

## **IMPACT OF OCCUPATION IN SELECTING TYPE OF RETAIL STORES – A RESEARCH IN SAUDI ARABIAN CONTEXT**

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### **Abstract**

*This paper bring an over view of retailing in Saudi Arabia. This paper focuses on buying behavior of the consumer and role of occupation in purchase decision. The research is based on buying behavior from organized and unorganized retail in Saudi Arabia in Jazan region. Total sample size was 412. In these paper quotes of various researches paper is being taken into account that affects purchase decision. Here in this paper two important factors has been tested with occupation & its impact and that are attribute of consumer in choosing retail store and the other factor is store attributes. Primary Data was tabulated in SPSS 18.0 & Chi Square test was used to test the association between the occupation and attitude of customer in choosing the retail store and store attribute in purchase decision. There are certain factors which govern purchase decision in an individual like age, education, gender, income and occupation. Other significant determinants are price and quality of product which has significant role in purchase decision. It was also found that store attributes plays significant role with occupation in choosing the retail store.*

*Keywords: Consumer Behavior, Buying Decision, Organized Retail, Unorganized Retail, Store Attribute*

## INTRODUCTION

Saudi Arabian is the largest in retail sector in GCC representing 42% of the total council's market size followed Qatar (11%), UAE (29%). Last 10 years has shown significant growth in the field of retail sector which transferred the kingdom small unorganized retailing to organized retailing of hypermarkets and malls. The youth population leads to the growth of organized retail in Saudi Arabia. The country population reached 29.02mn in 2015 (Aljizera Capital Report). Presently Saudi Arabia is recorded the largest retail market in entire GCC with the approx. market size of USD69.0bn-USD70 (to EIU & Jones Lang LaSalle). The growth in the retail sales volumes and the sales was driven by the increasing disposable income of the population due to high GDP growth rate of (10.7% CAGR over 2001–11), favorable demographic condition (2.9% population growth rate over the last decade) and increasing religious tourism.

As per A.T Kearney's 2011 Global Retail Development Index (GRDI) 5, Saudi Arabian retail market is considered to rank 7th terms of (i) future growth prospectus and (ii) offering investment opportunities at the current scenario. The organized retail sector in the kingdom is facing tough competition as the market is fragmented and its challenging to manage the high footfalls. So the key players are having great pressure to innovate their strategies like product differentiation, attractive pricing, entertainment related offering etc. The statistics states that the top five players capture 11.9% of the market share, which is much lower than that of the developed markets like United Kingdom, wherein the top five players holds 59% of the market share.

Currently the retailing in the KSA is changing the trends towards western retailing concept where it portrays malls, hypermarket and super markets. The buying pattern of the consumer has also been changed; the consumer buying behavior has shown a switch from traditional shopping towards modern purchase due to recently increase in the purchasing power of the individual. During the reign of King Abdullah the kingdom has shown a constant progress of growth in the field of education, health and commerce with this leads to the change in the occupation level of the inhabitants. There are 9.2 million expatriate workers in the Kingdom, with around 42 % employed in both the public and private sectors, as per new study (Arab News: Friday, 11 Oct. 2013). The United States ranked first as the most popular destination for expatriates, with 45.8 million foreigners, followed by Russia at 11 million, Germany at 9.8 million, Saudi Arabia at 9.1 million and the United Arab Emirates at 7.8 million. These skilled and unskilled manpower from different occupational field has given a new dimension in the field of retailing in the kingdom. To cope up with the diversified market, the retail industry is constantly upgrading their standards to meet the expectation of the foreign and national consumers.

## Scope of the Study

The scope of this research is limited to the province of Jazan of Saudi Arabia.

## Objectives of the Study

1. To examine the impact of occupation on buying decision.
2. To examine association between the occupation and type of retail Stores.
3. To examine association between occupation and attitude of Consumer towards retail store
4. To examine association between occupation and store attribute

## Hypotheses Proposed

H1: There is a significant association between occupation and type of retail Stores

H2: There is a significant association between occupation and attitude of Consumer towards retail store

H3: There is a significant association between occupation and store attribute.

