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IMPACT OF DEMOGRAPHIC FACTORS ON STORE COMMITMENT
(Store loyalty, Share of Wallet, Store Preference and Share of Visit)

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Abstract:

The retail industry in India is revolutionizing due to notable changes in the overall structure. It has also observed that there are significant shifts in demographic characteristics of Indian retail customers, and it has considerable influence on the buying behavior and retail Industry. Store Commitment is nothing but to choose one store over others following an explicit and extensive evaluative process as a result of a consumer pledging.

In this paper, various demographic factors, i.e., Gender, Marital status, Age, Education, and Income, were considered to find its influence on various store Commitment factors like Store Loyalty, Share of Wallet, Store Preference and Share of Visit. We surveyed retail customers who are a member of minimum one Multi-Partner Loyalty Program and across different retailers. For data analysis, we used Statistical Package for Social Science (SPSS-20). We used descriptive research design along with disproportionate-stratified Random Sampling for this study.

We found that demographic variables have a significant influence on the aggregate outcome variable, " Store Commitment." However, Education, Age, and Gender do not have a substantial impact on individual outcome variables/ factors of store commitment.

Keywords:

Impact of Demographic Factors, Store Loyalty, Store Commitment**,** Store Preference, Multi-partner Loyalty Programs, Share of Visit, Share of Wallet.

Introduction:

The retail industry in India has been revolutionizing due to tremendous changes in the overall structure. Researchers have also observed that there are significant shifts in the demographic characteristics of Indian retail customers, and they have a considerable impact on the total purchase behavior and retail Industry. Thus there might be the influence of these demographic variables on various store commitment factors. Further few store patronage factors also, i.e., Customer loyalty programs are accepted as an essential factor for long term holding of customers. (Dawkhar, 2016). Multi-partner loyalty programs are one of the vital store patronage factors and customers prefer it over single partners. (Dawkhar & Shende, 2015). Due to the increase in the income level and simultaneously development in technology, the new retail formats are emerging. There is a clear economic need for retailers and communities to understand why shopping in retail.

Literature Review:

Loyalty is an essential factor in the choice of retail stores. (Volle, 2001). For building retail success as well as store longevity, store loyalty is the most critical factor. (Anić & Radas, 2006). Store loyalty helps to generate more profits through reduced costs and also acquire & serve customers who are familiar with a firm's services. (Hallowell, 1996).

In today's highly competitive era, it is challenging for the retailing industry to attract and retain a loyal customer base that would regularly visit particular stores and spend there as much money as possible. Thus it creates interest in finding factors that build store loyalty and also learn how these store loyalties get influenced by demographic factors.

Store commitment is a necessary precursor to store loyalty and it is the "pledging or binding of an individual to his/her store choice." (Bloemer & de Ruyter, 1998).

Managers are primarily interested in a share of wallets rather than customer retention rates (Perkins-Munn, Aksoy, Keiningham, & Estrin, 2005). In a given product category, consumer's brand-level spending is known as Share of wallet, and hence, it can be used to measure behavioral loyalty (Jones & Sasser Jr., 1995). Share of wallet is significant in the retail industry. However, research on the topic is very negligible (Magi, 2003; Keiningham, Perkins-Munn, & Evans, 2003). Existing research on the share of wallets has inadequate understanding about association among the share of wallet, satisfaction, and customer retention. (Perkins-Munn et al.,

2005).   Loyalty programs have a positive influence on consumer lifetimes and customer expenditure's share. (Meyer-Waarden, 2007).

To increase customer share, we have two potential avenues; first we have to improve our customer satisfaction and then to raise their repeat purchase with the help of loyalty cards. (Mägi, 2003). Share of visit is a marketing term that refers to the amount of total visitation a business location capture in comparison to the rest of the marketplace. It can provide a variety of granular insights, such as which location saw increased foot traffic from a promotional campaign versus others that garnered visitation during the same period but did not offer similar discounts. (Rromero, 2017).

Demographic factors, i.e., age, education, and gender, moderate cultural factors that influence consumer loyalty behavior. (Khare, 2013).

