

A STUDY OF CONSUMER BEHAVIOR  
IN RESPONSE TO AN INSTITUTIONAL  
INNOVATION IN RETAILING IN INDIA

Thesis for the Degree of Ph. D.  
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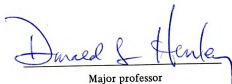
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## ABSTRACT

### A STUDY OF CONSUMER BEHAVIOR IN RESPONSE TO AN INSTITUTIONAL INNOVATION IN RETAILING IN INDIA

By

Arakal C Joseph

Marketing institutions and techniques play an important role in accelerating the economic growth of less developed countries. However, while dynamic changes characterize retailing institutions and practices in developed countries, innovations in retailing institutions are rare in less developed countries. The initiative for such changes may sometimes come from the Government, through intervention. The prospects for the survival and growth of new types of retailing institutions depend on the response of consumers towards them. Little is known about consumer behavior towards retailing institutional innovations, particularly in less developed countries.

The objective of this research was to investigate the behavior of consumers in response to the introduction of the 'departmental store', a Government sponsored, cooperatively managed one-stop shopping outlet in Cochin, India and to learn whether shoppers who used this new type of store as their major purchase location and those who shopped mainly in the traditional stores serving that market could be differentiated. The traditional types of stores studied were neighborhood stores and conventional stores. Two dimensions of the

shopping behavior of families which were studied were (1) socio-economic characteristics and (2) purchase motivation and purchase behavior. These variables were analyzed based on the type of store used by families as major purchase location.

The field research involved the administration of a research instrument to 203 family units randomly selected from four wards of the city. The data collected were statistically analyzed using chi square tests.

The findings indicated that families in the early stage of life cycle with children under ten years, having a high level of education and income used the departmental store as their major purchase location. These families had a high degree of print media readership too. Another finding of the study was that distance was an important factor in the decisions of families concerning store patronage. The departmental store customers were drawn primarily from the vicinity of the store.

Price did not appear to have an important bearing on the choice of store by families for their main shopping. A survey of the departmental store and representative samples of other store types in Cochin showed that prices of most of the products in selected categories were lower in the departmental store compared with corresponding prices in the other two types of stores. However, shoppers generally tended to view the stores they patronized most favorably with respect to price. This was least so in the case of neighborhood store shoppers,

who preferred to shop in those stores though they were aware of the lower prices in the departmental store.

The research has a number of implications for retail store management in Cochin. The departmental store management may be able to draw more customers and increase customer satisfaction and store loyalty by carefully assessing the needs and preferences of families who are in the early stage of family life cycle and by adopting merchandising and promotional strategies which focus on that market segment. Advertisements in the print media focusing on price and the distinctive features of the departmental stores are likely to be effective because its customer segment has a high degree of print media readership. Non-print merchandising and promotion strategies to attract new market segments are also suggested.

The findings of the research have implications for store location strategy. Proximity and ease of access were seen to be major factors in the store patronage decision making by families in Cochin. In its plans for expansion and growth, the departmental store must consider the desirability of establishing a few decentralized branch units in selected residential sectors in the city. An alternate strategy is for the departmental store to enlarge the scale of its operations so as to become an effective alternative to the conventional stores.

The failure of families in Cochin to perceive price differences in the stores and their tendency to view the

store they patronized as most favorable with respect to price have implications for the diffusion of innovations in retailing in that market. New types of retailing institutions there have to adopt strategies to overcome the resistance to change on the part of families in Cochin.



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By

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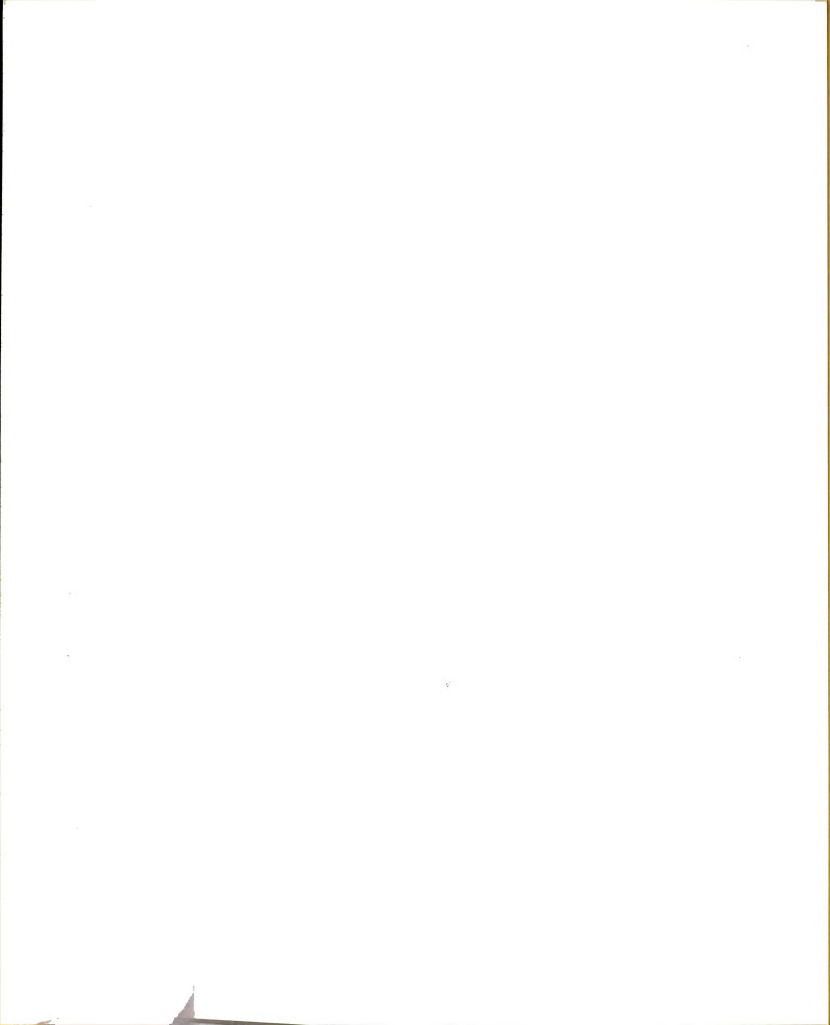
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## TABLE OF CONTENTS

CHAPTER	PAGE
1. Introduction	1
The Purpose Of The Study	1
The Problem Of Economic Development	4
Marketing And Economic Development	10
Prior Studies Relating To Retailing Reforms	13
Prior Studies Relating To Consumer Acceptance Of Retailing Innovations	15
Prior Studies Relating To Store Loyalty And Purchase Pattern	17
The Research Design	29
Research Administration	31
Organization Of The Dissertation	33
2. Description Of The Environment	34
Demographics	34
Economic Factors	41
Store Location	42
Shopping Behavior	44
Retailer-Customer Relationship	48
3. Presentation Of Findings	52
Store Patronage By Sample Families	52
Socio-Economic Characteristics	57
Period Of Residence	57
Family Income	59
Stages Of Family Life Cycle	66
Size Of Family Units	71
Educational Level Of Household Head	72
Occupational Status Of The Household Head	75
Ownership Of Consumer Durable Goods	76
Purchase Motivation And Behavior	80
Proximity	82
Price	87
Exposure To Print Media	94
Purchase Interval	100
Purchase Participation	104
Summary	109

CHAPTER	PAGE
4. Summary And Conclusions	110
General Summary Of The Study	110
Evaluation Of The Hypotheses	111
Implications Of The Research Findings	118
Suggested Areas For Further Research	122
Bibliography	





# LIST OF TABLES

TABLE	PAGE
1. Total Monthly Family Income in Cochin	42
2. Purchase Participation by Products	45
3. Purchase Interval by Products	46
4. Mode of Shopping Trip by Type of Customers	48
5. Shoppers' Store Preferences in Terms of Store Attributes	50
6. Weights Assigned to Stores by Products Purchased	54
7. Families' Choice of Stores as Main Purchase Source	55
8. Store Patronage by Products	56
9. Length of Residence and Store Patronage	59
10. Family Income and Store Patronage	61
11. Rating of Stores by Shoppers with Respect to Credit	63
12a. Store Patronage by Products and Income Level -Groceries	63
12b. Store Patronage by Products and Income Level -Textiles	64
12c. Store Patronage by Products and Income Level -Fish and Meat	64
12d. Store Patronage by Products and Income Level -Cosmetics	65
13. Family Life Cycle Stage and Store Patronage	67
14. Profiles of Customer Types by Family Life Cycle Stage	68

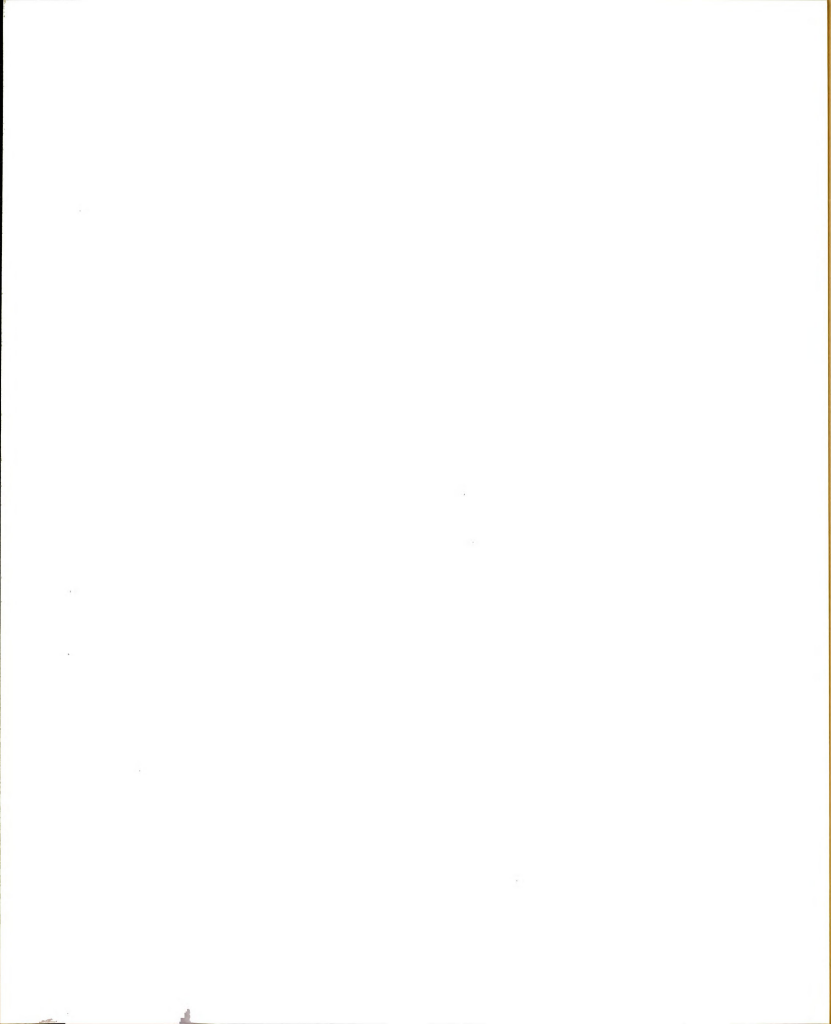


TABLE	PAGE
15a. Family Life Cycle Stage, Distance From Departmental Store and Store Patronage Short Distance	69
15b. Family Life Cycle Stage, Distance From Departmental Store and Store Patronage Medium Distance	70
15c. Family Life Cycle Stage, Distance From Departmental Store and Store Patronage Long Distance	70
16. Size of Family Units and Store Patronage	72
17. Educational Level of Household Heads and Store Patronage	73
18. Occupation of Household Head and Store Patronage	76
19. Profile of Ownership of Consumer Durables by Customer Types	77
20. Weights Assigned for Consumer Durable Goods	78
21. Classification of Families by Ownership Level of Goods	79
22. Ownership of Consumer Durables and Store Patronage	79
23. Distance to Departmental Store and Store Patronage	83
24a. Store Patronage by Distance and Income Levels -Low Income	84
24b. Store Patronage by Distance and Income Levels -Medium Income	84
24c. Store Patronage by Distance and Income Levels -High Income	85
25a. Distances to Departmental Store and to Conventional Store and Store Patronage - Low Level Distance to Conventional Store	86
25b. Distance to Departmental Store and to Conventional Store and Store Patronage - Medium Level Distance to Conventional Store	86

The first part of the paper discusses the importance of maintaining accurate records of all transactions, including sales, purchases, and expenses. It emphasizes the need for a systematic approach to record-keeping, such as using a ledger or accounting software, to ensure that all financial data is properly documented and organized.

The second part of the paper focuses on the importance of regular financial statements, such as the balance sheet, income statement, and cash flow statement. It explains how these statements provide a clear picture of the company's financial health and performance, and how they can be used to identify areas for improvement and make informed decisions.

The third part of the paper discusses the importance of budgeting and financial planning. It explains how a budget can help a company set realistic goals, allocate resources effectively, and monitor its financial performance against its targets. It also discusses the importance of having a contingency plan in place to deal with unexpected financial challenges.

The fourth part of the paper discusses the importance of maintaining accurate records of all assets and liabilities. It explains how a company should regularly conduct a physical inventory of its assets, such as inventory, equipment, and real estate, to ensure that the records are up-to-date and accurate. It also discusses the importance of keeping track of all liabilities, such as loans, accounts payable, and taxes.

The fifth part of the paper discusses the importance of maintaining accurate records of all income and expenses. It explains how a company should use a systematic approach to record-keeping, such as using a ledger or accounting software, to ensure that all financial data is properly documented and organized. It also discusses the importance of keeping track of all income, including sales, interest, and dividends, and all expenses, including salaries, rent, and utilities.

The sixth part of the paper discusses the importance of maintaining accurate records of all taxes. It explains how a company should keep track of all taxes paid and owed, including income taxes, sales taxes, and property taxes. It also discusses the importance of keeping track of all tax deductions and credits, and how they can be used to reduce the company's tax liability.

The seventh part of the paper discusses the importance of maintaining accurate records of all financial transactions. It explains how a company should use a systematic approach to record-keeping, such as using a ledger or accounting software, to ensure that all financial data is properly documented and organized. It also discusses the importance of keeping track of all financial transactions, including sales, purchases, and expenses, and how they can be used to identify areas for improvement and make informed decisions.

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TABLE	PAGE
25c. Distances to Departmental Store and to Conventional Store and Store Patronage - High Distance Level to Conventional Store	87
26. Comparison of Prices of Selected Goods in Three Store Types	89
27. Families' Perception of Stores as Offering Low Prices - All Families	91
28a. Families' Perception of Stores as Offering Low Prices - Neighborhood Store Shoppers	91
28b. Families' Perception of Stores as Offering Low Prices - Conventional Store Shoppers	91
28c. Families' Perception of Stores as Offering Low Prices - Departmental Store Shoppers	92
29a. Frequency of Exposure to Print Media by Customer Type - Neighborhood Store Shoppers	94
29b. Frequency of Exposure to Print Media by Customer Type - Conventional Store Shoppers	95
29c. Frequency of Exposure to Print Media by Customer Type - Departmental Store Shoppers	95
30. Media Readership and Store Patronage	97
31a. Notice of Advertisement in Print Media by Types of Shoppers - Neighborhood Store Shopper	98
31b. Notice of Advertisement in Print Media by Types of Shoppers - Conventional Store Shopper	98
31c. Notice of Advertisement in Print Media by Types of Shoppers - Departmental Store Shopper	99
32a. Purchase Interval by Product Categories and Store Patronage - Groceries	100
32b. Purchase Interval by Product Categories and Store Patronage - Textiles	101
32c. Purchase Interval by Product Categories and Store Patronage - Fish and Meat	101
32d. Purchase Interval by Product Categories and Store Patronage - Cosmetics	102

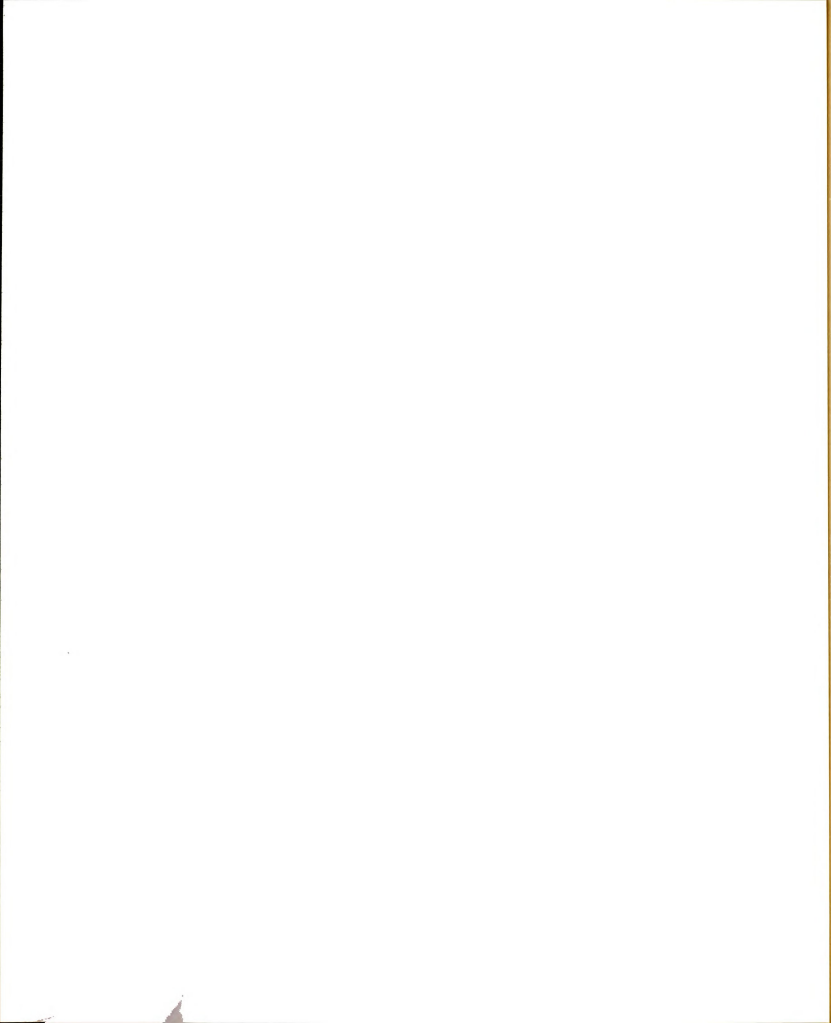
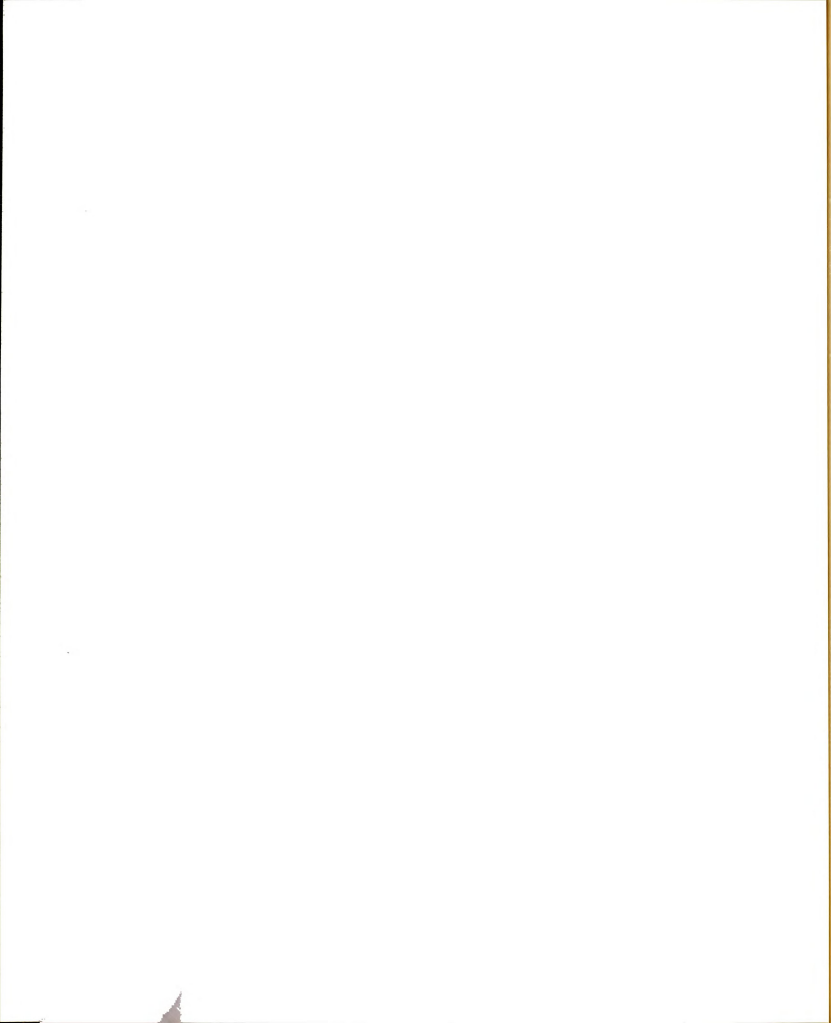


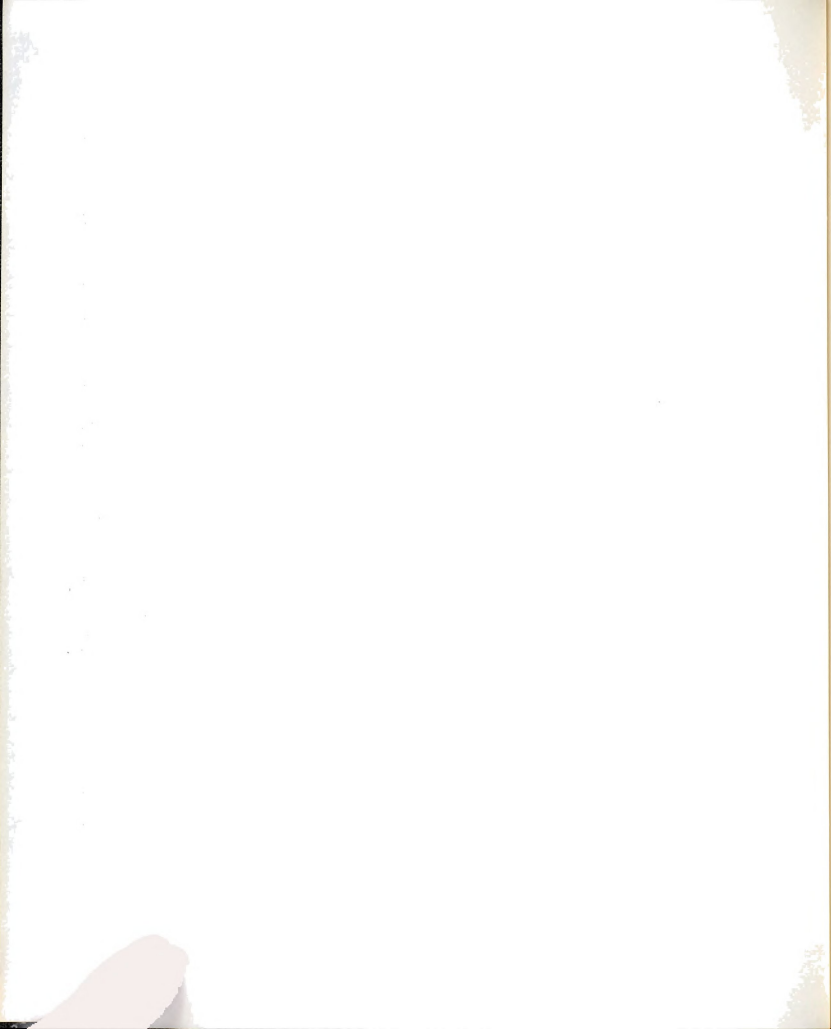
TABLE	PAGE
33a. Purchase Participation and Store Patronage by Product Categories - Groceries	105
33b. Purchase Participation and Store Patronage by Product Categories - Textiles	106
33c. Purchase Participation and Store Patronage by Product Categories - Fish and Meat	106
33d. Purchase Participation and Store Patronage by Product Categories - Cosmetics	107



## LIST OF FIGURES

FIGURE	PAGE
1. City Map of Cochin Showing Store Locations	43





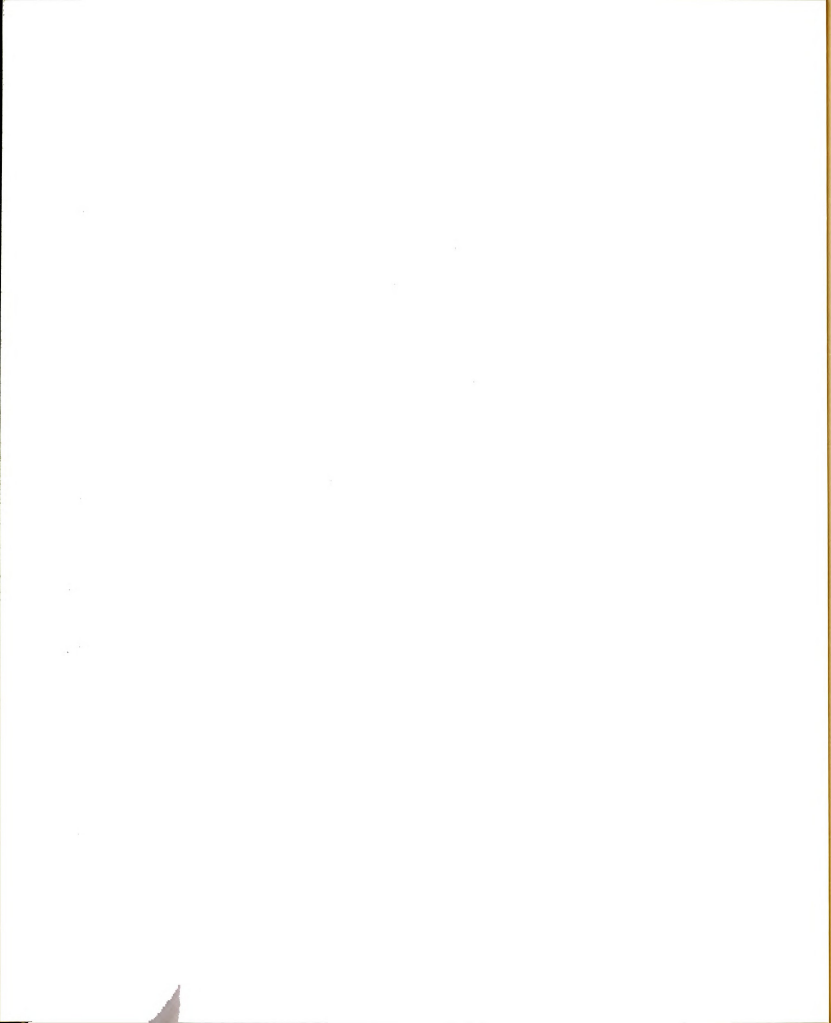
## CHAPTER 1

### INTRODUCTION

#### The Purpose Of The Study:

The purpose of this study was to investigate the response of consumers towards the "departmental store", a retailing institutional innovation in Cochin, India. This store has characteristics which differentiate it from other retailing institutions in the city with regard to ownership and management. It was designed to be a departure from the traditional retailing institution. Sponsored by the Government of India and managed by the District Cooperative Society, the departmental store was an attempt towards governmental intervention into retailing for the purpose of inducing reforms in the retailing system. This study of the response of consumers towards this new institution will investigate the characteristics of the consumer market segment which patronizes it in preference to other retail outlets.

Apart from the departmental store, Cochin is served primarily by a large number of conventional and neighborhood stores. Conventional stores are low volume outlets. Investigation of a randomly selected sample of conventional stores during the field research showed that the average weekly sale of a conventional store in Cochin was Rs.22,377 or about U.S.\$3,000. They are specialized stores, offering a limited



product line, but wide assortments within the product lines. Conventional stores are also characterized by their centralized location; they cluster together to form a retailing center, referred to as a bazaar. Neighborhood stores are smaller and less specialized compared with conventional ones. The average weekly sale of a neighborhood store was Rs. 2,675 or U.S.\$360. Neighborhood stores offer a wider line of goods, seeking to be full line stores; but they do not offer much width within the lines. They are decentralized in their location, focusing on ease of locational access for shoppers.

The retail institutions in Cochin have remained unchanged for at least twenty-five years, in the opinion of this investigator. The departmental store, which came into existence in Cochin in 1966, has many distinctive features which make it an innovation in retailing in the city. Independently located away from the bazaar, this multi-storeyed store offers shoppers a wide variety of products under the same roof, seeking to be a one-stop shopping center. It provides packaging and price marking of many food products, practices not adopted by traditional stores. Its ownership and management by a cooperative society, subsidized by the Government, also make it a significant departure from the traditional retail outlet.

Rather than being an adaptive response to the demands of a changing environment, it was the outcome of intervention by the government into the retailing field, with the objective of bringing about reforms in the system and checking price increases in consumer goods. Concerned by the

increase in consumer goods prices in a market characterized by shortages, the Government hoped that the departmental store would provide an alternative to the traditional outlets and help consumers in selected cities to purchase all their requirements economically and conveniently from a single store. This study seeks to learn about the response of consumers to this institution and to find out whether identifiable segments of the market patronized it in preference to other types of stores. The study may throw light on the prospects of innovations in retail institutions in a traditional market in a less developed country.

The study of consumer response to the new type of store and the market segmentation, if any, resulting from its introduction may serve many purposes. While retailing in the United States has been characterized by dynamic institutional changes, less developed countries such as India have not experienced any significant changes in the structure of their retailing system. There has been little tendency towards change on the part of retailing institutions in India. This study may help in learning about the prospects of retailing institutional reforms in such countries introduced through governmental intervention.

A frequently discussed question relates to the transferability of marketing institutions and practices across regions having divergent economic, social and cultural environment. The departmental store has features similar to those of the department store operating in developed countries. It will



be useful to study whether such an institution can gain consumer acceptance in Cochin which has a marketing environment very different from that of developed countries. Knowledge about market response to the departmental store can provide a useful information base from which institutional reforms and governmental assistance can be focused on marketing systems to achieve economic development of less developed countries.

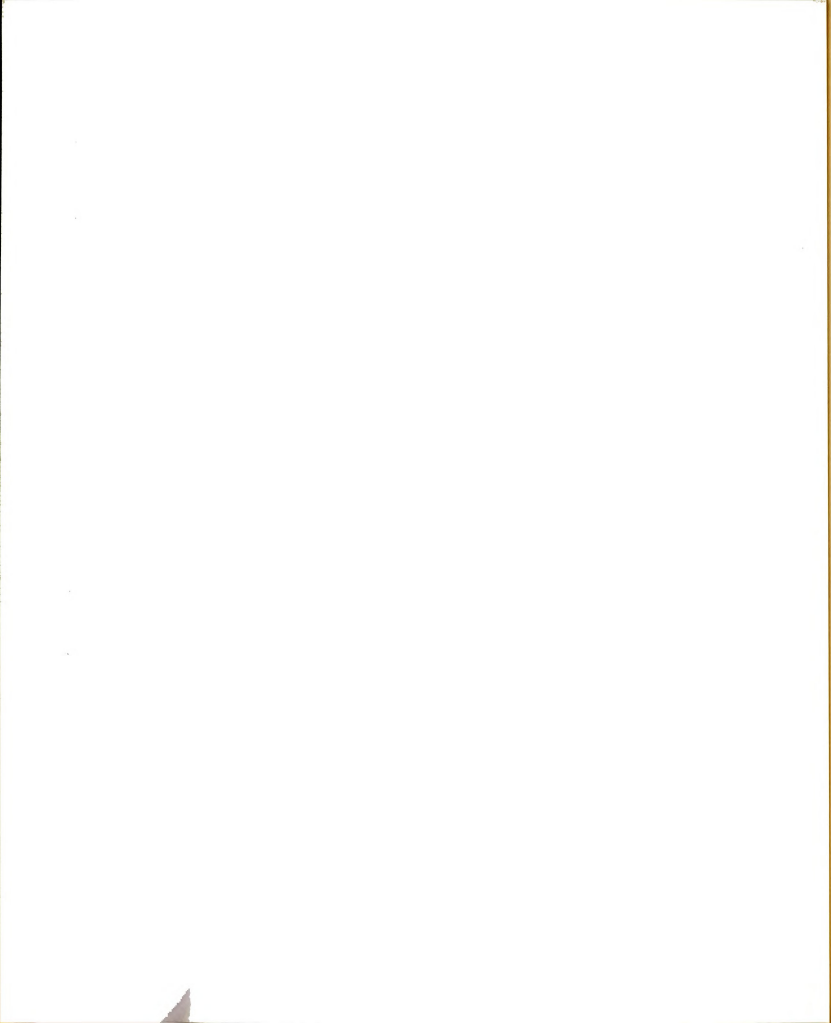
The feasibility of marketing reforms as an instrument of economic development depends on several factors such as access to capital, managerial skills and perhaps changes in law. But a necessary condition for the success of such reforms is consumer acceptance and patronage. The behavior of consumers in Cochin towards the departmental store could indicate the potential scope and direction of such reforms.

The research was guided by the following questions:

1. What are the barriers on the part of consumers to institutional changes in retailing in Cochin?
2. Is there an identifiable segment of the market which patronizes the departmental store as the principal source of their purchases?
3. What are the elements in the marketing mix of the different types of stores which influence store patronage of consumers in that market?

#### The Problem of Economic Development.

Less developed countries of the world such as India are engaged in the task of achieving rapid economic growth leading to improvement in the living standard of their peoples. Economic development may be defined as "the process whereby the real per capita income of a country increases





over a long period of time."<sup>1</sup> Real per capita income is emphasized because money income could be affected by changes in population and in monetary conditions. Although the increase in real per capita income may be a primary goal of development, fair distribution of income has recently become an important objective in many countries.<sup>2</sup> Diminution of economic inequality is a generally stated objective of development planning in India. The Directive Principles lay down that "the State shall strive to promote the welfare by securing and protecting, as effectively as it may, a social order in which justice, social, economic and political, shall inform all institutions of national life."<sup>3</sup> Further, "the State shall, in particular, direct its policy towards securing

- a) that the citizens, men and women equally, have the right to an adequate means of livelihood,
- b) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good,
- c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment."<sup>4</sup>

These general principles were given a more precise direction in December, 1954, when the Parliament adopted a

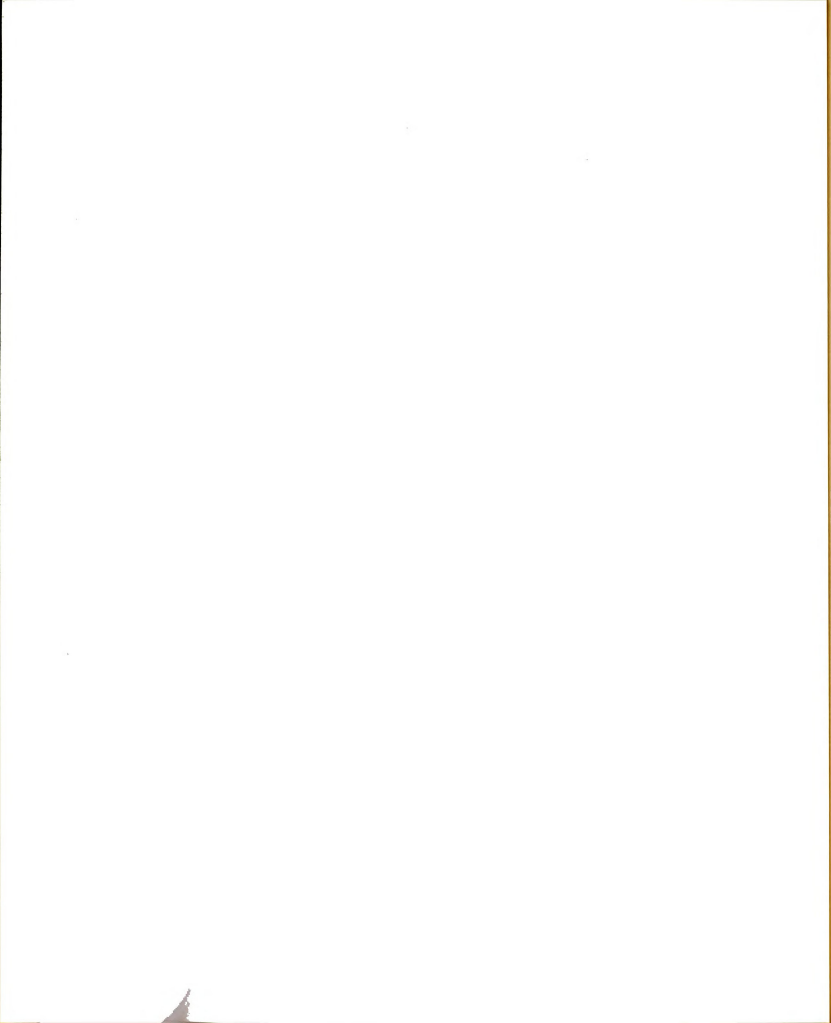
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1 Gerald M. Meir, ed., Leading Issues in Economic Development Studies in International Poverty (New York: Oxford University Press, second edition, 1970) p.7

2 Ibid p. 7

3 Government of India Planning Commission, Third Five Year Plan (New Delhi, Ministry of Information and Broadcasting, 1961) p.3

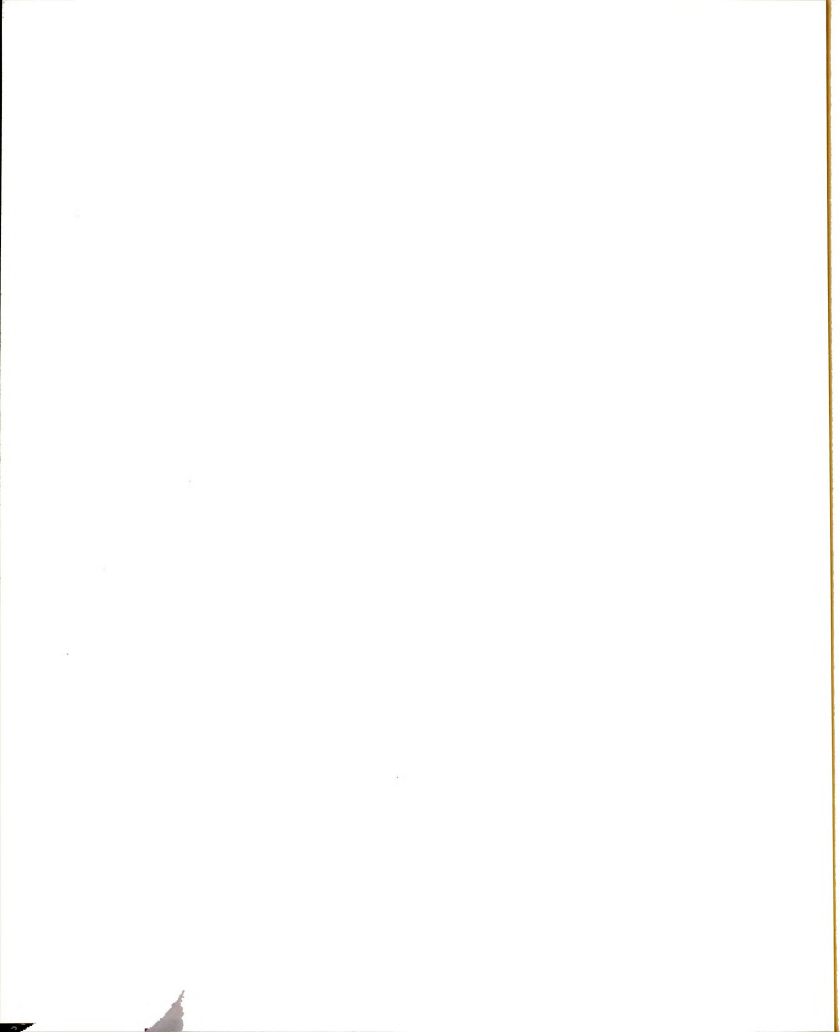
4 Ibid p.3



"socialistic pattern of society" as the objective of social and economic policy.<sup>1</sup> In describing the approach to planned development, the Planning Commission stated that ". . . essentially, this means that the basic criterion for determining lines of advance must not be private profit but social gain and that the pattern of development and the structure of socio-economic relations should be so planned that they result not only in appreciable increase in national income and employment, but also in greater equality in income and wealth."<sup>2</sup> The existing social and economic institutions have to be appraised from time to time in terms of their effectiveness in fulfilling their roles in the nation's economic development.

Less developed countries often seek to increase physical output, while ignoring the necessity for building up machinery for efficient marketing and distribution of the goods produced. Focusing on targets of production and ignoring demand creating marketing activities can create problems. "Far too much emphasis has been placed on production and far too little on marketing."<sup>3</sup>

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- 1 Government of India Planning Commission, Third Five Year Plan (New Delhi: Ministry of Information and Broadcasting, 1961) p.4
  - 2 Government of India Planning Commission, Second Five Year Plan (New Delhi: Ministry of Information and Broadcasting, 1956) p.22
  - 3 E. Jerome McCarthy, "Effective Marketing Institutions in Economic Development", Sommers and Kernan, ed., Comparative Marketing Systems - A Cultural Approach, (New York: Appleton Century Crofts, 1968) p.137



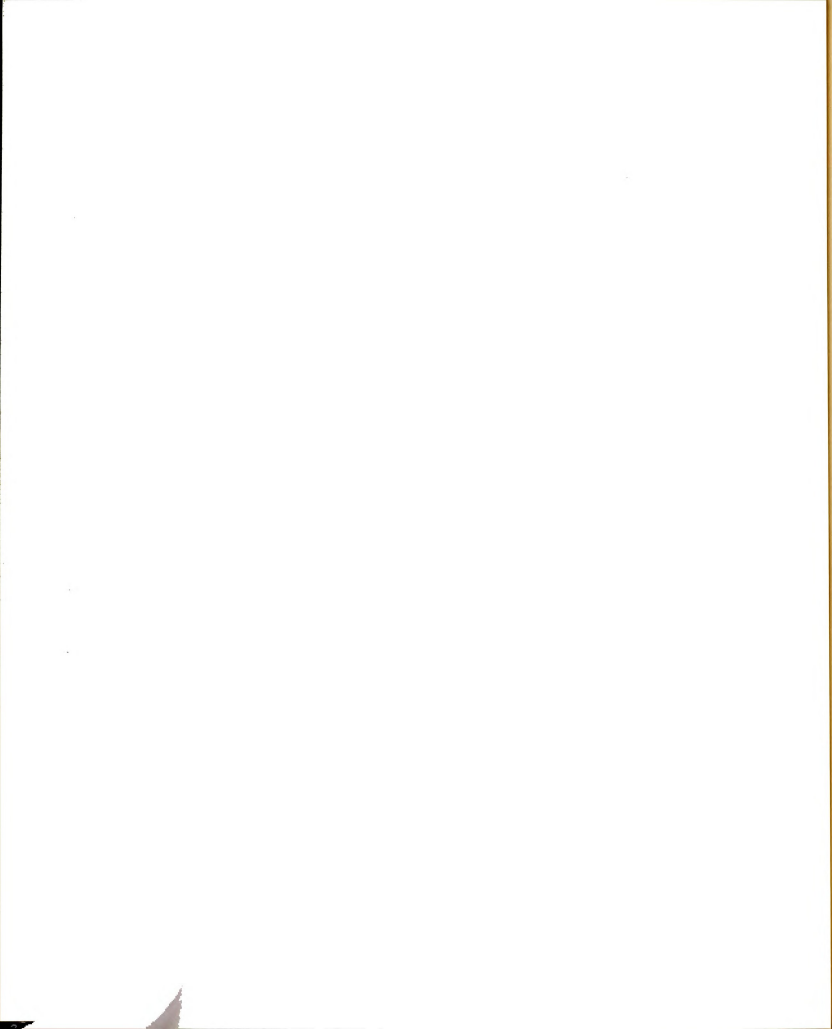
In a competitive economic system, sectoral balance and equilibrium tend to be reached through market mechanism. Where the mechanism is weak, the result can be a disjointed economic system, with surpluses in some sectors and shortages in others. Further, in a less developed economy, the small size of the market can discourage industrial production and hamper economic growth. The small size of the market does not promote increase in productivity. Low level of productivity results in low levels of wages and profits and the low level of income keeps the size of the market small.<sup>1</sup>

Ragner Nurkse refers to a vicious circle in which low income economies are caught, as a result of low level of real income. "The inducement to invest may be low because of the small buying power of the people, which is due to the small real income, which again is due to low productivity. The low productivity, however, is a result of the small amount of capital used in production, which in its turn may be caused at least partly, by the small inducement to invest."<sup>2</sup> On the other hand, "there is the small capacity to save, resulting from the low level of income. The low real income is a reflection of low productivity, which in

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1 Ragnar Nurkse, Problems of Capital Formation in Under-developed Countries (New York: Oxford University Press, 1955) p.5

2 Ibid p.5



its turn is due largely to the lack of capital. The lack of capital is the result of the small capacity to save..."<sup>1</sup> Demand creating marketing activities and adequate institutions to satisfy that demand are likely to have an important role in the development of less developed countries.

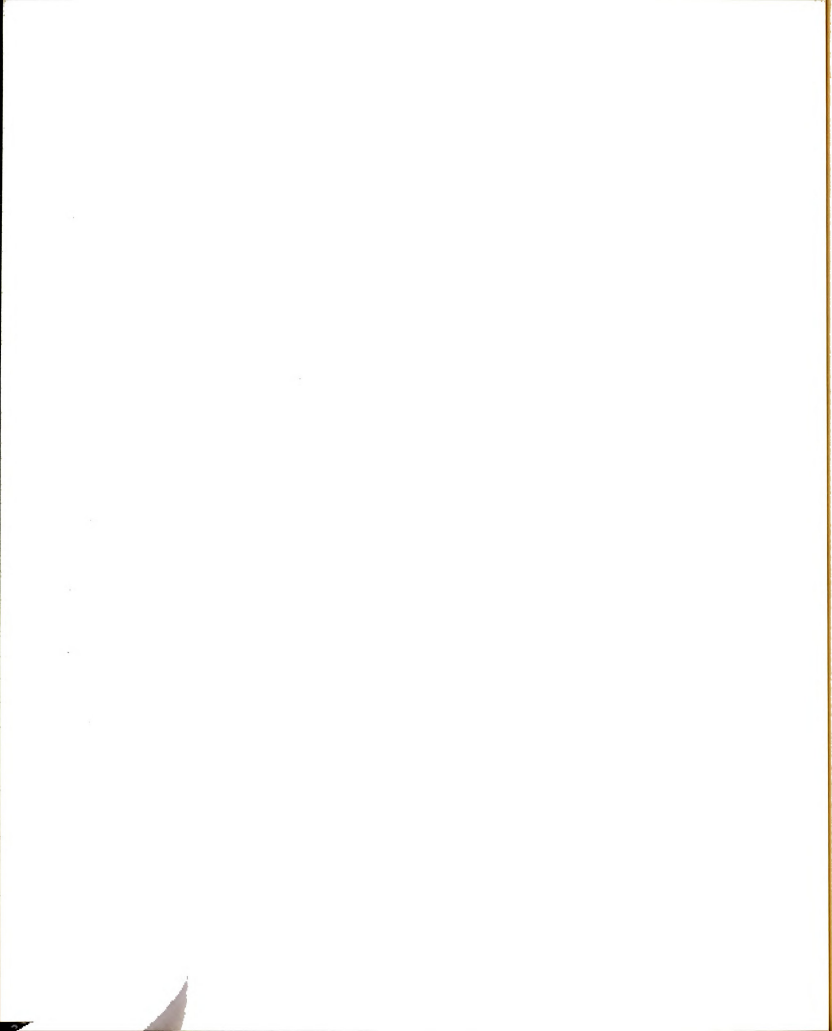
In less developed countries, such as India, the concept of capital as a stock of wage goods available to support investment activities is still valid. "Unemployment in under-developed countries is due largely to the prevalence of the wage goods gap. It is the inability of the economy to provide in the short period, the required surplus of wage goods necessary in order that the disguised unemployment can be employed in investments, that inhibits expansion of employment and investment."<sup>2</sup>

Market mechanism and administrative machinery are two alternative approaches towards the objective of economic development of less developed countries. But extensive use of direct administrative controls to coordinate economic planning has proved to be inefficient even where the administrative system is well developed. The development of the market system offers a promising method for stimulating economic growth in less developed countries. "The more planning minded a government is, the more it should pursue

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1 Ibid p. 5

2 C. N. Vakil and P. R. Brahmananda, Planning for a Shortage Economy - The Indian Experiment (Bombay: Vora & Co. 1952)





deliberate policies to encourage the growth of a well articulated market economy and a wider basis for taxation that the government can expect to exercise a more effective control over the economy to promote economic development."<sup>1</sup> If the market mechanism is used as an instrument of economic policy, effective marketing institutions have to be developed.

The twin goals of economic development, increasing the level of income and at the same time equalizing the distribution of that income within a community have been emphasized in the Research Report on Market Processes in La Paz, Bolivia, brought out by the Latin American Studies Center, Michigan State University, East Lansing.<sup>2</sup> There is an inherent conflict between the two goals of development and "the political art of development consists of balancing capacity expanding, income generating activities with demand expanding, income redistributing or unconcentrating activities."<sup>3</sup>

Indian economic planning is caught in the dilemma of the need for capital formation and the declared objective of securing equitable distribution of income. The efficacy of the market mechanism as an instrument of economic development depends on the manner in which this dilemma is resolved. In

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1 H. Myint, Economic Theory and Underdeveloped Countries, (New York: Oxford University Press, 1971) p.293

2 Latin American Studies Center, Michigan State University, East Lansing, Market Processes in La Paz, Bolivia, pp. 13-14

3 Ibid p.14

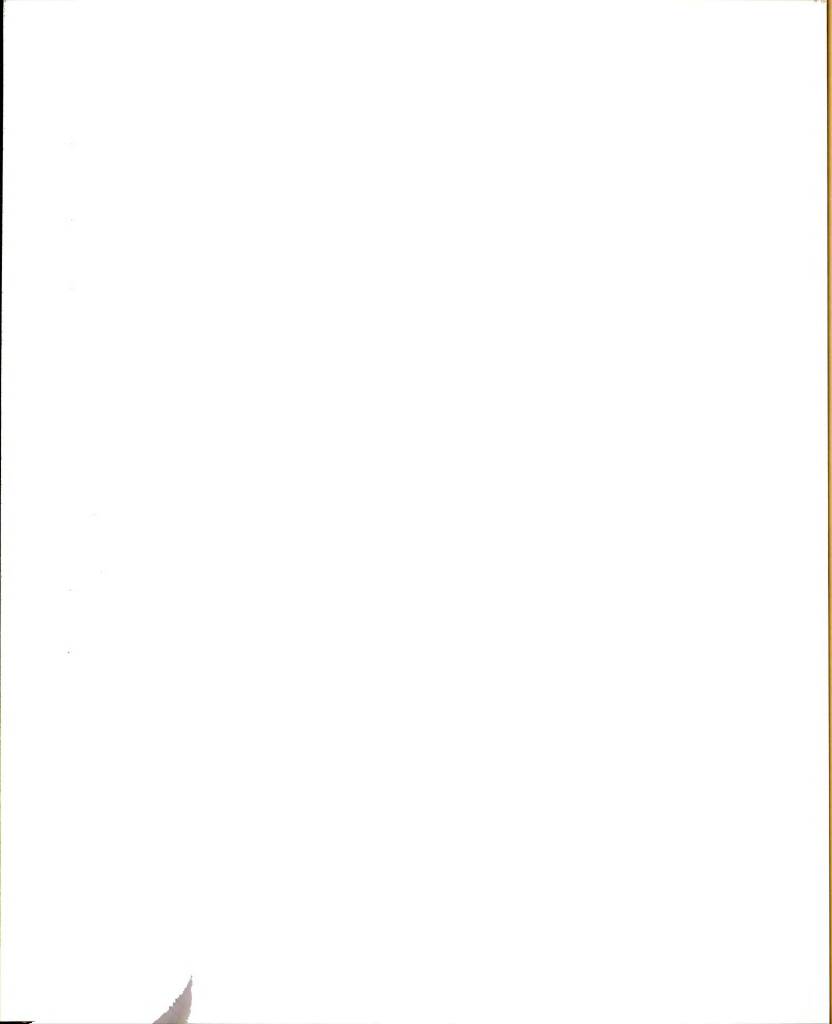
an economy characterized by very low levels of income, changes in the distribution of purchasing power will affect expenditure patterns and marketing institutions.

Marketing and Economic Development:

The critical role of marketing in economic development becomes clear when marketing is viewed as ". . . concerned with developing an efficient (in terms of use of resources) and fair (in terms of distribution of output to all parties involved) system which will direct the economy's flow of goods and services from producers to consumers and accomplish the objectives of society."<sup>1</sup> "Putting up plants without assurance of a market for their product will not industrialize a country."<sup>2</sup> The impact Sears Roebuck has had on several Latin American countries has demonstrated the catalytic role of marketing institutions in underdeveloped growth countries.

By the very fact that it builds one store in one city, Sears forces a revolution in retailing throughout the whole surrounding area. It forces more modernization. . . . It forces other retailers to adopt more modern methods of pricing, of inventory control, of training, of window display and what have you.<sup>3</sup>

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- 1 E. Jerome McCarthy, Basic Marketing: A Managerial Approach (Homewood, Illinois: Richard D. Irwin, 1971) p.19
  - 2 Wroe Alderson, "The Mission of Marketing", Wroe Alderson and Michael Halbert, ed., Men, Motives and Markets, (Englewood Cliffs, New Jersey: Prentice Hall, 19 ) p.61
  - 3 Peter F. Drucker, "Marketing and Economic Development", Journal of Marketing, January, 1958

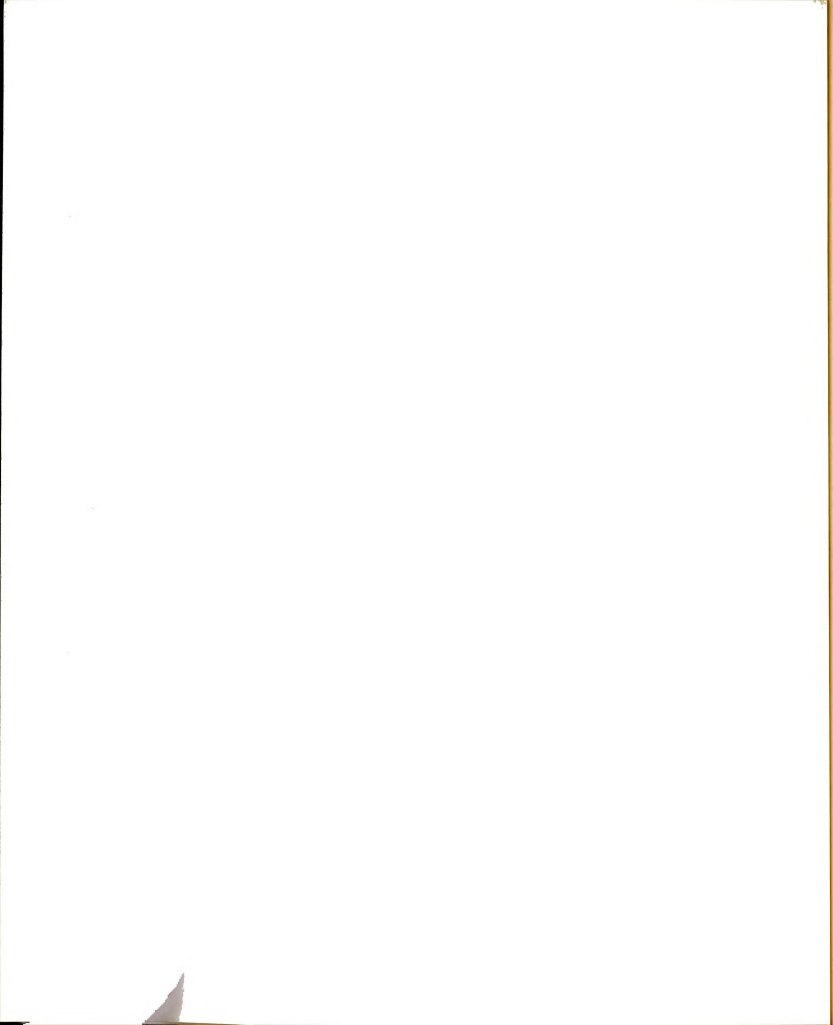


Most developing countries are faced with the problem of a dual economy; a relatively modern industrialized urban sector alongside a primitive and predominantly agricultural rural sector. In India, 85 per cent of the population live in villages, where the economy is only partially monetized.<sup>1</sup> The creation of national markets integrating the rural and urban sectors and the availability of attractive and inexpensive consumer goods will stimulate production and promote economic development.

