

## **Customers' Satisfaction towards Organized Retail Outlets in Erode City**

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**Abstract:** Customer satisfaction is widely recognized as a key pressure in the formation of consumers' future purchase intentions. Satisfied customers are also likely to tell others of their favorable experiences and thus engage in positive word of mouth advertising. The present study aims to investigate customer satisfaction in the organized retail outlets in Erode city of Tamil Nadu state in India. The objectives are to identify the determinants of customer satisfaction in the organized retail outlets in Erode city, to identify the attitude and behavior of the customers those who are purchasing in organized retail outlets, and to study about the future prospects of organized retail outlets in the city. Customer satisfaction is a significant subject for most marketers. A total of 200 questionnaires have been randomly distributed to retail customers. Using descriptive statistics method, cross table analysis, chi-square test and correlation method (to compare between different means) the data collected is analyzed. The result of this analysis suggests the degree of customer satisfaction in terms of services provided by organized retail outlets in Erode.

**Key Words:** Attitude, Behaviour, Customer Satisfaction, Retail Outlets, Word of Mouth Advertising

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### **I. Introduction:**

Retailing is one of the oldest businesses that human civilization has known. It acts as an interface between the producer and consumer, improves the flow of goods and services and raises the efficiency of distribution in an economy. For a strong, stable and consistently growing economy, a well-organized and efficient retail sector is a must. Most of the developed and even emerging economies had adopted the organized retail long ago and percentage share of organized retail in total retailing has increased over the years. However, India, a land of self-sufficient villages, has continued to rely primarily on small, close to home shops. It is only off-late with pick-up in pace of urbanization and rising disposable incomes that the country started to take a few steps towards the organized retailing. A good progress has been made in the last few years, and the retail industry is off late being hailed as one of the sunrise sectors in the economy. Interestingly, for many years, retailers have been administering surveys to their customers to measure both their overall level of satisfaction and their opinion of various details of their store experience, service and merchandise provided at organized retail outlets but they are not able to retain all their customers by providing solutions to them. Satisfying customers is one of the main objectives of every business. Businesses recognize that retaining the existing customers is more profitable than having to win the new ones to replace those lost. Management and marketing theorists underscore the importance of customer satisfaction for a business's success. Customer satisfaction is the key factor in knowing the success of any retail store or business; therefore it is very important to measure it and to find the factors that affect the customer satisfaction. Customers are most likely to appreciate the goods and services they buy, provided if they are made to feel special. This occurs when they feel that the goods and services that they buy have been specially produced for them or for people like them. It should be always keep measuring in order to get feedback for the products and services in order to develop it further with wide customization. Customer satisfaction levels can be measured using survey techniques and questionnaires. Gaining high levels of customer satisfaction is very important to a business because satisfied customers are most likely to be loyal, place repeated orders and use a wide range of services offered by a business.

### **II. Literature Review**

In the present day's retail business, ensuring customer satisfaction in delivering the right product and service to the end-users is the major concern for the future growth of the organization. In the present study an attempt is made to find out the customer satisfaction during purchase in retail outlets based on customer survey. (Das Prasun, 2009). Literature on customer satisfaction is voluminous and spans several areas such as marketing, management and accounting. For example, numerous papers use the ACSI (American Customer Satisfaction Index) to study customer satisfaction at the company, industry and macroeconomic levels. This paper focuses only on customer satisfaction studies that are related to retailing and does not survey the literature that studies the design of satisfaction survey instruments, as there is no control over survey design. The basic

tenet of this research stream is that higher service quality improves customer satisfaction, resulting in better financial performance, although the mechanisms by which this improvement happens vary.

