

“A Study on Customer Purchase Behavior Pattern in Retail Market Place”

*Asst. Prof Mr. G.B. Choudhary shrigc@yahoo.com

P D Vaikos pvaikos@gmail.com

Asst. Prof. Mr. Shankar Puranik

ABSTRACT

A Study on Customer purchase behavior pattern in retail market place usually deals with (i) Identification of Customers and (ii) their purchasing behavior patterns. The aim of study is to ascertain who purchase where, what, when and how. In addition, study endeavor to learn about Customer response to sales promotion devices. The results of this study are useful in the solution of an array of marketing problems.

This study is gaining importance in marketing research. It is safe to predict that interest in them will increase greatly in the next decade. This paper summarizes the researcher experience with study in grocery stores. However the principle and techniques discussed here are also applicable to other types of retail stores.

The “why” of Customer purchase behavior is a separate and very difficult subject; it is not treated here. Knowledge of Customer purchase behavior must precede any consideration of the reasons for the behavior.

IDENTIFICATION OF CUSTOMERS

The terms Customer and consumer are not synonymous. A Customer is a purchaser of a product or a service; A consumer is a user of a product or a service. Purchasers of rat poison are not the consumers of the product.

The buying behavior of the customer is influenced by the needs and preferences of the consumers for whom the products are purchased. A devoted housewife will buy for her husband his favorite, extra-strong cheese, even though she prefers not to subject her sensitive nostrils to the penetrating, if not over-powering, bouquet.

Here, however, we are primarily concerned with customers buying behavior rather than with customers preferences. A husband and wife shopping together may represent two customers or one customer and on bundle carrier and it is not always possible to tell which is which. A boy accompanying his mother may influence decisions in selection and purchase of several items, even if the youngster has no purchasing power of his own. Therefore practically every person who enters a store is a potential purchaser and represents a unit in the store's customer traffic.

Identification of customers seeks to ascertain who the customers are. It is not sufficient to study buying behavior patterns

without knowing whose buying behavior is involved. Hence it is necessary to identify the composition and origin of customers.

COMPOSITION OF CUSTOMERS

This includes many characteristics, such as sex, age group, color, economic and educational status, occupation, religion, nationality origin, and so on. Both consumption and buying behavior are affected by these characteristics; and the relative significance of each of these characteristics varies greatly, depending on the nature of the problem. In studying customer behavior in retail stores it is generally impractical or unnecessary to ascertain all of the customer characteristics enumerated here.

Origin of customers

Where do a store's customers come from? What is the geographic distribution of their homes and how far do they travel to the store? The answers to these questions supply useful data on customer origin, which in the sense used here is a composition characteristic. Origin tells us whether the customer is a large-city apartment dweller, a suburbanite, a ruralite, a transient, and so on. The food-buying behavior pattern of a customer who lives in a congested apartment area of a large city is markedly different from the rural customer who has a large vegetable garden and a home freezer.

Customer Buying Behavior Patterns

To buy is to purchase. To shop is to visit business establishments for inspection or purchase of goods. Therefore shopping is an element of customer behavior in buying. A

customer placing an order over the telephone is buying, not shopping. For this reason it may be desirable to standardize on the use of the term buying rather than shopping when the totality of customer behavior is under consideration.

Similarly a distinction should be made between buying habits and buying behavior patterns. Habit is a tendency toward an action which by repetition has become spontaneous. A pattern is a design or type. Each customer has his or her own buying habits. Buying behavior of a large number of customers.

Customer buying habits or behavior patterns are not permanently fixed. Many factors are operating in combination to change customer food-buying behavior patterns.

Customer buying behavior patterns can be grouped in relation to:

1. Place of purchase.
2. Items Purchased
3. Time and Frequency of Purchase.
4. Method of Purchase
5. Response to Sales Promotion Devices.

Place of Purchase

In general, customers divide their purchases among a number of stores. They shop in more than one department store and in many specialty stores. Even in buying food there is a division of purchases. Many customers do not buy their meats or fresh fruits and vegetables where they buy their dry groceries, although all these goods may be available in the same store. The specialty food store, the milkman and the "hole-in-

the-wall” are all getting a share of the total food business.

Where customers have the choice of purchasing the same goods in a number of stores, their patronage loyalty to any one store is by no means permanent.

Studies of customer buying behavior patterns with respect to place of purchase are useful in selecting store locations, in choosing distributors for a product, and in merchandising.

Items Purchased

Every customer purchase and every store sale consists of a transfer of one or more specific commodities. No one customer purchases all the different items for sale in a store. Over a period of time customer will purchase a substantial selection of the total items available in the store, but the selection will vary somewhat with each customer. Therefore, in studying customer buying behavior patterns it is necessary to ascertain (a) what items and (b) how much of each item customers purchase.

The purchase of many necessity items- soap and bread are purchased by a relatively small group of customers. The purchase of some items has a strong regional demarcation.

