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Influence of Demographic Factors on Consumer Behaviour from Three Different Regions of Andhra Pradesh

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Abstract - **Retailing is not a new concept for a populous country like India. It has gradually heading towards Global Economic Superpower by 2020. The retail sector in India is expected to be the biggest beneficiary of this growth story. The retail industry in India is estimated to be Rs.31 trillion in size, contributing around 20% to national GDP. Food and Grocery sales had the largest contributions to retail sales in India, followed by apparel, jewelry and consumer durables. With an estimated size of over Rs.38,000 billion in 2015 the sector has grown rapidly at a CAGR -11% over the last 2 years – higher than the GDP growth of India during the same period. There are three key enablers in the development and growth of retail sector in India:**

1. **Infrastructure development**
2. **Capability development**
3. **Better education leading to high literacy rates**

Apart from the above the growth is supported by growing middle class population, growing literacy and urbanization leading to alternative income. On the other hand liberalization, Privatization and Globalization changed seller orientation to consumer oriented market which created awareness among the customers about quality products leads to quality life.

Index Terms - **Retail markets, growth, satisfaction, Organized retail formats.**

INTRODUCTION

The Indian retail industry is now growing in the line with IT and will soon transform large economies. The liberalization of the consumer goods industry, which started in the mid-80s, had sped up through the 90s and affected the structure and conduct of the retail industry.

Apart from retail growth in urban cities, there is also a major change observed in consumption patterns in people from smaller towns as people are moving beyond necessities and using products that were once sold only in urban areas. According to ASSOCHAM Survey, hit by high rentals and low footfalls, one-third of retailers of shopping malls from large cities like Mumbai, Delhi-NCR, Chennai, Bengaluru, and Kolkata are drifting to smaller cities.

Urban India accounts for 64% of its consumption 30% of the population. The number of urban residents is rising and will continue in the coming years. As markets in metro cities mature, retailers move to non-metros to meet the changing behavioral patterns brought about by an increase in the number of working women, increased earnings with a growing desire for luxury items. Despite the current inflationary environment, cities and towns are showing a powerful drive-in terms of market size. The markets are most likely to grow from US$5.7 billion to over US$80 billion in value by 2026.

Andhra Pradesh enjoys the right convenience and exposure to variety under one roof through its favorable policies attracting retailers. Though some shoppers perceive malls to be expensive and only the high-income category's cup of tea, the stores make constant efforts to induce them to at least visit the store at once during the same period, or discount offers. Most of these stores believe in creating a favorable relationship with them to convert first-time customers into a client and not just a marketing activity. It is important to understate the local consumer's needs towards shopping and their shopping satisfaction at different retail stores. A model was proposed to explain the customers' behavior factors, store-related variables, and their attitudes toward apparel products in determining store choices and selected the consumer market in NCR areas to reflect variations of market development, level of retail competition, including consumers' values and lifestyle.

OBJECTIVES OF THE STUDY

1. To study the recent developments in retailing in India with a view to know the trends in retailing
2. To study the influence of demographic factors on consumer buying behavior in organized retail stores.

REVIEW OF LITERATURE

1. According to B.V.Sangvikar and Hemant J. Katole, (2012), organized retail sector is growing rapidly and consumers are shifting to organized retail stores. Shopping habits of Indian customers are changing due to their growing disposable income, relative increase in the younger population, and the change in attitudes towards shopping.
2. According to Cherukuri Jayasankara Prasad, Ankisetti Ramachandra Aryasri, (2009), the shopper behaviour of food and grocery retailers change due to the change in age, gender, occupation, education, monthly household income, family.
3. Varsha Hemanth, Borgaonkar, in his study, "The working of Organised Retailing in and around Pune with reference to Food and Grocery, Apparel and Clothing", submitted to SavitriBai Pule Pule University in 30th January 2017, concluded that the organized retail markets are successful in satisfying the customers on certain aspects like basic food items, offers and discounts, availability of brands, ambience, parking, etc. He also stated that there will be no difference of age, gender and education qualification on selecting retail format. Income will have an effect on the selection of retail format.
4. According to Shailesh Pandey, and Dr. Vipin Chand Rai, the younger generation started choosing organized retailers in grocery and food retailers to popularize their private labels or brands
5. According to Rama Venkatachalam and Arwah Madan (2012) level of prices, quality of fresh groceries, display & hygiene, home delivery & credit facility provided by the organized retailers brought the change in customer preference while shopping grocery from organized retailers.
6. According to Ms. Monika Taylor and Dr. Dhiraj Jain (2013) both modern and traditional retailers will co-exist in India for certain period as both of them have their own competitive advantages. The Kirana stores have a low- cost structure, location advantage, and customer familiarity, whereas organized retail offers a mixture of product width and depth and a better shopping experience. Organized retailing is becoming a destination shop for buying fresh fruit and vegetable."
7. Naganathan Venkatesh (2013) in his paper has mentioned overall forecast from different researches have stated that retail growth will grow 15 to 20% over the next five years, based on strong fundamentals of macroeconomic conditions of India and its younger population rising disposable incomes and rapid urbanization. A key success factor for foreign retail investors is the younger population of India who are under the age of 25. A huge potential market is waiting to explore.

