Relationship between the Retail Shopping Behavior (RSB) of Fast Moving Consumer Goods (FMCG) and Business Performance (BP) in Ampara Coastal Belt (ACB), Eastern Province (EP) of Sri Lanka (SL)

Abstract
Retail shopping behavior of fast moving consumer goods refers to the behavior of retail shoppers towards fast moving consumer goods. Because a large number of retailers are exploring opportunities locally and internationally retailers have to be aware of their shoppers. Therefore, this study tries to identify type of retail shoppers; to know motives or reasons for retail shopping; to find out retailers’ opinion about retail outlet environment; to identify availability of brands for retail shoppers and to know the relationship between shopping behavior and business performance. 120 retail shoppers who shop from retail stores which are located in Ampara Coastal Belt were selected in this study. It identified that of different types of shoppers, 75%, 71%, 71% and 65% were economic shoppers, nonpersonal shoppers, nonethical shoppers and nonapathetic shoppers. Shoppers ask for price when shopping. Retail shoppers did not shop from relatives’ groceries & grocer. They did not willfully shop from grocer. They thought the proximity rather than relatedness. 98% of the shoppers shopped for convenience location (proximity) motives or reasons. Shoppers opined that 76% of shoppers did not get courteous help from store personnel. 100% shopped for nice decor. 61% of shoppers felt uninterestingly when they entered into grocery. 67% of shoppers opined that stores had not a wide range of product i.e. choices. 62% expressed that groceries did not sell goods at low price. These were the opinions of shoppers regarding retail outlet environment. In case of availability of brands for retail shoppers, 72% of groceries had not quality products. 76% of stores did not have available alternative brands. 58% of shoppers were not brand loyalist. Finally, the relationship between shopping behavior and business performance were tested using bivariate correlation. Correlation analysis has been carried out as bivariate analysis after data reduction technique of PCA. Values of Pearson r correlation between type of shopper, motives for shopping, retail store environment, product variable and business performance are 0.447, 0.153, 0.091 and 0.254. It shows that all variable have poor relationships since the values are below 0.5.

Keywords: Business Performance, Fast Moving Consumer Goods, Retail Shopping Behavior.

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Background of the research problem (BОРP)

One retail shopper indicated unless a particular brand is not available they buy the same brand from other retail outlets nearby. There are a number of retail outlets in Oluvil. Retail outlets which are in the similar store environmental conditions are available road to road. Retailer shoppers quickly visit other to other retail outlet milieu. Further, some outlets do not have some specific brands demanded by shoppers. There is a symptom of unavailability of brand. Retailers do not keep the all the brand varieties demanded by shoppers. A varying budget is assigned to purchase FMCGs. Since price level is not steady retail shoppers spend a varying amount of money on FMCGs. Shoppers are concerned about cost of FMCGs. Shoppers shop goods for some reasons. They purchase willingly or unwillingly. There are economic shoppers. Retailers have to aware who are their shoppers. Declining number of retail shoppers, unavailability of some specific brands, etc. results in dynamic sales and profit for retail outlets. Performance of outlets varies due to different shopping behaviors.

Definition of the research problem (DОРP) and Research Question (RQ)

Once a particular brand is not available in a retail shop shoppers shop the same brand nearby other retail outlets. This statement clearly indicates that retailers do not maintain all sorts of product all the times. Retail shoppers have alternative retail outlets for their quick shopping. Retailers should know which retail store milieu do shoppers prefer? Further, some outlets do not have some specific brands demanded by shoppers. Retailers have unavailability of product line. They should know availability of product lines in retail store. A varying budget is assigned to purchase FMCGs. This statement indicates that retail shoppers like economy or value for money. Since price level is not steady they spend a varying amount of money on FMCGs. Retailers should know the reasons for retail shoppers' shopping behavior. In other words, they should know why shoppers shop?. Shoppers purchase willingly or unwillingly. Although retail shoppers like or dislike they shop due to necessary items. Retail shoppers are apathetic. Retailers should know the type of retail shoppers. In other words, who are retail shoppers?. Interview with retailers reveals that number of retail shoppers is declining during the past three years. Discussion with wholesalers acting as industry experts discloses there is a reasonable chance to guess number of retail shoppers have also increased during the last three years. Some other retailers indicated few more accounts than previous years. A focus group of retail shoppers revealed prices of daily consumed items (FMCGs) increase. Retail shoppers are interested in their value i.e. cheap price. However, shoppers did not reduce the quantity demanded by them.

