

Impact of Retail Attribute Perceptions on Consumer Satisfaction and Sales Performance

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ABSTRACT

Food retailers realize that customer satisfaction (CS) plays a key role in making a business strategy successful. What is not clear is the exact nature of that role, how delicately satisfaction should be managed, and whether managerial efforts aimed at increasing satisfaction lead to higher sales. In general, the relation between drivers of consumer satisfaction and sales performance has not been firmly established in the food industry. For the estimation of these relations, recent research indicates that several issues must be addressed. In this regard, we measured the links between attribute perceptions and consumer satisfaction, and between consumer satisfaction and sales performance, in the food retail sector of India. The study relies upon an extensive data set of consumer satisfaction and sales information from approximately 180 consumers. Hypothesis constructed addresses the inherent nonlinearities and asymmetries in these links. We also provided an example of how firms can use the estimated linkages to develop satisfaction policies that are predicted to increase revenues. In the case of the cooperating retail company in this study, our results suggest that managers should focus on consumer service, quality and value to affect overall consumer satisfaction and its ultimate impact on sales. Our results also allow us to discuss more subtle managerial implications of the Consumer Satisfaction Sales Performance (CSSP) chain.

Key words:- Supra System, Hedonistic, High Tech Lighting, Perceived Atmosphere, Psychological Environment, Psychological Impression, Sight Appeal, Intensity, Sound Appeal, Scent Appeal, Touch Appeal.

Global Retailing Industry

On the Global Retail Stage, little has remained the same over the last decade. One of the few similarities with today is that the Wal-Mart was ranked the top retailer in the world then and it still holds that distinction. Other than the Wal-Mart's dominance, there is little about today's environment that looks like the mid-1990s. The global economy has changed, consumer demand has shifted, and retailers' operating systems today are infused with far more technology than was the case earlier. Saturated home markets, fierce competition and restrictive legislation have relentlessly pushed major food retailers into the globalization mode. Since the mid-1990s, numerous governments have opened up their economies as well, to the free markets and foreign investment that has been a plus for many a retailer. However, a more near-term concern, has been the global economic slowdown that has resulted from dramatic cutback in corporate IT and other types of capital spending. Consumers themselves have become much more price sensitive and conservative in their

buying, particularly in the more advanced economies.

From an operational point of view, active practitioners have voiced their opinion that retailer concerns in 2003 have turned to deflation, lack of pricing power, global over-capacity, low interest rates, economic stagnation, slump in world tourism and declining consumer confidence. But, even before the global economic slowdown that forced retailers into monitoring costs more effectively, technological advances were a way of life in retail organizations. Technology has become the real enabler for retailers over the last six years. Supply chain innovations for retailers were particularly strong in the second half of the 1990s and have continued into today. With all the emphasis on technology and cost-cutting, a major thrust of retailers continues to be demand-based: finding new markets through globalization efforts. Six years ago, more than half (53 per cent) of the top 200 retailers operated in only one country. Today, only 44 per cent remain single-country merchants. This globalization trend can only intensify in the years ahead. The benefits of increased sales and greater

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economies of scale are too large to be ignored, where the world wide retail sales alone is valued at \$ 7 trillion. The top 200 retailers alone account for 30% of worldwide demand. Retail sales being generally driven by people's ability (disposable income) and willingness (consumer confidence) to buy, compliments the fact that the money spent on household consumption worldwide increased 68% between 1980 and 2003. The leader has in-disputably been the US where some two-thirds or \$ 6.6 trillions out of the \$ 10 trillions American economy is consumer spending. About 40% of that (\$ 3 trillions) is spending on discretionary products and services. Retail turnover in the EU is approximately Euros 2000 billion and the sector average growth looks to be following an upward pattern on the other side the Asian economies (excluding Japan) are expected to grow at 6% consistently till 2009-10. Positive forces at work in retail consumer markets today include high rates of personal expenditures, low interest rates, low unemployment and very low inflation. Negative factors that hold retail sales back involve weakening consumer confidence. Chains in developed countries have responded to the impact of fierce domestic competition on margins by seeking opportunities overseas, a move that has been helped by the liberalization of rules relating to Foreign Direct Investment in many countries.

Reliable information on developments in Asia is not always easy to obtain. In some countries this difficulty stems from the previously noted problem of defining what is meant by a supermarket. In other countries there are no agencies to collect accurate data. Nevertheless, it is clear that there has been a significant growth both in the number of supermarkets and convenience stores and in the role of multinational chains such as Carrefour, Pizzahut, Domino's, McDonald's and Tesco. Different yardsticks are used for the size of various retail outlets and it is possible that a hypermarket in one country may be considered as a conventional supermarket in another. For example, in Malaysia, which has recently adopted the standards of the OECD (Organization for Economic Co-operation and Development), a convenience store is considered smaller than 500m², a conventional supermarket is between 500m² and

2000m², a superstore is between 2000m² - 5000 m², and a hypermarket is above 5 000 m². In China, a size above 10000 m² is considered to be a hypermarket. Though conventional supermarkets are still very important in most countries, there has been a trend toward increased penetration of large hypermarkets and small convenience stores.

