

Ph.D. Synopsis

Title: “A study of customer satisfaction & loyalty in organized retail stores of Gujarat”

Submitted

To

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Abstract:

Customer satisfaction ensures the companies about their success in their business and their competitor's environment. Study of customersatisfaction & loyalty has become the paramount factor among companies whether they are involved in marketing of tangible products or intangible services in the 21st century. Customer is the focal point for a retail business. The companies can ensure their survival based on the customer satisfaction and loyalty. This research attempts to study the Customer satisfaction and loyalty in organized retailstores of Major cities of Gujarat namely Ahmedabad, Vadodara, and Surat. In this research only one format of organized retail stores, supermarket is surveyed to understand customer satisfaction and loyalty. To narrow down the research, scope of the research has been restricted to only Groceries in supermarkets and three format of supermarket have been used for data collection, namely Big Bazaar, D-Mart, and Reliance fresh.

Primary data has been collected from five hundred respondents, across all the supermarketsin the three major cities of Gujarat with the help of structured questionnaire.A reliability test has been performed on the primary data, before proceeding for the statistical analysis. Demographic data has been analysed with the help of Kruskalwallis test and Mann Whitney U Test. For the testing of hypothesis confirmatory factor analysis, Path analysis and regression has been used, to develop the SEM (Structural Equation Modelling) model. It can be concluded from the research that SEM Model, fits Moderate to average with the defined objectives, and designed research tool (questionnaire) is supports this model.

Key words: Customer satisfaction, Customer loyalty, Supermarket

Brief Description on the state of art of the research topic:

The latter half of the 20th Century all most, whole World has seen the emergence of the supermarket as the dominant grocery retail form. The search for convenience in food shopping and consumption, led to the birth of the supermarket. As incomes rose and shoppers sought both convenience and new tastes and stimulation, supermarkets were able to expand the products offered.

Development of mega malls in India is adding new dimensions to the booming retail sector. Supermarkets have been taking an increasing share of general food and grocery trade over the last two decades. The supermarkets largely concentrate on selling food related products and are considerably smaller in size compared to hypermarkets. Traditionally consumers used to feel conservative to buy fruits and vegetables from air conditioned supermarkets. But the situation is changing and slowly supermarket operators are coming to their own. A super market normally sells grocery, fresh vegetables, fruits, frozen foods, toiletries, cosmetics, small utensils, cutlery, stationery and Gift items.

India's food and grocery retail is the most attractive segment in the world and accounts for 60% of total revenue in retail sector, followed by the apparel segment (Deloitte, 2013). According to a McKinsey report, the share of an Indian household's spending on food is one of the highest in the world, with 48% of income being spent on food and beverages (Mittal and Parashar, 2010)

The four major retail sectors are food and grocery, clothing, consumer durables and jewellery and accessories. Food and grocery contributes about 41% of private consumption expenditure and about 77% of total retail sales.

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. 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.

Satisfied customers tend to have a higher usage level of a service than those who are not satisfied (Ram and Jung, 1991; Bolton and Lemon, 1999). They are more likely to possess a stronger repurchase intention and to recommend the product/service to their acquaintances (Zeithaml et al., 1996). Numerous studies have also revealed that customer satisfaction positively affects loyalty (Zeithaml et al., 1996; Bloemer, et al., 1999; Oliver, 1999).

Present research attempts to study the various factors of customer satisfaction and loyalty in the grocery segments of selected format of supermarkets, namely Reliance fresh, Big Bazaar, D-Mart and also to find the link of customer satisfaction and customer loyalty.

Definition of the Problem

While shopping in different kinds of retail environment, there are factors which contribute to customer satisfaction and loyalty towards in one or other forms of retail format. Such factors need to be ascertained through research. There are many such studies in the field of retailing and these studies provide a basic framework for research, in the form of Literature review.

There are other factors related to family environment, and demographic profile - which also are considered by a customer for selecting a particular kind of retail format. A detailed probing in this regard needs to be done in this research. In depth inquiry in respect to such factors is done in this research through questionnaire it is tried to know the actual picture of the customer satisfaction and loyalty in the supermarkets.

Objectives

- To identify the factors which contribute to customer satisfaction & loyalty in Supermarket
- To study the importance of the factors contributing to customer satisfaction & loyalty in supermarket.
- To find out the linkage between the customer satisfaction and customer loyalty
- To develop and test the model of customer satisfaction & customer loyalty for super market.
- To study the impact of demographic profile on customer satisfaction and customer loyalty.

