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Impact of promotional activities on consumers' behaviour at shopping malls in Coimbatore city

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Abstract

As customer's tastes and preferences are changing, the market scenario is also changing from time to time. Today's market scenario is very different from that of the market scenario before 1990. There have been many factors responsible for the changing market scenario. It is the changing tastes and preference of customer which has brought in a change in the market. Income level of the people has changed; life styles and social class of people have completely changed now than that of olden days. The present study is based on impact of promotional activities on consumer behaviour at shopping malls. Shopping malls are increasingly using promotional activities to differentiate the mall from competitors through image / brand communication, to increase traffic (visits) and to stimulate merchandise purchases, in an increasingly competitive environment characterized by over capacity and declining customers. The result shows there has been a significant impact posed by promotional activities of shopping malls in influencing the consumers' buying behavior.

Keywords: Shopping Malls, Consumers' Buying Behaviour and Technology

1. Introduction

Recently, the developers and investors are conscious of the benefits of retaining current customers, which are essential leading to the success of shopping center development. The effective marketing plan can draw more people and repeated customers to visit the 5 shopping arcade again and as a consequence enhance the sales revenue to the tenants and achieve stable and high rental income to the investors. Therefore, the developers are willing to put more financial and manpower resources to implement marketing strategy so as to enhance the attractiveness of the arcade and build up a good relationship with customers.

There has been a shift in the market demand in today's world. Technology is one of the major factors which are responsible for this paradigm shift in the mark. New generation people are no more dependent on hate market and far off departmental stores. Today we can see a new era in market with the opening up of many departmental stores, hyper market, shopper's stop, malls, branded retail outlets and specialty stores. In today's world shopping is not any more tiresome work rather it's a pleasant outing phenomenon now.

The present study is based on impact of promotional activities on consumer behaviour at shopping malls. Shopping malls is a new type of market which came into existence in India since 1994. It is a type of market where various kinds of products are available under one roof. My study is on determining the customer's buying behaviour of customer's in shopping malls and the satisfaction level of customers in shopping malls. My study will find out the current status of shopping malls and determine where it stands in the current market. This market field survey will help in knowing the present customers tastes and preferences. It will help me in estimating the customer's future needs, wants & demands.

Shopping malls are increasingly using promotional activities to differentiate the mall from competitors through image / brand communication, to increase traffic (visits) and to stimulate merchandise purchases^[1], in an increasingly competitive environment characterized by over capacity and declining customers^[2]. Owner/management groups that have a portfolio of malls have recognized a need to market themselves effectively^[3] given that the store mix

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¹LeHew and FairHurst, (2000)

²Shim and Eastlick, (1998); LeHew and FairHurst, (2000)

³Kirkup and Rafiq, (1999)

and product offerings of many regional shopping malls are very similar ^[4]. However, the changing consumer base is creating a need to better understand the requirements of a heterogeneous market composed of numerous diverse segments ^[5] making the use of mass market promotions more difficult.

Statement Of the problem

Whether impulsive or rational, a consumer does not want to spend much time in shopping going all the way to buy all the needs as and when required. Here comes for the rescue the terminology the Shopping Mall. Going for a purchase, a consumer tend to look out for various opportunities and benefits that could influence the behavior to purchase again and again. This research pertains to analyze the present consumer behavior in shopping at malls through promotional activities in Coimbatore city.

Status quo, being in a competitive business world the retailing industry has more brands in the battlefield facing stiff competition in every segment's targeted. The industry with various product brands and a magnitude of promotional activities arranged in tandem try to persuade the consumers' purchase decision. Thus the present study is an attempt to analyze the impact of promotional activities handled by shopping malls to influence the buying behavior. Thereby, the study tends to find out answers for the following question;

Review of literature

Taylor and Cosenza (2002) ^[1] conducted a study to examine the shopping choice behavior of an important and viable segment of teen market called, "Later aged female teen". The results revealed that typical later aged female teen made right choice especially for clothing products. Finally the groups desire to stay and shop at the local mall seemed to be a function of the mall composition and excitement.