Aim of this research

Today, managers in the food retail sectors are trying their level best to conduct CS surveys. Yet it appears that in most cases the data and findings are used to simply monitor specific store attributes, and especially overall satisfaction, over time. Unless the impact of consumer satisfaction on store income and sales is assessed, managers have little basis for allocation of resources. In this regard, we measured the links between attribute perceptions and consumer satisfaction, and between consumer satisfaction and sales performance, in the food retail sector of India.

Retailing Scenario in India

Organized retailing in India is gaining wider acceptance. The development of the organized retail sector, during the last decade, has begun to change the face of retailing, especially, in the metros of the country. Experiences in the developed and developing countries prove that the performance of organized retail is strongly linked to the performance of the economy as a whole. This is mainly on account of the reach and penetration of this business and its scientific approach in dealing with customers and their needs. But retailing as an industry in India has still a long way to go. To become a truly flourishing industry, retailing needs to cross the following hurdles:

- Automatic approval is not allowed for foreign investment in retail.
- Regulations restricting real estate purchases, and cumbersome local laws.
- Taxation, which favours small retail businesses.
- Absence of developed supply chain and integrated IT management.
- Lack of trained work force.
- Low skill level for retailing management.
- Intrinsic complexity of retailing.
- Rapid price changes.

- Constant threat of product.
- Obsolescence and low margins.

The retailers in India have to learn both the art and science of retailing by closely following how retailers in other parts of the world are organizing, managing, and coping up with new challenges in an ever-changing marketplace. Indian retailers must use innovative retail formats to enhance shopping experience, and try to understand the regional variations in consumer attitudes towards retailing. Retail marketing efforts have to improve in the country. The advertising, promotions, and campaigns to attract customers, building loyalty by identifying regular shoppers and offering benefits to them, efficiently managing high-value customers; and monitoring customer needs constantly. These are some of the aspects which Indian retailers need to focus upon on a more pro-active basis.

Despite the presence of the basic ingredients required for growth of the retail industry in India, it still faces substantial hurdles that will retard and inhibit its growth in the future. One of the key impediments is the lack of FDI status. This has largely limited capital investments in supply chain

infrastructure, which is a key for development and growth of food retailing and has also constrained access to world-class retail practices. Multiplicity and complexity of taxes, lack of proper infrastructure and relatively high cost of real estate are the other impediments to the growth of retailing. While the industry and the government are trying to remove many of these hurdles, some of the roadblocks will remain and will continue to affect the smooth growth of this industry.

In spite of the positive prospects of this industry, Indian retailing faces some major hurdles (see Table 1), which have stymied its growth. Early signs of organized retail were visible even in the 1970s when Nilgiris (food), Viveks (consumer durables) and Nallis (sarees) started their operations. However, as a result of the roadblocks (mentioned in Table 1), the industry remained at a rudimentary stage. While these retailers gave the necessary ambience to customers, little effort was made to introduce world-class customer care practices and improve operating efficiencies. Moreover, most of these modern developments were restricted to south India, which is still regarded as a 'Mecca of Indian Retail'.

Table 1 - Some common hurdles faced by Indian Retailing Industry

FACTORS	DESCRIPTION	IMPLICATIONS
- Barriers to FDI	- FDI not permitted in pure retailing - Franchisee arrangements allowed	- Absence of Global Players - Limited exposure to best practices
- Lack of Industry status	- Government does not recognize the industry	- Restricted availability of Finance - Restricted growth and scaling up
- Structural impediments	- Lack of urbanization - Poor transportation infrastructure - Consumer habit of buying fresh foods administered pricing	- Lack of awareness of Indian consumers - Restricted retail growth - Growth of small, one-store formats with unmatched cost structure
4) High cost of Real Estate	- Pro-tenant rent laws - Non-availability of government land, zoning restrictions - Lack of clear ownership titles, high stamp duty (10%)	- Difficult to find good estate in terms of location and size - High cost and complexity of sourcing & planning
5) Supply Chain Bottlenecks	- Several segments like food and apparels reserved for SSIs - Distribution, logistics constraints-restrictions of purchase and movement	- Limited product range - Makes scaling up difficult - High cost and complexity of sourcing and planning