In one developing country after another, the perception is spreading that the next phase of marketing must be based on a systematic diffusion of the modern skills now largely concentrated in the urban areas, out into the countryside; on the making of efficient national markets from this widened basis, on the generation of new lines of diversified exports, which alone promise to earn the foreign exchange which the developing countries will need in the years ahead. . . Only the pattern of widened domestic market and diversified exports promise to provide the foundation for that deepening of the industrial structure (from consumer goods down to capital goods and the heavy industries sectors) which a modern industrialized society requires.<sup>2</sup>

Selected market reforms must then be implemented to remove a series of inter-related barriers if the process

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- 1 Ralph Westfall and Harper Boyd Jr., "Marketing in India". Montrose S. Sommers and Jerome B. Kernan, ed., Comparative Marketing Systems: A Cultural Approach (New York: Appleton Century Crofts, 1968) p.399
  - 2 Walt W. Rostow, "The Concept of a National Market and its Economic Growth Implications", Peter D. Bennett, ed., Marketing and Economic Development (Proceedings of the Fiftieth Anniversary International Symposium on Marketing, American Marketing Association, September, 1965)



of national market integration is ever to be set in motion in these economies. The absence of an efficient distribution structure and a limited market concept are responsible to a great extent for the state these economies are in.<sup>1</sup>

Producers in different stages of their development need different 'blends' of marketing functions. Absence of effective marketing institutions appropriate for the stage of their development can prevent improvement in productivity and economic development.

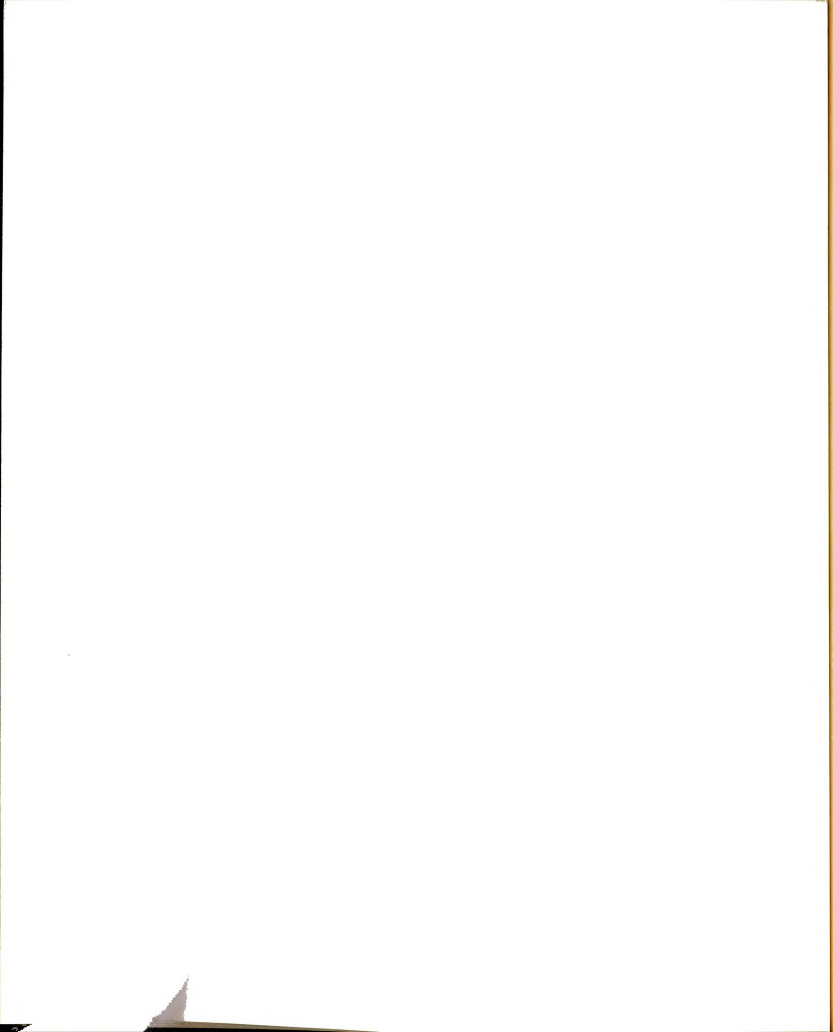
Some Indian development schemes, for instance, have been less than successful because they ignored the important role played by middlemen providing the financing function. . . The right kind of marketing institutions rather than more institutions are necessary for economic development of less developed countries. Development efforts are likely to be frustrated, if such institutions do not develop.<sup>2</sup>

Marketing considerations should play an important role not only at the planning stage, but also in the operating phases of decisions relating to product, production, pricing, channels and promotion. The strategic role of marketing in optimizing capital resources is even more important in underdeveloped countries where marketing is often inefficient and resources are in short supply.

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1 Thomas A. Staudt and Donald A. Taylor, A Managerial Introduction to Marketing, (Englewood Cliffs, N.J.: Prentice Hall, 1970) p.590

2 E. Jerome McCarthy, "Effective Marketing Institutions in Economic Development", Sommers and Kernan, ed., Comparative Marketing Systems: A Cultural Approach (New York: Appleton Century Crofts, 1968) p.137



Prior Studies Relating to Retailing Reforms:

The role of marketing institutions in the process of economic development in Latin American countries was the subject of a series of investigations by the Latin American Studies Center of Michigan State University, East Lansing.<sup>1</sup> While marketing reform is considered an important factor in the economic development of less developed countries, the problems relating to such a process have not been adequately investigated. These regional studies by the Latin American Studies Center are outstanding exceptions.

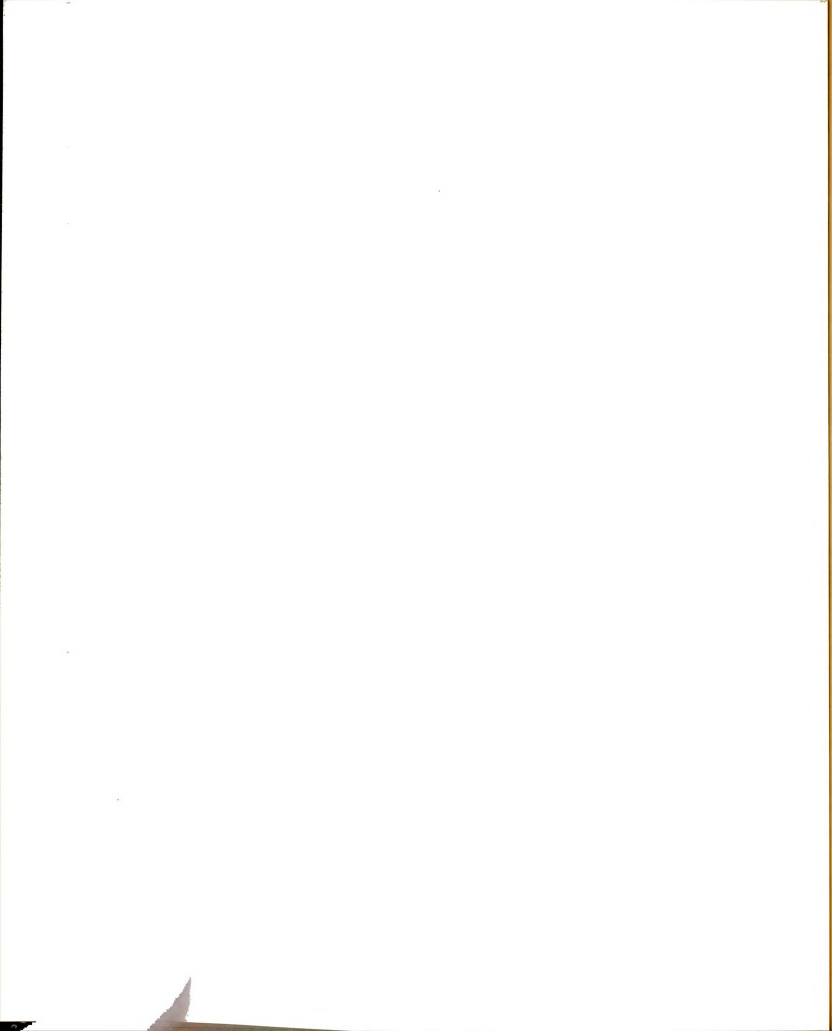
The reports refer to the "low productivity, low income equilibrium" that exists in less developed countries and suggest a series of marketing reforms which can stimulate economic growth. "The traditional small scale and rather poorly coordinated urban distribution system might be transformed into a more efficient system through loans and technical assistance to private operators, accompanied by appropriate consumer education program."<sup>2</sup> Marketing reforms involving the introduction of new techniques and institutions that would initiate a series of changes, were proposed. The emphasis in the proposed strategy was on the necessity to integrate and coordinate the channel system.

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1 Latin American Studies Center, Michigan State University, East Lansing, Market Processes in the Recife Area of North-East Brazil; Market Processes in La Paz, Bolivia; Market Coordination in the Development of the Cauca Valley Region, Colombia

2 Latin American Studies Center, Michigan State University, East Lansing, Market Processes in the Recife Area of North-East Brazil.

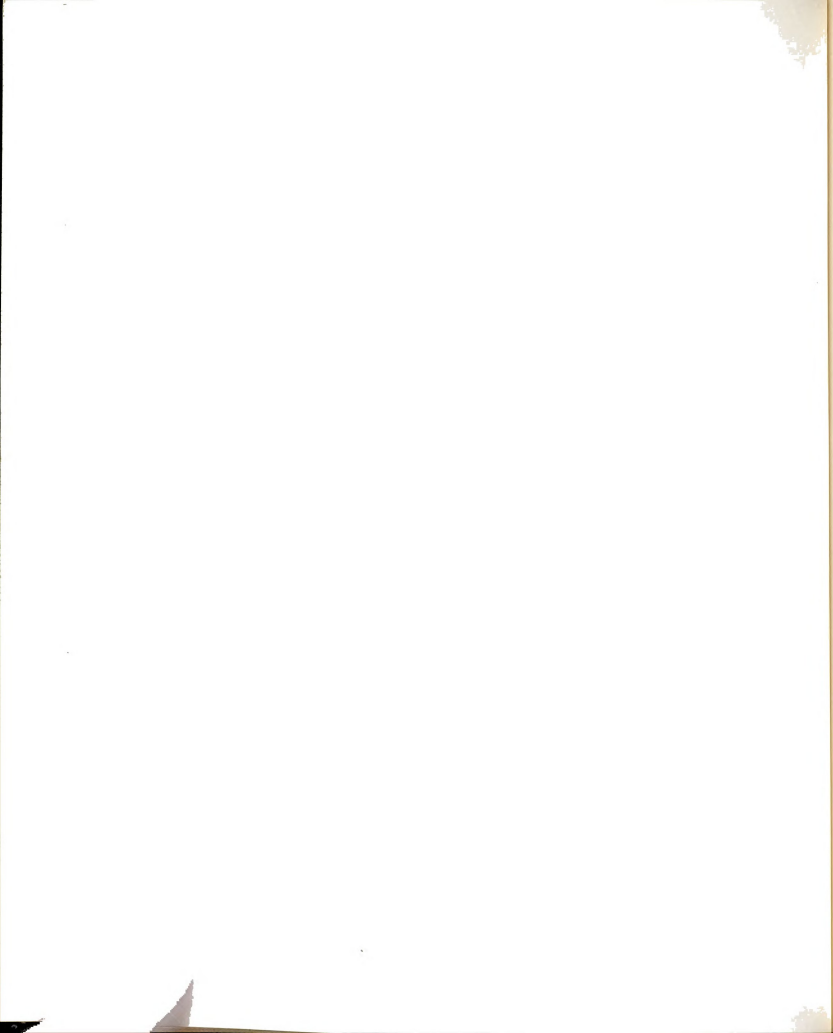




According to the reports, as a community developed market processes increase in relative importance and the function of specialized intermediaries and physical distribution activities become important concerns of development planning. There is a lack of information in most developing countries about existing production and distribution systems and consumption of industrial and agricultural products. Therefore, comprehensive diagnostic studies in specialized geographical areas were proposed as a useful first step towards problem identification.

As in most developing countries, the retail distribution system in the regions studied by the Latin American Studies Center was found to consist of a large number of low volume outlets. The Reports suggested market reform programs to reduce urban food distribution costs by establishing larger neighborhood stores linked with a wholesaler.

These studies have focused on regions in Latin American countries. It will be fruitful to examine the marketing environment in other less developed countries such as India, which are in a similar economic situation. Further, the feasibility of marketing reforms is related to the responsiveness of consumers to such reforms. An important factor in successful changes in retailing institutions, particularly in a traditional social environment, is the behavior of consumers and their response to such changes. A study of consumer response to the departmental store in Cochin, India,



which is the outcome of a governmental effort towards retailing institutional change, is relevant in this context.

Prior Studies Relating To Consumer Acceptance of Retailing Innovations:

The process of consumer acceptance of a selected retailing institution in Lansing, Michigan, was investigated by David Lee Appel.<sup>1</sup> This study investigated the segmentation of consumer market resulting from the introduction of a one-stop shopping center into a market previously served by conventional supermarkets. A number of related purchase decision areas were studied, but the principal focus was on the purchase of food for household requirements.

Five major purchase decision areas studied were:

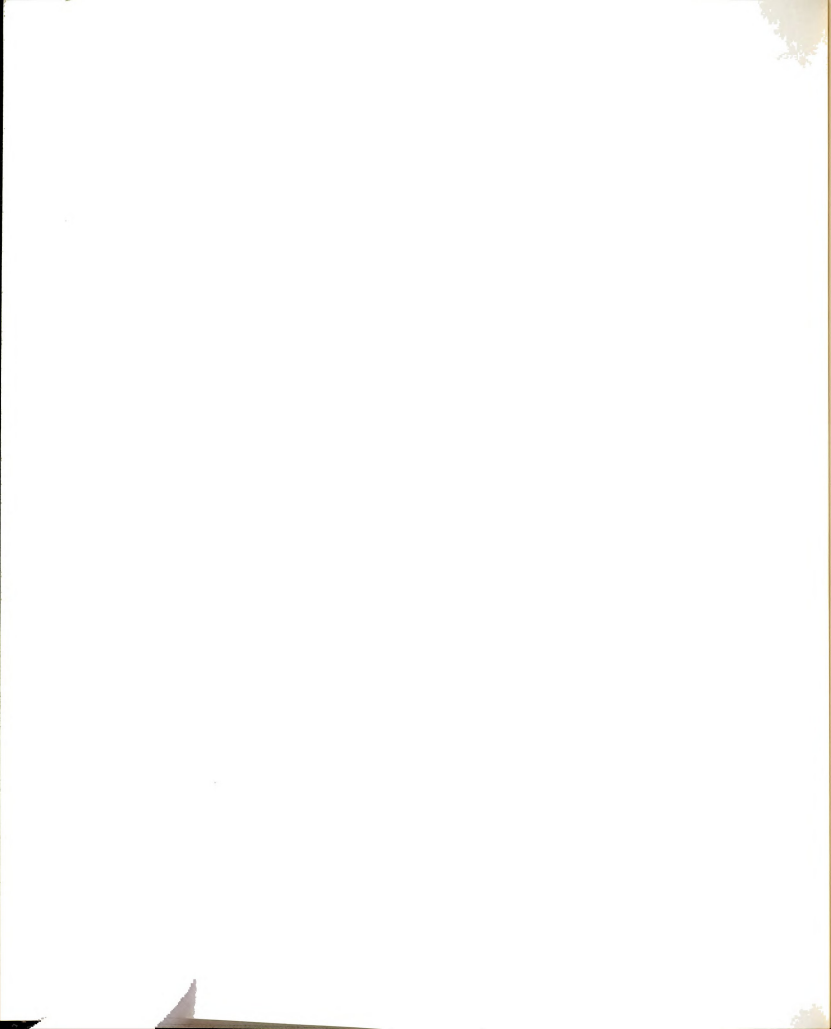
1. socio-economic characteristics
2. purchase motivation
3. purchase behavior or patronage loyalty
4. purchase behavior related to the purchase of food and
5. the process of adoption of the one-stop shopping center.

The first three were studied with respect to respondents who patronized either the one-stop shopping center or the conventional supermarkets to determine whether there were differentiating characteristics between shoppers in the two types of stores.

The study was based on the assumption that there were differences between consuming units preferring to purchase

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1 David Lee Appel, "An Analysis of Consumer Market Segmentation in Response to an Institutional Innovation in Food Retailing" (Unpublished Ph.D. dissertation, Michigan State University, 1968)



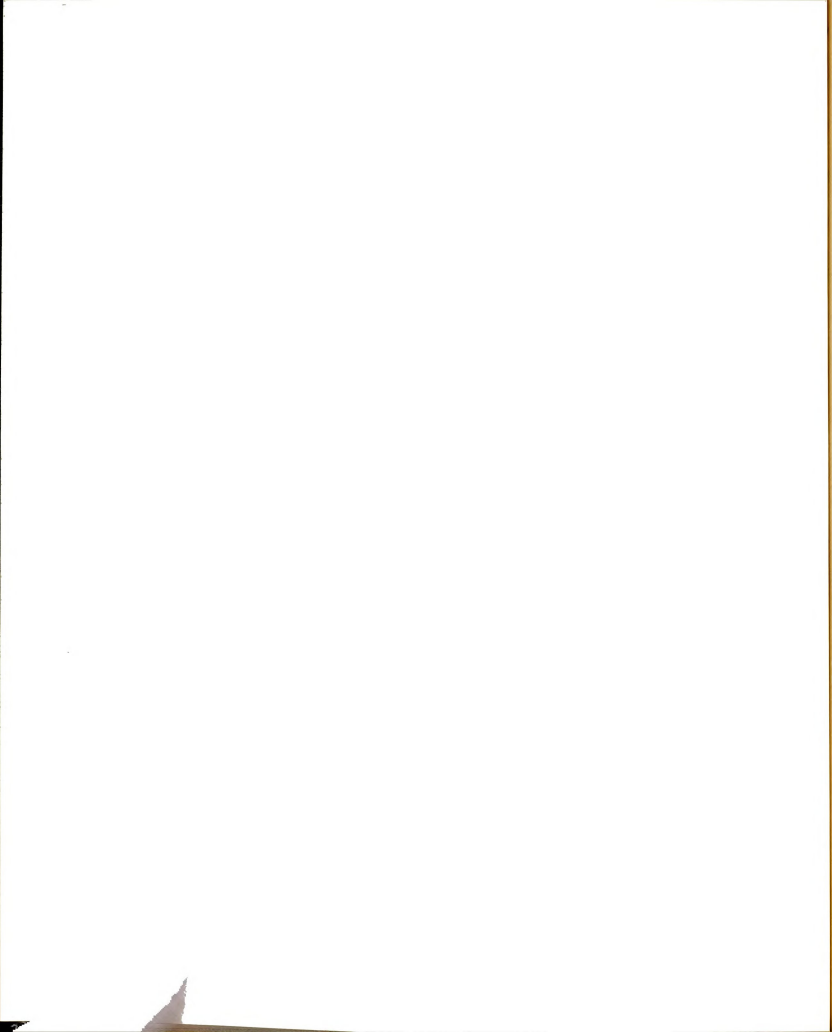
food primarily in the one-stop shopping center and those who prefer to purchase food primarily in the conventional supermarkets. Analysis of the data gathered by comprehensive interview with 159 family units in a geographically concentrated area in Lansing, Michigan, showed distinct differentiation of the two types of stores.

The independent variables used in the study were characteristics of the consuming units drawn from the areas of socio-economic characteristics, motivational effectiveness of the various elements in the marketing mix of an institution and purchase behavior patterns. The specific socio-economic variables used in the study were:

1. family income
2. age of household head
3. occupation of household head
4. family size
5. level of formal education
6. family life cycle (a function of the age of household head and children)
7. social class.

The study led to the conclusion that while the customer mix did not appear to be drawn disproportionately from any social class, income group, educational level or occupation, the customers of the two types of stores were still significantly different. One-stop shopping center customers were composed of younger families with young children. Their purchase behavior was not significantly different from that of shoppers purchasing food in the conventional supermarkets.

The responsive segment of the one-stop shopping center was, however, more interested in convenience and economic aspects of shopping behavior and less interested in the



promotional aspects of shopping behavior than conventional supermarket shoppers. The research also indicated that the consumer market segment patronizing the one-stop shopping center had undergone changes over a period of time, from a narrow distinctive segment to a broader, less distinctive customer mix.

This study has thrown light on the process of consumer acceptance of an innovation in retailing in an urban market in a developed economy. However, generalizations based on the conclusions of this study may not be valid unless similar investigations in other areas indicate similar results. The response of consumers to institutional changes is likely to be related to their socio-economic characteristics. The response towards the departmental store from consumers in Cochin, with vastly different socio-economic environment needs to be investigated.

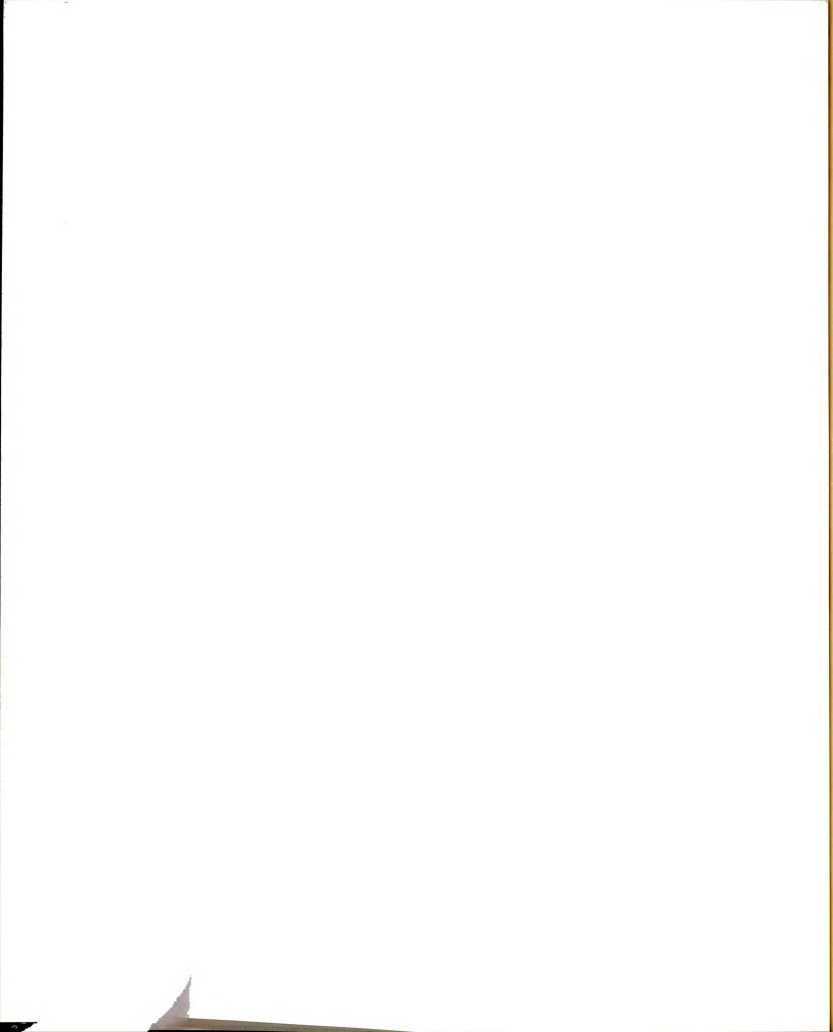
Prior Studies Relating to Store Loyalty and Purchase Pattern:

A number of studies relating to store loyalty and patronage behavior have been reported. An early study of consumer loyalty, focusing upon store loyalty as well as brand loyalty, was undertaken by Cunningham.<sup>1</sup> He defined brand loyalty as the proportion of total household purchases represented by the leading single brand used by the household. Cunningham found, among other things, that families differ

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1 Ross M. Cunningham, "Customer Loyalty to Store and Brand", Harvard Business Review (Vol. 39, Nov.-Dec. 1961) pp. 127-137





widely in their first store loyalty and that the pattern of their store loyalty did not change significantly over a period of time.

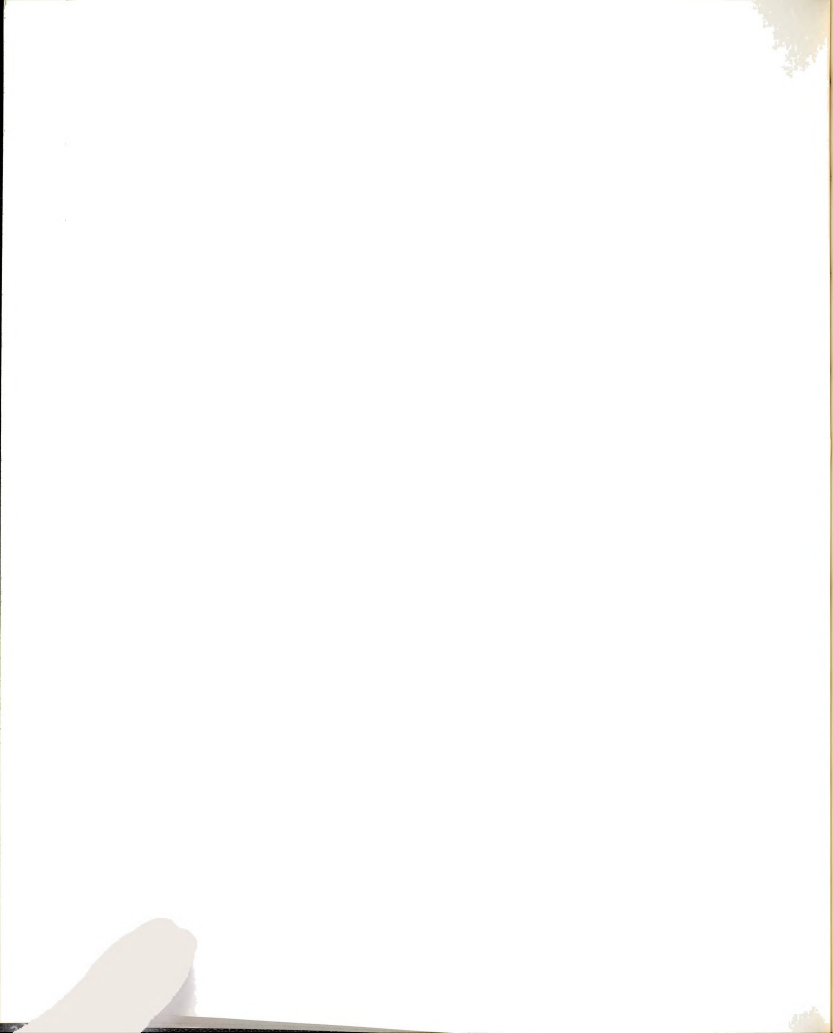
While factors such as price and quality are important in the decision making process relating to customers' choice of stores for shopping, they do not always explain the behavior of consumers. The significance of a store to a consumer may often extend beyond the physical and functional aspects of the store. The store image has been recognized as an important factor determining consumer loyalty towards a store. The store image is the symbolism associated with it in the perception of consumers and it is influenced by a number of factors, such as socio-cultural influences, personal characteristics of the consumer and store location.<sup>1</sup> Martineau, who studied the shopping behavior of consumers in Chicago and suburbs, stated that "the shopper seeks the store whose image is most congruent with the image she has of herself."<sup>2</sup>

A study to test the hypothesis that discriminating patronage is related to the images projected by two different types of retailing institutions was reported by Dodge and

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1 Velagapudi Kanta Prasad, "An Analysis of the Purchase Clustering Patterns of Food Shoppers", (unpublished Ph.D. dissertation, Michigan State University, East Lansing, 1970)

2 Pierre Martineau, "The Personality of the Retail Store", Harvard Business Review (Vol. 36, Jan-Feb. 1958) pp. 47  
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Sumner.<sup>1</sup> Differences were sought in terms of socio-economic status, learning experience and personality needs satisfaction. The relative predictability of the distinguishing variables was another subject that was investigated.

The investigation was based on a survey of college students in Memphis, Tennessee, using a two part questionnaire. The first part comprised the Guilford Zimmerman Temperament Survey for inventorying the personalities of the respondents in relation to ten traits. The second section of the questionnaire sought information in three specific areas:

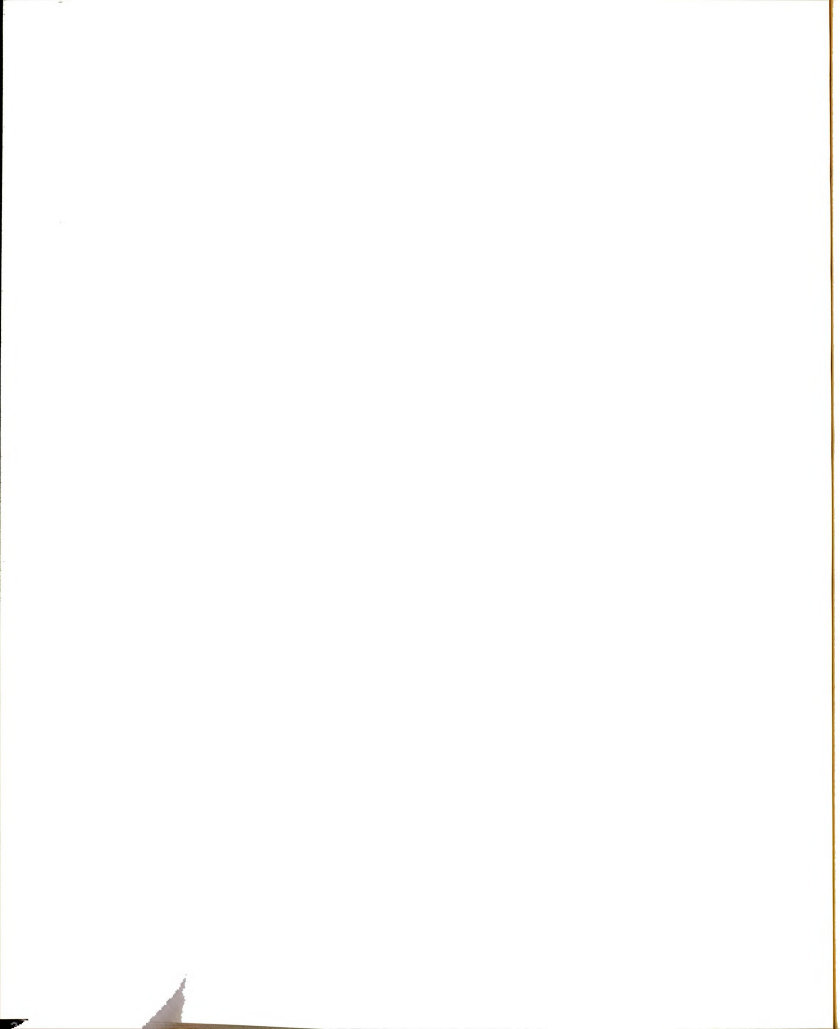
1. purchasing experience,
2. institutional preference, and
3. socio-economic environment.

Respondents were asked to indicate the type of retail institution in which they would prefer to purchase fourteen selected items. A multiple measurement called a linear discriminant function was calculated to test for discrimination based on respondents' preference orientation.

The result of the study suggested that a combination of socio-economic level, purchasing experience and personality factors discriminate between shoppers patronizing the two store types studied. The discriminating power of this function was found to vary with the specific item of merchandise. Institutional patronage behavior was a function of both institutional and product images. Institutional images could

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<sup>1</sup> H. Robert Dodge and Harry N. Sumner, "Choosing between Retail Stores", Journal of Retailing (Fall, 1969) pp. 11-21



be expected to draw different groups of buyers who could be defined in terms of a combination of factors rather than one single factor.

Segmentation of the department store market based on consumer perception of self, of product, of values and of stores was the subject of a research project by Lazer and Wyckam.<sup>1</sup> The study attempted to identify the most important market segments for each of the department stores studied by differentiating among the images held by the consumers. It was found that consumers in different social classes and in different family life cycle stages had different images of the test department store. Consumers with different perceptions of each test store may also have different expectations when shopping in each store.

Another study by Stephenson sought to identify patronage motives that are important in the choice among competing food outlets.<sup>2</sup> Patronage motives of retail food shoppers were identified by employing a semantic differential test. A random sample was selected from individuals who trial shopped a specialty meat shop during its first six weeks of operations and two interviews were held with them. During the first personal interview, respondents used a semantic differential

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1 William Lazer and Robert G. Wyckam, "Perceptual Segmentation of Department Store Markets", Journal of Retailing (Summer, 1969) pp. 3-14

2 R. Ronald Stephenson, "Identifying Determinants of Retail Patronage", Journal of Marketing (July, 1969) pp. 57-61

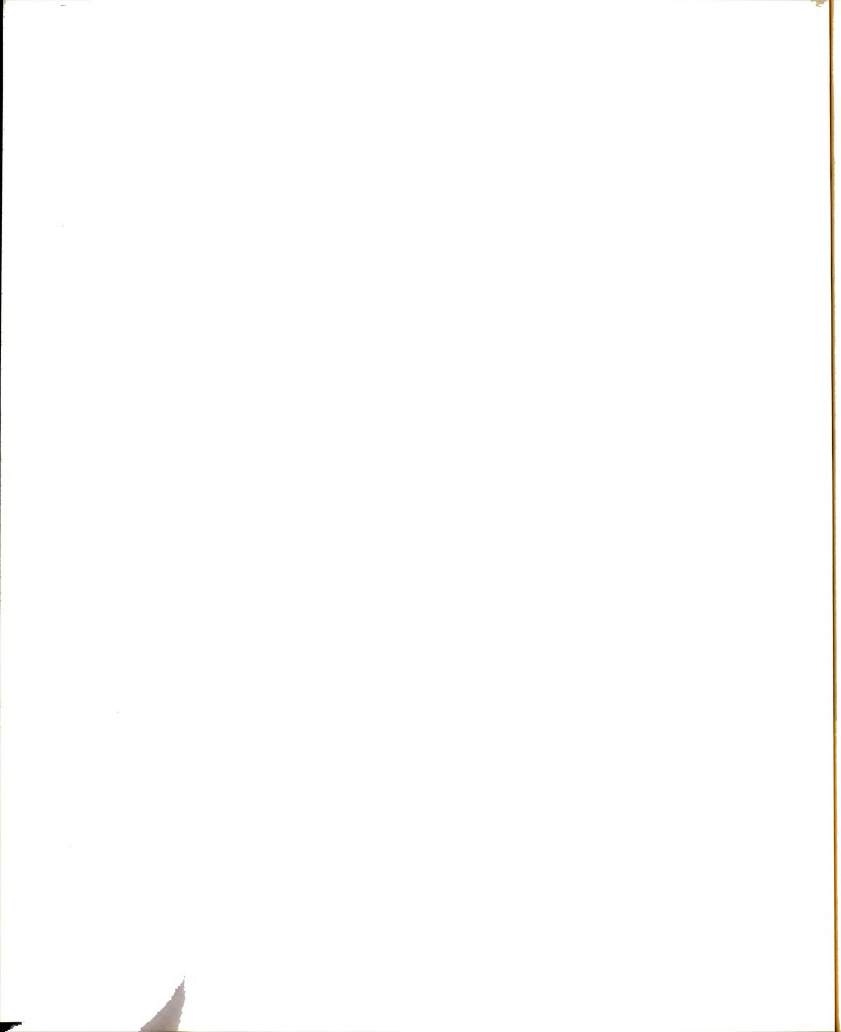
instrument to rate the different stores: the new store, the regular store and an ideal store from which to purchase. The second interview was by telephone after an interval of two months and during this the respondents reported the outcome of their patronage decisions. Semantic differential ratings were analyzed to measure for differences.

The results supported the hypothesis that differences between patron and non-patron ratings of the new store were statistically significant on six image dimensions. The test of differences in patron and non-patron ratings of the ideal and the new store were significant on the same dimension and all differences were in the hypothesized direction.

Food purchase clustering by shoppers in Lansing, Michigan was investigated by Prasad, based on selected characteristics of the shoppers.<sup>1</sup> The research disclosed that the predictive efficacy of socio-economic and demographic variables in explaining differences in food purchase clustering patterns of shoppers was very low. However, two of the variables - the stage in the family life cycle and multiple automobile availability - were found to be significantly related to the extent of food purchase clustering of families. Families in the earlier stages of the life cycle clustered their food purchases to a relatively greater degree than those in other

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<sup>1</sup> Velagapudi Kanta Prasad, "An Analysis of the Purchase Clustering Patterns of Food Shoppers" (Unpublished Ph.D. dissertation, Michigan State University, 1970)





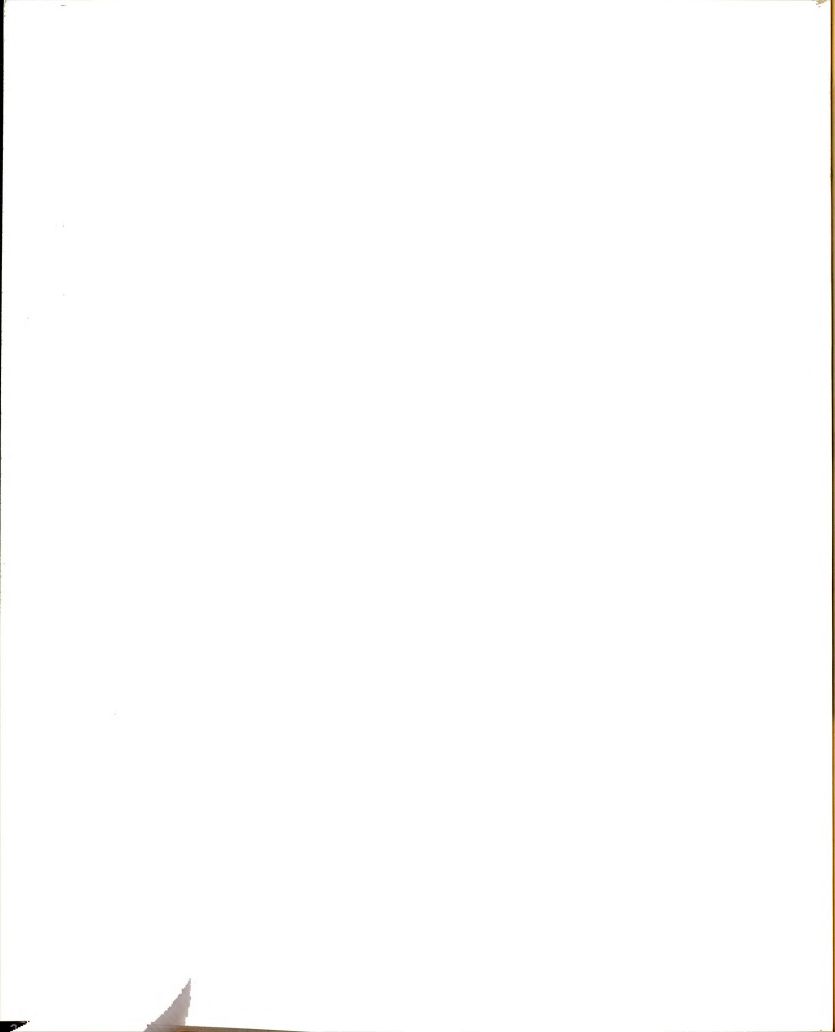
stages of the life cycle. Shoppers' comparative perceptions of the food stores they patronized with respect to prices and quality of meats were significantly related to the patterns of clustering of their food purchases among these stores.

These studies relating to store patronage and purchase behavior are based on investigations of shoppers in urban markets in the United States. However, consumer behavior towards stores is likely to be related to socio-economic variables which vary in different countries. The response to a new type of store by consumers in Cochin could be expected to throw light on consumers' choice of stores in an under-developed country with a different socio-economic environment.

#### Hypotheses:

This research was organized around the hypotheses which are presented in this section. The evaluation of these hypotheses is presented in Chapter 3.

Personal contacts and relationships between shoppers and store operators could be important factors that influence consumers' decisions regarding the choice of store for their principal shopping. In a traditional social system, this influence is likely to be strong. Families which have lived in Cochin for relatively longer period of time could be expected to have established prolonged personal contacts with operators of conventional and neighborhood stores. Those families which have established ties with the conventional and neighborhood stores are likely to maintain their loyalty to the older stores. On the other hand, families which are



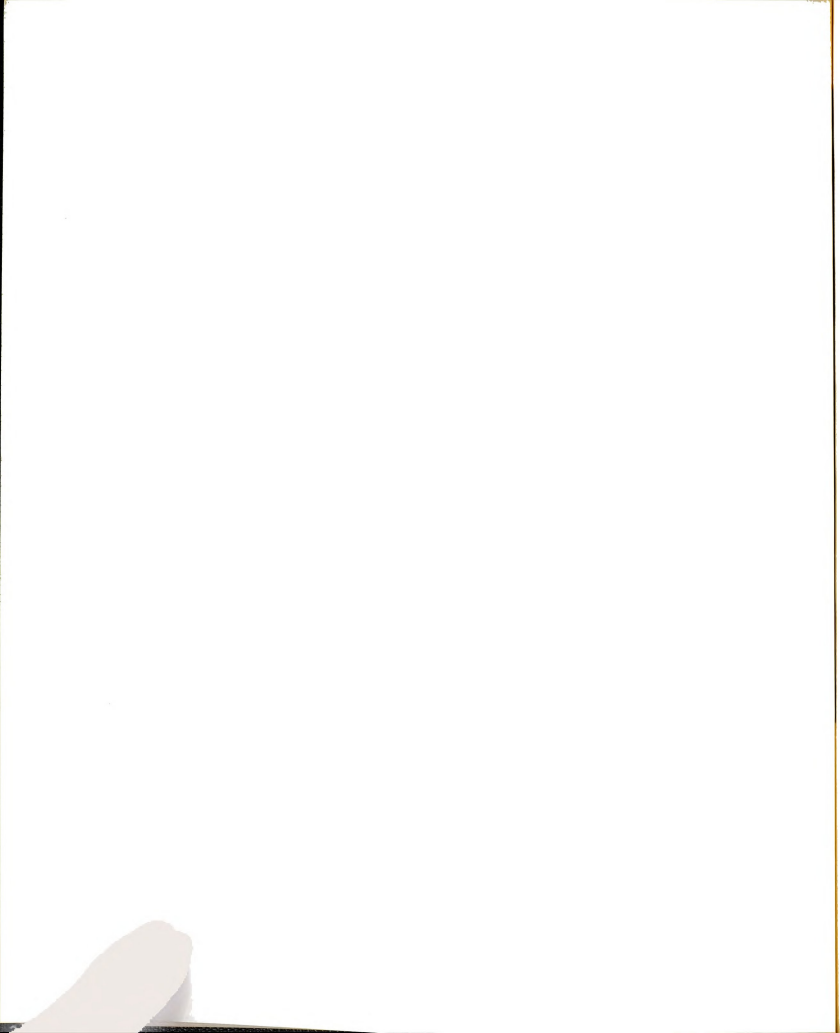
relatively less established in the city might not have such ties with the older conventional stores and neighborhood stores; they are more likely to patronize the departmental store than other families. The following null hypothesis was formulated on the basis of these considerations:

- 1 A. There is no relationship between period of residence in the city and the choice of main store for shopping.

Members of families in the higher level of income are generally concerned about cleanliness and adequacy of shopping space within the store. They are also likely to be interested in the innovative features of the departmental store. Families in the upper income level may have automobiles and, therefore, easier access to the departmental store which is located away from the main shopping center. The following null hypothesis was formulated on the basis of this expected relationship between family income and store preference:

- 1 B. There is no relationship between the level of family income and the choice of main store for shopping.

Families in the earlier stages of life cycle may be expected to be more attracted to the departmental store than other families. The family life cycle concept used in this study is a function of the age of the household head and the ages of children in the family. Younger persons may be more educated and more flexible in their attitudes. Therefore, they are likely to be more innovative and so responsive to the departmental store with its innovative features. The facility for one stop shopping and for saving shopping time



may appeal to shoppers having young children. A study by David Lee Appel of consumer adoption of a retail innovation in Lansing, Michigan showed that the customers of the innovative one-stop shopping center were composed of younger families. Therefore, it was expected that younger families in Cochin would prefer to accept the departmental store as their main shopping center. The following null hypothesis was based on this expected relationship.

- 1 C. There is no relationship between family life cycle stage and the choice of main store for shopping.

It was also assumed that the size of the family unit will influence the choice of main store for shopping. Larger families are likely to be more concerned with economic factors than smaller families. The departmental store, with its cooperative ownership and its focus on low price may attract families which are relatively large in size. The null hypothesis based on this assumption is stated as follows:

- 1 D. There is no relationship between the size of the family unit and the choice of main store for shopping.

Store patronage behavior of consumers in Cochin was expected to be related to their educational level. The correlation between education and innovativeness is well recognized.<sup>1</sup> Families having relatively more educated persons as their head may be expected to patronize the departmental store. It may be assumed that the head of the

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<sup>1</sup> Everett M. Rogers, The Diffusion of Innovation (New York: Free Press, 1962) p.39

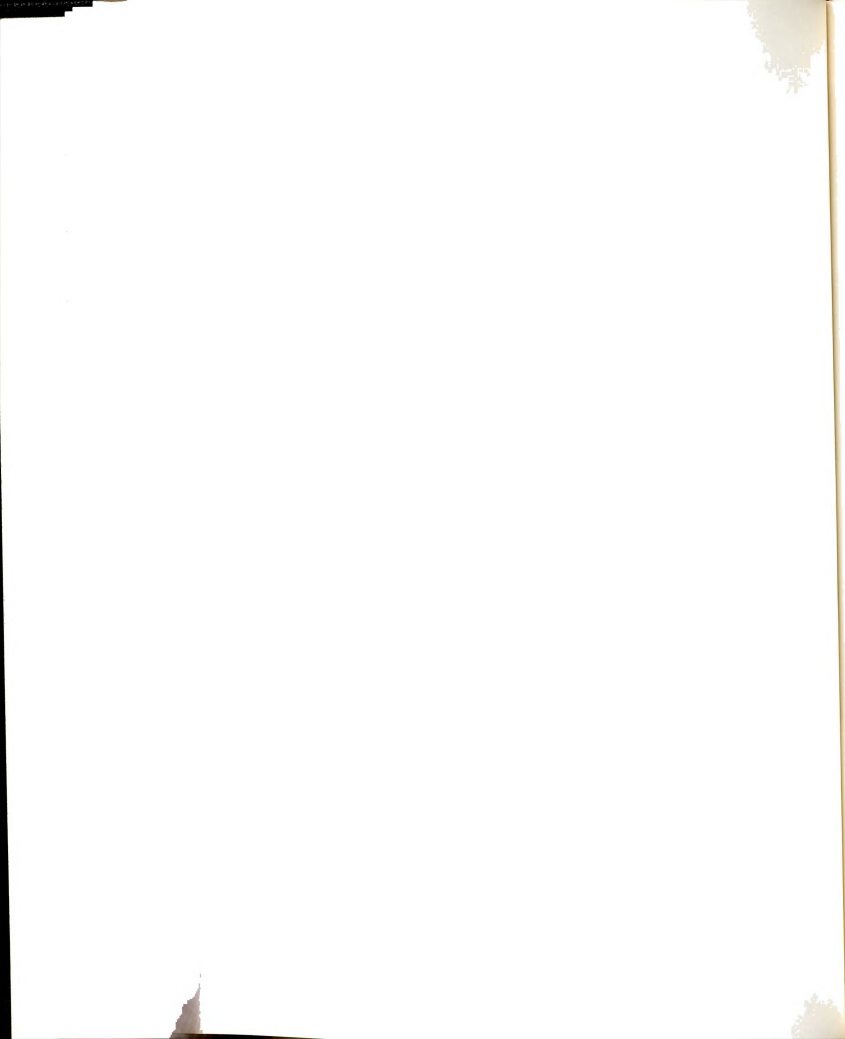
family is generally the principal decision maker regarding store choice in the traditional social environment in Cochin; he may influence the behavior of other members of the family too. The following null hypothesis was formulated on the basis of this assumption:

- 1 E. There is no relationship between the educational level of the household head and the choice of main store for shopping.

The occupation of the head of the family can have an important bearing on the type of store which will be patronized by the family. Occupation determines the level of family income and also the frequency of income receipt. While salaried employees receive fixed regular income once a month, skilled and unskilled workers receive payments on a daily basis. The income level and the frequency of income receipt are related to the extent of reliance on credit. Different occupations have different social ranks and images in the traditional social environment of Cochin and these differences may affect store patronage behavior of families. It was assumed families whose heads were engaged in occupations carrying relatively more income and social rank will prefer to patronize the departmental store and the following null hypothesis was formulated:

- 1 F. There is no relationship between the occupational status of the household head and the choice of main store for shopping.

Ownership of consumer goods such as automobiles and refrigerators may be related to store choice of families. Ownership of such goods is not only associated with income



levels but also with the social position of families. Therefore, families with relatively higher level of ownership of such goods may be expected to prefer shopping in the departmental store which provided more and cleaner shopping space. The following null hypothesis is based on this assumption:

- 1 G. There is no relationship between ownership of consumer durable goods and the choice of main store for shopping.

A second set of five hypotheses were generated to investigate the relationship between store patronage behavior of consumers and their purchase motivation and behavior.

The distance between store and the place of residence of shoppers may be an important factor in the choice of main store for shopping. In a less developed country automobile ownership is limited and many shoppers are likely to walk to the store for shopping. The distance to the store can be important to them because of the cost of shopping trips in terms of time and effort involved in walking to the store. The null hypothesis 2A is based on this assumption of a relationship between proximity of the store and store choice for shopping.

- 2 A. There is no relationship between distance to the store from the place of residence of families and their choice of main store for shopping.

Price is also a factor which could influence store preference of shoppers. David Lee Appel's study of consumer acceptance of a retailing innovation in Lansing showed that



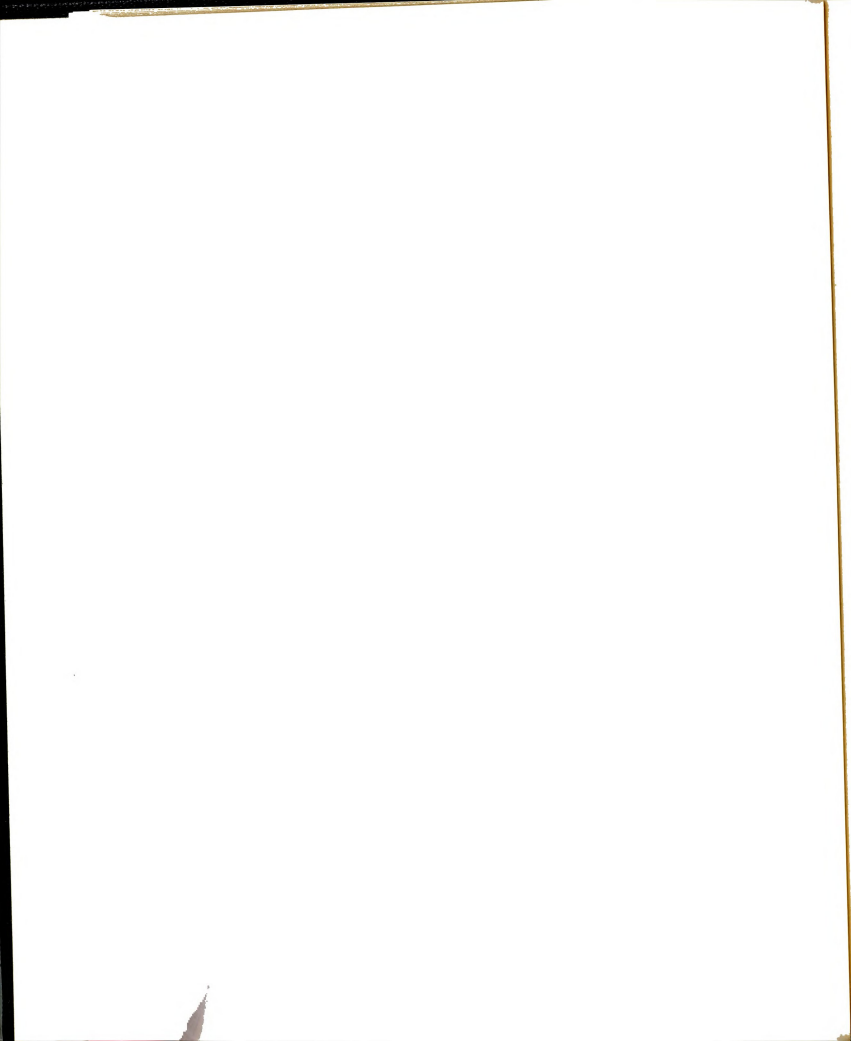


the customers of the one-stop shopping center were concerned with economic and convenience aspects of shopping behavior.<sup>1</sup> Stores in which prices were relatively lower may draw more customers than other stores. The departmental store aimed at keeping prices low and this could be a factor which attracts its customers. The null hypothesis 2 B is formulated on the basis of this assumption.

- 2 B. There is no relationship between actual prices in the different stores and the choice of main store for shopping.

Exposure to mass media and store advertisements will have a bearing on consumers' choice of main store for shopping. Families whose members read newspapers and other printed media relatively more frequently may be more informed about the departmental store and its innovative features; they are more likely to be attracted to the departmental store than other families with less exposure to such media. Mass media exposure is also significantly related to innovativeness of consumers.<sup>2</sup> Persons who have relatively higher degree of mass media exposure may be early in patronizing the innovative departmental store. Based on this expected relationship between store patronage and mass media exposure,

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- 1 David Lee Appel, "An Analysis of Consumer Market Segmentation in Response to an Institutional Innovation in Food Retailing" (Unpublished Ph.D. dissertation, Michigan State University, 1968)
- 2 Everett M. Rogers, The Diffusion of Innovations (New York: Free Press, 1962) p.211



the following null hypothesis was formulated:

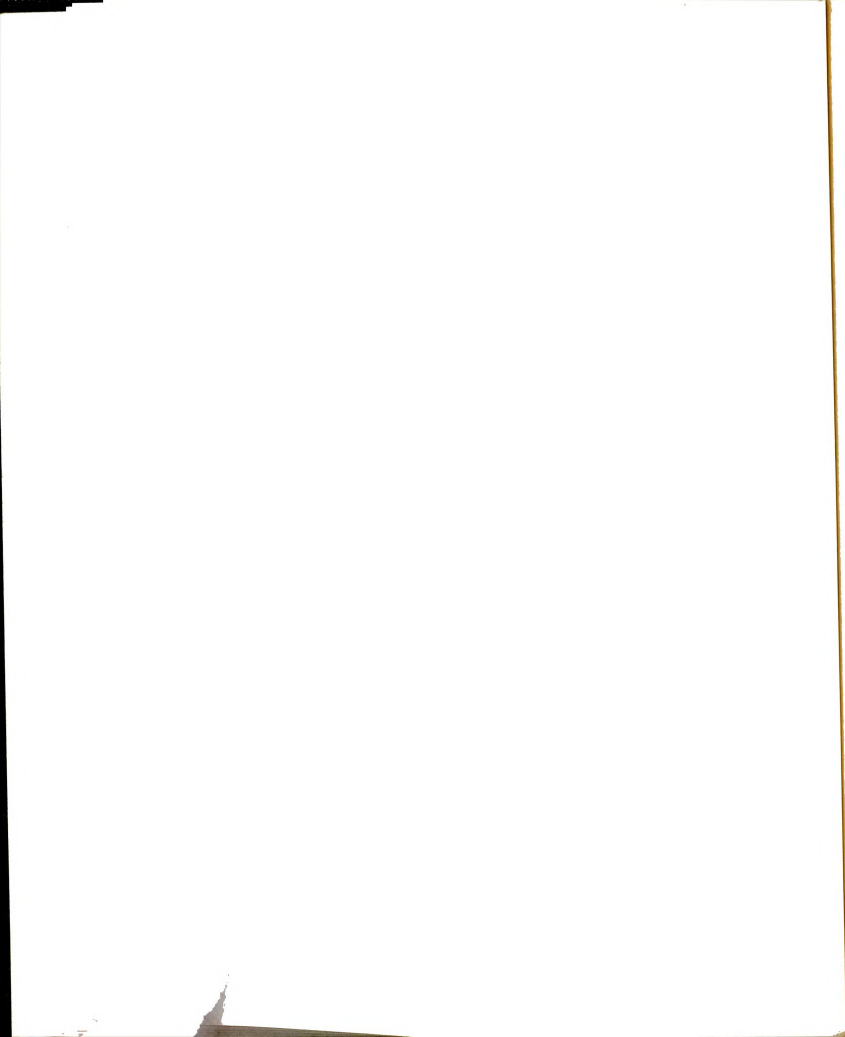
- 2 C. There is no relationship between the degree of exposure to printed media and the choice of main store for shopping.

