

An empirical study on factors of organised retail marketing that affect customer satisfaction

¹ P Daniel, ² Dr. MS Narayana, ³ P Vijay Kumar

¹ Asst. Prof, Dept. of Management Studies, NEC, Narasaraopet.

² Head, Dept. of Management Studies, NEC, Narasaraopet.

³ Prof., Director, School of Management Studies, JNT University, Kakinada.

Abstract

Transformation is one word which can best describe the state of the retail industry at a global and the Indian level. Retailers are a part of a dynamic world today. The retailer faces a more knowledgeable and demanding customers and since business exists to satisfy the needs of the customers, the demands and expectations of the customers often have forced retail organizations to change their formats and product offerings. While a large number of retail formats continue to exist in most markets across the world, what has also changed is the range of services offered. The customer demands convenience, and a certain level of comfort while shopping. Time required to shop and to a particular location is important factors that affect the customer's decision. This has led to the rise of specialists and the increase in the services offered by the retailer. The present study is aimed at studying the factors of organised retailing that affect customer satisfaction.

Keywords: Retail Marketing, Organised Retailing, Customer Satisfaction.

Introduction

Retail is a final stage of any economic activity. By virtue of this fact, retail occupies an important place in the world economy. In an attempt to understand the scope of the term retail, various definitions of the term have been examined. According to Philip Kotler, 'Retailing includes all the activities involved in selling goods and services to the final consumers for personal, non-business use. A retailer or retail store is any business enterprise whose sales volume comes primarily from retailing'. Any organization selling to final customers whether it is a manufacturer, wholesaler or retailer- is doing retailing. It does not matter how the goods or services are sold (by person, mail, telephone, vending machine or internet or where they are sold—in a store, on the street or in the consumer's home'). Retailing thus, may be understood as the final step in the distribution of merchandise, for consumption by the end customers.

Drivers of Retail Change in India

Socio-Economic Factors

Socio-economic factors are seen as fundamental to development. India is today a nation which has a large middle class, a youth population which is happy spending and a steady rate of growth of GDP.

Changing Income Profiles

Steady economic growth has fuelled the increase in personal income in India. The middle-class forms the backbone of the India market story and it is the rising incomes in the young middle-class population that is fuelling its growth.

The Age Factor

Compared with several advanced countries, where the overall population is aging, India is a very young nation, with more than 70% of its population below the age of 40, and more than

47% below the age of 20. This age distribution is of significance to marketers of goods and services. The increasing youth population which has also started earning early also increases the over all purchasing capacity in the country, and has implications on the productivity of labour.

The Changing Role of Women and the Evolving Family Structure

According to the 2001 census report, the population of working women has increased from 22 percent in 1991 to 26 percent in 2001. The increased economic independence of women has redefined the rules of social behavior. Apart from an increase in the family income, it has led to a change in the kind of products and services which are demanded.

The Changing Consumption Basket

Occupational changes and the expansion of media have made a significant change to the way the customer lives and spends his money. The increase in the contribution made by services is also a reflection of the new opportunities that are available to the youth in terms of job opportunities. The Indian population is today characterized by youth. Who also have the spending power. There is also an easier acceptance of Luxury and an increased willingness to experiment with the mainstream fashion, resulting in an increased willingness towards disposability and casting out, from apparels to cars to mobile phones to customer durables.

Review of Literature

Binta Abubakar and Val Ciulow (2002)^[1] examined 'Customer Satisfaction with Supermarket Retail Shopping. The study investigated the customer rating of importance of several attributes associated with supermarket shopping. Findings revealed that since retail format had become very standardized, corporate reputation was rated high and might be a source of

sustainable competitive advantage. Accessibility, quality of service especially the friendliness and efficiency of checkout personnel was considered important. It was found that large self service retail chains could not ignore the importance placed by customers on the attribute of service quality.

Anselmsson J (2006) [2] examined Sources of Customer Satisfaction with Shopping Malls: A Comparative Study of Different Customer Segments. He described that in the trading segment the basic achieving aspects of large shopping mall focused on the satisfaction of consumers in accordance with the environment of shopping mall, selection, policy of commodities, salespeople, location, refreshment, promotion activity and convenience.

Alisa Nilawan (2008) [3] examined the customers' satisfaction with Metro Mall at Sukhumvit station and explored the level of customers' satisfaction toward the existing services of Metro Mall at Sukhumvit station. The finding of the study revealed that the customers considered food and beverage shops, reasonable price compared with the product quality, modern decoration and location of mall, word of mouth and discount coupon available and prompt and attentive services of salespersons were the main factors influence customers on visiting Metro Mall at Sukhumvit station.

A. Sukumar (2009) [4] Explored customer satisfaction towards departmental stores in Coimbatore' found that a majority of the respondents were getting immediate rectification from the damages. Most of the respondents were getting the free door delivery service. A majority of the respondents were highly satisfied with the customer care service rendered at the stores.

Objectives of the Study

The present research study was carried out with the following objectives.

1. To find out the level of customer satisfaction towards Spencer retail outlet in Guntur District on the basis of identified performance evaluation parameters.
2. To explore the factors of customer satisfaction with reference to Spencer retail outlet in the Guntur District.
3. To study the impact of organized retailing on the customer satisfaction with special reference to Spencer.