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	of food grains, absence of cold chain infrastructure	- Lack of value addition and increase in costs by almost 15%
6) Complex Taxation System	- Long intermediation chain - Differential sales tax rates across states - Multi-point Octroi - Sales tax avoidance by smaller stores	- Added cost and complexity of distribution - Cost advantage for smaller stores through tax evasion
7) Multiple Legislations	- Stringent labour laws governing hours of work, minimum wage payments - Multiple licenses/clearances required	- Limits flexibility in operations - Irritant value in establishing chain operations; adds to overall costs
8) Customer Preferences	- Local consumption habits - Need for variety - Cultural issues	- Leads to product proliferation - Need to stock larger number of SKUs at store level - Increases complexity in sourcing and planning - Increases the cost of store management
9) Availability of Talent	- Highly educated class does not consider retailing a profession of choice - Lack of proper training	- Lack of trained personnel - Higher trial and error in managing retail operations - Increase in personnel costs
10) Manufacturers Backlash	- No increase in Margins	- Manufacturers refuse to disintermediate pass on intermediary margins to retailers

Other prominent problems with Indian Food retailers are:-

- 1) Retailers are facing high degree of competition these days as there are several retail outlets of the same food product in metropolitan cities, so retailers are not only facing competition from other food product outlets but they are facing a stiff competition from their own counterparts also.
- 2) Due to increased literacy rate and the widespread of media, the customers are extra aware about the food products as well as the ingredients and promotion schemes given by different retailers.
- 3) Many customers want to eat those food products which are of foreign origin but with Indian ingredients (According to their customs and traditions).

4) Young generation is a big consumer of fast food these days. Young people want to take fast food from those retail outlets where they can eat those products with their friends and can also get the home delivery of the same, therefore to meet these requirements of young customers, retailers have to invest more in their retail outlets.

5) Rapidly changing tastes of customers due to increased marketing and advertising strategies.

Restaurants

Generally, restaurants cater to the numerous ethnic groups in India, each of which has distinct food habits. However, foreign mass media have had an impact on the food habits of the Indian consumers. They are shifting away from traditional Indian food served in restaurants, and are increasingly turning to hotels and restaurants that serve foreign foods. Restaurant chains are creating awareness about their service and brands. As a result, speciality and theme

restaurants are opening more frequently than typical traditional Indian food restaurants. Specialty restaurants in India serve a focused menu of Chinese, Italian, Thai, or Mexican food. The fast food industry, after a slow start, has registered prolific growth in recent years. Most U.S. fast food chains McDonald's, KFC, Domino's Pizza, Pizza Hut, Pizzaland along with local chains such as Nirulas and Pizza Inn are doing a good business in major urban areas and are now spreading to smaller cities. Pubs and independent bars are also becoming popular among higher income Indian consumers in India's major metropolitan cities. Increasing demand from middle class consumers is expected to spur robust growth in value-for-money restaurants. Although most restaurants source their raw materials locally, products such as frozen potato fries, speciality cheeses, some meats and fishery products, condiments, and flavorings and other ingredients are often imported.

Literature Review

Our study has focused on the relations between attribute perceptions, overall customer satisfaction and store sales performance and such links are part of a broader conceptual framework proposed by Heskett et al. (1994), namely the Service-Profit Chain. Anderson and Mittal (2000) strengthened this framework by accommodating nonlinearities and asymmetries in the links, and they renamed it as Satisfaction-Profit Chain. Hereafter we used the acronym CSSP, Customer Satisfaction-Sales Performance, to refer to the links of interest. To capture the relationship between attribute perceptions and overall customer satisfaction, we have identified how customers interpret and respond to the products and services they buy and experience. Here it is essential to distinguish between specific attributes of a product or a service and the satisfaction factor they represent. In food retailing, for instance, consumers may put high value on a factor that might be called "customer service" provided by the supermarket. This is an example of an abstract or subjective benefit. This abstract benefit depends on a set of related measurable attributes such as the disposition of the cashiers and sales associates, speed and accuracy of checkout, and availability of everyday grocery items and store cleanliness, among others. In addition to customer

service, other relevant factors affecting overall customer satisfaction in grocery stores include the store ambiance, the perceived product quality of (growing) perishables products-now 50 percent or more of store sales in some stores-such as fresh produce, daily/bakery, seafood, fresh meat and floral, as well as the perceived value of products relative to their prices.

