

A Survey of Customer Loyalty in U.P Organized Retail Stores

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Abstract

This paper provides a broad overview of the structure and direction of the factors that keeps customer loyal in the state of Uttar Pradesh in retail stores. The paper addresses research gaps that exist within the literature of the expectations and consumption of a quality product in the organized retail sectors. On the basis of this gap analysis, current research problem got identified. The major three constructs of the study were retail service quality, and customer loyalty. From this research problem, few research questions were derived, followed by study objective setting. Based on past literature support, one conceptual model were developed and presented in this paper. Besides, formulated hypotheses, relevance of the study, study design & methods, scope, etc were discussed in this paper. According to the survey, consumer loyalty is most strongly influenced by the quality of the product and its value. According to industry perception, the majority of consumers want personalization, yet our analysis shows that there is a discrepancy between rhetoric and reality.

Keywords: Retail Store, Consumer, Hatts, Mandi, Kirana Store, Personalized Retail etc.

Introduction

The retail stage of marketing is the most crucial since it is there that the marketer interacts with the ultimate consumer, the one who creates value by exchanging money for the product and therefore legitimises the existence of the firm. The retail industry is a low-barrier-to-entry one that requires only a small initial investment and few establishment expenses. The combined structured and unorganised retail sectors of India's retail industry rank it sixth largest worldwide. Competitive pressures are rising in the Indian retail sector, which is promising for the future of the sector. The organised retail sector faces competition from a wide range of sources, including discounters, supermarkets, discount department stores, and specialty shops. The question then becomes how to steer the company away from the increasingly hostile and dangerous competition while maintaining the current clientele. Modern consumers are more sophisticated than in the past. They place a premium on information, value, and interpersonal connections. Because of this, retail marketing is increasingly vital.

The company needs to find new clients while also focusing on keeping the ones it already has. The level of success a business has in the market as a whole can be gauged by looking at customer satisfaction levels. One of the most important predictors of repeat business and new purchases is customer loyalty. Retailing is a function between the manufacturer and consumer. For the strong, dependable and consistently rising economic climate, any well-organized and productive list segment is ought to. The Indian people mostly prefer to purchase their daily requirements from kirana.

The word "retail" comes from the French word "retailer," which literally means "to cut off a portion" or "to break bulk." It has been said that "dealer or investor exactly who carries things across modest amounts" best describes a store. The term "retail" can refer to a variety of businesses whose primary mission is to provide customers with a selection of goods and services for individual use. Stores that sell food and other goods range from grocery stores and department stores to specialty shops and fast food restaurants. In order to meet the needs of consumers, retailers buy in bulk from manufacturers or distributors and resell their products to end users at retail. In business parlance, retailing refers to the variety of activities undertaken by a company to add value to the products and services sold to end users for non-commercial purposes, such as consumption at home. Although most people think of retailing as simply buying products from stores, it also includes purchasing services like those offered by hotels, doctors, hair salons, video stores, and pizza delivery services. Some retail transactions can be completed online and others require a physical establishment. Retailing that takes place outside of traditional stores includes things like online shopping, direct sales, catalogues, etc. stores which are nearer to them. Satisfied customers are one of the key targets of each and every enterprise. Companies observe that preserving the prevailing customers will be additional rewarding in comparison with needing to get the revolutionary people to replace individuals dropped. Management and advertising thinkers agree that customer's satisfaction are essential to a company's success.

The rise of mom-and-pop shops like Kirana can be traced back to India's retail industry's humble beginnings. People in the area used to frequent stores like these. The government eventually came around to recognising the rural retail business, and numerous indigenous franchise outlets were set up under Khadi & indigenous franchise. With the opening of the economy in the 1980s came a revolution in retail. Textile companies like Bombay Dyeing, S. Kumar's, Raymonds, etc. were among the first to open retail chains after Titan pioneered the concept of retail showrooms in the newly formed organised retail sector. Over time, new entrants shifted their focus from manufacturing to retailing alone. Haats, Mandis, and Mellas have long been established features of the Indian landscape. They are ubiquitous and will continue to be an important component of daily life and commerce in a wide variety of settings. The particular PDS as well as Open Supply System would effortlessly come through as the individual largest store cycle recent in the United States. Previously few years, the actual Indian market possesses converted significantly. However 1950's towards the 1980's, expenditure in numerous companies ended up being restricted as a result of small getting power within the hands and wrists in the buyer as well as the federal guidelines favoring the actual small-scale industry. First ways to liberalization were drawn in the time via 1985-90. It had been at this time that many rules in exclusive firms were raised, in addition to within the 1990's, the Indian overall economy entirely developed via being state-led for growing to be "market friendly".

