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University of Sindh, Pakistan

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ARTICLE

Preferential Attributes In Consumer Buying Behavior At Retail Megastores In Karachi

Javed Ahmed Chandio
University of Sindh, Pakistan

Abstract

Retail mega stores are common in developed countries. In Pakistan this is a comparatively recent development. It was assumed that the consumers and their buying behavior are different in these stores as compared to small retail stores in the local vicinity of the customers. This study focuses on some major factors influencing customer buying behavior. Hypotheses were framed and tested through survey research. A total of 100 respondents were interviewed using predesigned questionnaire that had a number of pre-selected attributes for store preference. It appeared that the economy was not the main reason for shopping in these stores despite the fact that the shops are economical. Location of the store in close vicinity and parking space were important attributes were found to be preferential attributes for consumer buying behavior in the retail megastores that were surveyed.

Introduction

Retail megastores are common in developed countries. They have shifted the trend of the retailing industry all over the world. The trend is now coming to the developing countries like Pakistan. This recent development is changing the buying behavior of general consumers in big cities like Karachi. Pakistani retail industry – following its counterparts in the developed world - is also adopting new formats by offering a wide variety of quality products and in large quantity under one roof with a pleasant ambience. This initial shift has been taken place from the conventional road side shop to large super stores, offering a large number of grocery products under one roof which has a good and pleasant environment.

In view of the different quality and variety of products, these stores are shifting the retailing industry in Pakistan altogether. Now people are looking for better quality and variety of products under one roof with a nice ambience. Today, the grocery shopping is not just to go and buy the routine items for daily use of the household instead, it has become an outing as well. Consumers in Pakistan not only look for grocery items but also a place, where they can spend their time in a pleasant environment. The main purpose of this research is to find out the different drivers, which are forcing the current consumer to go to retail megastores for shopping and their relationship with the purchase value of the consumers. To find out the relationship between purchased value and shopping behavior of the consumer, different variables can be considered as drivers of consumer buying through the retail megastores. These drivers can be: low prices, variety and availability of different products, location, parking space and service quality of these stores as well as the visitors’ convenience. Although these retail megastores are providing new trends,
shopping experience adoptions for the consumers, it needs to be appreciated that the buyers and sellers are undergoing an evaluation phase having no stable decision making factors in their minds. This may result in a totally different set of attributes for retail megastore preference in the future.

Consumer buying trend has changed over time, more so during the last decade. However while the changes in urban areas are quite obvious, rural areas are still being served by traditional kiryana stores. The change is more in terms of family business and the traditional kiryana stores, which offer a high level of personalized services to their customers. Moreover the increase in general stores as well as utility stores was also observed. These were introduced by the Government of Pakistan to provide daily grocery items at low prices to the public. The main emphasis of utility stores is to fulfill the utility needs of the layman consumer at competitive prices. Then, the emergence of new formats like super stores, which offer bigger range of products and variety of formulations from kitchenware to doormats, cosmetics to stationary, vegetables and fruits to poultry and chicken, and clothes to household appliances, under one roof with ambiance being a critical and essential part of the concept.

The objective of mega stores is to provide all sorts of products not only to small households but also to small institutions like hospitals, schools and the catering business as a one stop solution at affordable prices. This trend is spreading fast and is welcomed by developed countries as well as being accepted by the Pakistani consumers. This retail shift is expected to have a very positive and profound impact, not only on working individuals and families, but also on small institutions and business. This retail trend is also expected to increase ease of grocery shopping for small consumers in Pakistan who have lesser time and money as compared to the conventional mode of grocery shopping. However, the literature is very scarce regarding how this new trend of retailing is affected by consumers. The main purpose of this research is to find out the different attributes which will encourage consumers to go and shop in mega stores.