These findings have been the subject of sphere concentration by marketing researchers. Since the seminal behavior-oriented research by Oliver (1981), several articles have focused on the antecedents of customer satisfaction in a wide variety of contexts, ranging from firm-specific studies to nation-wide assessments. Although satisfaction factors vary according to the type of products, services and business sectors considered, empirical studies provide vast evidence of their impact on overall satisfaction (e.g. Szymansky and Henard 2001). Most studies on antecedents of customer satisfaction utilize models reviewed by Johnson (1998) and show significant correlation between various satisfaction factors and overall satisfaction (Szymansky and Henard 2001; Bernhardt et al 2000; Mittal et al 1998; Wittink and Bayer 1994). In general, these studies tend to collect information on consumer ratings of specific attributes. Often, multivariate statistical models are constructed to identify latent variables representing satisfaction factors (e.g. Johnson and Gustafsson 2000; Johnson 1998; Fornell et al. 1996; Bolton and Drew 1991). In the majority of past research, overall customer satisfaction is then modeled as a linear function of these latent variables. Much recent research, however, is critical of the incomplete treatment of the CSSP links, and researchers call for more elaborate analysis (e.g., Anderson and Mittal 2000).

Keeping in mind the consequences of "Customer Satisfaction" unlike the antecedents of satisfied customers, the consequences of satisfied (or dissatisfied) customers have received a little attention from researchers (Szymanski and Henard 2001). Perhaps the first study was the pioneering research conducted by Zahorik and Rust (1992) on the consequences of customer satisfaction. Their work included a mathematical framework to evaluate the

financial value of satisfaction (Rust and Zahorik 1993) based on the effect of satisfaction on customer retention, and the subsequent impact on market share. Anderson and Sullivan (1993) addressed the simultaneous estimation of the antecedents to and consequences of customer satisfaction, with data from more than twenty thousand Swedish consumers patronizing a hundred or so Swedish companies. Their model identifies factors that determine customer satisfaction, which in turn have a positive association with financial performance. Perhaps the most important contribution of this work is the identification of asymmetries in the linkages between disconfirmation of expectations and customer satisfaction. After Anderson and Sullivan (1993), several studies have examined the relationships in the Satisfaction-Profit (or Service-Profit) Chain with data from a variety of channels (c.f., Kamakura et al., 2002; Scharitser and Kollarits 2000; Soteriou and Zenios, 1999; Johnson 1998; Loveman 1998; Anderson et al 1994).

Mittal et al (1998) and Anderson and Mittal (2000) pointed out that, for the most part, earlier researches had ignored nonlinearities and asymmetries in the links of the CSSP chain. They maintained that the relationships in the CSSP chain are far more complex than originally postulated and, specifically, that linear models are insufficient. To illustrate the asymmetry concept, consider the quality of the produce department and the friendliness of cashiers in a supermarket. Stronger consumer evaluations of the quality of the produce department might not imply strongly positive effects on customer satisfaction, while weaker quality might be quite damaging. Or, improvements in customer-oriented dispositions of cashiers and associates could have a large positive impact on customer satisfaction while reductions in cashier performance may be only mildly negative. Now consider the important role of nonlinearity in the link between customer satisfaction and sales performance. A retail store with low current levels of customer satisfaction may require only small investments in satisfaction drivers to improve sales performance. In contrast, a store with high current levels of satisfaction is likely to need a much larger investment in drivers to produce impacts on performance of a similar

magnitude. Ignoring relevant nonlinearities and asymmetries inevitably leads to incorrect estimates of the linkages in the CSSP chain. Furthermore, if the results of CSSP chain research are to be adopted by retail managers, incorrect measures are certain to lead to incorrect strategy formulation thus dooming further strategic use of satisfaction data.

Bernhardt et al (2000) suggested that another pitfall of many satisfaction studies is the tendency to rely on cross sectional analysis for statistical inference (Anderson et al 1994, provides an exception). Bernhardt, Donthu and Kennett argue that a proper analysis of the links between satisfaction and performance requires a dynamic approach. This argument echoes Rust and Zahorik's (1993) contention that efforts to improve customer satisfaction must be financially accountable over time. Bernhardt et al (2000) study customer satisfaction in a fast-food chain based on monthly data. Although based on simple correlations, the study shows that a dynamic model outperforms a cross-sectional model in the examination of the CSSP links. Extant research has focused primarily on the CSSP links at the aggregate level and for selected sectors such as telecommunications, banking, healthcare, automobile and pharmaceuticals, among others (cf., Anderson and Fornell 2000; Scharitser and Kollarits 2000; Mittal et al 1998; Bryant and Cha 1996; Anderson et al 1994). Conversely, only a few firm-specific CSSP assessments have been conducted. Examples include fast-food restaurants (Bernhardt et al 2000) and department stores (Rucci et al 1998). Anderson and Mittal (2000) discuss several examples where the incorporation of non-linearities and asymmetries added significant value to a firm's understanding of the CSSP links. It is especially desirable to use firm-specific data so the linkages between satisfaction and performance are examined in the context of a firm's strategy. We noted that academic research on the CSSP linkages in the food retail sector is scarce. Practically all empirical investigations on food retailing, in the U.S. as well as internationally, addressed the drivers of customer satisfaction but did not address their ultimate impact on store revenues. Among the drivers often identified are: perceived value of products relative to their prices,