Research problem lies on how is retailers' shopping behavior. In other words, is about who are the retail shoppers?, why they shop?, where (from which retail outlet environment)
they shop? and whether brand is available for shopping?. Shopping behavior results in dynamic sales and profit (performance) for retail outlets.

**Research objectives (ROs)**

In order to answer to the above sub five research questions, researcher set the following five objectives.

- To identify type of retail shoppers
- To know motives or reasons for retail shopping
- To find out retailers' opinion about retail outlet environment
- To identify availability of brands for retail shoppers
- To know the relationship between shopping behavior and business performance

**Significance of the research (SOR)**

Retailing has expanded internationally during the last decade. An unprecedented number of retailers are exploring opportunities for internationalizing their operations (Feinberg, et al, 1995). The globalization of retailing has been occurring for many years. However, academic research on international retailing has a relatively short history (Burt, et al., 2003). As the internationalization of the retail industry continues to expand study of this trend has increased. Retailers target markets. For instance, age cohort consisting of 18 to 44 year old is roughly about 49 % of the population and an obvious target market for retail marketers (Lee, 1995). There are few research avenues. Different researches are found in different countries. Few researches are found in Sri Lanka. There are few researches in non-western contexts inclusive Asian context specially, in Srilankan contexts. Very specifically, It is true there are rare or no researches in retail shoppers' behaviour in the context of Ampara District in terms of the refereed journals referred by the researcher. Therefore, this research fills the gap by doing research in shopping behavior on FMCGs and plays theoretical and managerial (retailers') importance.

**Research approach**

Research is approached in five ways such as objective evidences i.e. relevant empirical findings of previous studies, theories, cum theoretical frameworks and analytical models i.e. graphical models, research questions, research hypotheses and specification of information needed via literature reviews of journal articles.

**Shopping behaviour (SB)**

Consumer Behavior (CB) consists of three distinctive activities such as shopping, buying and consuming (Tauber, 1972). Shopping Behaviour (SB) is a distinct form of consumer behavior (Assael, 1987). More common shopping contexts or episodes are shopping for groceries, household items, clothing and gifts. According to Underhill (1999), shopping is more than the simple, dutiful acquisition of whatever is absolutely necessary to one's life. It is more than "grab and go" - you need corn...
flakes, you find the corn flakes, you grab corn flakes, you pay corn flakes and go. Shopping today involves multiple senses – sight, smell, taste, touch and hearing – as the basis for choosing or rejecting the brands, products, and more generally, retail environments (Undelhill, 1999). This proposed research is particularly about shopping for groceries which is termed by several diverse names such as retail shopping, grocery shopping, FMCG shopping, retail store shopping. Retail chain shopping and retail mall shopping are wider in scope than retail shopping.

Retail shopping in Sri Lanka

Dinuka Wijetunga and Ranjani Goonatillake (2003) did a research on Retail Banking. Ismail (2010) researched on determinants of retail customer satisfaction in banking industry in the Eastern Province of Sri Lanka. To the best of knowledge with respect to the refereed journals referred by the researcher, there is no research paper/s published in this topic.

Research framework

From the research approach, constructs and indicators have identified and the following research framework is suggested by the researcher as shown in figure 1.

This framework adopts some previous model. However, Independent constructs such as type of retail shopper and motives for shopping differs from previous models. Further, a new dependent construct is derived from literatures.

Operationalization

Measures and items are generated with citation from the identified constructs and indicators. Measures and items are based on indicators and constructs derived from a lengthy literature review.

