

Factors Influencing Customer Satisfaction in Retail Malls in Hyderabad: A Study

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Abstract

The study looks at the growing retail sector in India and tries to find out the various factors which influence the customer satisfaction in retail stores and shopping mall in the city of Hyderabad in India. First, focus group interviews were held and the existing literature was examined to bring out the variables affecting the customer satisfaction in a retail mall. Further focus group discussion was carried out to ascertain that these factors were actually applicable in the Indian context. Primary data collection was used and the responses were gathered via the mall intercept method from people who had shopped in malls in Hyderabad. Regression analysis was conducted and it was observed that the impact of customer orientation and ambience was more important compared to the other factors. The behavior of the sales person was also a very integral element influencing customer satisfaction. Necessitating adequate sales training. This study highlights the importance of the quality of service rendered.

1. Introduction

The organized retailing sector in India has been growing by leaps and bounds. The increasing disposable incomes coupled with the booming rates of the economic growth have provided a much-needed boost to this relatively newer industry. This phenomenon was kick started when the market deregulation happened. As per a report by the CII, in 2010, the total amount generated by Indian retail was poised to touch Rs. 300 billion. The share of the organized sector is much lesser but its projected growth rate has been pegged at 9.5% per annum for the next three years as per CII Report (2006). As opposed to the unorganized retail, there has been an emergence of modern, organized retail format stores. The biggest factor, arguably, which has had an impact on this retail revolution, is the emergence of retail malls. These malls consist of 90% of the specialty stores which have come up in India, be it the big malls like Shopper's Stop or smaller formats like boutiques.

These malls not only provide a wide variety of shopping products and services but they also have cinemas and restaurants, thus providing a one stop shop for the customers. Even though the organized retailing in India has a long way to go, sectors like apparels and accessories, food and grocery and consumer durables are the ones which are contributing the lion's share in the annual organized retail turnover (Indian Retail Report, 2005). The indirect effects of this growth can be witnessed in the various processes and the related infrastructure, which in turn has provided a major opportunity to the various companies which are the suppliers or manufactures for the products (consumer) as well as related goods which are used in the retailing industry.

2. Review of Literature:

Kotler (1991), has dwelled at length on the very important issue of consumer satisfaction, according to him, "the key to achieving organizational goals consists in determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors". Fundamentally, it is assumed that if a customer is satisfied with the offering (product, service, etc) the customer may patronize the offering. This highlights the importance of customer satisfaction and the need for the establishment to figure out the key ingredients of customer satisfaction. Customer satisfaction has been dogged by a debate that whether it should be regarded as a process or is it an outcome (Yi 1990). The earlier works in marketing attempted to provide a model rather than defining customer satisfaction. This was further compounded as it was unclear as to whether the measures which were being employed to measure satisfaction were indeed valid or not (Marsh and Yeung, 1999). In spite of this issue there are various definitions of satisfaction in the marketing literature. Day (1984) defined it as "the evaluative response to the current consumption event." Tse and Wilson (1988) have defined satisfaction as "The consumer's response to the evaluation of the perceived discrepancy between the prior expectations and the actual performance..." Oliver and Westbrook (1991) referred to it as a "post choice evaluative judgment concerning a specific purchase selection". Oliver over the period (1992, 1993 and 1997), further dwelled on this definition and suggested it to be a "the consumer's fulfillment response."

Consumers may patronize a retail mall for a variety of reasons, they may have different motivations. There may be a number of factors affecting the customer satisfaction. Bell, Ho and Tang (2001), tested a new model of store choice based on the assumption that a shopper is more likely to visit stores where the total shopping cost is lowest. It was attempted to look into customer segmentation keeping in mind the shopping costs. Stassen et al (1999) carried out a study on 27 stores in a market in order to look into the way households divided

grocery shopping between stores and as a result showed that shoppers learnt over repeated trips to economize their time and effort by dividing and patronizing different stores. Eastlick and Lotz (1999), deliberated about the impact of electronic retailing on in house retailing among potential adopter groups. They found out that opinion leadership, innovativeness and involvements were factors of influence.

