

DETERMINANTS OF RETAIL CUSTOMER SATISFACTION A STUDY OF ORGANISED RETAIL OUTLETS IN DELHI

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PURPOSE

THE study investigates the detailed information about the growth of retailing industry in India. It examines the growing awareness and brand consciousness among people across different socio-economic classes in India, and how the urban and semi-urban retail markets are witnessing significant growth. It explores the role of the Government of India in the industry's growth and the need for further reforms. In India the vast middle class and its almost untapped retail industry are the key attractive forces for global retail giants wanting to enter into newer markets, which in turn will help the retail industry in India to grow faster. The paper includes growth of retail sector in India, strategies, strength, and opportunities of retail stores, retail format in India, recent trends, and opportunities and challenges. This paper concludes with the likely impact of the entry of global players into the retail industry in India. It also highlights the challenges faced by the industry in near future.

Design/Methodology/Approach – *A questionnaire related to the expectations and perception of the customers visiting various retail outlets in Delhi? An analytical detail study of various internet sources and related journal and articles was done. The Chi – Square Test as a statistical tool has been used.*

Findings – *The result of the data analysis disclosed that majority of visitors are from younger generation, so the retail outlets may consider their requirement for better profitability. Further organized retailers are advised to provide sufficient parking space so that visitors may feel comfortable to do shopping.*

Research Limitations/Implications – *As judgmental sampling is used, all the non-probability errors would be there. Sample size being 150, it is not necessary that it truly represents the population / universe. Some people might not have given accurate responses, which affects the results of the study. Some respondents have not taken the schedule seriously, and hence, the researcher had to discard those responses.*

Practical Implications – *This research can be useful for organized retail outlets. This research will help the various organized retail outlets for identifying the need of customers, and improve the image of organized retailers.*

Originality/Value – *This paper is totally based on the primary data, and findings are valuable for retail outlets for further decision making.*

Key Words: *Customer satisfaction, Customer perceptions, Determinants of customer satisfaction, Retail industry.*

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Introduction

The retail industry in India is the largest among all the industries, accounting for over 10 per cent of the country's GDP, and around 8 per cent of the employment. The retail industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. But all of them have not yet tasted success because of the heavy initial investments that are required to break even with other companies, and compete with them. The retail industry in India is gradually inching its way towards becoming the next boom industry. The total concept and idea of shopping has undergone an attention drawing change in terms of format and customer buying behavior, ushering in a revolution in shopping in India. Modern retailing has entered into the retail market in India as is observed in the form of bustling shopping centers, multi-storied malls, and the huge complexes that offer shopping, entertainment and food all under one roof. A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing working women population and emerging opportunities in the services sector are going to be the key factors in the growth of the organized retail sector in India. The growth pattern in organized retailing and in the consumption made by the Indian population will follow a rising graph helping the newer businessmen to enter the retail industry in India. In India the vast middle class and its almost untapped retail industry are the key attractive forces for global retail giants wanting to enter into newer markets, which in turn will help the India retail industry to grow faster. Indian retail is expected to grow 25 per cent annually. Modern retail in India could be worth US\$ 175-200 billion by 2016. The food retail industry in India dominates the shopping basket. The mobile phone retail industry in India is already a US\$ 16.7 billion business, growing at over 20 per cent per year. The future of the retail industry in India looks promising with the growing of the market, with the government policies becoming more favorable, and the emerging technologies facilitating operations.

Retail and real estate are the two booming sectors of India in the present times. And if industry experts are to be believed, the prospects of both the sectors are mutually dependent on each other. Retail, one of India's largest industries, has presently emerged as one of the most dynamic and fast paced industries of our times with several players entering the market. Accounting for over 10 per cent of the country's GDP, and around eight per cent of the employment, retailing in India is gradually inching its way toward becoming the next boom industry. As the contemporary retail sector in India is reflected in sprawling shopping centers, multiplex- malls and huge complexes offering shopping, entertainment and food all under one roof, the concept of shopping has altered in terms of format, and consumer buying behavior, ushering in a revolution in shopping in India. This has also contributed to large-scale investments in the real estate sector with major national and global players investing in developing the infrastructure and construction of the retailing business. The trends that are driving the growth of the retail sector in India are:

