



## CHENNAI'S RAILWAY PLATFORM IS NOW AN EMERGING RETAIL DESTINATION

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### ABSTRACT

The purpose is to determine the level of satisfaction and loyalty attained by the customers from the retail stalls in the railway platform and to suggest measures to the railway department and the private players organising their retail stores in the platform to improve the retail services. Descriptive research design is used for investigating impact of customer satisfaction and loyalty on profits of the store, which is indirectly reviewed by repeat purchase and viral recommendation. The research design uses a convenient sampling design where data for independent variables, customer satisfaction and customer loyalty, is collected from those passengers who are customers of the small retail outlets placed on the platforms of the railway station. Structural Equation Modelling is used to analyse the data. This study deeply analyses the experiences of those customers who consume products and services from the retail stores in the railway platform. SmartPLS is the software used for an equation modelling. The study results clearly say that the success of any business is only through customer satisfaction and customer loyalty. The customers' needs have to be identified by the marketers if they want to survive amongst the cut-throat competition.

**KEYWORDS** : Railway Platform, Customer experience, satisfaction and loyalty concept

### Introduction

Retail goodies are seen everywhere in the country, they are attractive, highly sold and highly expected by the consumers of all age groups. The Indian railway platforms have been bestowed with number of retail stalls which benefit the travellers. The importance of customers has been highlighted by lots of researchers and academicians all around the world. That is the main reason why financial institutions of today are focusing much attention on customer satisfaction, loyalty and retention says **Zairi, 2000**, Satisfaction is an overall customer attitude or behaviour towards a service provider, or an emotional reaction towards the difference between what customers expect and what they receive, regarding the fulfilment of some desire, need or goal **Hansemark, & Albinsson, (2004); Kotler, (2000); Hoyer, & MacInnis, (2001)**, says that customer loyalty, on the other hand, is the result of an organization's creating a benefit for customers so that they will maintain and increasingly repeat business with the organization says **Anderson, & Jacobsen, (2000)**. It is in fact a deeply held commitment of customers to prefer products or services of a particular organization in future despite situational constraints or marketing influences to cause the switching behaviour. Moreover true customer loyalty is created when customers become advocate of an organization without any incentive says **Oliver, (1997)**. Satisfied customers spend more money, refer more customers and patronize businesses longer than unsatisfied customers. This all leads to more revenue for businesses that a firm can keep their customers satisfied. Therefore, companies striving to maximize revenue must seriously consider investing in a customer satisfaction and loyalty research program.

### Objectives of the study

The objective of this paper is to understand the influence of customer loyalty and satisfaction towards the small sized retail stores in the platform of Chennai stations spanning from Chennai central to Thirumalpur. The study even aims to identify the satisfaction and loyalty factors expected by the consumers from the railway platform sellers and to determine whether customer satisfaction and loyalty has a strong influence on the store profits. Last but never the least the study intends to suggest measures in person to these retailers to improve their retailing business by giving importance to the concept loyalty and satisfaction

### Statement of the problem

Loyalty programs can't be run by just marketing it need more efforts

than just giving importance to the marketing mix. The most effective loyalty programs leverage cross-functional teams with representatives from stores, finance, merchandising, strategy and marketing. For the small sized retailers reaping out profits is a great challenge because customers do not travel all the way to strike a purchase deal with these small stores, they just try to satisfy their immediate needs on during their journey. Thus there is no much concentration on customer retention. New customers can be attracted by window display and good quality. But at the same time there are a set of customers who makes sure to visit the same retail shop or the same local platform station just to consume food or to make other purchases. The main intension of this study is to determine whether loyalty and satisfaction matters a lot for these small sized retailers.