1.1. Retail Service Quality

The intangibility, diversity, and inseparability of services make it hard to quantitatively evaluate their quality. Through the years, numerous scholars have suggested and evaluated various models and instruments for gauging service quality. The SERVQUAL model, created in 1988 by Parasuraman et al, is a tool for gauging a customer's anticipation and approval of a service. The most well-known and widely-accepted framework for evaluating aspects of service quality is SERVQUAL (Parasuraman et al., 1985).

The fast expansion of the retail industry in India has led to the emergence of a thriving Indian organised retail market. Indian enterprises are increasingly entering the Indian retail market, which is helping the country's newly-formed retail sector. Customers have a hard

time articulating their needs, and the concept of service quality is vague and hard to quantify. The success of a retail establishment depends on the satisfaction, retention, and loyalty of its customers, all of which are directly tied to the quality of the service provided within the store.

Good service quality means that consumers' opinions of the service's performance meet or exceed their expectations for what the service provider should provide. In-depth interviews and focus groups with businesses in four distinct service industries allowed Parasuraman et al. (1988) to develop a five-factor scale by which they could evaluate the quality of services provided by these businesses.:

- **Tangibility:** Physical facilities, equipment of the service provider, attire and appearance of service employees, and other such intangibles are all described under this dimension of service quality.
- **Reliability:** Here, the service provider's capacity to deliver the promised service quality and items at a fair price is described.
- **Responsiveness:** It describes the firm's and its employees' resolve to help and serve clients quickly and effectively.
- **Assurance:** Customer faith in the provider and the company's capacity to provide as promised is described, along with the staff's utilisation of expert knowledge and friendly demeanour to win over new clients.
- **Empathy:** This illustrates the firm's genuine interest in its consumers and the ease with which it can provide them with specialised attention.

The SERVQUAL range has been traditionally used to measure service quality in numerous service contexts, like professional services (Freeman and Dart, 1993), healthcare (Lam, 1997), tourism (Tribe and Snaith, 1998), business school (Pariseau and McDaniel, 1997) and information systems (Kettinger and Lee, 1994). To ensure its validity and dependability, it has undergone extensive testing (Babakus and Boiler, 1992; Bolton 1991; Cronin and Taylor, 1992, 1994). Parasuraman et al. (1993) maintained the five-factor composition of service quality on conceptual in addition to practical grounds, despite the fact that some scientific research don't support the particular five-dimensional factor. The retail service quality measurement instrument was proposed by Dabholkar, Thorpe, and Rentz (1996) and is based on the SERVQUAL framework. This tool also shows that other dimensions of retail service quality are particularly relevant to the retail environment, beyond the common proportions that might possibly be dispersed by 100% service & retail settings. One of the most crucial aspects of a service's impression on a consumer is how well it is delivered. How customers feel about a service is a reflection of both the service's quality and their level of satisfaction with it (Zeithaml, 2000). Since customers are the ultimate arbiters of a service's success, quality is understood to be the degree to which actual results exceed or at least live up to anticipations (Czepiel, 1990).

Customers' evaluations of retail service are based on their assumptions about the quality of the experience they will have. When the quality of the service provided is judged to be equal to or higher than what was promised, the majority of customers will be satisfied. When service falls short of their expectations, people are dissatisfied (Levy and also Weitz, 2004). Dabholkar et al. (1996) provided a hierarchical factor framework for retail service quality that included five primary factors. Quality of Retail Service Inventory (RSQS): Retail Service Quality Model was established by (Dabholkar et al., 1996) to be applicable to the retail sector (RSQS). The RSQS takes 17 SERVPERF items and 11 items generated through broad qualitative research and adapts them for use. It composes of 5 dimensions
The five dimensions proposed were:

- **Physical aspects** -incorporates useful elements like layout, comfort and privacy and also aesthetic elements such as the architecture, colour, materials and style of the store.

- Reliability— A combination of keeping promises and providing right service.
- Personal interaction- courteous, helpful, inspiring confidence and trust in customers.
- Problem-solving – Handling returns and exchanges as well as complaints.
- Policy- a set of strategies, procedures and guiding principles such as high quality merchandise, convenient operating hours, availability of parking facilities and mode of payments.