Uncles & Ehrenberg, (1990) in a study of FMCG in the USA, using panel data, concluded that there was no difference in brand loyalty between younger and older consumers. (Patterson, 2007). Buying is dominant by the female (Kline & Wagner, 1994). Store loyalty has significant influence of relational quality and it is more significant for women as compared to males. (Odekerken-Schröder et al., 2001).

Age is also another critical demographic factor that affects retail purchase behavior. Old age shoppers found more loyal than young age shoppers. Store loyalty among the people of 25-44 age groups is more and will be increasing with the increase of their age (East, Harris, Willson, & Lomax, 1995). Old customers are generally not interested in getting additional detailed and modernized information (Wells & Gubar, 1966).

Old age customers think and behave differently than younger customers for various marketing associated activities. Customers of different ages may create different responses to retail environments. (Wakefield & Baker, 1998) Thus researchers agreed upon old age consumers depends relatively more on store familiarity as well as the distance of the store from them and their habit for becoming loyal to that particular store (Yoon, 1997).

Education and expertise, income, age, price orientation, and loyalty card membership are significant moderators between satisfaction and conative loyalty. (Evanschitzky & Wunderlich, 2006).

High Loyalty is associated with low income & less education (Enis & Paul, 1970). Lower-income and less educated customers are more loyal than high income and education. (Carman, 1990). However, there is also some research saying there is no relationship between loyalty and earnings or a period of full-time education. (Dunn & Wrigley, 1984).

Higher consumer income increases their spending on shopping, and it ultimately leads to increase the sales and profits for the retailers (Hasty & Reardon, 1997). Good income leads to a household to get a better education (Solomon, 1999), which ultimately has an impact on their purchase behavior.

Marketers' can attain a competitive advantage by understanding the effect of changing demographics trends on their markets (Pampel, Fost, & Sharon, OMally, 1994) There are few pieces of research on examination of the effect of demographics of the consumer on the retail format choice in the grocery context. (Zeithaml, 1985) on loyalty program satisfaction, Program loyalty, referral/advocacy, & rewards (Dawkhar, 2019).

Research Question :

> ***Does a demographic factor (Gender, Marital status, Age, Education, Profession, and Income) influence Store Commitment***? (Store loyalty, the share of wallet, the share of visit and store preference)

Research Design & Methodology:

The present research is a descriptive type of research. We have collected information from 201 retail customers across the different supermarkets (like. Big Bazaar, Brand Factory, Central, and others) We have collected data at the proportion of five respondents per day across all days of the week to maximize respondent's coverage in each selected store. We collected all the data in our presence for assisting the respondents if required. We employed disproportionate stratified random sampling for selecting the respondents. The main criterion for choosing the respondent was membership of the multi-partner loyalty program. For this study, we have used a five-point

Likert scale. We used MANOVA and other required statistical tests for analysis of the respondent's data. We have IBM SPSS -20 for data analysis.

Respondents Demographics information (n=201):

Demographic Variable	Gender		Marital status			Age (Years)		
Subgroups	Male	Female	Single	Married Without Children	Married with Children	20 to 30	31 to 40	41 to 50
Respondents	140	61	1351	48	18	144	46	11
Percentage	67.7	30.3	67.2	23.9	9.0	71.6	22.9	5.5

Table-1: Demographic data (Gender, Marital status & Age)

Demogra-phic Variable	Education			Income (Rs.)					
Subgroups	Graduation	Post-graduation	Professional	20000 or less	20001 to 40000	40001 to 60000	60001 to 80000	80001 to 100000	100001 and above
Respondents	13	123	65	70	27	60	16	20	8
Percentage	6.5	61.2	32.3	34.8	13.4	29.9	8.0	10.0	4.0

Table-2: Demographic data (Education & Income)

Part A: Analysis for Aggregate outcome variable "*Store Commitment.*"

Hypothesis Testing:

Hypothesis 1

H1: Gender has a significant influence on Store Commitment.

