



Influence of income on the shopping habits of consumers with respect to shopping malls in Kolkata city

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Abstract

Shopping mall is a group of retail stores under one roof. Malls have been constantly adapting and changing in both style and substance in order to attract increasingly sophisticated and fickle consumers. The paper aims to understand the impact of income levels of customers patronizing shopping malls on their shopping behavior based on factors like location of the mall, variety, quality and prices of products. The paper also attempts to analyze the demographic profile of customers visiting shopping malls in Kolkata, India. The purpose of this study is to highlight the Income of consumers as an important variable in the shopping behavior of consumers with respect to shopping malls. Various studies have indicated that income is a key factor in choosing a retail format to purchase as the product prices in shopping malls are perceived to be higher than other retail formats. Data were collected through a structured questionnaire from respondents who were shoppers at four prominent malls in Kolkata, India. Total of 1000 samples were selected by adopting stratified random sampling technique. Correlation analysis and analysis of variance were applied to find out the impact of income levels on the chosen variables. Results of the study indicate that there is no significant relationship between location of the mall with income levels while there is a positive correlation between prices, quality and variety with income and these factors have a positive influence with change in income level.

Keywords: income level, shopping malls, shopping behavior, price, quality, variety, location

Introduction

The Indian retail market is expected to grow at a Compound Annual Growth Rate (CAGR) of 10 per cent to US\$ 1.6 trillion by 2026 from US\$ 641 billion in 2016. The retail industry in India accounts for over 10 percent of the country's GDP and around 8 percent of the employment. India is the world's fifth largest global destination in the retail space. There are huge untapped opportunities in the Indian retail market, most of which is still unorganized. Shopping malls have seen the highest growth among retail formats in the booming organized retail market in India. Increasing disposable incomes, exposure to international brands, rising aspirations and westernization of lifestyles have seen shopping malls become the preferred shopping destination for all age groups as malls have come to represent "one stop shop" for shopping and entertainment. However, India still remains a price sensitive market with most customers falling in the lower income brackets where customers are always on the lookout for value. Shopping malls merchandise is perceived by many to have higher price compared to other retail formats due to the higher cost of operation. Though the priority for individual or family would be quality or lifestyle, the disposable income is one major factor which plays a crucial role in purchase decision making. Customers belonging to lower income groups often find products in shopping malls to be expensive and beyond their budgets as price is the main criteria in decision making for them. This has led to rise of retail supermarket chains like Big Bazaar who claim to provide affordable products with the convenience of modern retail stores. On the other hand, people who are in higher

income groups still stick into other formats of retail because of the convenience. There is ample evidence to demonstrate that as personal disposable income rises, the service quality dimensions become increasingly more important in the consumers decision to purchase rather than price alone (Peter J. Batt, 2008) ^[5]. Hence, it is the need of hour to identify the attitudinal factors which are influenced by income of the respondents and how the income plays a major role in decision making when it comes to purchases in shopping malls.

Review of literature

Shopping is well thought-out as a household task as well as a form of recreation, relaxation, and hobby along with purchasing goods (Dholakia, 1999) ^[1]. As per the definition by Lunt and Livingstone (1992) ^[12], going out to shopping mall is a noticeable instant in spending. Howard (2007) ^[6, 15] in his article on "New Shopping Centers: Is Leisure the Answer?" believes shopping to be a free time search and with the fast development of organized retail formats, retailers are trying to make it more of a pleasure activity. Batra R. & Ahota O.T. (1991) ^[4] in their article on "Measuring the Hedonic and Utilitarian Sources of Consumer Attitudes" highlighted hedonism as a factor in the behavior of consumers visiting shopping malls. The category includes hedonistic shoppers who give meaning to excitement and enjoyment they experience during the shopping trip. These kinds of shoppers consider shopping as a leisure activity and derive pleasure from it, along with the purchase of products. Many researchers have also declared that most of shoppers mingle both utilitarian and experiential values during their shopping actions.

Arora, A., & Rahate, V. (2008) [2] found that in India, malls have transformed shopping from a need driven activity to entertainment. Solomon, M. (2002) identified seven attraction points to visit a store and a retail format: promotions, price, hangout place, product range, product mix, ease of travel and parking comfort. People are willing to travel greater distances to reach their favorite shopping destinations. Taneja, K. (2007) found that in the Indian context factors like price sensitivity, location of the shopping mall, shopping experience and shopping mall image significantly affect store choice and consumer shopping habits. Peter J. Batt (2008) [5] found that a low price is not important to all household buyers and a growing segment of the market is demonstrating that it is not only willing to pay more for the desired intrinsic and credence quality attributes, but also for the associated value added services. Jayasankara, P. (2010) found that customer's age, monthly household income, family size, distance travelled to store, gender, education and occupation have been the significant predictors of store choice behavior. The authors of "Shopping and the Fear of Others" have found out that shopping malls have a significant role to play in the creation of the social identity of the shoppers as they are connected to particular societal set (Arnould, 2000) [16].

