Factors Determining Retail Customer Satisfaction: A Study of Organized Retail outlets in an Indian Capital City

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Abstract: *Over the last two decades, Indian retail has grown both in size and volume. It is one among the fastest growing sectors in the economy. The change from unorganized to organized retailing has resulted in a significant shift in consumer behavior. The changing behavior of the consumers has demanded that the retailers to adopt innovative ways of offering different values to the customers. The study explores to find the factors determining the satisfaction of the retail customers. Structured questionnaires and scenarios formed data collection tools from 178 respondents in Bhubaneswar, the capital city of Odisha state. Descriptive statistics like percentage analysis and the weighted average and chi-square test were used to analyze and interpret the data. This study indicates that products, services, promotions and sales personnel play a vital role in the organized retailing sector. The findings suggest that the marketing strategies of retailers be a valuable tool for enhancing the retail business values and sales.*

Keywords: Customer satisfaction, Customer delight, Mall shopping, Marketing strategies, Organized retail, Organized formats

Introduction

India is the fifth largest retail hub globally. It is one among the few fastest growing sectors in the economy. By accounting for over 20percent of the country's gross domestic product (GDP), it contributes 8 percent to total employment, next to agriculture (www.reuters.com). The grown of the industry both in size and volume over the last two decades is remarkable. With a turnover of US4 25.44 billion in 2007-08 against US$ 16.99 billion in the previous year, the registered growth rate was49.73 percent (www.slideshare.com).The current estimated value of the business is about US$ 500 billion and is expected to increase to US$ 750-850 billion by 2015 and 1.3 trillion US$ by 2020 registering a growth rate of around 25 percent (www.rajeshthambala.blogspot.in, www.indianmirror.com, www.rasci.in, www.pwc.in).The retail industry with 92 percent share is largely unorganized leaving only 8 percent to organized sector implying more untapped market to develop. The organized retail is likely to grow much faster than the unorganized one. While organized retail is poised to grow at 25 per cent by 2020, the unorganized retail would be confined to around 5 percent (www.rajeshthambala.blogspot.in). This increase will result in a higher share in the growing retail market. With 7 percent of total retail in 2011-12, the organized retail is expected to grow at a CAGR of 24 percent and will reach 10.2 percent of the total retail by 2016-17 (www.ibef.org). Another estimate predicts that the share of organized retail will be 20 per cent by 2020.Mc Kinsey Global Institute (MGI) forecasts that Indian incomes are likely to increase three-fold over the next two decades. As such, it would help position India as the world's fifth largest consumer market worth US$ 1.52

trillion by2025 (www.iesingapore.gov.sg). Exhibit-I shows the future growth of the Indian retail industry.

Figure-1: Growth of the Indian Retail Industry (USD billion)
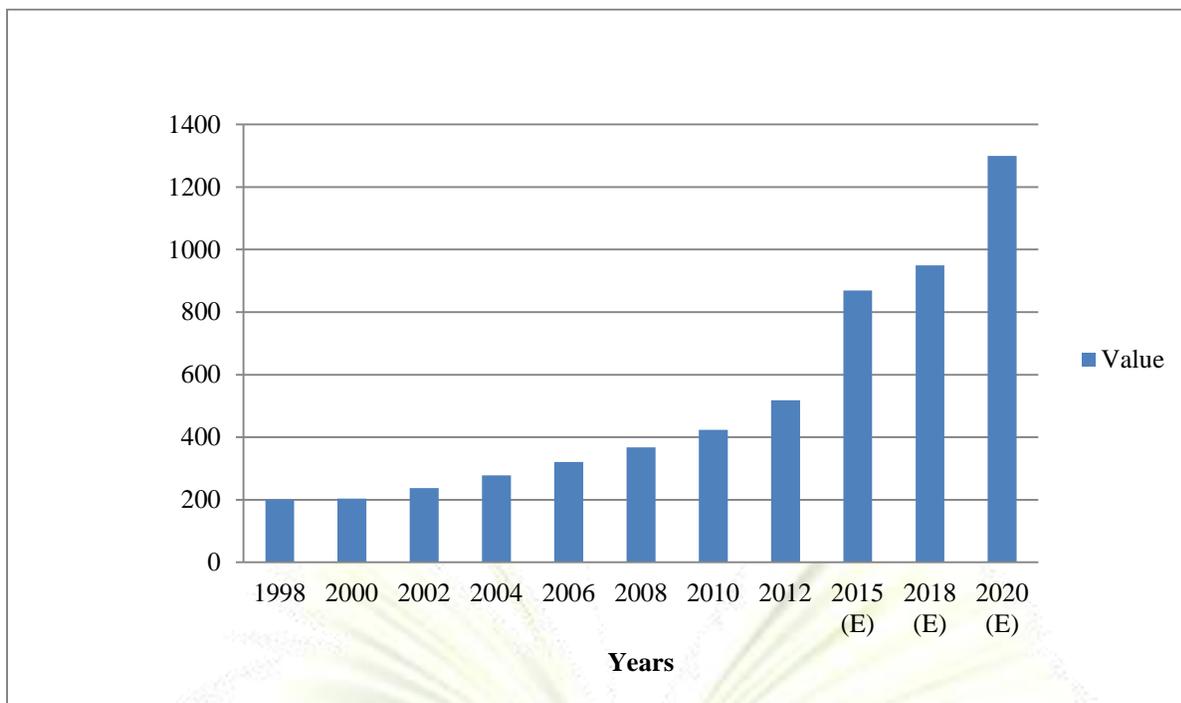
NB: E: Estimated,
(Source:Modified version figure with latest data shown in www.ibef.org/pages/indian-retail-industry-analysis-presentation)