We tested the hypothesis (H1) with MANOVA & at 0.05 level of significance. Here the relationship of gender with various store commitment factors, i.e., store loyalty, the share of wallet, the share of visit, and store preference was tested. A two-group between-subjects MANOVA   conducted on four dependent variables.

Bartlett's Test of Sphericity & Box's Test of Equality of Covariance Matrices ($p < 0.001$) found statistically significant. Thus it shows sufficient correlation independent variables for analysis and observed covariance matrices of the dependent variable were unequal across independent variable groups.

To evaluate all multivariate effects, Pillai's Trace is conducted and found significant. ($p = 0.000$)

We rejected the null hypothesis ($P<0.05$); hence, we concluded that *Gender has a significant impact on store aggregate outcome variable, Store Commitment*.

Hypothesis 2

H2: Marital status has a significant impact on Store Commitment.

The hypothesis (H2) tested with MANOVA & at 0.05 level of significance. Here the relationship of marital status with previously mentioned store commitment factors was tested.

We have rejected the null hypothesis because the p-value is less than 0.05. Hence, we concluded that *Marital status has a significant influence on the aggregate outcome variable, Store Commitment.*

Hypothesis 3:

H3: Age has a significant impact on Store Commitment.

The hypothesis (H3) tested with MANOVA & level of significance $\alpha = 0.05$. Here the relationship of age status with previously mentioned store commitment factors was tested.

We rejected the null hypothesis ($p < 0.05$); hence, we concluded that **Age has a significant influence on the aggregate outcome variable, Store Commitment**.

Hypothesis 4

    H4: Education does influence Store Commitment.

The hypothesis (H4) tested with MANOVA & at 0.05 level of significance. Here the relationship of education with previously mentioned store commitment factors was tested.

We rejected the null hypothesis ($p < 0.05$); hence, we concluded that **Education has a significant influence on the aggregate outcome variable, Store Commitment**.

Hypothesis 5

H5: Income does not influence Store Commitment.

The hypothesis (H5) tested with MANOVA & at 0.05 level of significance. ($\alpha = 0.05$). Here the relationship of income with previously mentioned store commitment factors was tested.

We rejected the null hypothesis ($p < 0.05$); hence, we concluded that **Income has a significant impact influence on the aggregate outcome variable, Store Commitment.**

Part B: Analysis of individual variables.

As Pillai's Trace was significant for all five cases of independent variables, the researcher further conducted Univariate ANOVA on each dependent variable separately to determine the locus of statistically significant multivariate effect

As we want to examine the influence of Gender, Marital status, Age, Education, and Income on each dependent variable separately, we used Bonferroni corrected alpha level ($0.05/4 = 0.0125$) to avoid alpha inflation & thus, we divided by four (four dependent variables).

Compiled: Tests of Between-Subjects Effects						
Source	Dependent Variable	GENDER (Sig.)	MARITAL STATUS (Sig.)	AGE (Sig.)	EDUCATION (Sig.)	INCOME Sig.
Corrected Model	Store loyalty	$.863^a$	$.001^a$	$.149^a$	$.232^a$	$.000^a$
	Share of Wallet	$.019^b$	$.026^b$	$.051^b$	$.206^b$	$.000^b$
	Share of Visit	$.123^c$	$.000^c$	$.016^c$	$.825^c$	$.000^c$
	Store Preference	$.895^d$	$.006^d$	$.054^d$	$.201^d$	$.000^d$

Table 3: **Tests of Between-Subjects Effects** (Gender, Marital status, Age, Education & Income)

1) **Gender:**

   From the previous part and table 3, we can conclude that **gender has an impact on the aggregate outcome variable "Store Commitment." However, it does not influence individual dependent variables i. e.** Store loyalty**,** Share of Wallet, Share of Visit, and Store preference. ($p > 0.0125$)

2) **Marital status:**

   From the previous part and table 3, we can conclude that **marital status has a significant influence on Store loyalty, Share of Visit & Store preference; however, it does not influence Share of Wallet**.