Purchase interval may influence store preference of consumers. Purchase interval is the interval between consecutive purchases by shoppers. Shopping visits involve costs in terms of time, effort and money. Frequent shopping in small volumes increases these costs when the store is located farther from the place of residence. Therefore, when frequency of shopping is high, it is likely that consumers will prefer to shop in the neighborhood stores which are easily accessible. Since ease of access is least for the departmental store it was assumed that only families who shop at intervals of relatively longer periods were likely to patronize it. The null hypothesis 2 D is formulated on the basis of this assumption:

- 2 D. There is no relationship between purchase interval and the choice of main store for shopping.

Shopping may be done by different members of the family. Participation in shopping may be by the husband, the wife, jointly by husband and wife or by children. In some cases, non-members such as domestic servants may also shop for the family. The store chosen for shopping may be related to purchase participation by members of the family. A null hypothesis was formulated based on this expected relationship.

- 2 E. There is no relationship between purchase participation and the choice of main store for shopping.



### The Research Design:

The research design was constructed to study the response of consumers to the introduction of a new retailing institution in an urban market which was previously served by conventional stores and neighborhood stores. The field research was carried out in Cochin, India.

The research design sought to investigate socio-economic variables as well as purchase motivation and behavior of consumers to determine whether any identifiable segment of the consumer market was responsive to the introduction of the departmental store. Selected characteristics of the consuming units used as independent variables were drawn from socio-economic characteristics, motivation factors and purchase behavior. These variables were:

- A. Period of residence in the city
  - Family income
  - Family life cycle stage
  - Size of family unit
  - Educational level of household head
  - Occupational status of household head
  - Ownership of consumer durable goods
- B. Proximity
  - Price
  - Exposure to print media
  - Purchase interval
  - Purchase participation

The dependent variable used in the study was the type of store chosen by consuming units as the principal source of purchase of selected product categories. Patronage discrimination was determined on the basis of a weighted index of their purchase of these product groups, weights

being assigned on the basis of the estimated importance of the product in the family budget in Cochin.<sup>1</sup>

The types of stores studied were:

Neighborhood stores,  
Conventional stores and  
Departmental store.

Neighborhood store is defined, for the purpose of this study as a small decentralized independent store, located at points in the city which are easily accessible to shoppers. They are general stores rather than specialized ones. They focus on proximity, personal contacts with neighborhood shoppers and credit sales for drawing their customers. Conventional stores are independent proprietary stores, offering narrow lines of product categories. They are generally larger than neighborhood stores and they cluster together to form a bazaar or central shopping area in the city.

The departmental store or The Cooperative Departmental Store, is sponsored by the central government and managed by the District Consumer Cooperative Society; it offers a wide variety of product categories under one roof. It seeks to provide one-stop shopping facilities to customers. The store, located independently, away from the bazaar or the central shopping area, is operated by the cooperative society and is

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<sup>1</sup> The procedure used for weighting is explained more fully in Chapter 3.

subsidized by the government, in contrast to the individual or family ownership and management typical of other stores.

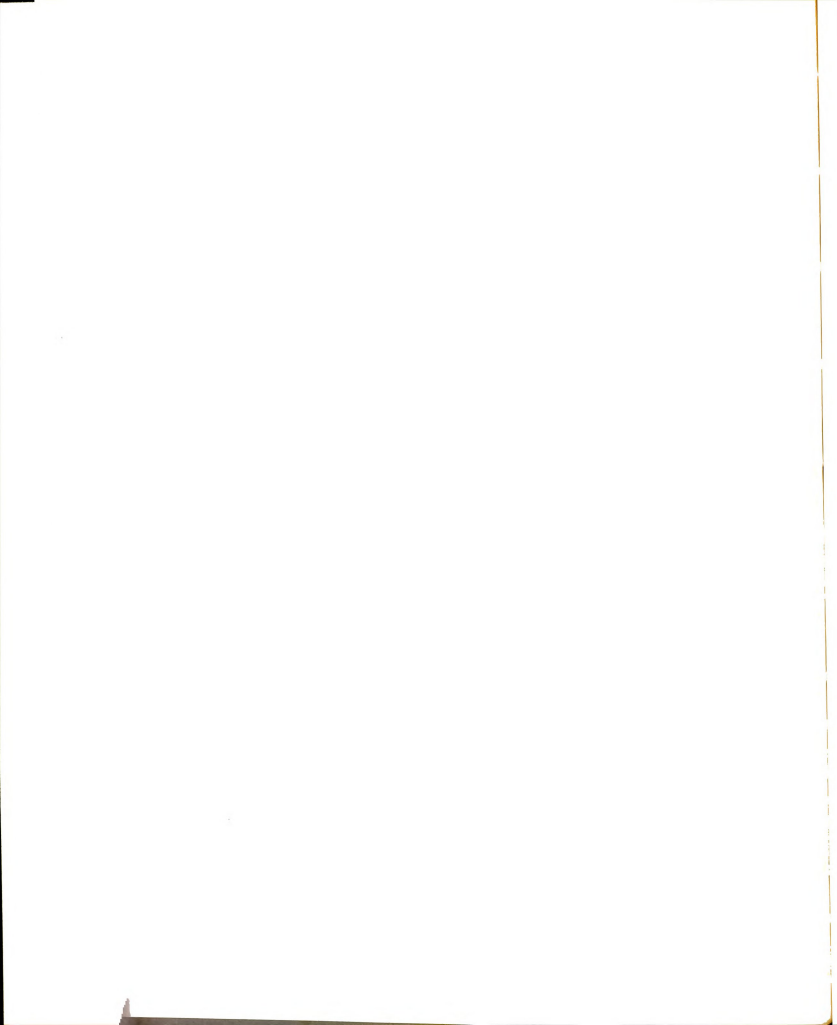
A questionnaire was designed to investigate whether any market segmentation has resulted from the introduction of the departmental store in Cochin and to learn about the characteristics of the segments, if any. The questionnaire was printed in English and the local language since many residents knew only the latter.

Research Administration:

The field research involved the administration of the research instrument to a random sample of household units in selected wards in Cochin, representing different income levels, educational levels and occupational categories. Cochin has a population of about 438,000. The city is divided into wards for administrative purposes. The wards were stratified into four categories based on their distance to the departmental store and four wards were randomly selected from them for investigation. The residents in the four selected wards had access to the three types of stores by bus transport provided by public and private agencies.

All housing units in the city had been enumerated ward by ward by the Government for administrative and electoral purposes. Random samples of household units from each of the selected wards were taken, using a table of random numbers. The total number of units in the sample was 250, but returns were obtained from only 203 units. Six units were left out because no response was received from them

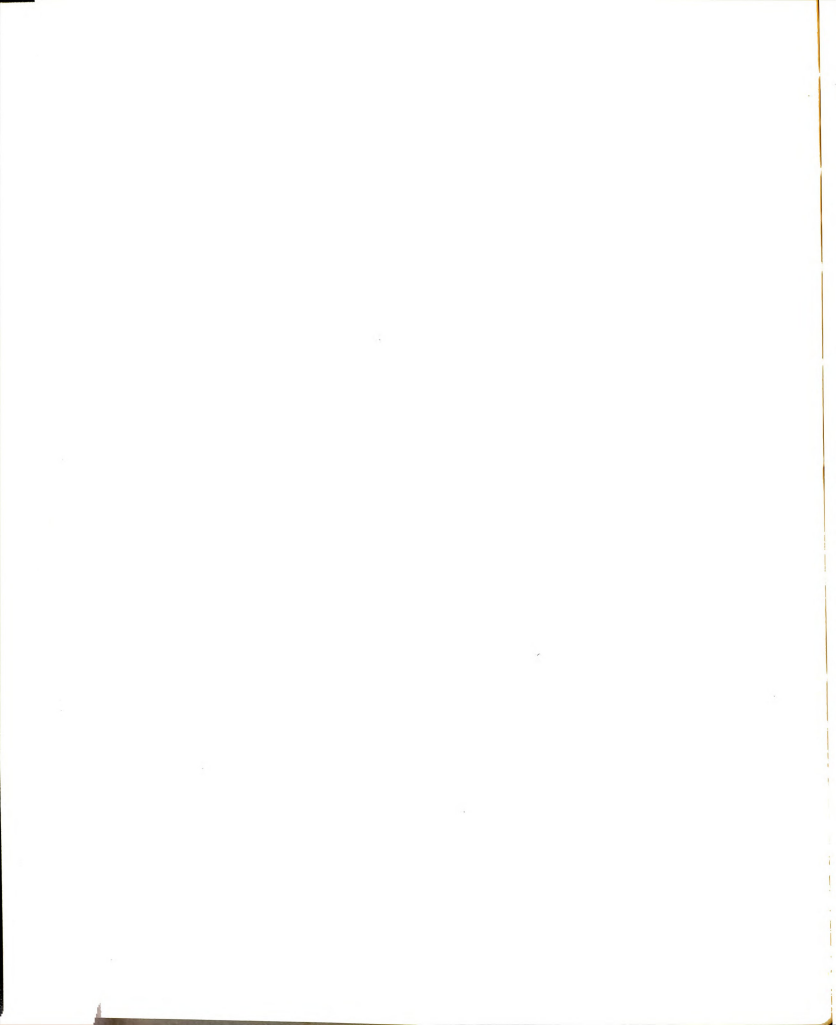




after three repeated calls. The remaining forty one units were dropped from the sample because they turned out to be non-residential units, probably because of changes after the enumeration.

The questionnaire was administered with the help of ten graduate students from the local college who were briefed and oriented for the task of interviewing the sample household residents. Five teams of two volunteers were assigned to specific housing units. On pre-testing the questionnaire, it was found that direct personal interview with the housewives was impossible because of their reluctance to communicate with the interviewers. Therefore, the method of direct personal interview had to be abandoned. Instead, the questionnaire was delivered by the volunteers directly to each sample household along with a letter of introduction and explanation. The housewives were requested to complete the questionnaire and keep them ready for collection at the end of three days. After this period, the questionnaire were collected personally by the teams of volunteers. The calls were repeated three times when necessary, until all but six returns were obtained.

This procedure had limitations. Entries may be non-spontaneous. There was no opportunity for assistance by volunteers in the completion of the questionnaire. However, the reluctance of respondent housewives to be interviewed left no choice in this regard. This, however, allowed the members of the household to confer and complete the



questionnaire jointly. This opportunity for consultation among the members of the family in completing the questionnaire might have made it more reliable since different members participated in the purchase of different products.

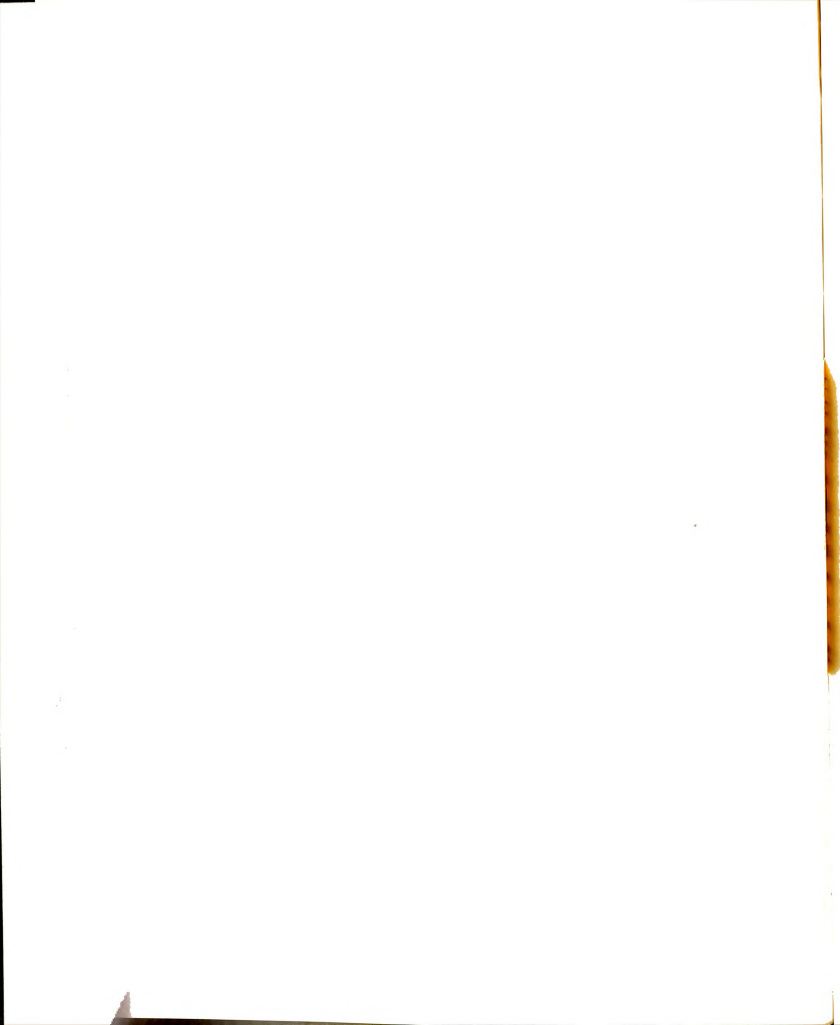
Another limitation of the study was the fact that the returns were based on recall and subjective observations by the respondents. It was considered that such observations by the respondents were important. Moreover, the alternative procedure of interviewing shoppers in the store at the time of shopping over a period of time had to be rejected because of its cost in terms of money and time.

Store patronage of shoppers was determined on the basis of weighted numbers for purchase of selected product categories, the weights being related to the estimated importance of the products in the family budget. The alternative method of determining patronage based on purchase concentration in a store in terms of the amount spent was not adopted in this study because few respondents kept any records of their purchases or could recall their expenditure distribution by product and store.

#### Organization of the Dissertation:

Chapter 1 is an introductory one in which the nature of the problem of economic development and the role of marketing in the process of development are examined. Prior studies relating to retailing reform and consumer behavior towards stores are reviewed in this chapter. The hypotheses and research design are also presented in this chapter. Chapter 2

is devoted to the description of the marketing environment in Cochin and of the retailing outlets in that city. The analysis of the research data relating to the hypotheses and the evaluation of the hypotheses are presented in Chapter 3. A summary of the findings and the implications of these findings for retail store management in Cochin and for consumer behavior research are presented in Chapter 4.



## CHAPTER 2

### DESCRIPTION OF THE ENVIRONMENT

The marketing system in a community is closely related to its environment. It is necessary to have an understanding of the interacting relationships between marketing and its environment before one can get an insight into the marketing institutions and practices, which have generally evolved to meet the needs of a specific environment. The patronage behavior and shopping patterns of consumers in Cochin are likely to be related to the environment in which they live. This chapter attempts to describe the marketing environment and the retailing outlets in Cochin.

#### Demographics:

Cochin is a coastal city in Kerala, on the south-east coast of India, with a population of 438,420.<sup>1</sup> The area covered by the city is approximately six miles by four miles. Slightly over 15 per cent of the population of Kerala live in towns; there were only ten towns in the State with populations of 50,000 or more. The remaining 85 per cent live in villages with vastly different socio-economic environment and institutions. "Only a small proportion of the population

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<sup>1</sup> Report of the Census Commissioner to the Government of India, New Delhi, on 1971 Census of Population.

*Independent variable  
Demographic and  
economic factors*

in the city is engaged in industrial labor, while a good number of people are engaged in low remunerative pursuits requiring little capital."<sup>1</sup>

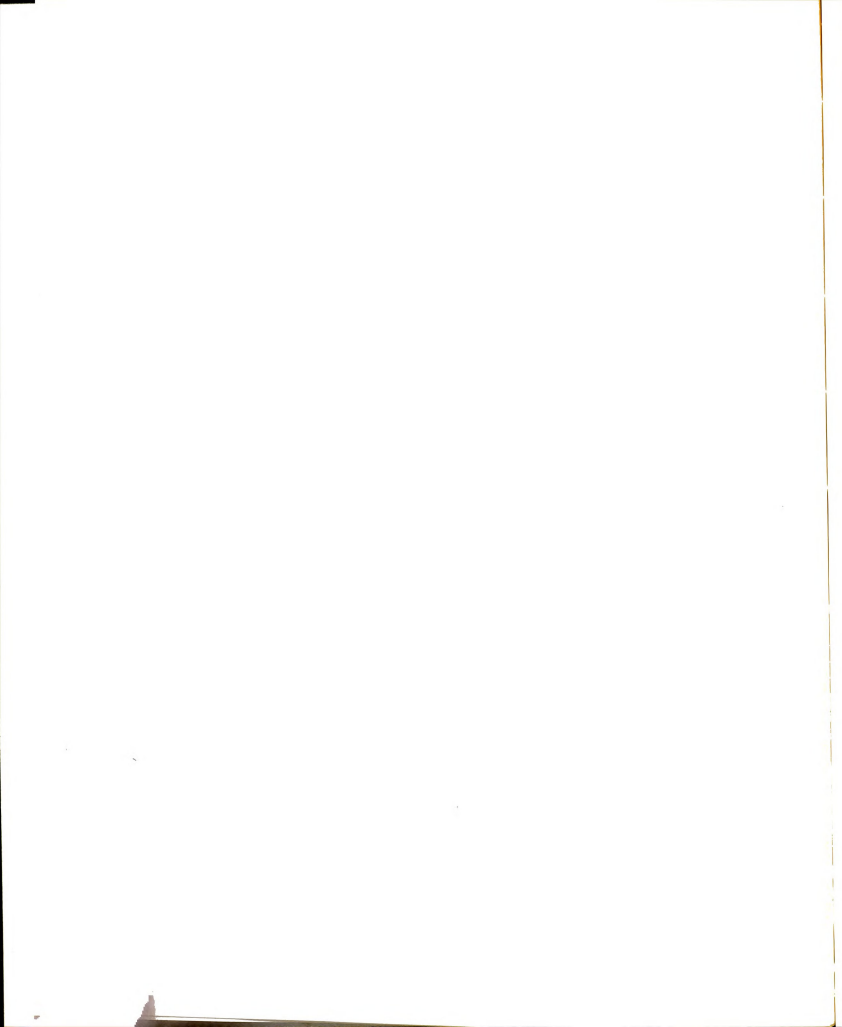
There has been significant growth of urbanization in Cochin during the last fifteen years and this has implications for the retailing system in the city. Retailing activities are largely concentrated in the urban sector, while relatively less trade takes place in the rural sector. According to the 1971 census data, Cochin experienced a 56.2% increase in population during 1961-71. This resulted in an increased strain on the retailing system in the city.

An overview of families in the city is relevant to this study, since the families are the principal purchasing units. The average size family in Cochin has five members, as revealed by the research data. Typically, the male is the head of the family, exceptions being families in which the husband is deceased. The hierarchical family structure, typical of the region, affects decision making within the family. Traditionally, the male is the principal decision maker in the family which is in the low or medium income levels. The wife and other members of the family play a more important role in shopping in families in the high income level as indicated by the research data. The

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<sup>1</sup> Publication Division, Ministry of Information and Broadcasting, Government of India, Kerala (New Delhi, 1968) p.25





traditional extended family still has vestiges in some sections, but it is fast disappearing, particularly in cities and the trend appears to be towards nuclear families.

In spite of the decline of extended family pattern, some families in Cochin have more than one earning member contributing to the total family income. In some families, both husband and wife earn income from employment, while in others unmarried children living with parents contribute their earnings to the family income. However, the research data showed that the majority of families in Cochin had only one earning member. Two-thirds of the families had only one earning member, nearly one-fourth had two earning members and approximately one-tenth had three or more earning members.

The level of education is an important factor with influences consumer behavior and the development of marketing. It has distinct implications for the adoption of innovations and for potential changes in purchasing patterns. The correlation between literacy and education on the one hand and marketing development on the other, is well recognized.<sup>1</sup> Literacy and educational level are relatively higher in cities compared to rural areas. This is due to the concentration of educational institutions in cities and the relatively greater employment opportunities there for educated persons. Access to higher education is easier in the cities because of this.

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<sup>1</sup> Dole Anderson, Marketing and Development: The Thailand Experience, (East Lansing: International Business & Economic Series, Michigan State University) p.63

The research data relating to the level of literacy and education in Cochin show that more than 58 per cent of the household heads had some college education. While more than 18 per cent of household heads had high school education, nearly 23 per cent had no schooling or only primary education.

While literacy and education are important, "literacy and beyond is essential for an individual's effective performance as a producer and as a consumer."<sup>1</sup> The individual's ability to evaluate new ideas and his innovativeness depend not only on his education, but also on his exposure to printed media. Printed media could be effective in influencing consumer behavior and changing the marketing environment. Data from the field research show that there is a high degree of exposure of families in Cochin to printed media. Nearly 89 per cent of the families surveyed reported that they read newspapers regularly and more than 6 per cent occasionally. Nearly 5 per cent of the families did not read newspapers at any time. 69 per cent of the families read weeklies regularly and 34 per cent read magazines regularly.

However, the influence of the printed media on consumer behavior is less than what is indicated by the high degree of exposure to them. This is because businessmen in Cochin make only limited use of printed media for advertising. The low level of advertising in the printed media is related to the level of economic development. Limited finances and

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<sup>1</sup> Ibid p.63

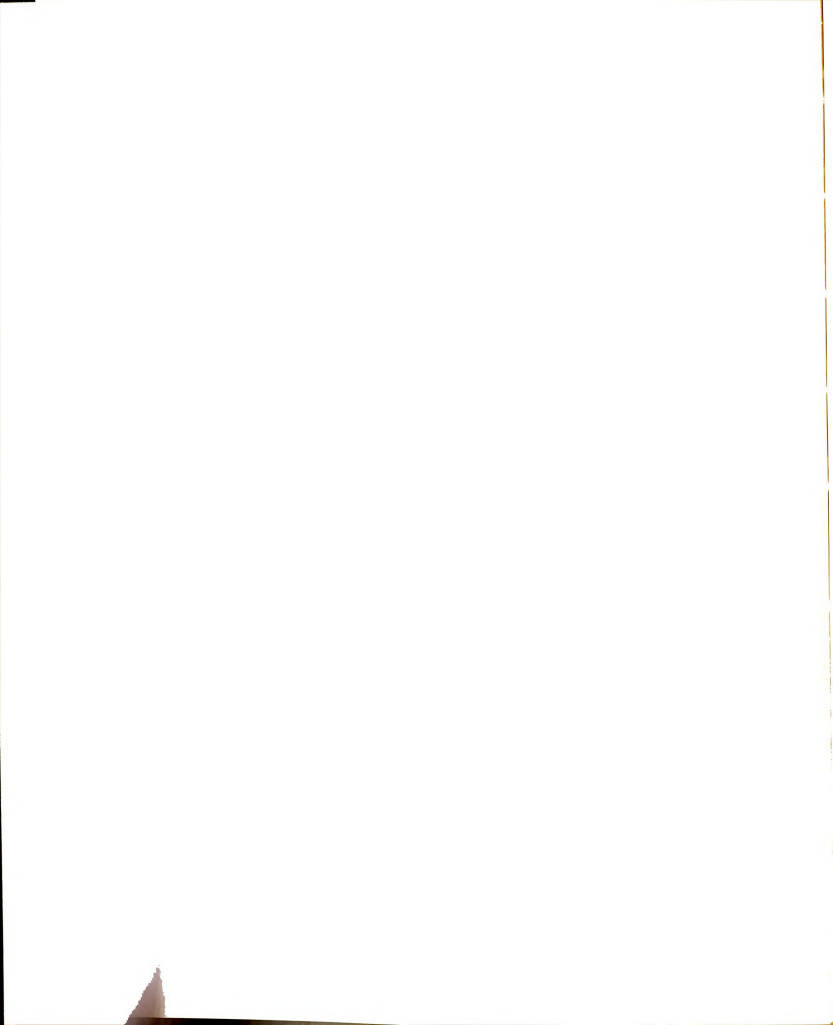
uncertainty regarding gain from advertising discourage businessmen from spending any large amounts on advertising through the printed media. The de-emphasis on newspaper advertising may also be due to the fact that retail stores in Cochin do not generally adopt promotion as a strategy. Much of the advertising in newspapers in Cochin consists of seasonal announcements and institutional advertisements which seek to create familiarity with the store rather than provide incentives or appeals to consumers.

In the absence of significant social and economic changes, advertising may not succeed in creating demand in Cochin. "The basic trends of demand for products are determined primarily by prevailing social and environmental conditions. Advertising itself serves not so much to increase demand for products as to speed up the expansion of demand that could come from favorable conditions, or to retard advances due to unfavorable conditions."<sup>1</sup>

Non-print media also do not play any large role in store advertising in Cochin. The research data showed that more than 82 per cent of the households in Cochin owned radio receivers; however, the public corporation which controls broadcasting throughout the country does not permit commercials. Television has not been introduced in the region.

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<sup>1</sup> Neil H. Borden, *Economic Effects of Advertising*, (Chicago: Richard D. Irwin, 1947) p.843

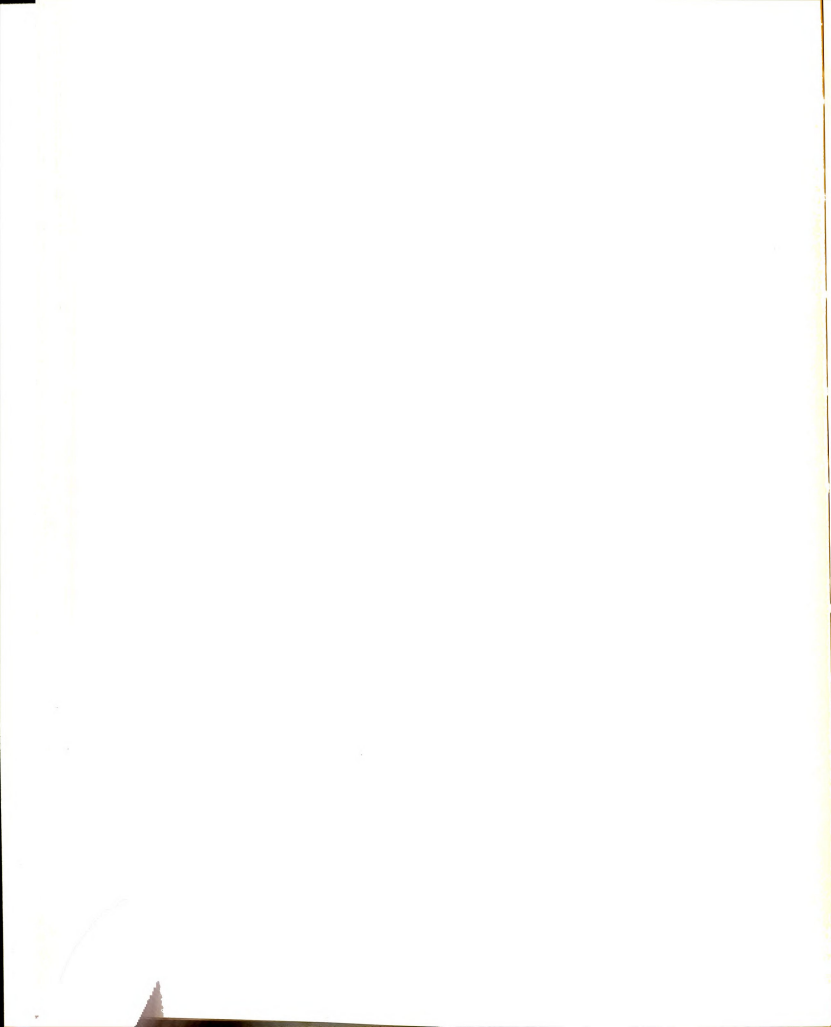


Occupational status of the household head is likely to have an influence on store patronage and purchase behavior. "Education and occupation appear to have a bearing on consumption patterns, too."<sup>1</sup> The occupation of the household head in Cochin is not only related to family income, but also to the social position of the family. Some occupations are generally regarded as higher in social ranking compared to other occupations. The research data showed significant relationship between the type of occupation and the level of education of the household head. Minimum educational qualifications are usually laid down for each type of occupation. Occupation is, therefore, an important factor which determines consumer behavior. The data concerning the occupation of household heads in Cochin showed that 23 per cent were engaged in skilled and unskilled work, more than 21 per cent in professional occupations, more than 38 per cent in salaried jobs in business and government and nearly 18 per cent in business of their own.

Occupation also determines the frequency of receipt of income and this could affect purchasing pattern and reliance on credit. While skilled and unskilled workers usually receive their income daily, salaried employees receive regular monthly income. It was learned that those who received their income daily preferred small neighborhood stores and were more

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1 E. Jerome McCarthy, Basic Marketing: A Managerial Approach, (Homewood, Illinois: Richard D. Irwin, 1971) p.159



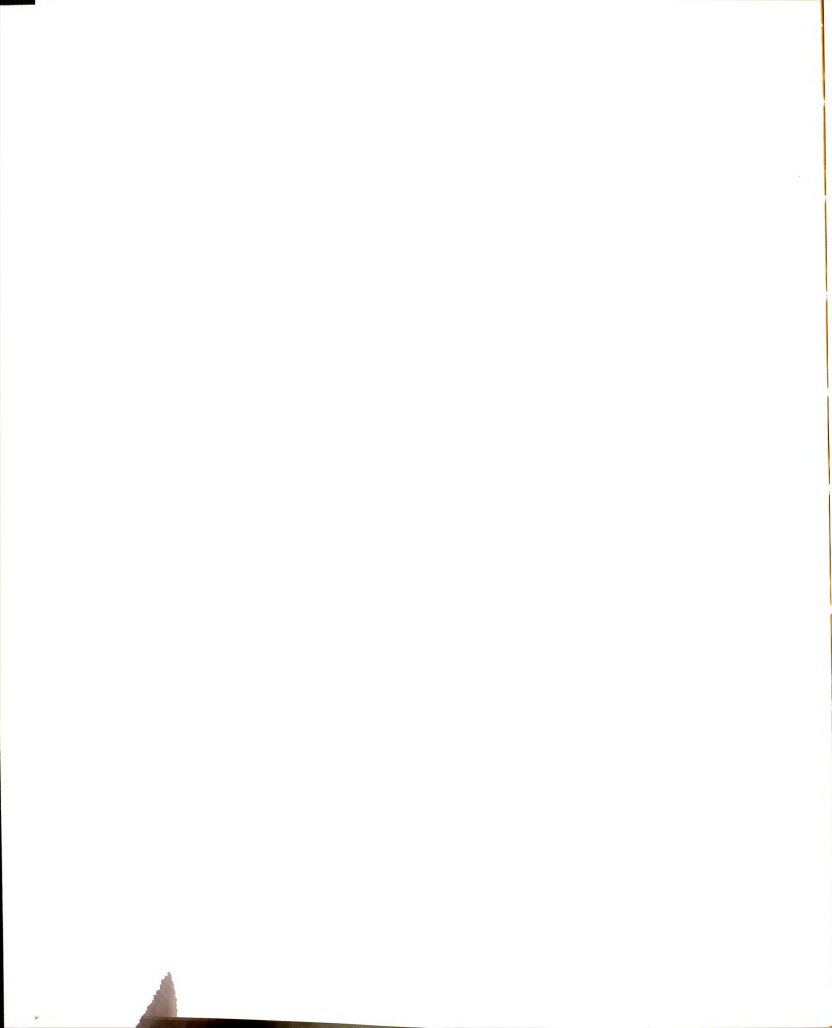
interested in credit buying than others who received monthly income. Household heads receiving daily income were also found to shop more frequently than others.

Economic Factors:

Ownership of consumer durable goods reflect not only income level, but also the family's social position in less developed countries. Goods, such as automobiles, refrigerators and telephones are often viewed as status symbols in Cochin. Therefore, differences in the level of ownership of such goods could be related to differences in purchase behavior. Distribution of ownership of five consumer durable goods among households in Cochin was investigated during the field research. The data showed that nearly 17 per cent of the households in Cochin did not own any of the five goods, while nearly 83 per cent owned radio sets. 27 per cent owned automobiles, 14 per cent owned motor cycles or cycles, more than 26 per cent owned refrigerators and 28 per cent had telephones at home. The level of ownership of these goods varies among the different income groups in Cochin, but it appears to be high compared to the ownership level in rural areas. This is due to the fact that Cochin is a city of commercial importance and has a relatively larger proportion of families in the high income group.

The total monthly family income in Cochin varied. Exaggeration of income by respondents and inaccurate estimate of income by those who receive income at irregular intervals might distort the figures. However, income level in Cochin





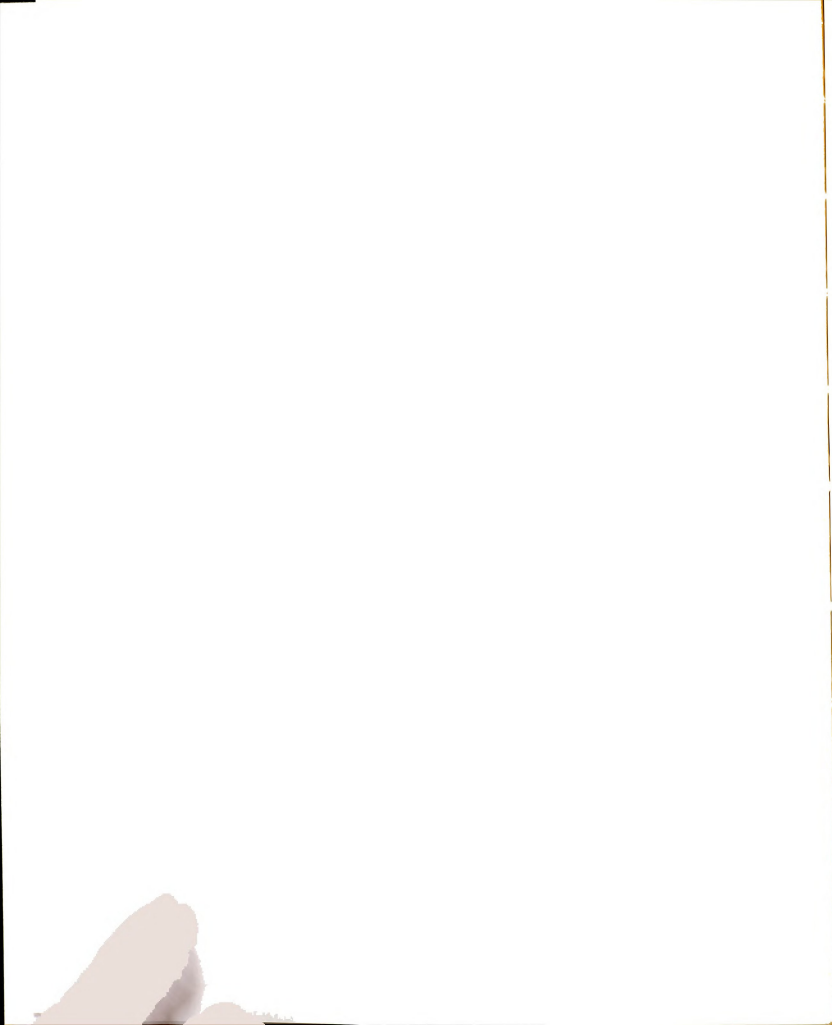
and other urban centers is relatively high compared with that of rural areas. Nearly 18 per cent of the families in Cochin had a monthly income of only Rs.300 (approximately U.S.\$ .40), while more than one-third of the families had total monthly income of Rs.1,000 or more (approximately U.S.\$ .130 or more). The data relating to total monthly income of families in Cochin are presented in Table 1.

TABLE 1  
TOTAL MONTHLY FAMILY INCOME IN COCHIN

Income in Rs.	No. of families	Per cent of total
0 ... 300	36	17.7
301 ... 500	39	19.2
501 ... 1000	58	28.6
1001 +	70	34.5

Store Location:

The bazaar, formed by the conventional stores, constitutes the principal shopping center in Cochin. The stores are located adjoining one another on both sides of a Broadway which is about one mile in length. Stores specializing in similar product lines concentrate together to form specialized segments in the bazaar. The twice a week open air market for, meat and vegetables is an adjunct of this bazaar. Figure 1 on the next page is an area map of Cochin indicating the location of stores.



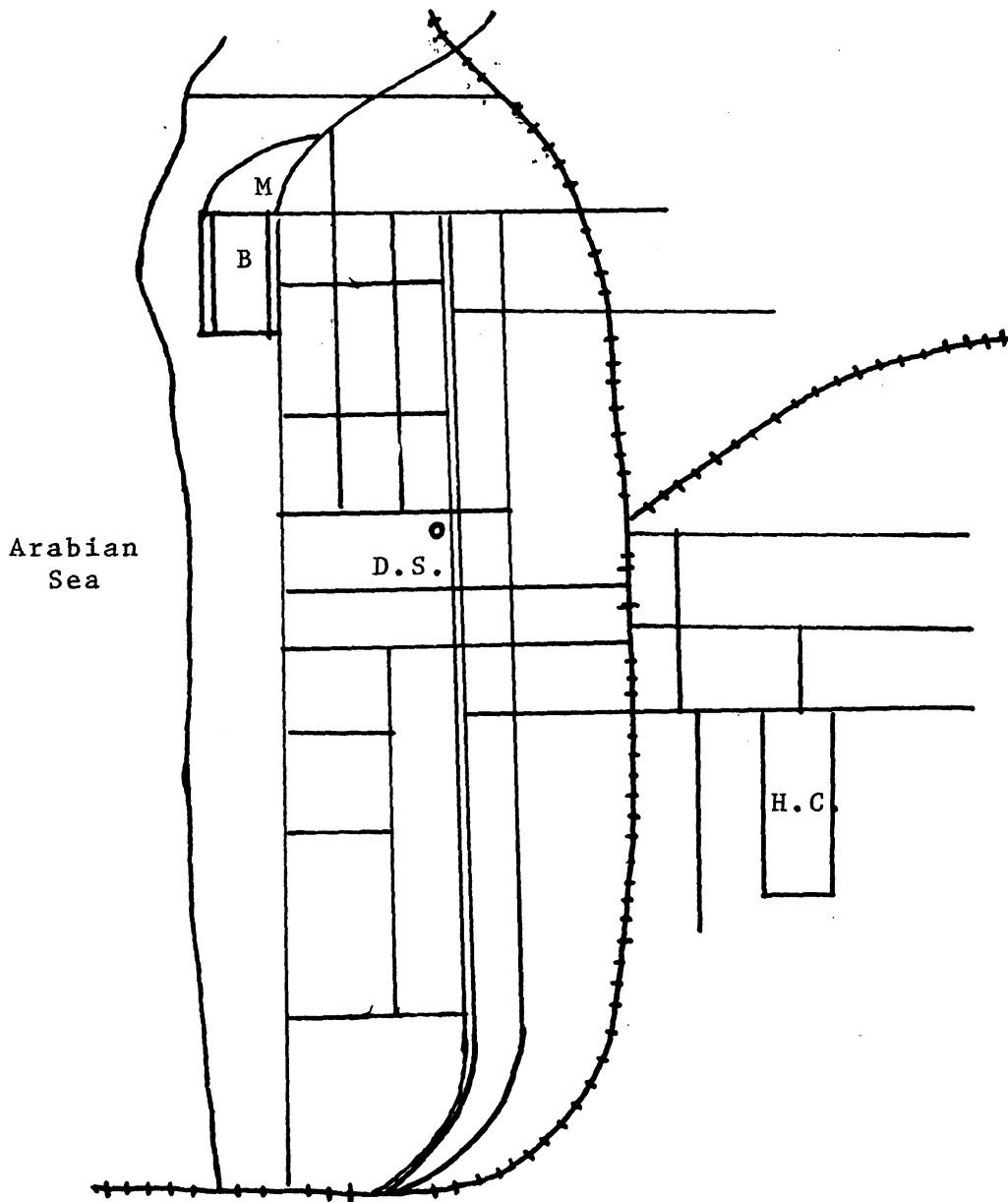
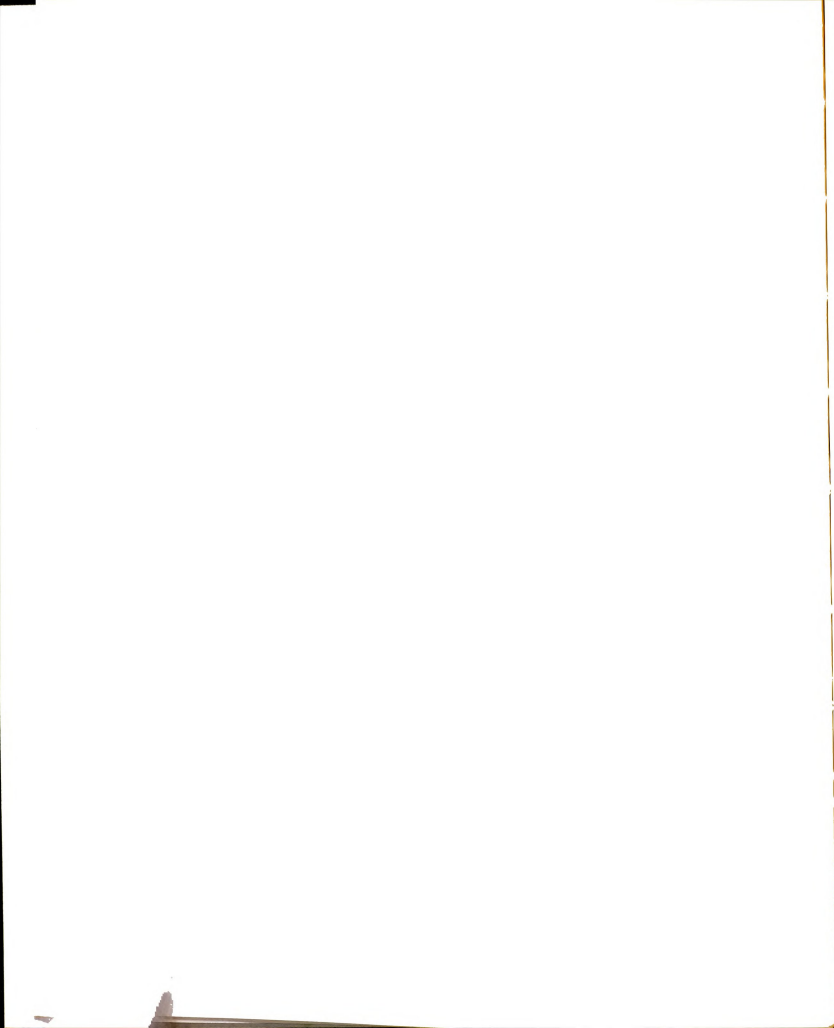


FIGURE 1

CITY MAP OF COCHIN  
SHOWING STORE LOCATIONS

D.S.: Departmental Store  
 B. : Bazaar  
       (Conventional Stores)  
 M. : Open Air Market  
 H.C.: Housing Colony

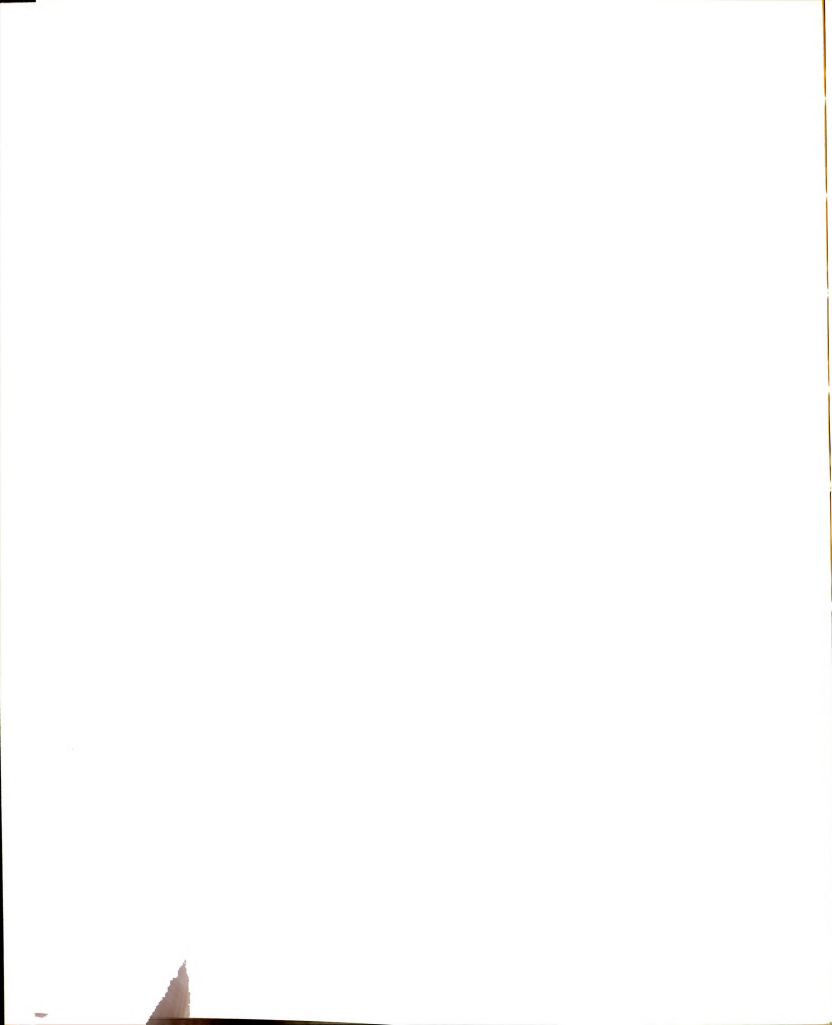


The location of the bazaar is not central, but is on the water front on the edge of the city. It is the oldest part of the city and is well connected with other parts of the city and with outside by roads; public and private bus transport systems provide easy access to it. However, the city has been expanding in area toward the south and the east. A new Broadway passes through the middle of the city. The departmental store is located on this Broadway in the center of the city with its newly expanded areas. New stores are being established on this highway, but the bazaar continues to be the principal shopping center in Cochin. Thus, the departmental store is located away from the main shopping center. The neighborhood stores are decentralized in their location in all parts of the city.

The principal drawing power of the bazaar is the existence of several stores specializing in similar lines of products, providing shoppers with variety and choice in one center. The departmental store, though independently located, seeks to provide shoppers with one-stop shopping facility under the same roof.

#### Shopping Behavior:

The shopping behavior and pattern of consumers in Cochin are discussed in this section. Participation by husband, wife, children and non-family members varied with the income level of the family and the type of product purchased. Table 2 shows the pattern of purchase participation relating to four



product categories. The data relating to the families are presented both in numbers and in percentages of the total sample.

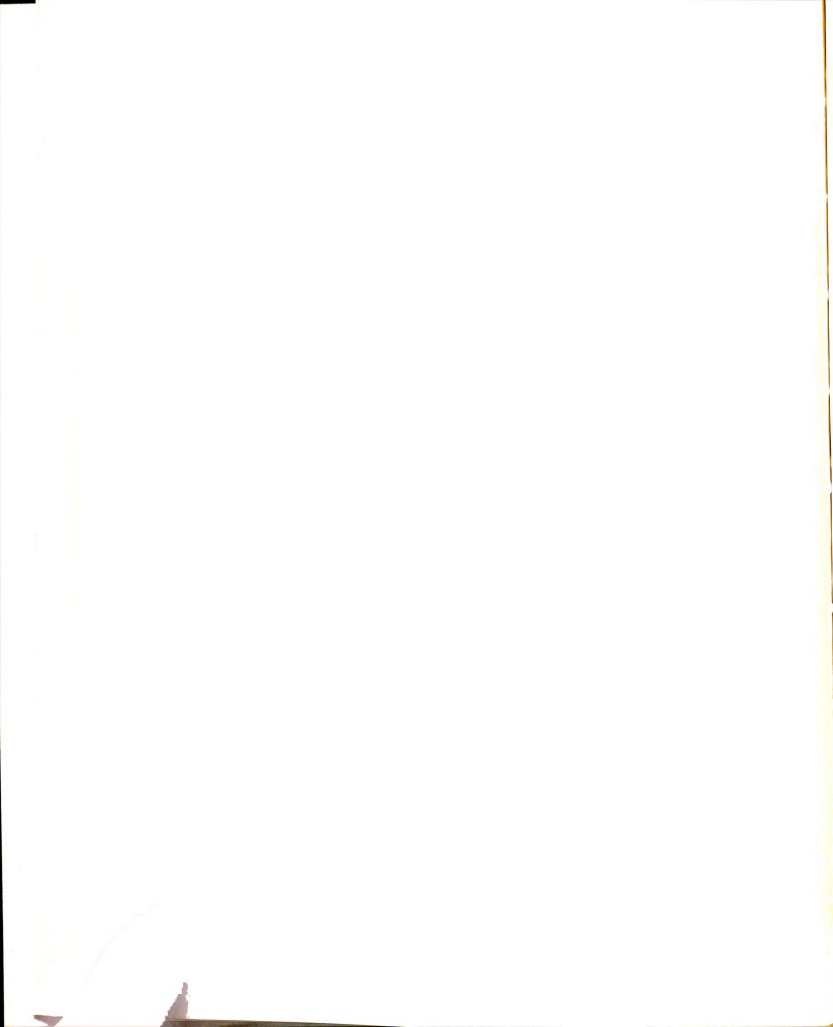
TABLE 2  
PURCHASE PARTICIPATION BY PRODUCTS

Purchaser	Groceries		Textiles		Fish & meat		Cosmetics	
	No.	%	No.	%	No.	%	No.	%
Husband	58	28.6	38	18.7	32	15.8	53	26.1
Wife	30	14.8	39	19.2	36	17.7	42	20.7
Husband & Wife	21	10.3	100	49.3	12	5.9	34	16.7
Children	22	10.8	26	12.8	11	5.4	54	26.6
Others	72	35.5	0	0	112	55.2	20	9.9

Purchase of groceries, fish and meat are mostly done by 'others', generally domestic servants. Textile goods are purchased jointly by husband and wife in most cases. Children seem to play an important role in shopping for cosmetic goods. The practice of engaging domestic servants is fast declining in Cochin, but it is still prevalent.

Purchase interval or frequency of shopping is related to factors such as the type of product and the level of income. Groceries, fish and meat are relatively more frequently purchased, but other products such as textiles are generally purchased only occasionally, particularly during family celebrations and festivals. Table 3 presents data relating to purchase frequency for four product categories. The table





shows the proportion of families purchasing the products at intervals of a day, a week, a month or longer, expressed as percentage of the total sample.

TABLE 3  
PURCHASE INTERVAL BY PRODUCTS

Product	Purchase Interval			
	Day	Week	Month	More
Groceries	25.6	27.1	47.3	0.0
Textiles	0.0	0.0	4.9	95.1
Fish & Meat	50.2	49.8	0.0	0.0
Cosmetics	0.0	17.2	73.9	8.9

Purchase interval is also related to the level of family income and the type of store from which purchases are made. The research data indicated that families in the low income level shopped more frequently for most of the goods compared with families in the high income level. More than half of the families in the low income level purchased groceries daily, while only about 8 per cent of the families in the high income level did so. It was also learned that families patronizing neighborhood stores shopped more frequently than those who patronized the other types of stores. More than half of the neighborhood store customers shopped daily for groceries, but less than one-fifth of the departmental store customers and less than one-tenth of the conventional store customers did so.

The first part of the paper discusses the importance of maintaining accurate records of all transactions. This is essential for ensuring the integrity of the financial system and for providing a clear audit trail. The second part of the paper focuses on the role of the auditor in verifying the accuracy of the records. The auditor must ensure that all transactions are properly recorded and that the records are consistent with the underlying business transactions. The third part of the paper discusses the importance of maintaining accurate records of all transactions. This is essential for ensuring the integrity of the financial system and for providing a clear audit trail. The fourth part of the paper focuses on the role of the auditor in verifying the accuracy of the records. The auditor must ensure that all transactions are properly recorded and that the records are consistent with the underlying business transactions.

The twice a week public market for fish and meat and vegetables adjoining the bazaar draws customers in all levels of income and influences the frequency of purchase of these products. It is the major source of distribution of such products in Cochin because frozen foods are not common in that market.

The type of transportation used by shoppers varied with the distance to the stores and the income level of shoppers. Neighborhood stores being close to their customers, most of the neighborhood store customers walked to these stores; only about 4 per cent among them used any means of transport, such as bicycles. Walking is the most frequently used means of shopping trips by other shoppers too. More than 31 per cent of the conventional store shoppers and nearly 36 per cent of the departmental store shoppers relied on walking to visit these stores. Table 4 presents the data relating to the means of transport used by the three groups of shoppers patronizing the three types of stores.

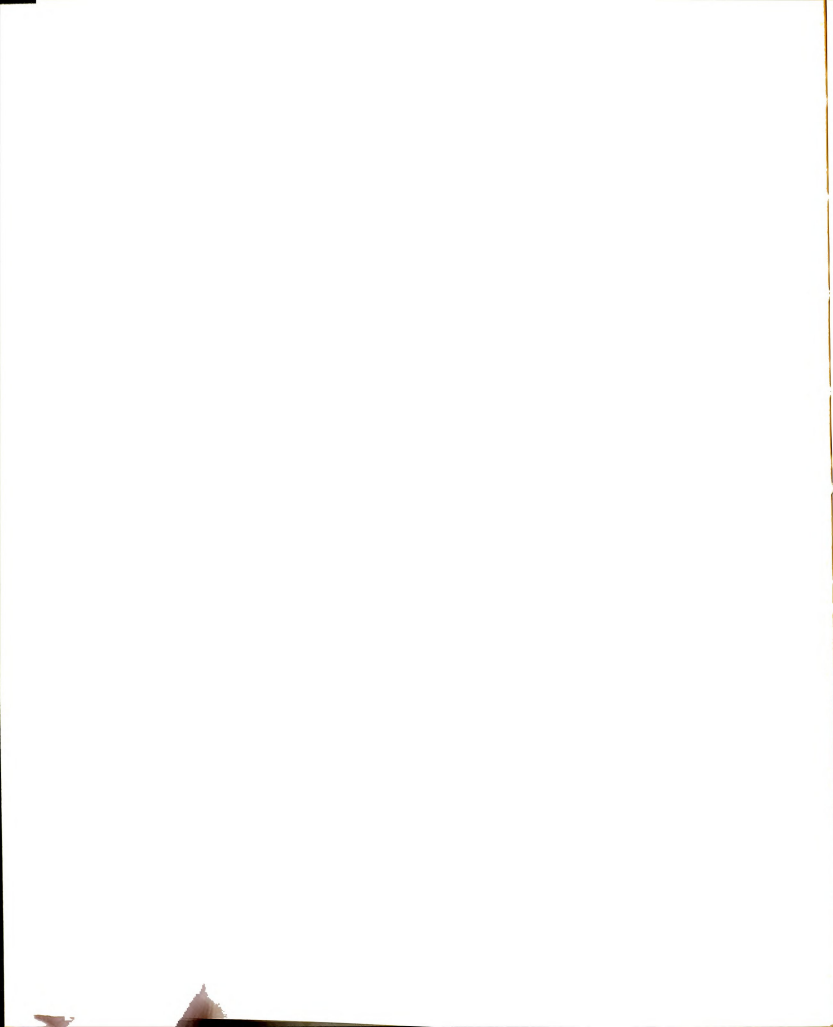


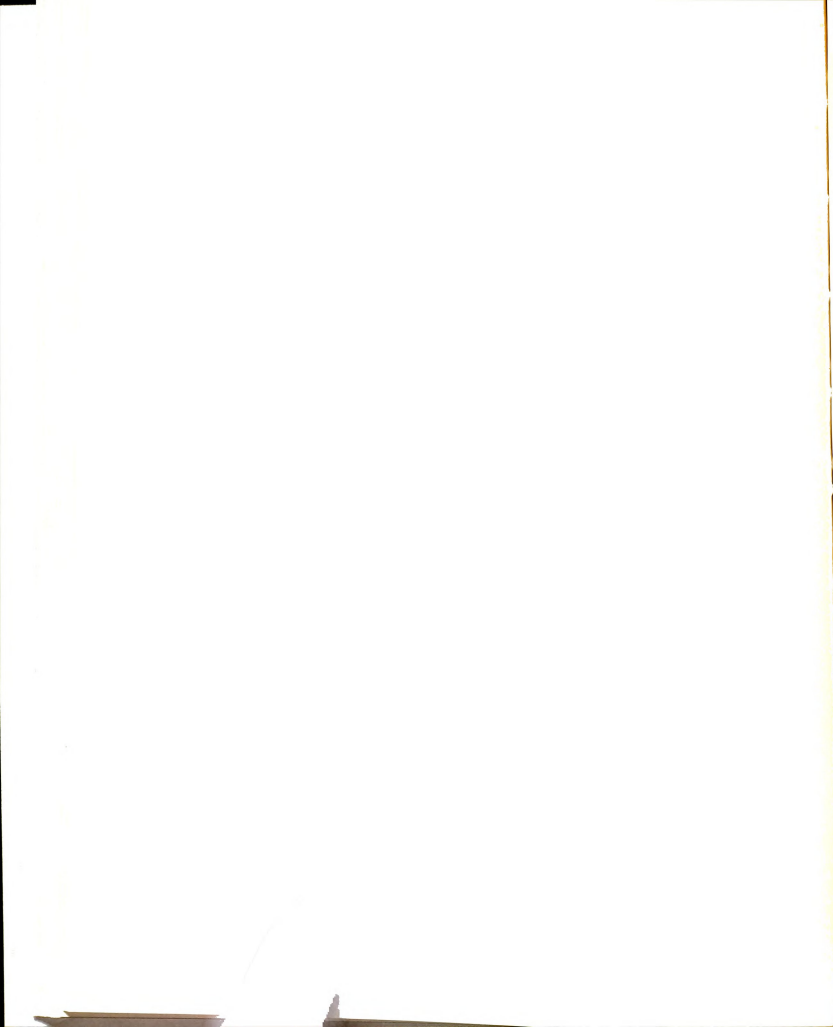
TABLE 4  
MODE OF SHOPPING TRIP BY TYPE OF CUSTOMERS

Customer type	Walk	Bus	Car	Other
Neighborhood store customers	95.8	0.0	0.0	4.2
Conventional store customers	31.1	20.0	26.7	22.2
Departmental store customers	35.7	31.0	19.0	14.3

Retailer-Customer Relationship:

The relationship between retailers and their customers appear to have a bearing on the patterns of store patronage in Cochin. In the traditional social environment in Cochin, it may be presumed that prolonged personal relationships between the proprietary stores and their customers will be a determining factor for store patronage and loyalty. Such a relationship does not exist between the departmental store managed by the cooperative society and its customers.