Research objective

The objective of this research is to find out the relationship between the purchase of items by the consumers and different variables of the mall. In addition to this, it aims to highlight the following factors which may affect the consumer buying behavior inside the retail mega stores:

- income level;
- family size;
- variety of products;
- availability of products under one roof;
- location of store;
- ambience of the store;
- parking space outside the store.

Hypothesis

H1: Economy is a major factor influencing consumers to purchase in retail megastores.
H2: Size of the household is a major factor influencing consumers to purchase in retail megastores.
H3: Variety of products is a major factor influencing consumers to purchase in retail megastores.
H4: Availability of the products under one roof is a major factor for visiting the retail megastores.
H5: Location of the store is an important factor for visiting the retail megastores.
H6: Ambience of the store is a major factor for visiting the retail megastore.
H7: Parking space outside the store is an important factor for visiting the retail megastore.

Literature review

Over the last few decades, the retailing trend has changed dramatically all over the world. This change has taken place from small roadside shops to large super stores and mega stores. One of the main reasons for this development is the value of time and money saving that large scale stores provide to their customers. This concept is referred to ‘one-stop-shopping’, which means that customers can buy everything at one location. (Hallsworth & McClatchey, 1994; Fernie, 1995; Kaufman, 1996; Messinger & Chakravarthi, 1997). Due to the current economic situation of the world, which has forced women along with men to join the workforce for fulfilling their routine expenses, one-stop-shopping concept has gained greater significance and people prefer to purchase everything at one place. Nowadays, female workers have joined every field and line of work, which, as a result, has increased the disposable income of families but at the cost of shorter time. Now both the partners of a family have less time to spend on purchasing of grocery items. This change had to be catered by the new retailers, and they did it by introducing the idea of big malls, which offer all kinds of products under one roof with attractive ambience and competitive prices. Due to the offering of large number of products by super and mega stores, the trend of one-stop-shopping has significantly increased (Messinger & Chakravarthi, 1997).

One study (Leszczyc et al 2000) has mentioned significant reduction in customer visit to the local grocery stores, mainly since there is an increased need for buyers to best utilize their shopping time. Now single purpose shopping trend of consumer has changed into multipurpose shopping behavior. People prefer to make their trip multipurpose instead of single purpose due to the short time available and they are not only saving time but also the cost of transportation by reducing the trips and purchasing large number of goods in one turn. Retailers also have foreseen the shifting trend and have changed themselves accordingly by providing large number of products from vegetables to meat, kitchen ware to doormats and stationary to cosmetics with pleasant and good ambience under one roof; allowing consumers to purchase multiple products in one go and make their trip multipurpose (Jones & Douce, 2000). This shift from the retailers’ end has increased the number of large stores and customers have to decide which store to select for shopping between different types of stores which can fulfill all of their requirements under one roof.

While there are small local retail outlets at community living areas serving the community at large by offering desirable quality products that the end users demand at the same time the mega stores offer a convenient shopping experience at competitive market prices under one roof. These mega stores differ in their product variety, location and competitive pricing strategies and also to a great extent facilitating multipurpose shopping (Leszczyc et al 2000). The authors found that the choice for store is mainly a purposeful activity in a single retail outlet which the consumers visit. Appropriate location is developed based on the premise that consumers visit nearby stores offering competitive prices. This includes cost of traveling in terms of distance and time.

It has been found that shopping is a gender specific activity (Peter and Olson 1999). Men and women differ in their behavior while they go out for shopping. Their values also differ for a variety of reasons (Dittmar et. al., 1995, 1996). For women window shopping is an activity itself
while for men it is more based on essential activity and done under necessity and compulsion. Therefore shopping has been termed as a female typed task (South and Spite, 1994). Erkip (2004) confirmed this finding through another study. He found some positive factors in gender relationship and shopping.

For more than three decades researchers have been trying to find the answer to whether the poor pay more than higher income groups for food. The findings of different authors (Kaufman et al 1997) indicate that the results are mixed. Poor visit shops where prices are at a lower side as compared to their other counterparts. Their choices are also limited in terms of offerings. Cost, quality and convenience are the main trade offs (King, Leib tag, and Behl, 2004) while making a buying decision for consumers.

