

CUSTOMER SATISFACTION IN ORGANIZED RETAILING - AN EMPIRICAL STUDY OF RETAIL MALLS

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ABSTRACT

Customers evaluate customer service by comparing their perceptions of the service delivered with their expectations. Thus, to improve service, retailers need to close the gaps between the service delivered and the customers' expectations. This gap may be reduced by knowing what customers expect. Customer satisfaction is a growing concern among businesses throughout the world. Today, manufacturing and service companies, large and small, use 'satisfaction research' to determine the critical product and service attributes that provide customer satisfaction. This paper made an attempt to understand the influencing factors with respect to customer satisfaction in organized retail malls in India.

Introduction:

The success or failure of any business lies in maintaining the strong base of loyal customers. Irrespective of Size, nature of the business and location, maintaining the strong relationship with customer become an important issue for every organization, particularly in service sector. Keeping the customers and ensuring the customer satisfaction is thus very crucial for the success of all service firms.

Customers base their evaluations of mall service on their perceptions. When customers evaluate retail service, they compare their perceptions of the service they receive with their expectations. Customers are satisfied when the perceived service meets or exceeds their expectations. They're dissatisfied when they feel the service falls below their expectations.

Customer satisfaction is not negotiable. To make customer happy, retailers need to reduce the service gap (the difference between customer's expectations and perceptions of customer service). The critical step in providing good service is to know what the customer wants.

Retailers often lack accurate information about what customers need and expect. This lack of information can result in poor decisions. Retailers need to understand and analyze the consumer buying behaviour for many reasons, they are:

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- Buyer's reaction to a retailer's marketing strategy has a great impact on the retailer's success.
- The marketing concept stress that a retailer should create a marketing strategy that satisfies (Gives utility to) customers, therefore need to analyze what, where, when and how consumers buy.
- Retailers can better predict how consumers will respond to marketing strategies.

Customer satisfaction is a growing concern among businesses throughout the world. Today, manufacturing and service companies, large and small, use 'satisfaction research' to determine the critical product and service attributes that provide customer satisfaction. Hence, a research has been conducted to know the pulse of the customers and to trace out the influencing factors of customer satisfaction.

Objectives of the study:

The study is an attempt to observe some of the important influencing attributes of the customer satisfaction in the organized retailing.

- 1) To study and analyse the Product attributes, which leads to customer satisfaction in organized retail malls.
- 2) To study and analyse the Service attributes, which leads to customer satisfaction in organized retail malls.

Sources of Data:

To increase our understanding of shopping behavior, it was decided to conduct an exploratory study to identify major preferences among shoppers. It involved conducting a field survey in three selected malls. The customers were administered a structured questionnaire to collect the primary data.

Sample:

A sample size of 120 customers was selected from three retail malls from Hyderabad city namely, Hyderabad Central, Panjagutta; City Centre, Road no: 1, Banjara hills; and MPM mall, Abids. Sample is drawn from each mall 40 customers were selected with systematic random sampling.

Factor Analysis:

Factor analysis attempts to identify underlying variables, or factors, that explain the pattern of correlations within a set of observed variables. Factor analysis is often used in data

reduction to identify a small number of factors that explain most of the variance observed in a much larger number of manifest variables.

As the study explores the important factors which affect customer satisfaction, forty-five (45) variables were considered for the study (refer Table 1). After the factor analysis study, the influencing factors of customer satisfaction were named accordingly, the factors and their constitutes are:

Factor 1: **External Facilities:** Baggage counter, Lift/ Escalator, Parking, valet parking and Home delivery

Factor2: **Internal Facilities:** Flooring, A/C Comfort, Space available, Trial room, Children play and Rest area

Factor3: **Customer support staff:** Staff behavior, Staff receiving and service

Factor 4: **Trust on mall:** Accuracy in billing, Exchange of goods, Error free goods and Mode of payment

Factor5: **Store brands:** Price and Packaging

Factor6: **Hygiene facilities:** Dustbins, Toilets and Cafeteria

Factor7: **Products:** Varieties, Volumes and Availability latest models

Data Analysis:

To know the factors, that influence customer satisfaction, a survey has been conducted. In the questionnaire Forty-five variables were framed to identify various dimensions of customer satisfaction parameters of the mall and Seven factors had emerged, as explained above. The adequacy of the data is evaluated on the basis of the results of Kaiser-Meyer-Olkin (KMO) measures of sampling adequacy and Bartlett's test of sphericity (homogeneity of variance).

The KMO measure of sampling adequacy is 0.848, 0.845, 0.837, 0.871 for Hyderabad central, city center, MPM Mall and All Malls respectively. The values are indicating that the present data are suitable for Factor analysis. Similarly Bartlett's test of sphericity is significant ($p < 0.001$), indicating sufficient correlation exists between the variables to proceed with the analysis.(refer Table 1).

In the above question, respondents were asked to rate the satisfaction of Forty-five attributes related to a mall. A five point scale ranging from highly satisfied to highly dissatisfied. These data were analyzed through principal component analysis.