Rarely does a customer purchase a single potato or a single carrot. On the other hand, very seldom does a customer purchase more than one watermelon at a time. The amount of each item purchased depends on many factors, of which the following are probably the most important: number of consumers for whom the item is intended; perish-ability

of the item; storage requirements and facilities available; purchasing power and ready cash; unit of sale; and price.

The introduction of new products and changes in dietary habits also affect the customer's choice of items and the amount purchased.

As previously pointed out, in so far as the customer is the purchasing agent for the family or a number of consumers, the purchases reflect the characteristics of all the consumers involved.

From the distributor's, manufacturer's and producer's point of view it is essential to study what items and how much of each the customer buys by brand or quality, by size or weight, by price, by type of container, and by season.

Time and Frequency of purchase

Store operations must be geared to mesh with the customer's time of purchase pattern. Store buyers and merchandisers must keep schedule with it. Merchandise must be available in the store in adequate supply if maximum sales are to be achieved.

In studying time of purchase patterns it is necessary to relate these to the seasons, weather, and regional differences. Every retailer knows from experience that his volume of sales is not uniform by days of the week, nor by hours of the day. The variations are very pronounced, especially in the food business.

Attempts, by retailers to modify customer time of purchase behavior patterns, with the view of improving service to customers or

raising efficiency of operation, have by no means been entirely successful. The long lines of customers waiting impatiently to be checked out in super markets during peak periods in contrast to the buying inactivity at other times illustrate a continuing troublesome store operations problem created by the customers time of purchase pattern.

Frequency of purchase depends primarily upon the type of commodity involved. In the course of a lifetime, a man rarely purchases more than two wedding rings-most men try to manage with the original acquisition, even if it does not turn out to be quite the bargain expected. On the other hand, the addicted pleasures of cigarette go up in smoke so rapidly that the frequency of purchase is generally a daily performance and , allegedly, men will walk a mile for their favorite brand.

Frequency of purchase also varies among customers. Some shop in food stores daily, others only once a week. The size of the total purchase, the number of items and the quantity of each item bought all vary with frequency of purchase. The more frequently a customer visits a store, the more is that customer exposed to the impact of sales promotional devices used in the store.

Method of purchase

Whether a customer buys on a cash and carry or on a charge and delivery basis, whether a customer shops alone or is accompanied by someone else, and whether a customer walks or rides to the store are some of the elements in method of purchase.

The importance of providing adequate parking facilities to accommodate the customer who shops or who would like to shop by automobile needs no elaboration. Even department stores are building branch units to meet, among other things, the parking problem. Size and frequency of purchase in grocery stores are definitely affected by the mode of travel to make the purchase.

Couple shopping in super markets buy more per transaction than does a woman or man shopping alone. The same applies in other type stores. Many a woman will invite her husband to help her select a purchase; the husband influences the choice and frequently approves the acquisition of a more expensive item.

Response to Sales Promotion Devices

Those who have goods to sell use many devices to induce consumption and to promote purchase of these goods. The sales promotional devices used in stores can be grouped under the following headings:

- a. Displays.
- b. Pricing
- c. Demonstrations.
- d. Sales Talks

Displays: - In so far so possible or practical, consumer goods are packaged to create eye appeal when put on display. Thus the shape, size, label and packaging material of the product all play their part in sales promotion. The manner in which an item is arranged on a shelf or table, in a display case

or window, the space and position given to it, and the type of point of sale promotional material (posters, signs, etc.) used for reinforcement are also influencing factors.

Pricing :- Regular and bargain prices, combination deals, coupons, prizes, contests, and unit pricing-where the price quoted is for two or more units of an item-are all pricing devices to promote sales.

Demonstrations: - This device aims to influence customer purchases by getting them to sample a product or to learn about the uses or other merits of the product.

Sales Talks: - Whether expressed orally or in writing, in advertisements or by a sales clerk, the aim of all sales talks needs no explanation. Self-service merchandising has somewhat shaken the retailers faith in the efficacy of the store sales clerk. Yet, the magic of a winning personality, a well-turned phrase, and even a friendly smile of an attractive blonde are still potent attributes or devices for causing cash registers to ring.

Study of customer behavior in response to sales promotion devices in retail stores deserves a great deal more attention than has been given to it thus far. Much energy and money is spent on sales promotional devices without factual knowledge of what these really accomplish.

In recent years considerable attention has been focused on impulse buying-buying which presumable was not planned by the customer before entering a store, but which resulted from a stimulus created by a sales promotional device in the store.

Research Techniques

The marketing research techniques used in studying customer behavior in retail stores are:

1. Analysis of Records
2. Observation
3. Interviewing
4. Controlled Experimentation

Analysis of Records

In a well-run business records are kept on many operating and merchandising results, but few businesses-and this applies even to the most progressive-come anywhere near making maximum use of these records. Many a sales manager might be inspired with the by-products which a skilled analyst could distil from these records.