staff friendliness and willingness to help, quality and freshness of products, store appearance, and the degree of customer service (cf., Jin and Jai-Ok 2001; Hackl et al 2000; Gail and Scott 1995). However, while the drivers of satisfaction are known qualitatively, and managers believe that satisfaction affects performance, it is necessary to measure explicitly the impact of satisfaction on store sales in order to prioritize strategies to manage the drivers of satisfaction. This study advances the measurement of the behavioral links in the CSSP Chain in the food retail sector. We link attribute perceptions, overall satisfaction, and store sales, and we allow for nonlinear and asymmetric effects. We specify the model in first differences and we allow for time lags between changes in satisfaction and changes in store sales performance. We also provide an example to show how managers can use the results to develop appropriate customer satisfaction policies.

Recognition of a Problem

Food retailers realized that consumer satisfaction / customer satisfaction (CS) plays a key role in making a business strategy successful. What is not clear is the exact nature of that role, how delicately satisfaction should be managed, and whether managerial efforts aimed at increasing satisfaction lead to higher store sales. Today, managers in the food retail sector are trying their level best to conduct CS surveys. Yet it appears that in most cases the data and findings are used to simply monitor specific store attributes, and especially overall satisfaction, over time. Unless the impact of consumer satisfaction on store income and sale is assessed, managers have little basis for allocation of resources. In general, the relation between drivers of consumer satisfaction and sales performance has not been firmly established in the food industry. For the estimation of these relations, recent research indicates that several issues must be addressed. In this regard, we measured the links between attribute perceptions and consumer satisfaction, and between consumer satisfaction and sales performance, in the food retail sector of India. The study relies upon an extensive data set of consumer satisfaction and sales information from approximately 180 consumers. Hypothesis constructed addresses the inherent nonlinearities and asymmetries in these links. We also provided an

example of how firms can use the estimated linkages to develop satisfaction policies that are predicted to increase store revenues.

Objective of the Study

- 1:- To study the relationship between stores attribute perceptions and consumer satisfaction.
- 2:- To examine non linearity and asymmetric affects in the satisfaction sales performance links, based on an empirical study.
- 3:- Measurement of behavioral links between customer satisfaction and performance in food retail sector.
- 4:- To study how firms can employ such results to develop appropriate customer satisfaction policies.

Hypothesis

H_1 = Store attribute perceptions do not have a significant impact on consumer satisfaction

H_2 = All outlets have same sales figure irrespective of consumer satisfaction.

Methodology

We have measured the relationship between attribute perceptions and consumer satisfaction, and between consumer satisfaction and sales performance, in the food retail sector. Firstly, we have identified specific and measurable attributes that are expected to influence overall satisfaction. The attributes are summarized into factors to accommodate commonality and to minimize multicollinearity. These satisfaction factors capture product and service variables that lead to overall satisfaction. It is assumed that improvements in these satisfaction factors, in turn, should increase overall consumer satisfaction. And increased consumer satisfaction should lead to greater store sales, via increased likelihood of repurchase and favorable word of mouth. To estimate how changes in the satisfaction factors affect changes in sales performance and to determine the non-linear and asymmetric affects in the relations between satisfaction factors and satisfaction related attributes perceived by the consumer, an empirical study has been done. We have used an extensive data set

consisting of consumer satisfaction information, store sales and store characteristics of selected stores from Northern India during the research period. At each store, consumer satisfaction data is collected from approximately 60 consumers based on the random sample with the help of a questionnaire. Our survey instrument consists of 15 questions pertaining to attribute perception and consumer satisfaction. By averaging the consumer responses for each store we have created store level panel data.

Significance of Study

The food and beverage market is often the largest industrial sector in developed economies. In India, expenditures on food in both retail stores and food service establishments account for nearly 30 percent of all retail spending. Food retailing alone is among the largest of all retailing sectors in most countries.