Retail industry has now attracted global attention with more investment opportunities positioning India as the second most attractive destination for the retail investment (www.atkearney.com). The latest government policy on Foreign Direct Investment (FDI) allowing 100 per cent FDI in single brand and multi- brand retail has created a favorable climate for sustained growth. The inclusive growth policy of the government has primary contributed for the changing environment and vibrant growth of the sector. Nuclear families, higher education level and double income, easy access to credit, exposure to various brands and trendy products, and availability of retail space are the important factors for such phenomena (www.deloitte.com). The business houses understanding the retail industry environment have been focusing on both retaining the existing customers and alluring new ones to increase the market size. Therefore, customer satisfaction holds the key and is a major challenge in a competitive environment.

Research Issues

Indian economy is steadily moving on the path of the retail revolution. A great transformation is occurring in the behavior of Indian consumers due to changing lifestyles, rising expectations and emergence of young and dynamic class of customers. The growing middle class is redefining the lifestyle pattern as they are spending more on the purchase of both essential and luxury commodities. With the adoption of western lifestyle, they are becoming brand conscious. With the change in retail scenario, the users are also bound to look beyond traditional retail towards current formats although with some reservations. The purchase destinations are changing from local Kirana shopping to mall shopping. They are adopting modern retail with broad product assortment, good ambience, and better service with a number international brand in addition to national brands in the store. This changing behavior of the consumers has allowed a marked number of new entrants in the retail sector that necessitates a study of the factors that influence the retail shoppers to move towards organized retailing. A proper understanding of the reasons behind costumers patronizing a store is very crucial to draw attention towards the store, convert them into a buyer and retain him.

The opening up of retail industry with new formats has led to a sea change in the Indian retail environment. Both the existing and new players have focused experimenting with the emerging formats in the transformed Indian market. They have signaled towards the growth of modern formats in the country (Sinha and Kar,2007). The emergence of new formats like shopping malls, departmental stores, supermarkets, discount stores, hyper markets leads to a change in the preference of Indian consumers. Age, income, occupation and education are crucial demographic factors and play a crucial role in consumer buying behaviour. There is a requirement of customizing retail models as per the preference of consumers (Mathew and Gupta, 2008).Shopping behaviour of consumers varies according to age group (Moschis, 2003).The major contributors towards the growth of retailing are the young population below the age of 25 years (Ghosh et al., 2010; Arshad et al. 2007;Kaur and Singh, 2007). Organized formats should cater to the young generation. The swelling middle class, growing number of young customers and increase in spending are creating opportunities for expansion of organized retailing in the country (Dash et al. 2009; Jhamb and Kiran, 2012). While shopping, the young consumers are more focused towards entertainment while the older segments are more focused on convenience and leisure (Myers et al. 2008; Aggarwal, 2008; Bharadwaj and Makkar, 2007)