### Research motivation

Visitors and hungry passengers at Chennai Central station now have a range of choices to grab a bite from. 'Food Central' has opened next to the Higginbotham's book shop on the station's premises. Opened by Ratna Café, in partnership with the Indian Railway Catering and Tourism Corporation Limited (IRCTC), the food court houses Dindigul Thalappakatti Biryani, Ganga Sweets, Tibbs Frankie and Madras Coffee House and waiting passengers have roped in brands that offer quick food passengers can get on the go. While coffee will be available 24x7, Velachery and Tambaram railway stations may also soon get similar food plazas in the nearby future but still they have simple milk booth, juice shops, book vendors etc. attracting many new customers. Though they don't have a stable population (consumers) these retailers put in their maximum efforts to attract new customers. There are instances where some customers who do not travel intend to get inside the railway station only to eat in their favourite eateries and to buy books from their favourite book vendors. But how do these small retailers frame their business strategy? How do they retain their customers? Thus this research intends to measure two factors namely Customer loyalty and Customer satisfaction and its impact on the store success.

Source: <http://indiarailinfo.com/news/post/central-station-gets-food-court/120856>

### Research methodology

Research methodology is the systematic method/process dealing with identifying problem, collecting facts or data, analyzing these data and reaching at certain conclusion either in the form of

solutions towards the problem concerned or certain generalization for some theoretical formulation. Moreover, research methodology describes the methods used to collect the data and analyzed it by following the research design, sampling technique, measurement and instrumentation, data collection, conceptual framework and data analysis. For this research the data were collected from the consumer's point of view, as they are the one who makes the retail store owners survive. Their ultimate level of satisfaction and loyalty was determined and its impact on stores profit was measured indirectly using two metrics i.e., repeat purchase and recommendation. Convenience or opportunity sampling according to **Dornyei (2007) [5]** is the convenience of the researcher. Convenience sampling is a kind of non-probability or non-random sampling in which members of the target population, are selected for the purpose of the study if they meet certain practical criteria, such as geographical proximity, availability at a certain time, easy accessibility, or the willingness to volunteer. Based on this view the researchers have collected data using convenient sampling from 340 respondents who are travellers using the platform store for product and service consumption. Since satisfaction and loyalty are two different dimensions, under each head 24 statements were identified and were initially exposed to a factor analysis for dimension reduction and was confirmed using a SEM using SmartPLS. Questionnaire based survey method used for this one-shot research study.

**Limitations and future scope**

The other local train route which spans from Chennai central station to Ambattur, Arokanam, and Gumudipoondi has not been taken into consideration. The data which has been collected from the general public will have its respondent bias. In the services sector literature, strong emphasis is placed on the significant importance of service quality perceptions and the association between service quality and customer satisfaction **Cronin, & Taylor, (1992); Taylor, & Baker, (1994)**. Therefore, some organizational researchers concluded that service quality is an important indicator of customer satisfaction intention and hence the future research can concentrate on **SERVQUAL** of the retail stores, Problems face by these small sized retailers, and even a comparative study with regard to North and down South can be made possible.

**Sample design and sample size**

Data collected from general public from the city of Chennai and the sample size is 340 (Primary data). A convenient sampling procedure is adopted. Certain secondary data were collected from reputed magazines, News papers, articles and digital sources.

**Geographical location**

The geographical location chosen for this study is from Chennai central station to Thirumalpur. These local train stopping stations have some of the best retail shops. It spans from basic fast food, electronic accessories, book stores, and a few textile outlets. There are some famous cool bars which serve Milk shakes, Fresh juices, and other beverages and the most attractive book stalls.

**Literature Review**

Literature review is a body of text that aims to review the critical points of current knowledge and the methodological approaches on a particular topic. A well-structured literature review is characterised by logical flows of ideas, current and relevant reference with consistent, appropriate referencing style, proper use of terminology and un-biased comprehensive view of previous research .Thus this chapter covers a detailed overview of the literature reviewed by the researcher in order to have insight into current study and its related dimension related to methodological issue of the study undertaken. According to former studies, it can cost as much as 6 times more to win a new customer than it does to keep an existing one. **Rosenberg et al. (1984)**, says that depending on the particular industry, it is possible to increase profit by up to 60% after reducing potential migration by 5%. **Reichheld (1993)**, states that the increase and retention of loyal customers has

