

Antecedents Of Customer Retention In Retail Industry

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ABSTRACT

In the present scenario, retailers are working towards finding the good marketing strategy or tactics to fulfill the customer's wants and needs, and businesses spends more amount of money to obtain new customers as well to retain existing customers. This study focuses on the key relationship between marketing tools such as store community, customer service, personalization and customer retention in retail industry. An empirical investigation of 118 loyalty/reward program members of retail stores in South Tamilnadu. The results found association between marketing tools, namely, customer service, loyalty/rewards programs, store community and personalization. Personalization had a major positive relationship with customer retention. The study provides important insights into the loyalty program management practices of retail stores.

Keywords: store community, customer service, personalization, customer retention, retail industry

INTRODUCTION

Nowadays, retailers are working towards finding the good marketing strategy or tactics to fulfill the customer wants and needs, this day's business spend more amount of money obtaining a new customers and also to retain the existing customers. Personalization is one of ways that through back to an olden days, giving a individual attention that brings consumer relation more closely. It sometime refers to one to one marketing, it mean meeting a person's needs and wants more effectively and efficiently that is process of making interactions faster and easier and, consequently, cumulate client satisfaction and probability of repeat visits. Now a day's personalization gives more important in webpages. Customer service is the process of service the individual person before, during and after shopping of goods and service. Success of customer service totally dependent on employee of the organization, whereas for that they spend more on training staff or get feedback from the customer in regular basis. Customer where showing more interest in loyalty programs memberships, offers, coupon , discount etc. such thinks have to be followed in store community they willing to stay and do future shopping in there store .customer retention customer retention denotes to the capability of a company or product to retain its customers over some definite time.The process of customer retention beginswhen a customer initiates their contact with the organization and withstands throughout the entire lifetime of affiliation and successful retention efforts take this entire lifecycle into account. A retail outlet'scapability to attract and retain customers is not only decided by its product or services, but also byservices delivered to its prevailing customers, the value the customers essentially produce as a result of using the solutions, and the reputation of it.

REVIEW OF LITERATURE

Bolton, Kannan&Bramlet(2000) have examined thatcompanies which offer loyalty rewards programs believe that their programs have a long-run positive effect on customer evaluations and behavior. Authors used cross-sectional, time-series data from a worldwide financial services company that offers a loyalty reward program.They have investigated the situation under which a loyalty rewards program will have a constructive effect on customer evaluations, behavior, and repeat purchase intention. The results indicates that members in the loyalty reward program fail to notice evaluations of the business. One possible reason could be that members of the loyalty

rewards program recognize that they are receiving improved quality and service for their cost or, in other words, “good value”

Khan (2012) have analyzed customer relationship using the customer retention, customer satisfaction on customer loyalty in telecom industry of Pakistan. Using the questionnaire, through electronic media, the author have collected the data. The result shows that the satisfaction of customers has significant effect on loyalty of customers while customer retention does not have any effect on customer loyalty. The study was applicable only to single industry, mobile telecommunication industry.

Dalwadi, Rathod & Patel (2010) in their research have focused on customer perception towards retail outlet get affected by demographic situation and variable of store while they making decision regarding purchase. The study confirms that the customer's regular shopping locality and demographic factors have no significant association with customer's opinion. The research foreground that range of product, store design, convenient shopping, schemes, advertisement, service, price of the product, behavior of employee store outlook major factor influence the people.

Karthikeyan (2010) in his study examined the relationship among retail store satisfaction, retail shopping behavior and customer service. The store satisfaction can be found out by customer service and people shopping behavior. While shopping customer must have good and pleasant surrounding customer care, customer service and good hospitality so that they can satisfied. Customers give at most important to service, convenience and ultimately leads to their satisfaction.

Khare (2011) have conducted the research on customer's preference towards shopping malls in cities. The study revealed that shopping malls seems to be an option because of the recreation place and joint eating in the malls, people attract towards the trends and brands in the malls. In malls people prefer huge variety of goods that are available ranging from food, electronics, clothing's, entertainment etc. Mostly customers are influenced through reference by their friends, relatives and neighbors regarding the malls. The authors have proved that consumer preference is

all about the customer service that is important factor that customer get motivated and visit the store again and again

Thenmozhi, Dhanpal&Sathyapriya (2011)have examined the association between customers' demographics and their insight towards retail service quality. The authors have utilized Retail Service Quality Scale (RSQS) in Bangalore and Chennai.The study discovered that inclination of retail service quality differs from corner to corners of different cities; based on the factors that customers' expectations can be met by retailers. They recognized certain factors like free home delivery, arrangement of goods, parking facility, variety of goods, maintain the store promise, cost of product,loyalty complaints handling,model outlook, availability of goods are every important. These are the factors that influence shopping behavior of the customers of retail industry. The authors have suggested that there is no relationship between demographics and customer's preferences of retail service quality.

