Research Paper

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A Consumer Study in Organised Retailing At A Hypermarket in Coimbatore

Management

KEYWORDS : Consumer satisfaction, Consumer switching behaviour, Organised retailing

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ABSTRACT

This study throws a light on consumer behaviour in organised retail stores. The specific objectives of the study are to analyze customer satisfaction level, switching behavior, and suggest appropriate measures to improve the customer satisfaction at Spencer's hypermarket. General profile of the respondents revealed that majority of Spencer's customers were young aged, belonged to a medium sized family, well educated and mostly worked in private sector with an average monthly income of Rs. 20,001-30,000.Consumers were satisfied with quality aspects such as quality of products and service offered and parking facility. Non- availability of products, limited variety of products and non- availability of desired brand ranked as top three reasons by customers was the major reasons for switching stores and thereby customers suggestions are listed which may improve customer satisfaction and loyalty.

Introduction

The Indian economy is booming, with an average GDP growth rate of 6.9 per cent in 2011-12 and estimated GDP growth rate of 7.6 per cent in 2012-13 (The Economic Times, March 16th, 2012). It is expected to be the world's third largest economy after the USA and China by 2050 (Dadush and Stancil, 2009).

In the retail sector, in spite of a 1.07 billion strong population, the target consumer base for most retailers in India stands at about 405 million. Of this, about 30 million have a combined purchasing capacity of US$ 230 billion. The country's 6 million rich population shops worth US$ 28.36 billion every year (McKinsey and Company, 2007).

Retailing is the largest private industry in India and 2nd largest employment sector after agriculture and generates 6-7 per cent of employment (Zameer, 2011). The retail sector in India is highly fragmented and organized retail in the country is at a nascent stage. The size of India's retail sector is currently estimated at around US$450 billion and organised retail accounts for around 5 per cent of the total market (Business Standard, 2012). There are about 12 million retail outlets spread across India and thereby India has one of the highest retail densities in the world at 6 per cent (12 million retail shops for about 209 million households).

Review of literature

Ashokan and Hariharan (2008) in their study conducted in different retail outlets in Palakkad district found out that the customer were satisfied with the merchandise they have bought and expect the stores to improve the customer service and also to design the planogram in such a way that the products could be located easily.

Taneja and Kaushik (2007) reported that responsiveness, discounts, physical evidence, core services, tangibility and promotional activity influence the satisfaction level of customer and concluded that there is a significant relation between the family income and preference of retail formats.

Smith *et al.,* (2006) in their study found that customer satisfaction or dissatisfaction does not operate in the decision making process. Indeed, the more the customer is satisfied with the product, the greater the expectation raised when it is purchased again. Failure to meet the expectation can result in at least mild dissatisfaction.

Gomez *et al.*, (2004) in their study found that there are three main antecedents to customer satisfaction in food retailing i.e. customer service, quality of different products and value for money.

Objectives of the study

- To study the consumer satisfaction at a hypermarket
- To find the reasons for consumer switching behaviour from store to store
- To suggest appropriate measures to improve consumer satisfaction and minimize consumer switching behaviour

Research methodology

Sample size: 120

Sampling technique: Convenience sampling method *Tool for collection of data:* interview schedule (Questionnaire) *Tools for analysis:* Multi-dimensional scaling technique, Garret ranking and simple percentage technique.

Results and Discussion

General Profile of the Respondents

The general profile of the respondents comprises of basic details of the consumer. The profile of the cosumers influences their decisions and buying behavoiur.

Table 1. General Profile

General Profile details	Category	n	%
Age group	<20	14	11.70
	21-30	47	39.20
	31-40	25	20.80
	41-50	21	17.50
	>50	13	10.80
Gender	Male	73	60.80
	Female	47	39.20
Marital status	Single	45	37.50
	Married	75	62.50
Educational status	High school	9	7.50
	Under graduates	53	44.17
	Post graduates	58	48.33
Occupation	Private sector	46	38.33
	Student	26	21.67
	Self employed	17	14.17
	Home maker	16	13.33
	Government employee	7	5.83
	other	8	6.67

Family size	<3	19	15.83
	3-5	97	80.83
	>5	4	3.34
Monthly income	<10,000	18	15.00
	10,001-20,000	25	20.83
	20,001-30,000	34	8.33
	30,001-40,000	12	10.00
	40,001-50,000	10	28.34
	>50,000	21	17.50

Where, **n** is the frequency

From Table1, it could be concluded that major share of the Spencer's customers were young aged, male and married belonging to the medium sized family. Majority of the respondents were well educated and worked in private sector with an average monthly income of Rs.20,001-30,000.The customer profile must be taken into consideration while formulating strategies to improve customer service and quality.

Respondents Satisfaction Level with the Store

The multi dimensional scaling technique was used to measure the satisfaction level of customers with respect to various attributes like prices, quality, freshness of fruits and vegetables, products availability, display, sales person, parking facility, offers, customer service, frequency of new offers, door delivery, arrangement of products and infrastructure. A five point continuum (highly satisfied, satisfied, neutral, dissatisfied, and highly dissatisfied) was used in this study. Mean score for each attribute response was calculated and presented in the Table 2.