Parsons (2003) ^[2] in his paper analyzed common promotional activities employed by shopping mall marketers, which were ranked by a sample of customers on their likelihood of encouraging increases in the two key performance indicators used by shopping malls – sales and visits. Whilst mall-wide sales are the preferred promotion, a combination of general entertainment and price-based promotions were found to be a strong alternative way to encourage visits and spending.

Anselmsson (2006) ^[3] in his study found selection as the most important determinant of shopping mall choice, followed by atmosphere / ambience of the mall and third most important determinant of satisfaction was convenience, which includes opening hours, parking, ease-of-movement and ability to find one's location in the mall. If shopping mall enjoys high visiting rates, a better strategy might be to focus on present customers and build relationships by improving satisfaction management. The focus would then be on atmosphere, refreshments, convenience and performance of the store personnel. On the other hand, if a mall is behind competitors and needs to increase sales and visit frequency, management should focus more on promotional activities and location aspects in terms of improving geographical convenience.

³Levy and Weitz, (2001), Dunne, Lusch and Griffith, (2002); Solomon, (2002)

Objectives of the study

The following are the objectives of the study

- To analyze the perception of consumers in purchasing at shopping malls.
- To identify the factors of influencing consumers to purchase at shopping malls.

Hypotheses for the study

H₀₁: There is no significant relationship between the demographic variables of the respondent and Mode of payment of customers in shopping malls.

H₀₂: There is no significant relationship between the demographic variables of the respondent and Expenditure pattern of customers coming in to shopping malls.

Research methodology

Sources of data

The objectives of the project are such that both primary and secondary data is required to achieve them, so both were used for the study.

- **Primary data**

Data to be collected for analysis from the customers of mall is a structured questionnaire.

- **Secondary data**

Some of the data collected was also based on available information published in newspapers and industry journals, or that released by retail companies or shopping malls developers themselves via internet.

Sampling technique

For the purpose of the study 200 respondents from Fun Republic and Brooke fields shopping Malls has been selected applying Convenience Sampling method, since the population is infinite.

Statistical tools to be used

The following tools are to be applied for the study

- Simple Percentage analysis
- Factor analysis
- Chi – square

Limitations of the study

The following are the limitations of the study.

- This study is restricted only to Coimbatore city so the result may not be applicable to other areas.
- The finding of the study depends on the respondents' attitude.

Analysis and interpretation

This chapter deals with the analysis and interpretation of the study on with the sample size of 200 respondents from Coimbatore city. The collected facts have been categorized, tabulated with the following statistical measures for executing the objective of the study.

- Simple percentage analysis
- Chi – square
- Factor analysis

Simple percentage analysis

- Majority (51.5%) of the respondents are in age group of 20 to 30 years.
- Majority (54%) of the respondents are Female.
- Majority (58.5%) of the respondents are employees.

- Most (46.5%) of the respondents are Undergraduates.
- Majority (91.5%) of the respondents are Married.
- Most (50%) of the respondents are middle income group in shopping malls.
- Most (34%) of the respondents are monthly customers to visit shopping malls.
- Majority (64%) of the respondents stated yes for visiting retail outlet shopping malls
- Majority (60%) of the respondents expressed other Purpose behind visiting shopping malls.
- Majority (65%) of the respondents have garment outlet by their Demand for other retail outlets in a mall.
- Majority (70%) of the respondents stated that they will buy grocery Products mostly in shopping malls.
- Most (29%) of the respondents have more than 2000 /single visit Expenditure pattern of customers coming in to shopping malls.
- Most (35%) of the respondents at 1 hour to 1 1/2 hours' Time spent by customers in shopping malls.
- Majority (60%) of the respondents are spending their footfalls in weekends.
- Most (40%) of the respondents at 6 P.M – 10 P.M Customers preference of timing to visit shopping malls.
- Most (50%) of the respondents are yes comparison of customers purchasing with planned list of products and purchasing products on unplanned basis.
- Most (50%) of the respondents are no Brand preference of customers in shopping malls.
- Most (40%) of the respondents are both clothes and grocery brand preference on different product category.
- Majority (55%) of the respondents expressed the cash payment Mode of payment of customers in shopping malls.
- Majority (65%) of the respondents of product variety are they factors which encourage customers to come in to shopping malls.
- Most (36%) of the respondents are ok in the Services of the sales personnel in shopping malls.
- Most (40%) of the respondents stated that two wheeler will be the Customers' mode of transport to shopping malls.