Scope of Work

- Consumer behaviour comprises of studying consumer perception, consumer buying process, attitude, satisfaction, loyalty etc., but in the present research *consumer satisfaction and loyalty* has been studied.
- Organized retail stores comprises of different types of formats, such as Hypermarket, Departmental Store, Supermarket, Speciality store etc. The present research includes only one format of the organized retail format, named as *„Supermaket*.
- Supermarket's product range covers household products, grocery, apparels, electronics, crockery etc. The present research focuses only on one product category i.e. *Grocery* section of the supermarket.
- There are many supermarkets in the Indian Retail Industry nowadays. In this study only three branded supermarket have been selected for the data collection, namely *Reliance Fresh, D-Mart* and *Big-Bazaar*.
- Data collection is done from three big cities (population wise) of Gujarat namely *Ahmedabad, Surat* and *Vadodara*. These three cities have all the above mentioned supermarkets.

Original Contribution by the thesis

The present study aims to study the factors of customer satisfaction in the organized retail store, namely in the supermarkets. Customer satisfaction has been studied by many researchers previously. The gap has been found out, from the previous studies and the link between customer satisfaction and customer loyalty has been explored through this research study. It is believed that customer loyalty comes from many sources, namely; service quality, corporate image, satisfaction etc. In the present research, the major emphasis is given on identifying the factors that contribute to customer satisfaction in supermarkets and to study the link of customer satisfaction with customer loyalty.

Research Methodology

- **Sampling Technique** : Non-probability convenience sampling
- **Sample Size** : 500 consumer

Rank	City	Population (2009 estimate)	Percentage	Division of 500 respondents
1	Ahmedabad	3,913,793	44 %	44 % of 500 = 220 Respondents
2	Surat	3,344,135	38%	38% of 500 = 190 Respondents
3	Vadodara	1,513,758	17%	17% of 500 = 90 Respondents
Total Population		8771686	100%	500

* Source : World Gazetteer : Gujarat – Largest Cities (per geographical entity). www.world-gazetteer.com.
Archived from the original on 2013-02-09. Retrieved 2009-11-30.

City	Reliance Fresh	D-Mart	Big-Bazaar	Total
Ahmedabad	70	70	80	220
Surat	60	60	70	190
Vadodara	30	30	30	90
Total	160	160	180	500

- **Sampling unit** : Individual consumer (grocery buyer)
- **Data source**
 1. Primary data : Structured questionnaire
 2. Secondary data : published material like books, Journals, Magazines, Reports, News papers, Websites
- **Research Tool**: Since this is a survey type of research, the tool used is a questionnaire. The details of the questionnaire are discussed in the following paragraph
 1. The first part has two questions which are introductory questions, in which city and store choice is asked from the respondents.
 2. The second part of the questionnaire deal with knowing the customer satisfaction , on the different aspects (physical appearance, Availability and variety, Price, sales Promotion, Service Quality, CRM, Pleasant Shopping experience) on the five point likert scale , ranging from "Highly Dis-satisfied" to "Highly Satisfied".

3. The third part of the questionnaire tries to understand the consumer loyalty (Attitudinal, behavioural, cognitive), with the supermarket on a five point likert scale ranging from "Strongly Dis-agree" to "Strongly Agree".
4. The Last part of the questionnaire included personal questions like – gender, age, Income, Education, Frequency of visiting the supermarket, monthly spending in the supermarket.

Hypothesis

1. Major Hypothesis

HO: There is no statistically significant relationship between customer satisfaction and customer loyalty.

2. For Customer Satisfaction

HO 1: There is no significant relationship between the Physical Appearance of the supermarket and consumer overall satisfaction

HO 2: There is no significant relationship between the Availability & Variety of grocery of the supermarket and Consumer overall satisfaction

HO 3: There is no significant relationship between Price of grocery of the supermarket and Consumer overall satisfaction

HO 4: There is no significant relationship between Sales promotion scheme of the supermarket and consumer overall satisfaction

HO 5: There is no significant relationship between meeting customer expectations in the supermarket and consumer overall satisfaction

HO 6: There is no significant relationship between Pleasant Shopping Experience in the supermarket and consumer overall satisfaction

HO 7: There is no significant relationship between Customer relationship management in the supermarket and consumer overall satisfaction