Iacobucci et al. (1994, 1995) provide precise definitions of service quality versus customer satisfaction. They contend that service quality should not be confused with customer satisfaction, but that satisfaction is a positive outcome of providing good service. Ittner and Larcker (1998) provide empirical evidence at the customer, business-unit and firm-level that various measures of financial performance (including revenue, revenue change, margins, return on sales, market value of equity and current earnings) are positively associated with customer satisfaction. However, in the retail industry they find a negative relationship between satisfaction and profitability which may be because benefits from increased satisfaction can be exceeded by the incremental cost in retail. Sulek et al. (1995) find that customer satisfaction positively affects sales per labor hour at a chain of 46 retail stores. Anderson et al. (2004) find a positive association between customer satisfaction at the company level and Tobin's q (a long-run measure of financial performance) for department stores and supermarkets. Babakus et al. (2004) link customer satisfaction to product and service quality within retail stores and find that product quality has a six significant impact on store-level profits. Research on customer satisfaction usually views employees as facilitators of the sales process who are critical to improving the conversion ratio, by providing information to the customers on prices, brands, and product features and by helping customers to navigate store aisles, finding the product and even cross-selling other products. The unique feature of the retail store execution problem is that it combines the factory and the sales components, but this stream of literature focuses only on the latter.

### **III. Objectives of The Study:**

- 1) To identify the determinants of customer satisfaction in the organized retail outlets in the city.
- 2) To identify the attitude and behavior of customers in organized retail outlets.
- 3) To study the future prospects of organized retail outlets in the city.

### **IV. Scope Of Study:**

The scope of this study is wide and valuable. The study deals with the customer satisfaction towards organized outlets which is very essential for retailing. Also, it deals with various problems in the present retail store products and promotional schemes.

### **V. Research Methodology**

#### **5.1 Research design**

The main aim of this survey is to know the customer satisfaction towards organized retail outlets and find out the key factors for customer satisfaction. Therefore descriptive research is being adopted to find out the customer satisfaction and characteristics of consumers.

#### **5.2 Area of the study**

The survey is conducted among all class of customers who are the regular purchasers and occasional buyers in the organized retail outlets in Erode.

#### **5.3 Research approach**

##### **Survey method and questionnaires method**

Primary data is collected through survey method. All the respondents are asked to fill in the questionnaire by themselves. The questionnaire contains open ended and closed ended questions and it is in a structured format which is clear and simple to the respondents.

#### **5.4 Sample Size**

Sample size taken in this study is 200.

#### **5.5 Period of Study**

The study was conducted during the period January 2012 to April 2012

#### **5.6 Sampling Technique**

As all the possible items are considered for research, the sampling method adopted is convenience sampling.

#### **5.7 Data Usage:**

For analysis and interpretation, only primary data is used. However for conclusion and recommendations both primary and the secondary data along with the verbal knowledge and information although obtained from respondents, though they are outside the parameters of questionnaire were also included.

The data collected from these sources were analyzed using various tools like percentage analysis, chi-square test, correlation and cross table analysis method.

### 5.8 Research Instrument:

A standard questionnaire is prepared for the collection of data from various respondents. The questionnaire is designed in such a way that the aim of collecting essential information for the study would meet the set of objectives.

### 5.9 Tools:

SPSS version 20 is used to tabulate and analyze the valid responses. Initially, a comprehensive data file was created. Then, variables and their labels were defined. Few statistical tools such as Person's Correlation, Chi-Square and cross tabling were used for the analysis.

## VI. Analysis And Interpretation

### 6.1 General Profile of the Respondents

**Table 6.1**  
**General Profile of the Respondents**

Particulars	Classification	No. of Respondent	Percentage
<b>Age</b>	Age 25 and below	48	24
	Age from 26-35	64	32
	Age from 36-45	51	25
	Age above 45 years	37	19
<b>Gender</b>	Male	120	60
	Female	80	40
<b>Educational Qualification</b>	School Level	15	7
	Graduate	78	39
	ITI/ diploma	33	17
	Post Graduate	74	37
<b>Monthly Income</b>	Below Rs 5,000	4	2
	Rs 5,001 - Rs 10,000	22	11
	Rs 10,001 - Rs 15,000	84	42
	Rs 15,001 - Rs 20,000	47	23
	Above Rs 20,001	43	22
<b>Total members in Family</b>	One	5	2
	Two	23	11
	Three	57	29
	Four	99	50
	Five and Above	16	8
<b>Average monthly purchase at organized retail outlets</b>	Below Rs 1,000	14	7
	Rs 1,001- Rs 2,000	26	13
	Rs 2,001- Rs 3,000	108	54
	Rs 3,001- Rs 4,000	49	24
	Above Rs 4,000	3	2