become a key factor for long-term success of the companies. The potential for establishing loyalty depends on the object (i.e. product or vendor), on the subject (customer) or on the environment (market, other suppliers etc.). This paper focuses on the analysis of object-related factors that are subject to direct impact by companies. **Jones and Sasser**, claim that the two kinds of loyalty accordingly false or true long term loyalty **Jones et al. (1995)**. **Hofmeyr and Rice (2000)**, have stated clearly that customers to loyal (behavioural) or committed (emotional) is a factor which has to be understood by the marketers. Emotional loyalty is much stronger and longer lasting than behavioural loyalty. It's an enduring desire to maintain a valued relationship. Repurchase likelihood refers to the intention of customer to purchase the same services again and again as per required. Since a highly satisfied customer is best marketing tool for any organization so highly satisfied customers result in more positive word of mouth and repurchase intentions. High customer satisfaction level increases the repurchase likelihood of the customer and reduces the customer churn is a trait to be understood by the retailers.

**Analysis and Interpretation**

**Reliability test for success of a retailer**

Since this research has utilized proper linkert -type scale it is important to test the internal consistency and the reliability of the questionnaire and thus we employ a Cronbach's alpha test. A total of 24 scale constructs were tested for reliability and the below table clearly shows that the set of constructs used in this study is perfect and highly reliable.

Reliability Statistics	
Cronbach's Alpha	N of Items
.834	24

**Sample adequacy test and sphericity test**

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.822
Bartlett's Test of Sphericity	Approx. Chi-Square	277.865
	Df	45
	Sig.	.000

**Reliability test for Satisfaction**

Since this research has utilized proper linkert -type scale it is important to test the internal consistency and the reliability of the questionnaire and thus we employ a Cronbach's alpha test. A total of 24 scale constructs were tested for reliability and the below table clearly shows that the set of constructs used in this study is perfect and highly reliable.

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KMO (**Kaiser-Meyer-Olkin**) and **Bartlett's** test.KMO compares the size of the observed correlation coefficient were the size of the partial correlation coefficient for the sum of analyzed variables is 75.4% and is considered to be reliable and thus the research can be proceeded with factor analysis. On the other hand the **Bartlett's** test of sphericity (Ho 1 All correlation coefficients are close to zero) is rejected as the level of significance (**P < 0.0005**) for Approx.The chi-square value is (277.865) and all the coefficients are not close to zero and thus the second acceptance is strong to proceed with a factor analysis as it satisfies both the test to conduct a complete factor analysis.

**Reliability test for Loyalty**

Since this research has utilized proper linkert -type scale it is

important to test the internal consistency and the reliability of the questionnaire and thus we employ a Cronbach's alpha test. A total of 24 scale constructs were tested for reliability and the below table clearly shows that the set of constructs used in this study is perfect and highly reliable.

Reliability Statistics	
Cronbach's Alpha	N of Items
.834	24

**Sample adequacy test and sphericity test**

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.822
Bartlett's Test of Sphericity	Approx. Chi-Square	277.865
	Df	45
	Sig.	.000

KMO (Kaiser-Meyer-Olkin) and Bartlett's test. KMO compares the size of the observed correlation coefficient with the size of the partial correlation coefficient for the sum of analyzed variables is 76.4% and is considered to be reliable and thus the research can be proceeded with factor analysis. On the other hand the Bartlett's test of sphericity (Ho 1 All correlation coefficients are close to zero) is rejected as the level of significance (P < 0.0005) for Approx. The chi-square value is (277.865) and all the coefficients are not close to zero and thus the second acceptance is strong to proceed with a factor analysis as it satisfies both the test to conduct a complete factor analysis.

**Factor analysis**

The first and the foremost initial process in factor analysis is to determine the linear components within the data set i.e., the Eigen values by calculating the Eigen values for R-matrix. SPSS extracts factors which has values more than 1 which is acceptable. Principal component analysis is an important technique to determine the strong patterns in the data set and an important instrument for data reduction is followed. A coefficient with a large absolute value indicates that the factors and the variables are closely related. The coefficients of the factor matrix can be used to interpret the factors. Although the initial or un rotated factor matrix indicates the relationship between the factors and individual variables, it seldom results in factors that can be interpreted, because the factors are correlated with many variables. In this case, the factors have been rotated so that each factor has significant loadings (more than 0.40) ideally with not more than one variable.

