Factors Contributing For the Convenience Stores Sales in Tamil Nadu

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Abstract

The study of consumer behaviour helps one and all as every single one is a consumer. It is a fundamental concept for marketers to be aware of consumers, to stay alive and thrive in this competitive marketing environment. The role it plays in the human life is the key reason to study consumer behaviour. People these days spend their free time shopping in person or on the internet, which is the brain child of information technology, which helps them do the same at home. Therefore the extra time is usually passed in knowing and thinking about products and services, discussing with friends, peers, neighbours and discussing on social networking sites about them, and watching advertisements related to them whether they actually purchase the product or not. This in turn has increased the awareness in the minds of the consumers which in turn making them demand for what they want. In such a scenario the age old convenience stores are not just still in existence but also running successfully despite of the competition from the local developing departmental stores and super markets and also from the threat on new foreign entrants entering into the Indian retail market. This study deals with the factors that are enabling the growth and sustenance of convenience stores in the residential areas of Tamil Nadu, India.

Key Words: consumer behaviour, convenience stores, motivational factors
1. Introduction

Revolution and Change are two indispensable factors attached with human life. When we go through the history of economics with respect to products and production it is the manufacturer who decided what is to be given to the consumer but as decades and centuries passing by it the consumer who is now defining the needs and choosing what he wants. And the concepts that we are using or focusing on current day with respect to marketing are conceptualized in the past five to 6 decades. One such concept is the study of consumer behaviour which aids the manufacturer / marketer to get clues about what the consumer is expecting from them. Consumer behaviour is said to be an applied discipline as some decisions are significantly affected by their behaviour or expected actions. The behaviour of the consumer has the significant relationship to the standard of living of the population living in a particular area. Consumer behaviour a one component of this study and the other is convenience stores. The factors forming as a base of the relationship between these two components are discussed in this study.

2. Literature Sketch

Consumer behaviour is the study of how people buy, what they buy, when they buy and why they buy. The concept attempts to understand the buyer decision making process, both in terms of individual perspective and in terms of group purchase attitude. It studies the characteristics of individual consumers such as demographics, psychographics and behavioral variables in an attempt to understand people’s wants. The consumer buying behaviour can be basically classified into four basic types. That includes

- Routine response / Programmed Behaviour
- Limited Decision Making
- Extensive Decision Making
- Impulse Buying.

Here in the case of buying behaviour with respect to convenience stores Routine Response / Programmed Behaviour plays a vital role.

Routine Response / Programmed behaviour is a type of purchasing scenario whereby the purchaser of the product or service has past experience with purchasing it and automatically makes the decision to purchase again. Brand recognition and ease of having used the product earlier plays a routine part in Routine Response behaviour. It can also be labeled as habitual behaviour.

Consumer has a motive for purchasing every product. Motive is a strong sensation, urge, instinct, desire or passion that makes the buyer to craft a decision to buy. Buying motives are those influences or contemplate the impulse to buy, induce action or establish choice in the purchase of goods or service. These motives are generally controlled by economic, social,
psychological influences etc., Emotional Patronage Motives are those that persuade a customer to buy from specific shops, without any logical reason behind this action. He may be subjective for shopping in his favourite place. This is another reason why consumers move towards convenience stores despite of going to other super markets or departmental stores.

**Convenience Stores** are stores where consumer purchases frequently, immediately and with a minimum effort. A convenience store or corner shop is a small store that stocks a assortment of everyday items such as groceries, toiletries, soft drinks, snacks, vegetables, magazines, stationery and newspapers. They differ from the general stores and departmental stores in terms of quantity, instalment payment of purchase from the customer, purchase of products in loose that’s is lesser than the normal quantity like 10 gms of mustard, 100 ml of oil etc., and other such customised service etc., Indian convenience stores are different from that of the stores in American and European sub continent. There in other countries, a convenience store may be part of a gas/petrol station. It may be located alongside a busy road, in an urban area, or near a railway or railroad station or other transport hub. In some countries, convenience stores have long shopping hours, some being open 24 hours.