### Interpretation:

From the above table, it is clear that 60% of the respondents are male and 40% of the respondents are female. After dividing the respondents on the basis of gender, they are further divided according to their age. In this, it is found that out of total respondents 24% are 25 years old and below, 32% age between 26-35, 25% belongs to the age group of 36-45 and 19% are above 45 years. 39% and 37% of respondents are graduates and post graduates respectively. 42% of respondents are in the income level of Rs 10,001-Rs 15,000, 23% of respondents are in the income level of Rs 15,001-Rs20,000 and 22% of respondents are above the income level of Rs 20,001. Majority of the respondents (54%) spend Rs2,001-Rs3,000 of their monthly budget towards their purchase in the organized outlets. Only 2% of the respondents spend more than Rs 4000 of their monthly budget. 50% of respondents' family size is four.

6.2 Stores before buying from Organized Retail Outlets

Table 6.2

Stores before buying from organized retail Outlets

S.No	Shop	No. of respondent	Percentage
1	Neighbourhood Store	23	11
2	Wholesale Market	35	18
3	Convenient Store	128	64
4	Other Stores	14	7

Interpretation:

From the above table it is clear that maximum (64%) of the respondents were purchasing from convenient stores before they have moved to organized retail outlets.

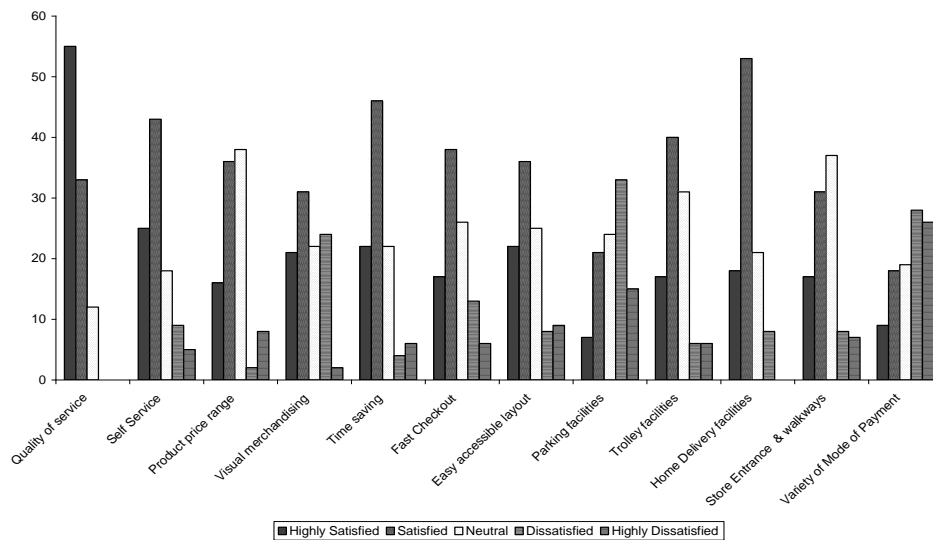
6.3 Satisfaction level towards service provided at organized retail outlets

Table 6.3

Satisfaction level towards service provided at organized retail outlets

Parameter	Level of satisfaction (%)				
	HS	S	N	DS	HDS
Quality of service	55	33	12	0	0
Self Service	25	43	18	9	5
Product price range	16	36	38	2	8
Visual merchandising	21	31	22	24	2
Time saving	22	46	22	4	6
Fast Checkout	17	38	26	13	6
Easy accessible layout	22	36	25	8	9
Parking facilities	7	21	24	33	15
Trolley facilities	17	40	31	6	6
Home Delivery facilities	18	53	21	8	0
Store Entrance & walkways	17	31	37	8	7
Variety of Mode of Payment	9	18	19	28	26

Fig. 6.1



**6.4 Chisquare Test**

**Table Showing the Relationship between Satisfaction level towards quality of service & Education level of the Respondents**

**Table 6.4**

	Case Processing Summary					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Education Level* Quality of service	200	100.0%	0	.0%	200	100.0%

**EDUCATION AND QUALITY OF SERVICE CROSS TABULATION**

EDUCATION LEVEL	QUALITY OF SERVICE			TOTAL
	HIGHLY SATISFIED	SATISFIED	NEUTRAL	
SCHOOL LEVEL	11	3	1	15
GRADUATE	40	30	8	78
ITI/DIPLOMA	21	9	3	33
POST GRADUATE	38	23	13	74
TOTAL	110	65	25	200

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.186 <sup>a</sup>	6	.403
Likelihood Ratio	6.136	6	.408
Linear-by-Linear Association	1.537	1	.215
N of Valid Cases	200		

a.) 3 cells (25.0%) have expected count less than 5. The minimum expected count is 1.88.

