

TO IDENTIFY THE FACTORS IMPACTING CUSTOMER SATISFACTION IN FOOD RETAIL SUPERMARKETS

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ABSTRACT - Many research studies have been conducted in the area of retailing services, but there has been no research that takes into account both service quality and retail store features and identifies the factors that lead to customer satisfaction in food retail supermarkets. Customer satisfaction is defined as the extent to which a product or service meets or exceeds the customers' expectations. The importance of such a study is immense in one of the fastest growing retail markets like India, where the impact of service quality and retail store features on customer satisfaction from the retail customers' point of view is a very crucial field of discussion. After extracting different variables of service quality and retail store features from studying a body of literature on services in food retail supermarkets, this study aims to identify the main factors that lead to customer satisfaction in food retail supermarkets. The main factors are extracted from the independent variables using factor analysis. Then regression analysis is done taking the extracted factors as independent variables and customer satisfaction as dependent variable. Likert scale and multiple choice questions are used in the questionnaire. There are 17 independent variables which by factor analysis are reduced to 5 main factors which are found to significantly impact customer satisfaction in food retail supermarkets.

Key words: customer satisfaction, food retail supermarket, retail store features, retail service quality

I. INTRODUCTION

Globalization has led to increase in competition with every food retail supermarket trying to attract customers, ensure customer satisfaction, retention and loyalty. This will lead to customers repeat purchase from the same food retail supermarket store.

Also, managers the world over believe that improving customer satisfaction leads to improved business results in terms of company sales and profitability.

Emergence of mall culture has led to increase in competition in the food retail supermarket industry. Mall culture is slowly and steadily growing in India. Many brands are launched in the Indian market. The specialty of such malls is that they offer a wide range of varied branded products, all under single roof. Some of the popular food supermarket retailers are Food world, Spar, Spencers. Reliance Fresh etc.

With so many competitors, the food supermarket retailers need to find ways to ensure customer satisfaction when customers visit their food retail stores.

II. REVIEW OF LITERATURE

Overall, operational elements related to product availability, product condition, delivery reliability, and delivery speed, in addition to relational elements such as communications, responsiveness, and cost elements have been found to influence customer satisfaction and purchasing patterns positively (**Davis-Sramek et al., 2008**).

Seth et al (2005) in their model suggest that service quality is dependent on the interactions between the service provider and receiver.

Personal interaction with service personnel can enhance the shopping experience or make it dissatisfying (**Fitzsimmons and Fitzsimmons,2004**).

Price plays a central role in the decision to maintain a relationship with a retailer because it is an important driver of the perception of value, which, in turn, has an effect on satisfaction (**Varki and Colgate,2001**).

The quality of service interactions between the service staff / provider and the customer determines the satisfaction toward the service (**Grönroos, 2001**).

The behavior of the service staff is important because of the intangible elements of services, and emphasizes the dependence customers feel on the service staff to solve their problems (**Sharma and Stafford, 2000**).

Mclroy and Barnett (2000) suggest that it is important to incorporate customer satisfaction when developing a customer loyalty program.

Thus, "understanding how or why a sense of loyalty develops in customers remains one of the crucial management issues of our day" (**Pritchard et al.,1999**).

According to **Disney (1999)**, "as organizations become increasingly customer focused and driven by customer demands, the need to meet the customers' expectations and retain their loyalty becomes more critical". Customers are loyal if they are satisfied.

In the context of retail markets especially, slow growth and intense competition accentuate the need to retain existing customers (Sirohi et al.,1998).

Satisfaction is seen as important, with some authors associating higher levels of satisfaction with increased customer retention (Jones & Sasser,1995).

Oliver (1981) argued that customers' attitude comprises affective components that are based on evaluation about the store characteristics, product availability and the process of interaction.

Hence there is a need to identify the main factors impacting customer satisfaction in food retail supermarkets which will lead to customer retention.

III. STATEMENT OF THE PROBLEM

The study is to understand the various factors impacting customer satisfaction in food retail supermarkets.

IV. VARIABLES UNDER INVESTIGATION

A. Independent Variables

For the purpose of this study certain variables have been identified, which can be classified into various categories, as mentioned below;

- Shopping Convenience-Convenient store location, Convenient store operating time, Flexibility in payment mode.
- Store Environment-Cleanliness of the store, Display of the products, Store ambience, Spacious shop floor.
- Merchandise category-Availability of brands, Variety of merchandise, Quality of products, Easy to locate products.
- Pricing and offers-Promotion offers(schemes and discounts),Price of products
- Customer Service-Staff responsiveness to enquiry, Staff assistance during purchase.
- Billing-Billing procedure time, Correctness of billing.

B. Dependent Variable

Customer satisfaction in food retail supermarkets.

V. OBJECTIVE OF THE STUDY

- To study the main factors impacting customer satisfaction in food retail supermarkets.

VI. HYPOTHESIS FORMULATION

Based on the described objectives

Research Question 1: Is there a significant impact of the factors on customer satisfaction in food retail supermarkets?

Null Hypothesis (H0): There is no significant impact of the factors on customer satisfaction in food retail supermarkets.

Alternate Hypothesis (H1): There is a significant impact of the factors on customer satisfaction in food retail supermarkets.

