



SERVICE QUALITY, CUSTOMER SATISFACTION AND CUSTOMER LOYALTY IN RETAIL GROCERY- AN OVERVIEW

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Abstract:

Business is a broader concept which includes buying and selling of goods and services. The main purpose any business is to make profit. In this dynamic world of competition mere profit making is an outdated thought as businessmen have to put their efforts to make profit through customer satisfaction. As we all know that the satisfied customers are good advertisement to the business and they remain loyal to the business permanently or fairly for a long period of time.

Customer satisfaction and loyalty of the customers to the product are interrelated. Customer satisfaction can be achieved through better quality products and services, humbleness, customer support services etc. As the Customer satisfaction is the key factor for success of any business, so, it has become the focus of researchers and the marketers to predict the loyalty of the customers.

In this paper, we made an attempt to know 'what degree of relation is existing between product quality, customer satisfaction and loyalty? What are the different product-related experiences leads to satisfaction or dissatisfaction of the customers in service sectors? What are the different models available to explain and establish the relation between product quality, customer satisfaction and loyalty?

We made study through observation method and also used Questionnaire to know the views of selected customers as our methodology. We have gone through many research articles to know the views of various scholars from different places. To know the satisfaction level in retail grocery, we visited departmental store, examined the electronic bills, and picked-up few highest visitors' mobile numbers to collect the data through questionnaire.

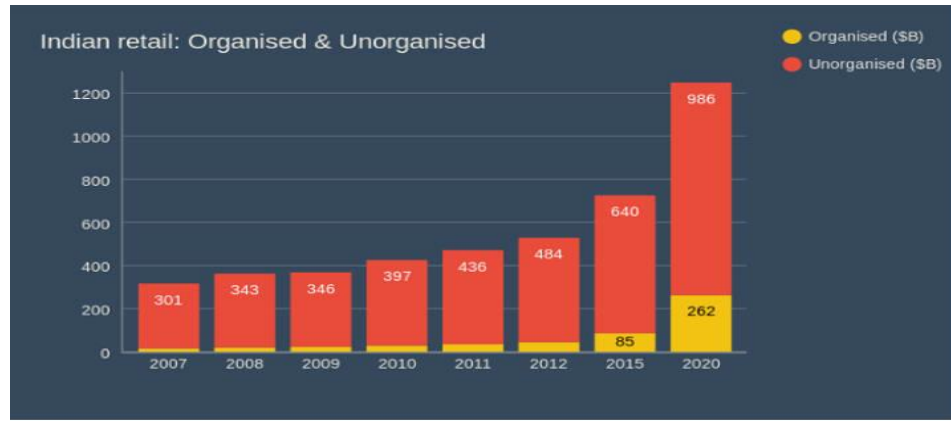
The study has been divided into six parts such as Introduction, Review of Literature, Objectives and Hypothesis, Research Methodology, Findings and suggestions, and conclusion.

Key words: Customer satisfaction, Loyalty, Service Sectors, RSQS, Bias

Introduction:

The Retailing in India has become booming industry. The whole term of retailing is changing due to innovations and inventions. In service industries, retailing has major role to play as it occupies predominant role in business with the more than 10% contribution in Indian GDP. Indian retailing is mainly classified into organized and

unorganized sectors. This structure makes it easier to let vendors list on a platform, rather than build inventory ground up.



Source: BCG/ Ernst & Young Rebirth of E-commerce in India)

Through the graph, it is clearly understood that India is dominated by unorganized sectors rather than organized sectors. The growth of unorganized sector is growing rapidly. In Retail services, the role of retail grocery plays next highest role to retail clothing business. In this paper, an attempt is made to study the service quality of the retail grocery business and the impact of the same on the loyalty of the customer.

