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Pricing Strategies VIS-A- VIS Shoppers Perception in Telangana-A Study on Food Retail Stores in HYDERABAD Metro City

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Abstract—*The Indian organized retail market is wide spread which made India as one of global marketing country, reflecting a facts growing middle class demanding higher quality shopping environment and stronger brands.All consumers are directly or indirectly through members of their households affected by pricing strategies in the retail sector.The empirical studies of retail pricing have recently increased and retail pricing seems to become a major topic in industrial economics in near future.The study is purely from consumer perception. The present study is a field work done which gave at most correct results regarding how consumers perception varies with different pricing strategies adopted by retailers. Does value and quality precedes pricing of products. Further the study is made in depth analysis regarding the demographic characteristics and its effect on pricing strategies.*

Keywords*: pricing strategies, Consumer (shoppers) perception, organized retailing, food retail stores*

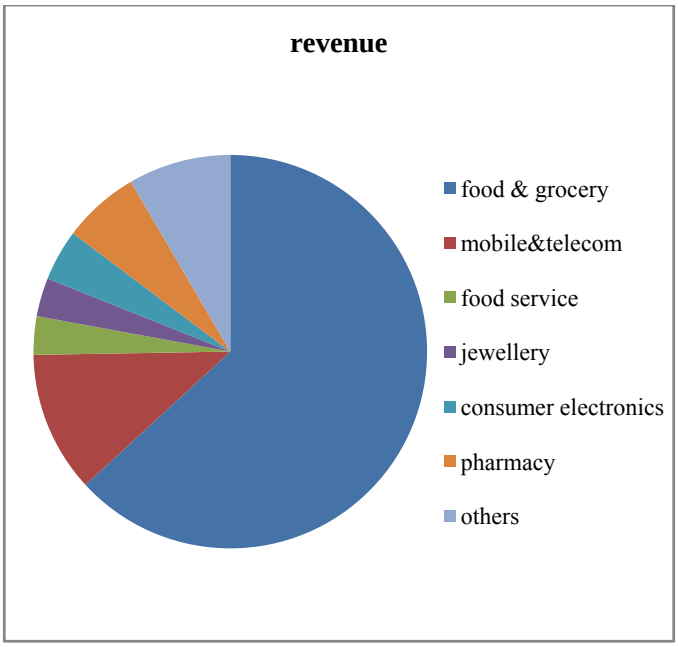
1. INTRODUCTION

The performance of retailing sector for the past few years is outstanding and witnesses a huge revamping exercise, significantly contributed by growth of the organized retailing. Rapid urbanization exposure to large number of foreign brands and changing lifestyle and preferences has contributed to the growth of retailing in India.

As per the NCEAR estimates, the share of the 35 towns with a present population of 1.2 million in India's total population would grown much faster than their smaller counterparts from 10.2% to reach 14.4% by 2025.

Food retail stores in India

Rise in global population ,changing customer preferences and emerging economies making the way for the food retail industry. Food retailing in India is highly organized now and well established as changes in political, demographic and economic features –high economic growth, increasing income ,proliferation of brands, consumer awareness favours emergence of FRC's.



Source: India retail report 2014

Fig. 1

Food Retail is categorized under distribution channel into four different segments like supermarkets/hypermarkets, independent and specialist retailers, convenience stores and others. Supermarket or hypermarket segment accounts for a comparatively larger market share. A rapid increase in selection of food and grocery gave birth to organized retail stores. Grocery shopping is an essential activity performed in every household and will consume the bulk of monthly expenditure.

As with any other type of consumer purchasing behavior it is determined by various factors. According to smith, Park &Iyer(1989) grocery shopping is characterized by☹1)multiple buying goals which require the processing of various in-store

stimuli like products, brands ,advertising,(2)Repetetion of shopping at regular intervals,Bell&Lattin(1998)suggest three unique characteristics of grocery shopping behavior.,(3) grocery shopping is repetitive singh,Hansenn,and Blattberg(2006) have also characterized grocery shopping by purchase time and basket size of the consumer.

2. SHOPPERS PERCEPTION

Perception is the process of selecting, organizing, and interpreting information inputs to produce meaning. Recognition, selection, organization and interpretation of particular stimulus are a highly individual process subject to individual needs, values, and expectation. Hence, indifferent service offered at any retail stores may be perceived positively by a certain set of customers due to the opportunity it provides them to look up the product at leisure. Customers usually seek out the favorable information on the products which are compatible with their needs, values and expectation and try to avoid unpleasant information.