Income level of families is considered as an important factor affecting the choice of store wherein high family income levels are usually expected to lead to higher consumption levels, which in turn would suggest higher aggregate shopping and more time spent in the store. Kakiza Clara W. (2015) [7] in his study on Tanzanian consumers found income level to be one of the key factors influencing purchases in shopping malls, along with price, advertisements and attitudes of consumers. Houthakker and Taylor (1966) in their seminal study on consumer demand in the United States support the view that a household's income has a major effect on consumption. Moreover, higher income will result in better quality of shopping baskets (Bawa and Ghosh, 1999) [8] and wider variety of assortment in the consumption. Thus the aggregate shopping is expected to grow and diversify with the income levels. High income households also have a higher opportunity cost for time and are less willing in utilitarian consumption shopping trips, making frequency of shopping negatively related to household income (Bawa and Ghosh, 1999) [8] resulting in the shopping trips becoming multipurpose one - stop convenience.

Objectives

1. To know the demographic profile of customers

patronizing shopping malls in Kolkata.

2. To examine the impact of income levels of customers on factors like prices, quality, location and variety.

Hypothesis of Study

1. **H₀ (Null Hypothesis):** There is no significant impact of income levels on the choice of location of shopping mall
H₁: There is a significant impact of income level levels on the choice of location of shopping mall
2. **H₀ (Null Hypothesis):** There is a significant impact of increase in income levels on prices, quality and variety of purchases in shopping malls
H₁: There is no significant impact of income levels on prices, quality and variety of purchases in shopping malls

Research Methodology

The present study is based on the primary data collected during July 2017 to September 2017 in Kolkata city. The respondents were the consumers visiting four shopping malls in Kolkata city. Kolkata is one of the largest metropolitan cities in India, with a population of 14 million and a high literacy rate of 87 %. A total of 1000 questionnaires were filled by respondents in four malls, with 250 respondents from each mall. The sampling technique was stratified random sampling according to age, followed by quota sampling based on gender. 850 completed questionnaires were used for the analysis purpose. To understand the effect of dependent variables i.e. price, quality, location and variety on the independent variable namely consumer income level, correlation and analysis of variance (ANOVA) were employed. Four dependent variables viz. Location, Prices, Variety and Quality of products were statistically related to income as independent variable.

Results and Analysis

About 40% of respondents are below 25 years of age and 23% were in the age group between 26-35 years and 19.6% were in the age group of 36-45. Approximately 17% of respondents are more than 46 years of age. Out of 850 respondents, 57% of respondents are male and 43% were female. 30.8% of the respondents have School education, 21.4% of respondents are postgraduates, while 18.7 % were college graduates. 33.29% of the respondents are employed and 27.76% were students. It is found that, 29.29% of the respondents' monthly income is Rs. 20,001 to 30,000 while 11% of the respondents had an income of Rs.1,00,000 and above.

Table 1: Demographic Profile of Respondents

| Demographic Distribution of the respondents Variables | Number | Percent |
|---|--------|---------|
| Age (in years) | | |
| Below 25 | 342 | 40.2 |
| 26-35 | 196 | 23.05 |
| 36-45 | 167 | 19.6 |
| 46-55 | 58 | 6.82 |
| 56 and above | 87 | 10.2 |
| Gender | | |
| Male | 483 | 57 |
| Female | 367 | 43 |

| Education | | |
|----------------------------|-----|-------|
| School | 262 | 30.82 |
| Graduate | 159 | 18.7 |
| Post Graduation | 182 | 21.41 |
| Professional Degree | 117 | 13.76 |
| Other | 130 | 15.29 |
| Occupation | | |
| Student | 236 | 27.76 |
| Employed | 283 | 33.29 |
| Entrepreneur / Businessman | 112 | 13.17 |
| Retired | 41 | 4.82 |
| Other | 178 | 20.94 |
| Monthly income (in Rs) | | |
| Below 10,000 | 130 | 15.29 |
| 10,001-20,000 | 79 | 9.29 |
| 20,001-30,000 | 249 | 29.29 |
| 30,001-40,000 | 121 | 14.23 |
| 40,001-50,000 | 118 | 13.88 |
| 50,001-1,00,000 | 58 | 6.82 |
| 1,00,001 and above | 95 | 11.17 |

Table 2: Correlation Analysis

| | Income Level | Location | Variety | Prices | Quality |
|--------------|--------------|----------|---------|--------|---------|
| Income Level | 1 | | | | |
| Location | -0.2 | 1 | | | |
| Variety | 0.6 | -0.3 | 1 | | |
| Prices | 0.4 | -0.6 | -0.3 | 1 | |
| Quality | 0.7 | -0.5 | -0.4 | 0.2 | 1 |

