INFLUENCE OF DEMOGRAPHICS ON RETAIL CUSTOMER SATISFACTION AND ATTITUDE

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Abstract

Liberalization of the Indian economy in the nineties and the entry of big business houses in the retail business have brought the retail industry into focus. The Indian retail industry is valued at about $ 396 billion and is expected to grow to $ 785 billion by 2018; the industry is also the second largest employment provider after agriculture. The fast pace of the Indian retail industry presents many companies with a host of daily challenges. In today's competitive environment and with the growing importance of services, delivering superior quality services has become the basic retailing strategy especially in Apparel Retailing. Understanding customer demographics has become the central retailing strategy in order to enhance Customer Satisfaction. The present paper attempts to study the impact of demographics on retail customer satisfaction and attitude. A structured questionnaire was administered for data collection. Primary data collected from 550 respondents from four major retail trading areas in the state of Andhra Pradesh. Secondary data was collected from research databases, reports, journal articles etc. SPSS 17.0 was used for statistical analysis. The results will help the Retail service managers to plan and design their service strategies.

Keywords: Apparel Retailing, Demographics, Customer Satisfaction

1. INTRODUCTION

The sustained growth of Indian economy after liberalization has caught the world's business major's attention. India was the 12th largest economy in the world with a GDP of US$ 1.1 trillion in 2008 and is expected to become the fourth largest economy by the end of 2030. Indian Retailing is one of the fastest growing sectors, contributing to ten percent of the countries' GDP and is the second largest employment provider after agriculture. India has favourable demographics like a large young working population, growing number of nuclear

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families in urban areas, along with increasing numbers of working women and emerging opportunities in the service sector are the key growth drivers of the organized retail sector. According to AT Kerney, GRDI 2007 (Global Retail Development Index) India ranked top of the most attractive countries for retail development. Retail space increased from 22 million sq ft in 2002 to 101 million sq ft in 2007 and analysts expect it to exceed 415 million sq ft by 2019. Majority of the Indian retail market is unorganized (94 percent) and is getting organized (currently six percent) in the recent years. Organized retailing is projected to have grown at a rate of 37 percent in 2007 and 42 percent in 2008 and it will add USD 90 billion by 2018. India has a very favourable demographic young population and is undergoing a significant change; India's middle income group is currently around 25 percent of the total population (over 300 million) and is estimated to increase to 400 million by 2025. This middle-income segment would have about USD 2.8 trillion a year to spend.

The global textile and clothing industry was worth over US$4,395 billion (Cygnus Business Consulting & Research 2007), with clothing accounting for 60% of the market and textiles the remaining 40%. US, UK, Germany, France major market share is in larger formats of business in terms of retail space, Categories, Range, Brands, Volumes etc. The combined annual sales of the top ten global discount retailers reached around US$782 billion in 2006. By 2019, the top ten markets are expected to account for US$13.84 trillion in total retail sales, with approximately US$1.15 trillion in apparel sales. In India the apparel market is growing at 10 percent and is expected to reach $ 80 billion by 2018 (Data Monitor report, 2015) and India accounts for 12% of the Asia-Pacific apparel retail industry's value. After China, India is being perceived as the next country with the biggest 'Growth Potential'. The first decades of the 21st century will witness India as the major player in the apparel business.

Table 1: Major Retail Categories

Category	In US $ billion
Food & Grocery	275
Apparel	29
Pharmaceutical	25
Consumer Electronics	17
Jewellery & Watches	16
Home Furnishings	11
Personal Care	10
Eating out	5
Foot ware	4
Health& beauty Services	0.8
Others	24

Total	410 billion

Source: BMI report 2010

1.1 Need for the Study

Recent years are witnessing the sweeping changes in the general retailing business; mainly in apparel retailing. It was once strictly a made-to-order market for clothing has changed to a ready-to-wear market. With the growing competition, it become essential on the part of marketer to understand the dynamics of customer demographics and its impact on customer satisfaction and on customer attitude. Knowledge on customer demographics will make the retailer a competent model builder and frame appropriate retailing strategies.

Earlier researchers proved that customer demographics will significantly affect customer satisfaction and customer attitude, but it is very much important to know how customer demographics will effect customer satisfaction and customer attitude especially in apparel retailing and which demographic variables are significantly effecting satisfaction and attitude of apparel retail customers. In this connection the present paper studies the impact of customer demographics on retail customer satisfaction and attitude. The study identified those demographics variables significantly effecting customer satisfaction and customer attitude.