Service Quality:

Service quality is major study of researchers as it influences the customers, cost, price, promotion, satisfaction, loyalty and profitability. The Retail Service Quality Scale (RSQS) model developed by Dabholkar has 28 items scale with five dimensions namely physical aspects, reliability, personal interaction, problem-solving and policy development. Mistri and Bhatt (2014) found that RSQS model has positive impact on the service quality in retail stores and is to be modified to provide more significant findings. The group of researchers believe that the service quality has an impact on loyalty through mediating the influence of customer satisfaction (Balaji, 2009; Bedi, 2010; Kassim & Abdullah, 2010; Kumar, Kee, & Charles, 2010; Lee & Hwan, 2005; Naeem & Saif, 2009; Yee, Yeung, & Cheng, 2010)

Customer Satisfaction:

Customer satisfaction is the overall evaluation of the customer about the product. The value of customer satisfaction rests on its relationship to choice and market share. Philip and Hezlett (1997) described that customer satisfaction is the perception of the service and its attributed quality of service.

Customer loyalty:

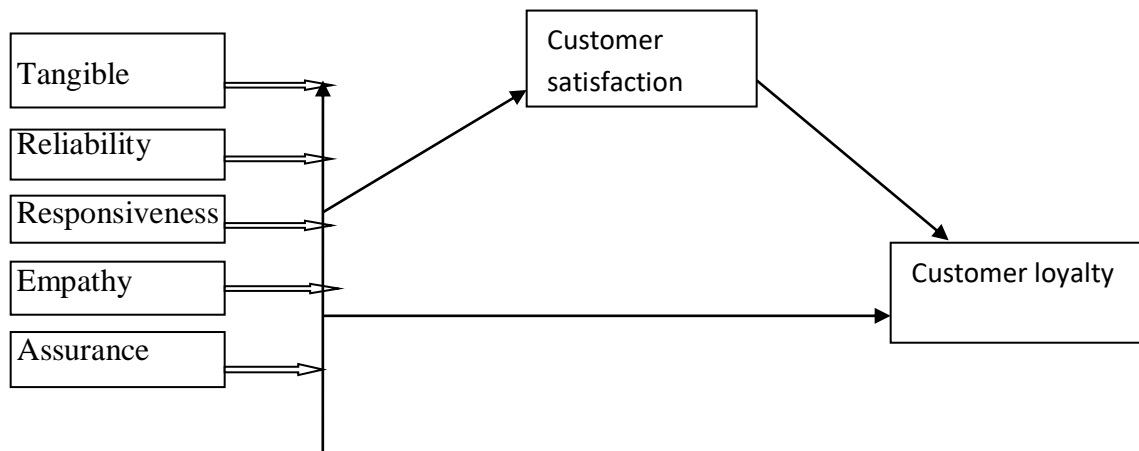
Customer loyalty is the attitude of customers towards repetitive purchases. Oliver(1997) described attitude of customer loyalty as a strong hold or pledge to re-purchase or patronize a preferred product or services

constantly in the future, in so doing leading to recurring same-brand or same brand-set buying. This behaviour occurs regardless of situational influences and marketing efforts which could stimulate a switching behaviour.

Service quality, Customer satisfaction and Customer Loyalty:

Service quality and all other related attributes of the products persuade buyers' satisfaction. Always satisfied customers are best advertisement for the product. They not only remain loyal to the business but also create market for the product.

The theoretical model guiding the investigation depicted is shown in the below given figure adapted from Agus et al. (2007) and Caruana (2002), who studied five factors such as tangibles, reliability, responsiveness, assurance, empathy and courtesy as the service quality in the context of service sector by drawing on management and customer perception of service quality.



Review of Literature:

1. David Martín-Consuegra, Arturo Molina, Águeda Esteban(2007): In their study “**An integrated model of price, satisfaction and loyalty: an empirical analysis in the service sector**” explained that the customer satisfaction is directly and indirectly affected by the price acceptance. Price fairness is considered as antecedent of customer satisfaction and loyalty. Further the analysis of their study also shows that customer satisfaction and loyalty are the two important antecedents of price acceptance.