3. LITERATURE REVIEW

According to Arindam Banerjee and Suresh Divakar Price Threshold in a promotion intensive retail environment implication on consumer purchase behaviour and managerial rights. In marketing customer products sales promotion has taken over from advertising as the leading promotional expense in United States of America over the past leads. Abraham and Lodish (1987) note that, in same product categories, over 90% of the sales are generates on deal.

Uusitalo, 2001, retail attributes refers to a combination of store and product attributes. The overall perception of customers about the retail store is a result of product attributes and store attributes. Consumer perception of store attributes is influenced by retail format, type of the product, cultural value, shopping intention and customer base.

Classic economic approaches to pricing increasingly are being supplemented by behavioural research concerned with how individuals react emotionally and psychologically to prices and price-related cue(9Monroe 1990;Monroe and Petroshinus 1981; Thaler 1985; Winer 1988). Only Large basket shoppers prefer EDLP (every day low price) among rest of pricing strategies as they are purchasing in lum sum grocery (Lattin, M.J, & Bell, R.D. (1998))

Knox and Denison (2000) highlight the importance of developing retail strategies to manage consumer patronage, customer loyalty and shoppers switching behavior.

Consumers' perception of store attributes influenced by retail formats, type of products, cultural value, shopping intention and customer base is being changing (Paulins and Geistfeld, 2003).

Pricing strategies or price consciousness was positively related to comparison shopping and placed higher importance on pricing (Ivan-Damir Anić Milivoj Marković, Rudolf Vouk-2007).Pricing strategies focusing on encouraging healthy eating were valued to be more helpful than pricing strategies which focused on discouraging unhealthy eating of consumer perception (2010) E Waterlander, 1 Anika de Mul,1 Albertine J Schuit,1,2 Jacob C Seidell,1 and Ingrid HM Steenhuis .

Future research can investigate individual difference explanations of these complex effects of price on perception in the article" price effects on choice and perceptions under varying conditions of experience, information, and beliefs in quality differences" by Carl Obermiller, University of Washington & John J. Wheatley, University of Washington (Advances in Consumer Research Volume 11, 1984, Pages 453-458).Future research can be investigated suggested by "choice behaviour of shoppers-Consumers' store-level price knowledge: Why are some consumers more knowledgeable than others? " article written by Anne W. M¨agi a*,1, Claes-Robert Julander b,in* Journal of Retailing 81 (4, 2005) 319–329

GAP: From the above two further research suggestion and most of the studies have focused on pricing strategies in relation to consumer perception based on compared shopping, healthy food , specific pricing strategy and some studies drafted that pricing is a supplementary concept. But the linkage between price and shoppers perception has been missing in broad.

4. OBJECTIVES OF THE STUDY

1. To understand the shopper (consumer) perception from the organized retail industry.

2. To study the factors influencing shopper (consumer) perception.

5. RESEARCH METHODOLOGY

The objective of this research paper is to find out the factors influencing shopper perception and growth of organized retail industry in the area of Hyderabad metro city, Telangana, India.In this regard data was collected on 11 factors about the organized retail stores-quality of product, product information, availability of brands, freshness, offers, discount special offers, credit card availability, ATM facilty, loyalty points.

6. SAMPLE SIZE

A total of 250 questionnaires for respondents residing in different parts of Hyderabad metro city were formed for the study out of which only 200 respondents turned beneficial for the study. Convenience sampling method has been followed for collecting the response from the customers who has been collected from the customers visited grocery stores.

7. SOURCES OF DATA

The study is based on both primary and secondary data. primary data has been collected by a structured questionnaire through interview method and secondary data has been collected from books, journals and internet. It has been tried that samples are selected to cover all classes of people and of different age groups as the sample size.

Tools of Analysis

Reliability check, Factor analysis, regression analysis, chi square tests has been used to analyze the data and get results.crombach's alpha has been run to check their reliability. Factor analysis is basically used to condense the larger number of variables in fewer variables and here, these techniques used to determine significant factors influencing consumer choice regarding retail industry.

8. DATA FACTS AND FIGURES

Reliability statistics	
Cronbach's Alpha	N of items
735	11

Scale statistics			
Mean	Variance	Std Deviation	N of items
37.76	39.105	6.253	11

Inference: Cronbach's alpha has been run to check their relaibilty.The overall alpha for all the items is 0.735, which is very high and indicates strong internal consistency among the given items.