1.2 Review of literature

Hyun-Joo Lee et.al (2010) explored the relationships among demographic factors (Gender, age, education, and income), consumer traits (technology anxiety, need for interaction, and technology innovativeness), and intention to use retail self-checkouts. They found that demographic factors only indirectly influence intention to use retail self-checkouts through consumer traits and they concluded that individual differences in the use of retail self-checkouts can be attributed to consumer traits which are determined by some of the demographic factors.

Romi Sainy (2010) studied the effect of service quality on customer loyalty in retail outlets and also the impact of demographic variables on customer loyalty. Four demographic variables had been considered for the purpose of the study i.e. Age at two levels, gender, occupation as business and service and income as high and low. Retail store format considered for the study was departmental stores. A sample of 100 respondents was selected from Indore city in Madhya Pradesh. The findings of the study showed that there is a positive

effect of service quality on customer loyalty and three out of the four demographic variables showed a positive impact on customer loyalty.

K. C. Mittal and Anupama Prashar (2010) studied the variation in Retail Purchase Factors across customers with different demographics and geographic locations in food and grocery sector and suggested a way out for formulating retail strategy for the upcoming retailers. They found that the difference in lifestyles of people with different geographical and demographic setup leads to a product assortment preference.

Ruoh-Nan Yan and Molly Eckman (2009) explored whether and how individual and retail characteristics impact consumers' patronage behaviours at three popular retail locations in the USA. They observed that shopping orientation, importance of retail attributes, and beliefs about retail attributes influence patronage behaviour.

G.S. Shergill and Y. Chen (2008) compared customers' perceptions of factory outlet stores (FOS) versus traditional department stores (TDS), and their purchasing preferences, related to demographic profiles. The study observed that four key factors exert critical influences on customers' perceptions: in-store customer service, brand images, physical features, and price and promotion.

Mrugank V. Thakor et al., (2008) studied young adults' response to fellow consumers who are middle-aged and old. The authors observed that the presence of older consumers affects young adults' attitude to the service as well as their patronage intentions.

Jason M. Carpenter (2008) studied the affect of demographic variables with the patronage behavior of a retail store. The study suggests developing strategies to capitalize on store brand opportunities within key product categories.

Dungchun Tsaia and Hsiao-ChingLeeb (2007) examined the effects of demographics and psychographics on price searching tendency and, in turn, on price recall.. They found that female, younger, or lower-household-income consumers as the targeted segment when they plan to offer price promotion programmes for frequently purchased products. This is because those consumers are more likely to have higher price consciousness, higher perceived financial constraints, or greater tendencies to be market mavens and, turn, have stronger price-searching tendencies and better price recall.

Ch. J. S. Prasad and D. Raghunatha Reddy (2007) investigated the influence of demographic and psychographic dynamics of consumers on organised food and grocery retail outlets. A total of 200 retail customers in Hyderabad were taken for the study. They found that the

perceptions and opinions of consumers vary while buying items in different types of retail outlets. Workingwomen and housewives are more likely to do shopping in supermarkets. Consumer's income levels play a pivotal role in the determination of demand for type of modern format. The results show that consumers are more sensible towards optimization of time and money while shopping.

Yoon Jin Ma and Linda S. Niehm (2006) studied the relationship of older Generation Y (Gen Y) customers' (18-27) shopping orientations to their expectations for retail services and assessed the importance and impact of service expectations and perceptions on customer satisfaction and loyalty when shopping for apparel in different types of retail outlets. They identified those Older Gen Y customers' expectations for service differed by store type, and their service expectations, service perceptions and service quality were related to retailer satisfaction and store loyalty.

Gopala Ganesh (1997) described the influence of culture and acculturation on the marital Decision making of Indian immigrants in the USA. He observed that age, income, occupation and education significantly vary decision making and spouse plays significant role in consumer decision making.