- Majority (45%) of the respondents are both adequate and inadequate parking space availability in shopping malls.
- Majority (43%) of the respondents strongly agrees that there is shopping malls competition from other organized retailers and unorganized retailers.
- Most (24%) of the respondents strongly disagree to sales person.

Factors influencing the consumers to purchase at shopping malls

Factor Analysis technique has been applied to find the underlying dimensions (factors) that exists in the 10 variables relating to reasons for purchase at shopping malls.

Test significance

Two tests namely Kaiser-Meyer-Olkin measures of sampling adequacy (KMO) & Bartlett's Test of Sphericity have been applied, to test whether the relationship among the variables has been significant or not as shown in table 1

Table 1: KMO and Bartlett's Test of Sphericity

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.574
Bartlett's Test of Sphericity	Approx. Chi-Square	212.575
	Df	45
	Sig.	.000

The result of the test shows that with the significant value of .000 there is significant relationship among the variable chosen. KMO test yields a result of 0.574, which states that factor analysis can be carried out appropriately for these 10 variables which are taken for the study.

Factor Extraction

Using the Principle Component Analysis four factors have been extracted based on the variance (Eigen value greater than 1). Table 2 shows the percentage of variance, cumulative percentage and the total variance of the variable identified for the study.

Table 2: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.970	19.696	19.696	1.970	19.696	19.696	1.637	16.371	16.371
2	1.669	16.687	36.383	1.669	16.687	36.383	1.555	15.550	31.920
3	1.203	12.027	48.411	1.203	12.027	48.411	1.530	15.301	47.221
4	1.171	11.714	60.125	1.171	11.714	60.125	1.290	12.904	60.125
5	.919	9.194	69.319						
6	.785	7.848	77.167						
7	.695	6.954	84.121						
8	.621	6.210	90.331						
9	.515	5.145	95.476						
10	.452	4.524	100.000						

Extraction Method: Principal Component Analysis.

The four factors extracted together account for 60.125% of the total variance (information contained in the original ten variables). This is pretty good, because we are able to economize on the number of variables (from 10 we have

reduced them to

4 underlying factors), while we lost only about 40% of the information content (60% is retained by the 4 factors extracted out of the 10 original variables).

Table 3 gives the factor matrix (where PCA) has extracted 4 factors with the coefficient called factor loadings. These loadings are the correlation between the factors and the variable.

Table 3: Component Matrix

S. No.	Reasons	Component			
		1	2	3	4
1	General Characteristics: a)Open during convenient shopping days and hours	.157	-.170	.772	.174
2	Physical Evidence: a) Cleanliness and Display of fresh arrivals	.480	.545	-.051	.360
3	Products Characteristics: a) Reliable/dependable products	.457	-.221	-.391	.424
4	Price charged by the store: a)Price bundling (e.g. buy 1 get 1 free)	.168	.627	-.336	.283
5	Time saver	.589	.162	.496	.203
6	Cost saving	.433	-.673	-.251	-.110
7	Personnel/Staff of store: a) Attractive with pleasing personality and friendly manner.	.386	.104	.041	-.472
8	Promotion/advertising by the store: a) Helpful in decision making and quality and style of advertising.	.653	-.151	-.151	-.344
9	Customer services: a) Easy credit terms and good product guarantee.	.339	-.503	.028	.377
10	Branded products and brand reputation	.504	.368	.057	-.464
Extraction Method: Principal Component Analysis.					
a. 4 components extracted.					

Table 4 shows the proportion of the variance explained by the 4 factors in each variable. The proportion of variance is explained by the common factors called communalities of the variable.