## REVIEW OF LITERATURE

A report conducted by Myers et al., (2008) reflects that younger group consumers seek environment on the other hand the older class focuses on the leisure and convenience. He in his report again said that there are several factors that influence purchase decision and those factors are assortment, sale promotion activities, store location, store ambience, & schemes and in-store services. Hansen et.al (2005) in his study revealed that consumer behavior is a process of Normality Check where the data is collected analyzed evaluated and then purchase is made.

Kotler revealed that demographic factors such as age, gender, education, occupation plays an important role in making purchase decision. Kollmuss et.al (2002) in their research says that there is relationship between income level of individual and buying behavior as income, age are the important determinants of purchase decision. Hugar & VijayKumar (1996) in their research expressed that features such as education & gender have a significant impact on the quantity and frequency of purchase.

Webster, et.al (1975) in their study said that Income has positive impact with promotion response behavior of the consumer whereas some researcher considers negative impact. Some researchers revealed that there is no relationship with some factors like education, income and the type of the housing on response of consumer

Kalafatis et.al (1999) in their study mentioned that age is also an important factor in the buying behavior like according to research the youth shoppers most likely to seek the entertainment while shopping.

Chang & Wildt (1994) in their study mention that product attributes & price are the important determinants which effect buying decision; as price provides an evaluation technique in consumer's mind.

Zhilin Yang et.al (2004) in their paper reflected that primary determinants of the online satisfaction are order fulfillment, customer services, ease of use, security/privacy and product portfolio. Bolton & Lemon (1999) in their paper expressed that equity concept refers to the customer's evaluation of what is right, fair, or deserved for the perceived cost of the offering. They further added that a satisfied customer is found to have a higher level of usage then those who are unsatisfied.

## **METHODOLOGY**

### **Research Design**

In this research paper the descriptive cross sectional study is made to Impact of occupation in selecting type of retail stores. Here the focus is made to examine the effect of occupation on buying decision of the consumer. The research comprises the explanatory study which was framed to take into consideration of quantitative research strategy. In this research the primary as well as the secondary data is being used for the analysis.

### **Sampling**

In order to identify the impact of occupation on buying behavior of the consumers, the consumer with age above 14 years were selected. Secondary data was collected from census report, journal and books whereas the primary data was collected randomly by choosing 500 respondents who were shopping at the chosen retail stores of Jazan City in the Kingdom of Saudi Arabia. They were handed with the structured closed ended questionnaire. From 500 respondents only 412 consumers participated in the current research which gives a response rate of 82.4 percent.

### **Analytical approach**

Primary Data was tabulated in SPSS 18.0 & Chi Square test was used to test the association Chi square is derived from following formula:

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

*O* = the frequencies observed

*E* = the frequencies expected

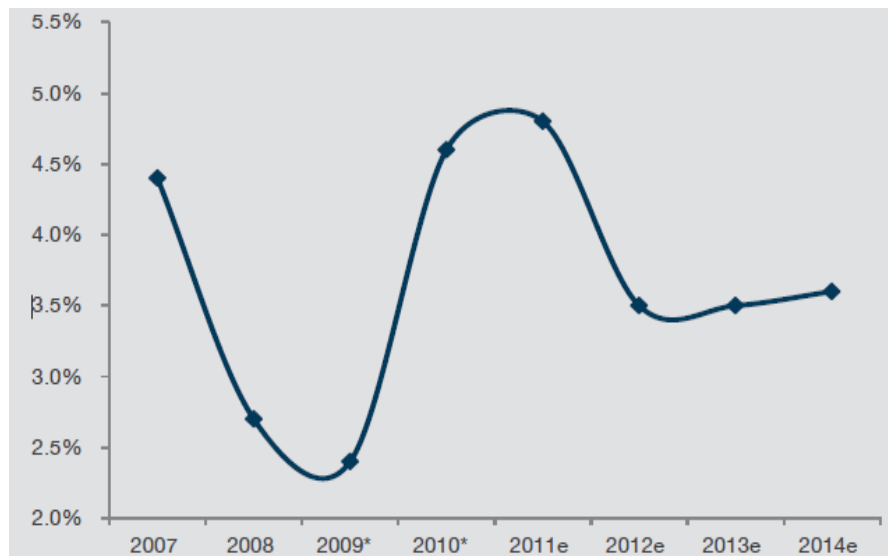
$\sum$  = the 'sum of'

