Socio-Demographic variables vs level of customer satisfaction about retailing in India - A study with particular reference to selected retail outlets in Nellore, Andhra Pradesh, India

J.V. Balasubramanian and P. Mohanraj

Abstract

Customer awareness and satisfaction on services of retail outlet in Nellore, Andhra Pradesh, India was evaluated . Evaluation of satisfaction customer level of its relationship with the socio-demographic variales of customers showed that the customer satisfaction level was not significantly influenced by their age, sex, education, income, family size, social class and frequence of purchase.

Key words: Customer behaviour, customer satisfaction, retail outlets, service quality and socio-demography.

INTRODUCTION

Retail industry in India, being the largest retail industry, accounts for over 10 per cent of the India's GDP and around eight per cent of the employment. With a 5 per cent compounded annual growth rate, it is one of India's fastest growing sectors and is expected to grow 25 per cent annually driven by changing lifestyles, strong income growth and favorable demographic patterns. India's huge middle class base and its untapped retail industry are key attractions for global retail giants planning to enter newer markets.

Until 1990s, the industry was dominated by the unorganized sector and was a seller's market, with a limited number of brands, and little choice available to customers. Lack of trained manpower, tax laws and government regulations, lack of consumer awareness and restrictions over entry of foreign players into the sector all discouraged the growth of organized retailing in India during that period. Kishore Biyani of

✉ J. V. Balasubramanian

email: *dr.jvbalu@gmail.com*

¹Professor of Management, Department of Management Studies, Er. Perumal Manimekalai College of Engineering, Hosur, Tamil Nadu.

² Professor and Head, Department of Management Studies, Er. Perumal Manimekalai College of Engineering, Hosur, Tamil Nadu.

Pantaloon Retails India Limited (PRIL) laid the foundation for organized retail in India, and it was successful venture followed by a host of Indian business giants such as Reliance, Bharti, Birla and others. As a result, the weak and unprepared local retails have died off and the retailers who banded together and dug their heels in to prevent Wal-Mart from opening in their towns have quickly become extinct. Conversely, a new breed of specialty stores like Trader Joe's and the Apple Storehave born. These stores identified what the big box stores couldn't offer i.e., unique product choice and high-touch service and did it better than anyone else.These successful manufacturers and retailers have in common is that they all learned to adapt to their environment and evolve their businesses accordingly. They innovated and reinvented themselves in a way that brought the most obvious value to the customer.

Pruden (1997) claims that customers make their purchasing and defection decisions on the basis of the perceived value of the service package being offered rather than simply their current levels of satisfaction and they have relationships with more than one service provider because they perceive each relationship to offer specific value to them.

According to Ishak (2006), the overall service quality of retail stores with regard to the consumers' level of perception and satisfaction in terms of Physical Aspect, Reliability, Personal Interaction, Policy and Problem Solving was "good" with significant difference across "age" of the customers, but not with the gender and monthly income of the consumers'.

Lüth, *et al.* (2006) found from the regression analysis, customer satisfaction has a high impact on the economic success of a shop. However, their results of the readiness to switch survey showed that customer satisfaction and commitment are not sufficient to explain loyalty. There authors have also found no significant differences in customer satisfaction between organic food shop, customers and organic supermarket customers, but there were strong differences with regard to discount oriented

customers. They summed up that customer satisfaction and loyalty are necessary but not sufficient preconditions for the economic success of small specialized shops.

A study by Babson College, (2010) demonstrated that even if retail managers intuitively sense that customer satisfaction affects sales, the linkages cannot be understood from observation, conceptual arguments and descriptive statistics alone and a quantitative model that links the proper constructs is required. Their results suggested that retailers have ample reason to establish Consumer Satisfaction Management Programs, which can help determine the optimal level of investment in Consumer Satisfaction provided that managers understand the complexities of the study.