Gurusamy&Prabha (2011), in their study have analyzed the consumers changing preferences and perception towards retailing. The study talks about the major important attributes of retail outlets which consumers are attracted towards. The study tells that traditional retail stores, best quality and formats like department stores, chain, supermarkets are good in terms of hygiene, variety, quality, consistency and convenience. Research shows that shoppers are very much weary towards the retailing organization. Price is most important variable where shoppers tell retailers are costly. The study shows that quality is next important factor to variety as the main factor to purchase in the retail store.

Gupta, Agarwal & Sinha (2008)the study on consumer perception about the various ranges of goods.The stream of entrants which focused on a shift from producers to dealers like Subhiksha, Food World and Nilgiris in FMCG industry lead to development of shopping centers, especially in urban areas, with conveniences like parking space for vehicles, targeted to deliver a comprehensive destination experience for all sections of society.The objective of developing hyper and super markets is to provide customers with Variety of products, value for money and Volume services. They have tried to observe the impact of consumers buying behavior in retail organization. Nowadays customers start shopping in malls and modern retailing and they shopping in local kirana stores. The study tells that availability of the variety of product is highly

appreciating by the customers. In the present scenario, customers don't even mind travelling 10-14kms for their shopping. The customers prefer good customer care, home delivery and convenience parking and other facilities

Tripathi(2008)has examined the emerging trends in Indian retail context and revealed behavior of consumers in shopping the goods in this modern retail style. The author has studied the consumer behavior based on shopper's classification such as consuming class, serving class and struggling class. The study suggests that high class people never shop at same store again and again ,even though people from lower middle class goes to super markets and chain stores, the upper class goes to departments stores and specialty outlets. Normally customers hesitate in visiting outlets containing broader area coverage. The study revealed that consumers feel conservative to buy perishables from air-conditioned supermarkets. For this kind for goods customers mostly prefer to buy in local sellers in the market. Also the research shows that customers look into to price value before making a purchase decision.

Mittal, Arora&Parashar (2010) they tried to analyze the preference of the consumers for organized retail outlets which depends on different factors. This research focused on preference of consumersregarding certainfeatures of retail outlets in various place of Punjab. The authorestablished that the purchase accessibility and variety of goods available are the important factorswhichaffect retail store preference of customers. Then the shoppers service like sales executive to help, sufficient parking facility, free home delivery, trolley, and basket availability and fast checkout of goods are very important factors that customer look in a retail store. Nowadays shoppers like to purchase goods from stores which has good ambience, neat and clean surrounding, display lighting. Other factor such as offers & discounts, product quality, goodwill of the store, recommendation by relatives, friends and neighbors also play a vital role in selecting a retail store. The study concludes that in general, customer's desire to happily enjoy their shopping.

Jain &Swaroop (2011),in their study have analyzed the customer preference towards the shopping malls in Delhi. The authors haveinvestigated the buying behavior patterns and the factors which attract them to the mall. The authorsverified the six major factors that influence the people preference in the minds of the customers. The factors are Information about the product,

Mall design, Attributes of the product, reason for shopping, delivery of goods and Customers buying behavior motive to buy. The research reveals that people are highly focused on receiving worth for the money they spend. As part of activities, comfort and recreation pave way in minds of customers and shopping at malls gives pleasure and fun. It is necessity to provide secure payments and information system in the area. From the research they find out today malls have changed from being shopping area to one-stop place for different activities.

Jain (2011), in his study has tried to examine the impact of demographic factors of Jaipur city shoppers in different kind of retail outlets like food, grocery, clothing etc. He has also explored the shoppers' satisfaction and loyalty towards the stores in Jaipur supermarkets. The research revealed that demographic factor like gender, age, qualification, family size, income, occupation has a huge impact on the liking of different variety of food and grocery stores. Individuals prefer shopping malls due to different varieties of products, availability of goods at a single place, quality, discounts, and display of product, brand, offers & discounts.

Chandra & Sinha(2013), in his research has investigated the shopper's preferences on two different retail formats such as organized and unorganized. The investigation was conducted with two main factors such as demographic and personal factor on perception of functional benefits in retail formats. Customers purchase the goods from one or more retail outlet. The study proves that the perception and preference of consumers towards retail outlets do not degrade the value of retail outlets. Thus, this study exposed that perception of beneficial function; customers behavior do not change based on personal factor and demographic factors towards grocery retail formats. Different factors like product availability, sales promotion play an important role in purchasing goods

RESEARCH METHODOLOGY

Research was conducted for customers of retail outlets in South Tamilnadu, and the data was collected from 118 customers. The data was collected through questionnaire which consisted of measures of store community, customer service, personalization and customer retention using 5-point Likert scale. The first part of the questionnaire contains the demographic variables, the second part contains the items regarding store community, the third part contains customer

service, the fourth part includes personalization and the final part contains customer retention. The profile of the respondents is reported in Table 1.