**Final Dimension reduced factors with regard to success of platform small sized stores**

Good communicator (c1), Best quality (c2), Being loyal to customer (c3), Being honest (c4), Satisfy each and every single expectation (c5), Have fresh stock (c6), Create a way for viral marketing (c7), Make the customers' feel you are the best (c8).

**Final Dimension reduced factors with regard to customer satisfaction**

End result (V1), Product quality (V2), Value paid worth it (V3), The clarity, completeness and accuracy (V4), The skill, expertise and professionalism executed (V5), Reliability (V6), Staff attitude (V7), Safety & Security (V8), Convenience (V9).

**Final Dimension reduced factors with regard to customer loyalty**

Commitment to rebury (B1), emotionally attached to the product (B2), Buyer-seller relationships (B3), Feeling-like impressions (B4), Alternative attractiveness (B5), Trust and honesty (B6), Cleanliness and neatness (B7).

**Hypothesis development**

The philosophical root of hypothesis is based on the existing theory. Thus existing theory becomes the path way to form new hypothesis. The relationship between satisfaction and loyalty and its major influence on stores profit is supported with the following

supporting literature works. The previous research says that customer satisfaction has been regarded as a fundamental determinant in maintaining long-term customer relationship behaviours (Oliver, 1980; Zeithaml, Berry, & Parasuraman, 1996; Athanassopoulos, Gounares, & Sathakopoulos, 2001; Anderson, & Sullivan, 1993; Fornel, 1992; Levesque, & McDougall, 1996). Therefore, enhancing customer satisfaction should be a key driver for banks in maintaining a long term relationship with their customers. According to Sivadas and Baker-Prewitt (2000), satisfaction also influences the likelihood of recommending a bank as well as repurchase. Similarly, Bontis, Nick, Booker, Lorne and Serenko (2007), examined the causal construct between customer satisfaction and customer loyalty in the North American banking industry and found that there is positive association between customer satisfaction and customer loyalty. Rust and Zahorik (1993), stated that greater customer satisfaction leads to greater intent to repurchase. According to Anderson and Sullivan (1993), a high level of customer satisfaction will decrease the perceived need to switch service provider, thereby increasing customer repurchase and ultimately enhancing profitability of the organization (Bowen, & Chen, 2001).

Ho1 All the variables has no positive influence on the overall satisfaction of the customers

Ho2 All the variables has a positive influence on the overall Loyalty of the customers

**Partial Least Square**

For decades, researchers have applied partial least squares path modeling (PLS, see Tenenhaus et al., 2005; Wold, 1982) to analyse complex relationships between latent variables. In particular, PLS is appreciated in situations of high complexity and when theoretical explanation is scarce (Chin, 1998). The partial least squares approach to structural equation modeling (SEM) in the Smart PLS 2 software were employed to examine the conceptual model. This method is one of the best tools for analysis of studies in which the relationships between variables are complex; the sample size is small and the distribution of data is abnormal (Diamantopoulos, Sarstedt, Fuchs, Wilczynski, & Kaiser, 2012). In addition, to measure the causal relationship, partial least squares method (PLS) is the perfect method (Henseler, Ringle, & Sinkovics, 2009).