Table 1: Return rate of the questionnaire

Description	N (%)
Questionnaire distributed in person	500
Completely filled questionnaire returned and r taken for the analysis	412
Response rate	82.4

## ANALYSIS & FINDINGS

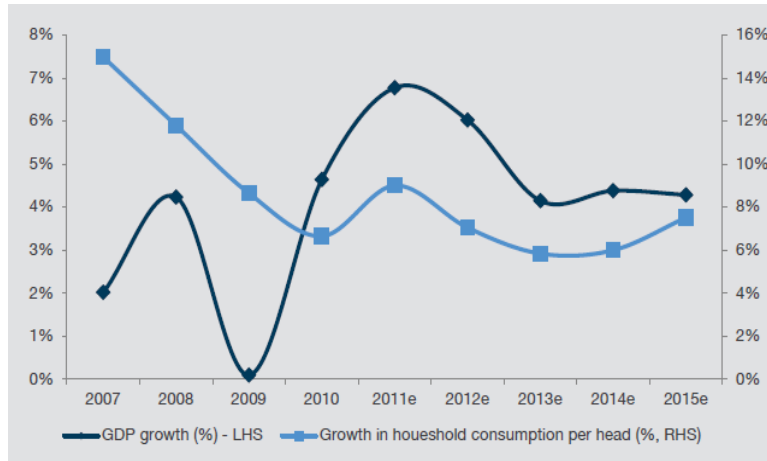
Figure 1: Growth of KSA Retail Sector (volumewise)



Source: EIU, 2010

Here in the figure we can easily evaluate that from 2007 till 2009 there is phase of decline in the retail volumetric growth due to slower down of the economic then after 2009 there is significant growth been observed till 2011 then again it declined till 2012 and now it is showing the signs of growth.

Figure 2: KSA GDP growth Vs growth in house hold consumption per head



Source: EIU, Feb 2012

### Demographic Profile of the Respondents

Figure 3: Total Percentage of population (Gender-wise)

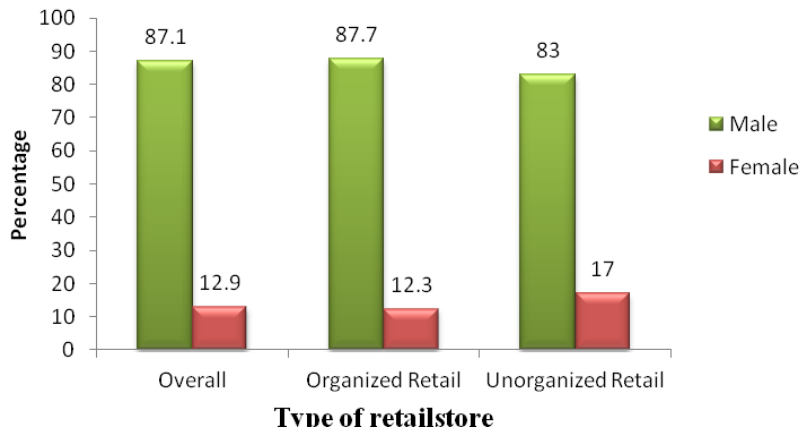
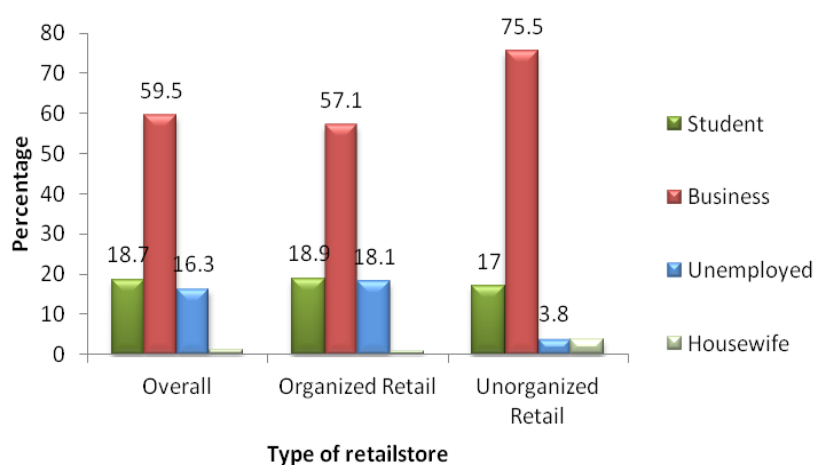