TABLE 1: Demographic profile of the respondents

Variables	Frequency	Valid Percent
Gender:		
Male	62	52.5
Female	56	47.5
Age:		
18-25	15	12.7
26-40	44	37.3
41-55	50	42.4
55-TILL RETIREMENT	9	7.6
Educational Qualification		
School	4	3.4
Diploma	34	28.8
Under Graduate	53	44.9
Post Graduate	19	16.1
Doctorate	8	6.8
Annual Income		
<RS.2LAKHS	13	11
RS.2-RS.5LAKHS	30	25.4
RS.6-10LAKHS	48	40.7
>10LAKHS	27	22.9

STORE COMMUNITY

TABLE 2: Mean analysis of Store Community

FACTORS	MEAN	RANK
Emotional attachment	3.7542	8
Personal meaning	3.9492	7
Part of Store's community	3.9915	6
Sense of belonging	4.4492	1
Sense of exclusivity	4.0678	4
Friendship with other store members	4.0424	5
Attachment	4.3814	2

Store's loyalty program.	4.2966	3
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Table 2 depicts the mean analysis of factors influencing the store community of retail store. The values prove that an individual's sense of belongingness to a store is the major factor which contributes towards store community. Feeling an affiliation towards the shop is the next factor which leads to store community. The customer enjoys in getting the privilege of being part of the loyalty program is the next contributing factor. The emotional attachment to the store is the least contributing factor towards store community.

CUSTOMER SERVICE

TABLE 3 Mean analysis of CUSTOMER SERVICE

FACTORS	MEAN	RANK
Product returns	4.339	2
Product exchanges	4.4915	1
Problem solving	3.9576	6
Response to customer	3.9492	7
Individual attention	4.0932	4
Special request	4.1525	3
Prompt service	4.0847	5
Availability of help	3.8729	8

Table 3 displays the mean analysis of factor influencing the customer service of retail store. The readiness of the store in providing exchange products and as well accepting products for the return is the major contributing factor towards the construct customer service. The willingness of the store to help the customers with their special request is the next providing factor. The response of the employees in solving customer's problems is the least aiding factor of customer service.

PERSONALIZATION

TABLE4: Mean analysis of PERSONALIZATION

FACTORS	MEAN	RANK
Warmth behaviour	3.7542	6
Personal attention.	4.3475	1
Personalized treatment	3.8305	5
Personal relationship	4.1271	2
Courteous behaviour	4	3
Updating current information.	3.9237	4

Table 4 illustrates the mean analysis of factor influencing the personalization in retail store. The personal attention and the relationship the store's personnel maintain with the customers are the majorly contributing factors towards personalization. The friendly behavior and personalized treatment of the employee towards the customers are the least aiding factors.

CUSTOMER RETENTION

TABLE 5: Mean Analysis of CUSTOMER RETENTION

FACTORS	MEAN	RANK
Loyalty	3.957	4
Consistency in spite of difficulty	3.9576	3
Loyal customer	3.8644	7
Commitment	3.839	8
Willing to make an effort	3.9237	6
Willing 'to go the extra mile'	3.8051	9
Frequent visit	3.9322	5
Regular customer	4	1
Future prospects	3.9661	2

Table 5 reports the mean analysis of factor influencing the customer retention in retail store. The customer's preference to shop in the store is the most aiding factor towards customer retention. The customer's promise to continue their purchase in future is the next contributing factor. Taking pains to continue shopping in spite of difficulties faced is the least aiding factor.

EFFECT OF STORE'S COMMUNITY, CUSTOMER SERVICE & PERSONALIZATION ON CUSTOMER RETENTION

The study have attempted to find the antecedents of customer retention using multiple linear regression analysis

$$\text{Customer retention} = \alpha + \beta_1 \text{ Store's community} + \beta_2 \text{ Customer service} + \beta_3 \text{ Personalization}$$

Table 6: Coefficient values

Independent Variable	β Coefficient	Standard Error
Store's community	0.136	.059
Customer service	0.151	.049
Personalization	0.274**	.039

R, the correlation value is 0.381 indicates the significance of prediction of the dependent variable. R^2 the degree of determination is 0.165, which means 16.5% of variance in customer retention is explained by store community, customer service, and personalization. The model is significant and valid since p value is less than 0.05 ($p=0.000$). The values suggest that only personalization ($p=0.002$) is the significant predictor of customer retention. Store community ($p=0.138$) and customer service ($p=0.093$) are not significant predictors of customer retention. The personalized service provided by the store is the positive predictor of customer retention rather than store's community and customer services provided.

CONCLUSION

The convenience and personalized services offered by the unorganized sector holds its future in good stead for the future. Organized retail of late has seen a tremendous boom and attracting more people to the shop. What is to be seen is how organized retail outlets can duplicate same level of personalized customer service levels offered by unorganized sector to have a higher conversion ratio. The target audience for both the organized and unorganized retail formats remains relatively the same. While shopping, people value the experience related to the trip the most and return to the store most frequently for the same. Besides, while enjoying the experience they seem to buy high ticket and items of conspicuous most frequently. Retail stores must go ahead with more loyalty programs to retain the customers. Retail outlets should introduces more of new schemes to keep the customers happy.

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