9. FACTOR ANALYSIS

KMO and Bartlett's Test		
Keiser-Meyer-Oklin Measure of Sampling Adequacy		710
Bartlett's Test of Sphericity	Approx Chi-Square	418.248
	Df	55
	Sig	.000

Factor Analysis is data reduction technique. Before we proceed for factor analysis first we tested the reliability of the data by checking KMO_Bartlett's test which is a measure of sampling adequacy. The KMO value is 0.710>0.5 indicates multivariate normally among variables. Further significant value is less than. 005 the study preceded with factor analysis.

Factor: the initial number of factors is the same as the number of variables will be retained. In this analysis only the first 4 factors will be retained since their Eigen value is greater than 1.

Total Variance Explained									
	Total	% of Variance	Cumulative	Total	% of Variance	Cumulative	Total	% of Variance	Cumulative
1	3.170	28.815	28.815	3.17	28.815	28.815	2.081	18.916	18.916
2	1.241	11.281	40.095	1.241	11.281	40.095	1.780	16.182	35.098
3	1.069	9.714	49.810	1.069	9.714	49.810	1.564	14.216	49.314
4	1.023	9.298	59.108	1.023	9.298	59.108	1.077	9.794	59.108
5	.890	8.094	67.203						
6	.810	7.363	74.565						
7	.774	7.033	81.598						
8	.691	6.286	87.884						
9	.683	6.209	94.094						
10	.377	3.428	97.521						
11	.273	2.479	100.000						
Extraction Method Principal Component Analysis									

Component Matrix				
	Component			
	1	2	3	4
Quality	.816	.208	.093	.113
Availability of products	.483	.229	-.150	.379
Availability of brands	.223	.355	.483	.607
Freshness of products	.461	.153	.183	-.529
Product information	.556	.569	-.277	-.179
Promotional offers	.689	-.113	-.037	-.031
Discounts	.517	-.266	-.235	.299
Special offers	.395	-.254	.622	-.230
Credit card availability	.548	-.268	.276	-.105
ATM	.535	-.320	-.269	.050
Loyalty points	.462		-.320	-.172
Extraction method Principal Component Analysis				
4 component extracted				

Rotated Component Matrix				
	Component			
	1	2	3	4
Quality	.660	.232	.479	.107
Availability of products	.655	.004	.045	.864
Availability of brand	.085	.116	.097	-.205
Freshness of product	.055	.842	.516	-.029
Product information	.175	.840	-.037	.228
Promotional discounts	.228	.840	.131	.085
Discounts	.629	.151	-.004	.090
Special offers	.034	-.043	.810	.010
Credit card availability	.327	.080	.582	-.177
ATM	.608	.123	.129	-.395
Loyalty points	.501	.163	.163	

Extraction Method Principal Component Analysis Rotation Method Varimax with Kaiser Normalization
Rotation converged in 5 iterations

The principal component matrix gives the component matrix which is rotated using the VARIMAX rotation technique which in return gives the rotated component matrix. Rotatio of factors helps in the better interpretation of factors. Since the first helps in the rotated componenet matrix is heavily loaded with Quality Factor Loading of 0.660 which is highest for the first factor represents Quality

The second factor is heavilty loaded with product information (.842) and promotional offers (.840) hence factor 2 represents product informational promotional offers and thus the subsequent factors can be interpreted based on the Eigen value. The final list of 4 factors which collectively account for 59% of the variance I the data is as follows:

S. No	Factor Name	Factor loading
1	Quality	.660
2	Product information and Promotional Offers	.842 &. 840
3	Special Offers	.810
4	Availability of brands	.864

10. REGRESSION

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std Error of the Estimate**
	.555a	.307	.290	1.099
Predictors.(Constant),Promotional Offers, Availability of Products, Availability of brands, Freshness of products, Product information				

ANOVA						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig**
1	Regression	103.988	5	20.798	17.227	.000
	Residual	234.207	194	1.207		
	Total	338.195	199			
a. Dependent Variable Quality						
b. Predictors.(Constant),Promotional Offers, Availability of Products, Availability of brands, Freshness of products, Product information						

Coefficient						
Model		**Un standardized Coefficients**		**Standardized Coefficient**	**t**	**Sig**
		B	**Std Error**	**Beta**		
	(Constant)	.037	.464		.079	.937
	Availability of Products	.461	.084	.336	5.457	.000
Quality	Availability of brands	.171	.076	.144	2.249	.025
	Freshness of products	.274	.084	.209	3.249	.001
	Product information	.199	.091	.172	2.184	.030
	Promotional Offers	.110	.117	.082	.934	.351

From the above table required regression line Quality of the product = . 037+0.461(Availability of Products)+.171(Availability of brands

) +. 274(Freshness of products)+. 199(Product information)+. 110(Promotional Offers).

