

# FACTORS INFLUENCING CUSTOMER SATISFACTION IN RETAIL OUTLETS

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## ABSTRACT

Organized Retailing is one of India's most revenue generating Industry and also good contributor to our G.D.P. There are significant reasons for the researchers to find out the reasons behind consistent growth to this Industry in India during the last one decade and of course there is still a lot untapped potential opportunity for growth in this market. We have made our study by taking important points like educational qualifications, Income levels and environmental conditions of customers. Basing on the results arrived; we have come to a conclusion that there is more satisfaction in the case of customers who have higher educational qualifications, higher income levels and are residing in urban areas.

Keywords: *Customer satisfaction, Educational Qualifications, Environmental influence, income levels, contributions to economy.*

## 1. Introduction :

The retailing industry has been existing in our country since our age old generations. But, its prominence, significance and contribution to the economy has come to the light only during the last century. Retailing has been recognized as one of the largest sectors in the Indian economy contributing to around 14% to the GDP, and employing around 7% of the total population. For decades, retailing in India has been highly scattered as unorganized, due to the presence of huge number of small mom-n-pop stores. As per 'India Retail Report 2007', organized retailing in India accounts for 4.6% (Rs. 55,000Crores or \$ 12.4 Billion) of Rs. 120,000 Crores and the rest of business is with unorganized

retailing.

Organized Retailing is one of India's most revenue generating Industry and also good contributor to our G.D.P. There are significant reasons for the researchers to find out the reasons behind consistent growth to this Industry in India during the last one decade and of course there is still a lot untapped potential opportunity for growth in this market. We have made our study by taking important points like educational qualifications, Income levels and environmental conditions of customers. Basing on the results arrived; we have come to a conclusion that there is more satisfaction in the case of customers who have higher educational qualifications, higher income levels and are residing in urban areas.

Keywords: Customer satisfaction, Educational qualifications, Environmental influence, income levels, contributions to economy.

Customer satisfaction is one of the important drivers when we talk about success of any business enterprises. Satisfaction is a natural experience gained by the customer and it cannot be replaced with any attraction shown to customer. Though we are able to attract the customer but that is only for a temporary phase. If you want to gain longevity in our business not only for retailing but any business area you must win the confidence and satisfaction of customer which would be working like impetus for success of our own business. It is always advisable to safeguard the interests of current / existing customers rather trying for new customers. It does not mean that we need not attract new customers to our organized retailing, but the research says that it is always expensive to bring in new customer rather than retaining the old customer. Customer satisfaction is a litmus test in knowing the success or longevity of any retail store or business; therefore it is very imperative to understand the factors which affect the customer satisfaction. Now a days for instance as per contemporary consumer behavior theories, you talk on any individual not only a specific customer prefers to have identity and he himself wants to be recognized and be given a priority in any social interaction for which he is ready to pay little bit extra cost to gain that satisfaction. When a new product is launched by the retailer and instead of simply explaining the features of the product to customer, if the retailer says that the product is carved and specially

designed to the tastes and preferences of a specific customer group then there will be a clear positive fix in the mind of customer to go in for purchase of that product. Winning high customer satisfaction is very much important for survival in business and besides this, those loyal customers are working indirectly for the betterment of business enterprises by giving mouth publicity and feeling like brand ambassador as to how they have been gained by a specific retailer. Though Customer satisfaction is an asset to the organization and we cannot arrive at the value of the satisfaction but we can enjoy the intangible appreciation provided we maintain and harness just like any physical asset consistently. This rule is not only applicable for product-oriented organizations but for service-oriented organizations too.

#### 1.1 Significant reasons for growth of organized retailing in India:

Time has been the important constraint nowadays when you talk about any relation in the society. People are struggling to keep up commitments and maintain relationships due to shrinkage in timings. When an individual has to deal with multiple activities, journey time itself became a hurdle to accomplish any task make him frustrated and he would track various options to complete his jobs with a minimum strain. If you talk about a family or a family person has to make shopping for three main types of his day to day requirements. i.e. Products (tangible/intangible) purchase, food services and entertainment. When he is not able to travel for one service to the other in a stipulated time slot it would make him unhappy and unpleasant and rather he would try for a specific place where all his needs can be fulfilled and this is the situation fetching the organized retailers to go for expansion. When you talk about Indian retail market which is not only beneficial for the domestic players but also for global players as there is a huge untapped potential opportunity exists for retail business besides the vast majority of middle class population. The fate of Indian retail market seems to be very lucrative and the retail business is growing by 20% cumulatively p.a. When retailing has been the major contributor for our economy by creating employment opportunities, the government is also realized about its prominence and facilitating the entrepreneurs to start up the new business initiatives by showing favorable policies and practices. There is a significant relation between both the industries i.e. Retail and Real estate,

as the former's growth is depended on the latter. Accounting for 10% of Country's GDP and 8% of employment creation , Retailing industry is inching a head as a booming industry in India and contemporary retail practices reflects in spacious shopping malls, multiplex-malls and huge complexes and offering Shopping, food and entertainment under one roof to attain time advantage by the customers. **Objectives of study**

- a) To understand whether educational qualifications of customers influence the decisions in organized retailing.
- b) To understand whether environmental conditions influence on customers in organized retailing.
- c) To study the growth of organized retailing based on the influencing factors.