The prolonged personal relationship between retailers and their customers is very important in granting credit. Because of risk and uncertainty, retailers in Cochin extend credit to customers only on the basis of person relationship. Neighborhood stores and conventional stores extend credit to their customers on such a basis. However, the departmental store grants credit only to members of the cooperative society subject to special restrictions. The bye-laws governing the store states that "all transactions by way of sales to individuals shall be strictly on the ready money system,



provided that sales against trade deposits may be reckoned as cash sales for the purpose of this bye-law." The bye-law provide for credit sales only to members of the cooperative who are employes of the Government or of other well established institutions, subject to the condition that the credit is limited to one half of his monthly salary and that his employer agrees to deduct the dues from his monthly salary.<sup>1</sup>

Consumers' perception of the store is important in understanding their patronage behavior. In their evaluation of the three types of stores in terms of selected store attributes and characteristics, the majority of shoppers gave their best rating to neighborhood stores for proximity and credit availability; to the conventional stores for product quality, low price, good service, one-stop shopping facility and for packaging. The departmental store was viewed by the shoppers to be equally good for one-stop shopping and for packaging. Table 5 presents the research data relating to store evaluation expressed as percentages of respondents who rated the three types of stores as best with respect to the store attributes.

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<sup>1</sup> Bye-laws, Cooperative Departmental Store, Cochin.

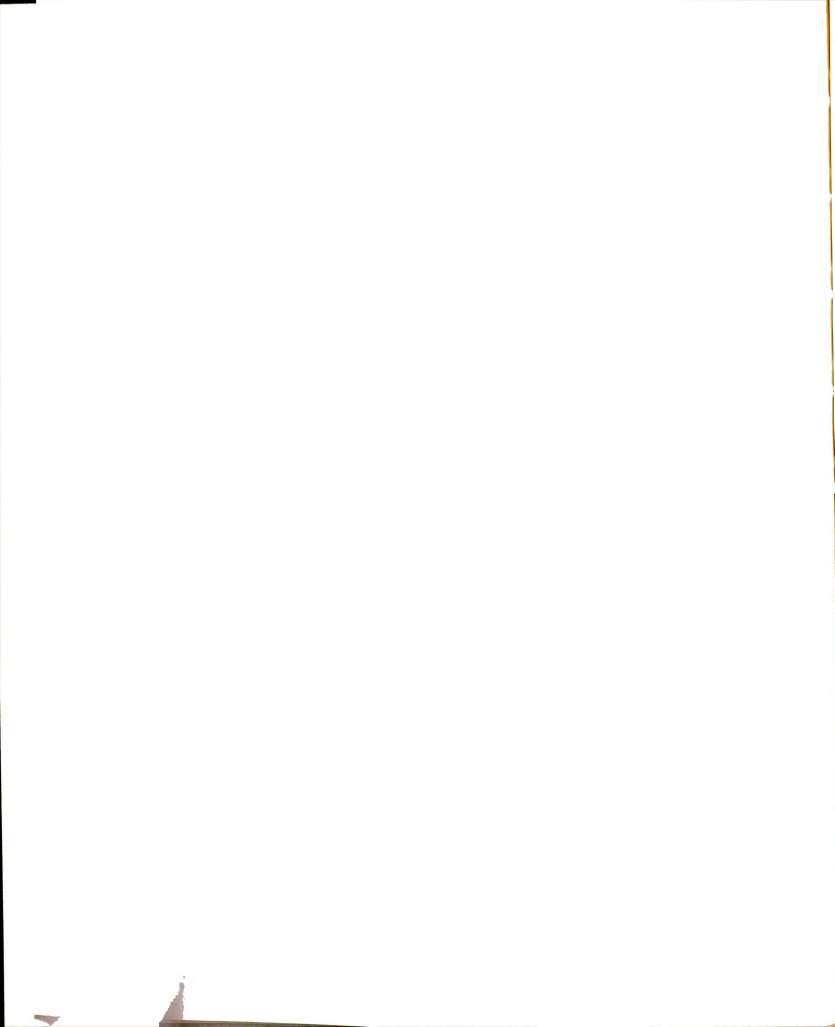


TABLE 5

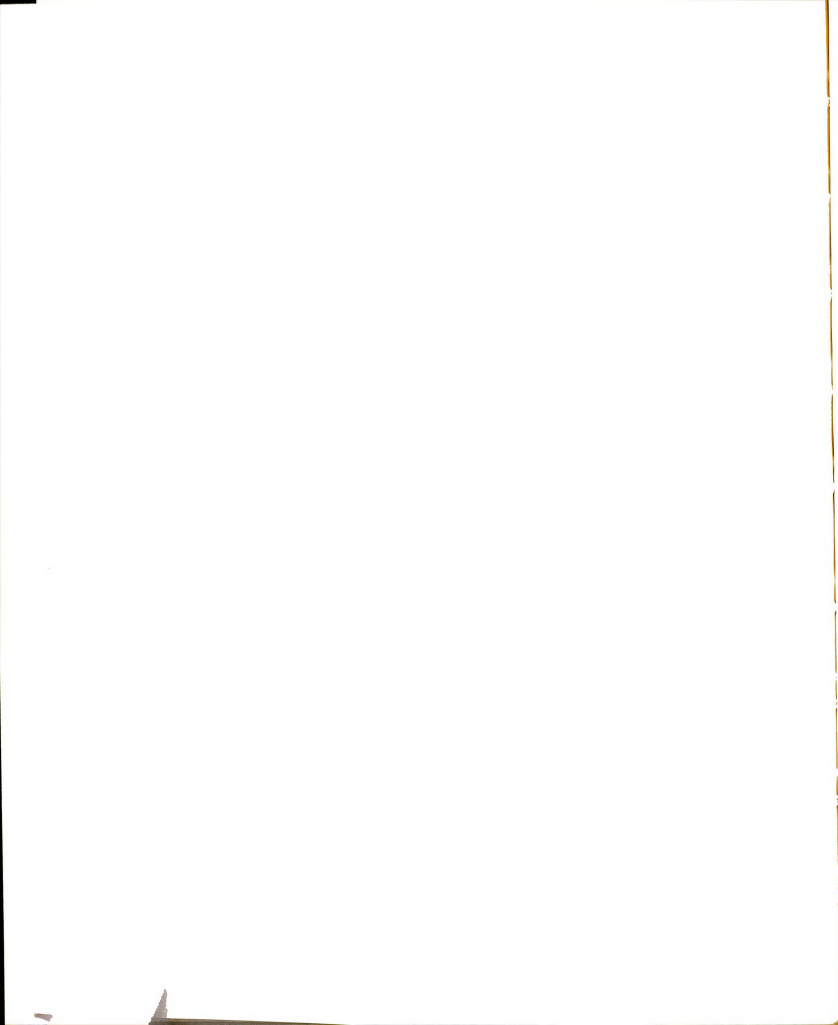
## SHOPPERS' STORE PREFERENCES IN TERMS OF STORE ATTRIBUTES

Store Attributes	Store Preferred		
	Neighborhood Store	Conventional Store	Departmental Store
Credit	57.6	42.4	0.0
Product Quality	18.2	56.2	25.6
Price	18.7	52.2	29.1
Service	37.2	51.0	11.8
Proximity	79.3	11.8	8.9
One-stop shopping	7.4	46.3	46.3
Packaging	7.9	46.8	45.3

Credit availability appears to be a major element in the strategy of neighborhood stores. On the other hand, the departmental store policy of restrictions on credit sale is likely to have discouraged low income families from shopping in that store. More than half of the families which did not patronize the departmental store mentioned absence of credit as one of the reasons for that. Proximity of the neighborhood stores to customers was an important factor which drew customers to them. One-stop shopping facility, lower prices and packaging and price marking of food products were distinctive features of departmental store offerings, but shoppers do not seem to have recognized these features as distinctive. While only about 29 per cent of the respondents said that the departmental store offered lower prices, more than one half of them said that conventional stores did so. Inadequate mass communication may account for this. The conventional



stores, with their concentrated location, offer customers one-stop shopping facility and opportunity for comparison and choice.



## CHAPTER 3

### PRESENTATION OF FINDINGS

This chapter presents the research findings and the test of the hypotheses set forth in Chapter 1. The first section presents the findings relating to socio-economic characteristics of shoppers patronizing the three types of retail stores in Cochin: neighborhood stores, conventional stores and the departmental store. The second section contains findings relating to purchase motivation and behavior of shoppers. Actual prices and the price perception by shoppers in relation to the three types of stores are also examined in this section.

#### Store Patronage By Sample Families:

The sample families did not exhibit an exclusive preference for any one type of store for the purchase of all product categories. However, all families chose one type of store or another as the principal source of purchase of the selected product categories which were considered to be major elements in the family budget of households of Cochin.

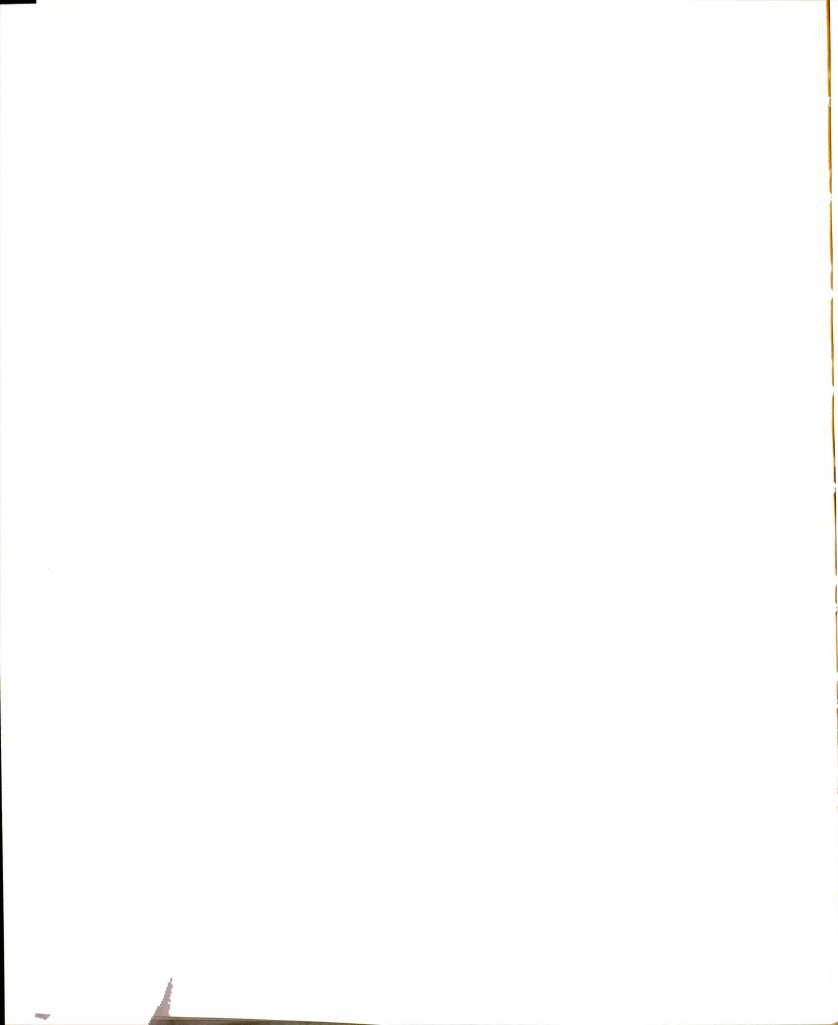
The respondents were asked to state the store from which they normally purchased seven selected product categories. Groceries refer to food items such as grains, pulses, spices and cooking medium. Canned food includes canned and preserved food such as butter, pickles and jellies. Textiles refer to fabrics, sarees and ready made garments. Patent

and prescription drugs are included in medicine. Only licensed stores are permitted to sell medicine. Fish and meat are sold fresh in the open air market adjoining the bazaar. Toilet and cosmetic products refer to products such as soap, oil and beauty aids which are generally sold by specialized stationery stores. Domestic appliances mean pots and pans, simple kitchen appliances and electrical goods such as lamps, fans and radio. Goods which are not included in these categories are grouped together as 'other items'.

Store patronage was determined by a system of weights assigned to the store from which selected product categories were normally purchased by households. Weights were determined on the basis of the estimated degree of importance of each product category in the family budget of households in the city.<sup>1</sup> Groceries were estimated to be a major item in the family budget and the store from which it was purchased was assigned five points, the highest number of points assigned to any item in the list. On the other hand, purchase of products whose relative importance in the family budget was estimated to be least gave only one point for the store from which it was purchased. Table 6 presents the weights assigned to the store types from which selected product

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<sup>1</sup> In the absence of data relating to family budgets in Cochin, the degree of importance of the product categories was estimated subjectively on the basis of the personal knowledge of this investigator about the environment.



categories were purchased, on the basis of a subjective estimate of the degree of importance of these product categories in family budgets.

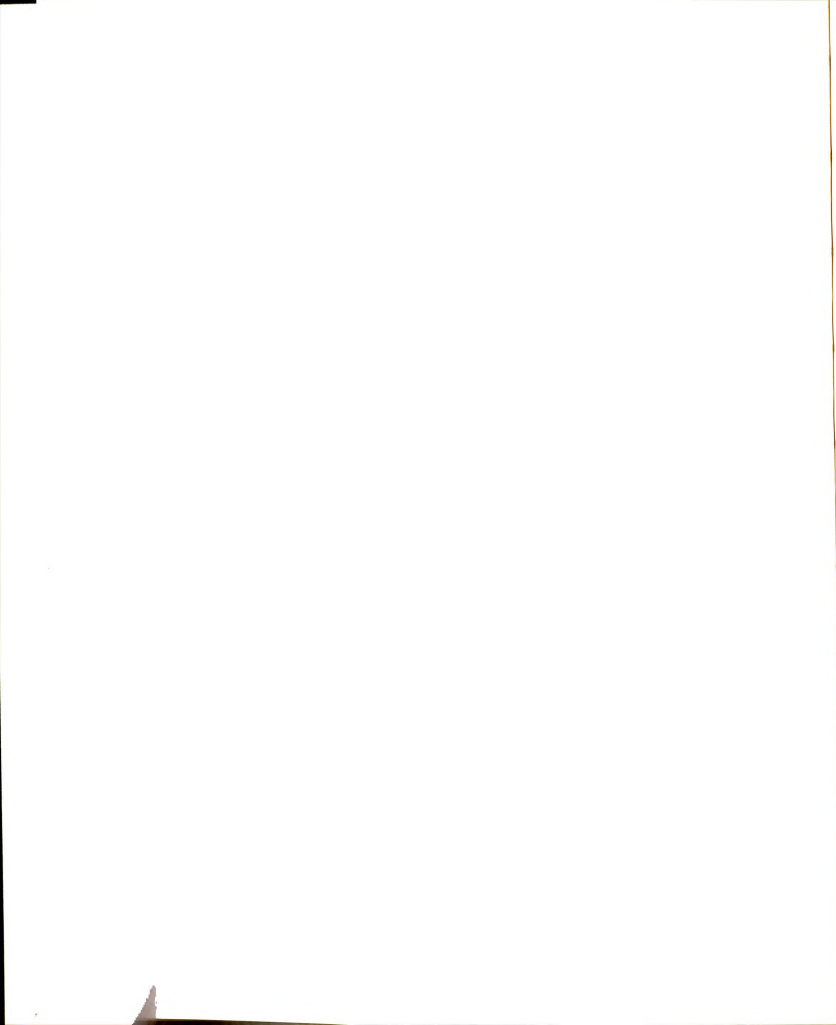
TABLE 6  
WEIGHTS ASSIGNED TO STORES BY PRODUCTS PURCHASED

Product	Weight
Groceries	5
Textiles	5
Fish and meat	5
Toilets and cosmetics	3
Medicines	3
'Other items'	2
Domestic appliances	1
Canned food	1

The distribution of purchase of the selected products by families and the corresponding points assigned to each type of store were used to determine store patronage of families. The store which had the largest number of points was taken as the main store from which major purchases were made. This weighting procedure was necessary because most families dispersed their shopping in the three types of stores for different product categories. A broad question asking respondents to specify the store they patronized, without referring to products, would have failed to yield reliable information.

A direct approach to determining store patronage using concentration of purchases by families in a store, in terms of the amount of money spent, was not used in this





study. Most of the respondents would not have been able to recall their purchase distribution by money expenditure; very few among them were in the habit of keeping records of their family budgets. Reliable data for purchase concentration could be gathered only by an elaborate survey involving considerable time and money. Therefore, it was decided to determine store patronage in terms of aggregate weight assigned to stores on the basis of products purchased. It should be emphasized that the term 'store patronage' is used in this study to refer to the choice of major purchase location. Throughout this study, the dependent variable is the store at which major patronage occurs rather than exclusive patronage with respects to all products.

Table 7 presents data showing the number of families who responded to the questionnaire, and the number of families who chose each type of store as their major source of purchase.

TABLE 7

## FAMILIES' CHOICE OF STORES AS MAIN PURCHASE SOURCE

Store chosen	Number of families	% of total
Responses received	203	...
Neighborhood store	71	35.0
Conventional store	90	44.3
Departmental store	42	20.7

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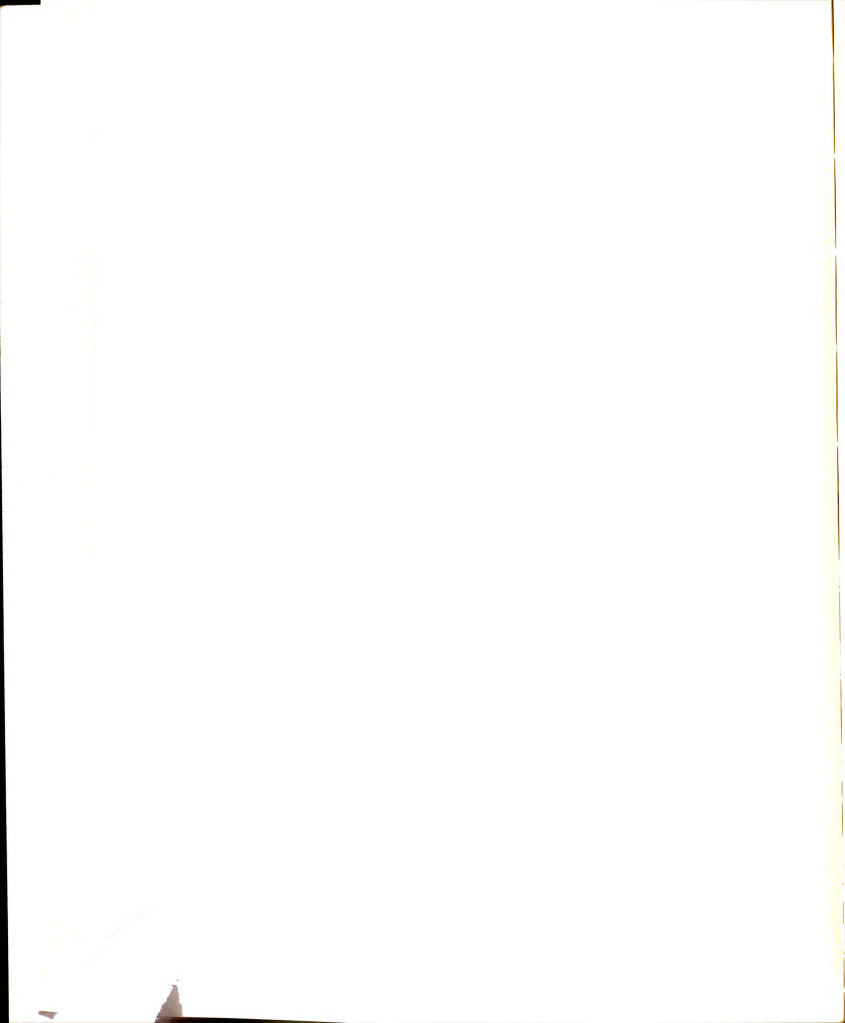
In the following sections it is proposed to examine whether the observed pattern of store patronage may be explained in terms of selected characteristics of shoppers.

Store patronage in terms of product categories was also studied and the data are presented in Table 8. The table shows the proportion of families choosing the three types of stores as their main purchase source for four product categories, expressed as percentage of the total number of families studied.

TABLE 8  
STORE PATRONAGE BY PRODUCTS

Product	Neighborhood Store	Conventional Store	Departmental Store
Groceries	43.3	35.5	21.2
Textiles	16.7	65.0	18.3
Fish and meat	16.3	69.0	14.7
Cosmetics	47.8	33.0	19.2

Shopping for groceries and cosmetics appears to be concentrated in neighborhood stores, while textiles and fish and meat purchases are concentrated in conventional stores. Groceries and cosmetics are viewed by families as convenience goods and they are purchased frequently, particularly by families in the low income level. Therefore, the neighborhood store is relatively more patronized. But textiles are shopping goods purchased infrequently and so conventional stores, with relatively greater assortments, draw more



customers for this product. Fish and meat purchase concentration in conventional stores is explained by the fact that the open air market adjacent to the conventional stores is the only important outlet for this product in Cochin, though a few decentralized small open air markets for fish and meat exist.

#### Socio-economic Characteristics:

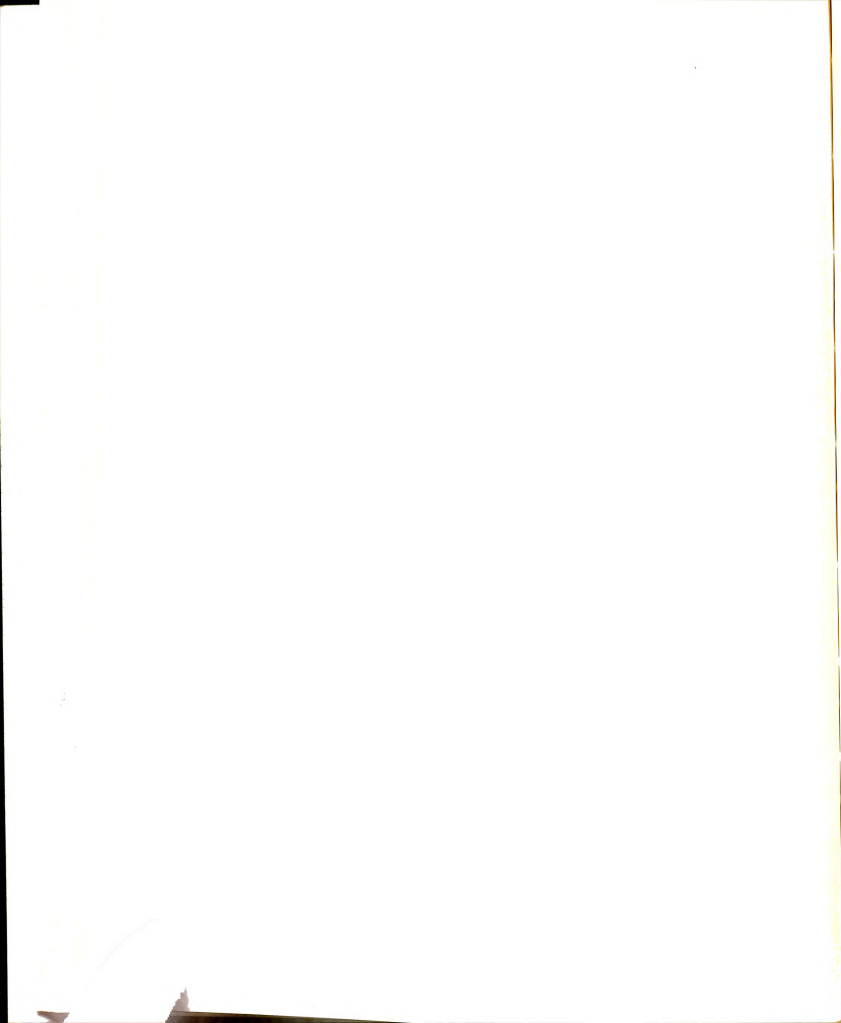
In the following sections, it is proposed to examine whether the observed pattern of store patronage could be explained in terms of selected characteristics of shoppers.

The first seven hypotheses listed in Chapter 1 were formulated to identify socio-economic characteristics which could differentiate shoppers who patronized the departmental store and those who patronized other stores. Selected variables were examined to determine whether they could explain the pattern of store patronage. The variables on which the hypotheses were based were:

1. period of residence in the city
2. family income
3. family life cycle stage
4. size of family unit
5. educational level of household head
6. occupational status of household head and
7. ownership of consumer durable goods, indicative of social position of family.

#### Period of Residence:

It was hypothesized that there was no relationship between length of residence in Cochin and using the departmental store as the major purchase location. This was based on the assumption that shoppers are influenced in their store choice



by personal contacts and relationships with the stores. Families who lived in the city for a long period of time were likely to shop in conventional stores and neighborhood stores because of their prolonged personal contacts and their established shopping habits. But, families who had lived in the city for relatively a short period of time were likely to have fewer such ties with the older traditional stores and, therefore, they were more likely to shop in the departmental store.

Families were divided into three groups based on the length of the period of their residence in the city. The data relating to their choice of major purchase location are presented in Table 9.



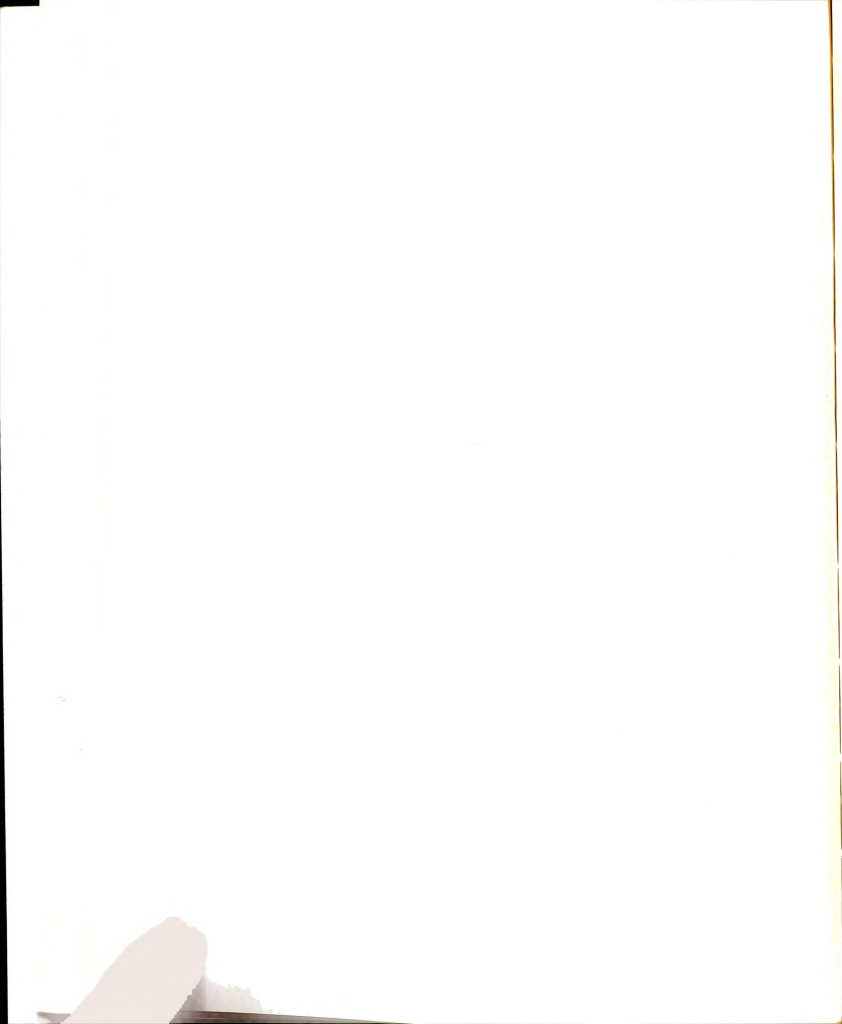


TABLE 9

LENGTH OF RESIDENCE AND STORE PATRONAGE<sup>1</sup>

Length of residence (in years)	Store Patronized		
	Neighborhood Store	Conventional Store	Departmental Store
Low (0- 6)	35.3	42.6	22.1 (68)
Medium (7-12)	28.0	48.5	23.5 (68)
High (13+ )	41.8	41.8	16.4 (67)
	(71)	(90)	(42) (203)

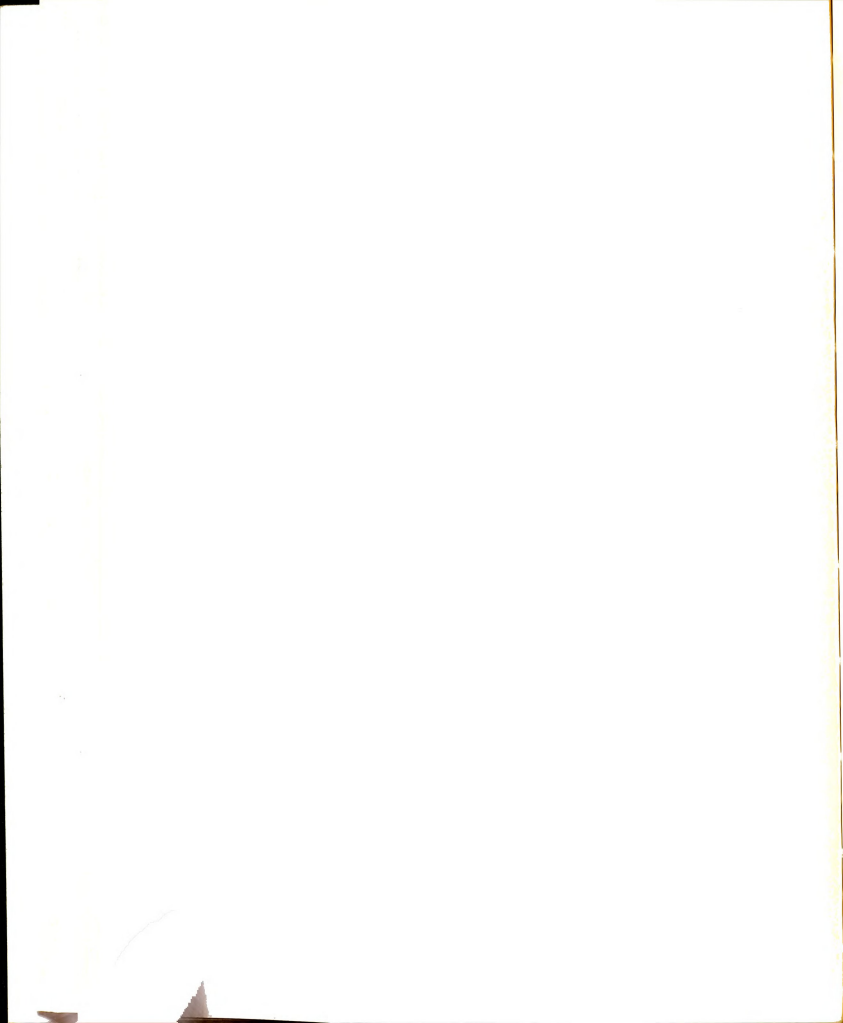
$$\frac{E(o-e)^2}{e} = 3.3 \quad (X^2 \text{ at } .05 \text{ level of significance: } 9.5)$$

The relationship between the variables was not statistically significant at .05 level of significance and the null hypothesis can be accepted. It may be stated that the store patronage behavior of families in Cochin was not related to the length of their residence in the city.

Family Income:

The second null hypothesis stated that there is no relationship between income and using the departmental store as the major purchase location. It was assumed that store patronage is influenced by three related but different

<sup>1</sup> Chi square was run on actual numbers. For expository purposes, the Table shows percentage but the total numbers in the rows and columns are given within brackets. This procedure of combining percentages and actual numbers is used throughout.



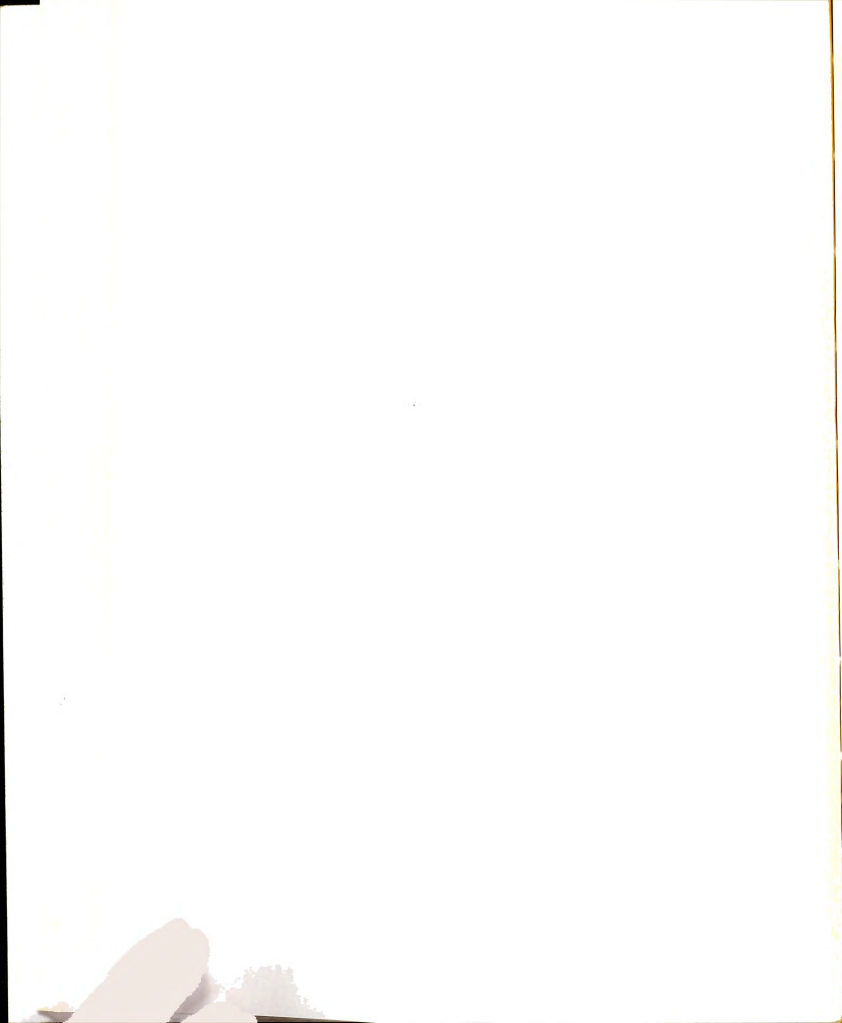
factors: (a) purchasing power, (b) the life style and (c) self image of families. Families in the high income level can also be expected to be relatively more innovative and convenience oriented than other families and therefore more likely to patronize the new retailing institution in preference to the conventional ones.

For the purpose of this analysis, total monthly family income was used as the independent variable. Monthly income was likely to be available relatively more readily and accurately. Some of the families in Cochin had more than one earning member and the incomes were pooled. Shopping patterns relating to the selected consumer goods was therefore, likely to be influenced by the total monthly family income.

Life style "refers to the distinctive or characteristic mode of living, in its aggregative and broadest sense, of a whole society or segment thereof."<sup>1</sup> Store patronage behavior may be closely linked to the life style of consumer segments in the different levels of income. Family income level may affect the self image of shoppers and this has an

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<sup>1</sup> William Lazer, "Life Style Concepts and Marketing" Eugene J. Kelley and William Lazer, (ed.) Managerial Marketing, Perspectives and Viewpoints (Homewood, Illinois: Richard D. Irwin, Third Ed., 1968) p.33



important bearing on store patronage because "the shopper seeks the store whose image is most congruent with the image she has of herself."<sup>1</sup>

The data showing total monthly family income and store use for main purchase by families are presented in Table 10.

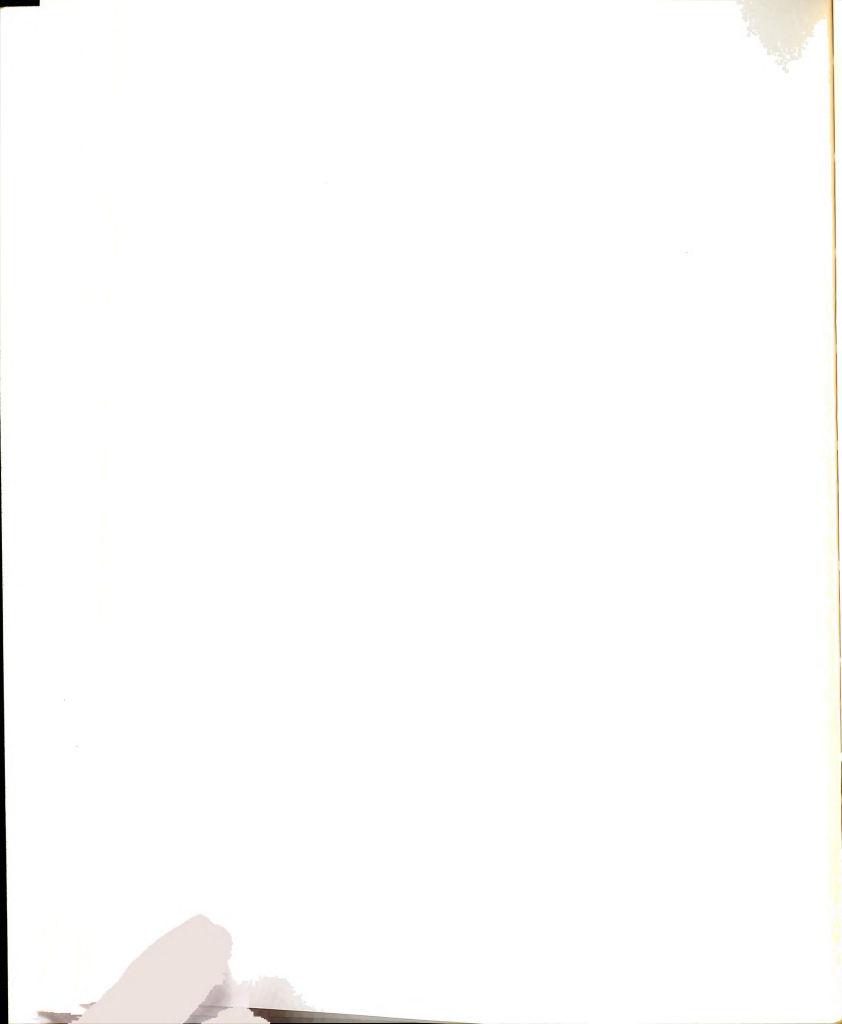
TABLE 10  
FAMILY INCOME AND STORE PATRONAGE

Income (Rs.)	Store Patronized		
	Neighborhood Store	Conventional Store	Departmental Store
Low (0-400)	63.2	20.6	16.2 (68)
Medium (401-750)	29.4	50.0	20.6 (68)
High (751-)	11.9	62.7	25.4 (67)
	(71)	(90)	(42) (203)

$$\frac{E(o-e)^2}{e} = 41.7 \quad (X^2 \text{ at } .05 \text{ level: } 9.5)$$

The relationship between the choice of major purchase location and the level of family income was statistically significant at the .05 level and the null hypothesis was rejected. The test result showed that the choice of major purchase source was significantly related to income levels of families in Cochin.

<sup>1</sup> Pierre Martineau, "Personality of the Retail Store", Harvard Business Review, (Vol. 36, Jan-Feb. 1958) pp. 47-48



The data indicated that families in the low income level were more likely to shop in neighborhood stores than in other stores. Families in the high level of income preferred to shop in conventional stores and in the departmental stores.

Neighborhood stores offered customers ease of locational access and this was an important advantage which attracted low income families who were seen to be shopping in small volumes at frequent intervals. Such shoppers seek to reduce the cost of shopping, in terms of time, effort and transport expenses, by patronizing neighborhood stores. The availability of credit appears to be another factor which drew families in the low income level to neighborhood stores. Respondents were asked which type of store they considered best with respect to selected store attributes such as credit availability. Nearly 58 per cent of all respondents and 97 per cent of neighborhood store shoppers considered neighborhood stores were best with regard to credit availability. The departmental store did not offer credit facilities to customers and was rated low in this regard. However, more than 66 per cent of conventional store shoppers stated that those stores were best with respect to credit availability. The following table presents the data relating to shoppers' view of the three types of stores concerning credit availability.



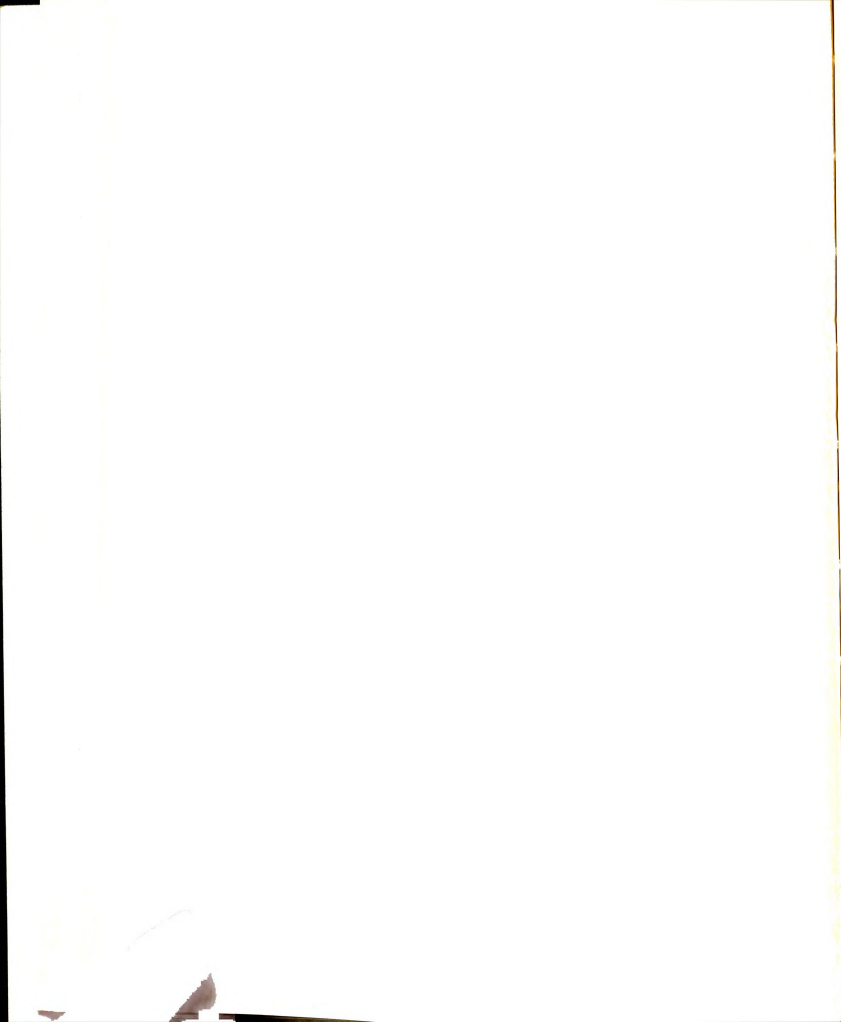


TABLE 11

## RATINGS OF STORES BY SHOPPERS WITH RESPECT TO CREDIT

Type of shoppers	Neighborhood Store	Conventional Store	Departmental Store
Neighborhood Store shoppers	96.9	3.1	0.0 (71)
Conventional Store shoppers	33.3	66.7	0.0 (90)
Departmental Store shoppers	42.9	50.0	7.1 (42)
All shoppers	57.6	40.9	1.5 (203)

The use of major purchase location by families relating to four product categories was analyzed in terms of the level of income of families. Tables 12a, 12b, 12c and 12d present the data concerning store patronage in terms of products and income levels.

TABLE 12a

STORE PATRONAGE BY PRODUCTS AND INCOME LEVEL  
Groceries

Income level	Store Patronized		
	Neighborhood Store	Conventional Store	Departmental Store
Low	64.7	19.1	16.2 (68)
Medium	41.2	36.8	22.0 (68)
High	23.9	50.8	25.3 (67)
	(88)	(72)	(43) (203)

$$\frac{E(o-e)^2}{e} = 24.2 \quad (X^2 \text{ at } .05 \text{ level of significance: } 9.5)$$

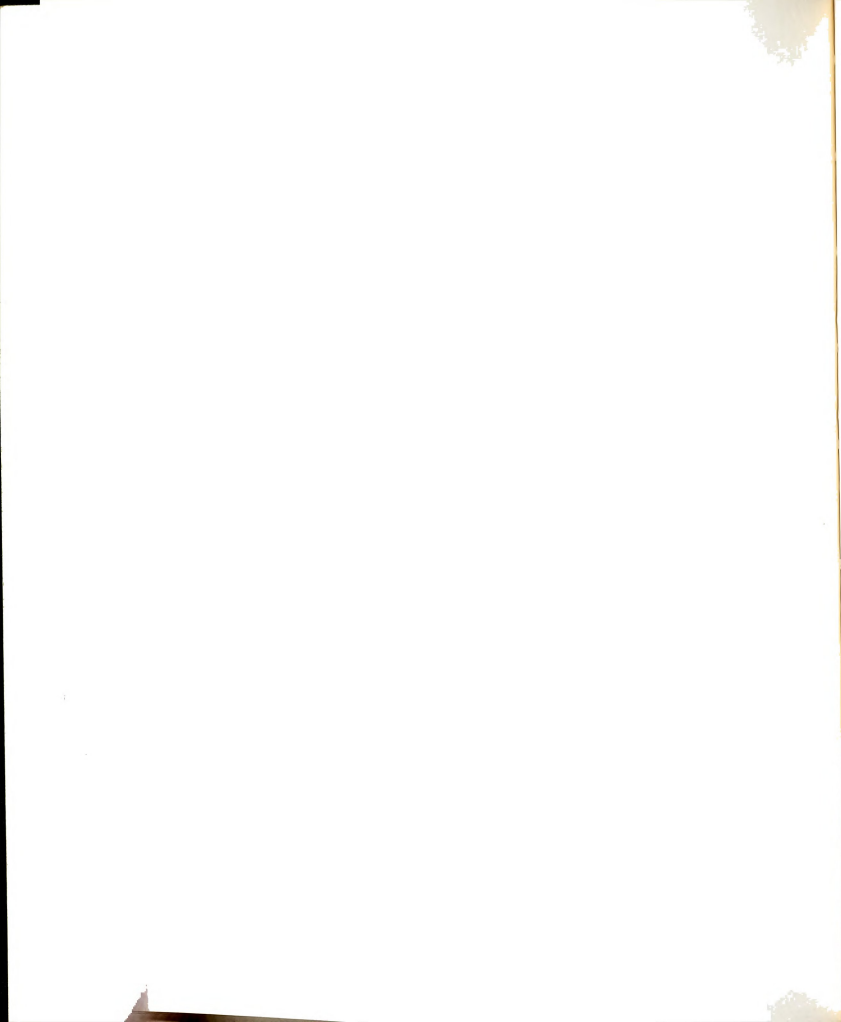


TABLE 12b

STORE PATRONAGE BY PRODUCTS AND INCOME LEVEL  
Textiles

Income level	Neighborhood Store	Store Patronized	
		Conventional Store	Departmental Store
Low	36.8	48.5	14.7 (68)
Medium	13.1	67.7	19.2 (68)
High	0.0	79.1	20.9 (67)
	(34)	(132)	(37) (203)

$$\frac{E(o-e)^2}{e} = 21.5 \quad (X^2 \text{ at } .05 \text{ level: } 9.5)$$

TABLE 12c

STORE PATRONAGE BY PRODUCTS AND INCOME LEVELS  
Fish and Meat

Income level	Neighborhood Store	Store Patronized	
		Conventional Store	Departmental Store
Low	20.6	69.2	10.2 (68)
Medium	17.6	67.6	14.8 (67)
	(33)	(140)	(30) (203)

$$\frac{E(o-e)^2}{e} = 26.8 \quad (X^2 \text{ at } .05 \text{ level: } 9.5)$$

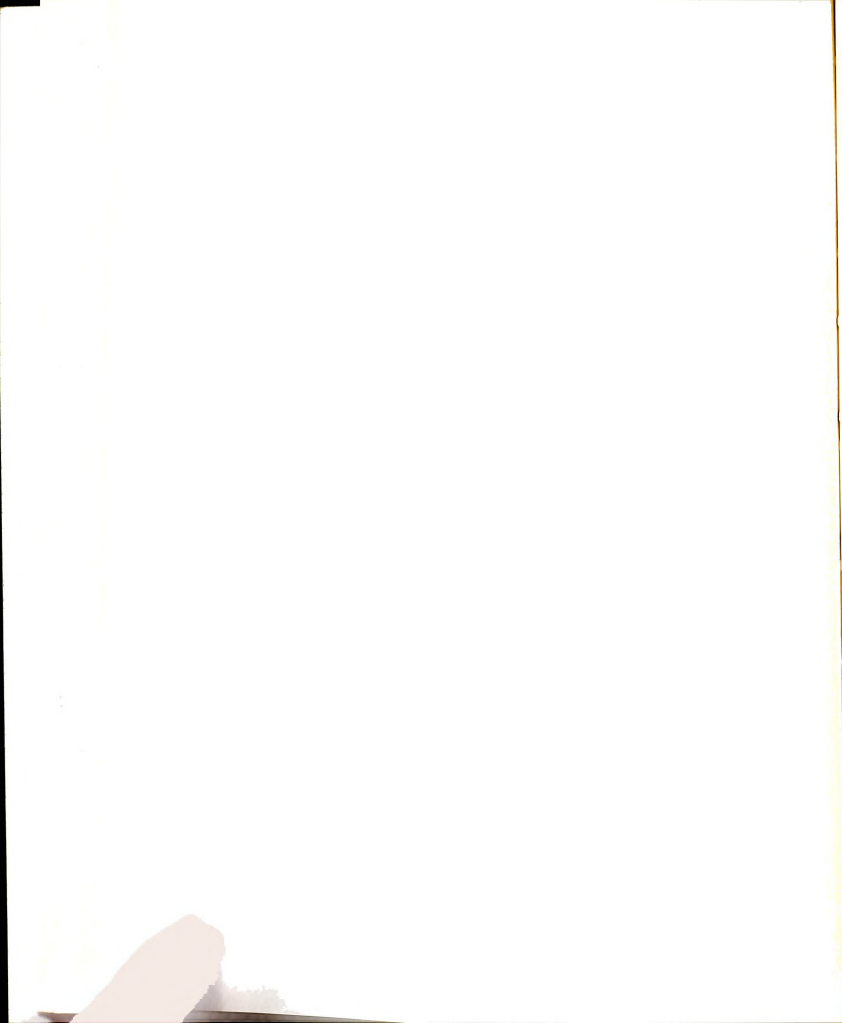


TABLE 12d

STORE PATRONAGE BY PRODUCT AND INCOME LEVEL  
Cosmetics

Income level	Store Patronized		
	Neighborhood Store	Conventional Store	Departmental Store
Low	70.6	16.2	13.2 (68)
Medium	44.1	32.3	23.6 (68)
High	28.4	50.7	20.9 (67)
	(97)	(67)	(39) (203)

$$\frac{E(o-e)^2}{e} = 26.8 \quad (X^2 \text{ at } .05 \text{ level: } 9.5)$$

The chi square tests showed that the relationship between the variables was statistically significant at the .05 level in each case.

The data revealed that the purchase of groceries by families in the low level of income is concentrated in neighborhood stores, while grocery purchase by families in the high income level is mainly in conventional stores. This agrees with the over all pattern indicated in Table 8. Low income families purchase groceries frequently in small volumes. They may not consider it worth while to incur the cost in terms of time, effort and transport expenses of shopping for groceries in the conventional stores. They prefer to purchase groceries in the neighborhood stores which provide ease of locational access. But families in the high income level purchase groceries less frequently and they are also more likely to have private transportation compared with families in low income level. Therefore, they prefer to use

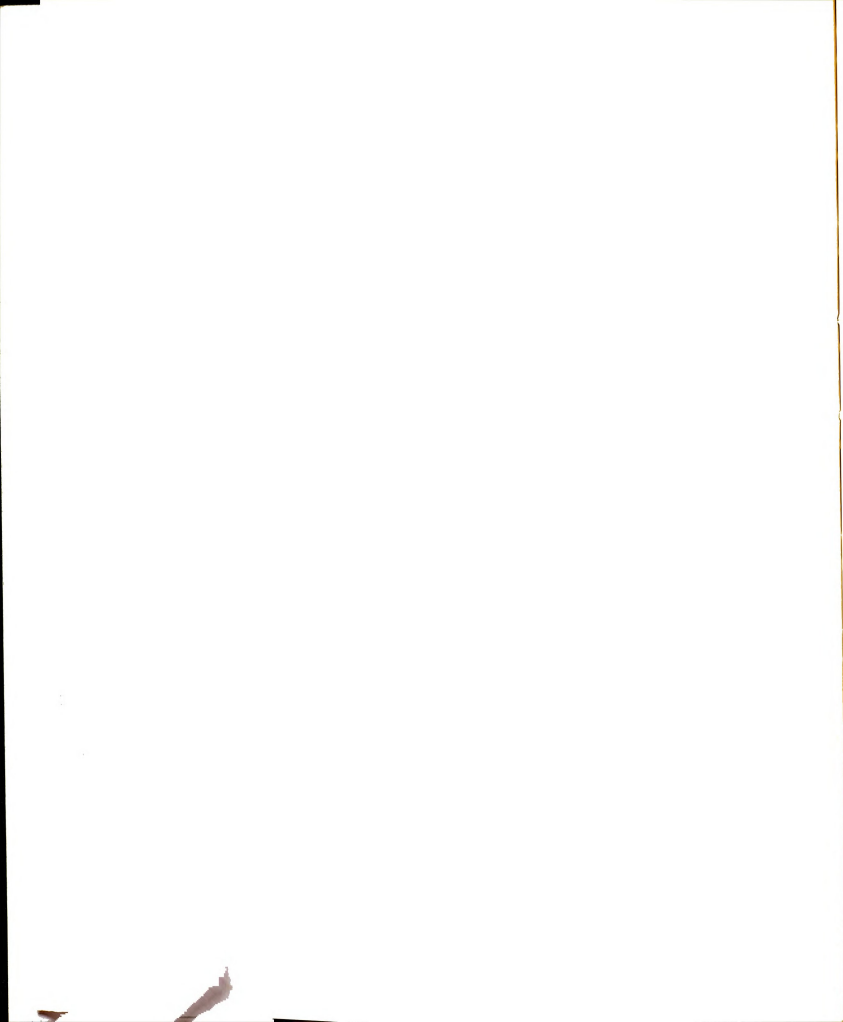


the conventional stores as their major purchase location. Purchase of textiles as well as fish and meat appear to be mainly concentrated in conventional stores by families at all levels of income. This pattern is also in keeping with the pattern shown in Table 8. Textiles are shopping goods for most families in Cochin and the assortment and variety provided by the bazaar drew customers to the conventional stores. The concentration of purchase of fish and meat in conventional stores is explained by the fact that the principal outlet for these products in the city is the open air market adjoining the conventional store center. Cosmetic goods may be viewed by the families in the high income level as shopping goods but as convenience goods by families in the low income level. This may explain the fact that families in the high income purchase cosmetics mainly in conventional stores, while low income level families do so in the neighborhood stores.