**Interpretation:**

From the above Pearson chi-square test the acquired value is 6.186 for satisfaction level towards the quality of service and the education level of the respondents and the table value for the degree of freedom 6 is 12.592

Taken: H0: There is no significant relationship between the two variables- satisfaction level towards quality of service & education level of the respondents.

H1: There is significant relationship between the two variables- satisfaction level towards quality of service & education level of the respondents.

Since the acquired value is less than the table value, H0 is accepted and there is no significant relationship between the two variables- satisfaction level towards quality of service & education level of the respondents.

**6.5 Correlation:**

**Table Showing the Correlation of Income Level of Respondents and their Average Monthly Purchase at Retail Outlet**

**Table 6.5**

	CASE PROCESSING SUMMARY					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Income level of family and Monthly purchase at FMCG retail outlet	200	92.6%	16	7.4%	216	100.0%

*Customers' Satisfaction towards Organized Retail Outlets in Erode City*

MONTHLY INCOME	AVERAGE MONTHLY PURCHASE AT RETAIL OUTLET					TOTAL
	BELOW Rs1000	Rs1001-Rs2000	Rs2001-Rs3000	Rs3001-Rs4000	ABOVE Rs4001	
BELOW Rs 5000	0	4	0	0	0	4
Rs5000-Rs10000	3	14	4	1	0	22
Rs10001-Rs15000	3	7	69	5	0	84
Rs15001-Rs20000	3	1	25	18	0	47
ABOVE Rs20001	5	0	10	25	3	43
TOTAL	14	26	108	49	3	200

**Symmetric Measures**

		Value	Asymp. Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
Interval by Interval	Pearson's R	.465	.076	7.400	.000 <sup>c</sup>
Ordinal by Ordinal	Spearman Correlation	.545	.066	9.136	.000 <sup>c</sup>
N of Valid Cases		200			

**Interpretation :**

The above table values of Pearson's R & Spearman Correlation are 0.465 & 0.545. From this table it is obvious that the correlation between the monthly income of the respondents and their average monthly purchase in organized retail outlets constitute a positive correlation.

**VII. Results And Discussions**

In this study it is found that organized retail outlets provide better quality of service, product range as compared to the unorganized retail outlets. Most of the customers are satisfied with the quality of service provided by the organized retail outlets. They are satisfied with self service, product price, visual merchandising, home delivery and fast checkout. They feel that the store layout is easily accessible to find the products. Some of the respondents are not satisfied with parking facility and variety of modes of payment. With the help of Pearson's R & Spearman Correlation test, it is found that there is a positive correlation between the monthly income of the respondents and their monthly purchase in organized retail outlets. By using Chi-Square test it is made clear that there is no relationship between satisfaction level towards quality of service offered and the education qualification of respondents. The organized retail outlets should provide good parking facilities to their customers. Also, they are expected to concentrate more on free home delivery and increase the number of billing counters, so as to ensure fast checkout. Most of the stores do not accept credit and debit cards. Since most of the customers are youngsters and employed, they feel more comfortable with card payment than cash, these stores are expected to make this facility available to all the customers.

**VIII. Conclusion**

The root of the study is that most of the customers prefer purchasing from organized retail outlets than unorganized outlets. Also, most of them are satisfied with the quality of service, price and product range of the goods provided by organized retail outlets. Satisfaction of consumers in retail service is an important criterion for a marketer to understand for further strategic decision. This study also reveals that the customers prefer organized retailing over unorganized retailing, due to which the organized retailing become a threat to the unorganized outlets. The establishment of such organized retail outlets in tier-1 and tier-2 cities has proved to be successful, as it fulfills the needs of the customers. As an expansion, such outlets are being established in tier-3 cities like Erode and other places. Hence, it's significant for such outlets to cater to the needs of the customers for its long run.

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