1.2 Objectives of the study

1. To study the effect of Demographics on Customer Satisfaction across the selected cities

2. To study the impact of each Demographic variable on Customer Satisfaction and Customer Attitude

1.4 Methodology

The study was conducted in the state of Andhra Pradesh and Telangana, India. Four major cities of the Andhra Pradesh and Telangana state namely Hyderabad, Vijayawada, Vishakhapatnam and Tirupati were selected; these cities are geographically located on the corners and represent the Coastal, Rayalaseema and Telangana regions of the undivided Andhra Pradesh State. Hyderabad is the metropolitan and capital city of Telangana and the other three are upcoming cities in the Andhra Pradesh State. The sample constitutes of 550 respondents, 250 respondents were drawn from the city Hyderabad and 300 respondents were drawn from all the cities of Vijayawada, Vishakhapatnam and Tirupati. The respondents were chosen from the popular malls situated in the respective cities, systematic sampling was adopted and every fifth customer coming out of the mall was included in the sample. A

structured questionnaire (Annexure I) was administered for data collection. Primary data was collected from four major retail trading areas in the state of Andhra Pradesh and secondary data was collected from research databases, reports, journal articles etc. SPSS 17.0 was used for statistical analysis. The results will help the Retail service managers to plan and design effective service strategies.

2. Data Analysis

2.1 Impact of Demographics on Customer Satisfaction

H1: Demographics has an effect on Customer Satisfaction in all the Cities

To know the impact of customer demographics on customer satisfaction a chi-square test was conducted between demographic variables such as Gender, Marital Status, Age, Education, Income and Occupation and Customer Satisfaction. Customer Satisfaction was measured using 13 items on a five point scale (Annexure III). How customer satisfaction will vary according to demographics was studied across the four selected cities. The chi-square results (Table 2) indicate that there is a significant effect of demographics on customer satisfaction except in the city Vijayawada as the *Asymp.sig* value is .068 which is higher than standard value of .05. In the rest of the cities Vishakhapatnam, Tirupati and Hyderabad customer demographics are significantly effecting customer satisfaction as their significant value is less than 0.05. Hence the hypothesis H1 is not accepted. This indicates that the effect of demographics on customer satisfaction will vary according to city.

H2: Each Customer Demographic variable has an impact on customer satisfaction across the cities

Results indicated that in the city Vijayawada, Age, Education, Income and Occupation are significantly effecting Customer satisfaction whereas Gender (.317) and Martial Status (.317) were insignificant. It is observed that except the demographic variable -Income all the demographic variables Gender, Marital Status, Age, Education and Occupation are significantly effecting customer satisfaction in the city Vishakhapatnam as their significant values were less than 0.05. In the city Hyderabad, Marital Status (0.255) was insignificant and Gender, Age, Education, Occupation variables are significantly affecting Customer Satisfaction. Hence the hypotheses H2 is not acceptable.

Table 2: Chi-Square Test Statistics for Demographics and Customer Satisfaction

City Name		gender	marital status	Age	education	Income	occupation	Customer Satisfaction
Vijayawada	Chi-Square	1.000[a]	1.000[a]	52.100[b]	65.960[c]	62.840[c]	42.520[d]	35.000[e]
	Df	1	1	4	5	5	6	24
	Asymp. Sig.	.317	.317	**.000**	**.000**	**.000**	**.000**	.068
Visakhapatnam	Chi-Square	17.640[a]	12.960[a]	34.560[f]	51.080[c]	1.495c	44.800[g]	72.800[h]
	Df	1	1	3	5	5	7	17
	Asymp. Sig.	**.000**	**.000**	.000	.000	.276	.000	.000
Tirupati	Chi-Square	5.760[a]	10.240[a]	32.160[f]	75.040[f]	68.974[a]	201.560[c]	31.300[i]
	Df	1	1	3	3	5	5	12
	Asymp. Sig.	**.016**	**.001**	**.000**	**.000**	**.000**	**.000**	**.002**
Hyderabad	Chi-Square	11.664[j]	1.296[j]	101.560[a]	81.680[k]	83.465	115.056[l]	131.600[m]
	Df	1	1	4	5	5	7	29
	Asymp. Sig.	**.001**	.255	**.000**	**.000**	**.000**	**.000**	**.000**