- Low share of organized retailing
- Falling real estate prices
- Increase in disposable income and customer aspiration
- Increase in expenditure for luxury items

Literature Review

As service industry has contributed significantly to global economy in the past few decades, service quality draws attention of many practitioners and researchers. In 1980s, in the attempt to define service quality and develop a model of service quality, Parasuraman et al., 1985 conducted an exploratory investigation. The results showed that regardless of the type of service, consumers used basically the similar criteria in evaluating service quality (Parasuraman et al., 1985). They labeled those 10 criteria as "Service Quality Determinants". Since then, service quality was defined through 10 dimensions: Access, Communication, Competence, Courtesy, Credibility, Reliability, Responsiveness, Security, Tangibles and Understanding/Knowing the Customers. Later, they were simplified into five dimensions including Tangibles, Reliability, Responsiveness, Assurance and Empathy. With an argument that

Parasuraman et al. (1988) gap theory of service quality was supported by little empirical or theoretical evidence. Cronin and Taylor (1992) developed a “performance-based” service quality measurement scale called SEVRPERF. The major difference between these two scales is that SERVQUAL operationalises service quality by comparing the perception of the service received with expectations, while SEVRPERF maintains only the perceptions of service quality. The SEVRPERF scale consists of 22 perception items, excluding any consideration of expectations. To contextually fit the retail industry, Dabholkar et al. (1996) developed retail service quality model (RSQS). Based on SEVRPERF, RSQS includes 28 item scales of which 17 items are from SEVRPERF and 11 items are developed by qualitative research. It composes of 5 dimensions, namely:

1. **Physical Aspect:** Retail store appearance and store layout;
2. **Reliability:** Retailers keep their promises and do the right things;
3. **Personal Interaction:** Retail store personnel are courteous, helpful and inspire confidence in customers;
4. **Problem Solving:** Retail store personnel are capable to handle returns and exchanges, customers’ problems and complaints;
5. **Policy:** Retail stores policy on merchandise, quality, parking, operation hours and credit cards.

Clark and Hwang (2000) conducted a study to compare customer satisfaction between American and Korean discount stores. The questionnaire was based on items which were used in Westbrook’s study. 20 items were used to measure customers’ satisfaction with retail outlets in each country: helpfulness of sales person, friendliness, number of sales people, politeness, store layout, ease in finding things, cleanliness, assortment of department, quality level, merchandise selection, fashionableness, willing to exchange, fairness of adjustment, credit and charge account, value of money, price level, special sales, advertising, location, other store customer. Finding of paper was that the customers in both countries were mainly affected by merchandise value and advertisement factors.

Abubakar (2002) investigated the customer rating of importance of several attributes associated with super market shopping. The researcher also reviewed the satisfaction rating of attributes. The results suggested that since retail format had become very standardized, corporate reputation was rated high and might be a source of sustainable competitive advantage. Accessibility was considered important, as was quality of service, especially the friendliness and efficiency of check out personnel.

Bridson and Hickman (2003) found whether the different types of loyalty program attributes affect customer stores satisfaction when it was considered in term of retail offer. This study found that both hard and soft attributes were significant predictors of satisfaction with the merchandise, trading format, and customer service and customer communication of store.

Kaul (2005) concluded that consumers satisfied with the stores’ service quality are most likely to remain loyal. Service quality is being increasingly perceived as a tool to increase value for the customer; as a means of positioning in a competitive environment to ensure consumer satisfaction, retention and patronage. Despite its strategic importance, Indian retailers did not have an appropriate instrument to measure service quality. This study examined the Retail Service Quality Scale (RSQS) developed in the U.S. for applicability to Indian retail. This scale had been found appropriate in a variety of settings across different countries such as South Africa and Singapore, and across a variety of store types such as supermarkets, department stores and hyper stores.

Iltter (2006) focused on the expectations, experiences, and perceptions of high school girls to see what attracts them to the malls. The aim was to identify image attributes of participants’ ideal shopping malls, shopping motive, and expectations of high school girls. Six factors related with the mall itself that shaped the girls’ experience, and were important for their selection of favorite malls were short listed: merchandising, entertainment, atmosphere, locations and accessibility, security and personal service.

