and arouse the emotions of the customer. Very often, specific colours that are also extensively used in branding will be given preference by retailers. Some retailers use very few colours in order to prevent conflict with merchandise colours. Music has the capability to evoke a complex behavioural and affective response in customers and might have an impact on the time spent by them in the store and the quantity of products they purchase. A combination of two in-store cues – colour and music - arranged in the right proportions will have a positive effect on the customers' impulse purchase behaviour. Customers will spend more money and time if the store plays slow tempo music. Fast music fosters excitement and creates a vivid expression of enhancing purchase behaviour; slow music drives customers to make slow movements and hence, devote more time at the store. Music was successful in evoking a positive purchase response and influencing the purchase behaviour of shoppers in the retail store. Customers stay for long periods at the POP if there are pleasant stimulating cues of sight like well-designed architecture and lighting along with good cues for scents; they also appreciate the tangible feel of the products. This will increase the chances of the customer purchasing the product and also result in a rise in sales at the store.

9. Retailers should consider the products and service offered by them as also the customer category they target before choosing an ambient scent which will show consistency with the image of the outlet. Shoppers have a tendency to positively evaluate a retail store environment with an ambient scent and customers differentiate a scent on the basis of three attributes - its effectiveness (e.g. pleasantness of the scent), degree of arousal from the scent, and intensity of the scent. An ambient scent influences a customer's emotion and feelings; retail managers can use it as a marketing tool in-store to alleviate the mood of the customer. Chances of impulse buy are more in customers with a high tendency to touch the product than customers with low tendency to touch the product; if retailers invite them to feel the product by touching it, they are more likely to purchase it even if they don't have any prior plan of doing so before entering the store. Allowing customers to touch the products at the store, providing a free sample to know the taste of food, sniff the aroma to entice the customer, giving a free test drive in case of a luxury vehicle, enhances their desire towards purchasing on impulse. Promotions that are commonly used are a price cut, allocating more shelf space; POP displays, etc. Price cuts are classified into three categories - features, displays and pure price cuts. Features are a reduction in price; retailers announce them through a leaflet. As it is not an in-store option, it will not have an impact on impulse buying. Display is used to present a reduction in price of a particular product or a group. Pure price cuts imply slashing the price when compared to the actual price. Purchase of products impulsively by customers is influenced by advertisements and promotions inside the store. Promotions can be useful in persuading a customer

to buy a product and in making its visibility greater, and can help retailers to decrease the distance between the customer and the product. Price of the product is a determining factor in impulse purchases; customers have the tendency to be more impulsive when discounts are offered. Reduction in the product price, savings on cost, and promotional sales help persuade purchases that are not intended.

10. Product display positively affects unplanned purchases. Seeing a product that is put on sale will increase chances of an impulse purchase. Customers who undergo the impulse purchase process are attentive to displays in the store as well as products which are put in combo offers. Displays and posters at the point of purchase are cost-effective and enhance chances of impulse buy. Retailers generally resort to displaying products that are frequently purchased within short periods of time in a clear distinct manner. Shoppers are focused on visually appealing products at the eye level; displaying at this level will enhance the customer's impulse purchase in a significant way. Brick-and-mortar stores try to focus on development of effective store displays. Designing displays strategically helps increase impulse purchases by customers. Retailers should identify purchases that are made for a common need and see that they display complementary goods next to common goods. Display windows outside the store can be used by retail managers for serving as a tool for disseminating information and advertisements to prospective customers. Product aspects like greater number of uses, price and substitutes that come to the mind of the customer when he is in the store affect his impulsive purchasing behaviour. There are three product conditions which will be conducive to trigger an impulse purchase: The first is the customer's physical proximity to the product; presence of temporal proximity; and social comparability of the stimulus. A distinct shape, texture and colour may have an impact on the shopper's impression towards a product and act as an enhancement on his impulsiveness in making a purchase. Crowd condition will alter the psychology of the customer and will evoke a varied pattern in his behaviour. Perception of feeling the crowd at the store will vary with individual customers. More crowd density will cause a reduction in the ability of a customer to perform the desired actions. An overcrowded store may result in exerting a negative influence on customers' satisfaction levels, the total purchase count, joy of purchasing and also their opinion of quality of goods and services at the store. Thus it is better for retail managers to avoid a crowded store.

SUGGESTIONS

1. The focus must be on the merchandise. The aim of the display is to set the scene and make the products appear relevant to the consumer's needs. Space is an important consideration in visual merchandising. Customers don't like the feeling of being cramped or awkward, especially around the racks. Merchandise that moves will catch the eye, so it is better to have anything that moves –from clocks to toys to music boxes; take one out and set it up. The right choice of colours is vital. Sound will play an important role for creating the right atmosphere to attract buyers. Display themes to appropriately support the product.

2. Point-of-Sale materials like signs are necessary to boost messages about the products. Setting up the merchandise outside the store can create a sense of excitement and buzz: consider a "Street Fair" environment, with flags and balloons. Cleanliness is the most important aspect which cannot be ignored. Change the display settings at frequent intervals, preferably once a week.

3. There are no real metrics for measuring the effectiveness of visual merchandising. No accurate way is available to find out what works and what does not. One can only experiment. When product promotions are done frequently, putting increased efforts on visual merchandising will help to gauge the response of customers. Periodic monitoring on VM implementations can be a way to determine if the VM efforts are paying off.

4. Easily stored products are more likely to be purchased on impulse than products which pose problems when stockpiled. So retailers should facilitate methods of easy storage in order to make customers opt for impulse purchases of these products.

5. A shopper's decision regarding a purchase will be made according to norms and values of his reference group. Impulse buying is mostly influenced by reference groups that the customer follows. Reference groups consist of the customer's peers, family or people who the customer admires and would like to emulate. Lower levels of self-esteem will cause impulse purchases by customers to overcome this negative self-image. Purchases by such customers are made to overcome their vulnerability to the influence of various reference groups. Retail managers should focus on ways to reach these reference groups for positively influencing the customer towards making an impulse purchase decision.

6. Some retail stores place confectionary at the base level at the checkout counter where babies and kids pick them up and pester their parents to buy them, and in some cases, unknowingly put them in their mouth forcing the latter to pay up for the same. Retail stores can offer some newly introduced snacks and coffee free to the customers on occasions to create a warm cosy feeling in the customers.

7. Floor decor, light, scent, sound, room temperature, clean surroundings, wall texture and colours will come under the general interior stimulus category. A stimulating store environment will have an impact on emotions of customers. Continuous arousal and a stimulating environment will decrease the customer's self-control thereby resulting in him making impulsive purchases. A pleasant and stimulating store environment will enhance the impulse buying process. Visual merchandising plays an important role in inducing impulse purchases and the factors include colour, smell, lightning, sounds, packaging, etc.

8. Purchases made on impulse will create a sense of displeasure generated due to malfunctioning of the products bought at a high price; this leads to creation of negative emotions and feelings among the shoppers. So store managers must ensure that they are not putting low quality products on their shelves and should try to deliver maximum value to the customers for the amount spent by them at the store.

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