Records of what was sold, when it was sold, and at what price it was sold in a store or group of stores are generalized histories of customer buying behavior patterns. Stores with credit and delivery and with itemized individual sales transaction records are in possession of data from which a wide array of customer behavior patterns can be determined.

The more complete and accurate the records are and the longer the period they cover, the more valuable they can be. Commodity movement records should show units sold by brand, size, style of package, and price. Customer sales transaction records are desirable by departments, amount of purchase, and (if obtainable) by items purchased.

Most cash registers can be fixed to retain an exact duplicate copy of every sales receipt. Such “register tapes”-showing the total amount of the purchase and the price of each item by departments-are useful in analyzing customer purchases in super markets, even though only the price but not the name of an item is listed on the sales receipt.

Where the desired store sales records do not exist, it is necessary to set up procedures to obtain them. The researcher competent to analyze such data will know how to procure the records.

Observation

The sex, color and age grouping of a customer can be easily observed either as the customer enters, leaves, or shops in the store. By observation it is also possible to learn what a specific customer does in the store. A very wide range of customer activities are observable without the customer knowing that such observations are being made. This is all to the good, as nothing should be done to interfere with “normal” customer behavior. In some studies it is necessary to follow the customer in the store in order to observe various activities, but this is generally a troublesome and costly procedure. The checkout stand is the most strategic spot in a super market for observing the quantity of specific items purchased.

Unless the investigator has had extensive experience with such customer observation studies in stores, it is necessary to formulate procedures carefully, to pre-test them, and to make sure that the observers are thoroughly trained for the work.

All observed data need to be recorded. Such records should be made in code whenever possible. The recording can be done in a notebook, on a suitable form, or on a specially designed mark-sense card. The data are processed manually or mechanically.

Interviewing

Some information on customer characteristics and buying behavior is most readily obtainable by interviewing customers in the store. Many other similar direct and simple questions can be handled successfully in store interviews. The best time to interrogate store customers is at the conclusion of the purchase. Such interviews consume very little time and are inexpensive. Not to spoil a good thing, however, one should avoid asking too many questions at one time.

When asked tactfully, a customer will rarely refuse to give his or his home address. This important piece of information is essential to determine the customer’s geographic origin and the trading area of a store. From this, it is possible to ascertain, approximate, or surmise various other characteristics, such as income grouping, cultural levels, and nationality origins.

On occasion it is desirable to follow up a store interview with another interview in the customer’s home, with or without disclosing for whom the information is being obtained. The customer’s address is indispensable for such a follow-up interview; name is necessary where customers live in multi-family dwelling units.

Studies of impulse buying depend on customer interviewing in the store, supplemented by observation. The customer is interviewed on entering the store and again after the completion of the purchase. The investigator ascertains whether the customer has a written shopping list or a mental list. The items enumerated on such lists are recorded. On completion of the purchase, the items purchased are checked against the listed items. Omissions, substitutions and additions are noted.

The trouble with this technique is that (1) it depends on spontaneous recall which at best is incomplete and (2) it is unable to differentiate between (a) impulse, (b) postponement of decision, and (c) studied decision at the point of purchase. The housewife who has no shopping list (written or mental) may still be deliberate in the choice of the items which she does purchase. A more satisfactory technique remains to be devised for the study of impulse buying.

Controlled Experimentation

Stores offer a unique laboratory for conducting controlled experiments to ascertain the behavior and response of customers to products, methods and devices. From the facts discovered by such small scale experiments it is possible to reach broad conclusions.

In controlled experimentation two (or more) groups of comparable stores are selected. One of these groups and the other as the test group. In the control group "business as usual" goes on. In the test group one

condition is changed. The changed condition is the element or variable to be tested. This element can be a product, a method, or a sales promotion device. The element is exposed to the store customers and it is anticipated that their buying behavior will be affected by it. Results are measured in terms of sales produced—not on the basis of opinions. Differences in results between the test and control store groups are interpreted to be due to the one variable in the experiment.

Where a problem involves more than one element, it is necessary to select several comparable store groups and conduct a number of tests simultaneously, or to run, in succession, a series of experiments in two groups of stores, each experiment testing only one element.

The techniques of controlled experimentation are very exacting. There can be no controlled experimentation without stringent controls. It is a complicated, slow and expensive technique, yet one which merits a prominent place in the marketing researcher's tool kit.

Conclusion

The endeavor has been made here to show along what lines and with what techniques study of customer purchase behavior pattern can be made in retail market places. Possible uses of the results for the solution of marketing problems have been suggested or indicated. To spell out fully and systematically the many practical uses to which such studies can be put by producers, manufacturers and distributors would require a series of articles—perhaps a book.

This article is intended to stimulate those who can gain the most from such studies to take advantage of the opportunities for learning more about customer purchase behavior in the market-place.

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