Findings:

- 1) Baggage counter and Lift/ Escalator are the most needed facilities for all customers in all malls.
- 2) Exchange of goods and Mode of payment variables are identified to increase the trust of Malls.
- 3) The customers expected to have hygiene facilities like Dustbins, toilets and cafeteria in the malls.
- 4) Product Volumes, Availability of latest models are the most expected variables which satisfies the customers.
- 5) Parking is one more important aspect in all malls, except in city center, which are needed high efforts to satisfy customers.
- 6) Price is also most cautious factor for customers, except to city center mall
- 7) In all malls (except City center mall), customers expected advice and good receiving from the customer support staff/ sales people.
- 8) Rest area, children play area, trial rooms are also have an equal importance in satisfying the customers.
- 9) In city center mall, the customers have given priority for an ambience of the mall.

Conclusion:

Ever rising aspirations of customers have sent signals in the market that they are looking forward for quality product, innovativeness, product width; attractive schemes and competitive pricing from the retailers. All these factors drive customers towards satisfaction. The research identified External facilities, Internal facilities, Customer support staff, Trust on mall, Store brands, Hygiene facilities and Products are the integral factors influencing customer satisfaction in Hyderabad central and MPM Mall. Where as in City Center mall, Basic Facilities, Hygiene Facilities, Customer Service and Products were identifies as an integral factors of customer satisfaction.

Table 1: Reliability Test

		Hyderabad central	City center	MPM Mall	All Malls
Kaiser-Meyer-Olkin of Sampling Adequacy		0.848	0.845	0.837	0.871
Bartlett's test of sphericity	Approx. Chi-square	20428.675	19226.975	18394.320	55514.727
	Df	1035	1035	1035	1035
	Sig.	0.000	0.000	0.000	0.000

Table 2: Comparison of Customer satisfaction variables in the malls:

	Factor I: External Facilities	Factor II: Internal Facilities	Factor III: Customer support staff	Factor IV: Trust on mall	Factor V: Store brands	Factor VI: Hygiene facilities	Factor VII: Products
Hyderabad central	Baggage Counter, Lift/Escalator, Parking, Valet parking, Home delivery	Flooring, A/C Comfort, Space available, Trial room, Children play, Rest Area	Staff behaviour, Staff receiving, service,	Accuracy in billing, Exchange of goods, Error free goods, Mode of payment	Price, Packaging	Dustbins, Toilets, Cafeteria	Varieties, Volumes, Availability latest models,
City center	Flooring, A/C Comfort, Music, Fragrance, Space available, Ambience, Baggage Counter, Customer service desk, Lift/Escalator, Trial room, Children play, Rest Area, Drinking water point			Display, mode of Payment, Exchange of goods		Dustbins, Toilets, Cafeteria	Volumes, Availability latest models,
MPM Mall	Baggage Counter, Lift/Escalator, Parking, Valet parking, Home delivery	Flooring, A/C Comfort, Space available, Trial room, Children play, Rest Area	Staff behaviour, Staff receiving, service,	Accuracy in billing, Exchange of goods, Error free goods, Mode of payment	Price, Packaging	Dustbins, Toilets, Cafeteria	Varieties, Volumes, Availability latest models,
All Malls	Baggage Counter, Lift/Escalator, Parking, Valet parking, Home delivery	Flooring, A/C Comfort, Space available, Trial room, Children play, Rest Area	Staff behaviour, Staff receiving, service,	Accuracy in billing, Exchange of goods, Error free goods, Mode of payment	Price, Packaging	Dustbins, Toilets, Cafeteria	Varieties, Volumes, Availability latest models,