Convenience stores usually charge higher prices than ordinary grocery stores or supermarkets, which they make up for with convenience by serving more locations and having shorter cashier lines. But in Indian context convenience stores are widely spread in the residential areas as Indian buying behaviour is unique compared to the consumer behaviour in other nations. They are mostly unorganized retail units running business in a particular locality for more than a generation. These shops are opened early in the morning say 05:00 AM and closed around 10:30 PM. They are normally a part and parcel of the family.

Here in Tamil Nadu, India convenience stores are commonly known as Annachi Kadai, Nadar Kadai, Chettiyar Kadai Etc., since the business of convenience stores are commonly carried out by certain communities of people till date since few centuries back. These stores are placed near the residential areas and sell all products that are required for fulfilling the basic necessities pertaining to food, and other such miscellaneous stuffs. Product category diversifies from grocery till vegetables; stationery till personal care products etc., these stores could be called as a miniature version for hyper markets and super markets. They know the pulse of the consumers whom they meet every day as they live along with them in the same locality and it creates a boding leading to habitual purchase behaviour. The profit margin in convenience stores might seem to be less but it is actually higher because of the reduced fixed expense on employee’s salary – since owner is the employee and is more of a kind of a family business and rent – since convenience stores are normally located before the house of the
shop owner. When the fixed expense reduce there is obviously a increase in the profit though they sell products less than maximum retail price.

*Low Involvement / Low Thinking* model is involved with convenience stores purchase behaviour, it involves less in thinking and more of habitual buying. Products like stationery, groceries, food etc., fall under this category. Over a period of time any product can fall in this segment. The role of information is to differentiate any ‘point of difference’ from competitors. Brand loyalty may result simply from the habit. The strategy model is do-learn-feel. It suggests that marketers induce trial through various sales promotion techniques.

3. Research Methodology

3.1.1 Research Question

Regardless of the growth of super markets, departmental stores, and hyper markets entering in all most all cities and towns of the state there is still the growth of convenience stores all throughout the state. The key objective of this research is to have a primary understating on why consumers still prefer buying in the convenience stores, though there are many hi-fi stores that provide the same services with a few value additions. *What makes the consumers prefer these stores?* Is the research question of this study. Lists of factors were formulated and relationship between the ranks given by the researcher and the respondent is analyzed so as to understand consumers’ preference.

3.1.2 Research Model and Data Collection

A state wide primary research was conducted to understand the key points involved in analyzing the reasons or motivational factors involved in the convenience store purchase behaviour. 1500 samples were collected with the help of questionnaire from the people living in around convenience stores in various parts of residential areas throughout the state which covered a majority of employed middle income group. The questionnaire had two parts the first part had a list of factors that urge them to buy from convenience stores and the respondents were asked to rank them according to their view. The second part had 6 points that were given with a check box, which had a few additional factors that motivated the consumers to buy from a nearby convenience store. The six points include:

- Meeting the peers and friends
- Personalized service
- No transportation expense
- Convenient purchase time
- Availability of both branded and non branded products
- Only fresh products
These points are the additional factors that have added advantage for the attraction of consumers towards convenience stores, the importance of this vary according to the consumer’s preference towards the same.

The snowball sampling method was used to carry out the study. The data collected is interpreted through Spearman’s Rank Correlation.

### 4. Results and Discussion

<table>
<thead>
<tr>
<th>S. No</th>
<th>FEATURES</th>
<th>RESEARCHER’S RANKING (r)</th>
<th>RESPONDENT’S RANKING (r1)</th>
<th>D = (r - r1)</th>
<th>D^2</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>LOCATION OF THE STORE</td>
<td>1</td>
<td>3</td>
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<td>4</td>
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<tr>
<td>2</td>
<td>APPROACH OF THE RETAILER / SALES MAN</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>PRICE (With respect to discounts)</td>
<td>3</td>
<td>5</td>
<td>-2</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>PAYMENT (Monthly / weekly payment)</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>QUANTITY</td>
<td>5</td>
<td>7</td>
<td>-2</td>
<td>4</td>
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<tr>
<td>6</td>
<td>PRODUCT QUALITY</td>
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<td>4</td>
<td>2</td>
<td>4</td>
</tr>
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<td>7</td>
<td>DOOR DELIVERY</td>
<td>7</td>
<td>6</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>8</td>
<td>STORE LAYOUT</td>
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<td>9</td>
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<td>9</td>
<td>VARIETY OF PRODUCTS AVAILABLE</td>
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<td>10</td>
<td>-1</td>
<td>1</td>
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<td>10</td>
<td>PROMOTION</td>
<td>10</td>
<td>11</td>
<td>-1</td>
<td>1</td>
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<tr>
<td>11</td>
<td>PACKAGEING (For Non-Branded products)</td>
<td>11</td>
<td>8</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td></td>
<td></td>
<td>0</td>
<td>34</td>
</tr>
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</table>
Spearman’s Rank Correlation is calculated as under