The increase in disposable income and education level are the important contributing factors for the growth of organized retailing in India. Convenience, product mix, store atmospherics and services are the main contributing factors towards store patronage decisions (Ghosh, Tripathy, Kumar, 2010). Product features like quality, price and availability of new products influence attitude of the customers in purchase decision-making (Choo, Jung and Pysarchik, 2004). Shoppers are giving more importance to the store attributes like proximity of the store, availability of merchandise and services (Sinha and Bannerjee, 2004).[20] Convenient location of the store is an important attribute in decision making. Along with this the consumers also consider other factors like price, image of the store, services provided and product assortment (Ailawadi and Keller, 2004). The change in the lifestyle of the consumers has influenced to a change in the design of the shopping malls. To attract the customers they are focusing more on entertainment centers and destination venues. So goods alone are not sufficient to retain the customers (White, 2008).

Gender makes a difference in buying motive and attitude. While shopping in the malls women have more positive attitude towards fashion related items than men. Both men and women spend two to four hours on average at the malls. Apparel, footwear and accessories are popular purchases both for men and women (Kuruvilla, Joshi and Shah, 2009). Value for money, customer delight, information security, credibility, and store-charisma and product excellence are the six contributing factors to the success of any shopping mall. Modern day customers whether budget shoppers or high shoppers want value for money, however, give equal importance to comfort and enjoyment (Devgan and Kaur, 2010).

Shopping is more than purchasing something what one wants. It also includes acceptance of the product, brand and the store by the consumer with the use of different senses like smelling, touching, hearing seeing and even testing of the product, wherever possible. The buyers are ready to pay once they are convinced about the quality and value for money. Indian consumers have become educated, demanding. They are rational and become price consciously. They want value for money but with some priority on price cut. The primary motive of preferring hypermarket is low cost, availability of everything under one roof and ambience of the store.

The review of past researches suggests that the customer's tastes and preferences have undergone a drastic change, thereby the lifestyle and the spending patterns have also seen a radical transformation giving rise to new opportunities. However, the focus has now shifted to convenience and comfort. The composition and dimensions of shopping have changed over time. For the present research five factors have been identified which are affecting the decision process of the retail consumer that include product attributes, store attributes, service variables, promotional variables and behavior of sales personnel.

Objectives of the Study

The broader objective of the study is to find out the factors that determine retail customer satisfaction in organized retail outlets in Bhubaneswar, the capital city of Odisha, an Indian state. The defined objectives are:

1. To examine the relationship between products features and customer satisfaction;
2. To find a relationship between store attributes and level of customer satisfaction;
3. To study the relationship between promotional variables and customer satisfaction;
4. To study the relationship between the service variables and customer satisfaction and
5. To find a relationship between the behavior of the sales associate and customer satisfaction.

Hypothesis

The following hypotheses were tested:

H_1 : There is a significant relationship between product features and customer satisfaction.
H_2 : A significant relationship between stores attributes and customer satisfaction exists.
H_3 : There is a significant relationship between promotional variables and customer

satisfaction.

H₄ : Service variables and customer satisfaction have a significant relationship.

H₅ : There is a significant relationship between behavior of sales associates and customer satisfaction.

Methodology

The present study focused on the shopping behaviour dimensions of consumer who visited the organized retail (s). It was carried on in Bhubaneswar, the capital city of Odisha state during May-June 2014 to find the factors determining the satisfaction of the retail customers. The respondents were the customers from organized retail like Big Bazar, Pantaloons, Vishal and Reliance Fresh. The participants for this study were shoppers who just exited from the store after shopping. The respondents were the shoppers who had visited the mall at least twice in the last two weeks and made a purchase of at least Rs. 2000 in the previous visit. A total of 175 customers were willing to give a response during the scheduled time of visit. The following table shows the data source with interview schedule:

Retail Outlet	Total Respondents	Sample Retained	Date of Interview	Time schedule
Big Bazzar	50	48	May 4,11, 2014	11.30-5.30
Pantaloons	45	39	May 18, 25, 2014	11.30-5.30
Vishal Mega Mart	40	39	June 1, 8, 2014	11.30-5.30
Reliance Fresh	40	24	June 15, 22, 2014	11.30-5.30
Total	**175**	**150**		

Based on the literature review, five variables were considered to identify important factors that are affecting customer's perception in choosing a particular store in the city. The variables were product attribute, store attribute, service variable, promotional attributes and behavior of the sales personnel. The structured questionnaire used comprised 5-point Likert scale from strongly agree to strongly disagree. With complete information, 150 responses were considered useful for analysis and interpretation. Descriptive statistics like percentage analysis and the weighted average and chi-square test were used to analyze and interpret the data. The data collected were tabulated, analyzed through SPSS version 20 and presented through tables.