HO 8: There is no significant relationship between Service Quality in the supermarket and consumer overall satisfaction

3. For customer loyalty

HO 9: There is no significant relationship between the Behavioural Loyalty of the customer and Consumer overall loyalty

HO 10: There is no significant relationship between the Attitudinal Loyalty of the customer and consumer overall loyalty

HO 11: There is no significant relationship between the cognitive loyalty and consumer overall loyalty

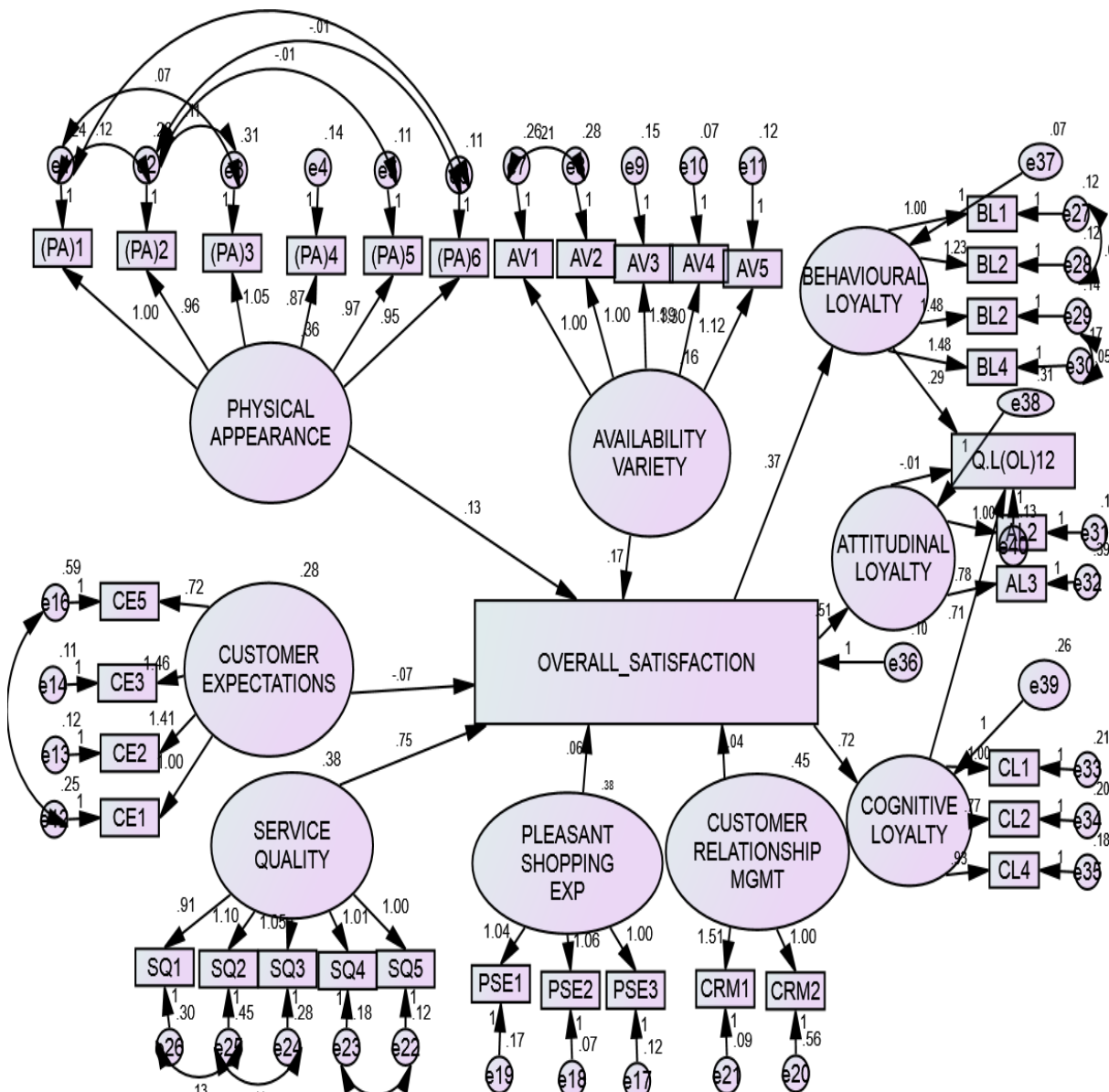
Results with the relation to objective & defined hypothesis

1. To find out the

- Relation between different constructs of customer satisfaction and overall satisfaction
- Constructs of loyalties with overall loyalty
- Link of customer satisfaction with customer loyalty

A SEM (Structured Equation Modelling) is designed with respect to objectives with the help of AMOS software. The structured relations were established based on the theory and literature review. From literature review, it has been identified that customer satisfaction is positively associated with physical appearance, availability & variety, Customer expectations, Customer relationship Management, Pleasant Shopping experience and Service Quality.