Nhat (2007) aimed at identifying components of retail service quality in Vietnamese Supermarkets. The results provide statistical evidence to support hypothesis on the significantly positive impact of service personnel, physical aspect and policy on the overall evaluation of service quality. On the other hand hypothesis on the positive impact of reliability on the overall evaluation of service quality was not supported by the empirical data in the study.

Nilawan (2008) conducted study to survey customers' satisfaction of Metro Mall at Sukhumvit station, and to explore the level of customer's satisfaction towards the existing service of Metro Mall at Sukhumvit Station. The finding of the study revealed that food and beverage shops, reasonable compared with the product quality, modern decoration and location of mall, word of mouth; availability of discounts coupons and prompt and attentive services of sales persons were the main factors influencing customers on visiting Metro Mall at Sukhumvit Station.

Retail Satisfaction

Retail Customer Satisfaction Model (RCSM)

- Easy accessibility of the store
- Need satisfying product/services
- Sought product at reasonable price (discounts will add to satisfaction)
- Assistance in purchase decision
- Shopping ambience (free walking area, lighting, etc.)
- After sales assistance

Objectives of the Study

The objectives of research are as follows:

- (a) To study the relationship between product characteristics and customer satisfaction.
- (b) To study the relationship between price factors on customer satisfaction.
- (c) To study the relationship between physical aspects and customer satisfaction.
- (d) To study the relationship between promotional schemes and customer satisfaction.
- (e) To study the relationship between personnel interaction and customer satisfaction.

Hypotheses

Retail customer satisfaction consists of five dimensions: Characteristics of Product, Price, Physical Aspects, Promotion and Personal Interaction. The above said dimensions are based on RSQS and suggestions from customers received during the survey.

Hypothesis: H(1): There is a significant relationship between product characteristics and customer satisfaction.

Hypothesis: H(2): There is a significant relationship between price factors on customer satisfaction.

Hypothesis: H(3): There is a significant relationship between physical aspects and customer satisfaction.

Hypothesis: H(4): There is a significant relationship between promotional schemes and customer satisfaction.

Hypothesis: H(5): There is a significant relationship between personnel interaction and customer satisfaction.

Research Methodology

The type of research conducted here is descriptive in nature. The research is done on the retail customers of Delhi, who visited various retail outlets of Delhi. The size of sample was 150. The sampling element here in the research is the individual respondent. The technique of sampling used here in the research is the Judgmental sampling. The study is based on the primary data. Questionnaire was designed for collecting the responses of the customers who visited various retail outlets in Delhi recently. Appropriate modifications in contents and format of the questionnaire were then incorporated in the light of experience gained during the survey, to finalize the questionnaire. The questionnaire contained questions on the related aspects regarding their demographic and socio economic background, influencing factors and other related aspects. A five point likert scale questionnaire was used here in survey. The tool used for the analysis of data is Chi – square test, to find out the relationship between the dimensions of service quality and customer satisfaction.

Analysis and Interpretation

Table 1: Classification of Respondents on the basis of Profile of the Customers

S. No.	Factor of Respondent	Category of Respondent	No. of Respondent	Percentage of Respondents
1.	Gender	Male	96	64
		Female	54	36
		Total	150	100
2.	Age	Below 30 years	104	69.33
		31 – 40 years	30	20
		Above 40 years	16	10.67
		Total	150	100
3.	Occupation	Business	32	21.33
		Profession	17	11.33
		Service	59	39.34
		Household	42	28
		Total	150	100
4.	Education	Upto senior Secondary	14	9.33
		Under Graduate	72	48
		Post graduate	64	42.67
		Total	150	100
5.	Annual family income	Below ₹ 300000	88	58.66
		₹ 300001 - 500000	43	28.66
		Above ₹ 500000	19	12.68
		Total	150	100

The Table 1 shows the following:

- 64% of the respondents are male and 36% of the respondents are female.
- 69.33 % of the respondents are below 30 years of age, 20% of the respondents are between the age group of 31 to 40 years, 10.67% of the respondents are above the age of 40 years.
- 21.33% of the respondents are engaged in the business, 11.33% are professionals, 39.34% of the respondents are in service while 28% of the respondents are households.

4. 9.33% of the respondents have education up to Senior secondary, 48% of the respondents are under graduates or pursuing graduation, 42.67% of the respondents are post graduate.
5. 58.66% of the respondents fell under the annual family income of below 300000, 28.66% of the respondents are in between annual family income of 300001 - 500000 while 12.66% of the respondents fell in the annual family income of above 500000.