#### Stages Of Family Life Cycle:

The null hypothesis stated that there is no relationship between the stage of family life cycle and the choice of major purchase location. The life cycle stage concept used in this study was based on the age of the household head and the age of children in the family. The data indicated that most of the families were in two broad stages of life cycle; one in which the household head was under forty years and children under ten years of age, and another in which the





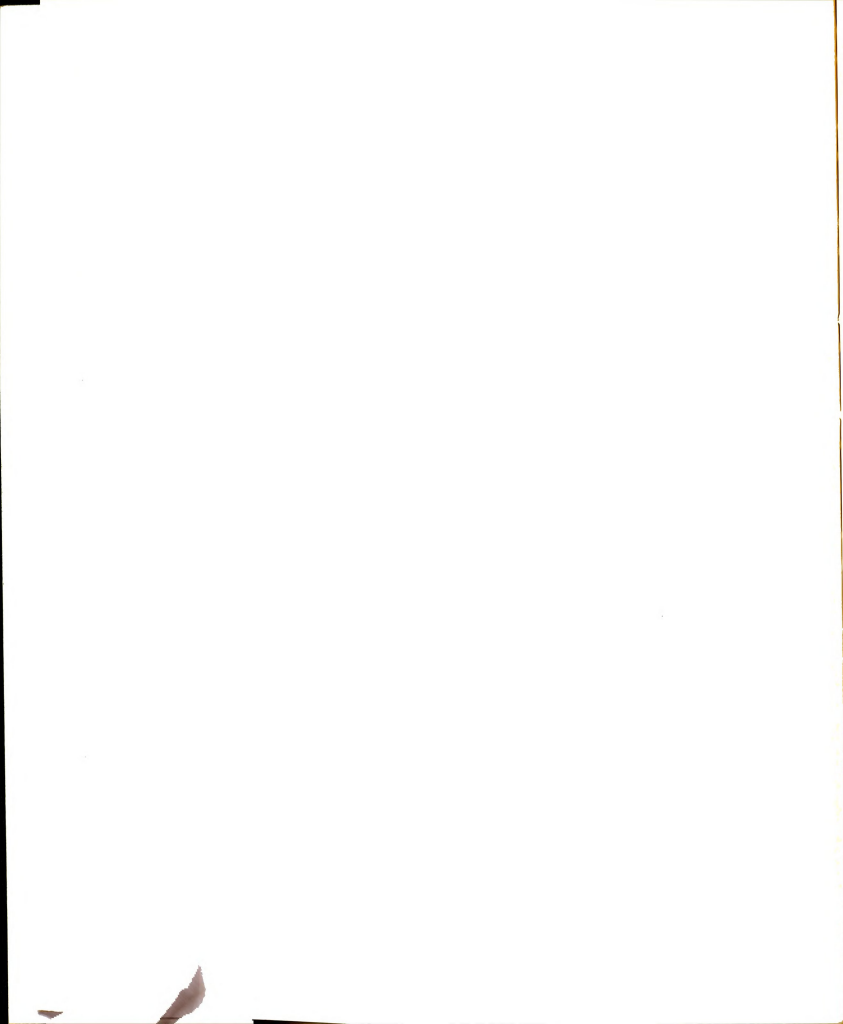
household head was over forty and children older. The data relating to family life cycle stage and store patronage are presented in Table 13.

TABLE 13  
FAMILY LIFE CYCLE STAGE AND STORE PATRONAGE

Stages in Family Life Cycle	Store Patronized		
	Neighborhood Store	Conventional Store	Departmental Store
Head under forty, Children under ten	27.3	38.6	34.1 (88)
Head over forty, Older children only	40.8	50.0	9.2 (98)
	(64)	(83)	(39) (186)

$$\frac{E(o-e)^2}{e} = 14.2 \quad (X^2 \text{ at } .05 \text{ level: } 9.5)$$

The test indicated that the relationship between family life cycle stage and the choice of major purchase location was statistically significant at the .05 level. The null hypothesis was rejected and it was accepted that families in the early stage of life cycle were likely to shop in the departmental store and families in the later stage of life cycle in the neighborhood stores and conventional stores. The proportion of younger families patronizing the departmental store was more than 34 per cent compared with about 27 per cent in neighborhood stores and 38 per cent in conventional stores. The proportion of older families patronizing the departmental store was relatively small: 9 per cent, compared



with nearly 41 per cent and 50 per cent who patronized neighborhood stores and conventional stores respectively.

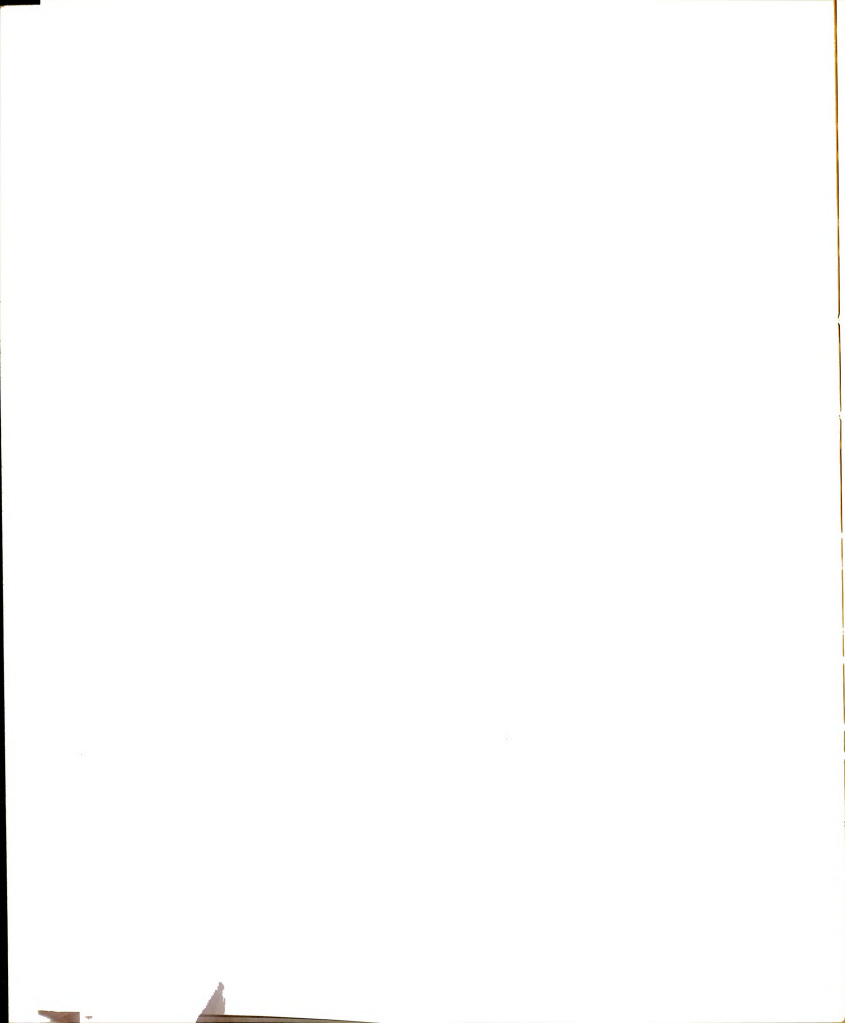
Additional insight into this relationship was sought by analyzing the customer mix of each store type in terms of their life cycle stages. The data relating to the profile of customers using each type of store as their main purchase location are presented in Table 14.

TABLE 14  
PROFILES OF CUSTOMER TYPES BY FAMILY LIFE CYCLE STAGE

Stages in Family Life Cycle	Neighborhood Store	Conventional Store	Departmental Store
Head under forty, Children under ten	37.5	41.0	76.9 (88)
Head over forty, Older children only	62.5	59.0	23.1 (98)
	(64)	(83)	(39) (186)

More than three-fourths of families using the departmental store as their major purchase location were in the early stage of life cycle and only less than one-fourth of them were older families. But, among families who patronized the neighborhood stores and conventional stores, the proportion of families in the early stage was less than that of families in the later stage of life cycle.

Analysis of the data in terms of distance from the departmental store indicated that families in the early stage of life cycle who were in the proximity of the departmental



store patronized that store. Tables 15a, 15b and 15c present the data relating to store patronage behavior of families in relation to life cycle stage and distance from the department store. Distance from the departmental store was used in this study because of that store's independent location in the center of the city, away from the bazaar. The distance was classified into three levels based on the time taken by shoppers to reach the departmental store. The distribution of the data did not permit chi square test but the percentages clearly indicated the pattern of relationship among the variables.

TABLE 15a

FAMILY LIFE CYCLE STAGE, DISTANCE FROM DEPARTMENTAL  
STORE AND STORE PATRONAGE  
Short Distance

Family Life Cycle Stage	Neighborhood Store	Conventional Store	Departmental Store	
Head under forty, Children under ten	6.5	22.6	72.9	(31)
Head over forty, Older children only	3.4	79.3	17.3	(29)
	(3)	(30)	(27)	(60)

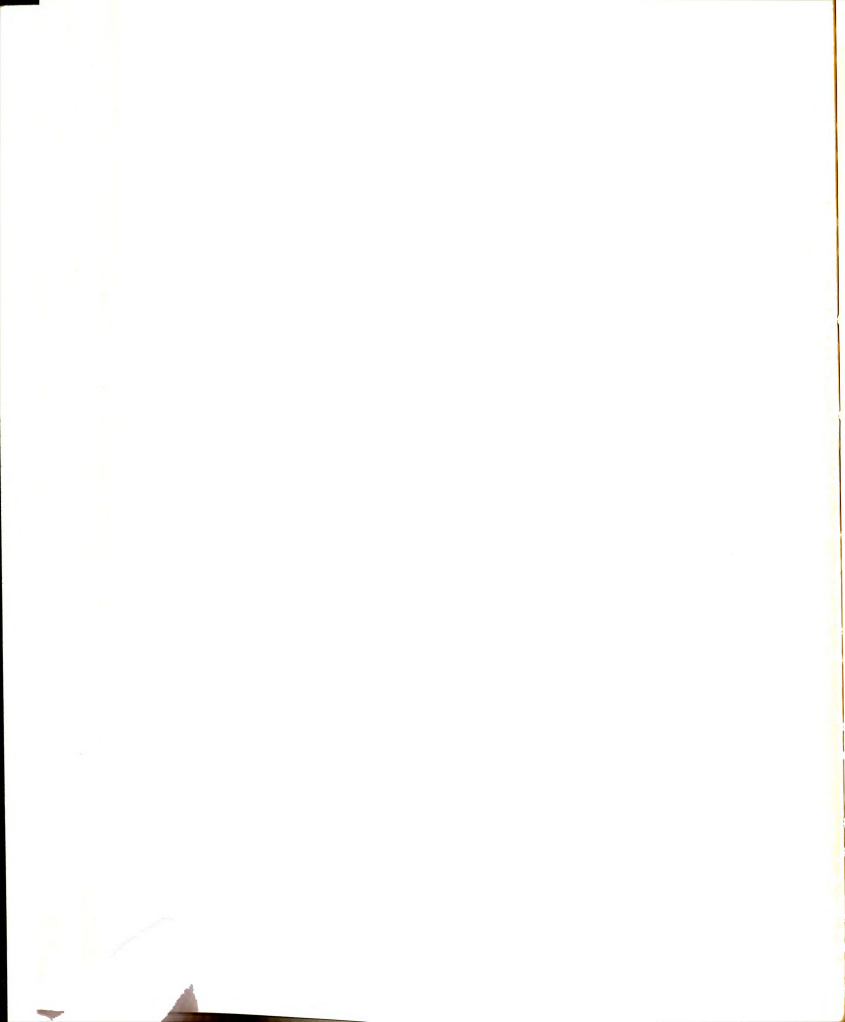


TABLE 15b

FAMILY LIFE CYCLE STAGE, DISTANCE FROM DEPARTMENTAL  
STORE AND STORE PATRONAGE  
Medium Distance

Family Life Cycle Stage	Neighborhood Store	Conventional Store	Departmental Store	
Head under forty, Children under ten	30.0	46.7	23.3	(30)
Head over forty, Older children only	42.4	51.5	6.1	(33)
	(23)	(31)	(9)	(63)

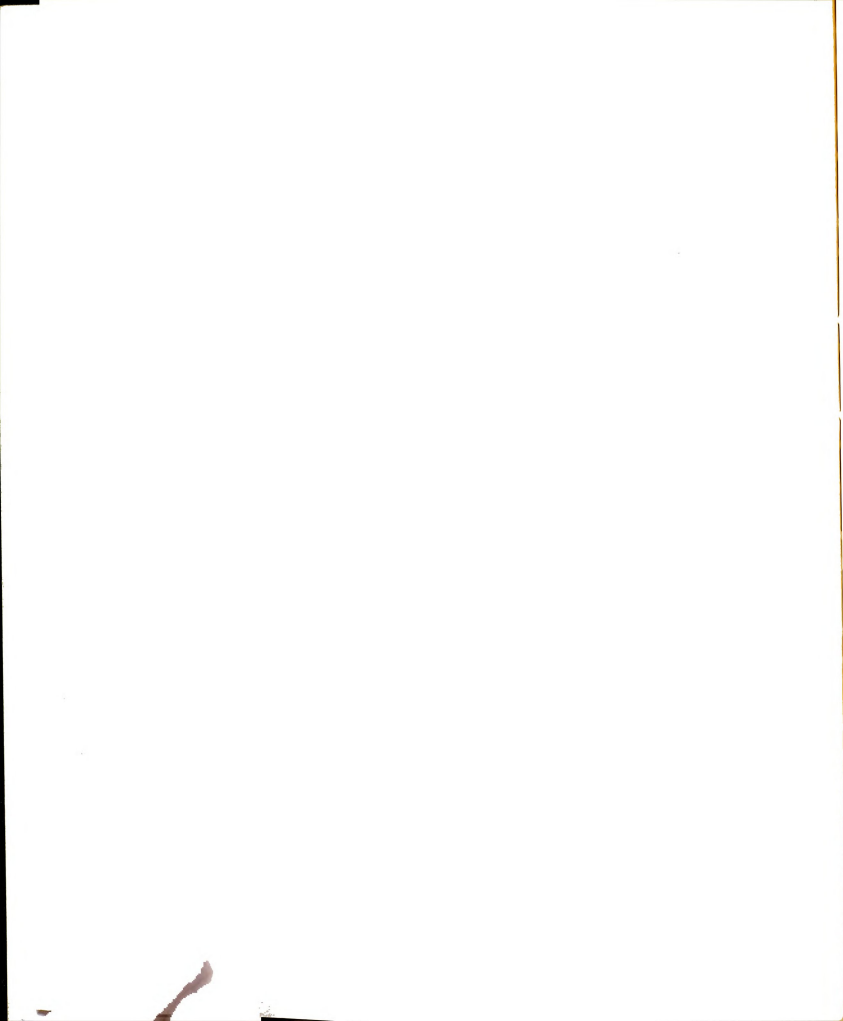
TABLE 15c

FAMILY LIFE CYCLE STAGE, DISTANCE FROM DEPARTMENTAL  
STORE AND STORE PATRONAGE  
Long Distance

Family Life Cycle Stage	Neighborhood Store	Conventional Store	Departmental Store	
Head under forty, Children under ten	48.1	48.1	3.8	(27)
Head over forty, Older children only	69.4	25.0	5.6	(36)
	(38)	(22)	(3)	(63)

The data show that nearly 73 per cent of families in the early stage of life cycle who lived in the proximity of the departmental store used that store as their major purchase location, compared with about 6 per cent and 22 per cent who



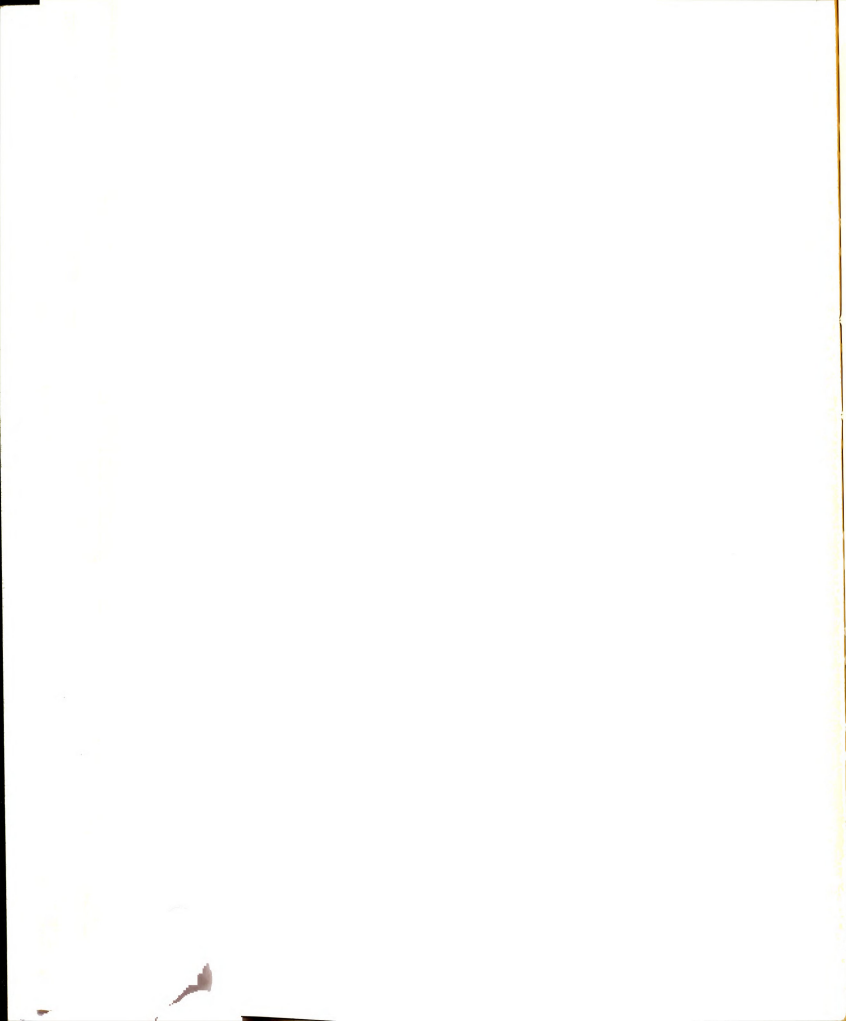


patronized the neighborhood stores and conventional stores, respectively. As the level of distance to the departmental store increased, fewer families used that store as their major purchase location.

The analysis suggested that families in the early stage of their life cycle who lived in the proximity of the departmental store patronized that store more than other families. A major consideration in the store patronage behavior of families appears to be a desire to reduce shopping costs in terms of time, effort and transport expense. Therefore, distance is an important factor in the decisions relating to the use of store as main purchase location. Younger families are likely to be more concerned with shopping time and the advantage of one-stop shopping compared with families in the later stage of life cycle with older children. Further, younger families may be more innovative and willing to use the new departmental store than older families. These factors might explain the use of the departmental store as main purchase location by young families living in the proximity of that store, as the data indicated.

#### Size of Family Units:

The null hypothesis stated that there is no relationship between the size of family units and the use of store as major purchase location. The size of family unit refers to the number of both adult members and children residing in the household. Larger families are more likely to be concerned about saving time spent on shopping by choosing one-stop



shopping facility. They may also be relatively more concerned about price. In both these respects, the department store may be attractive to such families. Table 16 presents the data relating to family size and store patronage.

TABLE 16  
SIZE OF FAMILY UNITS AND STORE PATRONAGE

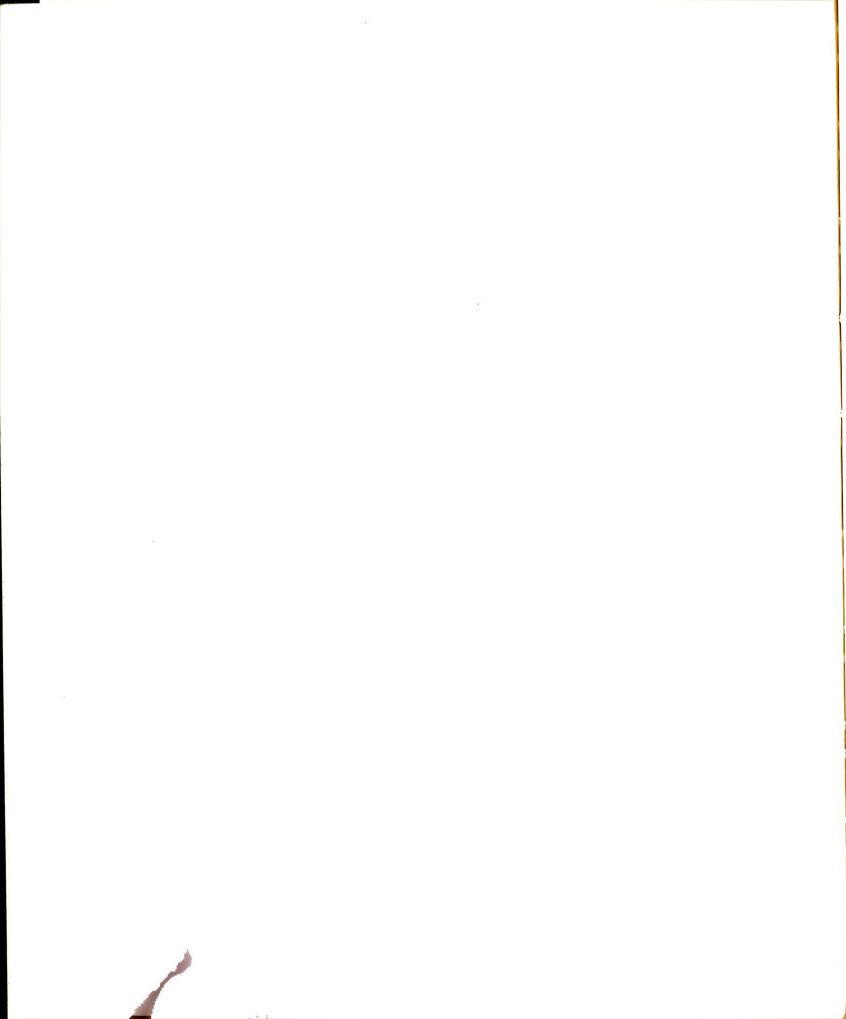
Size of Family Units	Neighborhood Store	Store Patronized	
		Conventional Store	Departmental Store
Small (1-4)	28.1	48.8	23.1 (82)
Medium (5-6)	37.5	46.3	16.2 (80)
Large (7+ )	43.9	31.7	24.4 (41)
	(71)	(90)	(42) (203)

$$\frac{E(o-e)^2}{e} = 5.2 \quad (X^2 \text{ at } .05 \text{ level: } 9.5)$$

The relationship between family size and store patronage was not statistically significant at the .05 level. The null hypothesis was accepted. It may be stated that the size of the family unit was not a significant variable in the use of store as major purchase location by families in Cochin.

Educational Level of Household Head:

The null hypothesis stated that there is no relationship between the educational level of the household head and the use of store as major purchase location. Level of education is related to the degree of innovativeness of a person. It is also related to the occupational status and income of the household head, because educational qualifications are



prescribed for entering occupations other than manual work. All these factors were thought to have an important bearing on the store patronage behavior of families.

Educational level was classified as low, medium and high on the basis of the level of formal education attained by a person. For the purpose of this analysis, absence of schooling or having only primary and secondary level were classified as low level of education; high school education was regarded as medium level and having some college education as high level. The data relating to educational level of household head and store patronage by families are presented in Table 17.

TABLE 17

## EDUCATIONAL LEVEL OF HOUSEHOLD HEAD AND STORE PATRONAGE

Educational Level	Store Patronized		
	Neighborhood Store	Conventional Store	Departmental Store
Low	80.4	10.9	8.7 (46)
Medium	39.5	44.7	15.8 (38)
High	16.0	57.1	26.9 (119)
	(71)	(90)	(42) (203)

$$\frac{E(o-e)^2}{e} = 61.5 \quad (X^2 \text{ at } .05 \text{ level of significance: } 9.5)$$

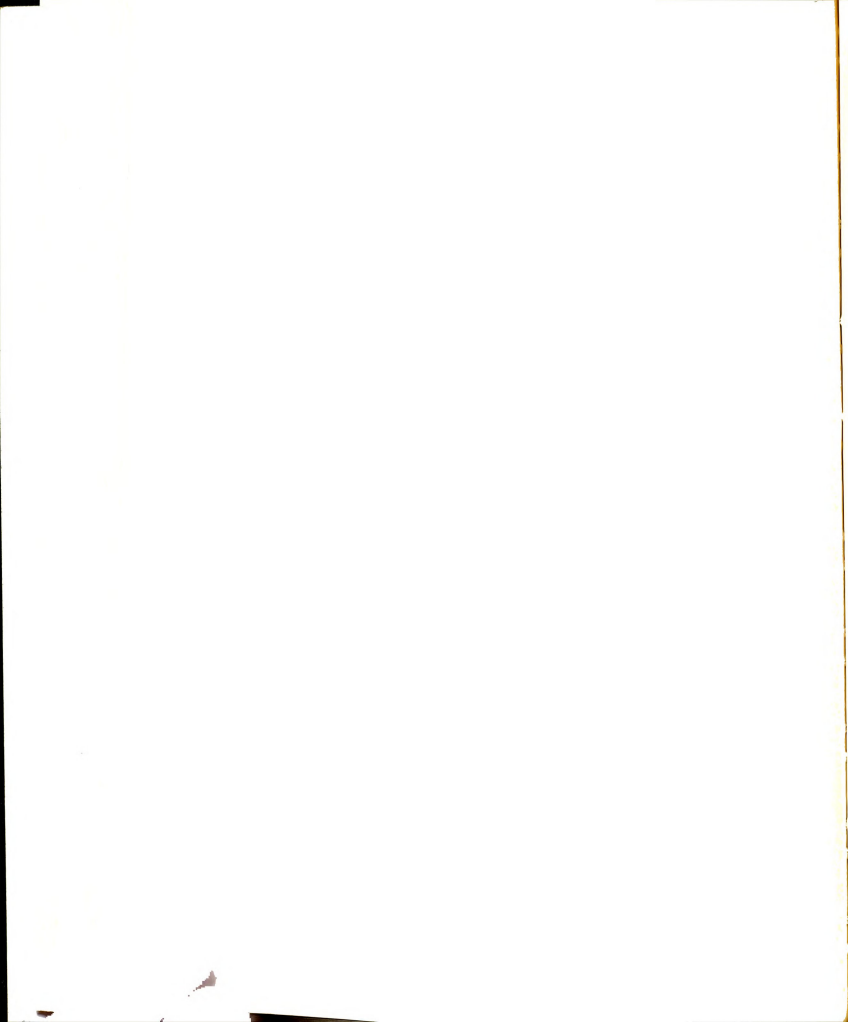
The relationship between the level of education and store patronage was statistically significant at the .05 level. The null hypothesis was rejected. It may be stated that store patronage is related to the level of education of household head. The data showed that families whose heads had only a



low level of education used the neighborhood store as their major purchase location; more than 80 per cent of families with heads having a low level of education patronized the neighborhood store, compared with about 11 per cent in conventional stores and about 9 per cent in the department store. As the level of education of household head increased, the proportion of families patronizing the neighborhood store decreased, while the proportion of families patronizing conventional stores and departmental store increased.

More than half of the household heads in Cochin were seen to have a high level of education, indicating that they had some college education. This may appear to be surprising in a less developed country with low rate of literacy. However, the high proportion of college level education does not point to any bias in the sample under study. Cochin is in a region which has relatively high rate of literacy in the country. The level of education in cities is always higher than in rural areas where the vast majority of the population live. Persons who have a high level of education tend to concentrate in the cities because of urban opportunities for education and employment. Institutions of higher education are generally located in cities and access to such institutions is easier for urban residents than for rural residents. Further, college level education is a necessary qualification for urban jobs other than skilled and unskilled work.





Occupational Status Of The Household Head:

The null hypothesis stated that there is no relationship between the occupational status of the household head and the choice of main store for shopping. Occupation of the household head is expected to have an important bearing on store patronage behavior of families. Occupation determines income level as well as the regularity and frequency of income receipt. Thus, skilled and unskilled workers generally receive less income than persons in other occupations and they receive their income on a daily basis, while in most other occupations the income is received monthly. Further, some occupations have relatively higher social prestige in the traditional social environment of Cochin. The way families live and spend their income is expected to depend partly on the kind of occupation of the household head. Therefore, the store patronage behavior of families could be expected to be related to the occupational status of the household head.

Families were classified into four categories on the basis of the type of occupation of the head. The data relating to store patronage by families in the four categories are tabulated in Table 18.

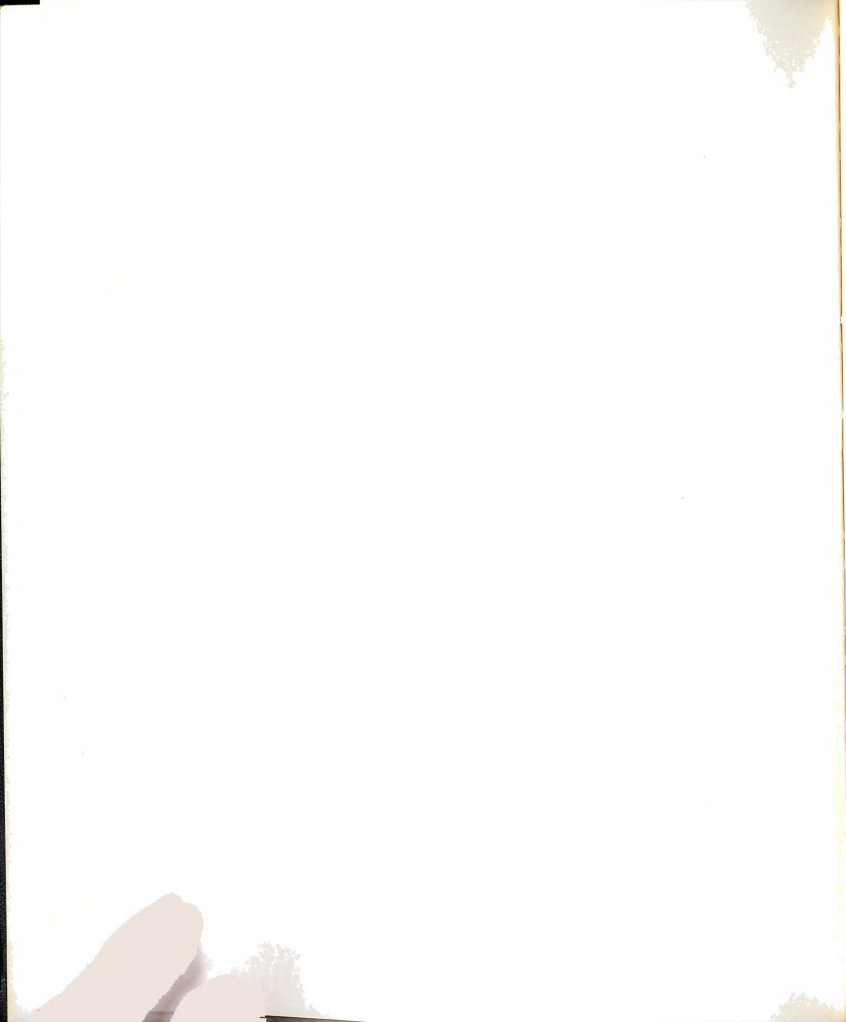


TABLE 18

## OCCUPATION OF HOUSEHOLD HEAD AND STORE PATRONAGE

Occupation of Household Head	Neighborhood Store	Store Patronized	
		Conventional Store	Departmental Store
Skilled and Unskilled work	71.8	13.0	15.2 (46)
Professions	20.9	44.2	34.9 (43)
Salaried jobs	24.4	59.0	16.6 (78)
Own Business	27.8	52.8	19.4 (36)
	(71)	(90)	(42) (203)

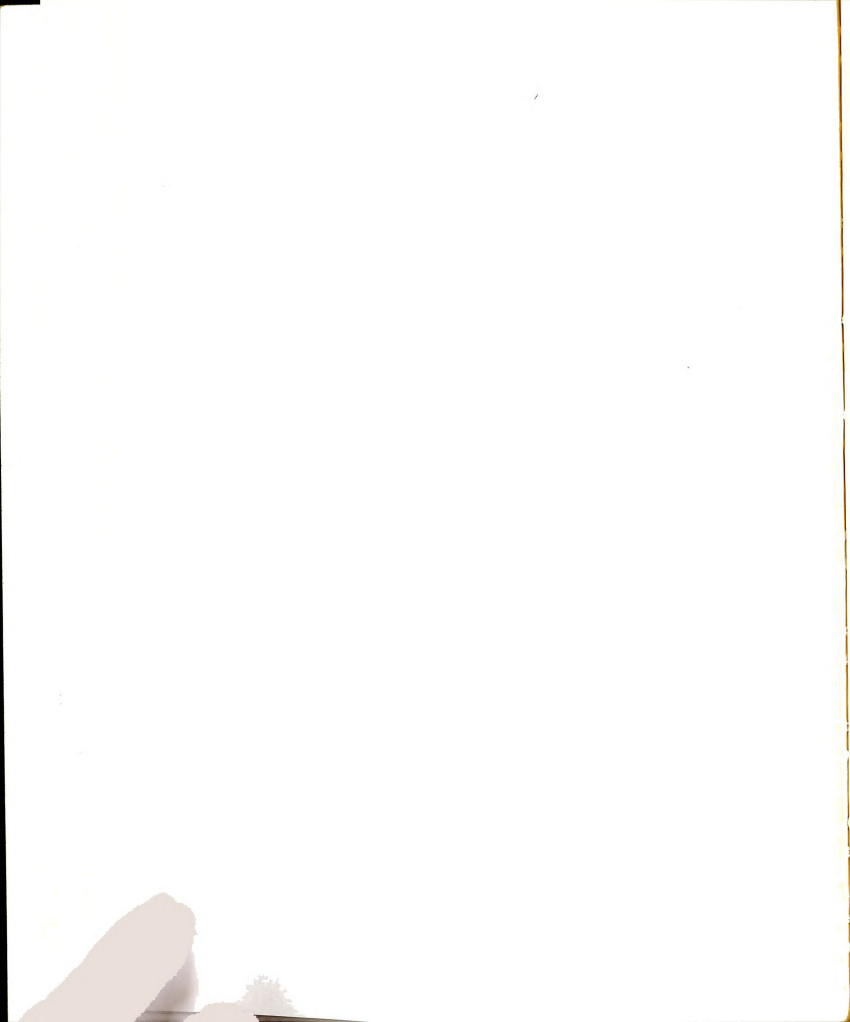
$$\frac{E(o-e)^2}{e} = 44.0 \quad (X^2 \text{ at } .05 \text{ level: } 12.6)$$

The relationship between occupation and store patronage was statistically significant at the .05 level and the null hypothesis was rejected. It may be stated that the choice of main purchase source by families in Cochin is related to occupational status of the household head.

Nearly three fourths of families having skilled or unskilled workers as heads patronized the neighborhood stores, compared with 13 per cent of such families patronizing conventional stores and about 16 per cent patronizing departmental store. Nearly 60 per cent of families having salaried persons as heads and about half of the families having entrepreneurs as heads were seen to patronize conventional stores.

Ownership of Consumer Durable Goods:

The null hypothesis stated that there is no relationship between ownership of consumer durable goods and the choice of major purchase location by families. In a less developed



country, the ownership of consumer durable goods may be an index of the social position of the family. It is likely to have a bearing on the store patronage behavior of families.

A profile of ownership of selected consumer durable goods by the three types of customers was made to get insight into the relationship between store patronage and the ownership of such goods. Table 19 presents this data.

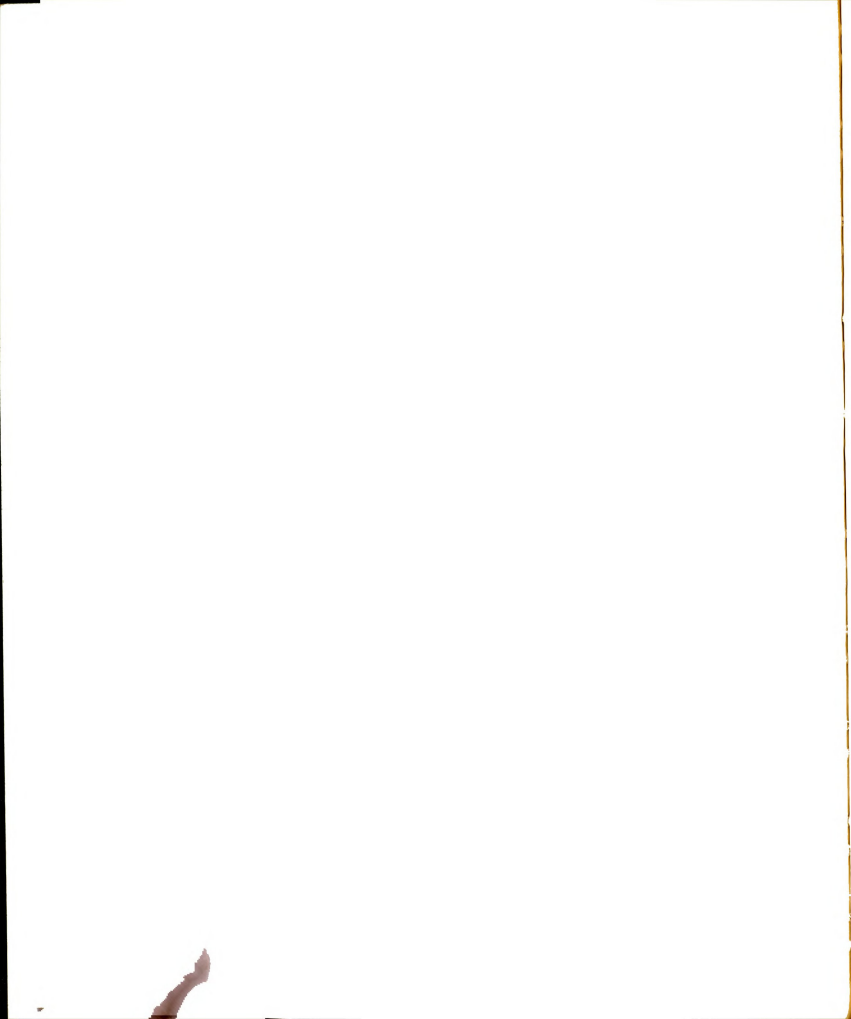
TABLE 19

## PROFILE OF OWNERSHIP OF CONSUMER DURABLES BY CUSTOMER TYPES

Goods owned	Type of Shoppers		
	Neighborhood Store Shoppers	Conventional Store Shoppers	Departmental Store Shoppers
Automobile	8.5	40.0	31.0
Scooter	8.5	15.6	21.4
Refrigerator	15.5	32.2	31.0
Radio	56.3	96.7	97.6
Telephone	14.1	40.0	26.2
None of the above	42.3	3.3	2.4

The table shows the percentage of each type of shoppers owning the selected goods. Among the departmental store shoppers, 31 per cent owned automobiles, more than 21 per cent owned scooters, 31 per cent owned refrigerators, nearly 98 per cent owned radio, more than 26 per cent had telephones and only less than 3 per cent had none of these goods in the households.

Index numbers were constructed for comparing the extent of ownership of the of the selected goods, using a system of weights indicating the relative importance of each of these



goods as symbols of social position. In the absence of objective criteria for determining such weights, subjective estimates based on personal knowledge of the environment in Cochin was used in assigning weights for each class of goods. Table 20 presents the weights assigned for each class of goods.

TABLE 20  
WEIGHTS ASSIGNED FOR CONSUMER DURABLE GOODS

<u>Goods</u>	<u>Weight</u>
Radio	1
Scooter	4
Telephone	5
Refrigerator	5
Automobile	10

Points were assigned to families for ownership of each of the selected goods and the families were classified according to aggregate number of points assigned to each family, based on their ownership of goods. Classification of the families into three equal groups was not done because of the uneven pattern of distribution of ownership of goods. Families which had none of the selected goods or only the radio were classified as having a low level of ownership; the remaining families were divided into two equal groups having medium and high levels of ownership. Table 21 gives the classification of families based on ownership of the selected consumer durables.



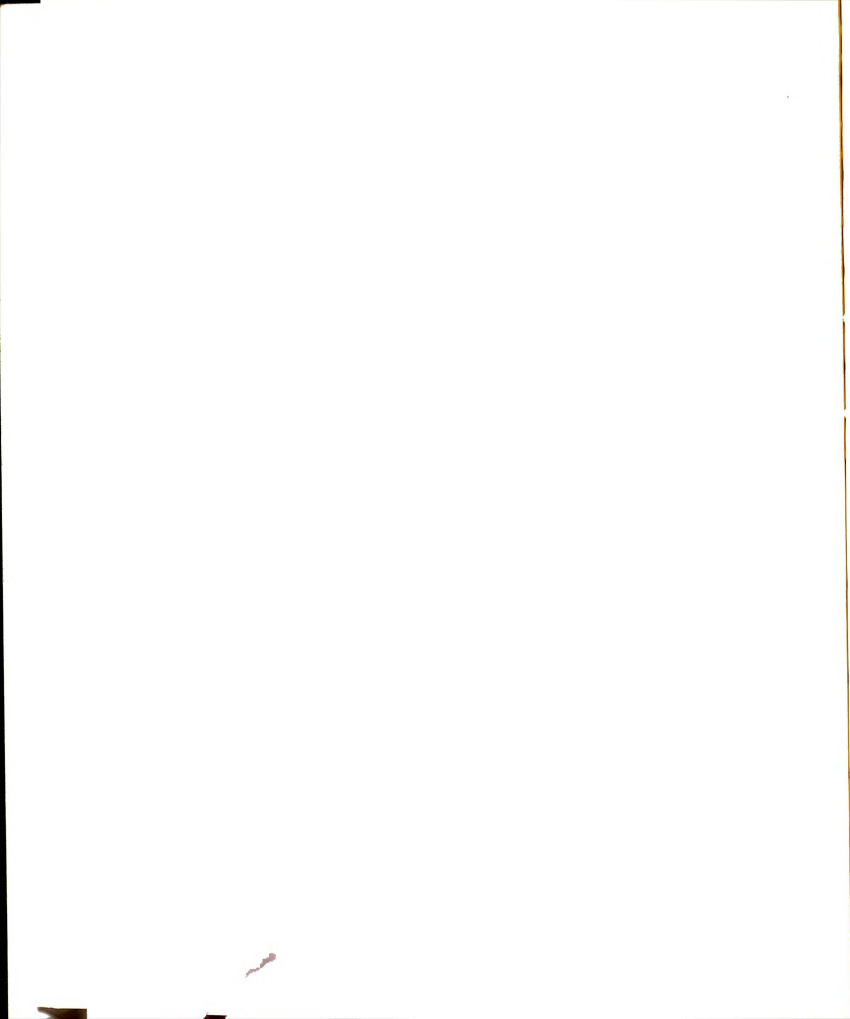


TABLE 21

## CLASSIFICATION OF FAMILIES BY OWNERSHIP LEVEL OF GOODS

<u>Aggregate Points</u>	<u>Level of Ownership</u>
0 - 1	Low (106)
2 - 11	Medium ( 49)
12 +	High ( 48)

It was expected that the level of ownership of the selected consumer durable goods will be related to the choice of store as major purchase location. The relationship between ownership level of the goods and store patronage of families was analyzed and the data are presented in Table 22.

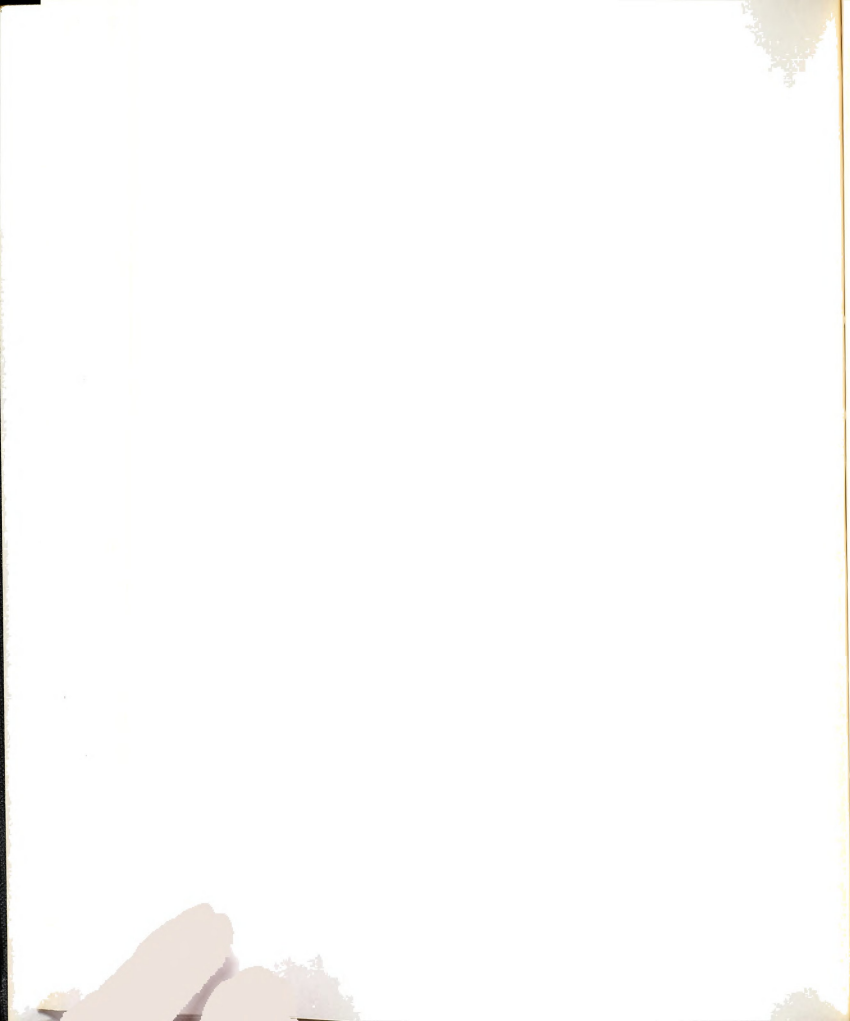
TABLE 22

## OWNERSHIP OF CONSUMER DURABLES AND STORE PATRONAGE

Level of Ownership	Store Patronized		
	Neighborhood Store	Conventional Store	Departmental Store
Low	48.1	33.0	18.9 (106)
Medium	28.6	53.1	18.3 ( 49)
High	12.5	60.4	27.1 ( 48)
	(71)	(90)	(42) (203)

$$\frac{E(o-e)^2}{e} = 65.8 \quad (x^2 \text{ at } .05 \text{ level: } 9.5)$$

The relationship between the level of ownership of consumer durable goods and store patronage behavior of families was statistically significant at the .05 level.

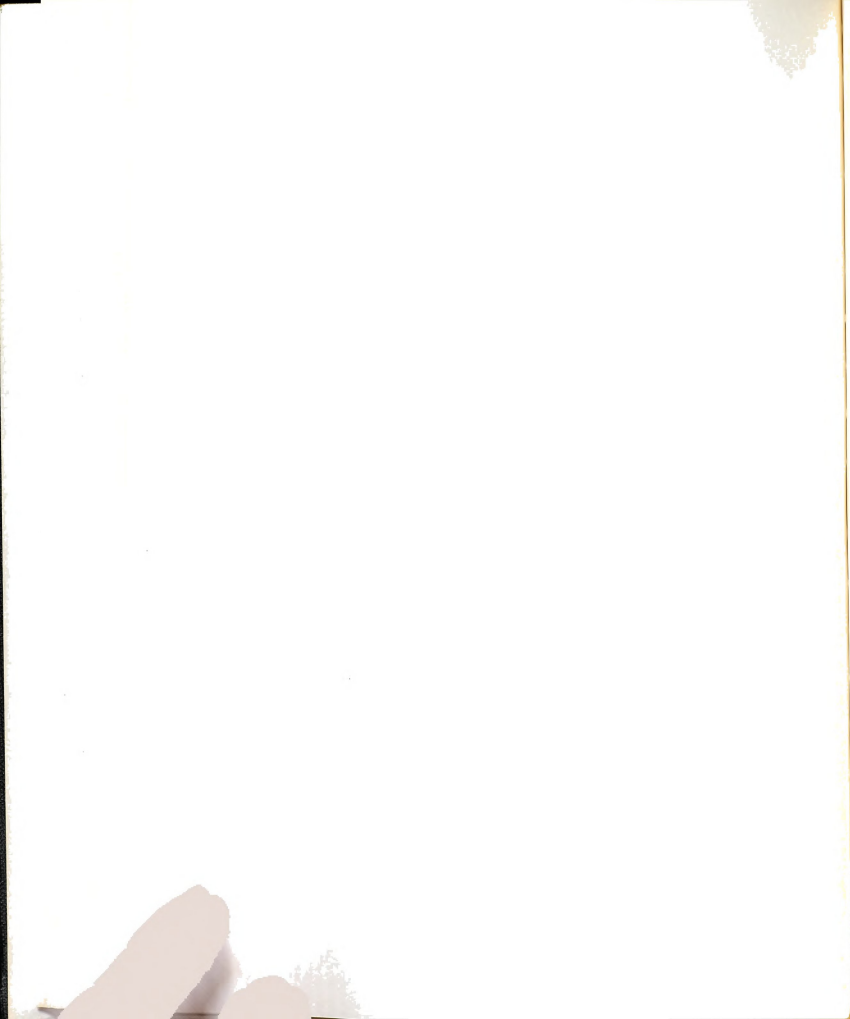


Nearly half of the families with a low level of ownership of the goods used neighborhood store as their major purchase location, compared with one-third who used conventional stores and nearly one-fifth the departmental store. Of the families with a high level of ownership of the goods, less than 13 per cent was seen to patronize neighborhood store, compared with more than 60 per cent patronizing conventional stores and more than 27 per cent patronizing the departmental store.

In summary, the analysis of socio-economic variables relating to families patronizing retail stores in Cochin showed that families with a high level of income in the early stage of life cycle, who lived in the proximity of the departmental store used that store as major purchase location. The heads of these families had a relatively high level of education and they were engaged in occupations such as salaried jobs, professions and own business. Families patronizing the departmental store had a high level of ownership of consumer durable goods, indicating a relatively high social position. The length of the period of residence of the families in Cochin or the size of the family unit did not show any relationship to store patronage behavior; the relationship was not statistically significant at the .05 level when chi square tests were made on related data.

#### Purchase Motivation And Behavior:

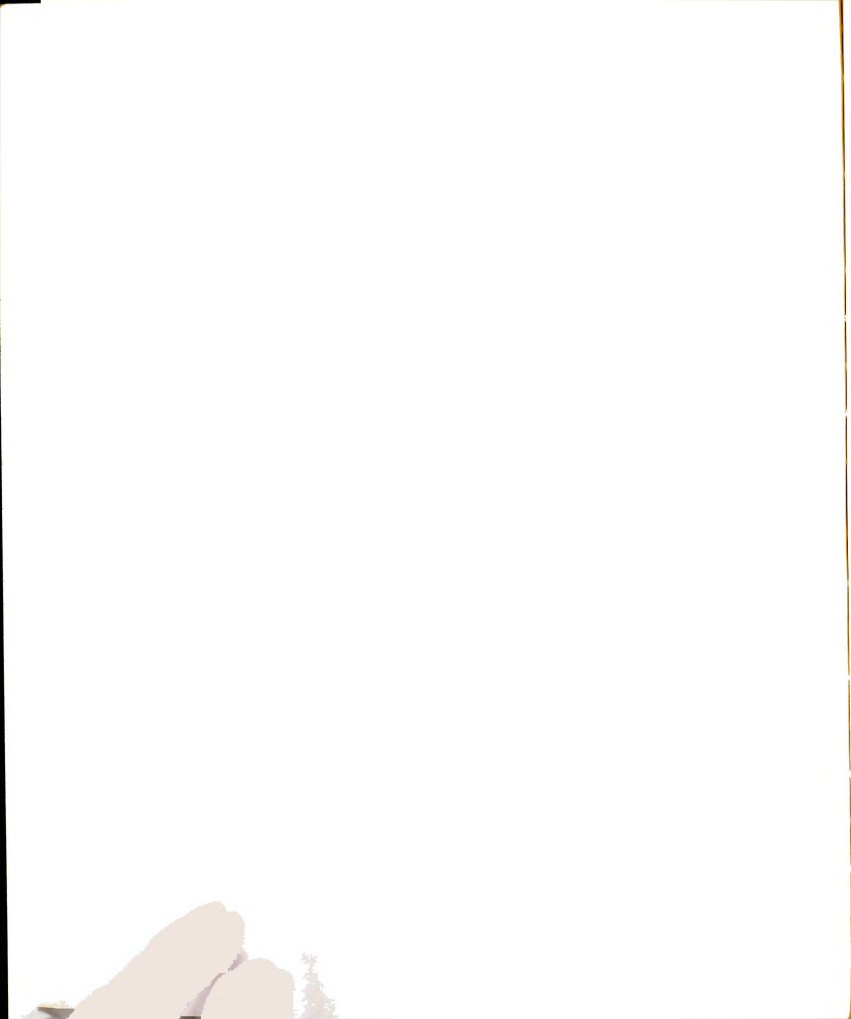
A second set of hypotheses were formulated to investigate whether store patronage behavior of families was significantly



related to purchase motivation and purchase behavior. Five hypotheses guided the research. These hypotheses were based on the assumption that families who patronized the departmental store and those who patronized other stores could be differentiated in terms of the following variables:

1. Motivational Variables
  - a) Proximity
  - b) Price
  - c) Exposure to printed media
2. Purchase Behavior
  - a) Purchase interval
  - b) Purchasers (family members or non-family members) who do the shopping.

Distance was thought to be an important factor in the use of stores as major purchase location by families, particularly because of the limited ownership of private transport by families in Cochin. It was expected that families living within a short distance from the departmental store would prefer to shop in that store, while those who lived farther from it would shop mainly in neighborhood stores or conventional stores. Price was also expected to be an important consideration in store patronage decisions by families. Price of products in selected categories were compared to learn whether price was related to store patronage. Families' use of stores as major purchase location was expected to be related to the degree of their exposure to store related messages through the print media. Further, families who have a high degree of exposure to print media may be expected to be more innovative and so relatively more likely to patronize



the departmental store. The relationship between print media exposure of families and their use of major purchase location was studied.

Purchase interval refers to the interval between two consecutive major shopping trips. It is reasonable to assume that this will have a bearing on the use of store for main shopping. Purchaser or purchase participation is also expected to be a factor in store preference of families because of possible differences in the preferences of purchasing individuals for different stores.