For **store loyalty**, from the descriptive statistical table, mean for a single is 1.934, married without children 1.708 and married with children 2.055; hence, we concluded that **Store loyalty is more critical to married without children as compared to singles & married with children.**

For **the share of visit,** from the descriptive statistical table, for singles has mean 1.714, married without children 1.635 and married with children 2.097; hence, we concluded that **Share of Visit is more critical to married without children as compared to singles, & married with children.**

For **store preference,** from **the** descriptive statistical table, singles have a mean of 1.730, married without children 1.597 and married with children 1.953; hence, we concluded that store preference is **more significant to married without children as compared to singles and married with children.**

3) **Age:**

From the previous part and table 3, we can conclude that **Age has a significant impact on aggregate outcome variable "Store Commitment"; however, it does not influence individual dependent variables, i.e.,** Store loyalty, the share of wallet, the share of visit, and store preference.

4) **Education:**

From the previous part and table 3, we can conclude that the educational level has an impact on aggregate outcome variable "Store Commitment"; however, it does not have a significant influence on individual dependent variables. ($p > 0.0125$).

5) **Income:**

From the previous part and table 3, we can conclude that **Income has a significant influence on all the** individual dependent variables**.**

For **store loyalty**, from the descriptive statistical table, income 20000 or less have mean of 1.683, 20001 to 40000 has mean 1.709, 40001 to 60000 has mean 2.038, 60001 to 80000 has mean 2.520, 80001 to 100000 has mean 1.833 and 100001 and above has mean 1.937. Hence it can be concluded that **Store loyalty is more significant to Income 20000 and less as compared to 20001 to 4000, 80001 to 100000, and 100001 and above, 40001 to 60000 and 60001 to 80000.**

For **Share of wallet**, from the descriptive statistical table, income 20000 or less has mean 1.764, 20001 to 40000 has 2.046, 40001 to 60000 has 2.125, 60001 to 80000 has 2.437, 80001 to 100000 has 1.850, and 100001 and above has mean 1.968. Hence it can be concluded that Share of wallet is more important to i**ncome 20000 and less as compared to 80001 to 100000, 100001 and above, 20001 to 4000, 40001 to 60000 and 60001 to 80000.**

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For **Share of Visit**, From the descriptive statistical table, for income 20000 or less has mean 1.432, 20001 to 40000 has 1.851, 40001 to 60000 has 1.870, 60001 to 80000 has mean 2.375, 80001 to 100000 has mean 1.650 and 100001 and above has mean 1.781. Hence it can be concluded that **Share of Visit is more significant to income 20000 and less as compared to 80001 to 100000, 100001 and above, 20001 to 4000, 40001 to 60000 and 60001 to 80000.**

For **Store preference,** From the descriptive statistical table, for income 20000 or less has mean of 1.511, 20001 to 40000 has 1.759, 40001 to 60000 has 1.788, 60001 to 80000 has 2.395, 80001 to 100000 has 1.641, and 100001 and above has 1.708. Hence it can be concluded that store preference is more important to i**ncome 20000 and less as compared to 80001 to 100000, 100001 and above, 20001 to 4000, 40001 to 60000 and 60001 to 80000.**

Conclusion:

Gender, Age, and Educational level have an impact on the aggregate outcome variable, "Store Commitment." However, it does not influence individual dependent variables i. e. Store loyalty, Share of Wallet, Share of Visit, and Store preference.

Thus gender, age, and education not able to influence significantly individual dependent variables. For age our results show there is no significant influence on store loyalty which is not as per previous research (Wakefield & Baker, 1998; East, Harris, Willson, & Lomax, 1995), but we think this may be due to the number of respondents in each particular group. We have more than 70% of respondents between 20 to 30 age group were as only 11 respondents from the 41 to 50 age group. Since till age of 50 years, we are generally self-dependent for purchase, and there is not an issue of visiting store for purchase.

Marital status has a significant influence on Store loyalty, Share of Visit, and Store preference but does not influence Share of Wallet. Income has a considerable impact on all dependent variables.

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