Table 2: Classification of the Respondents according to their Preference for Shopping from Retail Outlets with Reference to Goods and Service

Goods & Services	No. of Respondents	Percentage
Branded	42	28
Variety	49	32.66
Quality	16	10.66
Availability	40	26.68
Prompt Services	3	2
Total	150	100

As per Table 2, regarding the goods and services, the majority of the respondents (32.66%) visited the organized retail outlet because there are a variety of products offered to the customers. 28% of the respondents shopped at organized retail outlet for branded products, followed by 26.68% respondents, who visited the organized retail outlets due to availability of all necessary goods. 10.66% of the respondents believe in the quality of the products and 2% of the respondents believe in the prompt services.

Table 3: Classification of the Respondents according to their Preference for Shopping from Retail Outlets with Reference to Price

Price	No. of Respondents	Percentage (%)
Fixed price	58	38.66
Reasonable price	64	42.66
Affordable price	28	18.68
Total	150	100

Table 3 demonstrates that 42.66% of the respondents shopped at retail outlets because of the reasonable price when compared with the goods and services quality. 38.66% of the respondents revealed that they shopped at retail outlets because the prices were fixed. 18.68% of the respondents believe in the affordable prices.

Table 4: Classification of the Respondents according to their Preference for Shopping from Retail Outlets with reference to Location

Location	No. of Respondents	Percentage
Close to residence	84	56
Close to workplace	46	30.66
Close to meeting place	20	13.34
Total	150	100

Table 4 shows that the majority of the respondents 56% visited retail outlets because it is close to the residence, followed by 30.66% of the respondents shopped at retail outlets because it was close to their workplace.

Hence, it can be concluded that three major motivational aspects regarding goods and services which convinced customers to visit organized retail outlets are variety of products, branded products and availability of all necessary goods. Major motivator aspects regarding price are reasonable price when compared with product quality and fixed price. Regarding the location, it can be concluded that customers chose to shop at the organized retail stores that was close to their residence or close to workplace.

Test to Explore the Component of Customer Satisfaction

Table 5: Product Characteristics and Level of Customer Satisfaction

Product Characteristics	Level of Customer Satisfaction					Total Score	Rank
	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied		
Quality of Product	77	59	7	6	1	655 (26.12)	I
Good Value for Money	53	67	18	8	4	607 (24.22)	IV
Unique and Trendy Goods	60	60	18	10	2	616 (24.57)	III
Variety of Goods	65	62	12	9	2	629 (25.09)	II

The result from Chi – square test indicates that product characteristics are significantly related with the customer satisfaction as the chi – square value is 14.64, which is less than table value (24.054) at level of significance 2%. Thus null (1) is accepted for the product characteristic that there is a significant relationship between product characteristics and customer satisfaction.

Table 5 gives an overall view of the customer satisfaction with the sub – dimension of the product characteristics. Quality of product got highest score and percentage (26.12%), followed by variety of goods (25.09%). Unique and trendy products stand on the third position with 24.57%. Good value for money got the percentage 24.22%. It is plausible to assume that product strategy employed at organized retail outlets in term of quality of products, good value for money, unique and trendy products, and good packaging satisfy most of the respondents.

Table 6: Price and Level of Customer Satisfaction

Price Factor	Level of Customer Satisfaction					Total Score	Rank
	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied		
Reasonable	62	64	16	2	6	6.88 (53)	I
Affordable Money	53	65	22	2	8	6.03 (47)	II

Chi square test indicates that price is significantly related with the customer satisfaction as the chi – square value is 1.94, which is less than table value 11.68 at the level of significance at 2%. Thus null (2) is accepted. The Table 6 shows that reasonable price got the higher rank than the affordable price. It can possibly be assumed that customers find the price reasonable when compared to quality and quantity of products, and are also “affordable”.