Demographic Profile of Consumers

"To study the influence of demographic factors on consumer buying behavior" was analysed by using thee analysis of the data obtained is through field survey. The relevant descriptive statistical tools like percentage method mean and standard deviation for the selected cities from three regions combinedly and individually presented and applied to the shopper characteristics like socio-economic, demographic and geographic variables presented followed by cross tabulation with Chi-square for shopper's demographic attributes, and situational factors presented in the questionnaire.

For the study a sample of 1201 has been collected from the selected largest cities of Andhra Pradesh. Six cities from Coastal Andhra Pradesh with a sample of 600, three cities from Rayalaseema with a sample of 300, and three cities from Northern Andhra Pradesh with a sample of 300 was taken for the study and a sample of 100 from each city are taken from the three regions.

Consumer Demographics

From the data it is observed that all the Grocery retail customers from the selected cities of Andhra Pradesh, majority of the respondents constitute an age group of 25 to 30 which is having 24.73%. Male constitute 57.4%and female constitute 42.6 % of the total sample of 1201 from all the regions. Respondents with income ranging from 10,000 to 40,000 mostly prefer the modern formats for their grocery. 81.7% of the respondents are nuclear families with 3 to 5 members prefer to purchase the grocery from modern formats

The respondents visiting the modern formats are mostly graduates with a percentage of 47.38 and are spending 3000 to 5000 on their grocery. Mostly salaried employees with a percentage of 37.8 contribute towards the purchase from organized retail outlets. From this data it can be concluded that employees, students, and self-employed people mostly prefer to modern grocery retail formats.

Consumer Shopping Frequency

From the data it is clear that the respondents are regular for their grocery shopping through modern retail formats. As the studies showed that the organized grocery shopping among the customers of Andhra Pradesh since 2005 majority preferred supermarket for their grocery shopping mainly for price discounts, availability of wide variety of goods and quality of the goods.

Consumer Influencing Factors

Most of the customers prefer organized grocery stores for price, product range, discounts and promotional schemes, services like home delivery, environment. And also with the influence of friends and kids.

Secondly 50%of the customers prefer grocery from the organised grocery stores and pay their bills by using debit cards and credit cards, privilege cards.

Influence of Demographics on Shopping Behaviour

Hypothesis: Shopper characteristics like average grocery bill are the predictors of shopping behavior

H0: Shopper characteristics like age, income, no. of family members, education, average grocery bill, Occupation are not the significant predictors of shopping behavior

H1: Shopper characteristics like age, income, no. of family members, education, average grocery bill, Occupation bill are the significant predictors of shopping behavior