Questionnaire structure

It consisted six components covering type of shopper, motives for shopping, retail store environment, product variable, and business performance. Researcher measures type of shopper (questions 10 to 13) using 7 point agreement likert scale; measures motives i.e. reasons for shopping (questions 14 to 16) using 7 point important likert scale; measures retail store environment (questions 17 to 20) using 7 point good likert scale; measures product variable (questions 21 to 22) using 7 point satisfaction scale and measures business performance (questions 23 to 26) using 7 point high likert scale. All these questions are closed ended questions.

In addition to these questions, demographic profile has both open ended and closed ended questions.

Pilot survey

Questionnaire was initially prepared by researcher in English Language. Researcher
himself translated it into Tamil language on his own. Then, the translated questionnaire was checked by Tamil Language fluent in South Eastern University. Pilot survey was carried out in Oluvil for easiness in few retail outlets. After pretesting of the questionnaire, there was ambiguity in few words in quickly capturing the idea from the questionnaire. Enumerators highlighted the words and they were modified in final version of the questionnaire. Researcher instructed to fill only 5 questionnaires per day. Then, enumerators have to proof-read again for the filled questionnaires. Data collection lasted for about one month (24 days). 200 questionnaires have issued. Response rate is 60%. Non response rate is 40%. Questionnaires were collected cleaned; post coded and entered using a Computer Applicant Assistant (CAA).

**Research design**

Research problem was defined by analyzing research background. In addition to that, researcher involved in discussion with decision makers, interview with industry experts, secondary data analysis and qualitative research in understanding and defining the research problem. Researcher identified alternative courses of actions, developed hypotheses, isolated key variables and examined relationship among the variables by exploratory design was verified quantitatively using conclusive research design. Only one sample of the respondents was drawn from the target population. Data were collected only once from this sample. Hypotheses were tested. Relationships between variables were also examined as a causal research design.

**Methodology**

Target population incorporates all Primary Sampling Units (PSUs) and all Secondary Sampling Units (SSUs). PSUs are research sites i.e. retail stores which are located in Ampara Coastal Belt. SSUs are the respondents i.e. retail shoppers who shop from retail stores. Representatively selected PSU are selected research sites i.e. selected retail stores which are located in Ampara Coastal Belt. Representatively selected SSUs are selected respondents i.e. selected retail shoppers who shop from selected retail stores.

Sample size was selected using the following formulae. \( n = (\sigma^2 * z^2) / D^2 \). Sample size was 120. Researcher faced difficulty in getting a sampling frame for PSUs and SSUs. Researcher tried to create a sampling frame for data collection. Retailers helped in giving the account holders names and cash retail shoppers. Initial sampling frame i.e. sampling list was prepared. Sampling frame has been prepared by Undergraduates studying in South Eastern University of Sri Lanka (SEUSL) residing in Coastal Belt of Ampara with the help of GramaNiladari in each village in the Belt. Sampling procedure is the multi-stage sampling. PSUs have been sampled
using Stratified sampling known as geographical stratum. SSUs have been sampled using Systematic Sampling -SS- Every 65th customer has been sampled (56209/854 = 65.8).

**Data presentation and analysis procedure**

Data were presented using simple bar chart, scatter plots and scree plots have been plotted for univariate, bivariate and multivariate data presentation. Frequency & percentage have been calculated for univariate analysis. Principal Component Analysis (PCA) has been undertaken prior to bivariate and multivariate analysis. Pearson r correlation, regression analyses have been performed as bivariate and multivariate data analyses. Hypotheses have been tested using Pearson r correlation and regression t tests. F statistics has been used for multivariate hypotheses testing. All these were done using SPSS with the version of 16.0.

**Findings and Conclusions**

Of the shoppers, 75%, 71%, 71% and 65% were economic shoppers, non-personal shoppers, non-ethical shoppers and non-apathetic shoppers. Shoppers ask for price when shopping. They did not shop from relatives groceries, did not feel about grocer and did not willfully shop from grocer. 98% of the shoppers shopped for convenience location (proximity). 76% did not get courteous help from store personnel. 100% shopped for nice decor. 61% of shoppers felt uninterestingly when they entered into grocery. 67% of shoppers opined that stores had not a wide range of product i.e. choices. 62% expressed that groceries did not sell goods at low price. 72% of groceries had not quality products. 76% of stores did not have available alternative brands. 58% of shoppers were not brand loyalist.

