Research Paper | Management

Devising Satisfaction Quotient in the Value Chain: A Case Study of AMUL

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ABSTRACT *In an age where the market is highly dynamic and competitors are fierce, it is rational to keep a track whether it is able to satisfy and retain its customers and gain on to additional customers. Hence it is imperative to find out the existing satisfaction of the customers and distributors and the reasons for their dissatisfaction, if any. The supply chain of any company needs to be its strength in a market where the cost leadership is one of the dimensions on which the companies compete. Therefore it was recognized that not only customers but retailers and distributors who play a decisive role in the success of the company need to be equally satisfied and motivated. This research paper attempts to devise a satisfaction quotient for mapping the intensity levels of the satisfaction of various players in the value chain.*

KEYWORDS : Satisfaction, supply chain, value chain, market competition

Introduction

In this ever changing business environment, every company should upkeep its products, company image, market share, brand loyalty, etc. to maintain its place in the market, especially in the case of FMCG sector where there are large no. of players, offering different kinds of services at very competitive prices. This research paper focuses on the dairy sector particularly the milk industry. A systematic market research into factors involving quality of products, customer's changing taste, changing trends of market, etc.was done to find out what "The customers feel about the product" (To find out the satisfaction quotient of the customers of the company). Customers in this case were the "Consumers, Retailers and Distributors" of the company.

The paper delved into the workings from the distribution and consumption aspect the business. The distribution channel of AMUL held a lot of potential in affecting the demand or sales of AMUL products through delivery on time, delivery of variety of products, the retailer-friendliness of the policies being set by the distributors and equitable distribution of products to all the retail outlets in a particular region, to name a few. The distributor took care of managing the demand and supply of AMUL milkfrom/to all the outlets procuring AMUL milk in that particular region under the distributor`s domain.

Measures of distributor and retailers performance like transaction volume, on-time-delivery, equitable distribution, margins offered, outlet coverage, relationship management etc. were evaluated. Finally, the findings were analyzed to come up with a strategy to narrow the gap between the potential demand and actual sales of AMUL milk by removing any inefficiency in the working of the distributors and retailers as well as brushing up from the policy front of the organization

Review of Literature

Westbrook and Reilly (1983) define satisfaction as, "The buyer's cognitive state of being adequately or inadequately rewarded for the sacrifices he has undergone". Customer satisfaction is "an emotional response to the experiences provided by, associated with particular 32 products or services purchased, retail outlets, or even molar patterns of behaviour such as shopping and buyer behaviour, as well as the overall market place".

Tse and Wilton (1988) define as, "the consumer's response to the evaluation of the perceived discrepancy between prior expectations (or some other norm of performance) and the actual performance of the product/service as perceived after its consumption".

Satisfaction has been broadly defined by Vavra, T.G. (1997) as a satisfactory post-purchase experience with a product or service given an existing purchase expectation.

Howard and Sheth (1969) define satisfaction as, "The buyer's cognitive state of being adequately or inadequately rewarded for the sacrifices he has undergone".

Anton (1996) offers more elaboration: "customer satisfaction as a state of mind in which the customer's needs, wants and expectations throughout the product or service life have been met or exceeded, resulting in subsequent repurchase and loyalty".

Customer satisfaction is typically defined as a post consumption evaluative judgement concerning a specific product or service (Gundersen, Heide and Olsson, 1996)

Consumers' satisfaction has been considered one of the most important constructs (Morgan et al. , 1996; McQuitty et al. , 2000), and one of the main goals in marketing (Erevelles and Leavitt, 1992). Satisfaction plays a central role in marketing because it is a good predictor of purchase behaviour (repurchase, purchase intentions, brand choice and switching behaviour) (Oliver ,1993; McQuitty et al. , 2000).

Fornell (1992) define satisfaction as   Overall evaluation after purchase ,Oliver(1997) offered deeper definition of satisfaction ,stating that satisfaction is   the consumer's fulfillment response.It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over fulfillment.

Finally kotler (1997) defines satisfaction as follows   satisfaction is a person's feeling of pleasure or disappointed resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations.

Research Objective
- To pinpoint the existing bottlenecks in the value chain.
- To Devise a satisfaction quotient among all the players i.e. distributors, retailers and consumers.

Research Methodology
Research Design: The design is a mix of exploratory research design to begin with and is later supported by conclusive research design.