Proximity:

The null hypothesis stated that there is no relationship between store patronage and distance to the store from the place of residence. The level of distance was determined on the basis of the time taken to reach the store. For the purpose of this study, it was thought that the distance to the departmental store with its location in the center of the city would be an appropriate basis for analysis. Neighborhood stores were close to the place of residence of their customers and the distance to those stores was not measured. The departmental store is independently located away from the bazaar consisting of conventional stores. Distance to the new institution with its location in center of the city has a greater relevance to this study than the distance to conventional stores. Therefore, families were classified into three equal segments based on their distance to the departmental store and the data relating to store patronage are presented in Table 23.



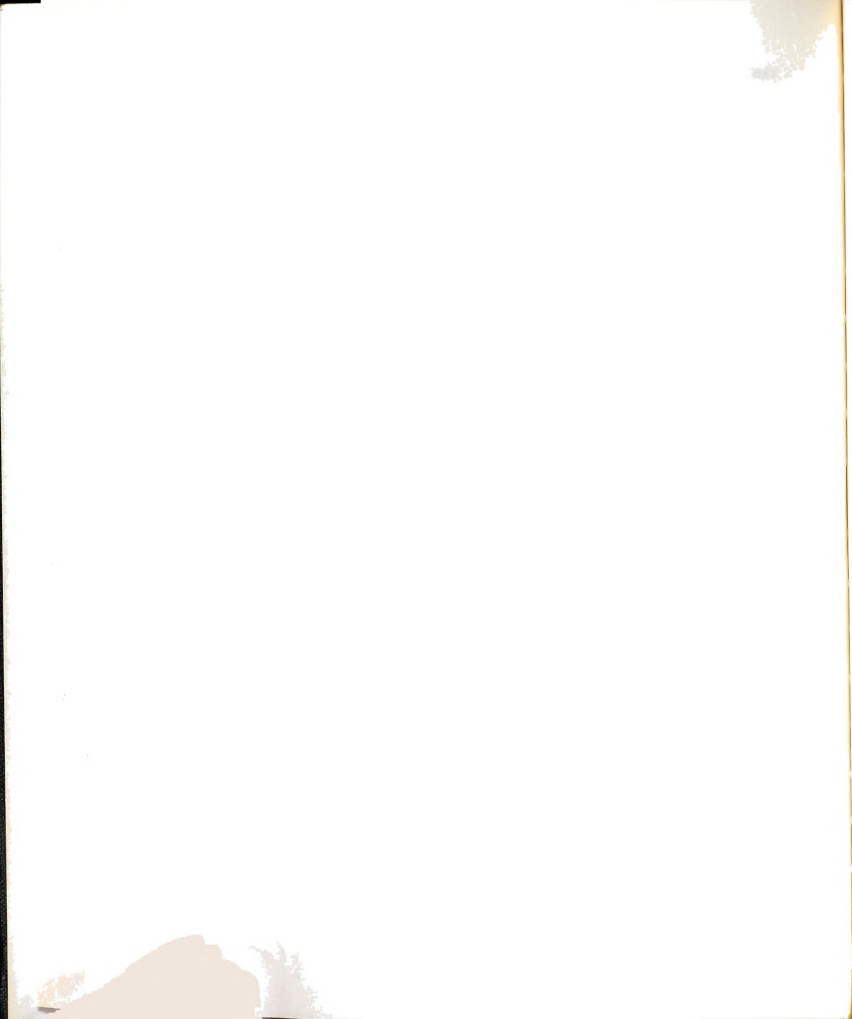


TABLE 23

## DISTANCE TO DEPARTMENTAL STORE AND STORE PATRONAGE

Distance level to Departmental store		Store Patronized		
		Neighborhood Store	Conventional Store	Departmental Store
Low	(0-15 min.)	7.5	50.0	42.5 (68)
Medium	(16-30 min.)	38.2	47.1	14.7 (68)
High	(31 min. +)	59.7	35.8	4.5 (67)
		(71)	(90)	(42) (203)

$$\frac{E(o-e)^2}{e} = 54.1 \text{ (X}^2 \text{ at .05 level: 9.5)}$$

The relationship between distance to the departmental store from the place of residence of shoppers and store patronage was statistically significant at the .05 level. The null hypothesis was rejected and it was assumed that distance to the departmental store was a factor in the decisions of families about use of store as major purchase location. Nearly 43 per cent of the families in the low level of distance to the departmental store were seen to shop in that store. However, less than 5 per cent of families who lived at a long distance from the store patronized it.

Further analysis of data in terms of income levels of families revealed that relationship between distance to the departmental store and patronage behavior of families existed at all levels of income. Table 24a, 24b and 24c present the data relating to store patronage in terms of distance to the departmental store and the income levels of families.

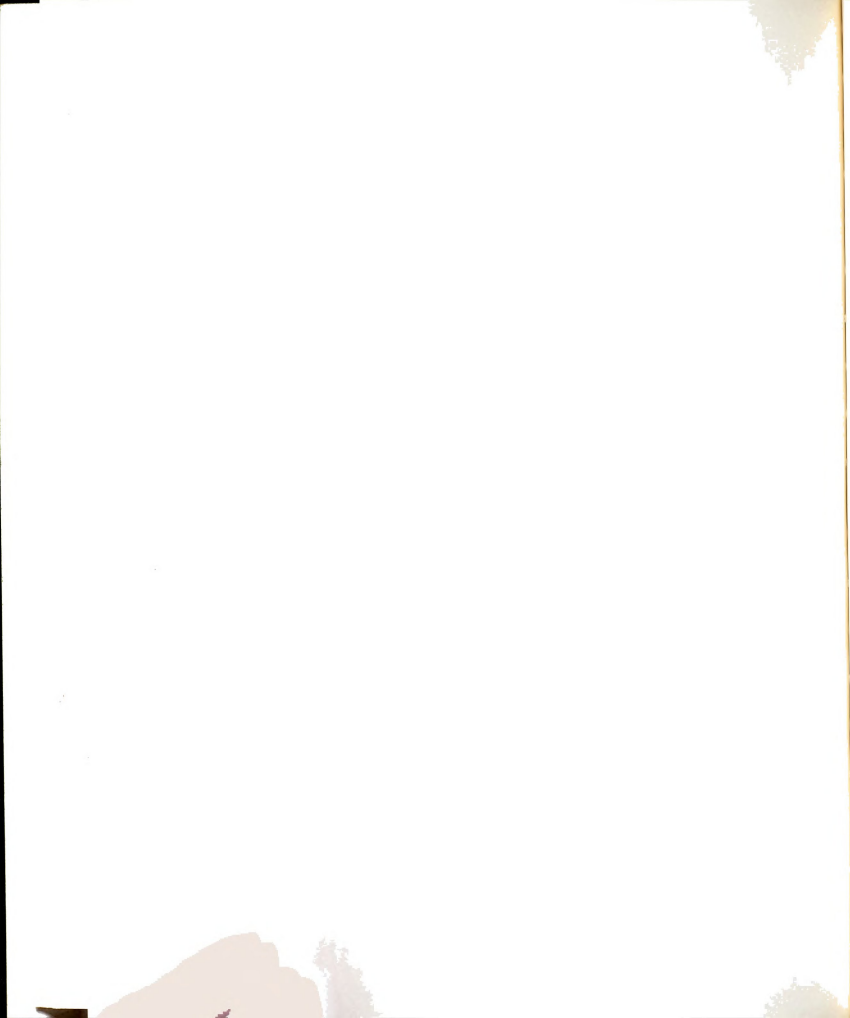


TABLE 24a

STORE PATRONAGE BY DISTANCE AND INCOME LEVELS  
Low Income

Distance Level to Departmental Store		Store Patronized		
		Neighborhood Store	Conventional Store	Departmental Store
Low	(0-15 min.)	20.0	20.0	60.0 (15)
Medium	(16-30 min.)	55.6	33.3	11.1 (18)
High	(31 min. +)	85.7	14.3	0.0 (35)
		(43)	(14)	(11) (68)

TABLE 24b

STORE PATRONAGE BY DISTANCE AND INCOME LEVELS  
Medium Income

Distance Level to Departmental Store		Store Patronized		
		Neighborhood Store	Conventional Store	Departmental Store
Low	(0-15 min.)	6.3	56.0	37.7 (16)
Medium	(16-30 min.)	37.1	45.7	17.2 (35)
High	(31 min. +)	35.1	52.9	12.0 (17)
		(20)	(34)	(14) (68)

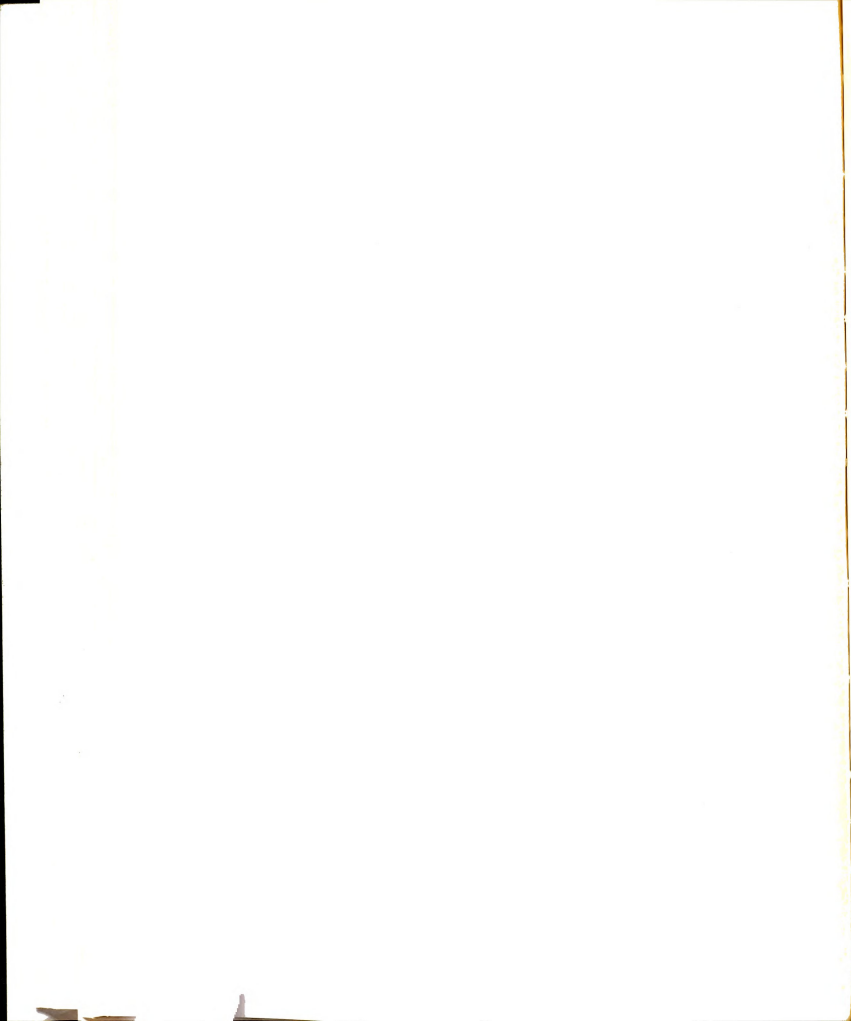


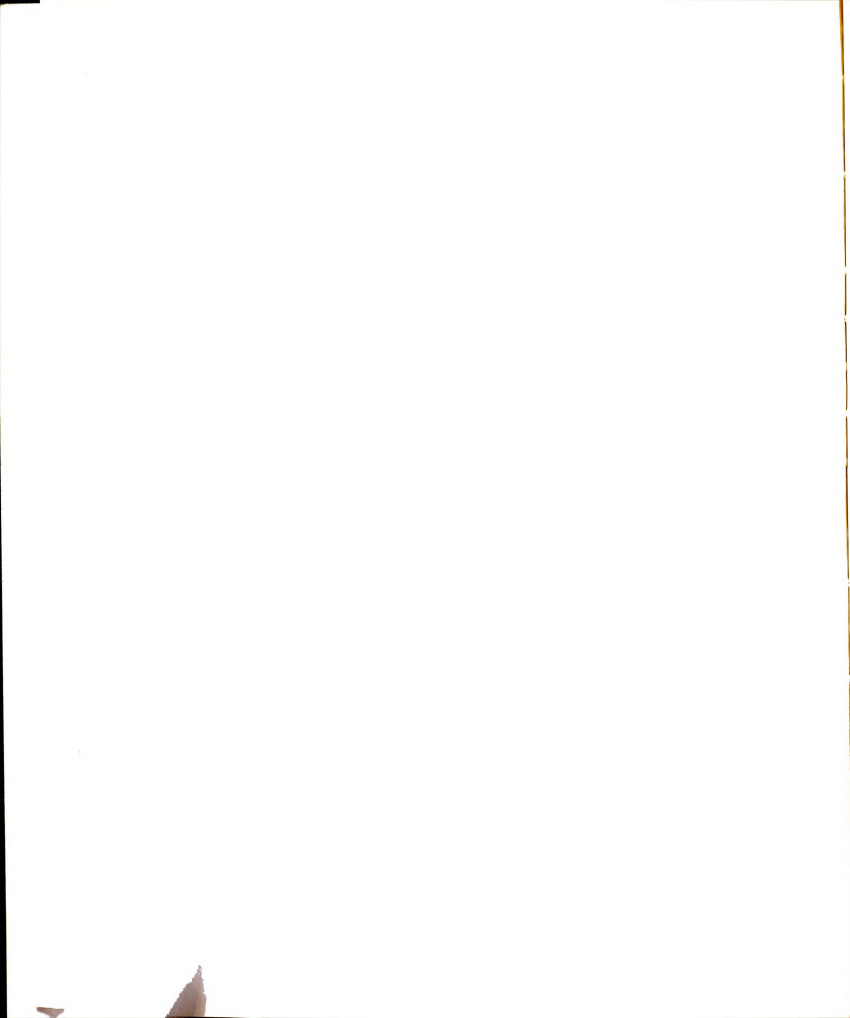
TABLE 24c

STORE PATRONAGE BY DISTANCE AND INCOME LEVELS  
High Income

Distance Level to Departmental Store		Store Patronized		
		Neighborhood Store	Conventional Store	Departmental Store
Low	(0-15 min.)	2.7	59.5	37.8 (37)
Medium	(16-30 min.)	20.0	66.7	13.3 (15)
High	(31 min. +)	26.7	66.7	6.6 (15)
		(8)	(42)	(17) (67)

Statistical tests were not made because many cells in the tables had only a small number of observations and meaningful tests were not feasible. However, inspection of the tabulated data indicated that families who lived within a short distance from the departmental store and who were in the low income level used the departmental store as their major purchase location. The proportion of families patronizing the departmental store decreased when distance increased for all levels of income. Sixty per cent of the families in the short distance level having low income patronized the departmental store, compared with 20 per cent each in conventional and neighborhood stores. No families in the low income level who lived at a long distance from the departmental store used it as major purchase location. Nearly 86 per cent of such families shopped in neighborhood stores.

Further analysis of the data in terms of both distance to the departmental store and distance to conventional stores



was made to see whether any additional patterns could be discerned in the relationship between distance and store patronage. However, because of insufficient sample size, the data were not amenable to statistical test. Tables 25a, 25b and 25c present the data relating to such an analysis.

TABLE 25a

DISTANCES TO DEPARTMENTAL STORE AND TO CONVENTIONAL  
STORE AND STORE PATRONAGE  
Low Level Distance To Conventional Store

Distance Level to Departmental Store		Store Patronized		
		Neighborhood Store	Conventional Store	Departmental Store
Low	(0-15 min.)	3.4	48.3	48.3 (29)
Medium	(16-30 min.)	41.4	51.7	6.9 (29)
High	(31 min. +)	50.0	50.0	0.0 (10)
		(18)	(34)	(16) (68)

TABLE 25b

DISTANCE TO DEPARTMENTAL STORE AND TO CONVENTIONAL  
STORE AND STORE PATRONAGE  
Medium Level Distance To Conventional Store

Distance Level to Departmental Store		Store Patronized		
		Neighborhood Store	Conventional Store	Departmental Store
Low	(0-15 min.)	4.2	58.3	37.5 (24)
Medium	(16-30 min.)	17.6	64.8	17.6 (17)
High	(31 min. +)	51.9	48.1	0.0 (27)
		(18)	(38)	(12) (68)



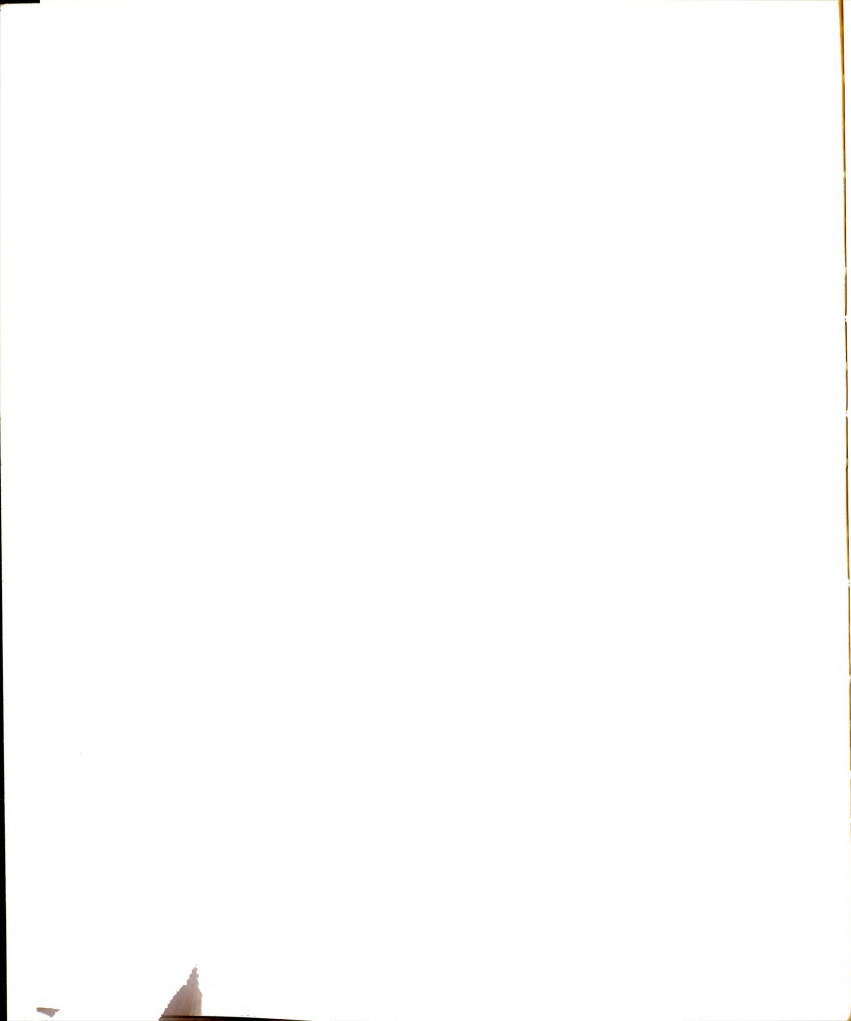


TABLE 25c

DISTANCE TO DEPARTMENTAL STORE AND TO CONVENTIONAL  
STORE AND STORE PATRONAGE  
High Distance Level to Conventional Store

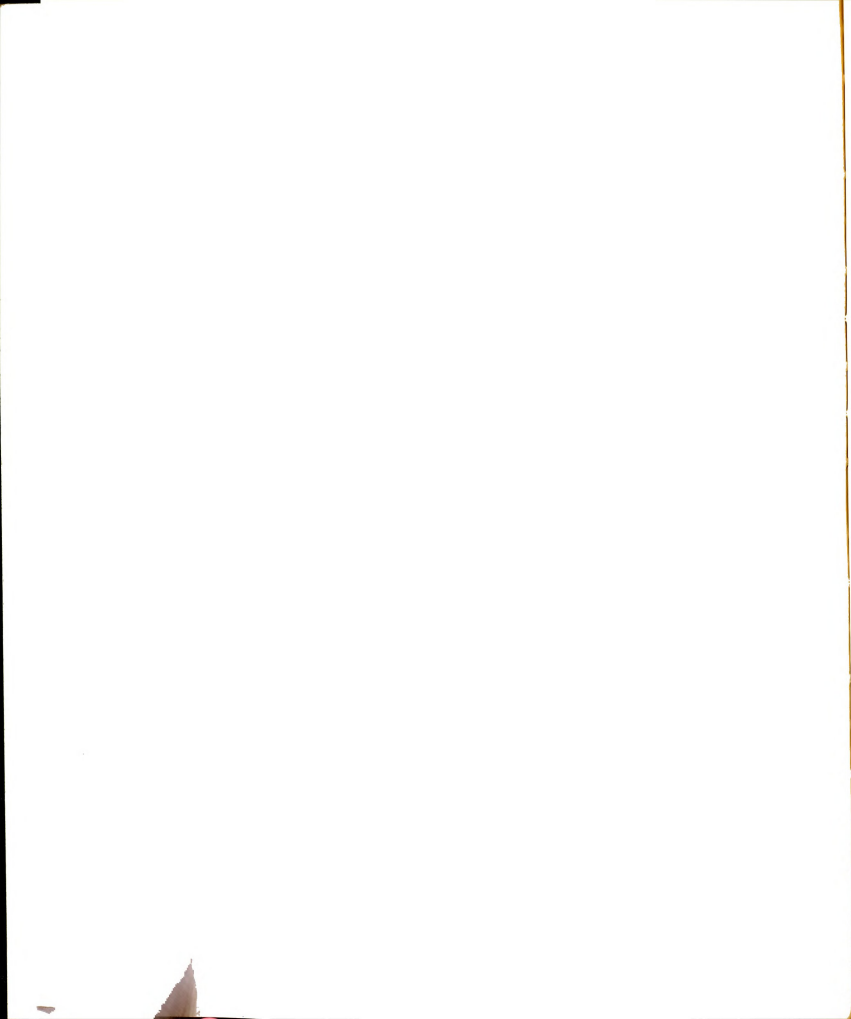
Distance Level to Departmental Store		Store Patronized		
		Neighborhood Store	Conventional Store	Departmental Store
Low	(0-15 min.)	20.0	40.0	40.0 (15)
Medium	(16-30 min.)	50.0	27.3	22.7 (22)
High	(31 min. +)	70.0	20.0	10.0 (30)
		(35)	(18)	(14) (67)

Inspection of the tabulated data showed that the proportion of families shopping mainly in the departmental store was high when the distance was low and their proportion was low when the distance level was high. More families patronized the neighborhood stores when distance to both departmental store and conventional stores was long; less number of families patronized neighborhood stores when the distance to the other two types of stores was short.

It is clear from the analysis that distance is an important consideration in the store patronage behavior of families in Cochin. This fact has a major implication for store location strategy.

Price:

A major objective of the Government in sponsoring the departmental store was to build up an outlet which could offer families in Cochin all the important consumer goods they needed at fair and reasonable prices. It was expected that the



departmental store, as an alternative to the traditional outlets would be able to restrain retailing institutions in the private sector from taking advantage of shortages and raising prices. The principal focus of the marketing strategy of the departmental store was price competitiveness.

A survey of prices of products in selected categories in the departmental store and representative samples of conventional and neighborhood stores was conducted to compare actual prices in the three types of stores. Prices of nineteen products in four selected categories were noted for three consecutive weeks and the price for each product in the three types of stores was calculated by averaging. The data relating to price are tabulated in Table 26. The lowest price for each product in any type of store was represented by 100 and the prices of that product in the other types of stores were expressed as percentages.

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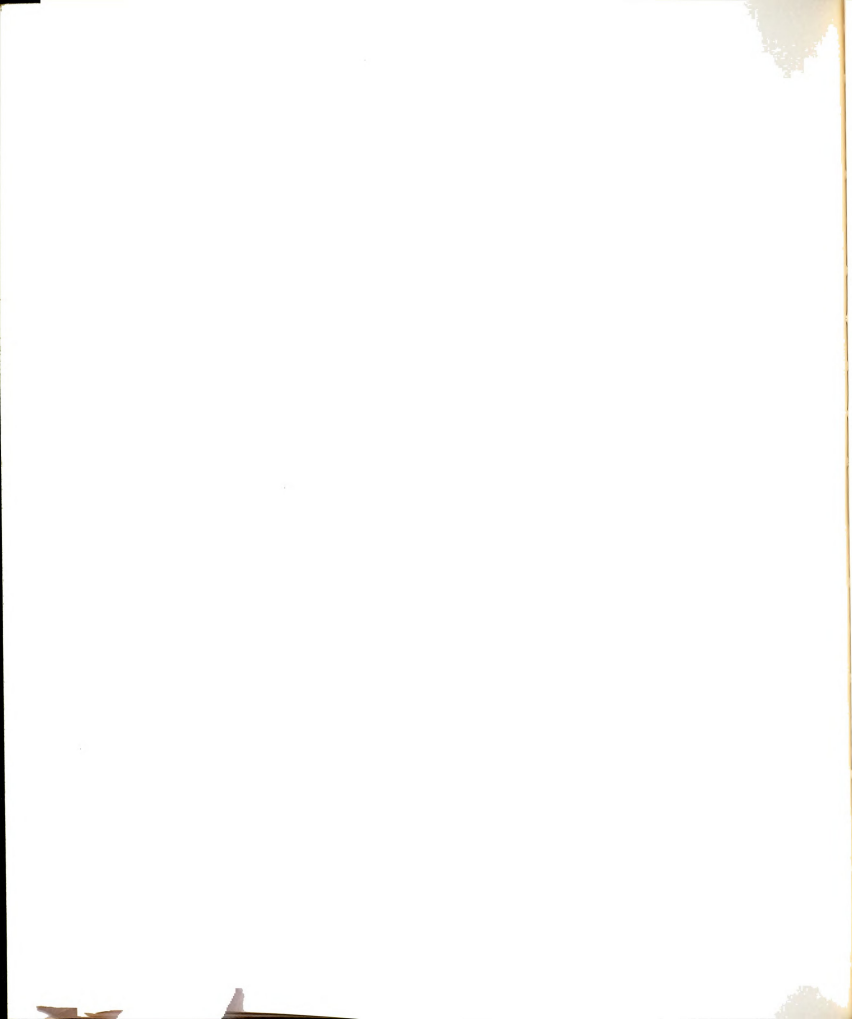
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TABLE 26

COMPARISON OF PRICES OF SELECTED GOODS  
IN THREE STORE TYPES<sup>1</sup>

Product Group	Item #	Departmental Store	Conventional Store	Neighborhood Store
Groceries	1	106.6	100.8	100.0
	2	<u>100.0</u>	104.7	<u>108.1</u>
	3	<u>100.0</u>	100.2	----
	4	<u>100.0</u>	101.0	101.0
	5	<u>100.0</u>	101.5	104.5
Textiles	1	107.2	<u>100.0</u>	100.2
	2	<u>106.2</u>	<u>100.0</u>	100.4
	3	<u>100.0</u>	101.7	102.1
	4	<u>100.0</u>	101.7	102.1
	5	<u>100.0</u>	100.7	100.8
Drugs	1	<u>100.0</u>	101.5	101.0
	2	<u>100.0</u>	101.5	101.0
	3	<u>100.0</u>	120.5	118.1
	4	<u>100.0</u>	103.0	103.3
	5	<u>100.0</u>	103.0	104.0
Utensils	1	119.3	<u>100.0</u>	---
	2	<u>100.0</u>	100.3	100.4
	3	<u>100.0</u>	102.1	102.1
	4	<u>100.0</u>	100.3	100.3

- <sup>1</sup> In constructing this table, the lowest price of a product in any type of store was represented by 100 and the prices of that product in the other types of stores are expressed as percentages of the base 100. Instead of tabulating actual prices, this procedure was adopted to facilitate comparison of prices. The price of a product in each type of store was the average of prices in three consecutive weeks.



The department store appears to be offering real price advantages to its customers. Prices of most of the selected products were lower in the departmental store compared with prices in the other two types of stores. Of the nineteen prices which were compared, fourteen were lower in the departmental store than in other stores. The price differences ranged from 0.2 per cent to 20.5 per cent of the lowest price of a product in any store.

The Government expected that the departmental store, by its price competition, will be able to keep prices in the privately owned traditional retail stores under check. The impact of the departmental store competition on the other stores has not been investigated. But, it may be presumed that prices in other stores were prevented from further increases because of competition offered by the departmental store. The trend appears to be towards lower prices in all stores because of the growth of the departmental store.

The price image of the three types of stores or consumers' perception of prices in the three store types was more relevant than actual prices in the study of patronage behavior of families. Therefore, respondents were asked to state the store which they considered most favorably with respect to price. The response of all families as well as that of each group of families patronizing the three types of stores are presented in Tables 27, 28a, 28b and 28c.



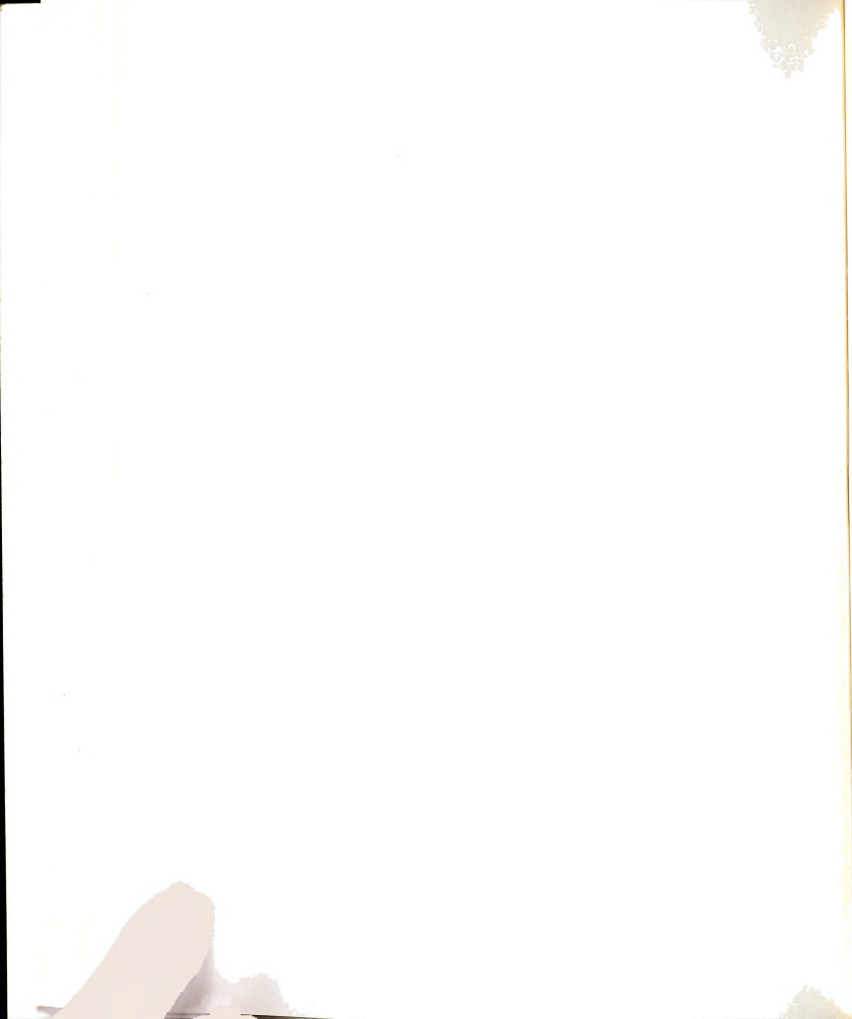


TABLE 27

FAMILIES' PERCEPTION OF STORES AS OFFERING LOW PRICES  
All Families

Store Perceived	Number	Percentage
Neighborhood Store	37	18.2
Conventional Store	107	52.7
Departmental Store	59	29.1
	(203)	(100)

TABLE 28a

FAMILIES' PERCEPTION OF STORES AS OFFERING LOW PRICES  
Neighborhood Store Shoppers

Store Perceived	Number	Percentage
Neighborhood Store	31	43.7
Conventional Store	25	35.2
Departmental Store	15	21.1
	(71)	(100)

TABLE 28b

FAMILIES' PERCEPTION OF STORES AS OFFERING LOW PRICES  
Conventional Store Shoppers

Store Perceived	Number	Percentage
Neighborhood Store	6	6.7
Conventional Store	72	80.0
Departmental Store	12	13.3
	(90)	(100)

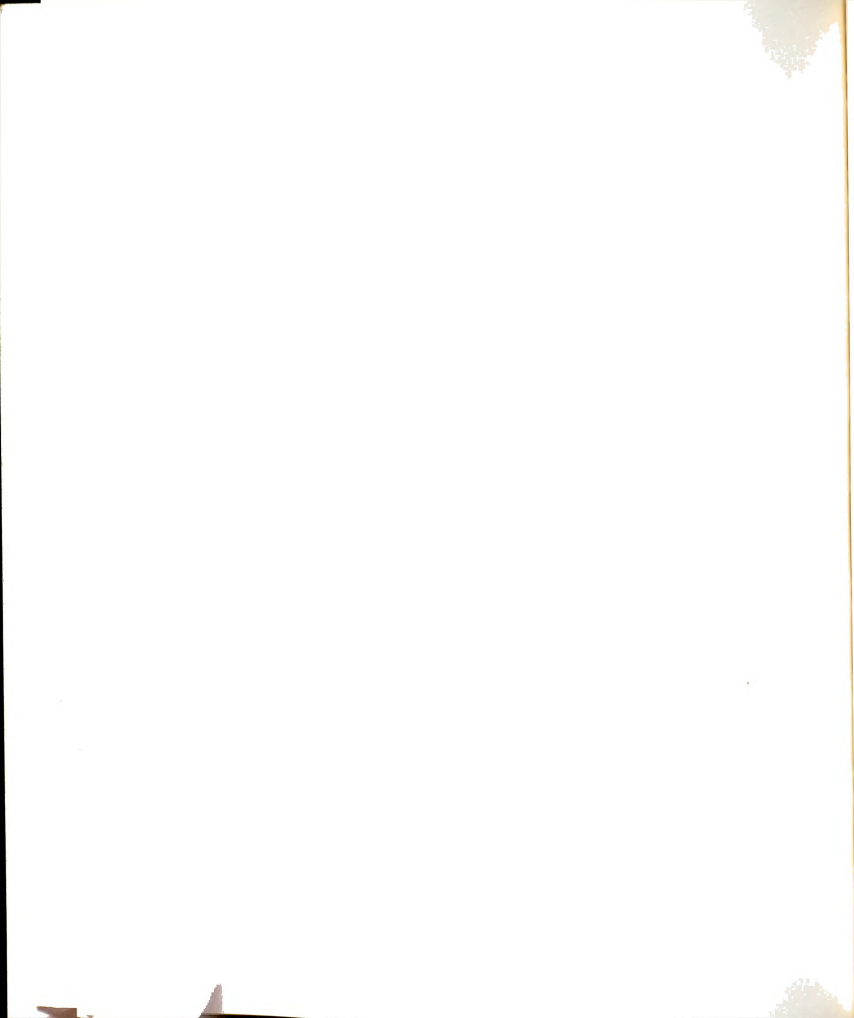


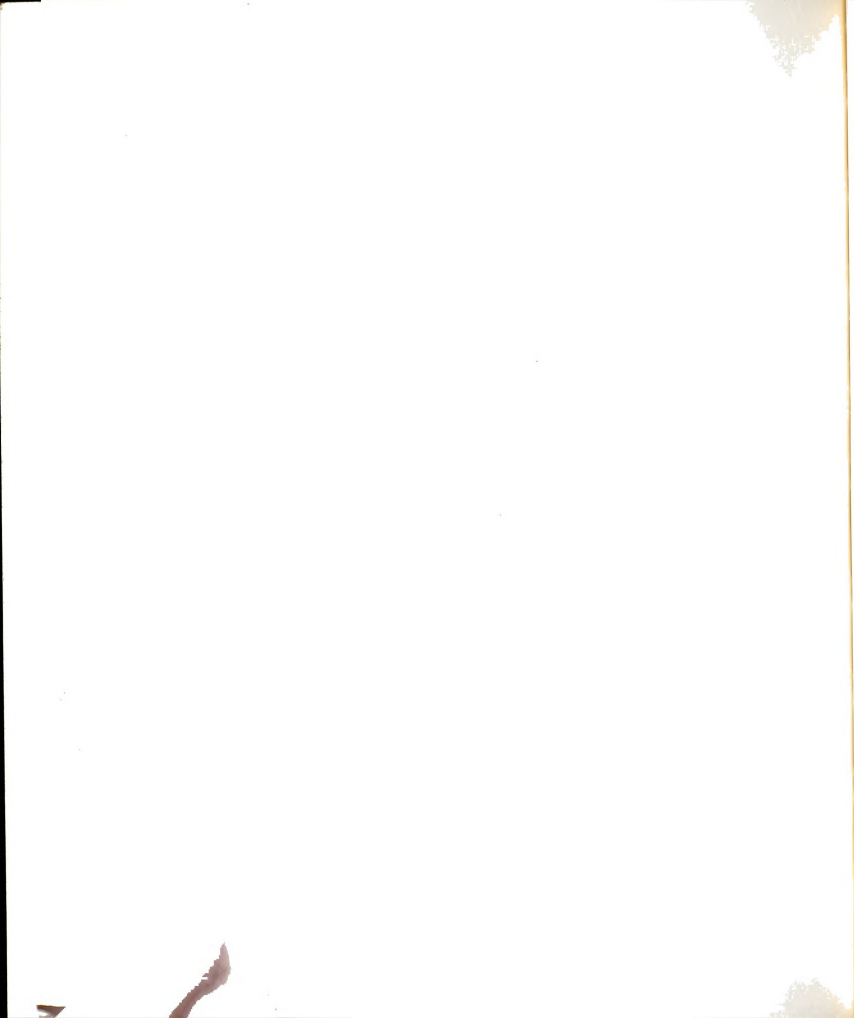
TABLE 28c

FAMILIES' PERCEPTION OF STORES AS OFFERING LOW PRICES  
Departmental Store Shoppers

<u>Store Perceived</u>	<u>Number</u>	<u>Percentage</u>
Neighborhood Store	0	0
Conventional Store	10	23.8
Departmental Store	32	76.2
	(42)	(100)

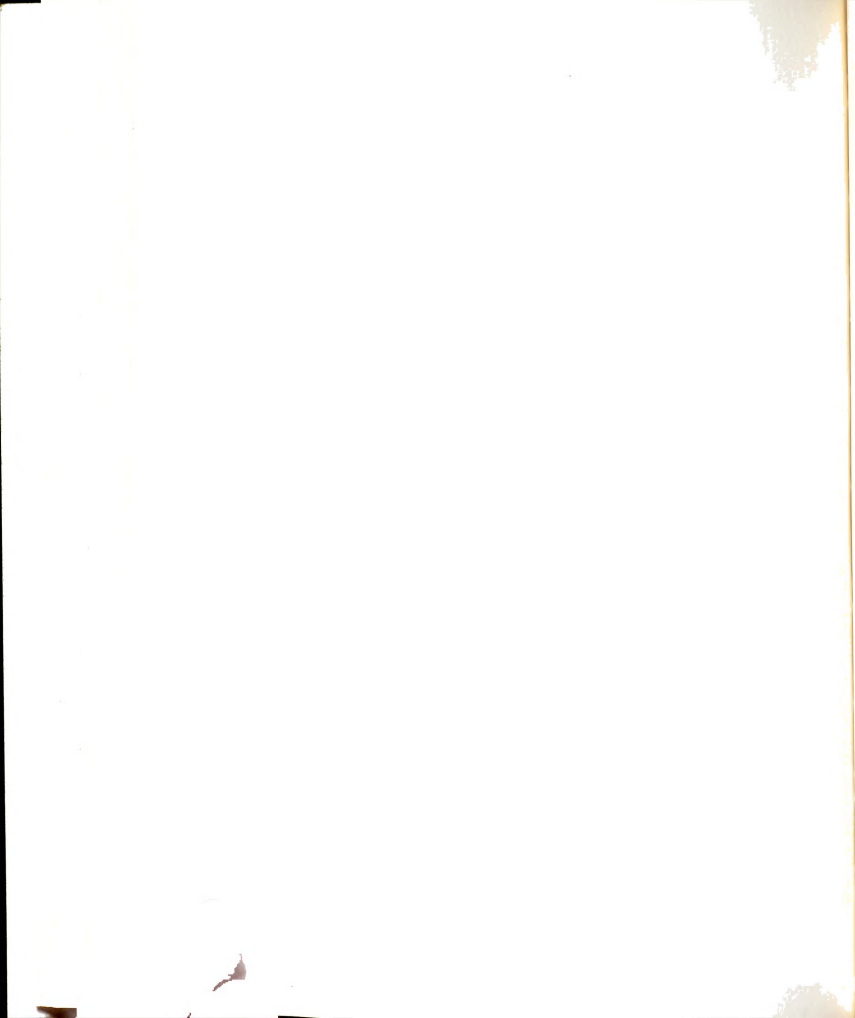
The departmental store was seen to offer real price advantage to customers for most of the selected goods. However, only 29 per cent of the families in Cochin thought that it did so. Nearly 53 per cent of families believed that lower prices were offered by conventional stores and more than 18 per cent believed that neighborhood stores were offering lower prices compared to other stores.

An analysis of the perception of families who patronized the three types of stores showed that families tended to have a favorable price image of the store they patronized, though this was least so in the case of families who patronized the neighborhood stores. More than three-fourths of the families patronizing the departmental store thought that it was most favorable with respect to price. Eighty per cent of conventional store shoppers and nearly 44 per cent of neighborhood store shoppers believed that the store they patronized offered lower prices compared to other stores.



Analysis also revealed that nearly 34 per cent of the families patronizing neighborhood stores believed that the departmental store offered lower prices, while more than 21 per cent among them thought that conventional stores did so. These families preferred to use neighborhood stores as their major purchase locations for reasons other than price. An analysis of the level of distance of neighborhood store customers to the stores they considered more favorable with respect to price than neighborhood stores showed that those distances were long. Very few among them lived within a short distance from the store they judged to be cheaper. Among neighborhood store customers who thought that conventional stores were cheaper, 64 per cent lived in a long distance range in relation to conventional stores. One-third of families patronizing neighborhood stores but regarding the departmental store to be cheaper, lived in the long distance range from the departmental store and 60 per cent lived in the medium distance range. Less than 7 per cent among them lived in the short distance range of the departmental store. Distance appears to be a major factor in the decisions of families about their use of a major purchase location.

In summary, the departmental store charged lower prices on most of the products in the selected categories compared with other stores, but generally shoppers tended to consider the stores they patronized as more favorable with regard to price. A substantial minority of neighborhood store shoppers recognized that the departmental store prices were lower,



but they preferred to shop in the neighborhood stores because of distance factor. Distance appears to be a major consideration in the use of major purchase location by families in Cochin.

Exposure to Print Media:

The null hypothesis stated that there is no relationship between the degree of exposure of families to print media and their choice of main store for shopping. Exposure to print media increases the possibility of being exposed to store related messages. Further, print media exposure is likely to be significantly related to the degree of innovativeness of shoppers.

The extent to which families patronizing the three types of stores were exposed to newspapers, weeklies and magazines was studied. The data relating to the readership of these media in terms of customer categories patronizing the three types of stores are presented in Tables 29a, 29b and 29c.

TABLE 29a

FREQUENCY OF EXPOSURE TO PRINT MEDIA BY CUSTOMER TYPE  
Neighborhood Store Shoppers

Type of Media	Frequency of Exposure		
	Regular	Occasional	Not at All
Newspapers	70.4	16.9	12.7 (71)
Weeklies	49.3	23.9	26.8 (71)
Magazines	14.1	19.7	66.2 (71)



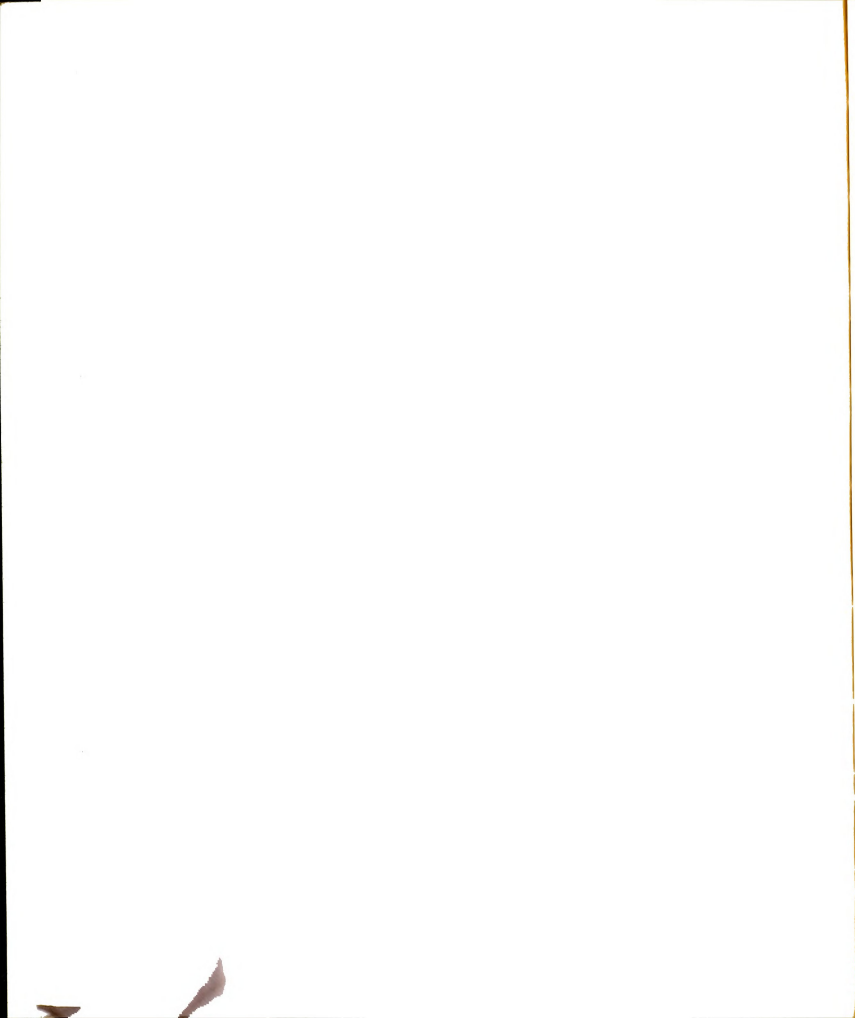


TABLE 29b

FREQUENCY OF EXPOSURE TO PRINT MEDIA BY CUSTOMER TYPE  
Conventional Store Shoppers

Type of Media	Regular	Occasional	Not at All
Newspapers	98.9	1.1	0.0 (90)
Weeklies	77.8	2.2	20.0 (90)
Magazines	37.8	5.5	56.7 (90)

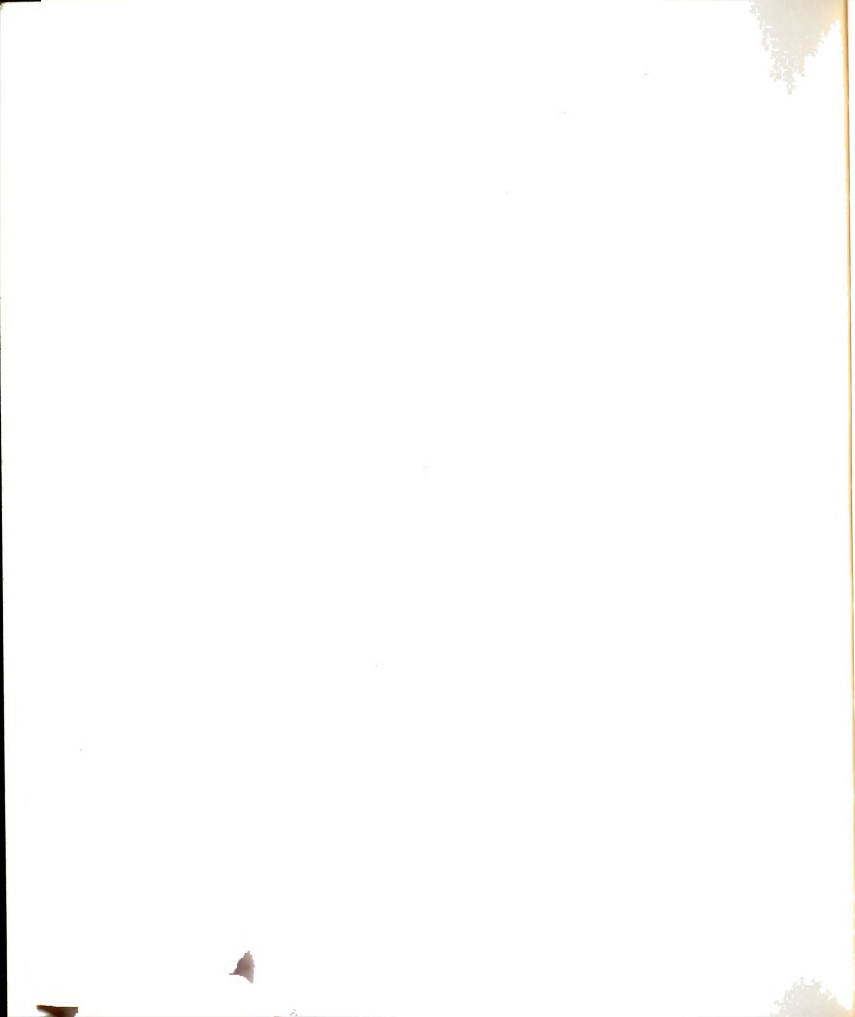
TABLE 29c

FREQUENCY OF EXPOSURE TO PRINT MEDIA BY CUSTOMER TYPE  
Departmental Store Shoppers

Type of Media	Regular	Occasional	Not at All
Newspapers	97.6	0.0	2.4 (42)
Weeklies	83.3	0.0	16.7 (42)
Magazines	59.5	4.5	36.0 (42)

The data suggested that the degree of exposure to print media among all families in Cochin is high by the standards of less developed countries. However, urban areas in the region have one of the highest rates of literacy and newspaper readership in the country. Neighborhood store shoppers were seen to have relatively low degree of media exposure compared to other shoppers. The degree of difference in readership among families was greatest with respect to magazine readership.

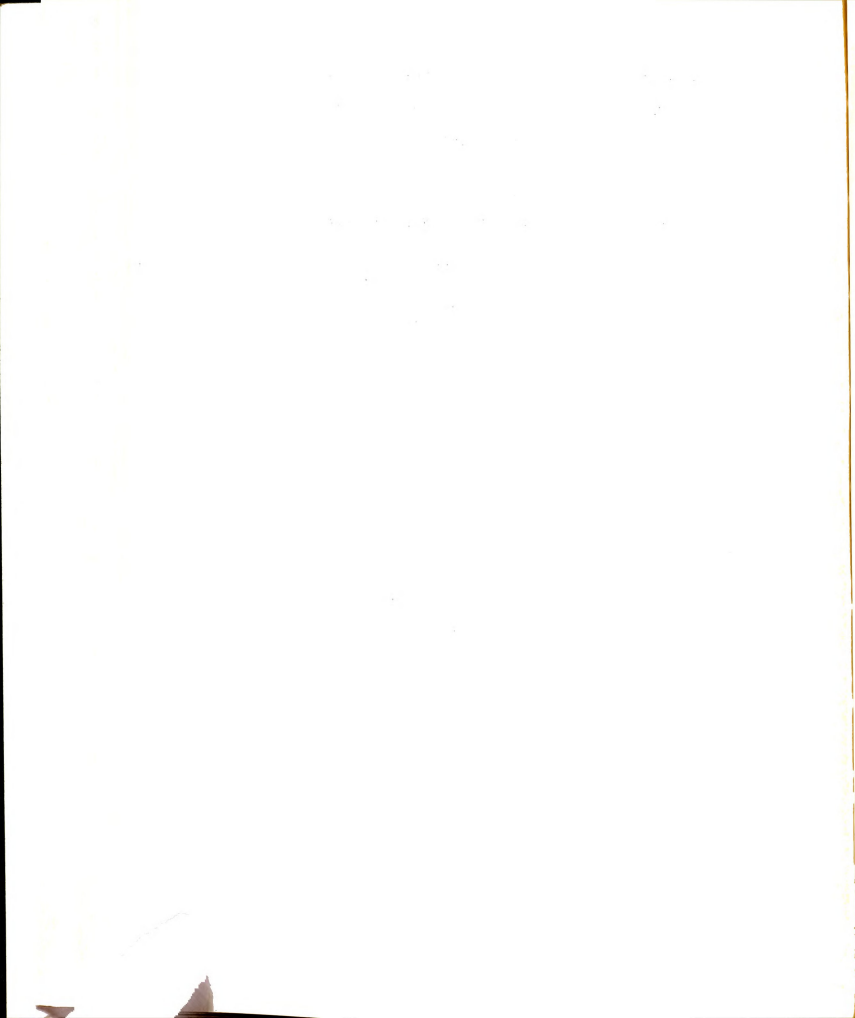
To secure a more satisfactory measure of the relative degree of exposure of the three categories of shoppers to print media, an index of readership was computed, using a system of



weights. Weights were based on the estimated impact on readers created by the three types of media for different levels of frequencies of purchasing them.

In the absence of an objective criterion, the weights were determined on the basis of subjective evaluation of such impact each type of media could have on shoppers exposed to them regularly or only occasionally. The frequency of publication of the media, modified by the length of the period for which the publications are likely to be retained by the readers, provided an approximate measure of the impact on readers which these media made. Newspapers being daily publications, were given seven points when read regularly and two points when read occasionally. Weeklies, though issued once a week, may have a longer period of exposure compared with newspapers; therefore they were given two points when read regularly and one point when read occasionally. Magazines have smaller frequency of publication, but longer period of retention by readers and therefore magazines were given two points when read regularly and one point when read occasionally. Though these weights have no empirical basis, they may serve as an approximate measure of the relative impact of each type of publication on the readers.

The respondent families were classified into three groups which were nearly equal in size, based on the aggregate weights assigned to each family for exposure to print media. Families with nine points were in the medium level of readership, those with more than nine points in the high level and those with



less than nine points were placed in the low level of readership. Table 30 relates print media readership to store patronage by families in Cochin.

TABLE 30  
MEDIA READERSHIP AND STORE PATRONAGE

Level of readership	Store Patronized		
	Neighborhood Store	Conventional Store	Departmental Store
Low	60.0	23.6	16.4 (55)
Medium	39.7	45.2	15.1 (73)
High	12.0	58.6	29.4 (75)
	(71)	(90)	(42) (203)

$$\frac{E(o-e)^2}{e} = 29.4 \quad (X^2 \text{ at } .05 \text{ level: } 9.5)$$

The relationship between media readership and the use of store as major purchase location was found to be significant at the .05 level. Relatively more neighborhood store customers had a low level of media readership while relatively more families patronizing conventional stores and the departmental store had a high level of media readership.

Notice of store advertisements in the print media has more relevance than exposure to the media, in the study of store patronage behavior of families. The impact of media on shoppers depends on the extent to which the media are used for store advertisements and the shoppers' notice of such advertisements. Therefore respondents were asked whether they noticed any store advertisements during the previous



thirty days; if they had seen store advertisements, they were asked to recall the frequency of their notice of such advertisements. Their responses are presented in Tables 31a, 31b and 31c.