A number of factors are driving India's retail market. These include: increase in the young working population, hefty pay-packets, nuclear families in urban areas, increasing working-women population, increase in disposable income and customer aspiration, increase in expenditure for luxury items, and low share of organized retailing. India's retail boom is manifested in sprawling shopping centers, multiplex- malls and huge complexes that offer shopping, entertainment and food all under one roof. But there is a flip side to the boom in the retail sector. It is feared that the entry of global business giants into organized retail would make redundant the neighborhood kirana stores resulting in dislocation in traditional economic structure. Also, the growth path for organized retail in India is not hurdle free. The taxation system still favors small retail business. With the intrinsic complexities of retailing such as rapid price changes, constant threat of product obsolescence and low margins, there is always a threat that the venture may turn out to be a loss making one. A perfect business model for retail is still in evolutionary stage. Procurement is very vital cog in the retail wheel. The retailer has to fight issues like fragmented sourcing, unpredictable availability, unsorted food provisions and daily fluctuating prices as against consumer expectations of round-the-year steady prices, sorted and cleaned food and fresh stock at all times. Trained human resource for retail is another big challenge. The talent base is limited and with the entry of big giants there is a cat fight among them to retain this talent. This has resulted in big salary hikes at the level of upper and middle management and thereby eroding the profit margin of the business. All the companies have laid out ambitious expansion plans for themselves and they may be hampered due lack of requisite skilled manpower. But retail offers tremendous opportunity for the growth of Indian economy. If all the above challenges are tackled prudently there is a great potential that retail may offer employment opportunities to millions living in small town and cities and in the process distributing the benefits of economic boom and resulting in equitable growth.

OBJECTIVES OF THE STUDY

Based on the foregoing account on retail sector in India, The following are the main objectives of the present study.

1.To find out the various services utilized by the customers on retail outlets.

2.To study the customer awareness about the retail outlets.

3.To identify customers level of satisfaction with respect to retail outlets.

4. To know the general expectation of the customers regarding organized retail formats.

5.To ascertain the factors affecting the satisfaction level of customers.

6.To suggest ways and means to improve retail outlets.

The study was conducted in Nellore, Andhra Pradesh, India.

RESEARCH METHODOLOGY

Field survey method was employed to collect the first hand information with the help of a well-structured questionnaire. A well-structured questionnaire was prepared to collect data from the sample respondents in the study area.The key aspect of the present research study was identified through the Interviews (pilot study) with customers and employees. The questionnaire is circulated among the research experts and it was re-drafted in the light of their comments.After the construction of the questionnaire it was pre-tested with more than 10 respondents and finally necessary modifications were made in the questionnaire. Finally, in the study area 125 respondents were selected on the basis of stratified random sampling technique.

An attempt was made to identify the main factors influencing the customer satisfaction in the study area. For this purpose, "level of satisfaction towards the retail outlet" was used as the dependent variable. The independent variables chosen for the study were age, sex, education, income, family size, class of customers, frequency of purchase, transportation, average purchase, time of purchase, mode of pay and level of perception, attitude of the respondents about the retail location. The data thus collected was presented in suitable table forms. Simple statistical tools like percentage, average, two-way table and chi-square test were used appropriately.

RESULTS AND DISCUSSION

AGE AND LEVEL OF SATISFACTION

Age is an important factor in affecting level of satisfaction of customers. An attempt was made to find out the relationship between age and level of satisfaction of the respondents. For the purpose, in the study, age has been categorized under four heads viz., below 25years, 26-30years, 31-35years, above 36 years. The distribution of sample respondents according to age and level of satisfaction is shown in table 1.

Table 1. Sample distribution for assessing the association between age and level of satisfaction

Sl. No.	Age	Number of Respondents	%
1	Less than 25	53	42
2	26-30	41	33
3	31-35	11	8.8
4	More than 36	20	16
	Total	125	100

42.4% of the respondents were in the age group of below 25years, 32.8% inthe age group between 26-30years, 8.8% respondents belonged to the age group between 31-35years, and 16.0% respondents were aged above 36 years.

With a view of find the degree of association between the age of the respondents and the level of satisfaction about the retail outlets, a two-way table was prepared (Table 2). The association between age and level of satisfaction was not significant (Chi-square test; Chi-square=1.647; df=6; p=0.949)

GENDER AND LEVEL OF SATISFACTION

Gender is an important factor affecting level of satisfaction. An attempt was made to find out the relationship between gender and level of satisfaction.

Table 2. Association between age and level of satisfaction

Sl. No.	Age	Level of Satisfaction (no. of Respondents :125)			Total
		Low	Medium	High	
1	Less than 25	9	33	11	53
2	26-30	8	24	9	41
3	31-35	1	8	2	11
4	More than 36	2	14	4	20

The distribution of sample respondents according to gender and level of satisfaction towards the retail outlet is given in Table 3.