Methodology

The population for the present study constitutes all classes of customers who are the regular purchasers and occasional buyers of Spencer retail store in the Guntur District. Exit interviews of 664 customers shopping from Spencer retail outlet located in the Guntur District was taken for the study. The sample for the present study was drawn by using Simple Random Sampling method in which every unit of the population will have an equal chance of being included as sample. The required data was collected from both primary and secondary data sources. Primary data was collected with the help of observation method and survey method. In order to elicit the views and opinions of the customers about various attributes of organized retail marketing on customer satisfaction data was gathered directly from the customers of Spencer with the help of a self structured questionnaire. The secondary data was collected through Books, Journals, Periodicals, Abstracts, Directories, Research

reports, Conference Papers, Newspapers and Magazines. Factor Analytical approach was used to define various attributes / features of customer satisfaction. The item responses were subjected to Principal Axis Factoring Method with Kaiser-Meyer- Oklin (KMO) Measure of Sampling Adequacy (MSA). Bartlett's test of sphericity was computed to find out whether the sample for application of factor analysis was statistically significant or not.

Results and Discussions

1. Majority of the respondents of Spencer retail outlet in Guntur District were satisfied with the various attributes of organised retailing.
2. From the results of factor analysis(Table 1) the factors of organised retailing was categorised in to Product attributes Store attributes Sales promotion Behaviour of sales personnel
3. Factor 1: Product attributes is the important factor accounting for 5.463% of variance. Item loadings ranged from 0.571 to 0.404. There were 5 statements in this factor. Mean scores of factor indicated that customers responded good to the statements related to Quality and variety of products (mean=3.59). It was observed that quality of products and variety of products affect customer satisfaction. (Table 2).
4. Factor 2: Store attributes is the important factor accounting for 9.067% of variance. Item loadings ranged from 0.628 to 0.255. There were 13 statements in this factor. Mean scores of factor indicated that customers responded good to the statements related to Quality and variety of products (mean=3.34). It was observed that location of the store, stacking of the products, entrance and walk ways contributed more to the customer satisfaction. (Table 4).
5. Factor 3: Sales Promotion is the important factor accounting for 6.5107% of variance. Item loadings ranged from 0.484 to 0.349. There were 5 statements in this factor. Mean scores of factor indicated that customers responded good to the statements related to Quality and variety of products (mean=3.38). It was observed that location of the store, stacking of the products, entrance and walk ways contributed more to the customer satisfaction. (Table 5).
6. Factor 4: Behaviour of sales personnel is the important factor accounting for 12.664% of variance. Item loadings ranged from 0.529 to 0.384. There were 6 statements in this factor. Mean scores of factor indicated that customers responded good to the statements related to Quality and variety of products (mean=3.22). It was observed that personal attention and sales presentations/ demonstrations found to be more satisfactory for the customers of Spencer in Guntur District.

Table 1: Results of Factor Analysis

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.684
Bartlett's Test of Sphericity	Approx. Chi-Square	3930.168
	Df	435
	Sig.	.000

Table 2: Product Attributes

Product attributes	Factor Loadings	Mean Scores	Standard Deviation
Quality of products	.406	3.93	.570
Variety of products	.571	3.64	.679
Unique and latest products	.515	3.39	.714
Branded products	.404	3.53	0.684
Value of merchandise for the money	.544	3.63	0.76
Packaging	.669	3.47	0.912

Eigen Value = 1.639

Percentage of Variance = 5.463

Table 3: Store Attributes

Store attributes	Factor Loadings	Mean Scores	Standard Deviation
Location of the store	.338	3.68	.694
Stacking of the products	.255	3.57	0.638
Sufficient and convenient billing counters	.293	3.50	0.626
Entrance and walk ways	.455	3.58	0.696
One-stop convenience	.347	3.49	0.692
Ambience	.256	3.33	0.703
Spacious shop floor	.315	3.25	0.774
Trolleys/Escalators	.581	2.96	1.047
Good food court	.572	3.12	0.861
Play station for kids	.628	3.08	0.874
Sufficient dressing rooms	.516	3.26	0.742
Shelf/Rack system	.389	3.34	0.778
Shelf/Rack system	.389	3.34	0.778

Eigen Value = 2.720

Percentage of Variance = 9.067

Table 4: Sales Promotion

Sales Promotion	Factor Loadings	Mean Scores	Standard Deviation
Promotional offers	.393	3.58	.695
Awareness of offers	.484	3.34	.682
Frequency of promotional offers	.349	3.19	0.624
Redemption of gift voucher/ Discount coupon	.469	3.46	0.682
Customer membership/loyalty programmes	.427	3.35	0.759

Eigen Value = 1.953

Percentage of Variance = 6.510

Table 5: Behaviour of Sales Personnel

Behaviour of sales personnel	Factor Loadings	Mean Scores	Standard Deviation
Personal attention	.384	3.50	.749
Sales presentations/ Demonstrations	.529	3.35	.748
Solving customer problems	.446	3.06	.757
Willing to handle customer queries/ Requests	.497	3.26	0.772
Knowledge of staff about store policies	.425	3.12	.737
Staff etiquettes	.462	3.04	0.85

Eigen Value = 3.799

Percentage of Variance = 12.664

Conclusion

From the study it was found that majority of the respondents were satisfied with the different attributes of organised retail marketing. A majority of the respondents were highly satisfied with the customer care services rendered such as quality of the products, variety of the products, promotional offers, stacking of the products sales presentations and personal attention of the staff.

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