ANOVA						
AGE		Sum of Squares	df	Mean Square	F	Sig
Quality and Service	Between Groups	12.389	6	2.065	2.837	0.01
	Within Groups	868.913	1194	0.728		
	Total	881.301	1200			
Price and Promotion	Between Groups	12.303	6	2.051	2.822	0.01
	Within Groups	867.484	1194	0.727		
	Total	879.787	1200			
Q17: Over all experience	Between Groups	44.149	6	7.358	5.998	0
	Within Groups	1464.799	1194	1.227		
	Total	1508.948	1200			
INCOME		Sum of Squares	df	Mean Square	F	Sig.
Quality and Service	Between Groups	73.309	5	14.662	21.684	0
	Within Groups	807.993	1195	0.676		
	Total	881.301	1200			
Price and Promotion	Between Groups	73.848	5	14.77	21.9	0
	Within Groups	805.939	1195	0.674		
	Total	879.787	1200			
Q17: Over all experience	Between Groups	107.229	5	21.446	18.283	0
	Within Groups	1401.718	1195	1.173		
	Total	1508.948	1200			
NO OF FAMILY MEMBERS		Sum of Squares	df	Mean Square	F	Sig.
Quality and Service	Between Groups	18.992	3	6.331	8.788	0
	Within Groups	862.309	1197	0.72		
	Total	881.301	1200			
Price and Promotion	Between Groups	25.802	3	8.601	12.055	0
	Within Groups	853.986	1197	0.713		
	Total	879.787	1200			
Q17: Over all experience	Between Groups	37.185	3	12.395	10.081	0
	Within Groups	1471.763	1197	1.23		

	Total	1508.948	1200			
EDUCATION		Sum of Squares	df	Mean Square	F	Sig.
Quality and Service	Between Groups	10.748	3	3.583	4.926	0.002
	Within Groups	870.553	1197	0.727		
	Total	881.301	1200			
Price and Promotion	Between Groups	34.191	3	11.397	16.133	0
	Within Groups	845.596	1197	0.706		
	Total	879.787	1200			
Q17: Over all experience	Between Groups	26.471	3	8.824	7.125	0
	Within Groups	1482.476	1197	1.238		
	Total	1508.948	1200			
AVERAGE GROCERY BILL		Sum of Squares	df	Mean Square	F	Sig.
Quality and Service	Between Groups	31.346	2	15.673	22.091	0
	Within Groups	849.955	1198	0.709		
	Total	881.301	1200			
Price and Promotion	Between Groups	35.551	2	17.776	25.224	0
	Within Groups	844.236	1198	0.705		
	Total	879.787	1200			
Q17: Over all experience	Between Groups	12.187	2	6.093	4.877	0.008
	Within Groups	1496.761	1198	1.249		
OCCUPATION		Sum of Squares	df	Mean Square	F	Sig.
Quality and Service	Between Groups	16.645	4	4.161	5.756	0
	Within Groups	864.656	1196	0.723		
	Total	881.301	1200			
Price and Promotion	Between Groups	16.096	4	4.024	5.572	0
	Within Groups	863.692	1196	0.722		
	Total	879.787	1200			
Q17: Over all experience	Between Groups	20.502	4	5.125	4.118	0.003
	Within Groups	1488.446	1196	1.245		
	Total	1508.948	1200			

Interpretation

From the above data it can be concluded that the impact of Age on overall experience, price and promotion, Quality and Service and the value of P=0.01 is less than 0.05. Hence, we can conclude that Age is an influencing factor for consumer buying behaviour, the impact of Income on overall experience, price and promotion, Quality and Service and the value of P=0.0 is less than 0.05. Hence, we can conclude that Income is an influencing factor for consumer buying behaviour, the impact of Education on overall experience, price and promotion, Quality and Service and the value of P=0.02 is less than 0.05. Hence, we can conclude that Education is an influencing factor for consumer buying behaviour, the impact of Average grocery bill on overall experience, price and promotion, Quality and Service and the value of P=0.0 is less than 0.05. Hence, we can conclude that Average grocery bill is an influencing factor for consumer buying behaviour, the impact of No. of family members on overall experience, price and promotion, Quality and Service and the value of P=0.0 is less than 0.05. Hence, we can conclude that No. of family members is an influencing factor for consumer buying behaviour, the impact of Occupation on overall experience, price and promotion, Quality and Service and the value of P=0.77 is greater than 0.05. Hence, we can conclude that Occupation is not an influencing factor for consumer buying behaviour.

CONCLUSION

The above Uni-variate ANOVA test conducted for each dependent variable predicts the impact of Age, Income, size of the family, Education on overall experience, price and promotion, Quality and Service. Hence it is proved that Age, Income, size of the family, Education is influencing factors of consumer buying behaviour. The statistical interpretations drawn from UNIVARIATE ANOVA, proved that customers demographic factors except occupation influences their shopping behaviour.

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