Further it has been also found that customer loyalty is positively associated with customer satisfaction. Hence, the structured relations were identified based on theory and literature review.



Interpretation of result from SEM Model

1. Overall satisfaction is dependent on different construct of customer satisfaction, such as Physical appearance, availability & variety, meeting customer expectations, pleasant shopping experience, customer relationship management.
2. All three loyalties such as behavioural, attitudinal, cognitive loyalty are dependent on overall customer satisfaction.
3. Overall loyalty depends on the attitudinal loyalty, behavioural loyalty and cognitive loyalty.

Objective	Hypotheses	Relationship	Regression	p value	Support	Null Hypothesis
1. To identify the factors which contribute to customer satisfaction & loyalty in Supermarket 2. To study the importance of the factors contributing to customer satisfaction & loyalty in supermarket.	H ₁₀	Physical Appearance → overall satisfaction	0.13	0.000	Yes	Rejected
	H ₂₀	Availability & Variety → overall satisfaction	0.12	0.000	Yes	Rejected
	H ₃₀	Customer Expectations → overall satisfaction	-0.06	0.051	No	Accepted
	H ₄₀	Service Quality → overall satisfaction	0.81	0.000	Yes	Rejected
	H ₅₀	Pleasant Shopping Experience → overall satisfaction	0.06	0.033	Yes	Rejected
	H ₆₀	Customer Relationship Management → overall satisfaction	0.05	0.072	No	Accepted
3. To find out the		Overall Satisfaction → Behavioural Loyalty	0.61	0.000	Yes	

linkage between the customer satisfaction and customer loyalty		Overall Satisfaction → Attitudinal Loyalty	0.46	0.000	Yes	
		Overall Satisfaction → Cognitive Loyalty	0.40	0.000	Yes	
	H ₉ 0	Behavioural Loyalty → Overall Loyalty	0.28	0.000	Yes	Rejected
	H ₁₀ 0	Attitudinal Loyalty → Overall Loyalty	-.005	0.886	No	Accepted
	H ₁₁ 0	Cognitive Loyalty → Overall Loyalty	0.71	0.000	Yes	Rejected

The Numbers under the regression column indicates the relationship between two factors. The positive no. shows positive relationship and negative no. shows negative relationship. As an example for physical appearance and customer satisfaction the regression no. is 0.13, it means the in one unit of physical appearance increase, there will be 0.13 unit of increase in customer satisfaction. The higher the no. better it is.

Standardized Regression Weights: (Group number 1 - Default model)

	Estimate
Q.S.PA1 <--- PHYSICAL_APPEARANCE	.776
Q.S.PA2 <--- PHYSICAL_APPEARANCE	.748
Q.S.PA3 <--- PHYSICAL_APPEARANCE	.747
Q.S.PA4 <--- PHYSICAL_APPEARANCE	.815
Q.S.PA5 <--- PHYSICAL_APPEARANCE	.872
Q.S.PA6 <--- PHYSICAL_APPEARANCE	.865
Q.S.AampV7 <--- AVAILABILITY_VARIETY	.624
Q.S.AampV8 <--- AVAILABILITY_VARIETY	.607
Q.S.AampV9 <--- AVAILABILITY_VARIETY	.827
Q.S.AampV10 <--- AVAILABILITY_VARIETY	.896
Q.S.AampV11 <--- AVAILABILITY_VARIETY	.795

