



Antecedents of rural and urban consumers' propensity to outshop and product specific outshopping behaviour



Jayesh D. Patel^a, Nishith Bhatt^b, Yupal Shukla^{c,*}, Dharmesh Gadhavi^c

^a V.M. Patel Institute of Management, Ganpat University, Mehsana, Gujarat, India

^b S.K. School of Business Management, H.N.G. University, Patan, Gujarat, India

^c V.M. Patel College of Management Studies, Ganpat University, Mehsana, Gujarat, India

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ABSTRACT

Retail sector survives in the face of severe competition caused especially by outshopping activity. Outshopping involves residents—urban or rural—of one area travelling to another area, usually larger retail developments, to buy goods. This practice is of special concern to retailers particularly when consumers outshop even if the product is available locally. This study aims to understand how psychographics influence the propensity to outshop among urban and rural consumers, and more specifically to find out which products they purchase. It analyzes a quota sample of 298 usable responses from urban and rural areas of northern Gujarat. A structured questionnaire was administered through survey approach. From an exploratory analysis, six factors were extracted and regressed with a propensity to outshop among consumers, followed by the analysis of variance to determine which products were outshopped by consumers. The study demonstrates that rural consumers' propensity to outshop is influenced by factors such as outlet prone, local involvement, and time saving opinions, urban consumers' propensity to outshop is influenced by travelling oriented, outshopping interests, and time saving opinions. Additionally, rural consumers outshop for sports goods and flooring materials, while urban consumers outshop for children's clothing and fancy items for women's use. This study can help retailers to tailor-make their communication strategies for rural and urban consumers. In addition, it can contribute significantly in understanding the retail flow for specific product categories, which in turn, can help retailers in designing marketing mix strategies for expanding their customer base.

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1. Introduction

Retail sector in India is currently a matter of interest for several reasons. First, the [India Retail Sector Report \(2013\)](#) notes that the sector is estimated to exceed US\$ 750 billion by 2015 ([Srivastava, 2008](#)). Secondly, the contribution of the sector to the GDP stands at around 20% and hence the sector presents a huge potential for retail planners. Thirdly, retailing in the rural sector has been witnessing deep changes, especially in the form of shopping habits—rural shoppers prefer to patronize multiple outlets in various retail settings ([Kotler et al., 2009](#)). Hence, competition in the form of “outshopping” has become focus of attention of the retailers.

Outshopping involves residents of an urban or rural area travelling to another area, usually to larger retail developments to

buy different types of goods ([Jarratt, 1998](#); [Broekemier and Burkink, 2004](#)). This practice is of particular concern to retail interests when customers outshop even if the product is available locally ([Tuli and Mookerjee, 2004](#)). [Tuli and Mookerjee \(2004\)](#) have explained outshopping in the Indian rural context as “consumer shopping outside his or her local retail space for goods or services which are also available within the village retail setup”, whereas [Varshney and Goyal \(2006\)](#) have defined outshopping as “movement of consumers from downtown to retail centers of suburbs or adjoining larger cities”. The phenomenon of “out of town” shopping is important not only from the managerial perspective, but also from planning and policy framing perspective. Hence, research into consumer outshopping behaviour is also significant. A handful of insights from research help both urban local planners to develop appropriate shopping facilities to serve communities and retailers to develop outshopping-specific strategy.

Outshopping seems to be highly prevalent in Asian countries ([Wang et al., 2010](#)), and India is no exception. The underdevelopment of retail centers in urban and rural areas of India and

* Corresponding author.

E-mail addresses: jayesh.jd@gmail.com (J.D. Patel), callnishith@yahoo.com (N. Bhatt), yss01@ganpatuniversity.ac.in (Y. Shukla), dharmesh.gadhvi@ganpatuniversity.ac.in (D. Gadhavi).

sparse presence of varied retail formats (Varshney and Goyal, 2005) present a good opportunity for retailers in India. It has become customary for consumers living in smaller towns to go outshopping and purchase a significant amount of goods from nearby malls.

It has been argued that rural markets are different from urban markets for two reasons: First, rural consumers' ability to discriminate is not the same as that of urban consumers, and secondly, the reference point used by rural consumers in making choices differs from that of urban consumers. Thus, it is imperative to study the assumed urban/rural variations in outshopping behaviour which can help companies plan their distribution, sales, and promotion strategies (Khare, 2013). This understanding will be critical to the success of retailers operating in the industry (Carpenter, 2008). Considering the extant review of literature, research that emphasizes factors involved in outshopping for urban and rural consumers would be a valuable contribution, both theoretically and practically.

Furthermore, it is seen that the pace of outshopping frequency varies from one product to another. Outshopping for products like groceries, home furnishings, furniture and semi-durables varies from products like jewelry, women's fancy dresses and life style products (Thompson, 1971; Papadopoulos, 1980; Hopper et al., 1991). Understanding the attractiveness for products as a means of outshopping is a matter of concern for retailing managers across the globe.