## 1.2 Limitations of the study:

1.2.1 :The study is conducted only at Hyderabad city and the perceptions of the customers may differ in other places in India

1.2.2 :Due to time constraints, we have obtained the feedback (in vernacular language Telugu) from the customers visiting the organized retailers and not gone to their homes

## 1.3 Test of Hypothesis:

**H1 1.4.1: The** Customers who have higher educational qualifications have more satisfaction in organized retail.

**H1 1.4.2:** The customers who have higher income levels have more satisfaction in organized Retail.

**H1 1.4.3: The** customers who are residing at city limits have more satisfaction when compared to the suburban and slum areas.

**1.4 Research methodology:** The sample customers and the study confined to Hyderabad in Telangana, India. A variety of 50 customers were met personally and the questionnaires obtained in vernacular Telugu language from them and requested them to fill in and return them in the following day.

**Test of Hypothesis H1 1.4.1:**The Customers who have higher educational qualifications have more satisfaction in organized retail presents the value of Mean, SD of different groups of customers to find out which group has more satisfaction in organized retail

Stat. tool	Intermediate And below(A)	Degree level (B)	P.G. and above level ( C )
N	15	26	9
Mean	55.33	68.81	73.44
S.D.	4.56	9.06	5.85

**Result:** As per the obtained Mean values of A,B and C, Mean value of C (P.G.and above level) is more i.e. 73.44 and it means C group respondents have more satisfaction when compared to A&B present t-test value for each combination i.e. A-B, A-C and B-C

**Table: 1**

S. No.	Stat. tool	A-B		A-C		B-C	
1	N	15	26	15	9	26	9
2	Mean	55.33	68.81	55.33	73.44	68.81	73.44
3	S.D.	4.56	9.06	4.56	5.85	9.06	5.85
	t	5.36 @@		8.47@@		1.42	

@@significant

@i

nsignificant

**Result:** To make comparative analysis we have titled the respondents as A, B and C according to their educational qualifications. A represents intermediate and below respondents, B represents at degree level and C represents P.G. level and above. We have made groups like A-B, A-C and B-C to make comparison between different groups to know the variation. The mean, S.D. scores of various customer groups based on their educational qualifications with regard to customer satisfaction are presented in Table 1. Based on the mean differences obtained for different groups relating to customer satisfaction, the t-value 5.36 significant @0.01 level for (A-B) and the t-value

8.47 significant @0.01 level (A-C) and the t-value 1.42(B-C) is insignificant explains us that A- B,A-C groups have significant relation and for B-C group there is no significant relationship.

**Discussion:** Based on the t-test values obtained, which is predicted that there are higher satisfaction levels in the case of higher educational qualification among the customers is significant in two groups (A-B and A-C) out of three groups and found to be accepted as warranted. The reason why there is no relation in group B-C and found to be not accepted as unwarranted is that there will be some decision making conflicts among this group because both the parties (B &C) are highly educated and there is every chance of resorting to different conclusions with regard to arrive at satisfaction levels.

**Test of Hypothesis H1 1.4.2:** the customers who have higher income levels have more satisfaction in organized retail presents the value of Mean, SD of different groups of customers to find out which group has more satisfaction in organized retail

Stat. tool	IncomeRs.1500 And below(A) Low income	Rs.16000-25000 (B) Medium income	Rs.26,000 and above ( C ) High Income
N	3	19	28
Mean	53	61.32	69.86
S.D.	1.73	11.98	6.38

**Results:** As per the obtained mean values of A.B and C, mean value of C ( Rs.26,000 and above) is more i.e. 69.86 and it means C group respondents who have higher income have more satisfaction when compared to A&B present t-test value for each combination i.e. A-B, A-C and B- C

**Table :2**

S. No.	Stat. tool	A-B		A-C		B-C	
1	N	3	19	3	28	19	28
2	Mean	53	61.32	53	69.86	61.32	69.86
3	S.D.	1.73	11.98	1.73	6.38	11.98	6.38
	t	1.1 @		4.4 @@		3.17 @@	

@insignificant  
significant

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**Result:** To make comparative analysis we have titled the various income groups as A, B and c. A represents the income level of Rs,15,000 and below of the respondent, B represents the income level of Rs.16,000-25,000 and C represents the income level of Rs.26,000 and above. We have made groups like A-B, A-C and B-C to make comparison between different income levels groups. The mean, S.D. scores of various customer groups based on their income levels with regard to customer satisfaction are presented in Table 2. Based on the mean differences obtained for different groups relating to customer satisfaction, the t-value 4.49 significant @0.01 level for (A-C) and the t-value 3.17 significant @0.01 level (B-C) and the t-value 1.17(A-B) is insignificant explains us that A-C ,B-C groups have significant relation and for A-B group there is no significant relationship.