VII. RESEARCH DESIGN

The research design consists of a descriptive study involving a cross section study where in the food retail supermarket customers are surveyed at a point in time at the food retail supermarket stores using a structured questionnaire. The study is done in food retail supermarket stores in Bangalore city. The period of the study is for a duration of 3 months.

The sample size determines the accuracy of the data collected. For the purpose of this study, the population chosen is a mix of people from different demographics and economic backgrounds. A sample size of 500 was taken, who are customers of food retail supermarket stores. Convenience sampling technique is followed as the customers are approached at food retail supermarket stores where they are conveniently available for administering the questionnaire and collection of data from the retail supermarket consumers. Primary data and secondary data are used in this research. Primary data is collected through survey method.

VIII. DATA COLLECTION METHOD

Primary data was collected primarily through **survey method** using a **structured questionnaire** which was designed to capture the factors impacting customer satisfaction in food retail supermarkets.

Secondary data was collected through magazines, journals and articles.

IX. METHOD OF DATA ANALYSIS

- **SPSS and MS Excel** were used for the analysis purpose.
- **Factor analysis** was performed to determine the correlation between the variables and highly correlated variables are combined and represented by a Factor. This is to ensure Data Reduction ,instead of several variables they are represented by few major Factors.
- **Regression Analysis-** To identify the impact of the Factors identified in Factor Analysis (Independent Variables) on Customer Satisfaction (Dependent Variable) and to determine
- **ANOVA** was performed to study the cause-and-effect of one or more factors(independent variables) on a single dependent variable. It is used for Hypothesis Testing as well(rejection of null hypothesis if p-value from F-test is < .05 at 95% confidence level)

X. LIMITATIONS OF THE STUDY

- Geographical limit is restricted to only Bangalore.
- Responses could be biased because the research is conducted in open market place where numerous variables such as mood, feelings act on research settings.
- Consumer is a focal point in this market research and his buying motives are difficult to judge precisely and accurately.

XI. FINDINGS

- Reliability Test Results: Chronbach Alpha=0.875 which means that the data collected using the likert scale is reliable.(Table1)
- The KMO and Bartlett's Test shows that Factor Analysis is significant (p value=0.00<0.05) at 95% confidence interval.KMO Measure of Sampling Adequacy=0.635>0.50 which means that the sample is adequate.(Table2)
- Factor Analysis has reduced the 17 variables to 5 Factors which impact customer satisfaction in food retail supermarkets.(Table3)
- Following are the 5 Factors extracted through Factor Analysis on 17 independent variables:

A. Customer Service:

Variables-Staff responsiveness to enquiry, Staff assistance during purchase, Price of products, Billing procedure time, Correctness of billing, Quality of products, Promotion schemes and offers.

B. Store Environment:

Variables-Cleanliness of the store, Display of the products, Store ambience, Spacious shop floor.

C. Brand Variety:

Variables-Availability of brands, Variety of products.

D. Convenient Location:

Variables-Convenient store location, Easy to locate products.

E. Shopping Convenience:

Variables-Convenient store operating time, Flexibility in payment mode.

- The ANOVA Table shows that the Regression model is significant (p value=0.00015<0.05) at 95% confidence interval. This means that there is a significant impact of the factors on customer satisfaction in food retail supermarkets.(Table5) Hence, **Null Hypothesis (H0) is rejected.**
- R Square value=0.487 means that 48.7% of variance in the dependent variable(Customer Satisfaction) is explained by the 5 Factors.(Table4)

XII. SUGGESTIONS

Food retail supermarket stores can focus on the factors identified in this study to improve customer satisfaction and refine their approach to reach out to their consumers and retain them, when they come to shop in their retail store.

XII. CONCLUSIONS

This study captures the 5 main factors that impact customer satisfaction in food retail supermarkets, which can help food supermarket retailers formulate strategies and marketing activities to attract and retain customers.

XIV. REFERENCES

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Table1: Reliability

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.875	0.874	18

Factor Analysis

Table2:KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.635
Bartlett's Test of Sphericity	Approx. Chi-Square
	414.11
	9
	df
	136
	Sig.
	0.000

Table3:Rotated Component Matrix(a)

	Component				
	1	2	3	4	5
Staff assistance during purchase is good	.86				
Staff response to enquiry is good	.77				
Price of products is reasonable	.72				
Billing time is always less	.63				
Promotion schemes and offers are good	.62		.55		
Quality of products is good	.58		.54		
Billing is always correct	.50				
Store ambience is good		.81			
Display of the products is proper and neat		.80			
Cleanliness of the store is good		.76			
Shop floor is very spacious		.55			
Many Brands are available always			.88		
Variety of products is good			.75		
Store location is convenient				.89	
Easy to locate products				.55	
Mode of payment is flexible(cash/card)					.86
Store operating time is convenient				.51	.64

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a Rotation converged in 10 iterations.

F1-Customer Service, F2-Store Environment, F3-Brand

Variety, F4-Convenient Location,

F5-Shopping Convenience

Regression Analysis

Table4: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.698	0.487	0.415	0.636

a Predictors: (Constant), F5, F3, F4, F2, F1

b Dependent Variable: Overall you are Satisfied with the Food Retail Store

Table5: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	13.82	5	2.76	6.83	0.00015
Residual	14.57	36	0.41		
Total	28.40	41			

a. Predictors: (Constant), F5, F3, F4, F2, F1

b. Dependent Variable: Overall you are Satisfied with the Food Retail Store