

Effect of Situational Factors on Store Attribute preference of Modern Retail Industry in Sri Lanka

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INTRODUCTION

Sri Lanka is evolving rapidly into a competitive marketplace with potential target consumers in the upper & middle class segments. Market trends indicate tremendous growth opportunities in the retail sector of the country along with the volatile behavior of consumers in the market place. In such a scenario, it is important for modern retailers to understand the consumer preferences with regard to different store attributes as influenced by numerous situational factors to strategically drive out the uncertainties that impact the customers' store choice decision, thereby generating a higher return on their investment in a modern retail store. The purpose of this study is to explore the effect of situational factors and consumer demographics on customer store attribute preference in the modern retail industry of Sri Lanka. Most of the previous retail research studies have extensively focused on store image and importance of store attributes such as variety and availability, Location, Pricing & promotions, customer service etc. in understanding the concept of store choice and store patronage behaviour of customers. Also, very limited number of studies have focused on the impact of situational factors set out by Belk's taxonomy (1975) namely task definition, perceived risk, physical surroundings, social surroundings and temporal aspects, on store format choice and purchasing outcomes from retail stores. However, the existing store choice literature has not address the impact of situational factors on store attribute preference of the retail customer. The study makes an important contribution as the first store choice study in Sri Lanka, addressing a future research area suggested by Jayasankaraprasad (2010) of the impact of situational factors on store attribute preference in the modern retail industry. The findings suggest that situational factors of perceived risk and physical surrounding have an impact on store attribute preference of the customer.

Whereas social surrounding is not a significant situational factor that affects the store attribute preference of the customers.

LITERATURE REVIEW

Leszczyc, Sinha, and Timmermans (2000) have shown that store choice is a dynamic decision and can be conceptualized as a problem of deciding when and where to shop. The role of store attributes in understanding the consumer store patronage decision is widely explored across the world. Attributes include reasonable prices and wide range of assortment, location of the store, nature and quality of stocks, in-store promotions, sales personnel, physical return and replacement policies, Store atmospherics, loyalty cards, non-retail tenant mix, and short waiting time/queue at the checkout, cleanliness, infrastructural services, special events, security and after sales services (Meeyai, S. (2015), Timmermans (2001), Solgaard and Hansen (2003), Nwagwu (2012), Prashar (2013),

Lavidge (1966) specified that buyer behaviors may be enacted only under specific conditions and necessitate situational investigations of intra-individual variability. Blackwell (1969) urged that both individual and situational factors must be considered in order to explain consumer choices. Belk (1975) and Mowen (1990) stated that consumer behavior can be explained by knowing and predicting situational factors. Past scholars indicated that situational factors do influence purchase intentions and behavior (Belk, 1974, 1975). The situational factors involve five categories: Perceived risk (Mitchell and Harris, 2005), task definition (Kenhove 1999), physical surroundings (Baker et al., 2002; Hyllegard et al., 2006), temporal aspects (Nicholls et al., 1997) and social surroundings (Beardon et al., 1989) that have a demonstrable and systematic effect on consumer store choice behavior, and can change consumer decisions once they are inside the store Jayasankaraprasad (2010).

Jayasankaraprasad (2010) examined the impact of situational factors on retail format choice decisions relating to kirana stores, convenience stores supermarkets and hypermarkets in the fast-growing retailing in India and concluded that situational factors impact differently for different store formats. (Radas, 2006) evaluated the impact of situational factors on shoppers' purchasing outcomes in the Croatian hypermarket and inferred that social surroundings, high perceived density and large-scale shopping were factors that significantly contribute to higher level of purchasing outcomes. Wysong, S. et

al 2012 in their study investigated whether or not consumers select brands and their brand personality based on two important situational variables: social visibility and situational involvement and the results indicate that depending on the situation and an individual's brand loyalty, consumers will seek different types of brands.

METHODOLOGY

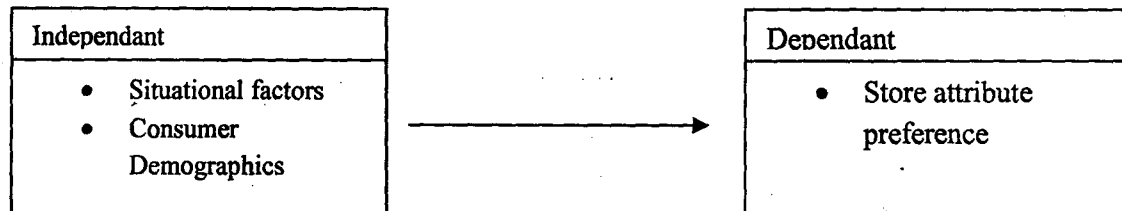


Figure 1: Research framework

Operationalisation

For the purpose of the study store attributes are defined as a combination of variety, Store environment, Store services, Price and value for money and Parking. Prashar (2013) B. E. A. Oghojafor, P. K. A. Ladipo and Kennedy Ogbonna Nwagwu (2013). Situational factors include Task definition Perceived risk Physical surrounding, Temporal aspect, Social surrounding. Jayasankaraprasad (2010). Demographic factors for the purpose of the study include Gender, Age, Marital status, occupation, family size, average monthly spending, Distance travelled, Mode of transport Jayasankaraprasad (2010).

