An Empirical Study on Customer Satisfaction towards Corporate Retail Stores in Baroda City

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ABSTRACT

Customer satisfaction is end result of the service and products quality. This study measures the service quality dimensions given by Parasuraman (1990). The present study is taken up with an objective to measure the opinion of respondents on service quality such as product quality, price, product availability, store environment and design of product display. To assess the customer satisfaction; and to suggest specific steps to improve service quality of the retail store 120 samples are considered to pool up the opinions by structured questionnaire. This study tries to find interrelationship between various Retail Service Qualities dimensions, which will help the retailers to identify the steps needed to improve the overall quality of service.

1.0 Introduction

Which business considers every individual a customer? Which business accounts for less than 10 per cent of the worldwide labour force and is still the single largest industry in most nations? What is common between Wal-Mart, amazon.com, and the small kirana (grocer) stores that dot your neighbourhood? The answer is retailing, the last link in the chain of production, which begins from the extraction stage, moves on to manufacturing, and ends in the distribution of finished goods and services to the final consumer.

Retailing has become such an intrinsic part of our everyday lives that it is often taken for granted. The nations that have enjoyed the greatest economic and social progress have been those with a strong retail sector. Why has retailing become such a popular method of conducting business? The answer lies in the benefits a vibrant retailing sector has to offer – an easier access to a variety of products, freedom of choice and higher levels of customer service.

1.1 Retailing in India

In India, the retail sector is the second largest employer after agriculture. There are some 12 million retail outlets of which nearly 5 million sell food and related products. Valued at US$511 billion according to leading commercial real estate advisor, C.B. Richard Ellis' finding in 2008, the Indian retail market is the fifth largest retail destination globally. According to industry estimates, the Indian retail market is estimated to grow from US$330 billion in 2007 to US$ 427 billion by 2010 and US$637 billion in 2015. Simultaneously, organized retail which at present accounts for 4 percent of the total market is likely to increase its share to 22 percent by 2015. The 30 million sq. ft. of available mall space in India at present is expected to increase to 100 million sq. ft. by 2010, estimates that the number of operational malls will more than double to over 412 with 205 million sq. ft. by 2013, and further 715 malls by 2015 on the back of major retail developments ever in tier II and tier III cities. At presents 40 percent of malls are concentrated in the smaller cities.

1.2 Organized Retailing in India

Organized retailing refers to trading activities undertaken by licensed retailers those who are registered for sales tax, Income tax and it includes the retail chains, corporate backed hyper market and directly owned large retail business, Organized retailing comprises of shopping malls, Multi-storey mall, and huge complexes that offers a large variety of products in terms of quantity and value of money.

1.3 Opportunities in Retailing

Entrepreneurial Opportunities: Retailing provides opportunities for people who to start their own business. Some of the world's richest people are retailing entrepreneurs. There are some big innovative retail entrepreneurs include Kishore Biyani (founder of Future Group), Jeff Bezos (founder of Amazon.com an online retail shop), Sam Walton (founder of Wal-Mart).

Managerial Opportunities: In highly competitive and challenging environment, retailers hire and promote people with a wide range of skill and interests. Students often view retailing as part of marketing, because managing distribution (place) is one of the 4P's of marketing. Retailers raise capital from financial institutions, purchase goods and services, use accounting and management information system to control their operations, manage warehouses and distribution system, design and develop new products, and undertake marketing activities such as advertising, promotions, sales force management, and market research. Thus, retailers employ people with expertise and computer system, as well as marketing.

1.4 Retail Service Quality and Measurements

Retail service quality is the customer's overall impression and satisfaction. The service quality is most important factor for retail outlets. To measure the service quality Parasuraman (1990) developed a model called SERVQUAL, which considered five dimensions like (i) Reliability, (ii) Responsiveness, (iii) Assurance, (iv) Empathy and (v) Tangibility

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Another model was developed by Dabholkar (1996). He also identified five dimensions called (i) Physical aspects, (ii) Reliability, (iii) Personal interactions, (iv) Problem solving and (v) policy.

2.0 Review of Literatures

Dr. Girish K. Nair & Harish K. Nair (2013) conclude that "the customer perception of retail service quality is an important segment to the emerging and the existing retailers in the market. As the study reveals that perception of service quality is influenced by the various natures among various customers, even some of the general factors like Personal interaction, physical aspects are the dimensions on which customer perception remains constant and common to the entire customer on a majority basis. So the retail outlets have to frame their own strategies in order to attract the customers on a longer basis."

