

Customer satisfaction and customer repurchase intention with Departmental stores



Management

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ABSTRACT

Indian customers do not complain about the unsatisfied service, but they simply avoid the store. So it is always better to proactively understand about the current satisfaction and expectations of the customers. Chennai city is considered for the current study and leading departmental stores across the city was selected for a respondent intercept study. The customer satisfaction is measured using six dimensions. The data collected was analysed using statistical tools. The study's outcome suggests that customers give priority to the personal care and the store policy more and safety and security inside store as the least priority

Introduction

Global Retail Development Index (GRDI) 2010 has ranked India as the 3rd most attractive nation for retail investment among 30 emerging markets. Strong underlying economic growth, rapid population expansion, the increasing wealth of individuals (spending money) and the rapid construction of organised retail infrastructure are key factors behind the forecast growth. A departmental store normally sells grocery, fresh, cut vegetables, fruits, frozen foods, toiletries, cosmetics, small utensils, cutlery, stationery and Gift items with give and take some items. In India Reliance, Food World, Food Bazaar, Nilgiris (30 plus stores), and Spencers' are the leading departmental store operators. Customer satisfaction has become a crucial point of differentiation in a retail store, where consumers make their trip to purchase. Unfortunately, in Chennai unsatisfied consumers do not complain, they just go shopping in another store. Store managers' should keep in mind that customer expectations always change and it is only the satisfied customers will be loyal.

The Objectives of the study is to identify the drivers of customer satisfaction and store loyalty, to understand customers buying behaviour and an in-depth gap analysis of the customer expectation and level of current satisfaction leading to Customer loyalty.

Literature Review

Subhash Sharma et al (1999), expresses that increasing customer satisfaction reduces costs of complaint handling, which in turn reduces operating costs. Monitoring customer satisfaction is one of the most important goals of a firm as research studies suggest that customer dissatisfaction is the overwhelming reason why customers leave a company.

Vieira et al (2007) in their study proves that, "corporate image not only had a significant effect, but also a stronger effect on loyalty than customer satisfaction. Customer satisfaction has a positive influence on consumer loyalty.

Pankaj (2011), in an attempt to understand the changing behaviour of the Indian consumers and their impact on the product purchase. The changes that are seen are in the form of increase in consumption, change in consumer preferences, buying behaviour, social influences, the way consumer shop, the reasons behind that, the type of products consumers buy etc. All these trends are important and show us the path as to how the consumer's behaviour is impacting their product purchase."

Methods

For the purpose of the current study, leading departmental stores in Chennai were selected. Reliance, Spencer's, Nilgiris, FoodWorld, More and other popular departmental stores specific to the locality were considered.

Totally 646 respondents were intercepted to collect information. Out of 646 respondents 621 were valid and taken for current study. It was observed that the reliability estimates for the various dimensions at Pan Chennai city were: 'Personal Care'

with 4 items had a value of 0.795, 'Policy' with 11 items had a value of 0.749, 'Safety & Security' with 2 items had a value of 0.673, 'Complaint Handling' with 2 items had a value 0.769, 'Physical Aspects' with 6 items had a value of 0.693, 'Reliability' with 5 items had a value of 0.690 and All variables with 30 items had a value of 0.706. The reliability results were found acceptable.

Model

The core concept of CRM is to understand the customers buying pattern and their purchasing behaviour. There are quite some literatures on the methods and models to measure the customer satisfaction. Of all the measures three methods to measure customer satisfaction are predominantly and widely used by many researchers. They are SERQUAL, SERVPERF and RSQS. Among the three methods, SERQUAL is most widely used (Parasuraman et al 1985). In this model Parasuraman , Zeithaml and Berry , 1985 and 1988 have compared the performance of the firm with that of the expectations of the consumers. They grouped the various constructs of the customer satisfaction into five dimensions as tangibles, reliability, responsiveness, assurance, and empathy. All together 22 constructs were used by them to measure the 5 dimensions. These dimensions had already been used by Vetrivel (2011), Krishnamurthy (2011) and Thiruvendadam et al (2011) as well proved a success in the Indian context.

Dabholkar (1996) and (Subhashini (2007) have used 5 dimensions to measure the customer satisfaction. In current study, apart from the 5 dimensions used by Dabholkar et al, 'Safety & security' is used. Dimension 'Safety & security' is an important construct as far as Asia pacific is concerned unlike the western countries and it is used by Nguyen et al, (2007) in his study to know the level of customer satisfaction in Vietnam. Totally, 6 dimensions are selected in this study to understand the customer satisfaction and loyalty.

Representing Model has equation :

$$CS = \beta_0 + \xi_{SAAI} \beta_1 + \xi_{SABi} \beta_2 + \xi_{SACi} \beta_3 + \xi_{SADI} \beta_4 + \xi_{SAEi} \beta_5 + \xi_{SAFi} \beta_6 + \xi_{SAGi} \beta_7 + \xi_{SAHi} \beta_8 + \xi_{SAIi} \beta_9 + \xi_{SAJi} \beta_{10} + \xi_{SAKi} \beta_{11} + \epsilon_i \quad (1)$$

where,

CS - Satisfaction level of the Shopper i with current primary store

ξ_{SAAi} - Store Physical Aspects , ξ_{SABi} - Store Reliability , ξ_{SACi} - Store Personal care , ξ_{SADI} - Store complaint handling , ξ_{SAEi} - Store policy , ξ_{SAFi} - Store security & safety , ξ_{SAGi} - Shopping duration of the kth customer , ξ_{SAHk} - Age of the kth customer , ξ_{SAIk} - Annual family income of the kth customer , ξ_{SAJk} - Household members of the kth customer ,

