

# A Study on Exploring Factors of Organised Retail Marketing and their Impact on Customer Satisfaction with Reference to Spencer's Retail Outlet in Guntur City

**P. Daniel\***  
Asst. Prof.,  
Dept. of Management. Studies,  
NIT, Narasaraopet, A.P., India

**Dr. M.S. Narayana**  
Head,  
Dept. of Management Studies,  
NEC, Narasaraopet, A.P., India

**Prof. P. Vijay Kumar**  
Director,  
School of Mgt. Studies,  
JNTU, Kakinada, A.P., India

## Abstract:

**C**ustomers are value maximisers, within the bounds of search costs and limited knowledge, mobility and income. They form an expectation of value and act on it. Whether or not the offer lives up to the value expectation affects both customer satisfaction and repurchase probability. Successful marketing companies go out of the way to keep their customers satisfied or delighted. They strive to match customer expectations with company performance. Today, with the emergency of large supermarkets, hypermarkets and various other formats like the department store, the retailer is closest to the consumer. Most stores have their own policies and decide how to influence shoppers. Retailers need to know the various influences that lead up to a purchase, not just the store where the purchase was made. The present study was undertaken with the objective of analyzing the attributes of organized retail marketing that influence customer satisfaction. The attributes of organized retail marketing that were influencing customer satisfaction includes product attributes, store attributes, sales promotion, behavior of sales personnel. It was found that there was a significant impact of all these factors on the satisfaction of customers of Spencer's retail outlet in Guntur city.

**Keywords:** Customer Satisfaction, Customer Dissatisfaction, Retail Marketing, Organized Retail marketing, Unorganized Retail Marketing.

## I. INTRODUCTION

Customer satisfaction plays an important role within your business. Not only is it the leading indicator to measure customer loyalty, identify unhappy customers, reduce churn and increase revenue; it is also a key point of differentiation that helps you to attract new customers in competitive business environment.<sup>[1]</sup> The retailer faces a more knowledgeable and demanding consumer and since business exists to satisfy the needs of the consumers, the demands and expectations of the consumers often have forced retail organizations to change their formats and product offerings.<sup>[2]</sup> Customer satisfaction is a marketing term that measures how products or services supplied by a company meet or surpass a customer's expectation. Customer satisfaction is important because it provides marketers and business owners with a metric that they can use to manage and improve their businesses.<sup>[3]</sup> Although the customer-centered firm seeks to create high customer satisfaction that is not its main goal. If the company increases customer satisfaction by lowering price or increasing its services, the result may be lower profits. Companies need to be specially concerned today with their customer satisfaction level because the consumers will spread bad word of mouth as well as good word of mouth – to the rest of the world.

## II. REVIEW OF LITERATURE

<sup>[4]</sup> **Emin Babakus, Carol C Bienstock, James R Van Scotter (2004)** explored the effects of perceived merchandise and service quality, relative to competition, on retail store performance. Results suggest that both the service and the merchandise quality exert significant influence on store performance, measured by sales growth and customer growth and their impact is mediated by customer satisfaction.

<sup>[5]</sup> **Anselmsson Johan (2006)** examined Sources of Customer Satisfaction with Shopping Malls: A Comparative Study of Different Customer Segments. Researcher had taken 8 factors like selection, atmosphere, convenience, sales people, refreshments, location, promotional activities and merchandising policy to find out the customer satisfaction. The result was focused on number of characteristics of shopping malls in comparison of customer satisfaction. Researcher had found that Selection was the most important factor of customer satisfaction.

<sup>[6]</sup> **Anu Singh and Kaur Tripat (2006)** explained the strategies adopted by retailers to keep pace with the changing moods of the shoppers. The study addressed how factors within and outside the stores affect store-level shopping decisions. The six main indicators on the basis of which retailers decide to go for a specific type of retail format are: Price, Sales Personnel, Quality of Merchandise, Assortment of Merchandise, Advertising, Services and other Convenience Services.

<sup>[7]</sup> **Panandikar S.C. , Rajiv Gupte (2007)** studied 'Models of Consumer Behaviour in Mall Culture', state that malls have revolutionized the concept of retailing and they pose serious competition to their conventional counterparts in terms of service, ambience, price, access to the brands etc. They observed that most preferred items are food and

stationary followed by toys and beauty care products. Price was observed as influencing factor followed by product offer, shop display and previous experience.

### III. OBJECTIVES OF THE STUDY

The study was carried out with the following objectives.

- To find out the level of customer satisfaction towards Spencer's retail outlet on the basis of identified performance evaluation parameters.
- To explore the factors of customer satisfaction with reference to Spencer's retail outlet in the Guntur City.
- To study the impact of organized retailing on the customer satisfaction with special reference to Spencer's retail outlet in Guntur city.