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Prof Sudhansu sekhar & Dr.sarat kumar sahoo (2009) in the study "Organized retailing in India: issues & challenges"' identified mainly the challenging factors like technology, supply chain, human resources, store positioning.

Parasuraman (1990) in his study on superior customer service and marketing excellence discussed the meaning and measurement of service quality and offered managerial guidelines for delivering superior service by invoking key insights from a multi-year, multi sector stream of research on customer service. He developed a model called SERQUAL, which consisted of five dimensions like reliability, responsiveness, assurance, empathy and tangibles. He concluded that reliability to be the most important of the five SERQUAL dimensions. He also concluded that a company should effectively blend external marketing with customer service to deliver superior service to customers.

3.0 Research Methodology

3.1 Objectives of the Research Study

i) To know the level of consumer satisfaction with services quality dimensions.

ii) To understand the factors influencing the shoppers buying at the organized retailers.

iii) To provide suggestions to improve the services provided by the organized retailers.

3.2 Data Sources

The data was collected by Primary sources as well as Secondary sources. The primary data were collected from the customers of the Big Bazaar, D – Mart and Hyper – City retail store at Baroda city. The secondary data were collected from publishing by search engine, newspapers, books, magazines, journals and websites.

3.3 Scope of the Research Study

This research study provides suggestions on improving the standard and services quality of the retail stores. The study aims on buying decisions selected respondents from the customer of retail stores in Baroda city.

3.4 Sample Size & Research Design

The data is obtained from the customer survey. The survey is carried out in Baroda city. Sample size of this study was 120 respondents from the population selected by Stratified Random Sampling.

Table.1 Sample size of selected retail outlets.

Name of Store	No. of Samples
Big Bazaar	40
D – Mart	40
Hyper – City	40
Total	120

4.0 Data Analysis & Interpretation

Table 2 Demographic profiles

		Big Bazaar	D-Mart	Hyper City	Total
Gender	Male	18	25	21	64 (53%)
	Female	22	15	19	56 (47%)
	Total	40	40	40	120 (100%)
Age Group	15-25 Years	15	18	16	49 (41%)
	26-35 Years	14	14	13	41 (34%)
	36-45 Years	7	5	6	18 (15%)
	46 & Above	4	3	5	12 (10%)
	Total	40	40	40	120 (100%)
Marital Status	Married	28	20	21	69 (58%)
	Unmarried	12	20	19	51 (42%)
	Total	40	40	40	120 (100%)
Occupation	Students	10	15	13	38 (32%)
	Housewives	12	8	5	25 (21%)
	Self-Employed	9	10	12	31 (26%)
	Salaried	9	7	10	26 (21%)
	Total	40	40	40	120 (100%)
Average Annual Income	Up to 1 Lac	2	4	9	15 (12%)
	1 to 2 Lac	5	9	8	22 (19%)
	2 to 3 Lac	12	10	9	31 (26%)
	3 to 4 Lac	12	12	9	33 (27%)
	4 Lac Above	9	5	5	19 (16%)
	Total	40	40	40	120 (100%)
Average Monthly Purchase from Store	Less than 1000	5	5	6	16 (13%)
	1001 to 2000 Rs	9	10	8	27 (23%)
	2001 to 3000 Rs	9	10	12	31 (26%)
	3001 to 4000 Rs	9	11	10	30 (25%)
	More than Rs 4001	8	4	4	16 (13%)
	Total	40	40	40	120 (100%)
Monthly Visits of Store	Once	8	7	9	21 (17%)
	Twice	5	4	4	13 (11%)
	Three	3	4	7	14 (12%)
	Four	7	8	3	18 (15%)
	As per Requirement	17	17	20	54 (45%)
	Total	40	40	40	120 (100%)

Interpretation

Above table shows that, out of total respondents 53% are male and 47% are female. 41% respondents are coming from 15-25 years age group. 58% respondents are married and rest of the 42% are unmarried. The highest numbers of respondents are students (32%). 27% respondents are belong from the income group of 3 to 4 lacs, 26% respondents are earning yearly 2 to 3 lacs. The highest category of purchasing from retailing is 31% from Rs.2001 to Rs.3000 and 30% are spending Rs.3001 to 4000 in retailing stores. 54 (45%) respondents are visiting the stores as per their requirements, while 17% are going one time in month to retail stores.

4.1   Satisfaction Based Statements (Five Dimensions)

This part included the analysis on the basis of five dimensions of the service quality i.e. reliability, responsiveness, assurance, empathy and tangibility. The degree of satisfaction towards selected organized retail outlets was set from 1 to 5 ranks.