Figure 4: Population Mix in the sample (Occupation-wise)



## Hypotheses Testing

*H0: There is no association between the occupation and type of retail store.*

*H1: There is association between occupation and type of retail store.*

Table 2: Association between Occupation VS Type of retail Stores

		Type of retail		Total
		Organized Retail	Unorganized Retail	
Occupation	Student	70 19.49%	10 27.85%	80 19.41%
	Business	205 57.1%	39 75.5%	244 59.2%
	Unemployed	63 17.54%	2 0.55%	65 15.8%
	Housewife	21 5.8%	2 3.8%	23 5.6%
Total		359 100.0%	53 100.0%	412 100.0%

Phi value- 0.188, p-value-0.006 < 0.01

The table compares the occupation and type of retail store. It is observed that most of the respondents are student prefer type of retail store. From the observed Phi-value of 0.188 and p value of 0.006, thus the p value is less than 0.05 so we reject the null hypothesis and accept the alternative hypothesis so we can say that there is association found between the occupation and type of retail store.

*H0: There is no association between occupation and attitude of consumer towards retail store*

*H1: There is association between occupations attitude of consumer towards retail store*

Table 3: Association between occupation VS attitude of Consumer towards retail store

Type of retail			Attitude of Consumer towards choosing retail store				Total
			X <sub>1</sub>	X <sub>2</sub>	X <sub>3</sub>	X <sub>4</sub>	
Organized Retail	Occupation	Student	25 22.12%	38 17.2%	2 8.7%	0 .0%	65 18.1%
		Business	82 72.56%	106 48.0%	18 78.3%	0 .0%	206 57.3%
	Unemployed	Unemployed	5 4.42%	59 26.7%	2 8.7%	1 50.0%	64 18.8%
		Professional	1 0.88%	2 .9%	0 .0%	0 .0%	3 .8%
	Housewife	Housewife	0 0.0%	16 7.2%	1 4.3%	1 50.0%	18 5.0%

Total		113	221	23	2	359
		100.0%	100.0%	100.0%	100.0%	100.0%
Occupation	Student	2	5	2		9
Unorganized Retail		5.3%	45.4%	50.0%		17.0%
	Business	31	6	2		39
		81.6%	54.5%	50.0%		73.6%
	Unemployed	3	0	0		3
		7.9%	.0%	.0%		5.7%
	Professional	2	0	0		2
		5.3%	.0%	.0%		3.8%
Total		38	11	4		53
		100.0%	100.0%	100.0%		100.0%

Organized retail: Phi value- 0.388, p-value-0.00 < 0.01

Unorganized retail: Phi value- 0.416, p-value-0.165 > 0.05;

Here:  $X_1$ = Lifestyle

$X_2$ =Comfort in Shopping

$X_3$ = Relaxing Experience

$X_4$ = Income of Individual

In Table 2 we can see that in organized and unorganized retail the majority of the population consisted the business class. The table relates association of occupation and attitude of consumer. So from the data derived we can say that from organized retail store the Phi value is 0.388 and p value is 0.00, here the p value is less that 0.01 so we reject null hypothesis and accepts alternative hypothesis which means that for organized retail store there is association been found between occupation and attitude of consumer.