### IV. HYPOTHESIS OF THE STUDY

The present study was based on the following assumptions

- **H<sub>0</sub>:** There is no significant affect of product attributes on satisfaction of the customers of Spencer's retail outlet in Guntur City.
- **H<sub>0</sub>:** There is no significant impact of store attributes on satisfaction of the customers of Spencer's retail outlet in Guntur City.
- **H<sub>0</sub>:** There is no significant impact of sales promotion on satisfaction of the customers of Spencer's retail outlet in Guntur City.
- **H<sub>0</sub>:** There is no significant impact of behavior of sales personnel on satisfaction of the customers of Spencer's retail outlet in Guntur City.

### V. RESEARCH METHODOLOGY

The population for the present study constitutes all classes of customers who are the regular purchasers and occasional buyers of Spencer's retail outlet in the Guntur City. A sample of 319 customers of Spencer's was drawn by using Simple Random Sampling method as in this every unit of the population will have an equal chance of being included as sample. The required data was collected from both primary and secondary data sources. In order to elicit the views and opinions of the customers about the impact of various attributes of organized retail marketing on customer satisfaction data was gathered directly from the customers of Spencer's with the help of a self structured questionnaire. Means and standard deviations were computed to measure the satisfaction level of the customers. Factor Analytical approach was used to define various attributes / features of customer satisfaction. The item responses were subjected to Principal Axis Factoring Method with Kaiser- Meyer- Oklin (KMO) Measure of Sampling Adequacy (MSA). Bartlett's test of sphericity was computed to find out whether the sample for application of factor analysis was statistically significant or not. Multiple regression analysis was used to analyse the extent to which product attributes, store features, sales promotion and behavior of sales personnel have a significant impact on the customer satisfaction.

### VI. RESULTS AND DISCUSSIONS

- It was found from the analysis that the customers of Spencer's retail outlet in the Guntur City were highly satisfied as the mean score was 4.03. (Table 1)
- From the multiple regression analysis the R squared value for the data set is 0.371 (i.e; 37.1%) which indicates that the model is fit for data. The factors product attributes, store attributes, sales promotion, behavior of sales personnel found to have a significant influence on customer satisfaction. (Table 2). The results of factor analysis and regression analysis were as follows
- Factor 1 **Product attributes**. There were 5 statements in this factor. It was observed that quality of products, unique and latest products, value for merchandise were the attributes contributing for customer satisfaction. From the regression analysis it was found that the product attributes significantly impacts the customer satisfaction as the F- Value (F= 9.85, p<0.05) was found to be highly significant. Hence there is enough evidence to reject null hypothesis that there was no significant affect of product attributes on customer satisfaction. This finding was similar to the findings of <sup>[8]</sup>Dr. G. Bharathi Kamath (2009) explored that low prices, <sup>[9]</sup>Navreen Tariq Wani, Samreena Tariq Wani (2011) value for money impact customer satisfaction. (Table 3).
- Factor 2 **Store attributes**. It was observed that location of the store, ambience, and play stations for kids, good food courts were the factors contributed more to the customer satisfaction. The regression analysis results of the study showed that the store attributes had a significant influence on customer satisfaction as the F- Value (F= 12.46, p<0.05) was found to be highly significant. Hence there is enough evidence to accept the alternative hypothesis that there was a significant affect of store attributes on customer satisfaction. The same finding was evident from the study of <sup>[10]</sup>Manish Madan and Sima Kumari (2012) Customers choose to shop at the organized retail store that was close to their residence or close to the work place. (Table 4).
- Factor 3 **Sales Promotion**. There was 5 statements in this factor. The factor measures the influence of offers from different sales promotion mix on customer satisfaction. Customers who score high on this factor are promotional conscious. They are very conscious to get best benefits for the products they buy. They always check and compare the attractive offers before purchasing the products in the shopping malls. They even go to more than one store to get best offer for the product they buy. It was observed that this significantly contributed

to the customer satisfaction. The regression analysis shows that the factor sales promotion had an impact on satisfaction of the customers as the F- Value (F= 4.97, p<0.05) was found to be significant. Hence the null hypothesis that there was no significant impact of sales promotion on customer satisfaction was rejected. This was in line with the findings of [11]Bharat Goel and Bushan Dewan (2011) observed that discounts and fair prices, promotion of stores impact customer satisfaction. (Table 5).

- Factor 4 **Behaviour of sales personnel** .It was observed that personal attention and solving problems found to be more satisfactory for the customers of Spencer’s in Guntur City. It was observed from the regression analysis results that sales personnel have significant influence on customer satisfaction as the F- Value (F= 7.86, p<0.05) was found to be highly significant. Hence the alternative hypothesis that there was a significant affect of sales personnel on customer satisfaction was accepted. This was even found in the study by [12] Naveen Kumar H (2012) that personal interaction and problem solving were positively related to customer satisfaction at retail stores. (Table 6).