(5 - highest satisfaction, whereas, 1 - lowest satisfaction).

In addition following criteria is used for analysis part:-

• The score among 1.00-1.80 mean lowest satisfaction.

• The score among 1.81-2.61 mean low satisfaction.

• The score among 2.62-3.41 mean average satisfaction.

• The score among 3.42-4.21 mean high satisfaction.

• The score among 4.22-5.00 mean highest satisfaction.

4.1.1 Customer's satisfaction towards Reliability Dimension.

Table .3

	Mean Scores		
	Big Bazaar	D – Mart	Hyper – City
(1) This store provides services as promised.	3.80	3.90	3.52
(2) This store has the merchandise available when customer wants it.	3.83	3.72	3.45
(3) This store has batter & fast billing system.	3.15	3.35	3.42
(4) This store provides services at right time.	3.60	3.37	3.32

(Source: Primary Data Collected)

Interpretation

From the above information we can say that the D – Mart is providing best services to their customers than next come Big Bazaar. In merchandise availability Big Bazaar is comes first than second is D – Mart. But in billing services the Hyper – City is providing best services as compare to other two stores. Big Bazaar provides services at right time when customers want it. Overall comparing the table we can say the Big Bazaar is more satisfying their customers.

4.1.2.Customer's satisfaction towards Responsiveness Dimension.

Table .4

	Mean Scores		
	Big Bazaar	D – Mart	Hyper – City
(1) Employees of the store are willing to help you every time.	3.37	3.70	3.42
(2) Employees of the store are able to handle customer complaints directly and immediately.	3.25	3.35	3.42
(3) Employees of the store give correct information when services provided.	3.47	3.85	3.17
(4) Employees of the store give prompt services.	3.32	3.37	3.30

Interpretation

From the above information we can say that the D – Mart is providing best services in the first statement. Employees of the Hyper – City store are able to handle customer complaints directly and immediately, the mean score is highest 3.42 as compare to another two stores. Employees of the D – Mart store give correct information when services provided, the mean score is 3.85 of that, secondly comes Big Bazaar in this statement. If we say on overall responsiveness dimension the D – Mart store is providing best services, out of four times the mean score is highest three times.

4.1.3 Customer's satisfaction towards Assurance Dimension

Table .5

	Mean Scores		
	Big Bazaar	D – Mart	Hyper – City
(1) Employees of the store are well qualified and perform the jobs accurately.	3.57	3.55	3.52
(2) Employees of the store are trustworthy	3.30	3.32	3.37
(3) Employees of the store have sufficient product knowledge.	3.52	3.60	3.42
(4) Employees of the store are courteous with customers.	3.45	3.62	3.40

(Source: Primary Data Collected)

Interpretation

From the above information Employees of the Big Bazaar store are well qualified and perform the jobs accurately but the gap between mean score is minor as compare to others. Hyper – City store has more trustworthy employees as compare to other two stores, mean score is 3.37 of Hyper – City. On the third statement D – Mart is comes first with 3.60 mean score. Employees of the D – Mart store are courteous with customers with 3.62 mean score secondly Big Bazaar and last Hyper – City.

4.1.4   Customer's   satisfaction   towards   Empathy Dimension

Table . 6

	Mean Scores		
	Big Bazaar	D – Mart	Hyper – City
(1) The store has Provide the operating hours convenient to all their customers.	4.10	4.20	3.95
(2) Employees of the store give personal attention to customers.	3.42	3.72	3.72
(3) Employees of the store understand the need of the customers.	3.72	3.82	3.62

(Source: Primary Data Collected)

Interpretation

Above table shows that the convenient operating hours are providing is highest by D – Mart with mean score 4.20 secondly with 4.10 mean score comes Big Bazaar. D – Mart gives personal attention to the customers with mean score 3.72 as a same Hyper – City is also giving same attention to the customers. At third statement D – Mart comes first with mean score 3.82 secondly Big Bazaar. Hyper – City needs to improve the Employees by train them.

4.1.5 Customer's satisfaction towards Tangibility Dimension

Table . 7

	Mean Scores		
	Big Bazaar	D – Mart	Hyper – City
(1) Physical facilities are sufficient. (rest room, trial room)	3.85	3.87	3.85
(2) The store has convenient parking for customers.	3.60	3.15	3.62
(3) The store is clean and hygiene.	3.87	3.35	3.87
(4) Location of the store is convenient.	3.95	3.90	4.20
(5) This store has modern equipment & fixtures.	3.90	3.50	3.77
(6) This store has sufficient moving place. (with Trolley)	3.97	3.70	4.05

(Source: Primary Data Collected)

Interpretation

As per the respondents answers the physical facilities are sufficient as all three stores, the mean scores are more or less same the difference is only 0.02. For parking facility Hyper – City has a good facility as compare to D – Mart, Big Bazaar and Hyper – City has a minor difference in their mean scores. For clean and hygiene statement Big Bazaar and Hyper – City has same mean scores, D – Mart wants to improve the cleanliness and hygiene. For moving space the Hyper – City has a good space to move with trolley, mean score is 4.05. D – Mart wants to improve the space management because the mean score is so low 3.70 as compare to other two mean scores.