Data collection procedure

Data was collected from 250 supermarket customers in the Colombo district to satisfy the minimum statistical sample requirement (40*5) by using the convenience sampling method. A self-administered questionnaire was developed using scales from previous studies which has been tested for reliability and variability. Data gathered were analyzed using IBM SPSS Statistics 23 software. Unit of analysis is modern retail customers.

Data Analysis

The demographic profile of the sample of supermarket customers taken for the study consists of 54 percent female and 46 percent male respondents of which 71.6 percent are

married and 28.4 percent are unmarried. 32 percent of the respondents are above 50 years old and 16.8 percent of them are between 40 to 50 years and rests of the respondents are equally divided into 20-30 and 30-40 age category. 69.6 percent of the respondents are employed and 10.4 percent are housewives. 61.6 percent of the respondent's family consists of 3-4 members. 35.6 percent of the respondents spend more than Rs. 20,000 per month on supermarkets where as only 10.8 percent spend less than Rs.5000 per month.

It was also noted that 40.4 percent of the respondents travel less than 1Km to shop in a supermarket while only 10.8 percent stated that they have to travel more than 5Km to shop in a supermarket. 55.6 percent of the respondents come to the supermarket by a four-wheeler and only 9.2 percent uses public transport for supermarket shopping whereas 11.6 percent and 10.8 percent uses three wheelers and two wheelers respectively

Gathered data has been cleansed by adjusting missing values by substituting them by mean values and all variables have been checked for reliability and variability with a Cronbach's alpha value of 0.875 for Dependent variable and 0.792 for independent scale variable. Two independent variables were rejected during the process namely Task definition and temporal aspect. The data set is statistically proven to be in line with the multivariate assumption therefore the study used the multiple regression models to develop a relationship between the independent and dependent variables.

FINDINGS/RESULTS

It is evident the statistical analysis has validated the research model of the impact of situational factors on store attribute preference. Percieved risk and phiscal sorroundings do have an impact on store attribute preference at 5 percent significance level which is inline with Belk's taxonomy (1975) with beta values of 0.196. Whereas socail sorroundings donot have a significant impact on store attrIBUTE preference. As it is an obvious fact inbuilt in Sri Lankan culture of grocery shopping behaviour that people don't go for supermarkets to meet people and enjoy socail gatherings.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.585 ^a	.342	.334	.33783

a. Predictors: (Constant), SOCIAL, Risk, SORROUNDING

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.624	3	4.875	42.713	.000 ^b
	Residual	28.075	246	.114		
	Total	42.700	249			

a. Dependent Variable: storeattribute

b. Predictors: (Constant), SOCIAL, Risk, SORROUNDING

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
		1	(Constant)	2.688		
	Risk	.196	.028	.376	7.124	.000
	SORROUNDING	.196	.030	.367	6.466	.000
	SOCIAL	.012	.025	.027	.483	.630

a. Dependent Variable: store attribute

CONCLUSIONS

The present findings contribute to the understanding of impact of situational factors on consumer store choice behaviour an area that has received scant attention within the current academic literature. It is concluded that the risk level as perceived by the customers during shopping, in terms of financial, psychological, performance, physical, time and convenience has an impact on store attribute preference during shopping.

Also, physical surrounding of a store as perceived by the customer has an impact on store attribute preference of the customer which is in line with the principle set out by Philip Kotler (1973) "place where products are bought or consumed can be more influential than the product itself". It is recommended for the modern retailers to drive out the potential risks a customer may perceive during shopping to enhance customer satisfaction and store patronage. Also, attention should be given to create an attractive physical surrounding to enhance customer store attribute preferences.

As the present research is a starting point for a new direction in studying the effect of situational factors on store attribute preference, it has encountered few limitations. This study is limited only to supermarket customers in the Colombo city of Sri Lanka. Also, the present study has not considered the psychological status of customers such as momentary



moods or conditions of buying like anxiety, pleasantness, hostility, fatigue, illness during purchase. Research also needs to examine the changes in situational factors over the period of time. Therefore, as a future research area it is suggested to do more comprehensive analysis of situational factors along with psychological factors that may have an impact on consumer store choice decision.

Keywords: Modern Retail, Store Choice, Situational factors, Store attributes, Consumer Demographics,

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