It has been seen that low income group are much more selective in purchasing and are also very price sensitive. They are looking for the products and stores that can fulfill their needs at a lower cost. They are disloyal customers and their preferences change quickly according to the offer of a specific store, and also in accordance to their disposable income. In Pakistan, this segment of the customer constitutes a large part of the target market and need to be handled efficiently. Pakistan is a developing country and wage rates are very low, although much better than those in other developing Asian countries like India, Bangladesh etc. and therefore, a large portion of the target market has very low disposable income, which forces them to change their shopping pattern very quickly. Therefore, small road side conventional shops cater to their needs very effectively and they prefer to visit these shops, where they can buy all grocery items in as much quantity as they need.

For the purpose of focusing and optimizing resources and capabilities retailers offerings need to be matched with the needs and wants of consumers. Retailers having low priced goods usually do not tailor their offerings for a better margin or high price. This segment is taken care of by other kind of super stores. The small retailers prefer to cater limited market segment with fewer products but offering better services to their customers. They do market their private brands as well which are less likely to differentiate by their customers in terms of value. It is therefore more likely that the ultimate decision making factor would be price rather than anything else.

It has been found that buyers’ buying behavior based on price has some impact on shopping frequency. Buyers are supposed to buy fewer items if the prices are high and more items if they are less. Similarly if two stores have the same average price, buyers would prefer to shop at the store with high variability in price. The phenomenon is common in retail industry. Thus a higher mean price is indicative of high variability in price of products and vice versa (Ho, Tang and Bell,1998)

Retailers offering complete services with commitment offer a wider variety and assortments of products. This includes low turnover products as well. In this case the seller sacrifices efficiency for providing better services to the customers. Private brands are favored in case of narrow assortments where specialty items are usually eliminated including national brands of different sizes and flavor (Dhar and Hoch 1997). Due to time constraints customers prefer to buy things of their choice under one roof. It is not unusual that retail megastores own brands fulfill the customers need in a unique way. This also minimizes customers risk when they go for unknown brands from unknown manufacturers. These attributes were substitute for the reseller’s efforts and commitment. The product categories represent different variety of food products. The megastores operate through adaptable policies including adherence to quality control, branding.
and premium line (Dhar and Hoch 1997). It has also been noted that in the presence of store brands the consumer become more price sensitive. Once the megastore introduces its own brands, the known brand manufacturers remain more flexible on price as well. It has also been found that as a consequence of introduction of the store brands, the margin of profit of the known brands also increases. We have also found that the sales of national brands remain unaffected after the launch of store brands. At the same time buyers were found to be more price sensitive. A certain degree of elasticity was found in the preference of store brands. (Chintagunta, Bonfrer, 2002). Thus it is essential for the retailers that they appreciate customers need before introducing their own private brands.

Dawson (1983) considered location as the single most important factor for the success of a megastore. Such a location should have easy access to general public, well connected through transport and car parking should be available. At a macro level, the government’s planning and support play an important role as well. However, sometimes developers do face problems with land availability. In such cases, integration with existing building structure is usually done (Guy 1994). The planner should keep in the mind two major factors; the consumers’ preference for the megastore and retailers choice to open a megastore in that location (Dawson 1983). It is quite obvious that all megastores do not have the same freedom of planning in layout and designing due to space limitations (Kirkup and Rafiq 1999). The retailer may operate at a number of places to attract more customers, but this would cost more and may make the entire operation costly and less profitable (Betancourt and Gautschi 1988). Sometime the megastore operators do think that they do not need marketing because of its good location (Kirkup and Rafiq, 1999). The marketing task for megastore operators includes offering better services, make the access more convenient to desirable product mix, well managed environment, satisfying the safety needs as well as leisure experience. It has been seen that the retail parks, better destinations, high streets, access, mix, environment etc. are commonly preferred characteristics for services (Cowell 1984). Kirkup and Rafiq (1999) think that accompanying goods and services do play some role in marketing of the megastores. Yard et al (2007) suggests that the importance of mall image by effective internal marketing should be communicated to the employees by the management.