Current sector trends of increased competition, enhanced retailer ability to analyze markets and greater shopper expectations make satisfying customers especially critical of food retailers. Furthermore, food retailing has unique characteristics that make it different from other retail sectors with regard to customer satisfaction. Food retailers offer a variety of *goods* and *services* simultaneously, as opposed to other sectors that frequently specialize in offering either goods or services. Indeed, for the customer there is more to visiting a supermarket than the mere acquisition of consumption goods. Differences in the "shopping experience" between food retail outlets (e.g. store ambience, disposition of associates, store services) are often as important to the customer as differences in the physical characteristics of the goods they buy (price, quality, etc). Another factor that differentiates the food retail sector from other retail industries is high and frequent customer traffic. According to the Food Marketing Institute, customer traffic in supermarkets is roughly two times per person per week, the second highest among all establishments in the retail channel after only convenience stores (Progressive Grocer 2001). However, customer counts in the convenient store industry are only a

fraction of those in the supermarket industry. Thus it is not surprising that Anderson and Sullivan (1993) report that the elasticity of repurchase intentions with respect to customer satisfaction in the supermarket industry is one of the highest among all retail sectors. Because of high customer frequency and presumed low switching costs due to the proliferation of supermarkets and competing retailers with similar product offerings, unsatisfied customers are unlikely to remain loyal. After an unsatisfactory experience in a given supermarket, the customer decision to shift stores might follow almost immediately, thus affecting store sales performance in a short period. Conversely, food retailers who understand the linkages between consumer satisfaction drivers and sales performance may be able to avoid creating the unsatisfactory experience in the first place. Thus, by making the right decisions to satisfy their consumers, informed retailers may enjoy greater sales payoffs relative to their competitors.

Data Collection

We have used an extensive data set consisting of consumer satisfaction information, store attributes and store characteristics from more than 180 consumers. At each store, consumer satisfaction data are collected manually from three Top Fast-Food stores i.e. McDonald, PizzaHut and Domino's in three cities viz. Dehradun, New Delhi and Jalandhar. We have taken the responses from one hundred eighty consumers, based on a random sample from the stores. Thus, the data do not represent the entire consumer base. By working with a sample of the consumers, we actually have data that pertain closely to storewide activity. In the survey instrument, consumers rate the store, from 1 (Strongly Agree) to 5 (Strongly Disagree), on 15 questions pertaining to attribute perceptions and consumer satisfaction. Additionally, the survey collects demographic information, such as respondent's age and household size. These variables serve as controls in the statistical model that follows. Random samples are drawn independently, thus the relevant unit of observation is the store, not the individual consumer. By averaging the consumer responses for each store, we create store-level panel

Table 2: Factors undertaken for research

FACTORS
Friendliness of Cashiers
Service provided by supporting staff
Overall Friendliness of the Associates
Speed of Checkout
Outlet Visibility
Overall Store Service
Cleanliness of Parking Lot
Variety in the store
Quality of the Product
Overall Store Cleanliness from Inside
Scent Appeal
Sound Appeal
Availability of Demanded Fast
Overall value for the Money
Overall prices as compared to Competition

data on three units.

Factor Analysis

Respondents to the consumer satisfaction survey rated fifteen store attributes relevant to their shopping experience. We showed all fifteen survey elements in our research instrument because those attributes apply to a subset of the stores. However, inclusion of all fifteen attributes separately in the model weakens statistical analysis and makes it difficult to identify managerial implications. Consequently, we conducted a principal components factor analysis, employing a SPSS, to reduce the store attribute measures to a smaller set of factors, each of which is a linear combination of a subset of the attributes. We considered all factors with Eigen values exceeding one. We show the factor loadings for the three-factor solution in Tables 3, 4&5. These three factors account for 76 percent of the variation in the fifteen attributes. We define the three satisfaction factors as follows: “consumer service”, referring largely to the overall attitude of the employees toward consumers, including service levels; “Quality”, relating to quality and variety of meats and produce,

availability of everyday grocery items as well as cleanliness inside the store; and “value”, referring to the price-performance ratio of the items purchased and the benefits of being loyal to the store.

Table 3
Communalities

	Initial	Extraction
Friendliness of the Cashier	1.000	.666
Availability of the Demanded FastFood Items	1.000	.685
Overall Store Service	1.000	.781
Speed of Checkout	1.000	.491
Scent Appeal	1.000	.661
Overall Friendliness of the Associates	1.000	.683
Overall Store Cleanliness from Inside	1.000	.286
Variety in the Store	1.000	.787
Overall value for the Money	1.000	.579
Cleanliness Of Parking Lot	1.000	.757
Outlet Visibility	1.000	.784
Sound Appeal	1.000	.853
Service Provided by Supporting Staff	1.000	.893
Quality of the Product	1.000	.824
Overall Prices as Compared to Competition	1.000	.822

Extraction Method: Principal Component Analysis.