Source: SPSS generated output

2.2 Impact of Customer Demographics on Customer Attitude

H3: Customer Demographics will affect Customer Attitude

 To study the impact of Customer demographics on customer attitude, chi-square test was conducted between demographics variables (Gender, Marital Status, Age, Education, Income and Occupation) and Customer Attitude. Customer Attitude was measured using 7 items on a five point scale (Annexure II). Results proved that in all the cities the Asymp.sig values are less than .05, indicating that there is a significant effect of customer demographics on customer attitude; hence the hypothesis H3 was accepted. The results are further interpreted that in the city Vijayawada, the demographic variables Gender and Marital Status, in the city Visakhapatnam the demographic variable Education and in the city Hyderabad, Marital Status doesn't have any impact on Customer Attitude.. In the city Tirupati all the demographic variables Gender, Marital Status, Age, Education, Income, and Occupation have

significant effect on customer attitude. These results indicate that the significant effect of each demographic variable on customer attitude may change according to city.

Table 3: Chi-Square Test Statistics for Demographics and Customer Attitude

City Name		Gender	Marital Status	Age	Education	Income	Occupation	Customer Attitude
Vijayawada	Chi-Square	1.000	1.000	52.100	62.840	65.960	42.52^d	28.960
	Df	1	1	4	5	5	6	15
	Asymp. Sig.	.317	.317	.000	**.000**	.000	.000	**.016**
Visakhapatnam	Chi-Square	17.640	12.960	34.560	1.495	51.080	44.800	39.440
	df	1	1	3	5	5	7	13
	Asymp. Sig.	.000	.000	.000	.276	.000	.000	**.000**
Tirupati	Chi-Square	5.760	10.240	32.160	68.974	75.040	201.560	84.140
	df	1	1	3	5	3	5	8
	Asymp. Sig.	.016	.001	.000	**.000**	.000	.000	**.000**
Hyderabad	Chi-Square	11.66^j	1.29^j	101.560	83.465	81.680	115.056	106.832
	df	1	1	4	5	5	7	17
	Asymp. Sig.	.001	.255	.000	**.000**	.000	.000	**.000**

Source: SPSS generated output

It is evident from the above table that customer demographics significantly affects customer attitude.

3. Conclusion

In today's competitive market, understanding and responding to Customer Demographics has become the core retailing strategy. The purpose of the study is to know the impact of customer demographics on customer satisfaction in Apparel Retailing. The study has identified that the effect of demographics on customer satisfaction changes according to city and also each demographic variable may not significantly affect satisfaction of the consumer. So it is very important on the part of Retailer to know, which population demographics are significantly affecting Customer satisfaction and Attitude and at what place. It is observed

that in the city Vijayawada, Customer demographics don't have much impact on Customer Satisfaction. In the cities- Visakhapatnam, Tirupati and Hyderabad there is significant impact of customer demographics on customer satisfaction. The Retailers in these cities should plan their retail mix according to the type of demographics they should consider the Age, Education and Occupations of the customers. The results of the study help the retailers to plan their merchandize according to the significant customer demographics and also develop effective promotional strategies for retaining the customers.

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Annexure 1: Items used for Measuring Service Quality

(Modified Retail Service Quality Scale RSQS)

Q1: The store has modern-looking equipment and fixtures (Lighting, Furniture,

Displays)

Q2: Materials associated with this store's service (such as shopping bags, loyalty cards

And Catalogues) are visually appealing

Q3: The store has clean, attractive and convenient physical facilities (restrooms, fitting

Rooms)

Q4: The store layout at this store makes it easier for customers to find what they need

Q5: The store layout at this store makes it easier for customers to move around in the

Store

Q6: When this store promises to do something (such as repairs, alterations) by a certain

Time, it will do so

Q7: This store provides its services at the time it promises to do so

Q8: This store performs the service right the first time

Q9: This store has merchandise available when the customers want it

Q10: This store insists on error-free sales transactions and records

Q11: Employees in the store have the knowledge to answer customers' questions

Q12: The behaviour of employees in this store instils confidence in customers

Q13: Customers feel safe in their transactions with this store

Q14: The employees in this store give prompt service to customers

Q15: Employees in this store tell customers exactly when services will be   performed

Q16: Employees in this store are never too busy to respond to customer's requests

Q17: This store gives customers individual attention

Q18: Employees in this store are consistently courteous with customers

Q19: Employees in this store treat customers courteously on the telephone

Q20: This store willingly handles returns and exchanges.