The sample consisted of 41.6% of males and 58.4% of females. With a view to find the degree of association between the Gender of the respondents and the level of satisfaction towards the retail outlet, a two-way table

Table 3. Sample distribution for assessing sex and level of satisfaction

Sl. No	Sex	Number of Respondents	%
1	Male	52	42
2	Female	73	58
	Total	125	100

was prepared and is given in Table -4. Females' level of satisfactions towards the retail outlets were higher (Table 4); However, this association was not statistically significant (Chi-square=1.230; df=2; p=0.541)

EDUCATION AND LEVEL OF SATISFACTION

Education is an important factor affecting customer level of satisfaction. For this purpose, education has

Table 4. Association between gender and level of satisfaction

Sl. No.	Gender	Level of Satisfaction (no. of Respondents :125)			Total
		Low	Medium	High	
1	Male	10	30	12	52
2	Female	10	49	14	73

been studied under four heads viz., UG, PG, Professional and Others. The distribution of sample respondents according to educational qualification is given in table 5.

Table 5. Sample distribution for assessing education and level of satisfaction

Sl. No.	Education	Number of Respondents	%
1	UG	27	21.6
2	PG	35	28
3	Professional	50	40
4	Others	13	10.4
	Total	125	100

The sample consisted of 21.6% respondents with UG, 28.0% respondents with PG, 40.0% respondents with professional qualification, and 10.4% of them belonged

to other category like below Diploma, SSC, Intermediate, etc.

EDUCATION AND LEVEL OF SATISFACTION

With a view to find the degree of association between the education of the respondents and the level of satisfaction towards the retail outlet, a two-way table was prepared and presented (Table 6). The association between the educational level and level of satisfaction was not significant (Chi-square=3.479; df=6; p=0.747).

Table 6. Association between eduation and level of satisfaction

Sl. No.	Education	Level of Satisfaction			Total
		Low	Medium	High	
1	UG	7	15	5	27
2	PG	5	24	6	35
3	Professional	7	31	12	50
4	Others	1	9	3	13

INCOME AND LEVEL OF SATISFACTION

Income is an important factor affecting the level of satisfaction. Income has been studied under four heads viz., Rs. Less than 10000, Rs. 10001-20000, Rs. 20001-30000 and more than 30001. The distribution of sample respondents according to the Income is given in table 7.

Table 7. Sample distribution for assessing income and level of satisfaction

Sl. No.	Income	Number of Respondents	%
1	Less than 10000	47	37.6
2	10001-20000	44	35.2
3	20001-30000	18	14.4
4	More than 30001	16	12.8
	Total	125	100

The sample consisted of 37.6% respondents with low income category i.e., less than Rs.10000, 35.2% respondents belonged to the income group between Rs.10001-20000, 14.4% respondents belonged to the income group between Rs.20001-30000 and 12.8% respondents belonged to high income group i.e., more than Rs. 30001.

With a view of find the degree of association between the Income of the respondents and the level of satisfaction towards the retail outlet, a two-way table

was prepared and is given in table 8. The association between the income and level of satisfaction was not statistically significant ((Chi-square=5.307; df=6; p=0.494).

Table 8. Association between income and level of satisfaction

Sl. No.	Income	Level of Satisfaction (no. of Respondents :125)			Total
		Low	Medium	High	
1	Less than 10000	8	32	7	47
2	10001-20000	6	24	14	44
3	20001-30000	3	14	2	18
4	More than 30001	3	10	3	16

FAMILY SIZE AND LEVEL OF SATISFACTION

Family size is a factor affecting the level of satisfaction. In this study family size has been studied under three heads viz., less than 2, 3-4 and more than 5 members. The distribution of sample respondents according to the family size is given in table 9.

Table 9. Sample distribution for assessing family size and level of satisfaction

Sl. No.	Family size	Number of Respondents	%
1	Less than 2	11	8.8
2	03-Apr	74	59.2
3	More than 5	40	32
	Total	125	100

The sample consisted of 59.2% respondents with family size between 3-4 members, 32.0% respondents have the family size more than 5 members and 8.8% of respondents have a family size of less than 2 members.

With a view to find the degree of association between the family size of the respondents and the level of satisfaction towards the retail outlet, a two-way table was prepared and is given(table 10). The association between the family size and level of satisfaction was not statistically significant (Chi-square=5.493; df=4; p=0.240).