Table 4: Communalities

S.NO.	Reasons	Initial	Extraction
1	General Characteristics: a)Open during convenient shopping days and hours	1.000	.680
2	Physical Evidence: a) Cleanliness and Display of fresh arrivals	1.000	.659
3	Products Characteristics: a) Reliable/dependable products	1.000	.591
4	Price charged by the store: a) Price bundling (e.g. buy 1 get 1 free)	1.000	.614
5	Time saver	1.000	.660
6	Cost saving	1.000	.715
7	Personnel/Staff of store: a) Attractive with pleasing personality and friendly manner.	1.000	.385
8	Promotion/advertising by the store: a) Helpful in decision making and quality and style of advertising.	1.000	.591
9	Customer services: a) Easy credit terms and good product guarantee.	1.000	.510
10	Branded products and brand reputation	1.000	.608
Extraction Method: Principal Component Analysis.			

Rotation

Since the idea of factor analysis is to identify the factors that meaningfully summarize the sets of closely related variables, the rotation phase of the factor analysis attempts

to transfer initial matrix into one that is easier to interpret. Varimax rotation method is used to extract meaningful factors. This is given in Table 5

Table 5: Rotated Component Matrix

S.NO.	Reason	1	2	3	4
1	General Characteristics: a)Open during convenient shopping days and hours	-.014	-.186	-.061	.801
2	Physical Evidence: a) Cleanliness and Display of fresh arrivals	.066	.772	.139	.199
3	Products Characteristics: a) Reliable/dependable products	.696	.317	-.042	-.066
4	Price charged by the store: a)Price bundling (e.g. buy 1 get 1 free)	-.089	.756	.007	-.189
5	Time saver	.122	.306	.259	.696
6	Cost saving	.730	-.329	.260	-.082
7	Personnel/Staff of store: a) Attractive with pleasing personality and friendly manner.	-.038	-.026	.618	.031
8	Promotion/advertising by the store: a) Helpful in decision making and quality and style of advertising.	.393	-.003	.661	-.004
9	Customer services: a) Easy credit terms and good product guarantee.	.645	-.070	-.135	.267
10	Branded products and brand reputation	-.146	.214	.731	.078

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations

We notice that variables Products Characteristics:a) Reliable/dependable products, Cost saving, Customer services:a)Easy credit terms and good product guarantee have considered of 0.696, 0.730 and 0.645 on factor 1, this suggests that factor 1 is a combination of these variables. At this point, a suitable phrase which captures the essence of

the original variables to form the underlying concept, factor 1 could be named as “Cost factor”. Encase of the factor 2 columns, the variables Physical Evidence:a) Cleanliness and Display of fresh arrival, Price charged by the store:a)Price bundling (e.g. buy 1 get 1 free) have high considered of 0.772 and 0.756 respectively. This indicates that factor 2 is

the combination of these two variables and named as User friendly. Further all the variables which have high

considerers are combined with the concerned factor based on their scores as shown in table 6.

Table 6: Variables identified for Factor Scores

S. no.	Variables	Factor Name
1	Products Characteristics: a) Reliable/dependable products	Cost factor
2	Cost saving	
3	Customer services: a) Easy credit terms and good product guarantee.	User friendly
4	Physical Evidence: a) Cleanliness and Display of fresh arrivals	
5	Price charged by the store: a) Price bundling (e.g. buy 1 get 1 free)	
6	Personnel/Staff of store: a) Attractive with pleasing personality and friendly manner.	Effective promotion in malls
7	Promotion/advertising by the store: a) Helpful in decision making and quality and style of advertising.	
8	Branded products and brand reputation	Apt timing
9	General Characteristics: a) Open during convenient shopping days and hours	
10	Time saver	

Thus the 10 variables which were selected for the study, using principle component analysis have been reduced to 4 factor model and each factor have been given a name which is associated with the corresponding variables based on the values obtained from the rotated component matrix table.

Chi-square analysis

H₀₁: “There is no significant relationship between the demographic variables of the respondent and Mode of payment of customers in shopping malls.”