Table 1: Level of Customer Satisfaction

Sample Size	Customer Satisfaction Score
319	4.03

Table 2: Results of Multiple Regression Analysis

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.609 <sup>a</sup>	.371	.321	.427952283

Table 3: Product Attributes

Product attributes	Factor Loadings	Mean Scores	Standard Deviation
Quality of products	.432	4.01	0.46
Variety of products	.469	3.41	0.519
Unique and latest products	.625	3.99	0.624
Branded products	.421	3.22	0.563
Value of merchandise for the money	.569	3.98	0.452
Packaging	.634	3.11	0.567

**Eigen Value = 2.235**

**Percentage of Variance = 4.479**

Table 4: Store Attributes

Store attributes	Factor Loadings	Mean Scores	Standard Deviation
Location of the store	.324	4.09	0.566
Stacking of the products	.315	3.12	0.498
Sufficient and convenient billing counters	.289	3.98	0.651
Entrance and walk ways	.357	3.42	0.589
One-stop convenience	.312	3.09	0.579
Ambience	.222	3.69	0.634
Spacious shop floor	.345	3.11	0.659
Trolleys/Escalators	.458	3.03	0.765
Good food court	.671	3.97	0.861
Play station for kids	.538	3.89	0.874
Sufficient dressing rooms	.428	2.68	0.742
Shelf/Rack system	.341	2.99	0.778
Shelf/Rack system	.285	3.31	0.778

**Eigen Value = 3.423**

**Percentage of Variance =7.054**

Table 5: Sales Promotion

Sales Promotion	Factor Loadings	Mean Scores	Standard Deviation
Promotional offers	.267	3.96	0.516
Awareness of offers	.578	3.09	0.631

Frequency of promotional offers	.4.49	3.4	0.679
Redemption of gift voucher/ Discount coupon	.2.45	3.22	0.587
Customer membership/loyalty programmes	.3.61	3.56	0.659

**Eigen Value = 2.154**

**Percentage of Variance = 4.837**

Table 6: Behaviour of Sales Personnel

<b>Behaviour of sales personnel</b>	<b>Factor Loadings</b>	<b>Mean Scores</b>	<b>Standard Deviation</b>
Personal attention	.4.56	4.13	0.653
Sales presentations/ Demonstrations	.4.13	3.46	0.678
Solving customer problems	.589	3.99	0.731
Willing to handle customer queries/ Requests	.6.17	3.64	0.564
Knowledge of staff about store policies	.3.45	3.19	0.678
Staff etiquettes	.3.89	3.29	0.652

**Eigen Value = 2.384**

**Percentage of Variance = 9.563**

### VII. CONCLUSION

The retailer faces a more knowledgeable and demanding consumer and since business exists to satisfy the needs of the consumers, the demands and expectations of the consumers often have forced retail organizations to change their formats and product offerings. While a large number of retail formats continue to exist in most markets across the world, what has also changed is the range of services offered. The customer demands convenience, and a certain level of comfort while shopping. Time required to shop and to a particular location is important factors that affect the consumer's decision. This has led to the rise of specialists and the increase in the services offered by the retailer.

### REFERENCES

- [1] Retailing Management text and cases, Swapna Pradhan, 3<sup>rd</sup> edition, Mc GrawHill.
- [2] Sales and Distribution Management Text and cases An Indian perspective, Dr S L Gupta, pg 14, Excel books, First edition.
- [3] Marketing management, Philip Kotler, 11<sup>th</sup> edition, Pearson education Inc.
- [4] Emin Babakus, Carol C Bienstock, James R Van Scotter, "Linking Perceived Quality and Customer Satisfaction to Store Traffic and Revenue Growth" Decision Sciences, 2004, Vol.35, Issue: 4, pp.713-725.
- [5] Anselmsson J., Sources of Customer Satisfaction with Shopping Malls: A Comparative Study of Different Customer Segments, International Review of Retail, Distribution and Consumer Research, 16 (1), pp. 115–138, 2006.
- [6] Lather Anu Singh & Kaur Tripat (2006), "Shopping malls: New retail formats keeping pace with the shoppers' mood", The Journal of Indian Management & Strategy, Vol. 11, Issue 4.
- [7] Panandikar S.C., Rajiv Gupte,(2007), Models of Consumer Behaviour in Mall Culture, Indian Journal of Marketing, July, 8 – 17.
- [8] Kamath Bharathi G.. "Consumer Preference of Retail Store Attributes: A Case Study of Mangalore". IGFAI Journal of Marketing (2009), pg. 24-37.
- [9] Navreen Tariq Wani, Samreena Tariq Wani ( 2011), A study of comparative customer satisfaction with special reference to retail outlets of Big Bazar and Reliance mart in Pune City, pg 48-55.
- [10] Manish Madan, Sima Kumari (2012), Determinants Of Retail Customer Satisfaction A Study Of Organised Retail Outlets In Delhi, Delhi Business Review , Vol. 13, No. 1,pg 117-126.
- [11] Bharat Goel. Bhushan Dewan (2011), Factors affecting consumer preferences of shopping at organised retail stores in Punjab, Journal of Engineering Science and Management Education, Vol 4, pg 44-49.
- [12] Arun Kumar G., Manjunath S. J. & Naveen Kumar H (2012), A Study Of Retail Service Quality In Orgnised Retailing, International Journal of Engineering and Management Sciences, VOL.3(3) 2012: 370-372.