Table 4

	Component Matrix		
	1	2	3
Friendliness of the Cashier	✓.580	*-.376	*.434
Availability of the Demanded FastFood Items	.364	✓.644	*.373
Overall Store Service	✓.560	*-.170	*.362
Speed of Checkout	✓.455	*-.440	*.299
Scent Appeal	*.607	✓.631	*.074
Overall Friendliness of the Associates	✓.796	*.078	*.209
Overall Store Cleanliness from Inside	.105	✓.634	*.029
Variety in the Store	.436	✓.606	*.478
Overall value for the Money	*.399	.233	✓.637
Cleanliness Of Parking Lot	✓.760	*.038	*.423
Outlet Visibility	✓.836	*.254	*.142
Sound Appeal	.485	✓.786	*.027
Service Provided by Supporting Staff	✓.616	*.706	*.117
Quality of the Product	*.117	✓.887	*.150
Overall Prices as Compared to Competition	*.255	*.084	✓.62

Extraction Method: Principal Component Analysis.

a. 3 components extracted.

Table 5: Variables chosen for research

Satisfaction Factor	Survey Elements Specific
<u>Consumer Service</u>	<u>Attributes</u> Friendliness of Cashiers - Service provided by supporting staff - Overall Friendliness of the Associates - Speed of Checkout - Outlet Visibility - Overall Store Service - Cleanliness of Parking Lot
<u>Quality</u>	- Variety in the store - Quality of the Product - Overall Store Cleanliness from Inside - Scent Appeal - Sound Appeal - Availability of Demanded Fast-Food items
<u>Value</u>	- Overall value for the Money - Overall prices as compared to competition

Results And Discussions

Questionnaires were received from 180 respondents. Of these, 43% were male and 57% female. Their ages ranged from 21 to 73, the mean age being 47 years. In the Plotter Graph 1 it has shown that variable "Customer service" has a positive impact on the Total satisfaction of the consumers because as the Customer service increases the total satisfaction also increases among consumers. Whereas in the Plotter Graph 2 it has been shown that variable "Sum Quality" has a positive impact on the Total satisfaction of the consumers because as the Quality of the product increases the total satisfaction also increases among consumers and in the Plotter Graph 3 it has been shown that variable "Sum Quality" does not have a positive impact on the Total satisfaction of the consumers because as the value of the product increases the total satisfaction is not continuously increasing among consumers. After this we calculate the correlations of different values. The correlations

tables display Pearson correlation coefficients, significance values, and the number of cases with non-missing values. It assumes that the data are normally distributed. It is a measure of linear association between two variables. The values of the correlation coefficient range from -1 to 1. The sign of the correlation coefficient indicates the direction of the relationship (positive or negative). The absolute value of the correlation coefficient indicates the strength, with larger absolute values indicating stronger relationships. Here we have calculated the correlations of all variables with total satisfaction. In Table 6, the value of correlation is 0.843 which is relatively close to 1. It means that the variables "Customer service" and "Total satisfaction" are positively correlated. Whereas in table 7, the value of correlation is 0.877 which is relatively close to 1. It means that the variables "Sum Quality" and "Total satisfaction" are positively correlated and in Table 8, the value of correlation is 0.084 which is not close to 1. It means that the variables "Sum Value" and "Total satisfaction" are not closely related. After finding the result from SPSS we observed that Store Attribute 'Value' was not showing a significant relationship with Satisfaction hence we can say that value is not closely linked with consumer satisfaction.

Further, in our first Hypothesis we have assumed that Store attribute perceptions do not have a significant impact on consumer satisfaction. To prove this we have applied one way ANOVA test (Table 9) between Store Attribute values and Consumer Satisfaction value. We got calculated $F = 3.356$. When we see the value of 120 at 2 degree of freedom in ANOVA table we found that tabulated value $F = 3.84$. Since Calculated F was less than tabulated value of F which means value of F lies in rejected region, it means our Hypothesis H_1 is rejected which shows that Store attributes have a significant impact on consumer satisfaction. To study the relationship between consumer satisfaction and sales performance in Food retail sector. Firstly we have taken the approximate sales per month figure of all the stores at all the locations. Then we have put that sales figure in SPSS with variable name Sales Figure (SF). In order to find the relationship between consumer satisfaction and sales figure we have applied

correlation test whose result can be seen in Table 10. The correlations table displays Pearson correlation coefficients, significance values, and the number of cases with non-missing values. It assumes that the data are normally distributed. It is a measure of linear association between two variables. The values of the correlation coefficient range from -1 to 1. The sign of the correlation coefficient indicates the direction of the relationship (positive or negative). The absolute value of the correlation coefficient indicates the strength, with larger absolute values indicating stronger relationships. In Table 10 since the value of correlation was 0.184 which is significantly different from zero. It means that the variables "Sales Figure" and "Total satisfaction sum" are positively correlated