1.2.The Future of Retailing in India

The organized retail tsunami initially arrived more than ten years ago. The Indian listing market is now having difficulty generating the appropriate levels of profitability and return. It has been a big concern if the business will turn a profit after such a long period of investing. Major retailers continued to prioritize reaching their financial aim of profitability in 2018, with no apparent exceptions. By increasing efficiency and improving inventory management, stores also hope to boost their overall profitability. At the corporate level, managing the supply chain and the human resources required to run the business are profitable primary expenses that are the emphasis.

The term "personalised retail" refers to an industry trend in which stores provide customers with unique services while they're shopping. Even while many retailers have put their faith in loyalty programmes, POS solutions, billing management, RFID technology, and inventory management, the future of Retail IT appears to be even more bright. A report by the consulting firm Deloitte predicts that the company would make large acquisitions with the use of technology that facilitates a unified multi-channel web approach. However, it will be quite some time before most of us witness widespread implementation of analytics by means of a sizable fraction of brick-and-mortar establishments in India. Customers' perspectives have been altered, to some extent, by mobile phones. In-store incentives like blogs, loyalty programmes, discount coupons, and special offers that can't be found elsewhere will not only get customers interested, but also help them find the finest goods for their needs. Relationship marketing

Rapid technological development and shifting consumer habits have provided new opportunities for marketers. Relationship marketing, which may be thought of as a "technique made to consumer loyalty, relationship, and long-term involvement," is currently at the centre of the marketing universe. Relationship marketing is a strategy that focuses on building trusting connections with customers by catering communications to their specific interests and needs. Marketers are making more of an effort to foster client loyalty and positive brand experiences rather than just push items.

Research Problem

After making extensive literature review, it was found that rarely few research studies on customer loyalty in Indian retail context are made thoroughly. Moreover, a multidimensional approach of customer loyalty remained an emerging area to investigate in Indian retail industry. At present, Indian retail sector is becoming highly dynamic, competitive, and digital. Therefore, this sector needs more attention to investigate, particularly on service quality, customer satisfaction and customer loyalty. Most of the past literatures give importance on factors of loyalty like, store image, brand image, and sales promotion etc. But, beyond these factors no such other specific factors are explored having expected linkages with service quality and customer satisfaction. Studies on these aspects in different Indian organized chains of retail sector are having little empirical evidences till

now. Most of the literatures give the idea about growth and progress of retail sector giving less importance on changing behaviors of consumers and no demographic issues are considered.

In the past, researchers have examined the connections between retail service quality, customer satisfaction, and customer loyalty. However, they have paid far less attention to the connections between the various components of service quality and customer loyalty. Providing high-quality services has emerged as a crucial retail strategy in today's competitive business climate and with the rising prominence of the Indian service industry. There are a number of things that influence a customer's decision on which store to buy from. Customers who receive consistently high-quality service may be more loyal to the stores they choose to purchase at. The vast majority of books and articles overlook this problem.

The current study is an effort to fill these knowledge gaps by investigating what factors influence customer satisfaction and loyalty along different dimensions of service quality, including tangibles like reliability, responsiveness, assurance, and empathy, as well as intangibles like responsiveness. The present study also considers the demographic issues of consumers and changing behavioral issues related to retail shop choice. The perfect parity between services made available from suppliers and also the services expected by the buyers is important to produce the purchase clean and hassle-free. So the services supplied become a vital part of the marketing strategy of the company. On this context, it's crucial to make a research upon the quality of services offered by the organized retail sector in India and also the current research work has remarkable relevance to the organized retailers in formulating their marketing strategies.