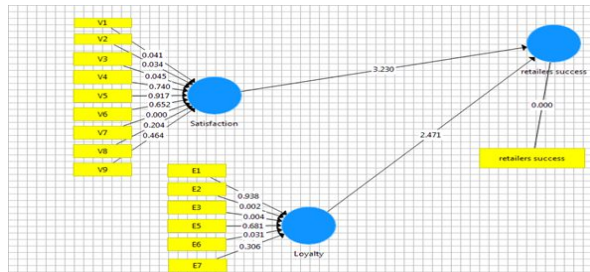
Latent Variables	Indicators	Composite Reliability	AVE
Customer satisfaction	V1/Satisfaction	0.654	0.534
	V2/Satisfaction		
	V3/Satisfaction		
	V4/Satisfaction		
	V5/Satisfaction		
	V6/Satisfaction		
	V7/Satisfaction		
	V8/Satisfaction		
	V9/Satisfaction		
Customer Loyalty	E1/Loyalty	0.653	0.654
	E2/ Loyalty		
	E3/ Loyalty		
	E4/ Loyalty		
	E5/ Loyalty		
	E6/ Loyalty		
	E7/ Loyalty		

**Inference for the above table**

From the above table it is clear that, the Composite Reliability is larger than 0.6 for both the study variables and AVE value is larger than the accepted value (0.5) which indicates that both the criteria has been satisfied. Cronbach's alpha offers a classic indicator for reliability analysis and represents a strong tradition in structural equations which estimate reliability based on the internal consistency and a proper value for it is greater than 0.7 (Cronbach, 1951). In order to calculate reliability, there are some other criteria

that have more advantages compared to the traditional method of calculating it by Cronbach's alpha, which is called composite reliability (CR). Superiority of composite reliability to the Cronbach's alpha is that the reliability of structures is calculated regarding their structural consistency. As a result, for better measurement of reliability, both of these criteria are used. For the composite reliability, 0.7 is considered as the proper value (Nunnally, 1978). Fornell and Larcker (1981) suggested using the average variance extracted (AVE) as a measure of convergent validity. The criterion for the desirability of AVE is greater than 0.5.

**Chart 1.1 showing Structural Equation Model using SmartPLS**



**Table 1.2 showing bootstrap analysis using SmartPLS**

Variables	Entire sample estimate(beta)	Sample mean	Standard Error	t-Value	p	Result
Satisfaction → Success	0.695	0.689	0.054	2.471	0.00	In-Significant
Loyalty → Success	0.291	0.296	0.058	3.230	0.00	Significant

**Inference**

The above table 1.2 clearly states that satisfaction and loyalty has a strong influence on the retailers success with a value of  $(t=2.471) / (p=.000)$  for satisfaction and  $(t=3.230) / (p=0.000)$  for loyalty. With regard to the chart 1.1 showing the most influencing factor with regard to satisfaction is the skill, expertise and professionalism executed and with regard to loyalty it is alternative attractiveness. But with regard to the hypothesis none of the factors have attained the rule of thumb value 1.96 and hence we accept the null hypothesis.

**Conclusion**

Customer satisfaction is a popular concept in several areas like marketing, consumer research, economic psychology, welfare-economics, and economics. The most common interpretations obtained from various authors reflect the notion that satisfaction is a feeling which results from evaluation process of what has been received against what was expected, including the purchase decision itself and the needs and wants associated with the purchase (Armstrong and Kotler, 1996). Customer loyalty is winning the confidence of the customer in favour of an organization such that the relationship becomes a win-win situation for both the organization as well as the customer. The store seller must be a good communicator and must freely use his oral skills and friendliness to attract the passengers by rendering quality products. The seller must be honest to provide healthy products as most of the consumers look in for eatable items at the platform, the seller must remember that this single purchase behaviour by the consumer must give added benefit and mind satisfaction.

**Recommendations and suggestions**

Retailers establishing their outlet of any kind must make sure that they have an ample collection of products rather than having just a few. The most important factor to be given importance by a retailer is to retain the customers through excellent service and quality products. A few recommendations are listed below which must be considered by the retailers who run their business in the railway platform in the city of Chennai.

- Provide quality products and exist in the minds of the consumer

- Make sure to treat each and every customer with a smile
- Attend general enquires of the customer and ask them politely if they require any products
- To make sure that the ambience near the retail store is well maintained with cleanliness
- To have a pleasing appearance of the product arrangement in the window space
- To reallocate the old products with fresh stock

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