4.2 Factors influencing to the Customers

Table . 8

	Mean Scores		
	Big Bazaar	D – Mart	Hyper – City
(1) I think the quality of the product is good.	4.00	3.95	4.01
(2) Brands & Products are available in the store.	3.90	3.60	3.95
(3) Product display & signage in the store is good.	4.05	3.70	3.99
(4) Discounts & offers are available on products.	4.07	3.97	3.90
(5) The shopping experience is good at store.	4.20	4.05	4.02

(Source: Primary Data Collected)

quality of the products. The mean score is more or less same for the quality of the products. In second statement D – Mart wants to increase the brands and products for better satisfaction. Again Product display and signage in the store is not good in D – Mart, the mean score is so low 3.70 as compare to other two stores. If we talk of discounts and offers the Big Bazaar is providing good offers and discounts with the mean score 4.07 which is highest. The overall experience is good in Big Bazaar store with mean score 4.20; lastly comes Hyper – City with 4.02 mean score.

4.3 Hypothesis Testing

Following Hypothesis have been tested by Chi-square The table-9(represented after findings) shows that, the calculated value of chi-square test is less than the table value except $H0_4$ and $H0_5$; hence the Null Hypothesis is selected in $H0_1$, $H0_2$, $H0_3$ and $H0_6$, while rejected in $H0_4$ and $H0_5$.

5.0 FINDINGS

From this study it was found that good quality of products, discounts and offers and good retail experiences attracts customers towards organized retail outlets.

From the chi – square analysis of the different variables researcher founds:

• There is no significant relation between gender and frequency of visit.

• There is no significant relation between age and frequency of visit.

• There is no significant relation between marital status and frequency of visit.

• There is a significant relation between occupation and frequency of visit.

• There is a significant relation between annual income and frequency of visit.

• There is no significant relation between average monthly purchase and frequency of visit.

6.0 Suggestions

• Retail stores should adopt the efficient inventory management system so that customers can find the merchandise available at the time of requirement.

• Employees of retail stores should be trained to handle the customers' complaints effectively.

• Employees of retail stores should have sufficient knowledge about products available in store.

• Employees of the store should try to give personal attention to customers.

Table . 9

Sr. No.	Null Hypothesis	Dependent Variables	Independent Variables	Table Value	Calculated Value	Decision
$H0_1$	There is no significant relation between gender and frequency of visit	Frequency of Visits	Gender	9.48	0.685	Accepted
$H0_2$	There is no significant relation between age and frequency of visit	Frequency of Visits	Age	21.00	17.73	Accepted
$H0_3$	There is no significant relation between marital status and frequency of visit	Frequency of Visits	Marital Status	9.49	4.169	Accepted
$H0_4$	There is no significant relation between occupation and frequency of visit	Frequency of Visits	Occupation	21.00	25.68	Rejected
$H0_5$	There is no significant relation between annual income and frequency of visit	Frequency of Visits	Annual Income	26.30	28.52	Rejected
$H0_6$	There is no significant relation between monthly purchase and frequency of visit	Frequency of Visits	Monthly Purchase from stores	26.30	13.29	Accepted

• Availability of physical facilities should be improved.
• The moving place of the store should be convenient to customers.
• Retail outlets should try to perform error free services.
• Retail stores should try to provide free parking facility.
• The promotion strategies of stores require paying immediate attention to take on the competitors with a completely new positioning.

7.0 Conclusion

Service quality is an important aspect for retailers to know about customers' satisfaction & SERVQUAL model is the root way to measure the effectiveness of service quality. In this research study it has been identified the satisfaction of customers towards the organized retail outlets in Baroda, which shows that the consumers are satisfied but the retailers have to improve the service quality. It can be concluded that customer satisfaction is very important. Thus, though customer satisfaction does not guarantee repurchase on the part of the customers but still it plays a very important part in ensuring customer loyalty and retention. Therefore, organizations should always strive to ensure that their customers are very satisfied. And this study it is founded that the customers are satisfied.

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