Analysis and Findings

a. Demographic Features

From the analysis of the demographic statistics of the respondents shown in Table-1, it was found that maximum respondents were male (62%) and were less than 30 years of age (68%). About 83 percentages of the respondents were either graduates or post graduate. About occupation, 39 percent were service holders followed by households with 27 percent. About 71 percent of the respondents were in the monthly income group of Rs.20, 000 –Rs. 40000. The observation from the demographic analysis confirms the premises that that the young customers are a significant portion of the total retail market.

Table 1: Demographic Profile of the Respondents (N=150)

Demographic features	Variables	Percentage of Respondents
Gender	Male	62.00
	Female	38.00
	Total	**100.00**
Age	< 30 years	68.00
	31- 40 years	21.33
	>40 years	10.67
	Total	**100.00**
Education	Up to Senior Secondary	08.00
	Graduate	42.00
	Post Graduate	41.33
	Professionally Qualified	08.67
	Total	**100.00**
Occupation	Business	22.00
	Profession	10.67
	Service	38.67
	Household	28.66
	Total	**100.00**
Monthly family income	Below Rs.20,000	21.33
	20001-30000	36.67
	30001-40000	34.66
	>40001	07.34
	Total	**100.00**

Source: Primary data

b. Product Attributes and Customer Satisfaction

While looking at the overall customer satisfaction with respect to product attributes the availability of choices of brands appeared to be the most important factor followed by product quality and then product range (Table 2). The result from Chi-Square test indicates that there is a significant relationship between product features and customer satisfaction as the calculated value of 16.363 is less than the tabulated value 26.30 at 5% level of significance.

Table 2: Product Attributes and Level of Satisfaction (N=150)

Product Attribute	Level of Satisfaction (%)					Avg. Score (%)	Rank
	Highly Satisfied (5)	Satisfied (4)	Neutral (3)	Dissatisfied (2)	Highly Dissatisfied (1)		
Product Quality	48.67	40.00	06.00	4.00	1.33	20.57	2
Product Range	41.33	44.00	10.00	2.67	2.00	20.06	3
Value for Money	34.67	43.33	12.67	6.00	3.33	19.10	5
Variety of goods	42.67	39.33	12.00	4.67	1.33	19.61	4
Choice of Brands	47.33	42.67	06.00	3.33	0.67	20.66	1

Calculated value of X^2: 16.363 at 5% levels of significance, Table value-26.30
[Source: Field data]

c. Store Attributes and Level of Satisfaction

Table-3 indicates that the calculated value of Chi-Square is 15.02 which is less than the tabulated value of 26.30 at 5% level of significance indicates that there is a significant relationship between store attributes and customer satisfaction. While looking at the overall satisfaction level of the customers with respect to store attributes convenient location of the outlet stands first followed by proper lighting arrangement within the store and music played inside the store. Overall ambience of the store and parking facility also could not be ignored. Majority of the respondents were satisfied with store attributes implying that store attributes and customer satisfaction is closely related. Therefore, H_2 is proved.

Table 3: Store Attributes and Level of Satisfaction (N=150)

Store Attributes	Level of Satisfaction (%)					Avg. Score (%)	Rank
	Highly Satisfied (5)	Satisfied (4)	Neutral (3)	Dissatisfied (2)	Highly Dissatisfied (1)		
Location	28.67	34.67	12.00	16.66	08.00	20.36	1
Parking Facility	21.33	32.00	16.67	14.67	15.33	19.22	5
Store Ambience	24.00	40.67	14.00	14.67	06.66	19.93	4
Lighting	25.33	31.33	16.00	20.00	07.34	20.26	2
Background Music	28.00	30.67	14.67	12.66	14.00	20.23	3

Calculated value of X^2- 15.02 at 5% level of significance, Table value- 26.30
[Source: Field data]

d. Promotional Variables and Level of Satisfaction

From the analysis of Table 4, it is evident that discounts played an important role in providing satisfaction to the customers followed by coupons. Less priority was given to exchange offers and free gifts. The calculated value of Chi-Square is 19.059 which is less than the tabulated value 26.30 at 5% level of significance. So the H_3 is accepted that there is a significant relationship between promotional variables and customer satisfaction.

