

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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