Q21: When a customer has a problem, this store shows a sincere interest in solving it

Q22: Employees of this store are able to handle customer complaints directly and

Immediately

Q23: This store offers high quality merchandise

Q24: This store provides plenty of convenient parking for customers

Q25: This store has operating hours convenient to all their customers

Q26: The Store accepts all major credit cards

Annexure II: Items used for measuring Customer Attitude

Q1: I used to say positive things about this store to other people

Q2: I will recommend this store if someone asks my advice

Q3: I encourage my friends and relatives to buy from this store

Q4: I will consider this store as my first choice to buy

Q5: I will visit the store again in the coming days

Q6: I will search and buy at lowest prices from other stores

Q7: I will switch to a competitor when I experience a problem with this store

Annexure III: Items used for measuring Customer Satisfaction

Q1: How satisfied were you with the price paid relative to the value of the service

Q2: This shopping trip at this store was truly a joy and highly satisfied

Q3: Compared to other things that I could have done, the time spent at this store was truly enjoyable.

Q4: I enjoyed the shopping at this store for its own sake, not just for the items I have purchased.

Q5: Shopping at this store was a complete waste of time.

Q6: Overall, I am satisfied with the decision to choose this store

Q7: While shopping at this store, I found just the item(s) I was looking for.

Q8: I spent more time in this store than I originally planned

Q9: This is my choice of store in which I regularly come to shop

Q10: The amount of time that I spent on looking around was fairly high

Q11: I bought more things than I expected at this store.

Q12: I paid most of my attention on items I plan to buy on this trip

Q13: It is very likely that I will purchase a product from this store in the future

Annexure IV: Brief about the Selected Cities

Hyderabad is the fifth largest metropolis in Indian and is the capital city of Telangana State. The city was founded by Muhammad Quli Qutb Shah in the year 1590. Hyderabad is one of India's most important economic centers and is also gaining much importance in the IT sector. The city acts as a shopping center for all varieties of products and services it draws customers from various parts of the state and is main distributing hub. Hyderabad retail space is exploding with single brand retail outlets, multi branded stores, shopping complexes and Malls. The city Apparel export park is the flagship of apparel industry in India exporting garments to EU, USA and UK.

The city is the foremost destination for major MNC's. The growth of Hyderabad's economy is largely due to the software services. The city is sometime referred to as "Cyberabad" owing to the presence of large numbers of IT Firms in the city.

The government gives highest priority to the industrial sector on account of the vital role it plays in balanced and sustainable economic growth. It plays a crucial role in the process of economic development by value addition, employment generation, equitable distribution of national income, regional dispersal of industries, and mobilization of capital, entrepreneur

skills and contribution to exports. The state's industrial policy is very liberal for huge investment in sectors like IT, Biotechnology and Pharmaceuticals. Traditional sectors such as textiles, leather, minerals, and food processing are also being developed for high value addition. Hyderabad being the capital of the state enjoys highest priority for investment

Vijayawada, being the third largest city and Business Center, It attracts customers from various places of Andhra Pradesh. The city is having good transportation facilities connected by Road, Rail and Air. The city is popular for Automobiles, Footwear, Textiles, Apparels, Education, jwellery, and Furniture businesses. After Hyderabad in Andhra Pradesh it is the preferred business location for majority of the business firms. The city was located on the bank of Krishna River.

Vishakhapatnam has flourishing industrial sector. From being a traditional fishing town to a prime industrial town at present, the city has covered a long distance, and has emerged as a major industrial hub of southern India. In addition to Rail, Road and Air Transportation the city has also International port. Vishakhapatnam is now in the expansion mode with rise of software industries and other manufacturing industries setting up their corporate offices. The city consists of prestigious industries like, Bharat Heavy Plate and Vessels Limited, Coramandel Fertilizers Limited, Rashtriya Ispat Nigam Limited, Hindustan Petroleum Corporation Limited, Hindustan Shipyard Limited etc.

Tirupati is a pilgrimage centre located in Andhra Pradesh, very popular all over the world; the sacred Lord Venkateswara temple is situated on the top of the Tirumala Hills. It is a popular tourist and business destination in India, lakhs of pilgrims visit Tirupati daily. There exists ample business opportunities in industries like Retail, Hotel, Tourism, Education etc.

As the Competition, Cost of real estate in Metropolitan cities is very high, now top MNC's and Indian Retail firms are looking to set up their new ventures in second rung cities which have huge business growth potential

Author's Profile

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