2.1 The importance of satisfaction

Retailing has undergone a sea change. The technologies, the categories of the products available, the various formats have transformed over this period. Customers have been moving away from the traditional stores and moving to the retail stores. As the retailers continue to expand their assortments and adding services, there one underlying fact has remained unchanged over these years. A retail store, be it of any category or size cannot remain in business without the patronage of its customers. Customers are the backbone of any business and retailing is no different. Customer satisfaction goes to a great length to ensure loyalty of the customer. The retail stores are no longer places where consumers come to simply shop. The dynamics have changed; retail malls have become centers of recreation, family outings. These stores display a wide array of choices. Specialty stores and boutiques have sprung up, restaurants and movie theatres are now integral components of large malls. It is very important henceforth, for these retail stores to integrate the elements of commercial attraction in the planning strategies.

There a number of retail options available to a customer, he/she is no longer constrained for choices. To win over the patronage, a retail outlet has to ensure that it is able to maintain customer satisfaction, in other words it becomes indispensable. Expectations from customers play a very important role in determining the level of satisfaction. Competition has gone global and societal changes are evident.

Every retail store leverages on its attraction power and on its ability to enjoy patronage from its customers. This attraction power of a retail store, its ability to attract, is a mix of various factors that appeal to a customer. The mental process via which the customer decides and carries out an action is influenced by these very factors. Previous studies have tried to identify these factors which have an impact on whether the customer chooses or does not choose to purchase from a specific store.

Tauber (1972) carried out an exploratory study in order to comprehend the reasons as to why people shop. The results indicated that there were a number of reasons besides the need of the individual which influenced his/her decision to shop. Westbrook et al. (1985) proposed a theoretical model of the various shopping motivations. The findings lent further credence to Tauber (1972) and provided another two factors in addition to the ones listed by the latter.

Table 1. Motivations for shopping

Author	Article	Shopping motivations
Edward M. Tauber (1972)	“Why Do People Shop”, Journal of Marketing.	<p>Personal Motives</p> <ol style="list-style-type: none"> 1. Role playing 2. Diversion 3. Self – Gratification 4. Learning about new trends 5. Physical Activity 6. Sensory Stimulation <p>Social Motives</p> <ol style="list-style-type: none"> 1. Social Experiences Outside the Home 2. Communication with Others having a Similar Interest 3. Peer Group Attraction 4. Status and Authority 5. Pleasure of Bargaining <p>Impulse Shopping</p>
Westbrook et al. (1986)	“A Motivation Based Shopper Typology”, Journal of Retailing	<ol style="list-style-type: none"> 1. Anticipated utility of prospective purchase 2. Enactment of an economic shopping role 3. Negotiations to obtain price concessions from the seller 4. Optimization of merchandise choice in terms of matching shopper’s needs and desires 5. Affiliation with reference groups 6. Exercise of power and authority in marketplace exchanges 7. Sensory stimulation from marketplace itself

Spiggle and Sewall (1987) developed a model for the consumer store choice process. By carrying out a survey among the sample comprising of brides and grooms, the study aimed at finding the important attributes of

the store which were considered during the buying process. The study further suggested the model could be used as an analytical tool for allocation of resources by the retail stores. Mazursky and Jacoby (1986), in a study aimed to arrive at a conceptual definition of the store image and also investigate the roles played by the environmental cues in the process of the formation of the store image. Students who had a prior shopping experience participated in the study. The results showed that pictorial as well as verbal information played important roles in the process of store image formation. Prior shopping experiences influenced this process also. The subjects involved in the study used different sets of cues to highlight the various aspects of the store image.