Nature of Data: The initial emphasis is on collection of data from secondary sources. The data is supplemented with the first hand data or primary data from the dealer, retailer and the end user.

Data Collection Instrument: A formalised schedule to prepare a record specific to the relevant information with accuracy and completeness was decided as a data collection instrument.

Sampling Technique: In research, the distributors, retailers and consumers of the Amul milk were the target population. . In this case, Lucknow area was selected as the frame of the population. The re-

spondents were selected on a convenience basis and hence the sampling plan could be stated as stratified convenient sampling. Fair representation was given to all the strata in proportion to the actual size in the overall milk market.

Data Collection and Analysis

Once the data was collected, it was translated into a form appropriate for analysis. This was done by coding, data feeding, and editing. First a code book for the data was prepared and data was entered into SPSS 21.0 according to this code book. This was done to have convenience in finding the data from the table and easily decode the options used for the answers and at last editing was done to check whether any option was left blank or unanswered and place an appropriate option for it according to the conditions when survey was done.

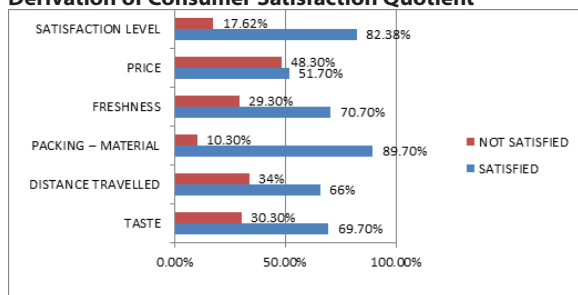### Derivation of Consumer Satisfaction Quotient

Figure 1: Consumer Satisfaction with different parameters

Above figure shows that consumers are satisfied with most parameters such as price, freshness, taste and accessibility.

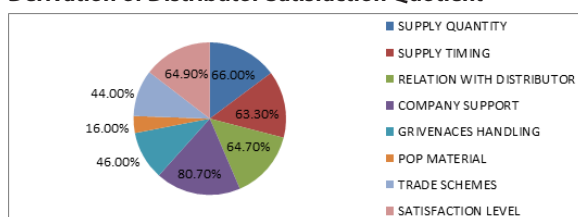### Derivation of Distributor Satisfaction Quotient

Figure 2: Distributor Satisfaction with different parameters

Above figure shows that distributors are satisfied with certain parameters such as supply quantity, supply timing, relation with distributor, company support, trade schemes.

5.3 Consumer Overall Satisfaction Vs Price Satisfaction

		OVERALL SATISFACTION	VALUE FOR MONEY
OVERALL SATISFACTION	Pearson Correlation	1	.265**
	Sig. (2-tailed)		.000
	N	300	300
VALUE FOR MONEY	Pearson Correlation	.265**	1
	Sig. (2-tailed)	.000	
	N	300	300

Table 2: Correlation between Consumer Overall satisfaction Vs Price Satisfaction
**. Correlation is significant at the 0.01 level (2-tailed).

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The above Table highlighted the fact that price and satisfaction were substantially correlated suggesting that price had an implication on satisfaction levels of the customers

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Findings

- Total satisfaction quotient for **consumer** is **82.38%.**
- Total satisfaction quotient for **retailer** is **64.90%.**
- Total satisfaction quotient for **distributor** is **72.70%.**
- Trade schemes and additional motivational benefits were not in routine. 56.0% retailers were not satisfied with the trade schemes.
- In case of any complain or grievance, 54% retailers were not satisfied with the way of handling grievances by company officials.
- Distributors had proper co-ordination with the company officials as 26% distributors said they had very good co-ordination, 10% distributors said they had good co-ordination and 47% distributors said they had below average co-ordination with the company officials in Lucknow office.

Suggestions and Conclusion

- As per suggestions, more trade schemes both for distributors and retailers should be given for positive motivation (push strategy) that will help in competing with other milk brands.
- For the prevention from damages and late supply, distributors were in favour of establishing a milk plant in nearby areas also so that they it could help in serving the growing demand.
- Number of Preferred Outlets, milk booths, milk parlours, should increase so that maximum area can be captured.
- Timely reimbursement should be given to both retailers as well as to distributors.
- Neighbouring states like Uttarakhand, Bihar, etc. can also be developed as a potential market as we can see lots of opportunity there because of absence of a single large level player in this sector.

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