Correlation analysis of ranked preference variables reveal that there is a negative correlation between location and income level i.e., as income levels of respondents increase, location being a major factor for choosing where to shop decreases. Variety and income levels are positively correlated, showing that with an increase in income levels consumers have access to an increased variety of products. Prices and income levels are moderately positively correlated which indicates that consumers with a higher income level purchase brands with higher prices. There is a very strong level of correlation between quality and income levels, which can be expected as consumers with higher incomes prefer purchasing high quality products. From the analysis it is found that there is a negative

correlation between quality and the location of shopping mall. This indicates that when income of the consumers increases, quality of the purchased products becomes an important factor and the consumer is willing to travel to other locations to purchase quality products. There is a negative relationship between variety and quality, which indicates that as income increases, consumers want a wider variety of products for consumption.

The study further reveals that there is a moderate positive correlation between price and quality of the product, which is obviously true. As the income increases, the consumer wants to try better quality products even at slightly higher prices.

Table 3: ANOVA Table

| R | R Square | Adjusted R Square | | Std. error of the estimate | |
|--------------------|----------------|-------------------|-------------|----------------------------|-------|
| 0.745 ^a | 0.564 | 0.545 | | 0.436 | |
| ANOVA ^b | Sum of squares | Df | Mean Square | F | Sig. |
| Regression | 40.047 | 5 | 11.013 | 89.173 | 0.000 |
| Residual | 34.874 | 295 | 0.215 | | |
| Total | 74.921 | 300 | | | |

^a Income level (as independent variable) ^b Location, Variety, Price and Quality (as dependent variable)

Table 3 shows the value of the R square as 0.564 indicating that 56.4% of the variation in the price, quality, variety and location are explained by the increase in income levels of the consumer. The F – ratio in the ANOVA test shows that overall regression model is a good fit for the data. Location, Variety, Prices and Quality can predict the dependent variable significantly. [F=89.173, p< 0.001].

From the analysis it is clear that there is no significant impact of the income levels of the consumer on the location of shopping malls as the significant value is 0.00 and it can be inferred from the correlation table that there is an inverse relationship between location of mall and increase in income. So, the null hypothesis is accepted.

From the analysis, it is also clear that there is a significant

relationship among price, variety and quality as the income of the consumers increases. So, the null hypothesis is accepted.

Conclusion

Shopping malls are perceived as a retail format where products are priced higher compared to other retail formats, because of the perception that products offered in malls are branded and of a superior quality. Hence consumers' disposable income plays a prominent role in deciding the purchases to be made in malls. The results of this study are very consistent with previous studies that have established similar evidence pertaining to consumer store choice and purchase behavior (Sinha & Banerjee, 2004, Bajaj, 2005 and Taneja, 2007) ^[10, 9]. The major variables that are effected by consumers' income are the variety of products purchased and the prices and quality of the products bought in shopping malls. There is a distinct change in the purchase behavior of mall goers as the income levels increase. Location as a factor decreases in importance, while quality and variety emerge as the most significant factors affecting consumer purchases as incomes rise. This has an impact on retail chains who have to focus on assortment and quality, rather than price alone to attract customers in the higher income category. At the same time, low price retailers have to identify appropriate location for opening new malls based on the catchment area which is likely to be near densely populated residential areas.

The study also found that that youngsters below the age of 25 years and in the age group of 26-35 years form a significant proportion of consumers visiting malls. Students and young professionals were frequent visitors to malls. They are young, affluent and brand conscious and usually visited malls with their friends and family for shopping and entertainment. The rest of the demographics were not so significant. So it is important for marketers to design appropriate strategies to attract all age groups of customers and ramp up the overall service delivery process to ensure that shoppers spend more time in the mall and also increase impulse buying. Several retail chains in India like Reliance Retail and Future retail have successfully tweaked their strategies and succeeded in dispelling the notion that malls are only for the well-heeled. By offering a wide variety of products at attractively low prices across several locations, they have been successful in multiplying footfalls in their stores and attracting price conscious customers who also want a wide variety of products and brands to choose from.

Limitations and scope for further research

The sample for the research was restricted to shoppers in the city of Kolkata. Ideally, the study can be expanded to other major cities and towns of India, but due to paucity of time, geographical distance and other limiting factors, the responses could be collected from only one city. Also, the sample size is limited, so the results can be taken to be indicative. The study has to be replicated with bigger samples to get better accuracy. The study can also be extended in several directions by studying the impact of income on several other factors such as type of products purchased, occasions for visiting malls, frequency of purchases and other variables which will throw further light on the topic.

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