This is consistent with LalandRao's (1997) study which shows that promotional stores are perceived as having higher levels of service (i.e., they impose lower inherent costs on shoppers). It has been described in one research done by IBM business consulting services (IBM 2004) that today’s customers want convenience. They are willing to place a high premium for their ease of shopping and they are ready and willing to embrace new technologies and in store services which are relevant and can increase their particular shopping needs. Therefore it has been concluded that the most successful retailers of the future will foresee their target customers’ needs and align their marketing, staffing, services and merchandising strategies according to their customers’ requirement.

There will be a limited impact on any change of the services quality (Leszczyc et al 2000). Those who make less number of trips to the megastores and try to economize their shopping will also be influenced with the services quality. Some authors (Kaufman et al 1997 and Kaufman 1996) opined that economizing strategies were also followed by low income shoppers. Since they remain willing to compromise on quality of services they do receive fewer of them in practice. Ambience was an attribute for which assessment was done. The attribute was discussed by some authors. (King, Leibtag, and Behl, 2004). According to them, ambience is able to attract
buyers in the new stores. But their purchasing due to this reason appear to be low resulting in low profitability from the consumers. According to Kirkup and Rafiq (1999) marketing of the mega stores need to be done in two stages. The first stage the overall location, design followed by market positioning that need to be done at the time or before the store is opened. They play a very important role in the success of the megastore. This becomes a clear basis for differentiation. One of the key factors is to project the external image and authority in terms of visibility, signage and cladding (Guy, 1994).

However, there is a feeling that glamorous design has its limitations though its maintenance has a long term impact on service charges for retailers. (Morgan Grenfell Laurie, 1989). McGoldrick and Thompson (1992) opined that a high design attribute of the megastore may convey an inappropriate price signal more so when the trading environment is difficult. Kirkup and Rafiq, (1999) emphasized the need for managing the process to obtain customer services. The authors emphasized user friendliness environment to minimize shopper’s effort. The design should meet both the requirements: consumer’s social satisfaction and retailer’s profitability (Dawson, 1983). Dawson also referred the study of Messinger and Narasimhan (1997) in which it is mentioned that megastores are difficult to negotiate and therefore shopping cost may rise. A user friendly intelligent layout of the store may help the buyers to shop in less time. Parking is a major attraction and in this regard suburbs or out of town megastores have the advantage.

Therefore, vast parking areas are a very important factor to be considered while selecting a mall for shopping. It has been seen that all small and medium size stores like super stores always have small parking space or the front road of the stores is used as the parking space as compared to megastores, which have their own free large parking space available with all the security and proper in-out ways. In order to attract customers, it is very important to have a large parking space. Since there is a large part of the customers that come by car in mega stores, it is important for superstores to be accessible and provide generously parking space in connection to the store location.

Time optimization is one of the reasons for change in grocery shopping. This may be because time demand in individual household has increased substantially, more so in the advent of computer and internet. Thus multipurpose shopping trips are common and large quantity of items go with it. (Leszczyc et al 2000). Due to this factor need of buyers and retailers has synchronized to a great extent. Thus single stop multipurpose shopping trip is common (Jones&Douce, 2000). In line with this concept grocery stores have been converted to superstores providing customers the opportunity to buy clothes, toys, drugs, crockery under the same roof. Leading megastores like Walmart are following the same concept. They are offering wide variety of grocery products for their common buyers. It is the largest grocery retailers in the world (Supermarket news 2010). Other megastores are following Walmart. Sometime these large stores have facilities that enable customers to indulge in other activities rather than just to purchase grocery items. According to previous study authors (Leszczyc et al 2000) they assumed that buyers may be divided into different segments based on their time utilization, price and the shopping strategy used. Lal and Rao(1997) rather differed with this idea and proposed that buyers may be divided into two segments: time constraint shoppers and cherry pickers. Galata, Bucklin, and Hanssens (1999) further divided the time constraints shoppers into service seekers and non-service seekers. Umesh et al (1989) found that time sensitive buyers buy substantially more in a single visit as compared to others.
Sampling and methodology

