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Factors Influencing Customer Retention in Retail Sectors

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Introduction

For each effective retail activity, the customer assumes a significant job. As indicated by the retail rule the clients are the experts; the clients are the focal point of business and it rotates around the client. Consequently knowing the client and focusing on them will help the retail business to develop. Customer is the king of each business particularly in retail.

It is also viewed that the previous studies have been proved that the competition and the costs of acquiring brand new customers boost; the major companies give more attention to retain the customers and to maintain the long term rapport with them turn out to be major mission of every business in today's corporate world. Moreover in the service industries, it is frequently noticed that once the customers by the definite service providers, it is from here their continuous associations with them become significant to take the organization to the greater height of success.

On the road to acquire consumers who have dependability to the products available in the market, it needs the sustainable strategies which are to be planned and execute from the part of the corporate bigwigs who manufacture and produce the goods, in terms quality, value proposition and competiveness as to satisfy the customers and make them their loyal customers who will always be the brand ambassador of the product. It is implicit that the fresh and new client or the buyers or the customers will take their own time to be loyal to the product/brand they purchase from the show room.

Many of the studies about retaining the customer argue that improving profitability by reducing the cost will acquire new customers. Berry (2002) points out that the idea of marketing concept was initially the talk of the city in the year 1983, from then the interpreting the retention of the customer vary from time to time, there are no one way for this rather it is dynamic and evolving. The retained customers will always be the trustworthy owing to the attachment and loyalty to the organization in which the referral takes place and recommendation comes into play to purchase the products in the showroom and it is a continuous process.

As we live in this competitive world, as wants of the customer are rapidly increasing, every corporate needs to call for retaining the on hand customer as well as identifying the factors affecting them

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instantaneously. In order to retain the customer, make through raising the switching barriers that will greatly benefit the Industry and to function as a gratis support to them.

Literature Review

Reich held & Sesser (1990) and Storbacka*et. al.* (1994) investigated that when the more customer remains with the present and existing organization, the more the possibilities in utilizing the products from that particular organization as a result, the organization profits and builds the bonding relationship with the existing loyal customer. Storbacka and Gronroos (1994) established, by narrating that consumers also count on the other areas such as wide range of product availability, enhanced facility, affordable price and their return on investment. Garbarino and Johnson (1999) unveiled by saying that the "trust" factor has a encouraging influence to retain the regular customer. Eppie (2007) surveyed that "customer satisfaction" and "trust" play as the major and noteworthy features to heighten the consumer retention. Andreessen (1999) examined that "corporate image" impacts positively to retain the customer.

Alden, D.L., Steenkamp, J.-B.E.M. and Batra, R. (2006), (Promotion),studied that the measurement of the promotion was made in terms of advertising intensity and the availability of the product related information. Their findings suggested that the advertisement played a lesser role while the other factors like, network coverage; value added service and customer care played a major role in determining the consumer purchase intention and their retention strategy.

Shankar, V., Inman, J. J., Mantrala, M., Kelley, E., &Rizley, R. (2011),study on "Innovations in shopper marketing: current insights and future research issues" found the factors and activities those influence a consumer shopping in the organized retail shops enables a win-win situation for the shopper-retailer-manufacturer. They also identified those on integrated marketing activities, catchment and multichannel marketing tools, store atmospherics and design, merchandising, help the retailers to retain their customer.

Manoj and Sunil (2011) mentioned that the keeping hold of customer will be the greatest benefit and it will boost the relationship marketing. Kaur, Sharma, and Mahajan (2012), in their analysis pointed out that reaching a unifying decision concerning the factors in retaining the customer is not possible however they suggested the following factors like creation, nurturance and fostering of sustainable relationship with the customer can be taken into consideration.

Objectives

- To analyze the components used by the retail sectors for their promotions
- To identify and understand the effectiveness of the selected variables on customer retention in retail sector

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Research Methodology

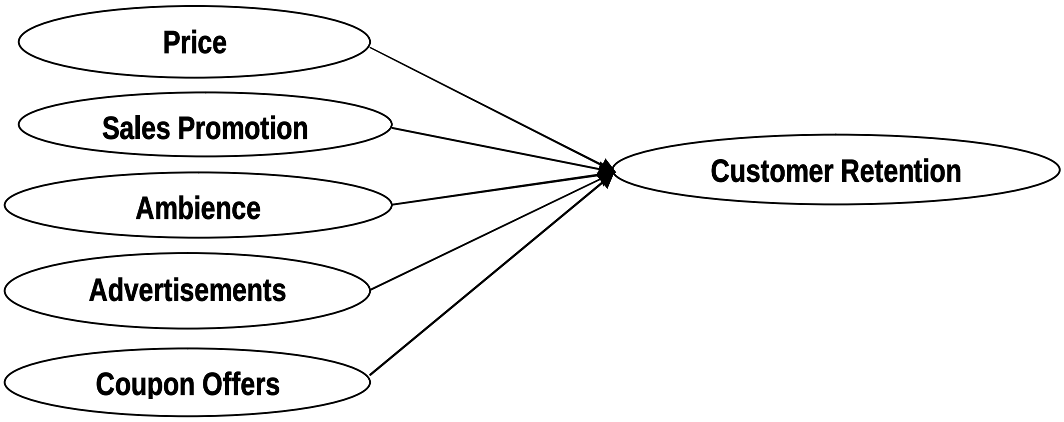
Questionnaire Tool

- Dr. Preeta H. Vyas. Sales Promotion in Retail Sector
- Matthews (1992). Customers attitude towards supermarkets

Sample Size

The data was collected from the 100 respondents from Trichy region.