Nevin and Houston (1980) extended the Huff's Model by incorporating two new components. The study tried to understand the extent to which the prediction of the shopping choices of consumers in intraurban shopping areas could be improved upon. The new variable introduced, "The special store variable", as well as the assortment store variable was found to have a significant impact. Baker et al. (1994) examined the various combinations of the various elements in the environment of a retail store. The store environmental factors were manipulated using focus groups and the shopping experience was simulated using video tapes. The study aimed at understanding how did these environmental factors influence the inferences made about the quality of the service and the merchandise available at the stores. It was found that both the merchandise quality as well as the service quality of the retail stores acted as mediators rather than being the components of the store image as reported by previous researches. Joyce et al. (1996) examined the impact of the age of the consumers on their perception of the retail store image. It was found that store image significantly affected store image perceptions which varied across ages. Younger customers were found to be more positive towards the salespersons attributes and store characteristics than the older customers. The older consumers were found to have more affinity towards retail environments related to their pasts whereas their younger counterparts associated more with contemporary settings.

Bloch et al. (1994) studied the interrelationships consumers shared with malls. The various patterns of behavior exhibited and those benefits which drew customers to retail stores was investigated after collecting on-site data using exit interviews from visitors in malls. It was found that the visitors could be clubbed into four categories, namely, Enthusiasts, Traditionalists, Grazers and Minimalists, with each group exhibiting different levels of participation. The orientations of each of these groups were found to be different with respect to the various factors of mall benefits. Wakefield et al. (1998) examined the desire of shoppers to be patrons of a retail mall considering three factors, namely, the tenant variety, mall environment (the stimulus factors) and the shopping involvement (organism factors). The results highlighted the importance of the physical environment of the mall as it was found to be the initial level of excitement and interest of the shopper. The tenant variety measured by the store mix was found to motivate shoppers to spend time in the mall. The shopping involvement was also found to have a direct impact on the mall patronage. Wong et al. (2001) proposed an instrument to measure the perceived attractiveness of joint venture shopping centres in China. The instrument measured five dimensions based upon 21 attributes. The dimensions it measured were location, quality and variety, popularity, facilities and sales incentives. The instrument was tested for validity and reliability though it was done so in the context of the Chinese retail shopping environment. El-Adly (2006) segmented shoppers using the attractiveness factors of UAE shopping malls. This study revealed six major factors from the perspective of the customers namely, convenience, diversity, comfort, luxury, entertainment and mall essence. It also provided three categories under which the mall shoppers could be classified i.e., relaxed, demanding and pragmatic shoppers. Stassen et al. (1999) studied the merchandising factors by monitoring the assortment and prices of stock keeping units (SKUs) packaged goods in stores. The study also investigated the way retailers maintained an optimal blend of marketing variables such as price, assortment and location in order to attract shoppers. The results showed that as the neighboring retailers focused more on price differentiation rather than assortment differentiation. As long as a store offered a preferred SKU, there was no significant impact on the perception of the assortment even if there was a decrease in assortment depth.

Table 2. Factors influencing shoppers

Source	Factors influencing shoppers
Bellenger et al. (2001)	Quality of the center, Presence of related services, Variety under one roof and Convenience (Economic)
Wakefield et al. (1998)	The tenant variety, mall environment (the stimulus factors) and the shopping involvement (organism factors).
Wong et al. (2001)	Location, quality and variety, popularity, facilities and sales incentives.
Sit et al. (2003)	Specialty Entertainment, Special event entertainment and Food. (Entertainment attributes)
Adly (2006)	Convenience, diversity, comfort, luxury, entertainment and mall essence

3. Objective of the Study:

To find out the various factors which influence the customer satisfaction in retail stores and shopping mall in the city of Hyderabad in India.

4. Methodology

The study was divided into two phases; in the first stage focus group interviews were held. The existing literature was examined in order to find out the variables which had been reported to be affecting the customer satisfaction in a retail mall. In order to further ascertain these factors were actually applicable in the Indian context, focus group discussion was carried out. The focus group study consisted of ten participants each. The samples consisted of people who have been shopping regularly at retail stores and had been to retail stores recently. The information obtained from the focus group discussion further helped to ascertain that the variables which had been decided upon by consulting the literature were valid in the Indian context. The final list of variables that were included in the study is:

- Customer friendliness of the store
- Convenience of location of the store
- Spaciousness in the store
- Availability of seating space in the store
- Adequate number of trial rooms
- Store timings
- Adequate parking space
- Air-conditioning and temperature in the store
- Attractiveness of the display
- Proper labeling of the product details and price tags
- Convenient and organized arrangement of the displayed merchandise
- Number of mannequins on display
- Quality of the products on display
- Availability of the latest styles of clothing/merchandise
- Availability of different styles
- Availability of various sizes
- Availability of colors in the merchandise to suit choices
- Availability of products in a variety of price range
- Appearance and grooming of the sales person
- Availability of adequate sales person in the store
- Politeness and courtesy of sales person
- Ability of the sales person to respond to queries
- Helpfulness of the sales person
- Waiting time in the queue for the purpose of billing
- The accuracy and the simplicity of the billing process
- Courtesy of the cashier at the billing counter
- Adequate number of billing counters
- Attractiveness of sales promotion
- Frequency of sales promotion
- Availability of merchandise within promotions
- Visibility of ad campaigns
- Clarity of message in the various promotion advertisements
- Queries addressed by the customer care associates in case of problems/feedback
- Time taken to address queries by the customer care associates
- Quality of help provided
- Accuracy of the customer care associates in providing the solutions
- Flexibility of exchange policy
- Ease of exchange
- Helpfulness of the sales person in getting the product exchanged

4.1 Survey Instrument

The survey instrument consisted of two parts; the first part consisted of items measuring different dimensions of customer satisfaction. Most of the variables have been previously used in literature and some of them were

modified to suit the Indian context using the inputs from the focus group interviews. The second part of the questionnaire consisted of a few demographic variables of the respondents.

4.2 Questionnaire design:

The questionnaire is designed taking the variables from the literature and also the new variables which were uncovered during the focus group discussions.

4.3 Data Collection:

Primary data for the research was collected through a structured questionnaire. The responses were gathered via the mall intercept method from people who had shopped in malls in Hyderabad. The period of gathering data was spread over four months. The data was collected from 274 respondents comprising of both the genders, age categories, income groups and marital status. A five point Likert scale was used to let the customers rank the variables influencing satisfaction levels 1 to 5, 5 being the highest. A pilot test was conducted with a sample of 50 respondents prior to conducting the actual data collection. It helped to ensure that the language of the questionnaire and the ambiguous nature of the language, if present. The details of these variables are given in the table below:

Table 3. Demographic details of respondents

Gender	Number of respondents (Percent)
Male	152(55.47%)
Female	122(44.52%)

Age	Percent of respondents
Below 20 years	27.01%
20 – 29 years	21.16%
30 – 39 years	17.88%
40 - 49 years	12.77%
50 - 59 years	13.50%
Above 60 years	7.66%

Marital Status	Percent of respondents
Married	59.49%
Unmarried	40.51%

Monthly household income (In Rs)	Percent of respondents
Less than 25,000	17.52%
25,000 - 50,000	30.29%
50,000 – 75,000	27.74%
More than 75,000	24.45%

5. Data Analysis

The data analysis was carried out in two subsequent stages. In the first stage, all the items were tested for reliability measures. The Cronbach alpha was significant for the entire set of items.

5.1 Cronbach's Alpha

The number of items in the questionnaire was 35 and the Cronbach's Alpha for these items was found to be very good.

Table 4. Cronbach's alpha

Cronbach's Alpha	Number of items
0.948	35

After carrying out the reliability measures, all the items pertaining to the customer satisfaction dimensions were factor analyzed using principal component analysis with varimax orthogonal rotation. In the second stage, the factor scores of the customer satisfaction dimensions obtained from the factor analysis were used as independent variables in multiple regression analysis and the overall shopping experience as the dependent variable.

5.2 Factor Analysis

The rotated component matrix of the factor analysis revealed seven factors accounting for approximately 72%.