**Discussion:** Based on the t-test values obtained, which is predicted that there is higher satisfaction levels in the case of higher income levels among the customers is significant in two groups(A-C and B-C) out of three groups and found to be accepted as warranted. The reason why there is no relation in group A-B and found to be not accepted as unwarranted is that there will be some decision making conflicts among this group because both the parties (A&B) have low income and they cannot make speedy decisions like category C customers, who have higher income. Sometime our affordability also motivates us to purchase valuable products which are making us more satisfied.

**Test of Hypothesis H1 1.4.3:** the customers who are staying in urban areas have more satisfaction compared to others with regard to organized retail presents the value of Mean, SD of different groups of customers to find out which group has more satisfaction in organized retail

Stat. tool	Slum residents(A)	Suburban area (B)	Urban area ( C )
<b>N</b>	4	17	29
<b>Mean</b>	53.5	59.82	70.66
<b>S.D.</b>	1.73	7.86	8.71

**Result:** As per the obtained Mean values of A.B and C, Mean value of C (Urban area) is more i.e.

70.66 and it means C group respondents who stays in urban area have more satisfaction when compared to A&B present t-test value for each combination ie. A-

B, A-C and B-C

**Table :3**

S No.	Stat. tool	A-B		A-C		B-C	
1	N	4	17	4	29	17	29
2	Mean	53.5	59.82	53.50	70.66	59.82	70.66
3	S.D.	1.73	7.86	1.73	8.71	7.86	8.71
	t	2.08@		3.8 @@		4.2 @@	

**Result:** To make comparative analysis we have titled the various income groups as A, B and c. A represents slum area respondent, B represents Suburban area and C represents the Urban area. We have made groups like A-B, A-C and B-C to make comparison between different income levels groups. The mean, S.D. scores of various customer groups based on their residing areas with regard to customer satisfaction are presented in Table 3. Based on the mean differences obtained for different groups relating to customer satisfaction, the t-value 3.87 significant @0.01 level for (A-C) and the t-value 4.21 significant @0.01 level (B-C) and the t-value 2.08 (A-B) is insignificant explains us that A-C ,B-C groups have significant relation and for A-B group there is no significant relationship.

**Discussion:** Based on the t-test values obtained, which is predicted that there is higher satisfaction levels in the case of urban customers is significant in two groups(A-C and B-C) out of three groups and found to be accepted as warranted. The reason why there is no significant relation in group A-B and found to be not accepted as unwarranted is that there will be some environmental factors among this group influencing both the parties (A&B) cannot make speedy decisions like category “C” customers, who are staying in Urban areas from quite long time . It does not mean that A& B type customers are not getting satisfaction but satisfaction levels are different.

## 2. Review of Literature:

In today’s retail business scenario, safeguarding customer satisfaction while delivering the right product and service is the crucial task for the future growth of the organization. In the present study an effort is made to find out the customer satisfaction during purchase in organized retail outlets based on customer information. (Das Prasun, 2009). Literature on customer satisfaction is voluminous and extents several areas such as marketing, management and

accounting. For example, no. of papers use the ACSI (American Customer Satisfaction Index) to study customer satisfaction at the facility and macroeconomic levels. These paper emphasizes only on customer satisfaction studies that are related to retailing. As Retail industry has contributed significantly to global economy in the past few decades, service quality draws attention of many practitioners and researchers 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.

Twenty items were used to measure customers satisfaction with retail outlets in each country: advantageousness 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. Abubakar (2002) investigated the customer rating of importance of several attributes associated with supermarket shopping. The research 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. Kaul (2005) concluded that consumers satisfied with the stores are most likely to be 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 a yard stick 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. Ilter (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. Those are merchandising, entertainment, atmosphere, locations and accessibility, security and personal service. Nilawan (2008) conducted study to survey customers satisfaction of Metro Mall at Sukhumvit station and the finding of the study revealed that 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 satisfaction In India, where 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 % p.a. 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 % p.a. The future of the retail industry in India looks encouraging with the growth of the market, with the government policies becoming more favorable, and the emerging technologies facilitating operations.

### 3. Conclusion:

Based on the above study, We can presume that highly educated people and high income groups attain more satisfaction while dealing with organized retail as their capability meets the requirements. Unlike previous decades, the Indian urban middle class now emerging as major potential and even global giants in organized retail turning their devotion to catch hold this segment of customers. There is still huge untapped potential for growth of

organized retail in India and we hope this industry would consistently keep up its position as one of the major contributor to India GDP in coming years.

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