Table 7: CHI-SQUARE TEST-Demographic variables of the respondents and Mode of payment of customers in shopping malls by the respondent

S. No.	Variables	Value	Degrees of freedom	Asymp. Sig. (2-sided)	Significant or Not Significant
1	Age	59.579	12	.000	Significant
2	Gender	4.982	4	.289	Not Significant
3	Occupation	71.913	12	.000	Significant
4	Educational qualification	92.104	16	.000	Significant
5	Marital Status	24.510	4	.000	Significant
6	Time spent by customers in shopping malls	154.72	32	.000	Significant

From the Table 7, it is clear that the significant values of the demographic variables such as age, educational qualification, occupational status, marital status and Time spent by customers in shopping malls are .000. As the significant values are less than .05, the null hypothesis is rejected and the results shows that there exists significant relationship between the demographic variables like age, educational qualification, occupational status, marital status and Time spent by customers in shopping malls by the respondent with the mode of payment of customers in shopping malls by the respondent.

The significant value of gender is 0.289. As the significant value is more than .05, the null hypothesis is accepted and the results show that there exists no significant relationship between the gender and the mode of payment of customers in shopping malls by the respondent.

H₀₂: “There is no significant relationship between the demographic variables of the respondent and Expenditure pattern of customers coming in to shopping malls.”

Table 8: CHI-SQUARE TEST-Demographic variables of the respondents and Expenditure pattern of customers coming in to shopping malls

S. No.	Variables	Value	Degrees of freedom	Asymp. Sig. (2-sided)	Significant or Not Significant
1	Age	30.816	9	.000	Significant
2	Gender	1.402	3	.705	Not Significant
3	Occupation	41.296	9	.000	Significant
4	Educational qualification	42.611	12	.000	Significant
5	Marital Status	9.613	3	.022	Significant
6	Time spent by customers in shopping malls	122.82	24	.000	Significant

From the above table it is clear that the significant values of the demographic variables such as age, educational qualification, occupational status, marital status and Time spent by customers in shopping malls are .000. As the significant values are less than .05, the null hypothesis is rejected and the results shows that there exists significant relationship between the demographic variables like age, educational qualification, occupational status, marital status and Time spent by customers in shopping malls by the respondent with the Expenditure pattern of customers coming in to shopping malls.

The significant value of gender is 0.705. As the significant value is more than .05, the null hypothesis is accepted and the results show that there exists no significant relationship between the gender and Expenditure pattern of customers coming in to shopping malls.

Suggestions

- The consumers are facing more difficulty like theft fear, parking and salesmen’s persuasion in shopping malls so it is recommended that the management should take steps in reducing these inconveniences.

- Shopping malls should include more of branded products its product category so as to attract the brand choosy people to come in to shopping malls.
 - It should make different cash counters for different customers. Cash counter and credit card payment counter should be placed differently in order to reduce the rush and save the customer's time. This will be a kind of motivator for the customers of shopping malls.
 - The service of the sales person is needed to be improved. Personal care should be taken by the sales person for the customers so that the customers feel good.
 - During the off peak hour's shopping malls should provide some offers to its customers so that people would be encouraged to come to shopping malls during off peak hours. The customers who are present in the mall during the off peak hours of shopping malls will definitely go in to shopping malls if surprise offers are made at that time.
 - Customer grievances redressal department is needed to take proper care of customer complaints and queries. The person sitting at the help desk of shopping malls should be able to provide all necessary information to the customers whenever it is required.
 - The infrastructure is needed to be changed a bit during weekends as heavy crowd comes in to shopping malls during those days.
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Conclusion

The study shows a considerable increase of shopping malls in all the metro cities and small towns where a large section of middle class, upper middle class people are coming for shopping because of the following reasons:

Customers' convenience for shopping, items from food to clothing, grocery to electronics are available under one roof, better environment and improved customer service, competitive price with seasonal discount, various gift scheme, various options to the customer for choosing brand and variety, sample scope of promoting sales and enhance brand image, availability of parking space for their vehicle, Scope of employment at local area for various segments.

The study concluded that Promotion activities induce customers to consume products on the market thus increasing consumption rate and the sales volume. There is a strong relationship between sales promotion and the consumer behavior. As per this study sales promotional activities do have impact on consumer behavior. Majority of the customers of shopping malls belongs to business group. The sales promotion tools which help in quick sales are used in shopping malls to attract consumers to visit the store outlet approach to the product, know about its usage & stimulate to purchase but does not lead to purchase decision.

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