11. INCOME *QUALITY

Ho1: There is no significant difference between income of the customer and there opinion on quality of product

Crosstab								
			Quality					**Total**
			Strongly disagree	**disagree**	**neutral**	**agree**	**Strongly agree**	
Income	Below 10000	Count	6	5	4	8	25	48
		%within Income	12.5%	10.4%	8.3%	16.7%	52.1%	100.0%
	10000-25000	Count	5	1	2	16	35	59
		%within Income	8.5%	1.7%	3.4%	27.1%	59.3%	100.0%
	25000-50000	Count	7	6	6	25	34	78
		%within Income	9.0%	7.7%	7.7%	32.1%	43.6%	100.0%
	50000 and above	Count	2	0	2	4	7	15
		%within Income	13.3%	0.0%	13.3%	26.7%	46.7%	100.0%
Total		Count	20	12	14	53	101	200
		%within Income	10.0%	6.0%	7.0%	26.5%	50.5%	100.0%

12. CHI-SQUARE

Chi-Square Test			
	Value	**df**	**Asymp Sig(2-sided)**
Pearson Chi-square	11856a	12	.457
Likelihood Ratio	13.413	12	.340

Linear by linear Association	.003	1	.958
N of Valid cases	200		
10 cells(50%) have expected count less than 5.The minimum expected count is. 90			

From the table of chi-square is not significant (sigvalue greater than 0.05), no evidence to reject null hypothesis.It means that there is no significant association between income of the consumers and their opinion on quality of product.

13. INCOME *AVAILABILITY OF BRANDS

Ho1: There is no significant association between income and availability of branded product to shopper.

Crosstab								
			Availability of brand					Total
			Strongly disagree	disagree	neutral	agree	Strongly agree	
Income	Below 10000	Count	5	6	13	18	6	48
		%within Income	10.4%	12.5%	27.1%	37.5%	12.5%	100.0%
	10000-25000	Count	5	10	19	20	5	59
		%within Income	8.5%	16.9%	32.2%	33.9%	8.5%	100.0%
	25000-50000	Count	7	13	31	23	4	78
		%within Income	9.0%	16.7%	39.7%	29.5%	5.1%	100.0%
	50000 and above	Count	2	4	2	5	2	15
		%within Income	13.3%	26.7%	13.3%	33.3%	13.3%	100.0%
Total		Count	19	33	65	66	17	200
		%within Income	9.5%	16.5%	32.5%	33.0%	8.5%	100.0%

14. CHI-SQUARE

Chi-Square Test			
	Value	df	Asymp Sig(2-sided)
Pearson Chi-square	8.126	12	.775
Likelihood Ratio	8.423	12	.751
Linear by linear Association	1.383	1	.240
N of Valid cases	200		
7 cells(35.0%) have expected count less than 5.The minimum expected count is 1.28			

From the table of chi-square is not significant (sigvalue greater than 0.05), no evidence to reject null hypothesis. It means that there is no significant association between income of the consumers and their opinion on availability of brands.

15. INCOME*PROMOTIONAL OFFERS

Ho1: There is no significant association between income of the shopper and promotional offers of the product

Crosstab								
			Promotional offers					Total
			Strongly disagree	disagree	neutral	agree	Strongly agree	
Income	Below 10000	Count	2	7	14	19	6	48
		%within Income	4.2%	14.6%	29.2%	36.9%	12.5%	100.0%
	10000-25000	Count	4	5	15	31	4	59
		%within Income	6.8%	8.5%	25.4%	52.5%	6.8%	100.0%
	25000-50000	Count	5	5	29	29	10	78
		%within Income	6.4%	6.4%	37.2%	37.2%	12.8%	100.0%
	50000 and above	Count	0	1	6	8	0	15
		%within Income	0.0%	6.7%	40.0%	53.3%	0.0%	100.0%
Total		Count	11	18	64	87	20	200
		%within Income	5.5%	9.0%	32.0%	43.5%	10.0%	100%

16. .CHI-SQUARE

Chi-Square Test			
	Value	df	Asymp Sig(2-sided)
Pearson Chi-square	10.858a	12	.541
Likelihood Ratio	12.954	12	.372
Linear by linear Association	.022	1	.881
N of Valid cases	200		
a.9 cells(45.0%) have expected count less than 5.The minimum expected count is. 83			

From the table of chi-square is not significant (sigvalue greater than 0.05),no evidence to reject null hypothesis. It means that there is no significant association between income of the consumers and their opinion on Promotional offers.