TABLE 31a

NOTICE OF ADVERTISEMENTS IN PRINT MEDIA  
BY TYPES OF SHOPPERS  
Neighborhood Store Shoppers

Store Advertised	Frequency of Notice		
	Often	Occasional	Not at All
Neighborhood Store	0	0	100 (71)
Conventional Store	5.6	47.9	46.5 (71)
Departmental Store	0	18.3	81.7 (71)

TABLE 31b

NOTICE OF ADVERTISEMENTS IN PRINT MEDIA  
BY TYPES OF SHOPPERS  
Conventional Store Shoppers

Store Advertised	Frequency of Notice		
	Often	Occasional	Not at All
Neighborhood Store	0	0	100 (90)
Conventional Store	11.1	40.0	48.9 (90)
Departmental Store	0	17.8	82.2 (90)



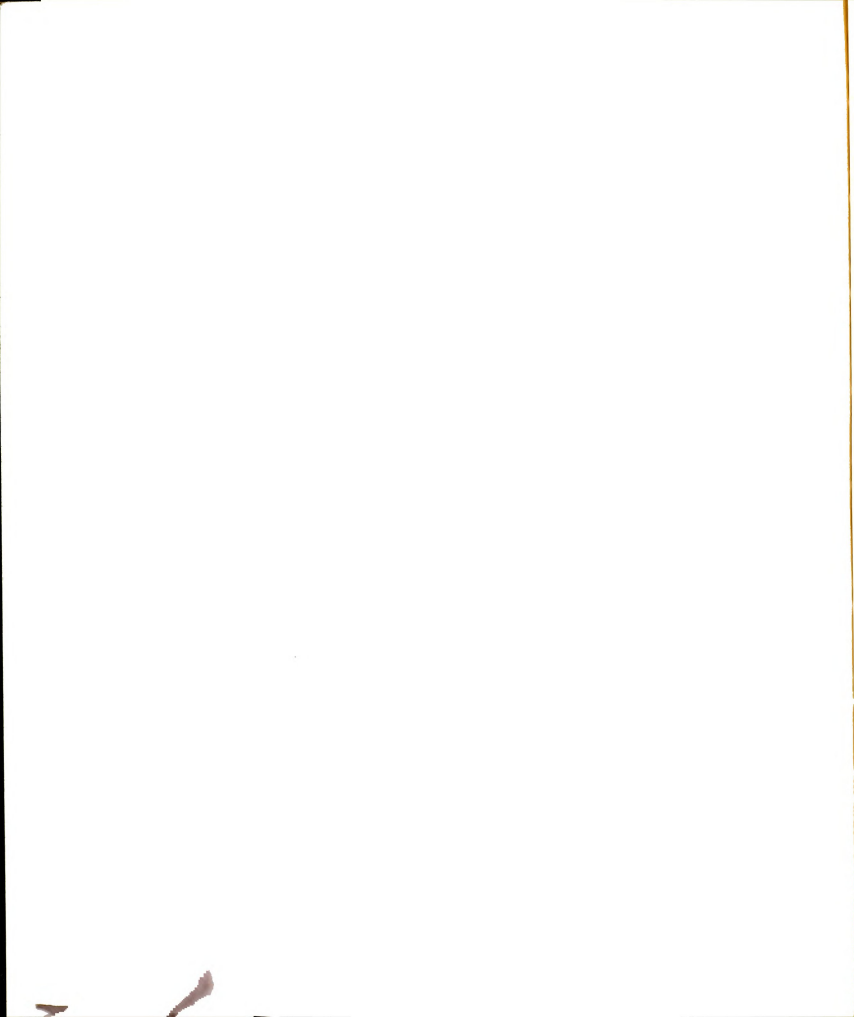
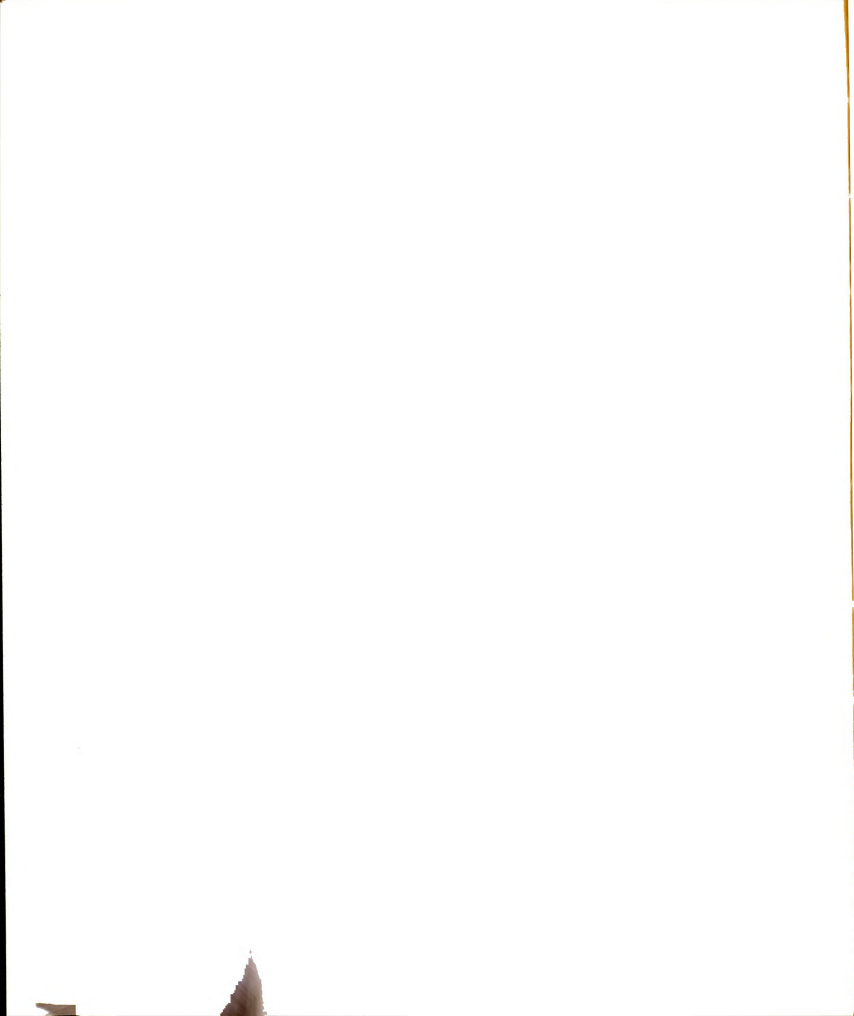


TABLE 31c

NOTICE OF ADVERTISEMENTS IN PRINT MEDIA  
BY TYPES OF CUSTOMERS  
Departmental Store Shoppers

Store Advertised	Frequency of Notice		
	Often	Occasional	Not at All
Neighborhood Store	0	4.8	95.2 (42)
Conventional Store	16.7	45.2	38.1 (42)
Departmental Store	0	26.2	73.8 (48)

The tabulated data showed that neighborhood store advertisements were seldom noticed by any group of customers. These stores did not advertise in the print media because of the small size and limited geographical range of their market. Nearly half of all families patronizing neighborhood and conventional stores and 38 per cent of the families patronizing the departmental store did not see any conventional store advertisements in the print media. But more than 80 per cent of families patronizing neighborhood stores and conventional stores and nearly 75 per cent of the families patronizing the departmental store did not see any departmental store advertisements in the print media. It is evident that a large percentage of families patronizing the three store types did not notice advertisements in the print media relating to any store. However, the percentage of families who did not see any departmental store advertisement was higher, compared with that of families who did not see conventional store advertisements. It appears that while



neighborhood stores did not use print media for advertisement, the departmental store made only limited use of this media for advertisements, compared with conventional stores.

Purchase Interval:

The null hypothesis stated that there is no relationship between purchase interval and the choice of main store by families for shopping. Purchase interval may be related to the product category, income of the family and distance to the store. While some products such as groceries, may be purchased relatively frequently, other products such as textiles are purchased only occasionally. Families in the low level of income who patronize the neighborhood store are more likely to shop frequently than other families. The data relating to purchase interval and the use of store as major purchase location with respect to four major product categories are tabulated in Tables 32a, 32b, 32c and 32d.

TABLE 32a  
PURCHASE INTERVAL BY PRODUCT CATEGORIES  
AND STORE PATRONAGE  
Groceries

Purchase Interval	Neighborhood Store	Store Patronized	
		Conventional Store	Departmental Store
Day	71.2	13.4	15.4 (52)
Week	27.3	24.5	28.2 (55)
Month	19.8	55.2	25.0 (96)
Longer	0	0	0 (0 )
	(71)	(90)	(42) (203)

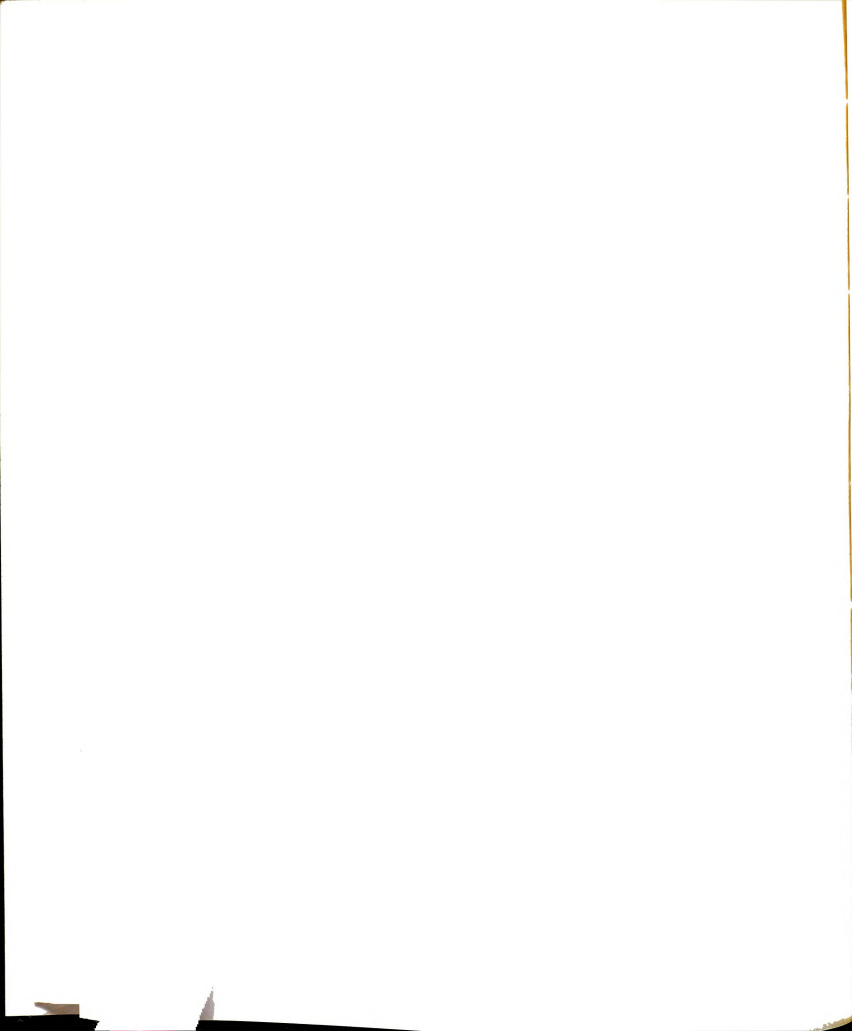


TABLE 32b

PURCHASE INTERVAL BY PRODUCT CATEGORIES  
AND STORE PATRONAGE  
Textiles

Purchase Interval	Neighborhood Store	Store Patronized	
		Conventional Store	Departmental Store
Day	0	0	0 (0 )
Week	0	0	0 (0 )
Month	10.0	60.0	30.0 (10)
Longer	36.3	43.5	20.2 (193)
	(71)	(90)	(42) (203)

TABLE 32c

PURCHASE INTERVAL BY PRODUCT CATEGORIES  
AND STORE PATRONAGE  
Fish and Meat

Purchase Interval	Neighborhood Store	Store Patronized	
		Conventional Store	Departmental Store
Day	43.1	44.1	12.8 (103)
Week	27.0	44.0	29.0 (100)
Month	0	0	0 (0 )
Longer	0	0	0 (0 )
	(71)	(90)	(42) (203)

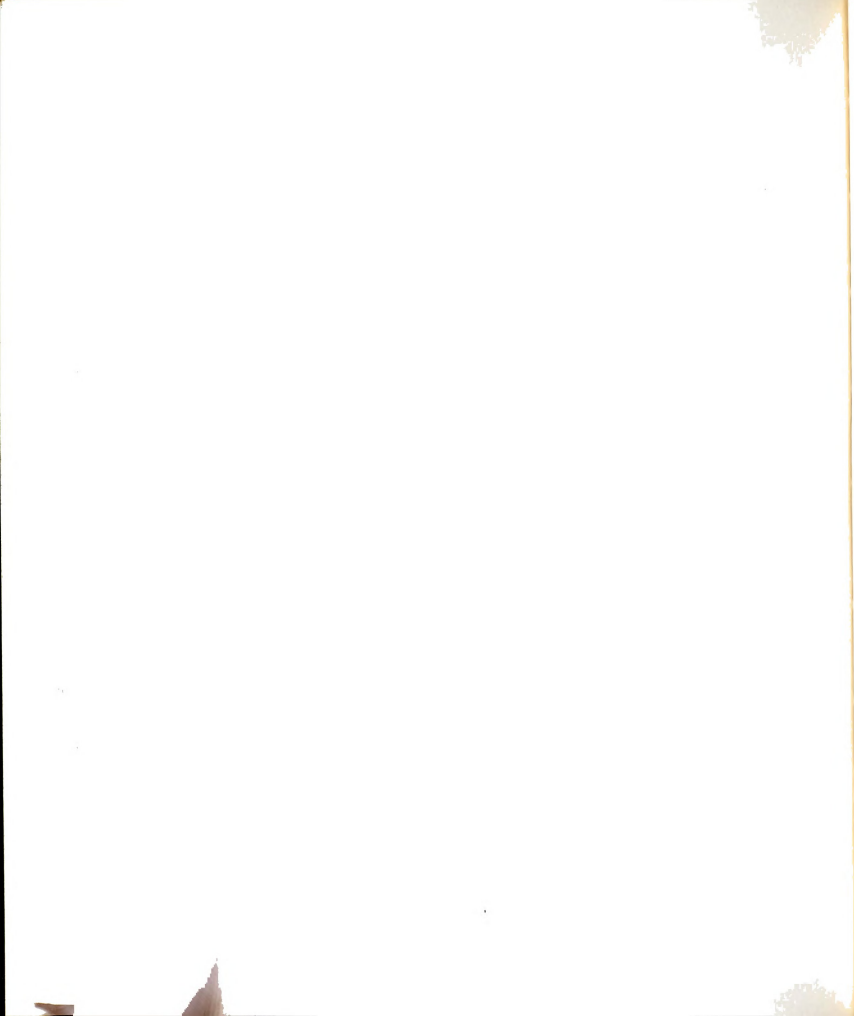


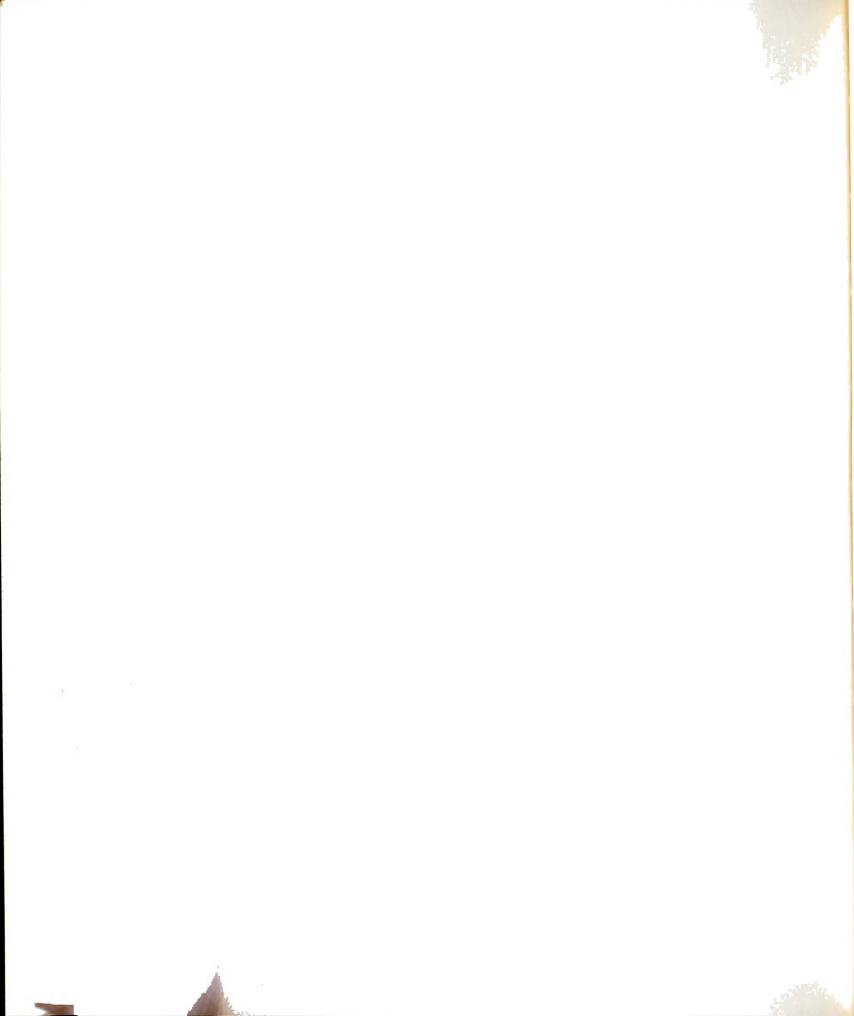
TABLE 32d  
PURCHASE INTERVAL BY PRODUCT CATEGORIES  
AND STORE PATRONAGE  
Cosmetics

Purchase Interval	Neighborhood Store	Store Patronized	
		Conventional Store	Departmental Store
Day	100.0	0	0 (1 )
Week	61.8	29.4	8.8 (34)
Month	26.7	50.0	23.3 (150)
Longer	50.0	27.8	22.2 (18)
	(71)	(90)	(42) (203)

The number of observations in the cells were too small to permit statistical tests. However, percentages are tabulated to show whether any discernable pattern of relationship existed between the variables. The table showed that there were considerable differences in the purchase intervals with respect to products and the use of store as major purchase location.

Groceries were convenience goods, purchased by the majority of neighborhood store shoppers on a daily basis. However, the proportion of conventional store shoppers and departmental store shoppers purchasing groceries daily is relatively small. Neighborhood stores are near the place of residence of their customers and daily shopping is relatively easy. A more likely explanation of this purchase pattern is the fact that neighborhood store shoppers were mainly families in the low income level whose heads were occupied in skilled



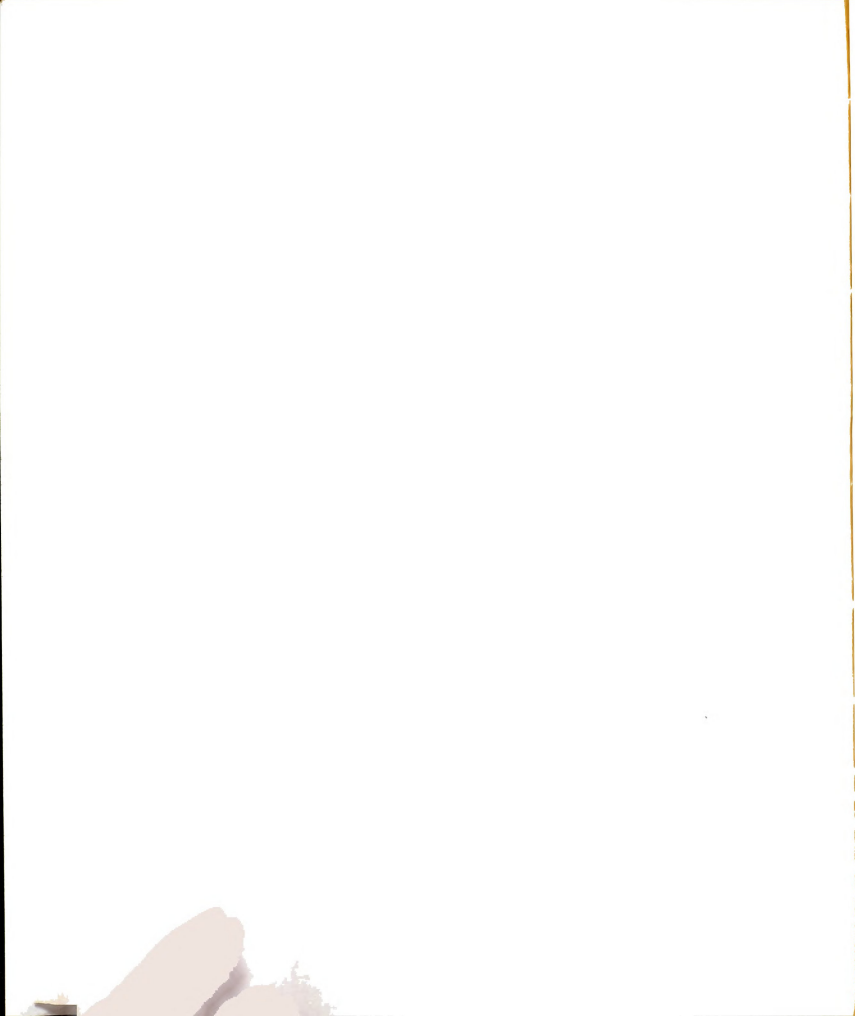


and unskilled work. Such shoppers receive their income generally on a daily basis; this may account for the daily purchase of groceries by a large proportion of neighborhood store shoppers. Families with a high income level and storage space prefer purchasing groceries in larger volumes and at longer intervals, compared with low income families.

Textiles appear to be viewed by most families as shopping goods. No families purchased textiles daily or weekly and the purchase interval for textiles in the case of shoppers patronizing conventional stores was one month. The general pattern appeared to be occasional purchases, probably tied to seasonal festivals and family celebrations.

Fish and meat purchases are either daily or weekly and the interval is not longer than one week for any family in Cochin. More neighborhood store shoppers appeared to buy fish and meat daily compared with other shoppers. Some types of fish and meat were inexpensive in Cochin. Families with a high income often rely less on fish and meat and use greater variety in the choice of their diet. Availability of refrigerators and storage facilities among families with a high income may also be a factor influencing the frequency of purchase of fish and meat.

A feature of cosmetic goods purchase was the greater frequency of their purchase by families shopping in neighborhood stores, compared with that of other families. Many neighborhood store shoppers regarded some cosmetic goods as

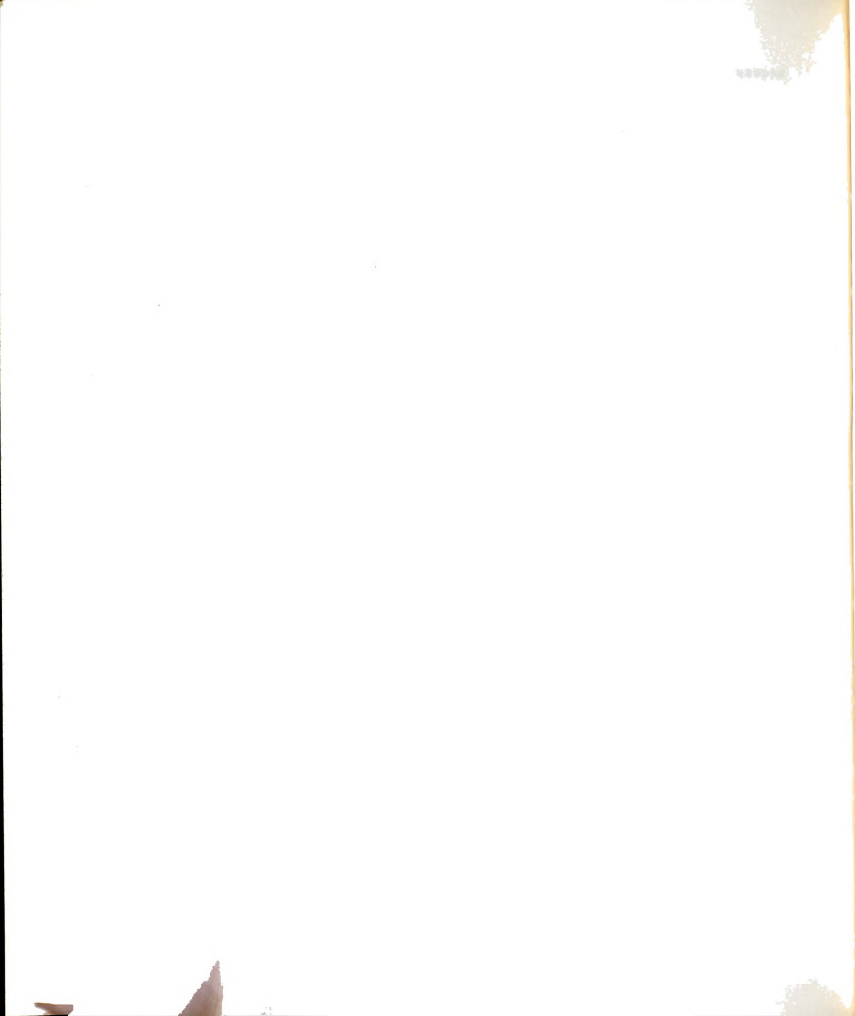


necessities and they purchased them frequently, but one half of these shoppers purchased cosmetic goods at intervals longer than one month.

Analysis of the data relating purchase interval to family income and distance to the departmental store was also made. Because of the small number of observations, statistical tests were not feasible. However, percentages of families in the three levels of income patronizing the three types of stores were calculated according to purchase intervals. An inspection of the tabulated data showed that low income families using neighborhood stores as their major purchase location, purchased products such as groceries, fish and meat more frequently compared with other families. More than 80 per cent of families in the low income level patronizing neighborhood stores, were seen to purchase groceries daily; more than 73 per cent among them purchased fish and meat daily. But as the income level increased, the purchase interval of families generally increased.

#### Purchase Participation:

The null hypothesis stated that there is no relationship between purchase participation and the use of store as major purchase location. Participation in the purchasing activity was expected to have an important bearing on the type of store used as major purchase location. Members of the family, the husband, the wife or children may participate in shopping in varying degrees. Joint participation in the shopping activity by husband and wife may also be expected in the purchase of



some categories of goods. Though the practice of employing domestic servants is fast disappearing in Cochin, many families continue to engage them for shopping for some types of products.

Statistical testing of the tabulated data using the chi square was not done because of the small number of observations in many cells. The percentages relating to purchase participation and store patronage with respect to four product categories are presented in Tables 33a, 33b, 33c and 33d.

TABLE 33a

PURCHASE PARTICIPATION AND STORE PATRONAGE  
BY PRODUCT CATEGORIES  
Groceries

Purchaser	Store Patronized		
	Neighborhood Store	Conventional Store	Departmental Store
Husband	54.4	26.6	19.0 (58)
Wife	30.0	50.0	20.0 (30)
Husband & Wife	19.0	66.7	14.3 (21)
Children	36.4	22.7	40.9 (22)
Others	26.0	57.5	16.5 (72)
	(71)	(90)	(42) (203)

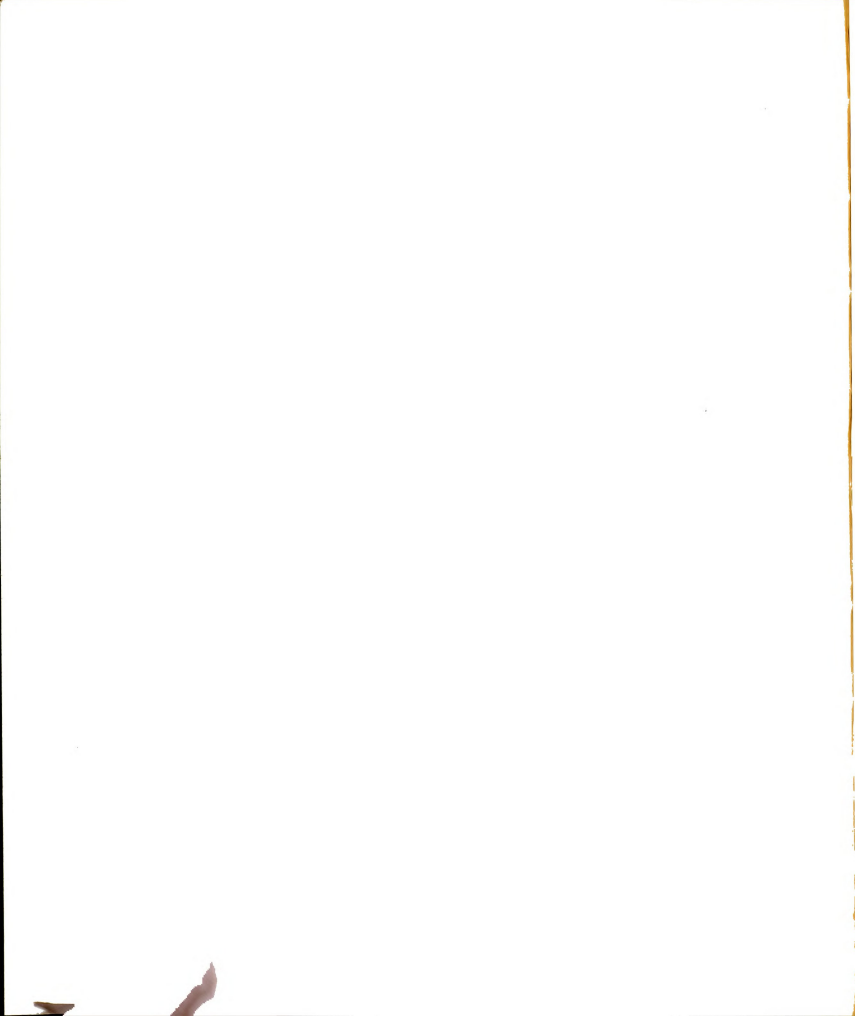


TABLE 33b

PURCHASE PARTICIPATION AND STORE PATRONAGE  
BY PRODUCT CATEGORIES  
Textiles

Purchaser	Neighborhood Store	Store Patronized	
		Conventional Store	Departmental Store
Husband	42.1	34.2	23.7 (38)
Wife	38.5	41.0	20.5 (39)
Husband & Wife	30.0	49.0	21.0 (100)
Children	38.5	46.2	15.3 (26)
Others	0	0	0 (0)
	(71)	(90)	(42) (203)

TABLE 33c

PURCHASE PARTICIPATION AND STORE PATRONAGE  
BY PRODUCT CATEGORIES  
Fish and Meat

Purchaser	Neighborhood Store	Store Patronized	
		Conventional Store	Departmental Store
Husband	37.5	40.6	21.9 (32)
Wife	63.9	25.0	11.1 (36)
Husband & Wife	25.0	33.3	41.7 (12)
Children	72.7	0	27.3 (11)
Others	22.3	57.1	20.6 (112)
	(71)	(90)	(42) (203)



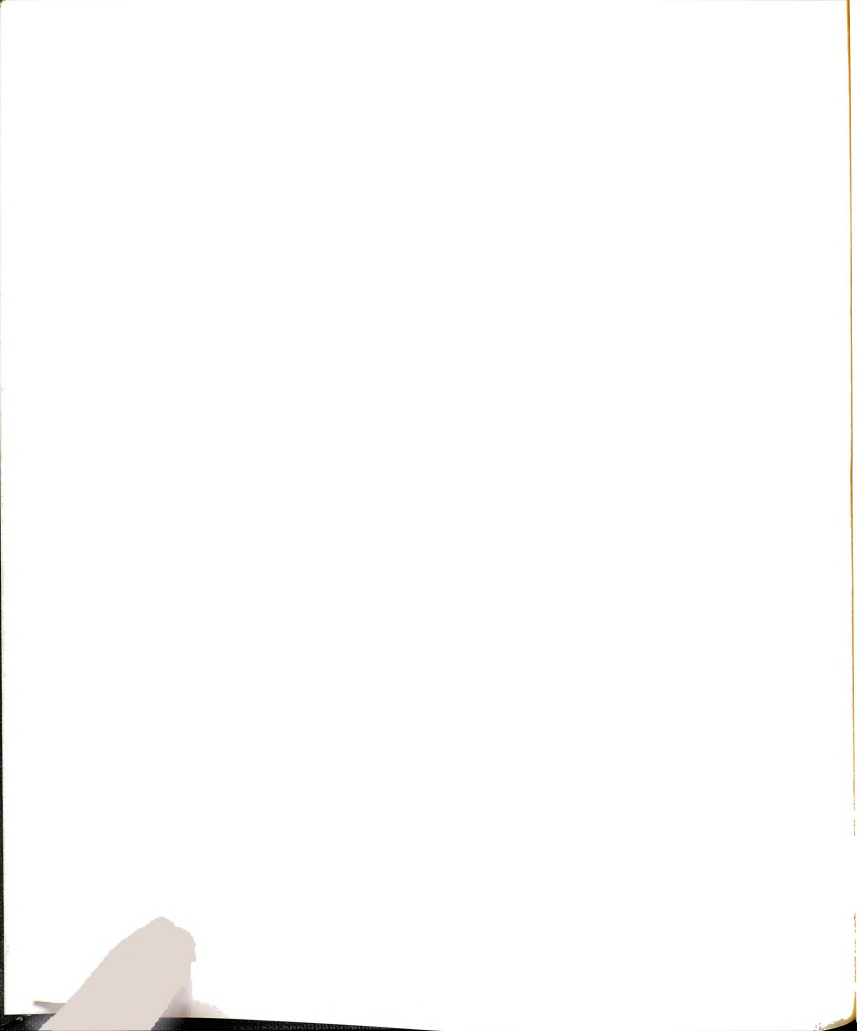


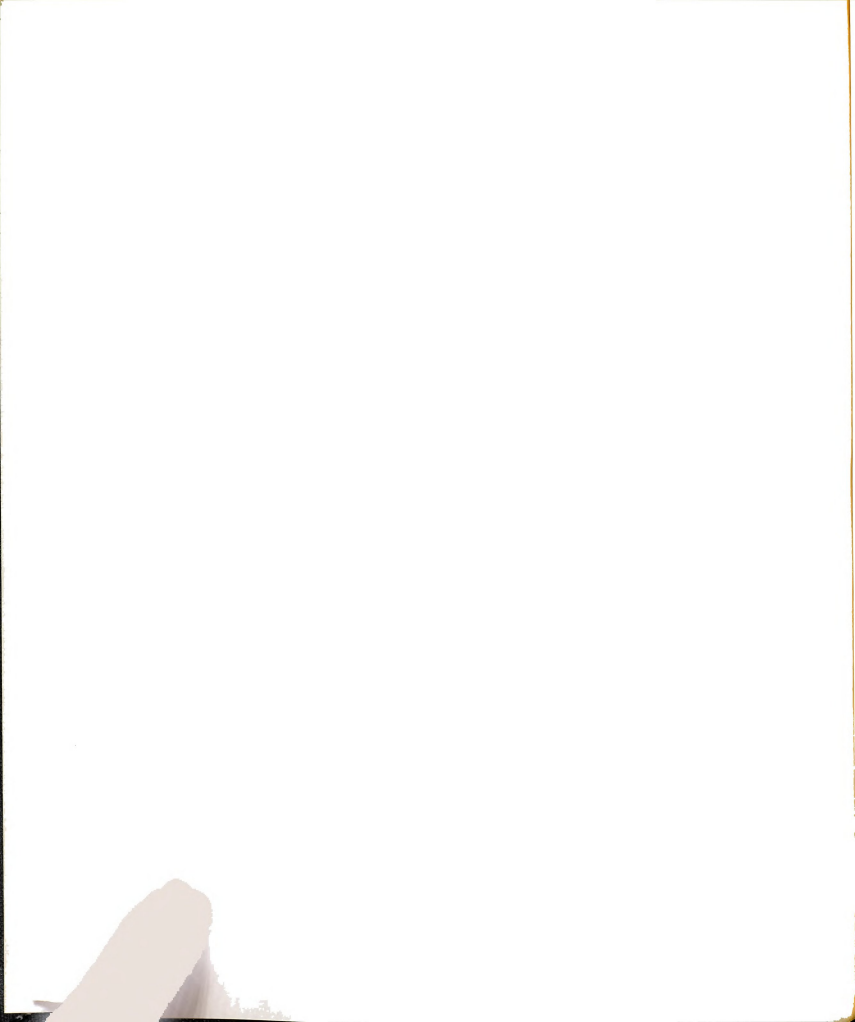
TABLE 33d

PURCHASE PARTICIPATION AND STORE PATRONAGE  
BY PRODUCT CATEGORIES  
Cosmetics

Purchaser	Store Patronized		
	Neighborhood Store	Conventional Store	Departmental Store
Husband	49.1	26.4	24.5 (53)
Wife	31.0	45.2	23.8 (42)
Husband & Wife	23.5	61.8	14.7 (34)
Children	35.2	46.3	18.5 (54)
Others	25.0	55.0	20.0 (20)
	(71)	(90)	(42) (203)

Male participation in grocery shopping appears to be greatest among families patronizing neighborhood stores, compared with other families. Among families in which the husband shopped for groceries, more than 54 per cent were neighborhood store shoppers, 27 per cent were conventional store shoppers and 19 per cent were departmental store shoppers. On the other hand, female participation was greatest among families patronizing conventional stores; one-half of such families were seen to be conventional store shoppers. Joint participation by husband and wife and purchase participation by non-family members, usually domestic servants, were relatively greater among conventional store shoppers. Children's participation in grocery shopping was seen to be greatest among the departmental store shoppers.

In the purchase of textiles, male participation was greatest among neighborhood store shoppers. Participation by wife, joint participation by husband and wife and by

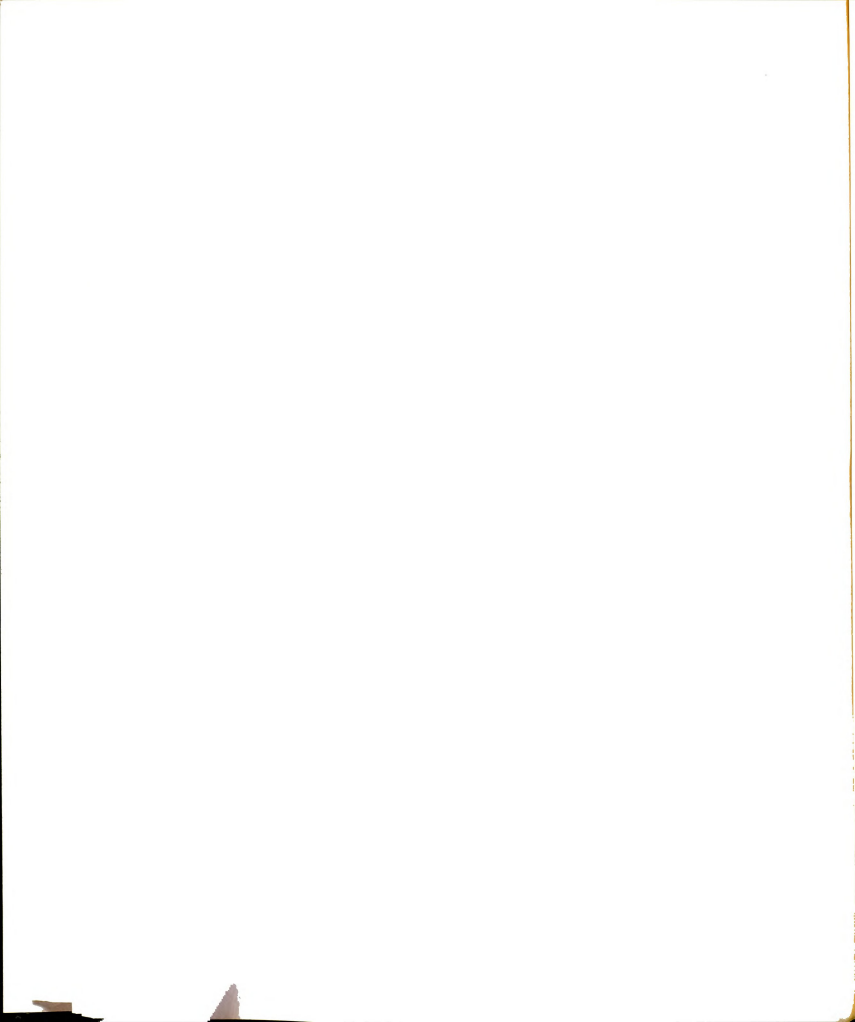


children were greater among the families patronizing conventional stores. Domestic servants or other non-family members were not involved in the purchase of textile goods by families patronizing any type of stores. Textiles were shopping goods and their purchase involved comparisons and choice which could not be delegated to others.

Male participation in the purchase of fish and meat was greatest among conventional store shoppers, while participation by the wife was found to be greatest among neighborhood store shoppers. Children's participation in fish and meat purchase was found mostly among neighborhood store shoppers.

In the purchase of cosmetics, male participation was greatest among neighborhood store shoppers, while female participation was greater among conventional store shoppers. Participation in cosmetics purchase by children and jointly by husband and wife was high among families using conventional stores as their major purchase location.

A clearly discernable pattern in shopping for fish and meat was the important role played by domestic servants in their purchase by all types of shoppers. But, participation by servants in fish and meat purchase was greatest among conventional store shoppers. The differences in the level of income of families may account for the differences in the role of servants, but their participation also varied with the type of product category purchased. Participation by servants was greatest in the purchase of groceries and fish and meat and least in the purchase of shopping goods such as textiles.



Summary:

In summary, the analysis of factors relating to purchase motivation and behavior showed that distance was an important factor in the store patronage decisions of families. Prices were lower in the departmental store for most of the selected goods, but shoppers generally regarded the store they patronized more favorably with respect to price, compared with other stores. However, this was least so in the case of neighborhood store shoppers. They recognized that prices were lower in the departmental store but preferred to shop in neighborhood stores. Exposure to print media did not seem to have any appreciable impact on the use of store as major purchase location. Exposure to print media varied with income, but even when such exposure was high, few respondents noticed any store advertisements in the media. Purchase interval varied with the level of family income, product category and the type of store patronized. Neighborhood store shoppers had relatively short purchase intervals with respect to most products. They generally purchased groceries daily. Purchase participation also varied with store patronized and products. Participation by husband was greater among neighborhood store shoppers with respect to most of the selected goods, compared with shoppers patronizing other stores.

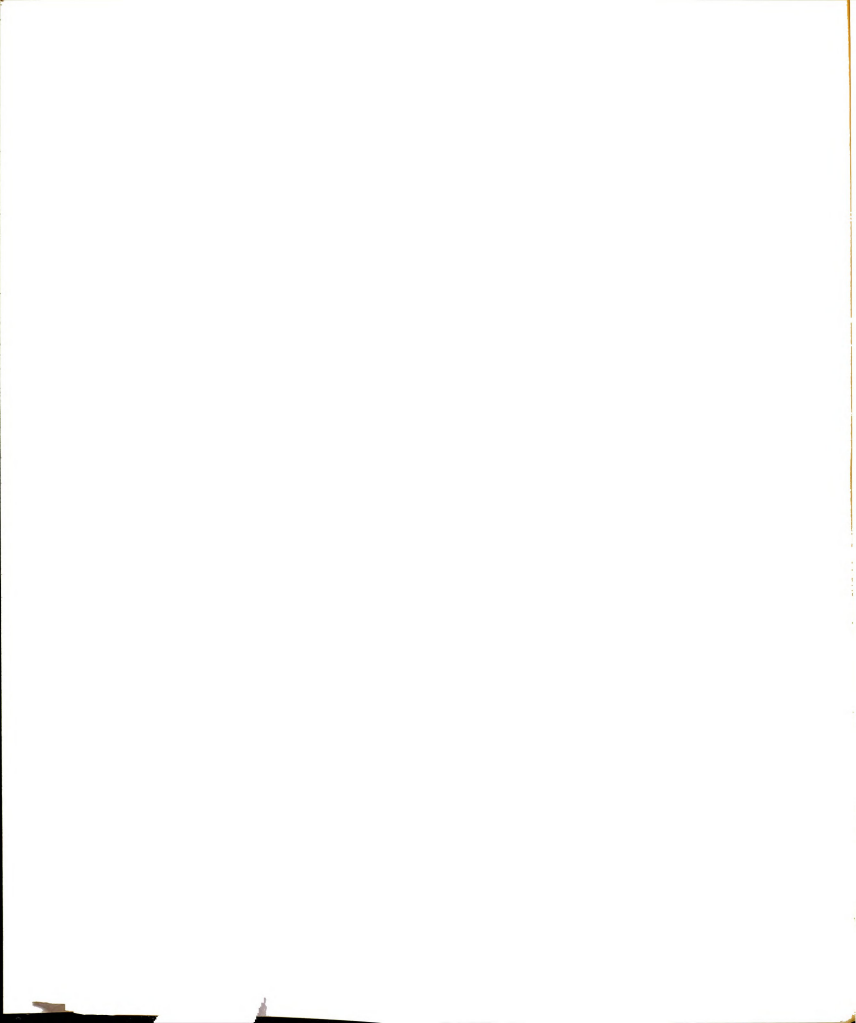
## CHAPTER 4

### SUMMARY AND CONCLUSIONS

#### General Summary Of The Study:

Retailing institutional innovations have an important bearing on the process of economic development in less developed countries. Dynamic institutional innovations characterize the history of retailing in developed countries. But there seem to be few changes in this field in less developed countries. An important factor in the success of an institutional innovation is the favorable response of consumers to them. However, little is known about the response to new types of institutions from consumers in such countries. The characteristics of the specific consumer market segment, if any, which the new institution appeals to, needs to be investigated. The focus of this study was on the response of consumers to an institutional innovation in retailing in Cochin, India, and their patronage behavior.

This research study investigated whether selected characteristics of families could be used to differentiate shoppers patronizing three retail institutional types: neighborhood stores, conventional stores and the departmental store, which was introduced into the market through the initiative of the Government. For the purpose of this study, families' use of a store as a major purchase location was determined by a system of weights assigned to the type of store from which selected product categories were normally





purchased by them. Weights were determined on the basis of the estimated degree of importance of each product category in the family budget of households in Cochin.

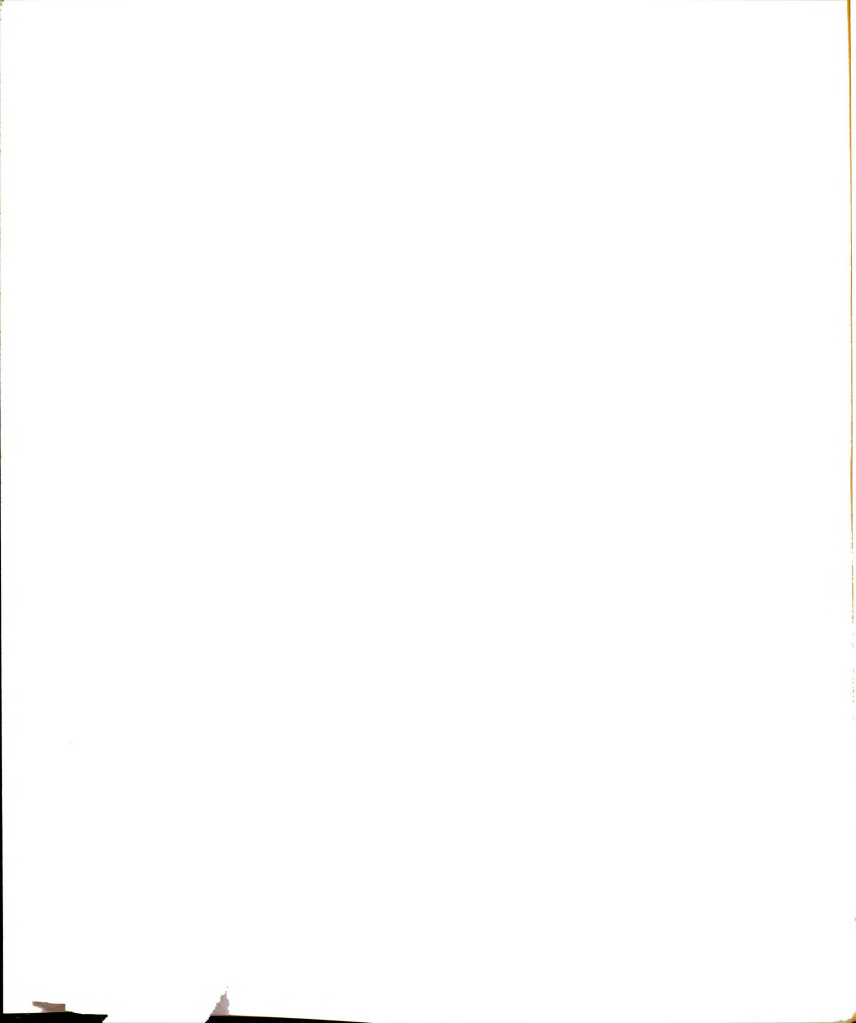
The research was conducted in Cochin, India, where the departmental store was introduced as a new type of store. The findings reported in the research were based on self-administered comprehensive questionnaires, returned by 203 respondents from a random sample of 250 units.

The research hypotheses were formulated based on two major areas relevant to consumer behavior towards retailing outlets. The first area was concerned with socio-economic characteristics of families and the second was concerned with purchase motivation and purchase behavior. The study was guided by the following basic questions:

1. What are the barriers on the part of consumers to institutional innovations and changes in retailing in Cochin?
2. Is there an identifiable market segment which patronizes the departmental store as their major purchase location?
3. What are the elements in the marketing mix of the three types of stores which influenced store patronage by families in Cochin?

#### Evaluation Of The Hypotheses:

This section is devoted to a review of the hypotheses around which this study was organized and to present the research findings. To test the significance of the hypothesized relationships, chi square tests were run on the tabulated data, choosing .05 level of confidence as the critical level of significance. While the tests were run on actual numbers, the tables presented percentages for the purpose of exposition;



the total number of observations in the columns and rows were also given in brackets. In a few cases, the number of observations were too small to permit statistical tests. In such cases, the percentages were used for comparison.

Two sets of hypotheses were formulated on the basis of independent variables relating to socio-economic and demographic characteristics and purchase motivation and behavior of families in Cochin who used the three types of retail stores in the market as their major purchase location. The first set of seven hypotheses were based on the following independent variables:

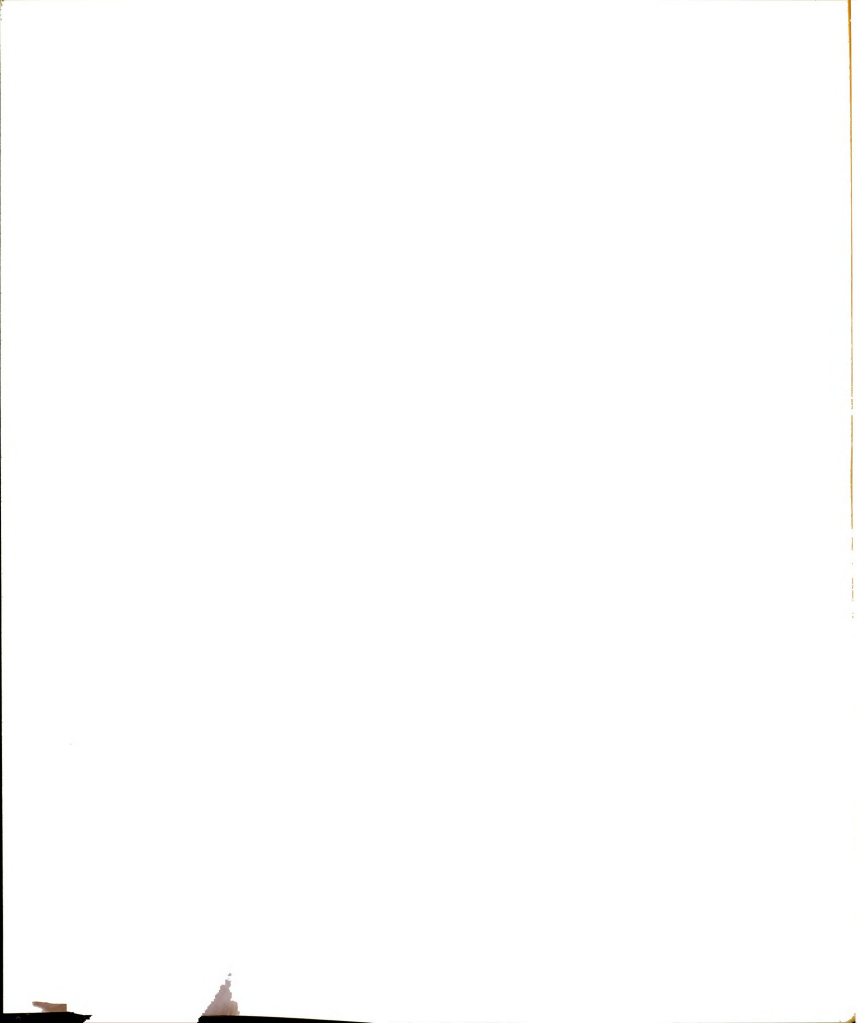
1. Length of the period of residence of the family in the city.
2. Family income.
3. Family life cycle stage.
4. Size of the family unit.
5. Educational level of the household head.
6. Occupational status of the household head.
7. Ownership of consumer durable goods.

A second set of five hypotheses were generated on the basis of the following independent variables:

1. Proximity.
2. Price.
3. Exposure to print media.
4. Purchase interval.
5. Purchase participation.

The dependent variable was the type of store chosen by families in Cochin as the main source of their purchase of selected product categories.

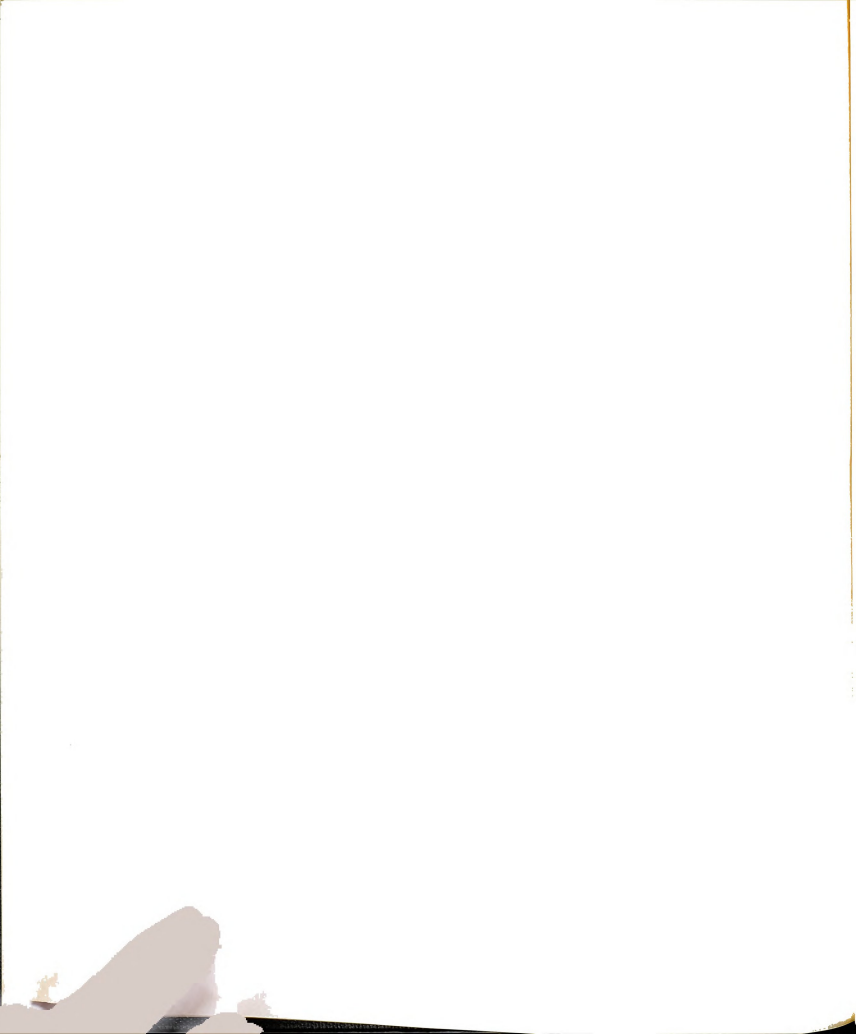
The first hypothesis related to the length of the period of residence of the families in the city and their use of store as major purchase location. It was found that there



was no statistical significance in the relationship between these two variables. However, the tests showed significant relationship between the level of family income and the use of store as major purchase location. Families in the low income level used neighborhood stores as their major purchase location. Families in the high income level used both conventional stores and the departmental store as their main purchase source.

An important finding from the analysis of the research data was based on the hypothesis relating store patronage pattern to the stage of family life cycle. The concept of family life cycle used in this study is based on the age of household head and the ages of children in the family. Families in the early stage of life cycle with children under ten years, patronized the departmental store. An analysis of the customer mix of the three types of stores in terms of their life cycle stages indicated that the departmental store shoppers were primarily young families, while the families patronizing other stores were relatively older.