A predesigned multiple choice questionnaire was used as the research instrument to collect the primary data. Two retail mega stores Metro in Gulshan e Iqbal and Macro at Malir were visited and 100 questionnaires were filled up (50 at each store) to determine the major factors influencing consumers to purchase from these retail megastores. Socio-economic attributes of the consumers were included which influence them to visit and buy. The following variable attributes were included for the survey:

- Income level
- Family size
- Reasons for visit
- Availability of the products under one roof
- Location of the store (close vicinity)
- Ambience of the store
- Parking space.

The questionnaire used for this survey was developed based on Booms and Bitner’s (1981) 7Ps services mix. The questionnaire was used to get the socio-economic information of customers of Metro and Makro stores. They were also asked specific reasons to visit and shop. The information about all the variable attributes were collected through a questionnaire, consisting structured questions. Data were collected through store intercept (exit interviews) from customers, while they were leaving the stores. Respondents were randomly selected from Metro and Makro stores located at Gulshan e Iqbal and Malir respectively.

Limitation of the project

The sampling was based on convenience and therefore chances of error remain. Total number of respondents were also limited. Timing of the survey was limited to evening only. Thus we have no idea about the shopping trend during day time. It was assumed that most of the shopping is done in the evening but this could not be substantiated due to lack of data. The data shows that some retailers and wholesalers also visited the stores and their buying was substantially higher than the general consumers. This aspect was not undertaken at the time of designing the survey. All the retailers and wholesalers were met during 4-5 PM time leaving the chances that more resellers would have visited the stores during the earlier part of the day time. It is therefore assumed that resellers do form a part of the buyers of these retail megastores. Quantification cannot be accurately given due to limitation of the survey in terms of timing of the interviews.

<table>
<thead>
<tr>
<th>TABLE 1:</th>
<th>Income level of the household</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No n= 50</td>
</tr>
<tr>
<td></td>
<td>METRO</td>
</tr>
<tr>
<td>Less than Rs. 30,000 (Lower middle)</td>
<td></td>
</tr>
<tr>
<td>Rs. 30,000 – 59,999 (Middle middle)</td>
<td>16</td>
</tr>
<tr>
<td>Rs. 60,000 – 89,999 (Upper middle)</td>
<td>25</td>
</tr>
<tr>
<td>Rs. 90,000 – 119,999 (Lower upper)</td>
<td>9</td>
</tr>
<tr>
<td>Rs. 120,000 and above (Middle upper and upper upper)</td>
<td>50</td>
</tr>
</tbody>
</table>
Analysis for Table 1

The question was related to income level. As high as 64% of the respondents were of lower upper income group. All of the respondents had a household income level of 60,000 and above. The findings are being analyzed as follows. It goes beyond doubt that shopping at these megastores is economical. But the very people who need economical buying do not visit these stores. While the well-off families are frequent buyers, the highly affluent class is not frequent visitors. The finding suggests that economy is not the reason for visiting these stores.