	Estimate
Q.S.CE14 <--- CUSTOMER_EXPECTATIONS	.728
Q.S.CE15 <--- CUSTOMER_EXPECTATIONS	.908
Q.S.CE16 <--- CUSTOMER_EXPECTATIONS	.920
Q.S.CE18 <--- CUSTOMER_EXPECTATIONS	.445
Q.S.PSE21 <--- PLEASANT_SHOPPING_EXP	.874
Q.S.PSE20 <--- PLEASANT_SHOPPING_EXP	.927
Q.S.PSE19 <--- PLEASANT_SHOPPING_EXP	.841
Q.S.CRM23 <--- CUSTOMER_RELATIONSHIP_MGMT	.669
Q.S.CRM22 <--- CUSTOMER_RELATIONSHIP_MGMT	.958
Q.S.SQ28 <--- SERVICE_QUALITY	.873
Q.S.SQ27 <--- SERVICE_QUALITY	.826
Q.S.SQ26 <--- SERVICE_QUALITY	.771
Q.S.SQ25 <--- SERVICE_QUALITY	.709
Q.S.SQ24 <--- SERVICE_QUALITY	.716
Q.LBL1 <--- BEHAVIOURAL_LOYALTY	.710
Q.LBL2 <--- BEHAVIOURAL_LOYALTY	.773
Q.LBL3 <--- BEHAVIOURAL_LOYALTY	.800
Q.LBL4 <--- BEHAVIOURAL_LOYALTY	.774
Q.LAL6 <--- ATTITUDINAL_LOYALTY	.831
Q.LAL7 <--- ATTITUDINAL_LOYALTY	.619
Q.LCL8 <--- COGNITIVE_LOYALTY	.817
Q.LCL9 <--- COGNITIVE_LOYALTY	.746
Q.LCL11 <--- COGNITIVE_LOYALTY	.821

Standardized regression weights, shows the co-relation between the factor and the variable. Higher the value , better it is. It is standardise in a manner, so that maximum value one can obtain is 1. Value nearer to 1 is considered good co-relation. Value >0.7 is generally acceptable.

SEM Model Fit Summary

The table below shows the Model Fit.

Absolute Fit Measures		
Test	Recommended Value	Reporting Model
χ^2	p> 0.5	p=0.000
CMIN/DF	< 5	6.02
RMSEA	<0.10	0.10

Relative Fit Measures		
Test	Recommended Value	Reporting Model
CFI	>0.90	0.79
NFI	>0.90	0.74
RFI	>0.90	0.76
IFI	>0.90	0.79

Parsimonious Fit Measures		
Test	Recommended Value	Reporting Model
PCFI	>0.50	0.69
PNFI	>0.50	0.72

Note : All Recommended values are based on Hair et al.(2000), Ullman (1996) recommended CMIN/DF < 5

χ^2 = Chi- Square Test , CMIN/DF = Chi square test / Degree of freedom ,

RMSEA = Root Mean Square Error of Approximation, CFI = Comparative Fit Index

NFI = Normed Fit Index, RFI = Relative Fit Index, IFI = Incremental Fit Index,

PCFI= parsimony Comparative Fit Index, PNFI= Parsimony Normed Fit Index

Summary of Model: Summary of Model: From the above model it can be summarized

- SEM Model Fits (Moderately) as per the objective of research and produces the desired results.
- Final result of the model is as per study and designed hypothesis.

Co-relation

Price and sales promotion are measured as variables in questionnaire but not calculated in SEM as construct hence the relationship between price and sales promotions with overall satisfaction and overall loyalty with the help of Spearman's rank co-relation is as follows.

Objectives	Hypothesis	Positive Relationship	Co-relation	p Value	Support	Null Hypothesis
1.To identify the factors which contribute to customer satisfaction & loyalty in Supermarket	H03	Price and overall satisfaction	0.439	0.000	Yes	Rejected
		Price and overall loyalty	0.398	0.000	Yes	Rejected
	H04	Sales promotion and overall satisfaction	0.383	0.000	Yes	Rejected
		Sales promotion and overall loyalty	0.357	0.000	Yes	Rejected
3.To find out the linkage between customer satisfaction and loyalty	H ₀	Overall loyalty and overall satisfaction	0.569	0.000	Yes	Rejected

Summary of Co-relation:

1. There lies a positive medium strong co-relation between price and overall satisfaction, and sales promotion and overall satisfaction
2. There is a positive co-relation between Overall satisfaction and overall loyalty

Other Statistical Analysis

There are Multiple Tests performed on demographic data and its link with customer satisfaction and loyalty. Details of the same have been incorporated in the Thesis. In the synopsis , the following two analysis has been Incorporated.....