\[ r = 1 - \frac{6 \sum D^2}{N(N^2 - 1)} \]

That is

\[ r = 1 - \frac{6(34)}{11(121-1)} \]

Spearman’s rank correlation = 0.84545

5. Inference:

The value of Spearman’s rank correlation = 0.84545, which is closer to 1, it could be brought to the point that the researchers view about the influential and motivational factors with respect to buying behaviour in convenience stores are close to each other.

Chart: Additional Factors Involved In Convenience Store Purchases Decision

Convenience stores located in the residential areas not just shopping points but it does acts a common meeting locality with no membership fees. Not that all consumers opt for branded grocery items other such items. India being a nation with majority of middle class people they opt for better quality products, lesser quantity at a desirable or cheap price. These
attributes are satisfied by a convenience store as they have higher margin with diversified products.

6. Findings and Conclusions

Indians specifically populace from Tamil Nadu are more of a kind of emotion driven and they get attached to routine activities quickly and easily. That could be noticed in this study also, as the approach of the retailer / salesmen has got the first rank as per the research. The relationship the retailer maintains with the consumer is most crucial factor with respect to sales. The rude behaviour from the seller’s side would simply make him loose not just one consumer but the negative Word of Mouth makes him loose his complete business.

Middle class set comprise of the majority of population in Tamil Nadu they are mostly employees who get salary on the first week of the month and that is the period when money is actually present in their hands. The other this is that the consumers of this class buy products in smaller quantity and they make a note of it and make payment collectively of their purchase and that is why payment has obtained the second position in the list. Convenience stores are known for their location advantage. The ease of access since it is in the residential area is the key for its sales. Perfection is the significant element for Indian house wives and quality of the product is of no compromise to them.

Like the importance on quality, the consumers look in for a cheaper price too. Get a product at a reduced price adds a star to them among their peers and bargaining can happen only in small stores and knowing that the store holder offer them discounts in their store loyalty not just to encourage them but also to increase their turn over by positive Word of Mouth. This reduces the promotional expense for the store owner.

Store layouts, variety of products available, promotion are of least importance to the consumer as per their ranking. This is because convenience store are small stores wherein it only the store owner who toggles between products and not the consumers, they look in for neatness but size and placement of products are of no importance to the consumers as per observation. Then coming to the Variety of products the store owner knows very well about the individual preference of the consumer as the visit the shop on day to day business. And they buy the same product at different intervals so they do not bother about the variety of products available. They just stop with their satisfaction of needs. Promotion about the shop is not a matter for the local residents as they had been consumers of the shop for ages and no one or nothing is new for them to have a separate promotion rather they act as a promoter for the shops business with or without their knowledge most of the times.
There is a high degree of change in the factor Packaging (for non branded products), this is due to the reason that products brought in small quantities are packed and given with paper (new paper) packets which gets damaged quickly and easily. The respondents mean ranking was 8 whereas the ranked fixed for it before conducting the research was 11.

The primary research was conducted in this study to understand the preferential factors for the success of convenience stores in the residential areas with respect to consumer preference.

Though there are many departmental stores and super markets spread widely all throughout the state, the convenience stores are functioning like as if they are not affected by this organized retail competition. This is because the needs and wants of the human entity is growing day by day and there is no end for the basic necessities pertaining to food and living. Perishables can be used only in limited quantities as per need and cannot be stored in large quantities. If they could be stored also the middle income group cannot afford to store large quantities.

Necessity is the Mother of Invention. Convenience of buying in smaller quantity, at a affordable price with less effort has lead to the growth of convenience stores and adding the above motioned additional factors have lead to the on growing growth of this unorganized retail business.

References