Correlation analysis has been carried out as bivariate analysis after data reduction technique of PCA. Values of Pearson r correlation between type of shopper, motives for shopping, retail store environment, product variable and business performance are 0.447, 0.153, 0.091 and 0.254. It shows that all variable have poor relationships since the values are below 0.5.

**Hypotheses testing using correlation and regression t test**

The first set of hypothesis indicated null is rejected and alternative one is accepted. This indicates that types of shopper are related to business performance. Similarly, the fourth set of hypothesis also indicated null is rejected and alternative one is accepted. This indicates that product variable is related to business performance. Therefore, both types of shoppers and product variables have the relationship with business performance. The second set of hypotheses indicated that null is accepted and alternative one is rejected, i.e. motives i.e. reasons for shopping is not related to business performance. This does not mean that there is no relationship between motives i.e. reasons for shopping and business performance. There is relationship. But, there is no linear
relationship between them. The third set of hypotheses also indicated null is accepted and alternative one is rejected, i.e. retail store environment is not related to business performance. This does not mean that there is no relationship between retail store environment and business performance. There is relationship. But, there is no linear relationship between them.

Regression analysis has been conducted as multivariate analysis. Regression model equals YO (business performance) = 29.519 + 10.785 x11 (type of shopper) + -.023 x21 (motives for shopping) + .013 x31 (retail store environment) + .090 x41 (product variable). Model summary indicates the value of R, R square and Adjusted R square are 0.656, 0.430 and 0.410 respectively. These values indicate that there are relationships between business performance, type of shopper, motives for shopping, retail store environment and product variable.

**Multivariate hypotheses testing and F statistics**

F statistics is used to know whether there is relationship among more than two variables in the population. Null hypothesis was there are no relationships among types of shopper, motives for shopping, retail store environment and product variable and business performance in toto. Alternative hypothesis was there are relationships among types of shopper, motives for shopping, retail store environment and product variable and business performance in toto. Since the sig (p) value is less than 0.05 we can reject the null and accept alternative hypothesis.

**Managerial implications for retail shoppers**

Retailers have to sell cheap items when demanded by shoppers. They have to make shoppers interested short term sales promotions. Store shelves have to be filled with a number of alternative options. Retailers have to differentiate their goods from others in terms of quality. Retailers can arrange brand awareness programmes with the help of the manufacturers. Values of Pearson r correlation between types of shopper, motives for shopping, retail store environment, product variable and business performance are below 0.5 showing poor relationships. Correlation and regression t tests describe the same results. But, F test proves the total relationship among all variables. However, types of shopper, motives for shopping, retail store environment, product variable and business performance are related to business performance. When retailers want to improve their outlets' performance such as sales and profitability they have to concentrate more on these two variables.

**Limitations and opportunities for further researchers**

Researcher limits his research scope into geographical area wise and field wise. Research is carried out in Ampara Coastal Region (ACR), Eastern Province (EP) of Sri Lanka (SL) and in Retail Shopping Behavior
(RSB) of Fast Moving Consumer Goods (FMCG) due to budget and the time limitations. Number of PSUs is taken by interviewing GN in respective areas. These figures can vary. So, SSUs depending on PSUs may sometimes be underestimated or overestimated. Demographic profile of the respondents has not been analyzed since the aim of the research is to find the relationship between variables. Model summary indicates the value of R, R square and Adjusted R square are 0.656, 0.430 and 0.410 respectively. These values indicate that there are relationships between business performance, type of shopper, motives for shopping, retail store environment and product variable. There can be complexities in interpreting these results which is out of the scope of the researcher.

**Originality**

A very few researches have been carried out in the filed of retail shopping behavior in groceries in ACB, Eastern Province of Sri Lanka. This research fills the gap for contributing to existing knowledge and for generating new knowledge. Principal Component Analysis -PCA- has been applied in Ampara Coastal Belt as the inception in this research field. Multi regression model has been generated which can be the key for the retail shoppers.

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