1.Comparison of three Different cities – customer satisfaction & Loyalty (Kruskal Wallis Test)

Ranks

City		N	Mean Rank
OVERALL_SATISFACTION	vadodara	91	263.98
	surat	189	244.06
	ahmedabad	220	250.45
	Total	500	
OVERALL_LOYALTY	vadodara	91	286.63
	surat	189	261.29
	ahmedabad	220	226.29
	Total	500	

Test Statistics^{a,b}

	OVERALL_SATISFACTION	OVERALL_LOYALTY
Chi-Square	1.609	16.178
df	2	2
Asymp. Sig.	.447	.000

a. Kruskal Wallis Test

b. Grouping Variable: City

2. Comparison of three Formats – customer satisfaction & Loyalty (Kruskal Wallis Test)

Ranks

	Name_of_Store	N	Mean Rank
(Overall Satisfaction)	Big_bazaar	181	279.72
	Reliance_fresh	158	163.80
	D-mart	161	302.73
	Total	500	

(Overall Loyalty)	Big_bazaar	181	276.80
	Reliance_fresh	158	161.88
	D-mart	161	307.90
	Total	500	

Test Statistics^{a,b}

	(Overall Satisfaction)	(Overall Loyalty)
Chi-Square	117.621	113.743
df	2	2
Asymp. Sig.	.000	.000

a. Kruskal Wallis Test

b. Grouping Variable: Name_of_Store

Conclusion of the research

- Some factors are more important (Physical Appearance, Availability & Variety, Service Quality, Pleasant shopping experience, Price and Sale promotion Schemes) generate more satisfaction as compare to other (Customer relationship management, meeting customer expectations)
- Customer satisfaction acts as a precedent of customer loyalty.
- Overall loyalty is the construct of Attitudinal, behavioural and cognitive loyalty
- D-Mart is the favourite store in all three formats, with highest customer satisfaction
- People residing in Vadodara tend to be more satisfied as compare to other cities.

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Publication Details(During Phd. Program)

S r. N o	Month & Year	Title of Paper	Author 1	Author 2	National / International	Detail of Journal	Impact Factor
1	Dec 2013	Survival of Small as Against Mall	Mrs. Preeti Singhal	Dr. TripatKaur (Phd. Supervisor)	International	Sankalpa-Journal of Management & Research', Vol- 3 , Issue 2, (July- Dec 2013) , ISSN No. 2231- 1904.	-
2	Sep 2013	Experiential Marketing : A Key to Customer Satisfaction in Organized Retail	Mrs. Preeti Singhal	-	International	E-journal of International Conference- BICON 2013 , Sep 2013 bearing ISBN No. 978- 93-83343-02-7.	-
3	Jan 2014	Influence of Store Image on Customer Satisfaction & Customer Loyalty in Organized Retail	Mrs. Preeti Singhal	Dr. TripatKaur (Phd. Supervisor)	International	Sankalpa-Journal of Management &Research', Vol- 1 , Issue 4, (Jan 2014) , ISSN No. 2231- 1904	-
4	Dec 2014	An Empirical Study on Consumer Preference for a supermarket (with special reference to vadodara city)	Mrs. Preeti Singhal	Dr. Kerav Pandya	International	Sankalpa - Journal of Management & Research (ISSN No. 2231-1904) , Volume 4 , Issue 2 , Jul –Dec 2014	-

5	Feb 2015	An Empirical study of consumer perception towards ethical practices of organized retail stores in vadodara city	Mrs. Preeti Singhal	Dr. TripatKaur (Phd. Supervisor)	International	Sankalpa - Journal of Management & Research , Conference Issue – February 2015 (ISSN No. 2231-1904)	Impact Factor : 2.372 (ISRA : JIF)
6	June 2015	Technological Innovations in Indian Banking Industry – Changing Banking Scenario	Mrs. Preeti Singhal	Prof. B. K. Jain	International	Sankalpa – Journal of Management & Research , January-June 2015 , Volume 5, Issue 1 , ISSN No. 2231-1904	2.372 (ISRA:JIF)
7	Sep 2013	Global Growth of Indian Maharatna PSUs – with special reference to ONGC, GAIL , NTPC	Mrs. Preeti Singhal	-	International	PROTSAHAN , Vol 1, No. 1, Sept - 2013, ISSN No. 2321-869X	-
8	Feb 2016	A study on consumer's perception of Supermarket's ethical Practices	Mrs. Preeti Singhal	Dr. TripatKaur (Phd. Supervisor)	International	Sankalpa - Journal of Management & Research , Conference Issue – February 2016 (ISSN No. 2231-1904)	2.813 (ISRA : JIF)