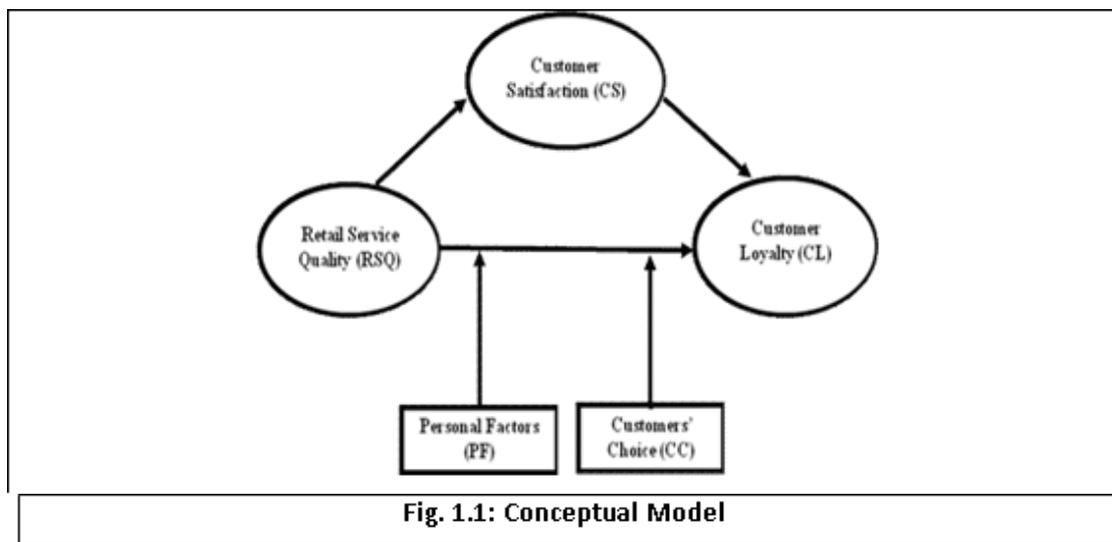
Research Objectives

- What are the key dimensions of retail service quality (RSQ) and customer loyalty (CL)?
- Are all the dimensions of retail service quality important in creating direct impact on all the dimensions of customer loyalty?
- Is there a relationship between the perceived service quality and customer satisfaction (CS) levels in Indian retail sector?
- Are consumers satisfied with service quality offered by organized retail, which ultimately leads to loyalty?

Relevance of the Study

As the retail industry in India is actually transferring by means of step associated with renaissance the previous kirana stores along with smaller merchants on the earlier are actually adjusting extremely fast having massive retail outlets and departmental stores. Today's consumers are demanding all variety of products under one roof. They are more conscious of quality, brands and the services made for them simply by various purchasing shop. Singh & Chowdhary (2005) concluded in their research that customer retention is the bottom line associated with corporate profitability along with value in retail industry. The study recommended it's necessary to primary realize what customers are looking for, exactly what really motivate them to go for shopping, along with exactly what drive them to purchase from a particular store. So it turns into imperative for those retail players that they must understand the shoppers customers in depth not simply to attract but to make their products according to

the requirements of the customer which will help them to y increase their consumer base.



Conceptual Model

When all else is equal in terms of pricing and other costs, consumers will always choose a higher quality service (Boyer & Hult, 2005). Leisen and Vance (2001) claim that service quality was a differentiating characteristic that helped businesses gain an edge in the market. According to research by Johnson and Sirikit (2002), service delivery systems can executives in a firm to gauge how content their clients actually are with the services they've received. The importance of customersatisfaction as a component of corporate strategy and an endpoint for business actions, particularlyin the modern, highly competitive market, has propelled it to the forefront of marketing literature (Anderson, Fornell and Lehmann, 1994). According to Oliver, "situational loyalty" emerges when a consumer buys a brand only when necessary, whereas "proactive loyalty" happens when the consumer routinely buys the brand regardless of price or availability (Oliver 1999).

Formulated Hypotheses

Based on the model proposed for the study, following hypotheses were identified for theresearch to be tested.

- **H1:** RSQ sufficiently affects CL in Indian organized retail
- **H4:** The moderating effect of CC of organized retail customers is supposed to be significant on the relationship between RSQ and CL
- **H5:** The moderating effect of PF of organized retail customers is supposed to be significant on the relationship between RSQ and CL

Results and Discussion



Based on the survey the product quality and value for money are most important factors that keeps customer loyal. The majority of consumers, according to industry opinion, desire customization, yet our survey indicates that there is a disconnect between rhetoric and reality. Only one in five consumers worldwide considered personalisation to be the top perk of loyalty programs, whether it be in terms of service, communication, offers or promotions. Offers that are genuinely customised can stand out in the crowd. Relevance in this situation is what drives sales. More than any other generation before them, millennials have been extensively researched. They are all too frequently characterized as fickle, egotistical, or entitled. However, the survey refutes a lot of these current prejudices. Compared to 40% of Baby Boomers, more than 60% of Millennials say they would rather donate their loyalty benefits to a worthy cause than use them themselves. — Compared to 49 percent of Baby Boomers, 69 percent of Millennials believe loyalty programs are challenging to join and earn benefits from. — Seven percent of Millennials do not participate in any programs. Compared to just 66 percent of Baby Boomers, 81 percent of those who do believe their membership enhances their spending with the company in question. Particularly among Millennials and Generation Z consumers, transparency, sustainability, and innovation have a significant impact on customer loyalty. Additionally, these demographic groupings are more susceptible to influence from social media, influencers, and favorable internet evaluations.

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