Table 7: Physical Aspects and Level of Customer Satisfaction

Physical Aspects	Level of Customer Satisfaction					Total Score	Rank
	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied		
Convenient Location	64	60	19	4	3	628 (25.33)	I
Parking Space	46	73	22	6	3	603 (24.32)	IV
Outlet Atmosphere	54	69	23	2	2	621 (25.06)	III
Lighting Arrangement	57	70	17	5	1	627 (25.29)	II
						2479	

The value of Chi square is 8.39 which is less than the tabulated value 24.054 at the level of significance at 2%. It indicates that physical aspects are significantly related with customer satisfaction.

Table 7 shows the overall view of customer satisfaction with this aspect. Convenient location stands first position with the highest score and percentage 25.33%, followed by lighting arrangement 25.29%. Overall picture says that majority of the respondents are satisfied with “physical aspects”. Thus Ho (3) is accepted.

Table 8: Promotional Schemes and Level of Customer Satisfaction

Promotional Schemes	Level of Customer Satisfaction					Total Score	Rank
	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied		
Credit Facility	38	47	24	35	6	526 (24.69)	III
Free Gifts	31	50	28	19	22	499 (23.43)	IV
Discounts	42	52	19	26	11	564 (26.48)	I
Coupons	35	62	22	21	10	541 (25.40)	II

The value of chi – square is 19.47 which is less than the tabulated value 24.054 at the level of significance 2%. Thus null (4) is accepted

It is clear that discounts play a vital role in the satisfaction of the customers followed by the coupons. It is being observed among the respondents that there is also a high level of dissatisfaction among the customers regarding the promotional schemes. There is need to focus attention on the promotional schemes, especially on credit facilities.

Table 9: Personnel Interaction and Level of Customer Satisfaction

Personnel Interaction	Level of Customer Satisfaction					Total Score	Rank
	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied		
Salesperson's Attentiveness	58	60	25	5	2	619 (25.62)	I
Willingness to Resolve Queries	44	64	32	7	3	589 (24.38)	IV
Good Mannered	54	64	25	5	2	613 (25.37)	II
Helpfulness of Staff	45	65	33	4	3	595 (24.63)	III
					Total	2416	

Chi – square test reveals that personnel interaction is significantly related with customer satisfaction as the chi – square value is less than the tabulated value. Thus null (5) is accepted

From the above Table 9 it is clear that most of the respondents are satisfied, and significant numbers of respondents are highly satisfied with personnel interaction.

Findings of the Study

Based on the summary of the analysis and interpretation of data as per study, the following are the findings to improve the sales and functioning of the stores:

1. It was observed that the majority of the customers visiting the retail outlets belong to the age group of 30 years.
2. It was observed that the number of male customers is more than the number of female customers.
3. The preference of customers visiting the retail outlet are variety of products, reasonable price, and the convenient location.
4. If we talk in terms of the quality of products, good value for money, and trendy products, the majority of customers are satisfied.
5. If we talk in terms of the reasonable prices, the majority of the respondents are satisfied with the prices in comparison of the quality of products.
6. Among the respondents there is a point of dissatisfaction in terms of credit facility, free gifts, discounts and coupons.

Recommendations

Based on the findings, the following recommended have been made to improve the sales and functioning at the stores.

- (a) As the majority of the respondents belong to the younger generation, so their needs should be taken

into account while deciding the marketing strategy. Younger respondents demand branded products at reasonable and fixed prices, and have a tendency to avoid bargaining. They are also attracted towards entertainment means, so organized retailers are suggested to make sure that there is availability of branded products at reasonable price.

(b) Retail outlets can further appeal to the female customers by offering more products, especially for women. They can provide a shopping experience that women are particularly attracted to. In this way, retail chains can expand their customer base as the retail outlets have a large base of potential customers.

(c) Location, variety of products and reasonable price are the major motivating factors that influence the customers to visit the retail outlets, so retail chains should give proper emphasis on these factors. Organized retailers are suggested to offer convenient location, sufficient parking space and as such an atmosphere ambience so that customers can have a pleasurable shopping experience. It is proved by different studies that – more a customer spends time in a store, the more likely he is to make purchases. So with the purpose to increase revenue, organized retailers should pay attention towards physical aspects, variety of branded and non branded products at reasonable prices.

(d) Special promotional activities should be there on weekdays so as to gather rush on weekdays, and avoid the chaos and confusion on the weekends.

(e) Proper parking facilities should be there, and parking should be made free for the regular customers/heavy purchasers. Such people may be issued a parking card, with free earmarked parking.

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