ξ_{SALK} - Purchase volume of the kth customer, ϵ_1 - Error term for the ith consumer

β_k - Coefficient for the kth construct, where k =0,1,2,...,11 (Parameter to be estimated)

Store Loyalty

Input for the store loyalty is the customer satisfaction.

$$\sum_{i=1}^n SL_i = \Lambda_0 + \Lambda_1 CS_i + \epsilon'_i \quad (2)$$

Λ_0 - Intercept, Λ_1 - Construct coefficient CS_i - is the satisfaction level of the i^{th} customer.

ϵ'_i - Error term

Results and Interpretations

Hypothesis (1) There is no significant relationship between the 6 dimensions and age.

Hypothesis (2) There is no significant relationship between the 6 dimensions and Occupation .

Hypothesis (3) There is no significant relationship between the 6 dimensions and annual family income.

Hypothesis (4) There is no significant relationship between the 6 dimensions and qualification.

To assess the relationship between the respondents' satisfaction levels in each of the 6 dimensions an ANOVA test was performed. The output of the test is detailed in the table 1.

Table 1

S no	Hypothesis (H ₀)	Dimension	Sig	Remark
1	Relationship between each of the 6 dimensions and age	Personal Care	.000*	Rejected
		Policy	.000*	Rejected
		Safety & Security	.000*	Rejected
		Complaint Handling	.000*	Rejected
		Physical Aspects	.000*	Rejected
		Reliability	.000*	Rejected
2	Relationship between the 6 dimensions and different occupation	Personal Care	.000*	Rejected
		Policy	.000*	Rejected
		Safety & Security	.000*	Rejected
		Complaint Handling	.000*	Rejected
		Physical Aspects	.000*	Rejected
		Reliability	.000*	Rejected
3	Relationship between the 6 dimensions and different annual family income	Personal Care	.005*	Rejected
		Policy	.000*	Rejected
		Safety & Security	.000*	Rejected
		Complaint Handling	.000*	Rejected
		Physical Aspects	.000*	Rejected
		Reliability	.000*	Rejected
4	Relationship between the 6 dimensions and different qualification	Personal Care	.000*	Rejected
		Policy	.026**	Rejected
		Safety & Security	.000*	Rejected
		Complaint Handling	.000*	Rejected
		Physical Aspects	.000*	Rejected
		Reliability	.000*	Rejected

Source : Primary data ; Note: * denotes significance at 1% level, ** denotes significance at 5% level

The dimensions Personal Care, Physical Aspect and Policy inferred a high mean gap among the different age groups, Reliability observed a moderate mean gap among the different age groups and Safety & Security and Complaint handling dimensions inferred a low mean gap among the different age groups

The dimensions Policy and Physical Aspect observed a high mean gap among different occupation category, Reliability observed a moderate mean gap among the different occupation category and Safety & Security and Complaint handling dimensions observed a low mean gap among the different occupation category

The dimension Policy observed a high mean gap among different Annual family income group, Safety & Security observed a moderate mean gap among the different Annual family income group and, Personal care, Complaint handling, Physical aspect and Reliability dimension observed a low mean gap among the different Annual family income group.

The dimension Physical aspect observed a high mean gap among educational qualification, Personal care, Policy, Safety & Security and Reliability observed a moderate mean gap among educational qualification and Complaint handling dimension observed a low mean gap among educational qualification

Table 2 Regression analysis for the model

Predictor variables	R ²	Standardized coefficient Beta	F - Value
Customer satisfaction	0.555	-.113	63.087 p=0.000*
Shopping duration		-.056	
Age		-.049	
Income		-.027	
Household members		.080	
Personal Care		Adjusted R ²	
Policy	.453		
Safety and Security	0.546	.123	
Complaint Handling		-.128	
Physical Aspect		.016	
Reliability		-.088	
Purchase volume		-.305	

Source: Primary Data

The regression model's F value is 63.08 and it is significant at 1% level. The regression model's coefficient of determination (R²) is .55 and adjusted R² is .55, which is a healthy coefficient.

SL_{pan} = constant -.113 (Customer satisfaction) -.056 (Shopping duration) -.049 (Age) -.027 (Income) +.080 (Household members) +.217 (Personal Care) + .453 (Policy) + .023 (Safety and Security) -.128 (Complaint Handling)+.016 (Physical Aspect) -.088 (Reliability) -.305 (Purchase volume).

Conclusion

Of the six dimensions of satisfaction, respondents feel Personal care, Reliability, Policy, Complaint handling and Physical aspect are satisfactory and Safety & security is not so satisfactory. The majority of respondents who patronise Reliance and Spencer's departmental stores feel that they were satisfied about the stores. Further the regression analysis tacitly proves that in building the store loyalty the personal care and store policy dimensions are very important. Store managers should ensure that care is taken in formulating the store policy and encourage their floor staff to improve the personal care towards individual customers. Also store managers should take attention in improving and maintain the physical aspects of the stores to ensure a pleasant stay during the shopping and to create a good environment in the minds of the loyal customers to make them revisit the store.

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