Table 3: Initial Eigen values of Malls

S.No	Attributes	Total Eigen Value				% of Variation				Cumulative %			
		Mall 1	Mall 2	Mall 3	All Malls	Mall 1	Mall 2	Mall 3	All Malls	Mall 1	Mall 2	Mall 3	All Malls
1	Flooring	17.274	16.753	15.751	16.565	37.553	36.419	34.241	36.010	37.553	36.419	34.241	36.010
2	Lighting	3.399	3.635	3.789	3.514	7.390	7.902	8.238	7.640	44.943	44.321	42.479	43.650
3	A/C comfort	3.352	2.906	2.921	3.000	7.286	6.318	6.349	6.521	52.229	50.639	48.828	50.171
4	Store Cleanliness	2.142	2.650	2.562	2.377	4.656	5.761	5.570	5.167	56.885	56.400	54.398	55.338
5	Music	1.829	1.962	2.003	1.929	3.975	4.264	4.355	4.194	60.861	60.664	58.752	59.532
6	Fragrance	1.562	1.525	1.753	1.558	3.395	3.315	3.812	3.386	64.256	63.979	62.564	62.918
7	Space available	1.445	1.494	1.485	1.432	3.142	3.249	3.227	3.113	67.398	67.228	65.792	66.031
8	Ambience	1.378	1.271	1.373	1.366	2.996	2.764	2.985	2.969	70.394	69.992	68.777	69.000
9	Baggage Counter	1.224	1.141	1.245	1.209	2.661	2.481	2.707	2.628	73.055	72.472	71.484	71.628
10	Customer Service Desk	1.155	1.060	1.088	1.081	2.510	2.304	2.365	2.350	75.566	74.777	73.849	73.979
11	Lift/Escalator	0.924	0.986	0.992	0.937	2.008	2.144	2.157	2.038	77.574	76.921	76.005	76.017
12	Trial room	0.869	0.871	0.950	0.907	1.888	1.894	2.065	1.972	79.462	78.815	78.071	77.989
13	Children Play	0.834	0.807	0.873	0.811	1.814	1.755	1.898	1.763	81.276	80.569	79.968	79.752
14	Rest Area	0.733	0.732	0.776	0.759	1.592	1.591	1.687	1.650	82.868	82.160	81.655	81.402
15	Drinking Water Point	0.688	0.658	0.698	0.648	1.495	1.431	1.518	1.408	84.364	83.591	83.174	82.810
16	Dustbins	0.653	0.627	0.680	0.643	1.420	1.362	1.479	1.397	85.783	84.953	84.653	84.207
17	Toilets	0.632	0.576	0.611	0.606	1.374	1.251	1.328	1.318	87.157	86.205	85.981	85.525
18	Cafeteria	0.596	0.570	0.587	0.569	1.295	1.239	1.277	1.237	88.452	87.444	87.257	86.762
19	Parking	0.510	0.548	0.540	0.548	1.109	1.191	1.173	1.191	89.561	88.635	88.431	87.953
20	Valet parking	0.506	0.531	0.522	0.519	1.100	1.155	1.135	1.129	90.661	89.790	89.565	89.082
21	Exit/Entry points	0.446	0.492	0.475	0.482	0.969	1.070	1.032	1.047	91.630	90.859	90.598	90.129
22	Amenities	0.415	0.444	0.441	0.446	0.902	0.965	0.958	0.971	92.532	91.824	91.555	91.099
23	Home Delivery	0.376	0.396	0.416	0.406	0.818	0.861	0.905	0.883	93.349	92.685	92.460	91.982
24	Display	0.346	0.378	0.383	0.398	0.753	0.823	0.834	0.866	94.102	93.507	93.294	92.848

25	Varieties	0.305	0.329	0.328	0.343	0.662	0.716	0.713	0.747	94.764	94.223	94.007	93.595
26	Availability of latest models	0.293	0.312	0.305	0.323	0.638	0.678	0.663	0.701	95.402	94.901	94.670	94.296
27	Volumes	0.259	0.293	0.275	0.289	0.564	0.636	0.597	0.629	95.966	95.537	95.267	94.925
28	Packaging	0.231	0.250	0.259	0.267	0.502	0.545	0.563	0.581	96.467	96.082	95.830	95.506
29	Quality	0.207	0.229	0.250	0.247	0.450	0.498	0.544	0.537	96.918	96.580	96.374	96.043
30	Price	0.178	0.204	0.214	0.231	0.387	0.443	0.466	0.502	97.305	97.023	96.840	96.545
31	Gift wrapping	0.171	0.191	0.194	0.209	0.372	0.415	0.421	0.454	97.676	97.438	97.261	96.999
32	Accuracy in billing	0.156	0.167	0.166	0.183	0.338	0.362	0.362	0.398	98.014	97.800	97.623	97.397
33	Exchange of goods	0.146	0.159	0.165	0.169	0.317	0.347	0.359	0.366	98.331	98.146	97.982	97.764
34	Communication material	0.127	0.139	0.138	0.154	0.277	0.302	0.301	0.335	98.608	98.448	98.283	98.099
35	Error free goods	0.118	0.116	0.124	0.139	0.257	0.252	0.271	0.303	98.866	98.700	98.553	98.402
36	Mode of payment	0.101	0.102	0.122	0.132	0.220	0.223	0.266	0.286	99.086	98.923	98.819	98.688
37	Discounts	0.087	0.089	0.102	0.123	0.190	0.195	0.221	0.268	99.276	99.117	99.040	98.956
38	Receiving	0.068	0.073	0.079	0.084	0.148	0.159	0.171	0.182	99.424	99.277	99.212	99.139
39	Service	0.057	0.068	0.077	0.079	0.123	0.148	0.168	0.171	99.548	99.425	99.380	99.310
40	Advice	0.053	0.063	0.063	0.075	0.115	0.136	0.137	0.164	99.663	99.561	99.516	99.474
41	Behavior	0.042	0.053	0.053	0.058	0.092	0.114	0.116	0.127	99.754	99.675	99.632	99.601
42	Store brands Availability	0.036	0.048	0.051	0.052	0.078	0.105	0.111	0.114	99.832	99.780	99.743	99.714
43	Store brands Price	0.020	0.029	0.031	0.037	0.044	0.063	0.067	0.080	99.935	99.918	99.898	99.888
44	Store brands quality	0.017	0.020	0.026	0.028	0.036	0.044	0.056	0.062	99.971	99.962	99.955	99.949
45	Store brands packaging	0.013	0.017	0.021	0.023	0.029	0.038	0.045	0.051	100.000	100.00	100.00	100.00

Note: Mall 1 = Hyderabad Central ; Mall 2 = City center ; Mall 3 = MPM Mall

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