<table>
<thead>
<tr>
<th>FAMILY SIZE</th>
<th>METRO 50</th>
<th>MAKRO 50</th>
<th>TOTAL 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 or less</td>
<td>33</td>
<td>29</td>
<td>62</td>
</tr>
<tr>
<td>3-5</td>
<td>33</td>
<td>29</td>
<td>62</td>
</tr>
<tr>
<td>6-8</td>
<td>17</td>
<td>21</td>
<td>38</td>
</tr>
<tr>
<td>9-11</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 or more</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>50</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Analysis for Table 2

The finding shows that as high as 62% of the respondents have 3-5 members in the family while 38% have 6-8 members in the family. This finding also suggests that economy is not the main reason for shopping in these megastores since larger families need more economy as compared to smaller ones. Household having big families do not come to these stores for shopping. Thus H2 (Hypothesis 2) mentioning ‘bigger size of the household is a major factor influencing consumers to purchase in retail megastores’ is rejected.

<table>
<thead>
<tr>
<th>NATURE OF EMPLOYMENT</th>
<th>METRO</th>
<th>MAKRO</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed with multinationals</td>
<td>21</td>
<td>18</td>
<td>39</td>
</tr>
<tr>
<td>Employed with big local firms having more than 100 employees</td>
<td>23</td>
<td>22</td>
<td>45</td>
</tr>
<tr>
<td>Self employed (retail stores)</td>
<td>6</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Self employed (Wholesalers)</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

Analysis for Table 3

As high as 39% of the respondents were employees of multinational while 45% employed with medium to big organizations having 100 or more employees. Remaining 16% were self-employed having their own retail or wholesale stores. It is important to mention that the interview timing was 4 PM to 10 PM and all the retailers and wholesalers were interviewed.
between 4-5 PM leaving a doubt that such people do visit the store at earlier part of the day. There were no wholesalers/retailers in both the stores after 5 PM. According to our analysis, 16 percent does not appear to be representative sample of the total visitors. To ensure the proportion of such buyers another survey is needed expanding to the entire day for interview.

### Analysis of Table 4

A total of 22% of the respondents mentioned that they visit the stores for economy and 78% did not opt for economy as a major reason for shopping in these megastores. Thus H1 (Hypothesis 1) mentioning 'economy is a major factor influencing consumers to purchase in retail megastores' is rejected.

A total of 11% of the respondents mentioned that they visit the store for variety of products while 89% of the respondents did not opt for this reason. Thus H3 (Hypothesis 3) mentioning 'variety of products as a major factor for visiting these stores' is rejected.

As high as 70% of the respondents mentioned that they visit the store for availability of products under one roof. This correlates with hypothesis 4. Thus H4 (Hypothesis 4) mentioning 'availability of products under one roof is a major factor for buying from these stores' is accepted.

Location of the store (Close vicinity) was considered a major factor for visiting these stores by all of the respondents. Thus H5 (Hypothesis 5) mentioning 'location of the store is a major factor for buying from these stores' is accepted.

A total of 16% respondents mentioned that ambience of the store is a major factor for visiting the store, while 86% did not opt for this attribute. Thus H6 (Hypothesis 6) mentioning 'ambience of the store is a major factor for visiting these stores' is rejected.

As high as 100 percent of the respondents replied that 'parking space is a major reason for visiting these stores'. Thus H7 (Hypothesis 7) is accepted.

### Conclusions

We derive the following conclusions from this research study:

---

**TABLE 4**

<table>
<thead>
<tr>
<th>Preferable attributes for visiting the retail megastores</th>
<th>n=50</th>
<th>n=50</th>
<th>Total 100</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Metro</td>
<td>Makro</td>
<td>Total</td>
</tr>
<tr>
<td>Economy</td>
<td>11</td>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td>Variety of products</td>
<td>5</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>Availability of products under one roof</td>
<td>33</td>
<td>37</td>
<td>70</td>
</tr>
<tr>
<td>Location of the store (Close vicinity)</td>
<td>50</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>Ambience of the store</td>
<td>9</td>
<td>7</td>
<td>16</td>
</tr>
<tr>
<td>Parking space</td>
<td>50</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

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Economy is not the main reason for shopping in the retail megastores. People having 3 – 8 members in the household come to shop in these stores. Availability of products under one roof, close vicinity of the store and parking space were the main factors for visiting the megastores.

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