Conceptual Framework



Hypothesis Testing

ANOVA

H_0: There is no significant relation between the Gender and the customer retention

H_1: There is a significant relation between the Gender and the customer retention

ANOVA

H_0: There is no significant relation between the Age and the customer retention

H_1: There is a significant relation between the Age of respondent and the customer retention

ANOVA

H_0: There is no significant relation between the Location and the customer retention

H_1: There is a significant relation between the Location and the customer retention

CORRELATION

H_0: There is a significant correlation between dependent and independent variables.

H_1: There is no significant correlation between dependent and independent variables.

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Data Analysis and Interpretation

TABLE: 1 Relationship between Gender and Customer Retention

	Sum of Squares	df	Mean Square	F	Sig
Between Groups	21.369	1	21.369	1.311	.255
Within Groups	1695.773	104	16.306		
Total	**1717.142**	**105**			

The above table reveals that there is a no significant relationship between the gender and the customer retention since the significance level is 0.255 that is greater than the significance level of 0.05.

TABLE: 2 Relationship between Age and Customer Retention

	Sum of Squares	df	Mean Square	F	Sig
Between Groups	21.369	1	6.570	.399	.529
Within Groups	1695.773	104	16.448		
Total	**1717.142**	**105**			

The above table reveals that there is no significant relationship between the age and the customer retention given that the significance level is 0.529, which is greater than the significance level of 0.05.

TABLE: 3 Relationship between Location and Customer Retention

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.662	1	3.662	.222	.638
Within Groups	1713.480	104	16.476		
Total	**1717.142**	**105**			

The above table reveals that there is a no significant relationship between the Location and the customer retention as the significance level is 0.638 which is greater than the significance of 0.05.

Correlation: TABLE:4 Correlation between Dependent Variables and Independent Variable

		PRI	SP	AMB	ADV	COUPON	V
PRI	Pearson Correlation	1	-.320**	-.169	.085	.171	-.333**
	Sig. (2-tailed)		.001	.084	.388	.079	.000
	N	106	106	106	106	106	106
SP	Pearson Correlation	-.320**	1	.590**	.401**	.214*	.751**
	Sig. (2-tailed)	.001		.000	.000	.028	.000
	N	106	106	106	106	106	106
AMB	Pearson Correlation	-.169	.590**	1	.343**	.517**	.770**
	Sig. (2-tailed)	.084	.000		.000	.000	.000

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	N	106	106	106	106	106	106
ADV	Pearson Correlation	.085	.401**	.343**	1	.575**	.286**
	Sig. (2-tailed)	.388	.000	.000		.000	.003
	N	106	106	106	106	106	106
COUPON	Pearson Correlation	.171	.214*	.517**	.575**	1	.230*
	Sig. (2-tailed)	.079	.028	.000	.000		.018
	N	106	106	106	106	106	106
V	Pearson Correlation	-.333**	.751**	.770**	.286**	.230*	1
	Sig. (2-tailed)	.000	.000	.000	.003	.018	
	N	106	106	106	106	106	106

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Regression Analysis: TABLE: 5 Impact of Selected Variable on Customer Retention

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.869[a]	.755	.743	2.04963

In the regression analysis, that is shown in the above table R square value. 0.755 which means the customer retention in retail sector is closely related to independent variables which are Price, Sales promotion, Ambience, Advertisement and Coupons.

Implications

The analyst has planned the sample to comprehend and increase more extensive information on this topic just as to acquire an understanding on advancement technique and customer retention in retail. As the analysis and the findings propose that there exists a positive relationship between, sales promotion, ambiance, advertisement, coupons and customer retention. In any case, the value alone shows negative connection on the client maintenance might be a direct result of the budgetary foundation or salary of the client. But the price alone shows negative correlation on the customer retention may be because of the financial background or income of the customer.

Limitations of the Study

Since the researchers has picked the respondents from Trichy area, Tamil Nadu, which may have an alternate effect in other locale of our nation. The example size likewise is less while we contrast it with the complete populace. It is to be unmistakably seen that this investigation tells that foreseeing the clients mind is hard to the retailers. The respondents likewise had a less reasonable thought regarding

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their clients. The ANOVA results show that the sex, age and area don't have any noteworthy connection in retaining the customer.

Conclusion

In today's wavering business world when the switching over happens in fixing up the costs for the product and its service it will have the maximum brunt on to hold the customer in the market and in this connotation the impact of relationship quality plays a significant role. On the other hand the retailers should take into certainty to bettering the relationship of the customer to increase the emotional bond with them.

The aim of this study was towards establishing the promotion strategy on retaining the consumer and it was found that most of the independent variable (price, sales promotion, ambiance, advertisement, coupons) are affecting the dependent variable (customer retention) positively. So the promotion activities are helpful in retaining the customers in the retail show rooms. However price is identified as one of the strongest factors that negatively influence in order to retain the customers in retail sector, if the owners of the retail showroom understand the customer's mind and nuances involved in it and fix the price accordingly; they can really capture the market and sustain their positions very strappingly.

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