2. Araceli Picón, IgnacioCastro, José L.Roldán(2014): Their study titled “**The relationship between satisfaction and loyalty: A mediator analysis**” proposed a multiple mediation model to analyze the relationship between satisfaction and loyalty. They analyzed the mediating role of perceived switching costs and the perceived lack of attractiveness of alternative offerings. They used sample of 785 customers from 74 insurance companies in the service sector by applying variance based structural equation modeling via partial least squares. The results of their studies showed that the perceived switching costs to a greater extent and



perceived lack of attractiveness of alternative offering to a lesser extent are significant mediators in the relationship between satisfaction and loyalty.

3. Ernest Emeka Izogo, Ike-Elechi Ogba (2015): In their study “Service quality, customer satisfaction and loyalty in automobile repair services sector,” they explored the dimensional structure of the SERVQUAL scale within non western service settings as well as the impact of service quality dimensions on customer satisfaction and loyalty found that the service quality dimensions are significant predictors of customer satisfaction and loyalty with the commitment dimension accounting for the highest degree of the impact.

4. Khan, Mubbsher Munawar Fasih, Mariam (2014): “Impact of service quality on customer satisfaction and customer loyalty: Evidence from banking sector”, in this study the authors tried to determine the satisfaction level of banking customers regarding quality of different services provided by the banks and their loyalty to the respective banks. They collected responses of 270 customers, out of 270 customers 225 customers (83%) responses were yielded and found that the service quality and all its dimensions have significant and positive association with customer satisfaction and customer loyalty.

5. Harald Biong (1993): “Satisfaction and Loyalty to Suppliers within the Grocery Trade”, the objective of this study was to find out an understanding the way in which the suppliers’ use the marketing mix components (sales force, product ,profitability and marketing support) to affect the satisfaction and loyalty level of the retailers. They used channel of distribution theory, an empirical testing and multiple regression analysis on a sample of Norwegian supermarkets. The results indicated that the satisfaction and loyalty are influenced differently by the marketing mix components. Satisfaction is associated with the factors representing co-operativeness and interpersonal contact, while the loyalty is associated with elements expressing dependency, sources of power and stakes in the relationship.

6. Rene Trasorras, Art Weinstein, Russell Abratt (2009): “Value, satisfaction, loyalty and retention in professional services”, the objective of this paper was to assess the customers’ perceived value of professional services and how this influences satisfaction, loyalty and retention. They conducted survey on professional service providers, which includes attorneys, financial professionals, physicians, dentists and private investigators. They found that there is a significant relationship between service and customer retention, quality and customer retention, image and customer retention, price and customer retention, value and customer retention.

7. Seigyoung Auh, Michael D. Johnson (2005): “Compatibility effects in evaluations of satisfaction and loyalty”, the purpose of this paper was to differentiate the satisfaction with that of loyalty based on the nature of judgment tasks involved. People posit satisfaction as a consumption or experience utility and loyalty as a decision utility to explain the missing link between satisfaction and loyalty. The authors argued that the difference affects the compatibility, and resulting influence of quality versus price information on satisfaction and loyalty evaluations. An empirical study of 183 firms using data from the American Customer Satisfaction Index reported which supported the proposed compatibility effects.



Objectives

1. To know the relation between satisfaction and loyalty.
2. To know what are the different satisfying quality factors affect the loyalty.
3. To study current trend of buying intuition.

Hypothesis:

1. No other factor is as important as product quality to satisfy the customer.
2. Quality of product influences the buying behaviour of rational customers.

Research Methodology:

We used observation method and primary sources to study the subject matter concerned. We visited Satwadi Departmental stores at Kundapura and gone through all the electronic bills. We observed that some persons have made frequent purchases and some others have made rare or only once purchase. With the help of the proprietor, we could collect their contact numbers. For the study, brief questionnaire is used which is very much confined to personal data to make decision and quality of the service concerned. We picked up frequent purchasers, moderate time purchasers and least time purchasers for our study purpose. We collected responses from 200 respondents with equal weights to all three categories of buyers.