Table 2.Respondents Satisfaction Level

S.No	Factors	Mean score
1.	Prices	3.65
2.	Quality of products and services	4.00
3.	Freshness of fruits and Vegetables	3.64
4.	Products Available	3.64
5.	Display of prices and products	4.00
6.	Sales Person	3.78
7.	Parking Facility	4.20
8.	Offers	3.80
9.	Customer service	3.86
10.	Frequency of offers	3.64
11.	Door delivery	3.58
12.	Arrangement of products	3.99
13.	Infrastructure	4.08

Most of the respondents were satisfied (mean score >= 4) with the quality aspects such as quality of products and service offered (with a mean score of 4), display of products (mean score 4), parking facility (mean score 4.20) and the Infrastructure at Spencer's hypermarket (mean score 4.08). Respondents had neutral (mean score equal to 3) and nearly satisfied (mean score >= 3) opinion on remaining criterion such as prices, freshness of fruits and vegetables, products availability, salesperson sales, offers, customer service, frequent offers at the store, door delivery, and arrangement of products. Further it is also observed that the respondents are not dissatisfied with any of the criteria mentioned in the above Table 2. Therefore the store should continue to maintain the same satisfaction level among their customers.

Reason for Switching Stores by the Respondents

Analyzing the reasons for switching stores by the customers gives a clear picture of the areas where the store is not meeting upto the standards expected by the customers. Nine major causes for switching stores by the customers were identified and the customers were asked to rank the parameters for switching stores according to their priority. The information collected was analyzed and the results are presented in Table 3.

Table 3.Switching Behavoiur

S.No	Parameter	Garrett Score	Rank
1.	Non availability of products	62.14	1
2.	Limited variety of products	55.57	2
3.	Non availability of desired pack size	54.26	4
4.	Non availability of desired brand	55.34	3
5.	Lack of offers on products	52.21	5
6.	Poor quality of products	50.69	6
7.	Poor arrangement of products	40.51	8
8.	Poor response by salesmen	48.07	7
9.	Confusing layout of store	31.73	9

The sequence of priority of the major parameters for switching stores by the customers as per the Garrett score are non-availability of products, limited variety of products and non- availability of desired brand.

Non availability of certain products include magazines, musical C.D's, imported fruits, imported goods and pet foods. Limited variety of products is available under Fruits and Vegetables, spices and rice varieties. Non-availability of desired brand under cosmetic section, home appliances and staples. Hence the store should enhance their replenishment power, increase range of products and brand of products made available at the store.

Suggestions by Customers

Suggestions and comments given by the respondents are very helpful aspect in improving the retail service and quality of the store. Therefore the suggestions of the respondents were analyzed and presented in the Table 4.

Table 4. Suggestions by Customers

Suggestions by Customers	No. of respondents	%
No complaints	62	51.67
Improve quality of products and service	17	14.17
Non–availability of desired products and pack size	13	10.83
Billing requires improvement	12	8.33
Give more offers and price discounts	10	5.83
Provide free carry bags	7	5.00
Confusing layout	6	5.00
Poor response by salesman	6	4.17
Provide lift	5	4.17
Provide drinking water facility	5	4.17
Hire more workforce	5	4.17
Provide delivery upto car	4	3.33

From Table 4, it could be inferred that 52 per cent of respondents were satisfied with the stores performance and hence had no complaints or suggestions. Among the remaining, 14 per cent of respondents suggested to improve quality of products and services such as door delivery, delivery upto car, air- conditioning, expanding parking facility, freshness of fruits and vegetables and freshness of frozen products like meat, milk etc, followed by 11 per cent of respondents complaining on non-availability of certain varieties of fruits and vegetables, imported products, pet's foods, fewer brands in cosmetics and lower range of products in staples.

Therefore the firm should consider the suggestions and complaints of respondents and try to improve their service by implementing changes as mentioned by the customers in order to satisfy them and also increase the customer base.

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Conclusion and Recommendation

The major reasons for switching stores by the customers are, non- availability of products, limited variety of products and non- availability of desired brand. Therefore the store should include products such as magazines, musical C.D's , imported fruits ,imported goods and pet's foods improve quality of fruits and vegetables, cosmetic section, home appliances and staples.

The store should take appropriate measures in fulfilling the deficiencies perceived by the customers such as reducing waiting hours at billing counters, good and timely response by salesmen, providing drinking water facility atleast during summer, maintaining freshness of fruits and vegetables, increase branches of Spencer's in Coimbatore, so that it may not lose the existing customer base.

Firm should concentrate on regular customers to retain them and in turn improve the sales at the store, and also on non-regular consumers to convert them as regular customers.

The store should enhance their replenishment power, increase range of products and brand of products made available at the store.

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