Further analysis of the data relating life cycle stage and store patronage in terms of the level of distance to the departmental store suggested that families in the early stage of life cycle, living within a short distance from the departmental store patronized it more than other families. Distance and shopping costs in terms of time, effort and

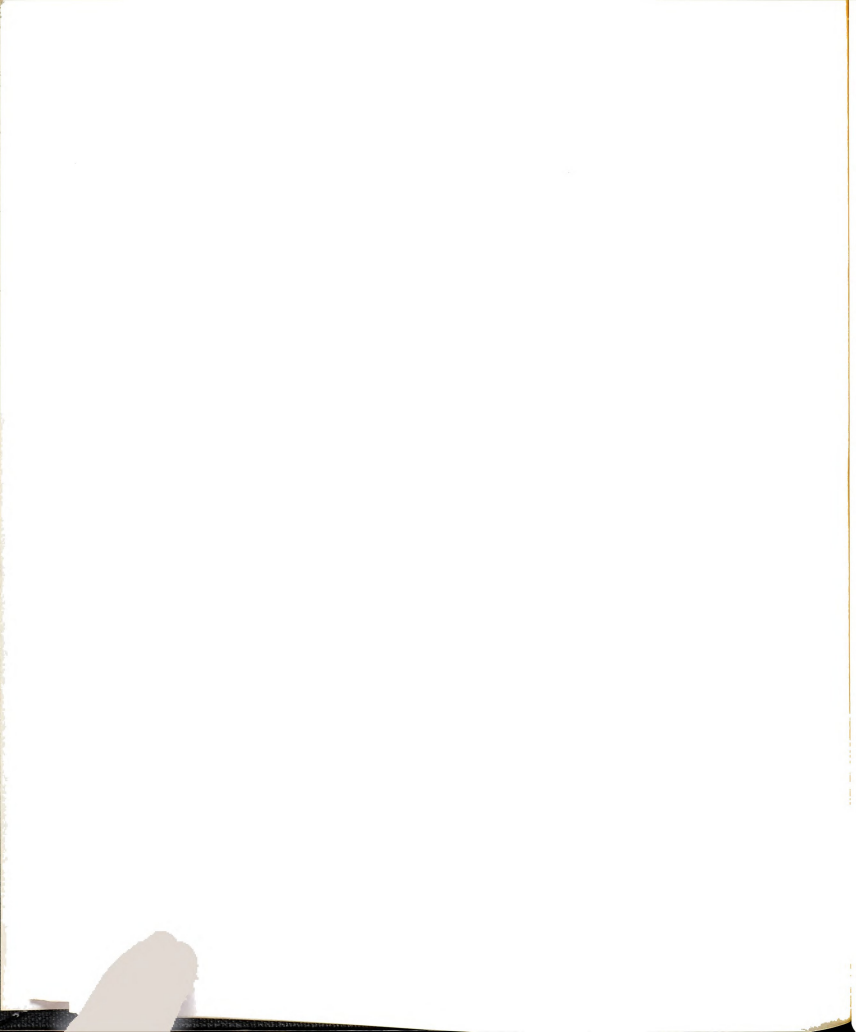


transportation expense seem to have an important bearing on the shoppers' choice of store for their main purchases.

The expected relationship between the size of family units and the store use for major purchases was not supported by the research findings. The size of the family unit was measured in terms of the number of both adult members and children who lived in each unit. Families shopping mainly in any type of store did not show any significant differences in their size.

Analysis of the hypothesis relating the level of education of household heads to the use of store as major purchase location indicated significant relationship between the two variables. It was found that families whose heads had a low level of education used neighborhood stores for their main shopping, while families whose heads had a high level of education preferred the departmental store and conventional stores as the main purchase source.

The variables relating to socio-economic characteristics of families were seen to be highly correlated with family income. Therefore, keeping income as control variable, the data relating such variables to the use of store as main purchase source by families in Cochin were analyzed. Though the small size of observations prevented the use of chi square tests, the tabulated data indicated positively that education, occupation and other socio-economic variables were important factors in the decisions by families relating to the use of store as major purchase location.

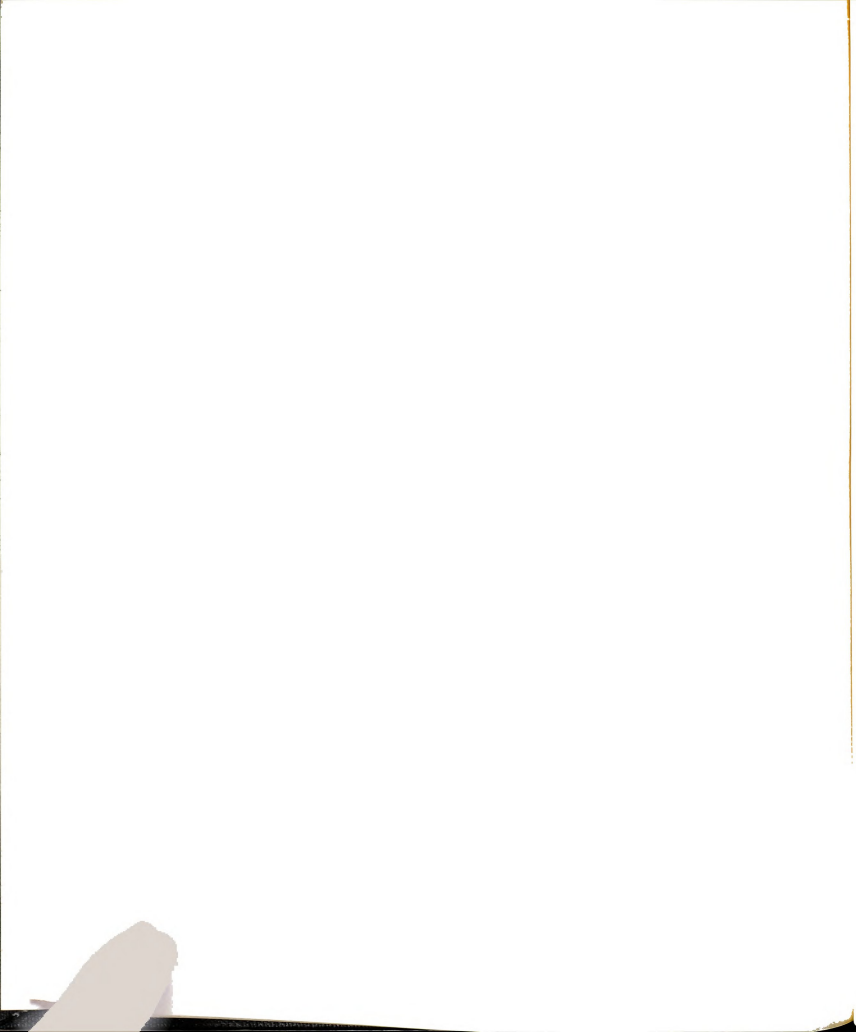




The hypothesis relating occupational status of household heads to store patronage by families was also analyzed on the basis of the research data. Families were classified into four categories on the basis of the occupation of their heads. It was revealed that a large majority of families having heads who were engaged in unskilled and skilled work patronized neighborhood stores; families which patronized the departmental store and conventional stores were having as heads persons engaged in salaried jobs, professions or business of their own.

The test of the hypothesis relating ownership of consumer durable goods, indicative of social position of the family, to store patronage showed that families shopping mainly in the departmental store and conventional stores had a high level of ownership of selected consumer durable goods such as automobiles, refrigerators and telephones. But families which patronized neighborhood stores had a low level of ownership of such goods. The level of ownership of consumer goods by families was measured by constructing an index number, using a system of weights based on the estimated relative value of selected goods owned by each family as symbols of social position in Cochin.

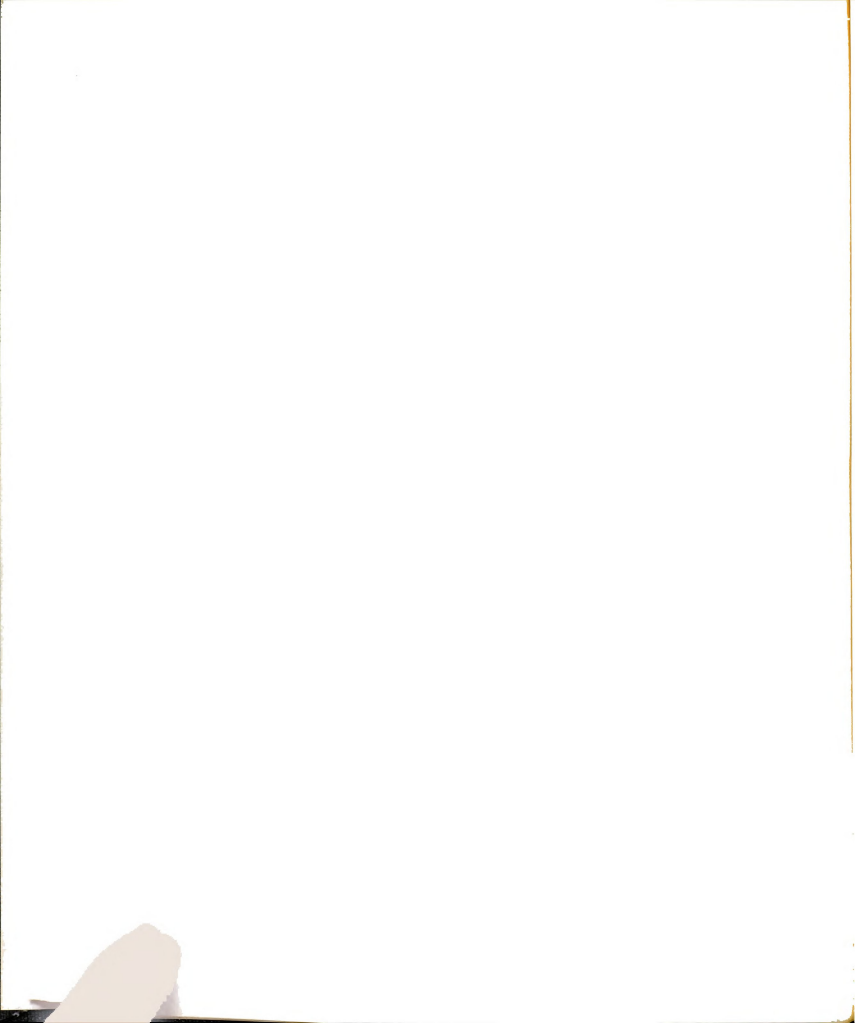
A second set of five hypotheses were formulated using variables concerning purchase motivations and purchase behavior. Distance between place of residence of families and the departmental store was related to store patronage in the first hypothesis. Distance from the departmental



store was used as an independent variable because of the fact that the store was located independently in the central sector of the city. It was shown that distance was an important factor in store patronage by families. Neighborhood store shoppers were composed of families who lived in the vicinity of those stores. Nearly 43 per cent of families living within a short distance from the departmental store patronized that store. This was a major finding of the study.

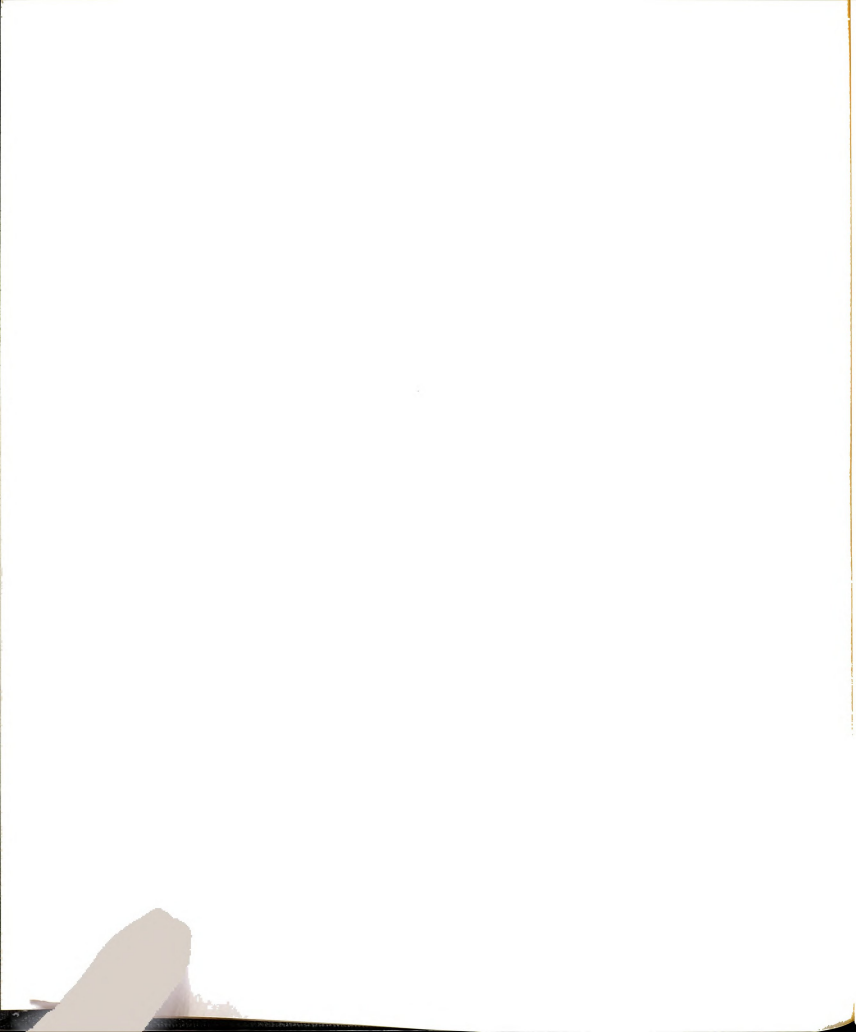
Price did not appear to have an important bearing on the choice of stores by families as their major purchase location. A survey of prices of selected product categories in the departmental store and in representative samples of conventional and neighborhood stores showed that prices for most of the selected products were lower in the departmental store than in other stores. However, an analysis of consumers perception of prices in the three types of stores indicated that families in Cochin did not generally recognize that prices were lower in the departmental store. Families tended to have favorable price image of the store which they patronized. This was least so in the case of neighborhood store shoppers who seemed to prefer shopping in neighborhood stores though most of them recognized that prices in the departmental store were lower. Factors other than price, such as distance, might have influenced their decision to patronize neighborhood stores.

The extent to which families using the three store types as their major purchase location were exposed to print media was the basis of the next hypothesis in this study. The



analysis of the research data showed that families shopping in the departmental store and conventional stores had relatively higher degree of exposure to print media compared with families shopping mainly in neighborhood stores. However, when the extent to which families noticed store advertisements in the print media was examined, it was seen that only few families noticed any store advertisements in the print media. It appeared that store advertisements in the print media did not play a significant part in the process of store patronage decision making by families in Cochín.

Purchase intervals was the basis of another hypothesis. The number of observations were too small for statistical tests of the research data. But percentages were computed for the purpose of analysis and exposition. An analysis of the length of time between two consecutive purchases of four selected categories of products showed that there were differences in the purchase intervals with respect to product categories and the type of store used by families as for main shopping. Groceries were purchased by the majority of neighborhood store shoppers on a daily basis, but the proportion of families shopping in the departmental store and conventional store daily for groceries was small. Generally, neighborhood store shoppers in the low income level had shorter purchase interval compared with families shopping in other store types and having a high income.

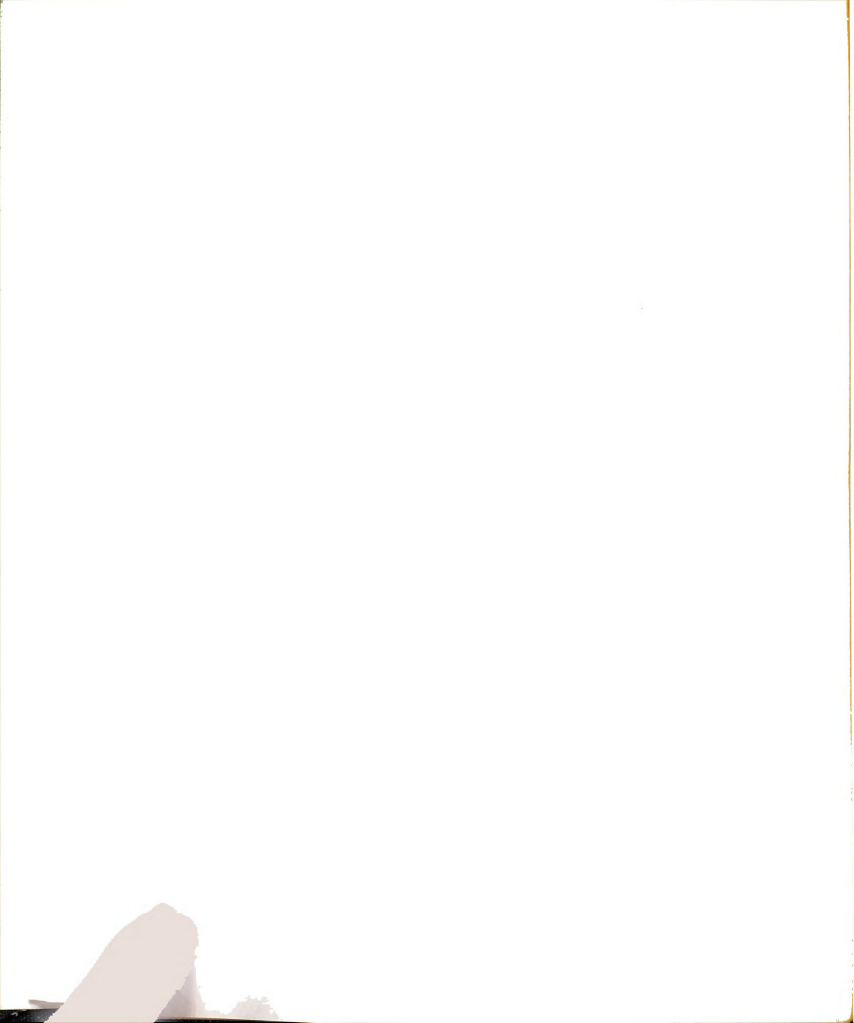


Purchase participation formed the basis of another hypothesis tested by using the research data. Chi square tests were not used in analyzing the data because the number of observations was not large enough to permit that. An inspection of the tabulated percentages of the observations relating to purchase participation and store patronage indicated differences in the pattern of purchase participation in relation to product categories and store patronized. Male participation was high in groceries purchases in other stores. Joint participation by husband and wife was relatively high in grocery purchases in conventional stores. Participation by children in grocery purchases was higher among families using the departmental store as their main purchase source than among other families. However, participation by domestic servants was found to be relatively higher among conventional store shoppers than among shoppers in other types of stores.

#### Implications Of The Research Findings:

The research findings concerning consumer behavior towards the three types of retail stores by families in Cochin have implications for retailing innovations and marketing strategy planning in Cochin.

The study revealed that the market segment which used the departmental store as major purchase location was composed primarily of young families with children under ten years of age. Their purchase behavior showed discernable differences from the behavior of neighborhood store shoppers. The market segment responsive to the departmental store had a high level

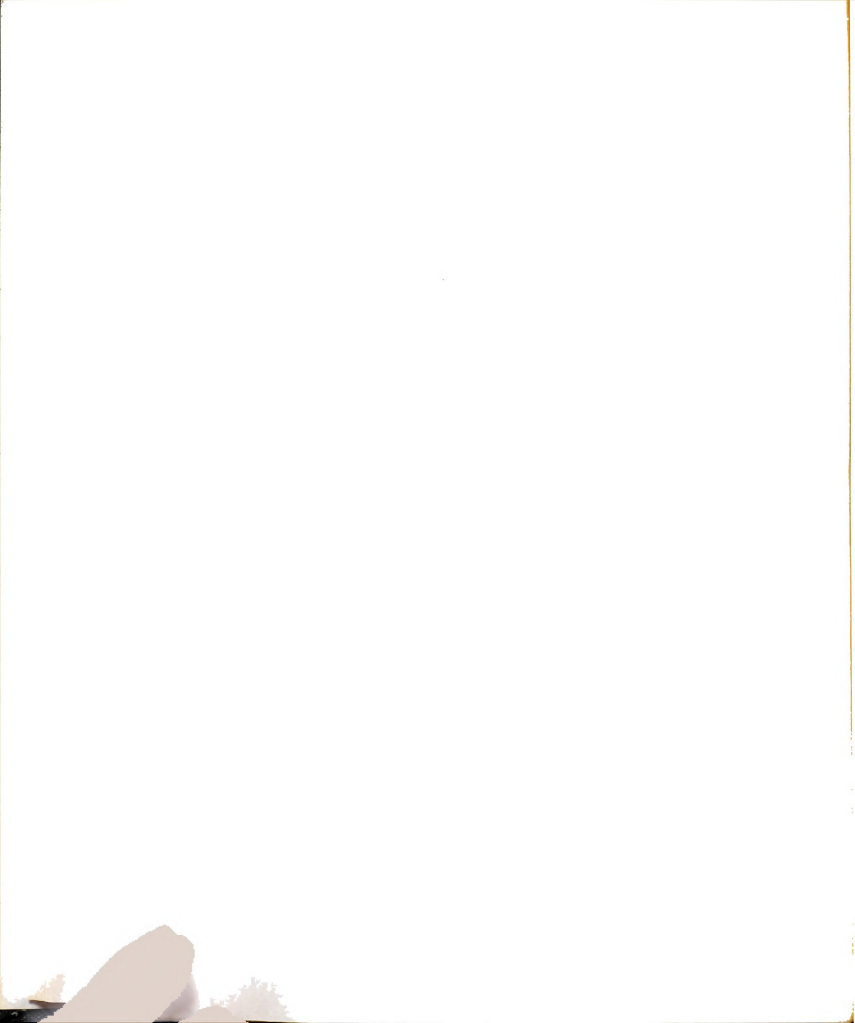




of education and a high degree of print media readership. It will be worthwhile for the departmental store management to adopt appropriate strategy to retain and strengthen the loyalty of this market segment.

The merchandising and promotion strategy of the departmental store should be designed to meet the needs and preferences of young families who showed responsiveness to that store. Product lines, assortments and brands which are likely to satisfy this segment should be emphasized in the store's offering. To attract young families with a high level of income and education, the store will have to adjust its offerings and strategy more closely with the preferences of the identified consumer segment in Cochin.

The findings suggested new directions in retail advertising and promotion strategy. Families using the departmental store as major purchase location had a high level of education and print media readership. This suggests that print media advertising can be used productively in cultivating this market segment. It appears that very little use has been made so far of advertising in the print media. The advertising strategy must aim at the responsive consumer segment. An appeal which can be specifically emphasized in advertising by departmental store is its low price. The departmental store offers most of the goods at prices lower than the prices in other stores. But the study showed that this fact was not widely recognized. Many families did not have any awareness of the relative prices in the different stores but they tended to view the

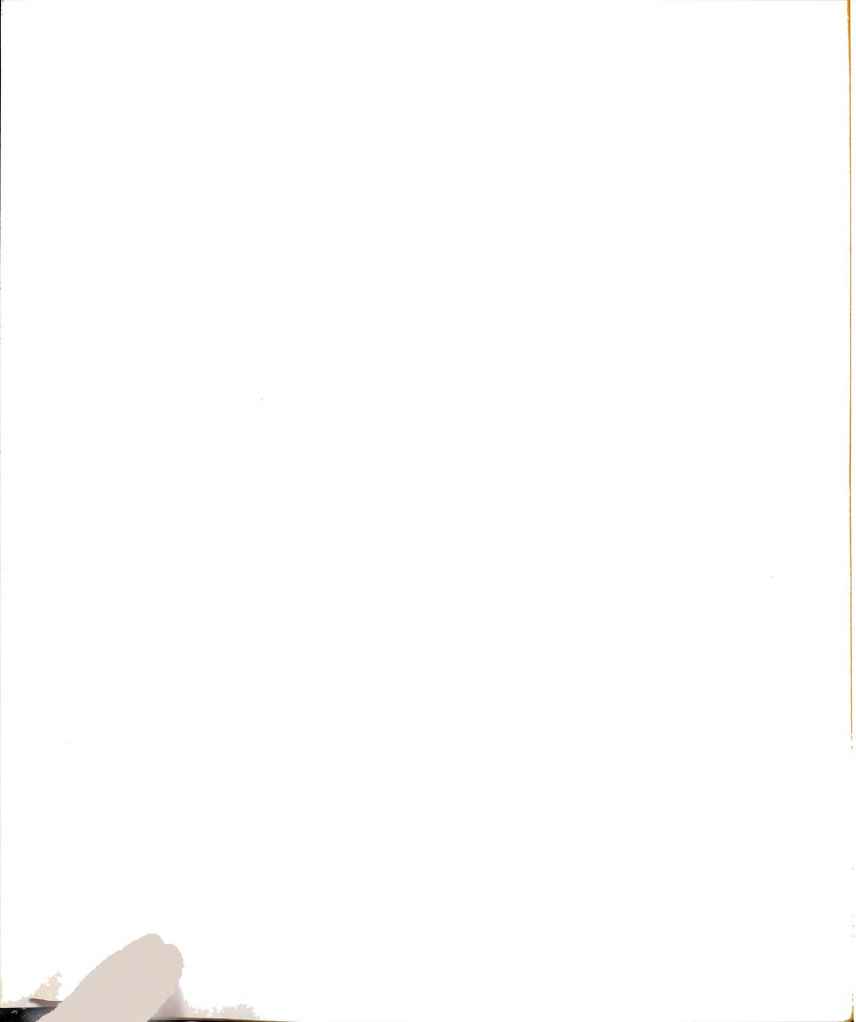


store they patronized most favorably with respect to price. Focusing on price competitiveness in advertising may not only strengthen the loyalty of the existing customers of the departmental store, but also draw new customers who may be price conscious.

The use of non-print merchandising and promotion appear to be an appropriate strategy for the departmental to reach new market segments in Cochin. Advertisements in print media may not have an impact on some market segments which are potential customers of the departmental store.

An important finding of this investigation was that families in Cochin generally failed to recognize the lower prices in the departmental store. They tended to believe that the store they patronized was most favorable with respect to price. This has implications for the diffusion of innovations in retailing in Cochin and for their consumer acceptance. In a traditional social environment such as in Cochin, consumers often resist changes in habits and patterns of shopping behavior. A new institution has to adopt strategies to overcome such barriers. The role of opinion leaders and of word of mouth communication in the diffusion of innovations in such an environment may be extremely important.

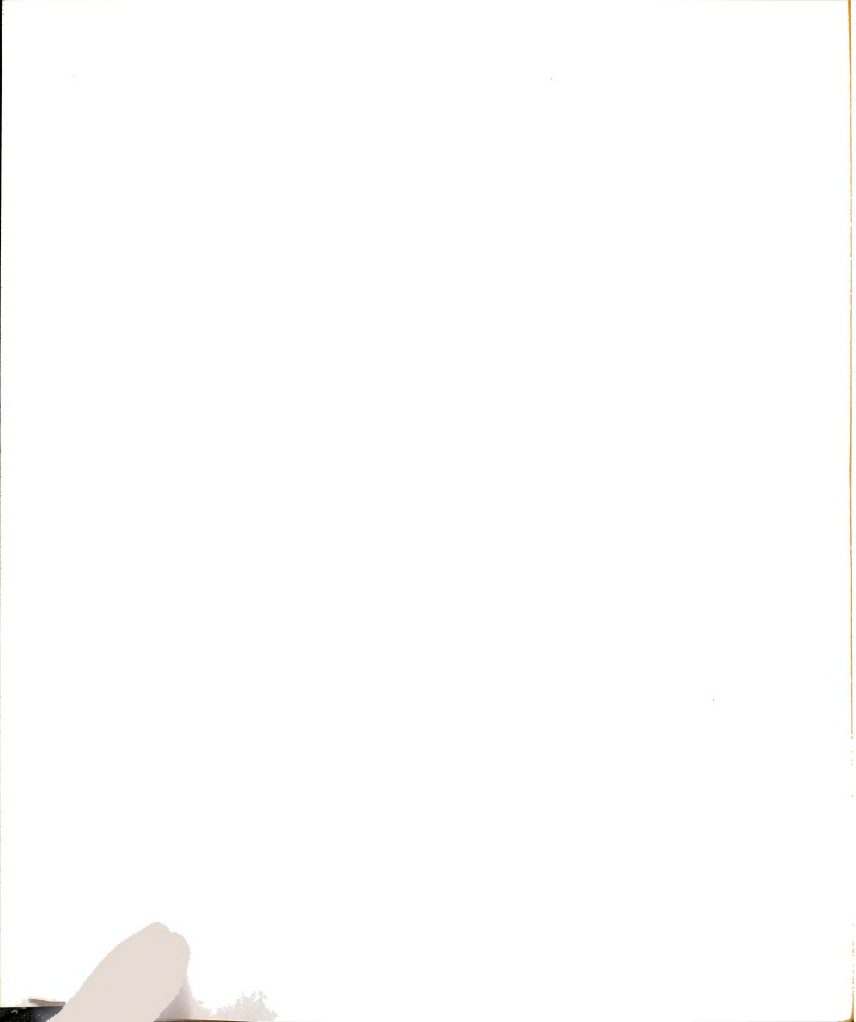
Another important research finding which has implications for marketing strategy of retail stores in Cochin related to store location. Proximity and ease of access were seen to be major considerations in the decisions of families in Cochin about the choice of their major purchase locations. The



departmental store drew most of its customers from its vicinity. It appears that, as part of its strategy, for expansion and growth, the departmental store should investigate the desirability of establishing a few decentralized branch units in selected residential sectors where young families with a high level of education and of income were concentrated. These decentralized units could be linked to a central warehouse and control unit.

The investigation revealed that the main source of competition for the departmental store was the bazaar composed of conventional stores. The customer mix of these two types of stores did not appear to differ much. Though the departmental store appears to be a departure from the traditional conventional stores in form, in function it appears to be little different from them. The departmental store has to emphasize and focus on its distinctive features such as one-stop shopping facility and lower prices. This might call for an enlargement of the scale of its operations. It should be able to appeal to families on the basis of its unique and distinctive characteristics.

While the departmental store should seek to maintain the loyalty of its existing customer segment, it should seek to cultivate the patronage of families having low level of income. The strategy of decentralized location and effective promotion focusing on lower prices may succeed in attracting such families to the departmental store. It may be necessary for the departmental store to change its present policy of



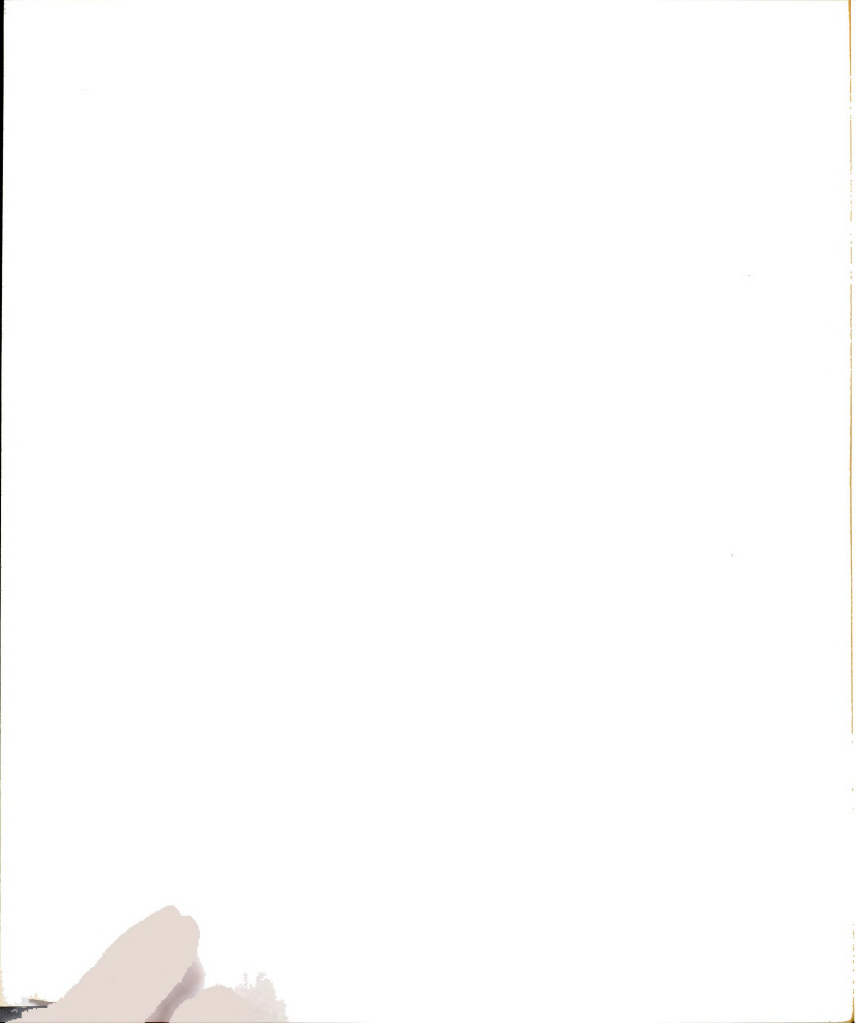
insistence on cash sales and adopt a more flexible policy with regard to credit to achieve this objective. Credit appears to play an important role in consumers' decisions regarding the use of a store as major purchase location. Both neighborhood stores and conventional stores extend credit to their customers.

Suggested Areas For Further Research:

The analysis of consumer market segmentation based on families' use of stores as major purchase locations was made by using independent variables separately. It may be necessary to employ more sophisticated statistical techniques to delineate the market segments of each type of store. Other variables such as the psychological make-up of shoppers and combinations of variables may be useful for this purpose.

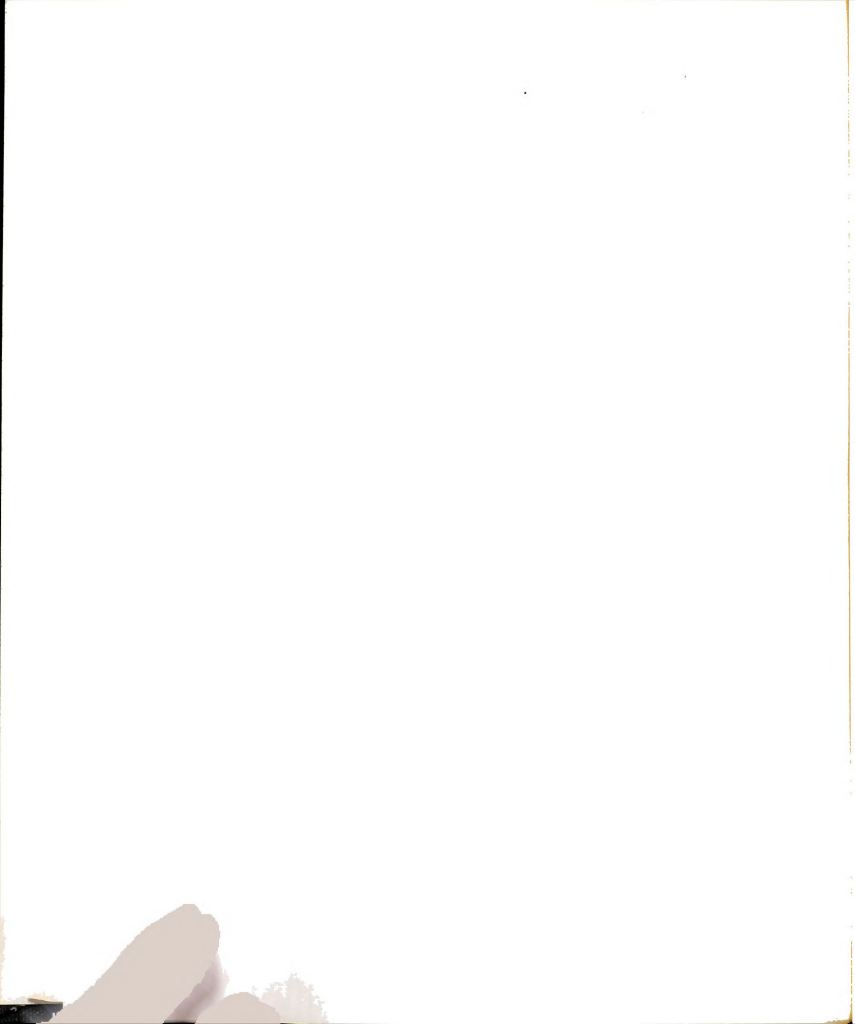
The present study has only limited geographical scope. Widening the scope of the investigation in terms of geographical area and the size of the sample will help in providing a more accurate picture of consumer behavior in relation to the departmental store.

Another area of research suggested by the present study is an in-store survey of shoppers in a selected sample of retail outlets over a carefully scheduled period of time. Such a study is necessary to ensure reliability and accuracy of the research data in a less developed environment such as in Cochin. A self administered questionnaire for the survey of consumer behavior may have advantages of economy but may be less reliable than an in-store survey.

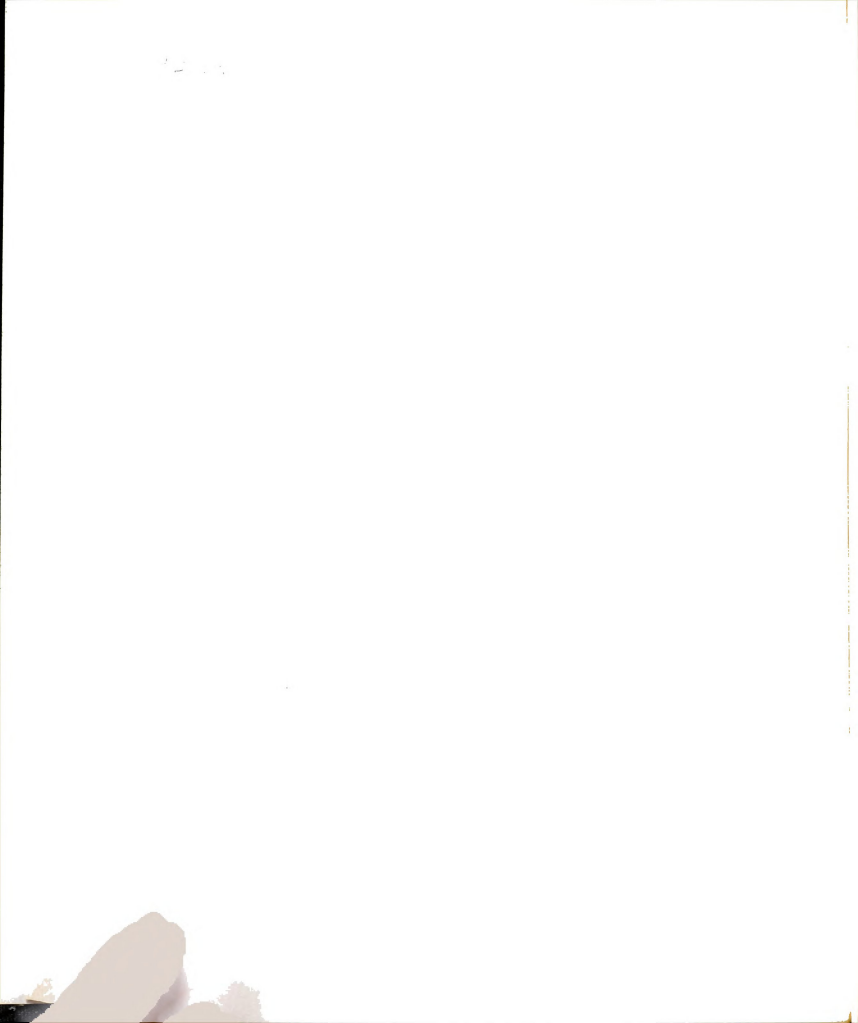




The process of adoption of the departmental store and the evolution of the customer mix of the new store were not investigated in this study. Such an investigation will help to throw more light on consumer behavior towards the departmental store.

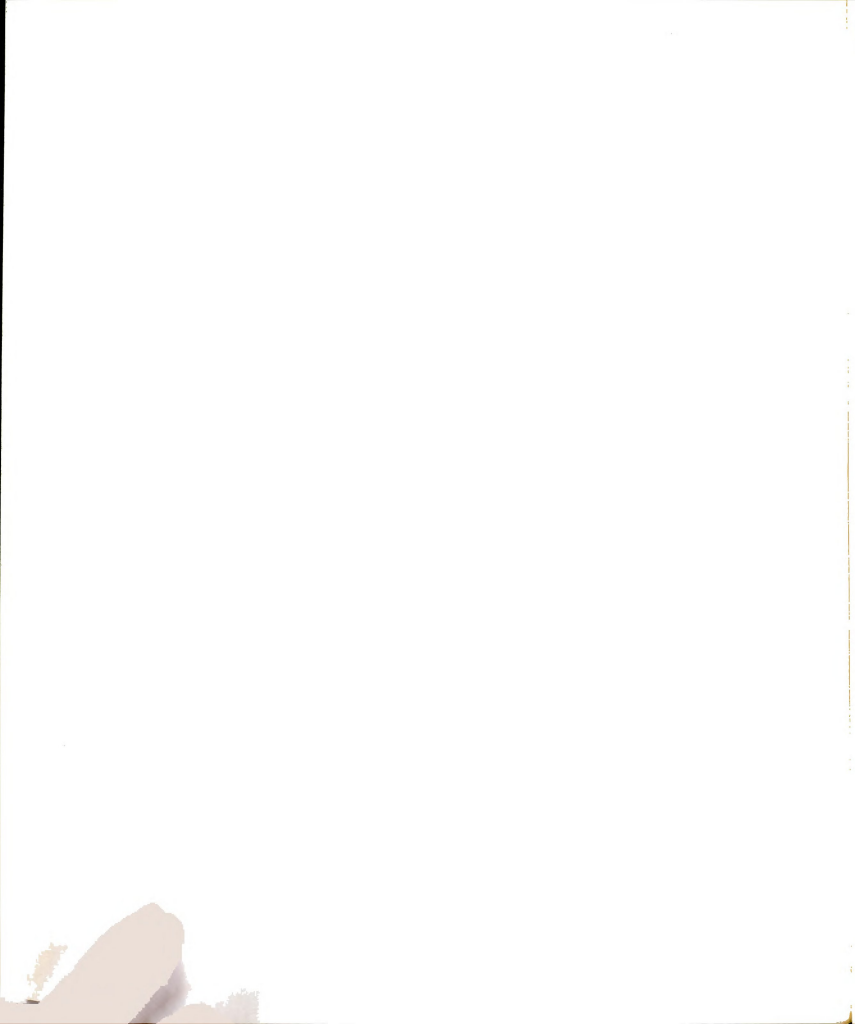


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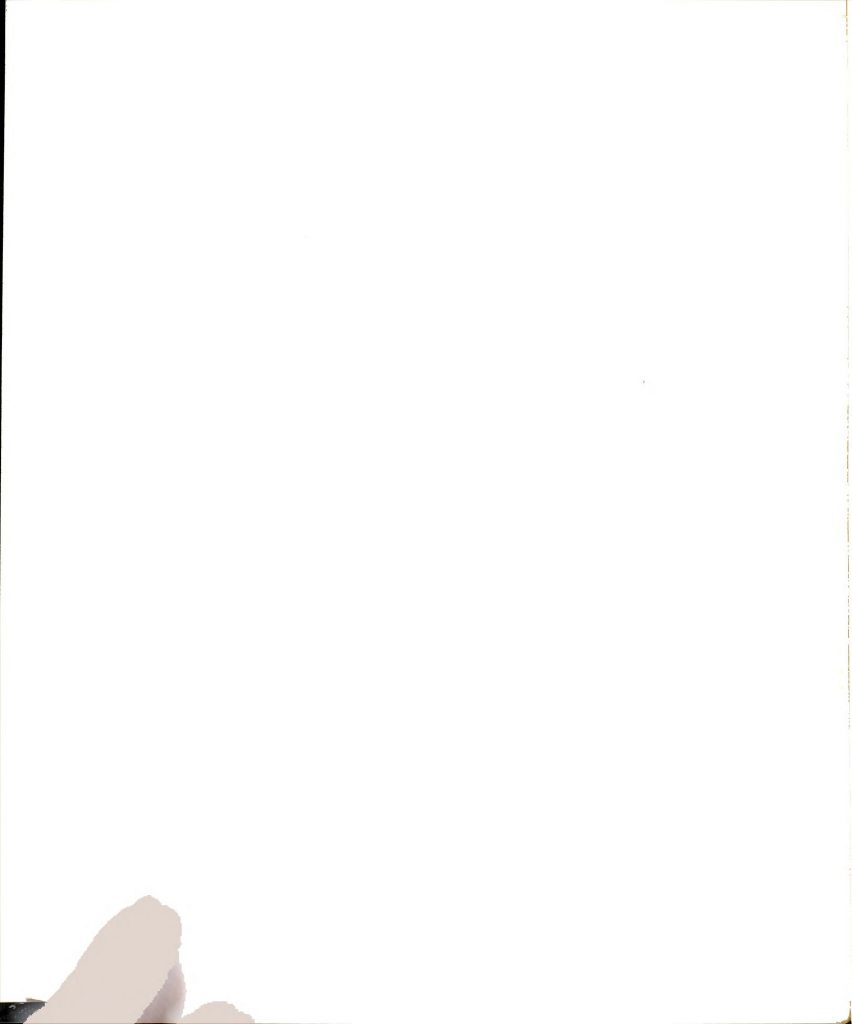


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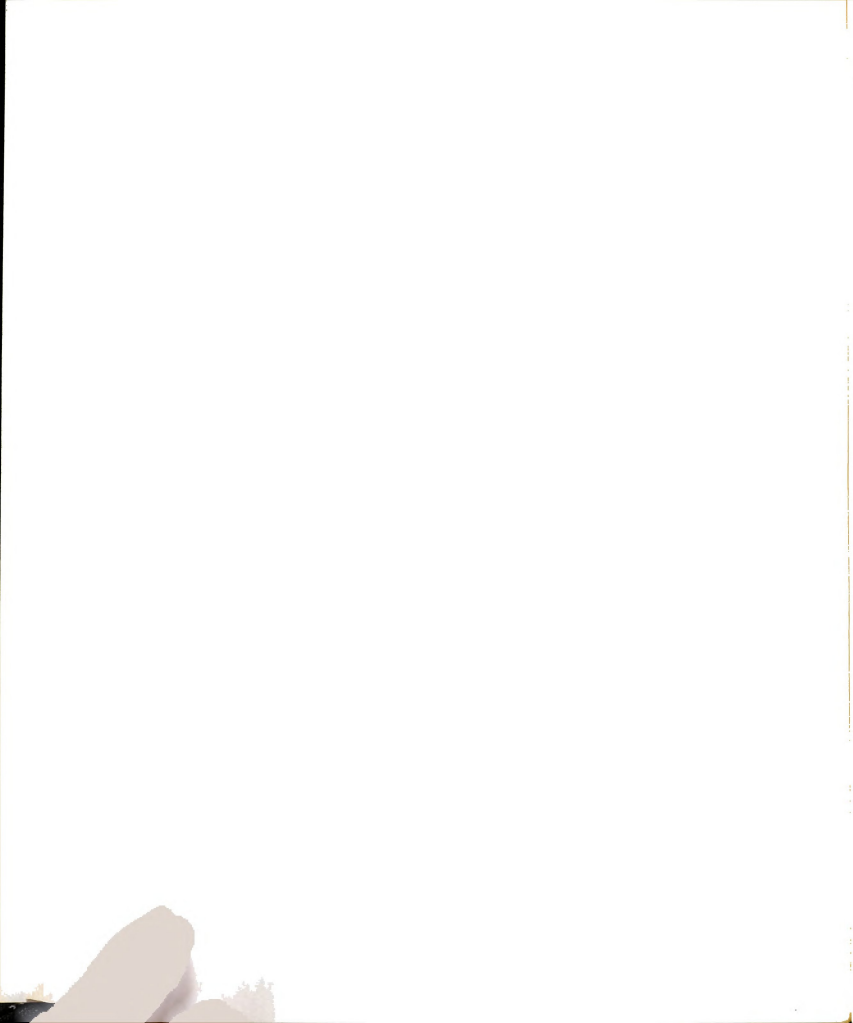
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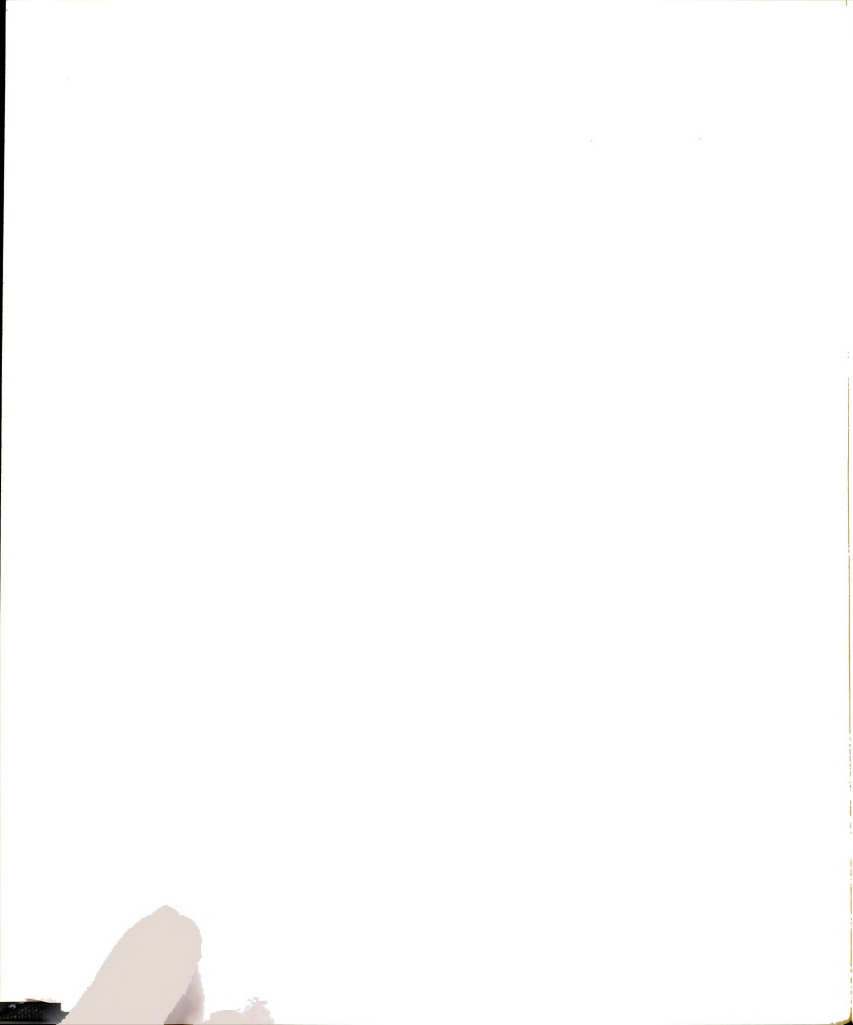
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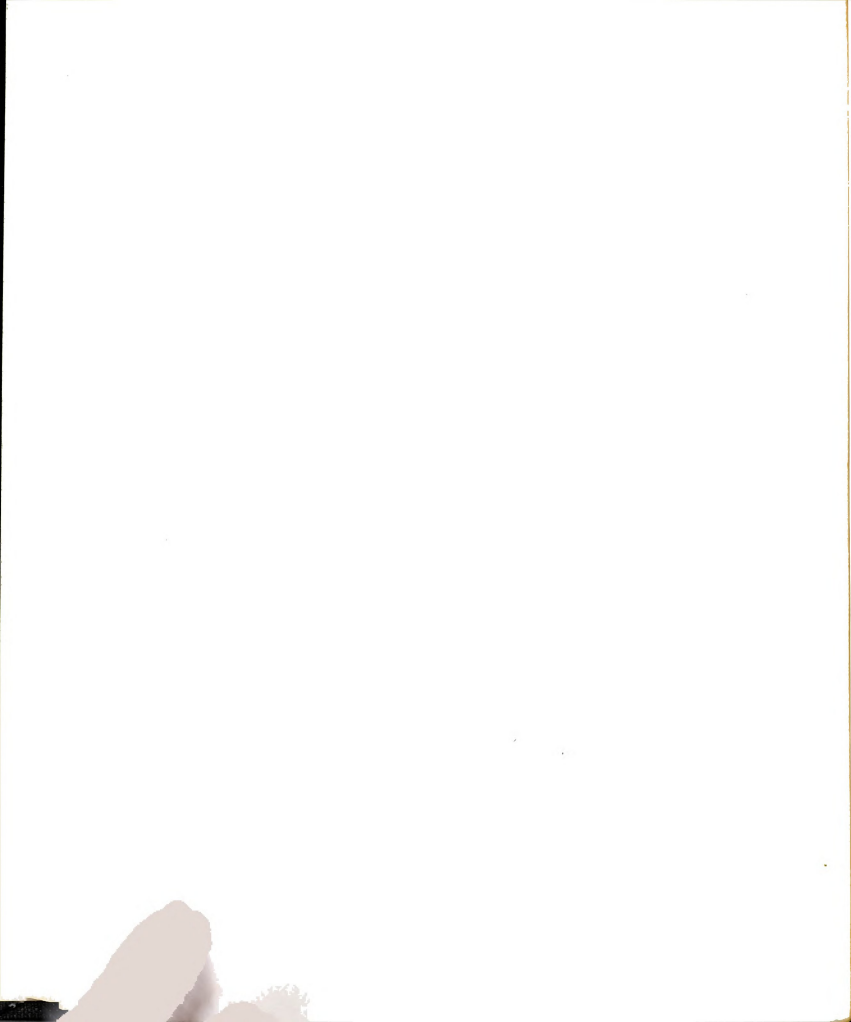
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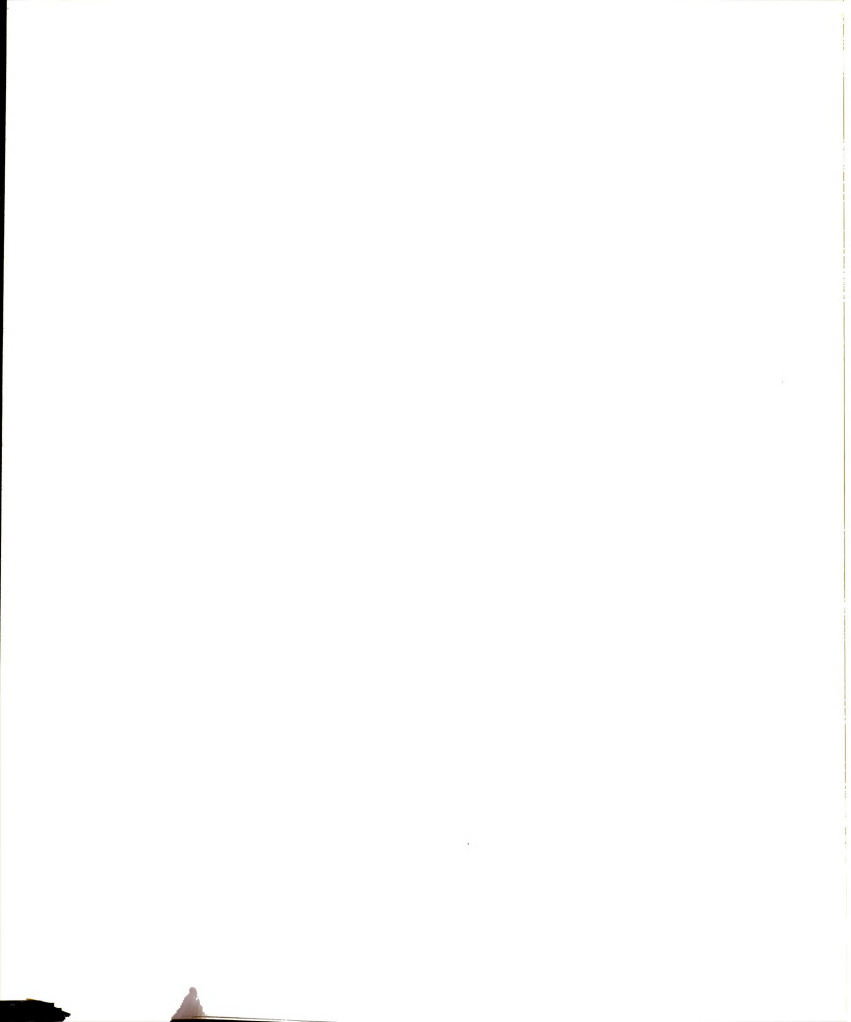
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