SOCIAL CLASS OF CUSTOMERS AND LEVEL OF SATISFACTION

Social Class of customers is an important factor affecting the level of satisfaction. The social class of customer was studied under four heads *viz.*, low, middle, upper middle and upper class. The distribution of sample respondents according to the social class of the customers is given in table 11.

Table 10. Association between family size and level of satisfaction

Sl. No.	Income	Level of Satisfaction (no. of Respondents :125)			Total
		Low	Medium	High	
1	Less than 2	2	7	2	**11**
2	03-Apr	8	58	14	**74**
3	More than 5	10	20	10	**40**

Table 11. Sample distribution for assessing class of customer and level of satisfaction

Sl. No.	Class of customer	Number of Respondents	%
1	Lower	2	1.6
2	Middle	37	29.6
3	Upper middle	79	63.2
4	Upper	7	5.6
	Total	**125**	**100**

The sample consisted of 63.2% of respondents belonging to the upper middle class, 29.6% respondents to the middle class, 5.6% respondents to the upper class and 1.6% respondents to the lower class.

With a view of find the degree of association between the Social Class of the respondents and the level of satisfaction towards the retail outlet, a two-way table was prepared and given(table 12). The association between the social class of the customers and level of satisfaction was not significant (Chi-square=10.287; df=6; p=0.113).

FREQUENCY OF PURCHASE AND LEVEL OF SATISFACTION

Frequency of purchase is an important factor affecting the level of satisfaction. In this study, class of

Table 12. Association between class of customer and level of satisfaction

Sl. No.	Class of customer	Level of Satisfaction (no. of Respondents :125)			Total
		Low	Medium	High	
1	Lower	0	0	2	2
2	Middle	5	23	9 -34.6	37
3	Upper middle	14	50	15	79
4	Upper	1	6	0	7

Table 13. Sample distribution for assessing frequency of purchase and level of satisfaction

Sl. No.	Frequency of purchase	Number of Respondents	%
1	Weekly	23	18.4
2	Monthly	33	26.4
3	Fortnightly	14	11.2
4	When it is needed	55	44
	Total	**125**	**100**

Table 14. Frequency of purchase and level of satisfaction

Sl. No.	Frequency of purchase	Level of Satisfaction (no. of Respondents :125)			Total
		Low	Medium	High	
1	Weekly	4	13	6	23
2	Monthly	5	20	8	33
3	Fortnightly	2	10	2	14
4	When needed	9	36	10	55

customers frequency of purchase was studied under four heads viz., weekly, monthly, fortnightly and when it is needed. The distribution of sample respondents accordingly is given in table 13.

The sample consisted of 44.0% respondents visiting the retail outlet when it is needed, 26.4% respondents visiting monthly, 18.4% respondents visiting weekly and 11.2% respondents visiting fortnightly to the retail outlets.

With a view to find the degree of association between the Frequency of purchase and the level of satisfaction towards the retail outlet, a two-way table was prepared and is presented(table 14). The association between the frequency of purchase and level of satisfaction was not statistically significant (Chi-square=1.429; df=6; p=0.964).

FINDINGS

♦ There was no significant relationship between age and level of satisfaction towards retail outlets.

♦ There was no significant relationship between sex and level of satisfaction towards the retail outlet.

♦ There was no significant relationship between education and level of satisfaction towards the retail outlets.

♦ There was no significant relationship between income and level of satisfaction towards the retail outlets.

♦There was no significant relationship between family size and level of satisfaction towards the retail outlets.

♦There was no significant relationship between class of customer and level of satisfaction towards the retail outlets.

♦There was no significant relationship between frequency of purchase and level of satisfaction towards the retail outlets.

SUGGESSIONS

Based on the findings, the following suggestions have been recommended to improve the sales and functioning at the stores.

♦It is suggestedthat the stores put in more efforts in making the advertising media an effective source of information in reaching the customers at large.

♦Efforts should be made to reduce the price of certain products like fancy items, children's toys, etc.

♦Steps should be formulated to make the customers aware of the door delivery system facility provided.

♦It is suggested to the management to appoint more number of skilled sales persons in order to attract customers.

♦It is recommended to the management to make the billing procedure more convenient.

♦Steps should be taken to avoid waiting and arrangements be made to park the customers vehicle without any problem.

♦It is suggested to the management to make the department store account for the benefit of the customers and the persons working at the store.

♦Retailer must develop frequent shopper programs to convert visiting customers to permanent customers.

♦Retailers must maintain the required stock and introduce new varieties to customers.

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