Classification of purchasers based on their Gender and Age group

Age Group	Frequent purchaser		Moderate time purchaser		Least time purchaser		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
15-20	-	01	01	-	03	04	04	05
20-25	02	01	03	02	02	05	07	08
25-30	08	09	09	02	09	02	26	13
30-35	08	03	23	03	17	09	48	15
35-40	13	03	18	05	12	04	43	12
40 and above	12	02	01	01	02	01	15	04
Total	43	19	55	13	45	25	143	57

The data collected are related to January 2019 to December 2019. From the above table we can find out that highest purchaser group is lying in the age group of 30-35 and 35-40. They constitute nearly 50% of the total purchase of the sample taken. We considered only 200 respondents as they reside near the departmental store. The frequent purchasers are usually monthly ration buyers and buy all most all grocery items from the shop.



Hotel businesses also include in this category and usually they buy dry fruits from the shop (2 from age group 40 and above, 3 from 30-35 age group). Female buyer in the frequent category is cosmetics buyer and the other two groups rarely visited or once visited the shop.

As per the sample collected, out of 200 respondents only 62(31%) buyers are permanent customers i.e loyal to the business, but remaining customers rarely visit the shop. Those who belongs to permanent customers, their income level is high and belongs to rich class, higher middle class and educated. They don't bother about the price but they are very cautious about the quality of the product. While purchasing, they check expiry date of the product, ingredients, batch of the product. They mostly prefer packed items rather than unpacked items as they feel they are cleaned and dirt free.

The rare buyers include lower middle class and economically weaker sections. They made purchases here some rare items as they are not available in other shops. The education level is not high. They are very price sensitive, for them price of the product is more important than that of product quality.

Findings:

1. Those who made frequent visit to departmental store are higher middle class and above level.
2. Most of the lower middle class people are price sensitive.
3. Majority of people consider price is the highest satisfying factor rather than quality of the product and the service.
4. Quality of service is a personal perception, it differs from person to person.
5. Some feel that quality attached to service is bias as they get differentiated service i.e uniformity in service is not found.

Suggestion:

We found price is little high in organized sector rather than unorganized sector as the stores are liable to abide by various rules and regulations of the public and government authorities. So, it is better to study the satisfaction level and loyalty of the customers using price as a main criteria and quality as a subsidiary.

Conclusion:

In India one third of the population is price sensitive than the product quality and its allied services. The service rendered by personnel differs from person to person. As we know that services are always biased based on the status, income, gender, popularity of the customers, so, allied services cannot be rated along with the product quality.



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QUESTIONNAIRE

PART-1

1. Personal Profile:

1. Name of the customer:

2. Gender (male/Female):

3. Educational qualification:

a. Primary b. Secondary c. Higher secondary d. Graduates

e. Post Graduates

3. Age group: In years(please tick appropriate one)

a. 15-20 b. 20-25 c. 25-30 d. 30-35

e. 35-40 f. 40 and above

4. Family Income: (in Rupees)

a. Less than 10,000 b. 10,000 -20,000 c. 20,000-30,000

d. 30,000-40,000 e. 40,000-50,000 f. 50,000-60,000

g. 60,000-70,000 h. More than 70,000



PART-2

Customer Product quality satisfaction survey Questionnaire

Thank you for taking Customer Product Quality satisfaction survey for ten minutes. Please rate your satisfaction level with each of the following statement.

1= Highly satisfied, 2=Somewhat satisfied, 3=Neutral , 4= Dissatisfied. , 5= Highly dissatisfied

	1	2	3	4	5
1. Are you comfortable with purchase?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Do you feel happy with product purchased?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. How satisfied are you with the quality of the product?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. How do you rate response time sales representative?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. How do you satisfied with the quality of our product?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.How do rate customer communication?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.How would rate product knowledge?					
a. Order desk/ Inside sales representative	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Outside sales representative	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Counter/ Showroom sales representative	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.Rate your overall satisfaction with the customer service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.What product and/or service characteristics do you like?	<input type="text"/>				
10. What product and/or service characteristics do you dislike?	<input type="text"/>				