Whereas from unorganized retail the derived phi value is 0.416 and p value is 0.165 here it is to be noticed that p value is greater than 0.05 so in this case we will reject the alternative hypothesis and accept the alternative hypothesis. So we can say that for unorganized retail there is no association between occupation and consumer attitude towards retail store.

*H0: There is no association between occupation and Store Attributes*

*H1: There is association between occupations and Store Attribute.*



Table 4: Association between occupation VS store attribute

Type of retail			Store Attributes					Total
			Y1	Y2	Y3	Y4	Y5	
Organized Retail	Occupation	Student	25	22	20	2	0	69
			35.7%	66.7%	8.7%	8.3%	.0%	19.2%
	Business		24	3	156	20	1	204
			34.3%	9.1%	67.5%	83.3%	100.0%	56.8%
	Unemployed		20	5	36	2	0	63
			28.6%	15.2%	15.6%	8.3%	.0%	17.5%
	Professional		0	3	2	0	0	5
			.0%	9.1%	.9%	.0%	.0%	1.4%
	Housewife		1	0	17	0	0	18
			1.4%	.0%	7.4%	.0%	.0%	5.0%
Total			70	33	231	24	1	359
			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Unorganized Retail	Occupation	Student	4	4	2	0		10
			28.6%	40.0%	9.1%	.0%		19.6%
	Business		10	4	20	5		39
			71.4%	40.0%	90.9%	100.0%		76.4%
	Unemployed		0	2	0	0		2
			.0%	20.0%	.0%	.0%		3.8%
	Professional		0	0	4	0		4
		.0%	.0%	8.1%	.0%		7.8%	
Total			14	10	22	5		51
			100.0%	100.0%	100.0%	100.0%		100.0%

Organized retail: Phi value- 0.608, p-value-0.00 < 0.01;

Unorganized retail: Phi value- 0.591, p-value-0.030<0.05;

Here: Y1= Quality of Product

Y<sub>2</sub>= Better Price

Y<sub>3</sub>= Better Service

Y<sub>4</sub>= Better Ambiance

Y<sub>5</sub>= Offers the product which customer is looking

From table 3 we can analyze that from organized retail the derived Phi value is 0.608 and p value is 0.00 which is less than 0.01 so here in this case the null hypothesis is rejected and alternative hypothesis is accepted which is to say that there is association found between organized retail vs attribute of the store. Whereas from unorganized retail the derived Phi value is 0.591 and p value is 0.030 which is less than 0.05 so in this case this the null hypothesis is rejected and alternative hypothesis so we can say that there is association been found between occupation and store attribute.

## CONCLUSION

The paper brings the insight about the growth of organized retailing in the Saudi Arabia Kingdom. The increase in the youth population and shift of skilled and unskilled manpower leads to the growth of organized retailing in the kingdom. This changing scenario leads to the change in the life style of the population and leads to the change in the purchase behavior of the consumer. Shopping is no more a forced decision but is an act of entertainment too. The research show that there is closed association been monitored between occupation and consumer towards choosing the type of retail store. The organized stores offer more product and services as compared to unorganized retail stores. Here we can see that occupation has an behavioral impact on an individual. An engineer or a professor is more brand and quality oriented as compared an unskilled consumer who is busy in earning bread and butter. From the data collected and analyzed we can have a concrete opinion that occupation plays an important role in choosing the type of retail store. So occupation is an important determinant of purchase decision. We can also see that in organized retail occupation shows higher degree of association towards attitude of consumer towards choosing retail store whereas in unorganized retail store we can find no association between occupation vs attitude of consumer towards choosing retail store. On the other hand we can also see that in organized and unorganized retail store we can find association between occupation and the store attributes. This occupation is an open area of research in the current buying pattern of the consumer and especially in field of retailing.

This study is not free from limitations, which affects generalisability of the findings. The biggest limitation of this report is the sample size which is only 412 which cannot represent the total population of the country like Saudi Arabia. Other limitation is that the report is limited to the province of Jazan only which also cannot represent the whole Kingdom.

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