Table 4: Promotional Variables and Level of Satisfaction (N=150)

Promotional Variables	Level of Satisfaction (%)					Avg. Score (%)	Rank
	Highly Satisfied (5)	Satisfied (4)	Neutral (3)	Dissatisfied (2)	Highly Dissatisfied (1)		
Discounts Available	28.67	34.67	12.00	16.66	08.00	22.40	1
Free gifts	21.33	32.00	16.67	14.67	15.33	16.39	5
Coupons	24.00	40.67	14.00	14.67	06.66	22.09	2
Exchange Offers	25.33	31.33	16.00	20.00	07.34	17.51	4
Loyalty Cards	28.00	30.67	14.67	12.66	14.00	21.59	3

Calculated value of X^2- 19.059 at 5% level of significance, Table value-26.30
[Source: Field data]

e. Service Variables and Level of Satisfaction

Quality of service, considered as one of the principal sources of satisfaction was offered by the store (Table 5). All the factors contributing to quality service with an average percentage score

ranging from 24.11 to 25.99 were evenly prioritized by the respondents. The calculated value of Chi-Square is 14.55 which is less than the tabulated value of 26.30 at 5% level of significance. So H_4 that there is a significant relationship between service variables and customer satisfaction is accepted.

Table 5: Service Variables and Level of Satisfaction (N=150)

Service Variables	Level of Satisfaction (%)					Avg. Score (%)	Rank
	Highly Satisfied (5)	Satisfied (4)	Neutral (3)	Dissatisfied (2)	Highly Dissatisfied (1)		
Error Free Billing	25.33	30.00	17.33	18.00	09.34	24.35	3
Different Payment Modes	28.00	26.66	18.67	18.00	08.67	25.55	2
Complaint Handling	23.33	30.00	19.33	12.00	15.34	24.11	4
Quick Disposal	30.00	27.33	17.33	16.67	08.67	25.99	1

Calculated value of X^2- 14.55 at 5% level of significance; table value -21.026;
[Source: Field data]

f.   Behaviour of Sales Associates and Level of Satisfaction

Table-6 shows the behavioural attributes of the sales personnel. Respondents expressed that the level of satisfaction depended upon how the sales personnel handled the objections and met the queries. In the process, customers observed and noticed the manner, uniform, helping attitude and cleanliness of the sales personnel that influenced purchase decision. Chi-square test shows that table value is higher than the calculated value (26.30 >10.839) at 5% level of significance. So, there is a significant relationship between the behavior of the sales associates and customer satisfaction (H_5).

Table 6: Behaviour of Sales Associates and Level of Satisfaction (N=150)

Behavior of Sales Associates	Level of Satisfaction (%)					Avg. Score (%)	Rank
	Highly Satisfied (5)	Satisfied (4)	Neutral (3)	Dissatisfied (2)	Highly Dissatisfied (1)		
Helpfulness	30.67	42	23.33	2	2	25.82	3
Smart and clean	31.33	42.67	20	4.67	1.33	21.53	4
Trained Staff	39.33	40	14.67	2.67	3.33	26.61	1
Well mannered	36.67	39.33	16	4	4	26.04	2

Calculated value of X^2- 10.839 at 5% level of significance, Table value-21.026;
[Source: Field data]

Conclusion

The present study analyses the complex behaviour of consumers, attitude, perception and motive in organized retailing. The result shows that the majority of the respondents are young and educated. The youngsters are more fascinated towards recent fashion trend and to try new developments in technology. They are more fascinated towards variety of products at affordable price, more options in the mode of payment, self-service and entertainment. Store attributes like

location of the store, parking space, lighting, back ground music and store ambience are other important factors that lead to customer's satisfaction. Consumers prefer to visit such outlets that provide prompt services including multiple payment options like cash, credit cards and debit cards and error-free billing. Different promotional measures adopted by the retail stores like discounts, coupons, and loyalty cards are also important factors playing a significant role in customer satisfaction.

These findings may not have universal application in view of the limitation of the study in scope and sample characteristics; therefore further research is inevitable. Though some of the findings are familiar with the findings of earlier research, it may be suggested that with the increased competition, the retailers need to find a realistic approach to surviving in the emerging economy. Therefore, the retailers should comprehend the changing consumer behaviour and understanding how retail formats are likely to evolve in the country

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