However, it has been noted that western research does not help much in understanding outshopping in the Indian context due to cultural and social differences, lack of proper city planning, and absence of proper infrastructure. Hence, the study aims to:

- investigate the influence of shopping orientation and consumer lifestyle on consumer propensity to outshop for both, rural and urban people, and
- examine the differences in outshopping behaviour among rural and urban customers with respect to various categories.

This paper begins with a review of literature on outshopping with a focus on psychographics and product-specific outshopping. Then the methodology is discussed followed by presentation of findings. Next come analysis and implications of the findings. The paper concludes with outlining limitations of the study and its future scope.

2. Outshopping behaviour: a review of literature

“Outshopping” is a retailing phenomenon which results in sales leakages from the local to surrounding communities (Piron, 2002). Recently, Lennon et al. (2009) have defined outshopping as a practice of leaving the local retail trade area to purchase a product or a service. On the other hand, Dawson and Garland (1983) and Jarratt (2000) have said that outshopping is travelling beyond one's own primary market to purchase goods. Focus on trade area begins with retail gravitational model developed by several researchers (Huff, 1964).

Till date, attempts have been made to define outshopping in terms of number of out of town trips (Hermann and Beik, 1968; Reynolds and Darden, 1972; Samli et al., 1983; Hawes and Lumpkin, 1984; Wee et al., 1988; Hopper and Budden, 1989; Hopper et al., 1991). On the other hand, outshopping was defined with regards to the proportion of expenditure incurred outside the area of residence (Samli and Uhr, 1974; Darden and Perreault, 1976; Papadopoulos, 1980).

Movement of people from one retail trade area to another in search of better options has been an area of study across the

continents for quite some time now (Varshney and Goyal, 2005; Khare, 2012). Outshopping seems to be highly prevalent in India, as retail infrastructure in urban and rural areas is yet to develop, and more importantly, because of insufficient presence of departmental stores in these areas (Varshney and Goyal, 2006).

2.1. Psychographics and outshopping

Psychographic dimensions help to understand the way an individual behaves under different shopping conditions (Roy and Goswami, 2007; Kuruvilla and Joshi, 2010). Prediction of consumers' shopping behaviour can be made based on their activities, interests, and opinions (Goswami, 2007). Activities, interests and opinions (AIO) are tools to measure lifestyle of an individual (Reynolds and Darden, 1972; Tam and Tai, 1998; Roy and Goswami, 2007). Shopping orientation has been defined as a lifestyle element and considered as a part of psychographics (Prasad and Reddy, 2007) which helps in the prediction of consumer behaviour (Sinha, 2003). In the last 40 years, researchers have regularly linked outshopping with consumer psychographics (Herrman and Beik, 1968; Reynolds and Darden, 1972; Laforge et al., 1984; Piron, 2002; Hawes and Lumpkin, 1984; Jarratt and Polonsky, 1993; Varshney and Goyal, 2005). Work in linking outshopping and psychographics has been recorded in many instances (Herrman and Beik, 1968; Reynolds and Darden, 1972). Moreover, it is proven that psychographics are a better choice than demographics in predicting outshopping behavior (Jarratt and Polonsky, 1993).

Darden and Perreault (1976) have concluded that regular outshoppers are both innovative and self-confident. Past studies have also indicated that outshoppers are less price-sensitive—it is a behavioural expression of their higher incomes. Moreover, frequency of outshopping can be seen more among the fashion-conscious people (Herrman and Beik, 1968). Further, evidence suggests that female outshoppers are more urban-oriented and not so time conscious (Reynolds and Darden, 1972). One study from India has revealed that whereas the need for socialization is seen more in inshoppers, self-confidence, interest in eating out, and comfort with traveling are more prevalent among outshoppers (Varshney and Goyal, 2006). In fact, only a few attempts have been made to study the effect of urban/rural differences on outshopping.

2.2. Urban/rural variations in outshopping

Researchers suggest that rural customers like to go for outshopping because limited selection and variety are available locally (Jarratt and Polonsky, 1993; Varshney and Goyal, 2006; Lennon et al., 2009). Rural outshopping can occur in two different ways: rural to rural outshopping and rural to urban outshopping (Varshney and Goyal, 2006). However, literature treats both as a single form (Jarratt and Polonsky, 1993; Marjanen, 1997; Broadbridge and Calderwood, 2002; Varshney and Goyal, 2006; Lennon et al., 2009). The studies on rural outshopping also suggest that rural outshopping is a result of negative attitude towards local retail trade area (Reynolds and Darden, 1972; Lumpkin et al., 1986; Polonsky and Jarratt, 1992; Jarratt, 1998; Varshney and Goyal, 2006).

Urban outshopping is ever-emerging area as customers prefer to go for outshopping even though products and options are available in their local area (Smith, 1999). Differences between city and suburban outshoppers were studied by Smith (1999), and he concluded that city outshoppers with good income and education were not satisfied with the local discount stores and services. The reason behind dissatisfaction of city outshoppers is their need for innovative and different experiences (Miller and Kean, 1997; Burns et al., 1999).

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