17. INCOME * SPECIAL OFFERS

Ho1: There is no significant association between income and special offers offered by the retail stores.

Crosstab								
			Special offers					Total
			Strongly disagree	disagree	neutral	agree	Strongly agree	
Income	Below 10000	Count	5	8	15	15	5	48
		%within Income	10.4%	16.7%	31.2%	31.2%	10.4%	100.0%
	10000-25000	Count	2	7	22	22	6	59
		%within Income	3.4%	11.9%	37.3%	37.3%	10.2%	100.0%
	25000-50000	Count	4	12	28	23	11	78
		%within Income	5.1%	15.4%	35.9%	29.5%	14.1%	100.0%
	50000 and above	Count	1	1	3	5	5	15
		%within Income	6.7%	6.7%	20.0%	33.3%	33.3%	100.0%
Total		Count	12	28	68	65	27	200
		%within Income	6.0%	14.0%	34.0%	32.5%	13.5%	100.0%

18. CHI-SQUARE

Chi-Square Test			
	Value	df	Asymp Sig(2-sided)
Pearson Chi-square	10.576a	12	.566
Likelihood Ratio	9.484	12	.661
Linear by linear Association	2.504	1	.113
N of Valid cases	200		
a.10 cells(50%) have expected count less than 5.The minimum expected count is. 90			

From the table of chi-square is not significant (sigvalue greater than 0.05),no evidence to reject null hypothesis.It means that there is no significant association between income of the consumers and their opinion on Special offers

19. INCOME *DISCOUNTS

Ho1: There is no significant association between income and Discounts offered by retail stores

Crosstab								
			Discounts					Total
			Strongly disagree	disagree	neutral	agree	Strongly agree	
Income	Below 10000	Count	1	7	17	22	1	48
		%within Income	2.1%	14.6%	35.4%	45.8%	2.1%	100.0%
	10000-25000	Count	1	11	20	19	8	59
		%within Income	1.7%	18.6%	33.9%	32.2%	13.6%	100.0%
	25000-50000	Count	4	20	30	17	7	78
		%within Income	5.1%	25.6%	38.5%	21.8%	9.0%	100.0%
	50000 and above	Count	1	2	4	7	1	15
		%within Income	6.7%	13.3%	26.7%	46.7%	6.7%	100.0%
Total		Count	7	40	71	65	17	200
		%within Income	3.5%	20.0%	35.5%	32.5%	8.5%	100.0%

20. CHI-SQUARE

Chi-Square Test			
	Value	df	Asymp Sig(2-sided)
Pearson Chi-square	15.229a	12	.229
Likelihood Ratio	15.991	12	.192
Linear by linear Association	1.491	1	.222
N of Valid cases	200		
a.8 cells(40.0%) have expected count less than 5.The minimum expected count is. 53			

From the table of chi-square is not significant (sigvalue greater than 0.05), no evidence to reject null hypothesis. It means that there is no significant association between income of the consumers and their opinion on Discounts

21. CONCLUSION

Organized retailing in India has been maturing by passing through many trends with the entry of many retailers to strengthen their business. And in the light of the situation some feel that the perception of the customers may loose out their existence from the above study it is observed that most of the pricing factors influence shoppers perception.

Results of the present study are indicators of the fact that the factors across these retail formats followed by the retailers for effective and enhancing the sales of the retail outlets based o the shopper (consumer) perception factors. Consumer perception and factors influencing consumer perception are important drivers influencing consumers visit the retail outlets. All the 11 factors which enhances the perception of customers like quality, availability of brands, availability of products, freshness of product, product information, promotional offers, discount ,special offers ,credit card availability ,ATM facility and loyalty points. All these factors directly or indirectly influencing and contributing the growth of food retailing the Hyderabad metro city.

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