Few measurement items had to be removed because either they did not load properly on any of the factors or they factored out separately without any sync with previous theoretical conceptualizations. Reliability of all the factors was calculated using the Cronbach's alpha. Value of Cronbach's alpha value greater than or equal to 0.7 is considered acceptable for the factor to be reliable (Hair et al. 2006). After the factor analysis 30 items are obtained which load on seven factors. As a result of this analysis the factors obtained are Customer Orientation, Ambience, Billing and Exchange, Sales Promotion Variety, Space and Location of the store. These factors along with the items which load under them are listed below:

Table 5. Factors and items loading under them

Items	Factor	Interpretation
Customer friendliness of the store	Factor One	Customer Orientation
Appearance and grooming of the sales person		
Ability of the sales person to respond to queries		
Politeness and courtesy of sales person		
Availability of adequate sales person in the store		
Helpfulness of the sales person		
Courtesy of the cashier at the billing counter		
Spaciousness in the store	Factor 2	Ambience
Adequate number of trial rooms		
Attractiveness of the display		
Proper labeling of the product details and price tags		
Convenient and organized arrangement of the displayed merchandise		
Quality of the products purchased		
Availability of the latest styles of merchandise		
Availability of different styles of merchandise		
Waiting time in the queue for the purpose of billing	Factor 3	Billing and Exchange
The accuracy and the simplicity of the billing process		
Adequate number of billing counters		
Flexibility of exchange policy		
Ease of exchange		
Attractiveness of sales promotion	Factor 4	Sales Promotion
Frequency of sales promotion		
Availability of merchandise within promotions		
Visibility of ad campaigns		
Clarity of message in the various promotion advertisements		
Availability of various sizes	Factor 5	Variety
Availability of colors in the merchandise to suit choices		
Availability of products in a variety of price range		
Availability of seating space in the store	Factor 6	Space
Convenience of location of the store	Factor 7	Location

5.3 Regression:

In the second part of the analysis, multiple regression is carried out by taking all the seven factors as independent variables and customer satisfaction as the dependent variable. The regression is as given below

Customer Satisfaction = f {Customer Orientation, Ambience, Billing and Exchange, Sales promotion, Variety, Space, Location}

The results of the regression are summarized in the table below:

Table 6. Regression results

Independent Variables (Factors)	Coefficient	Std. Error	t-Statistic	p-value	Standardized Coefficients
					Beta
(Constant)	3.526	0.031	112.453	.000	
Customer Orientation	0.409	0.031	13.010	.000	0.485
Ambience	0.471	0.031	14.97	.000	0.558
Billing and Exchange	0.118	0.031	3.744	.000	0.139
Sales Promotion	0.247	0.031	7.847	.000	0.292
Variety	0.111	0.031	3.541	.000	0.132
Space	0.133	0.031	4.236	.000	0.158
Location	0.182	0.031	5.783	.000	0.215
Note: R- Square = 0.739, Adjusted R-Square = 0.729, Standard Error = 0.43891, Sig. F = 0.0000, Dependent Variable: Customer Satisfaction					

The regression results indicate that the F- statistics were highly significant and specifically 72.9 of the variance in the dependent variable (Customer Satisfaction) was explained by the independent variables (Customer Orientation, Ambience, Billings and Exchange, Sales promotion, Variety, Location and Space.)

6. Discussion and Managerial Implications

It is observed that out of these seven independent variables, two stand out. The impact of Customer Orientation and Ambience is much more important compared to the other factors. The behavior of the sales person comes out to be a very integral element influencing customer satisfaction. Thus, adequate sales training and knowledge of the functions which are being performed is very much necessary. The management of the retail establishment should concentrate on providing the best possible training to their staff. Ambience of a retail mall is also highly important. Right from adequate number of trial rooms to the manner in which the merchandise is displayed in the store, these are important elements. The latest merchandise along with varied varieties and sizes is desired by the customers. The quality of the merchandise available also influences the customer satisfaction.

The managers of retail stores should keep an eye on the way employees handle customers. Right from the time they make inquiries about the merchandise, to providing the requisite information required and billing. Each and every aspect of service is important. This further highlight the importance of the quality of service rendered. The service encounters and the service delivery aspects which need to be explored further.

7. Limitations of the study

The study is limited to the city of Hyderabad; hence the results of this study cannot be generalized. Future studies could look at collecting sample from different cities. Further, the service quality aspects have not been considered in this study. Since they could also play a role, there is a scope for considering it in the future.

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