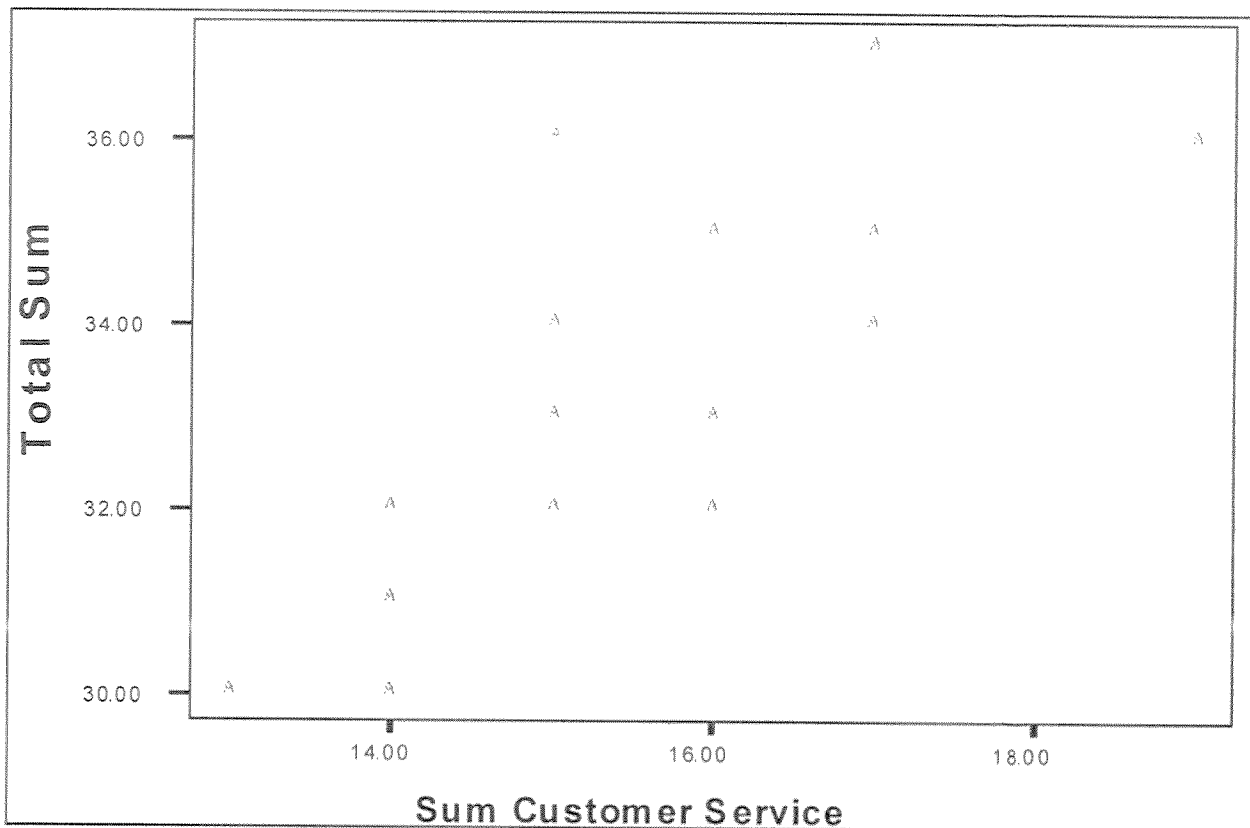
Further, in our second Hypothesis we have assumed that all outlets have same sales figure irrespective of consumer satisfaction. To prove this we have applied Chi-Square test between Sales Figure values and Consumer Satisfaction value whose results can be seen in Result Sheet 3 (Table 11) We got

calculated value as 11.278. Tabulated value as 8.547 at 15 degree of freedom and at 0.90 level of accuracy. As our calculated value is more than tabulated value we reject our Hypothesis H₂ which shows that all outlet have different sales figure according to their consumer satisfaction.

Suggestions and Managerial Implications

This study demonstrates that the degree of consumer satisfaction influences store sales performance in the fast-food sector. Managers must regard their satisfaction surveys not simply as a mechanism to learn to what extent their stores are satisfying consumer needs and expectations. Instead, consumer satisfaction monitoring should be viewed as a timely managerial tool that can help to increase store sales. Even if real-world managers in food retailing understand from their experience that consumer satisfaction influences sales, the linkages are not intuitive and cannot be determined from observation, simple logic and descriptive statistics alone. Thus a quantitative study, that converts raw consumer

Result Sheet - I, Graph-I Interactive Graph between variables "Total Sum" and "Sum Customer Service"



Graph II:

Interactive Graph between variables "Total Sum" and "Sum Quality"

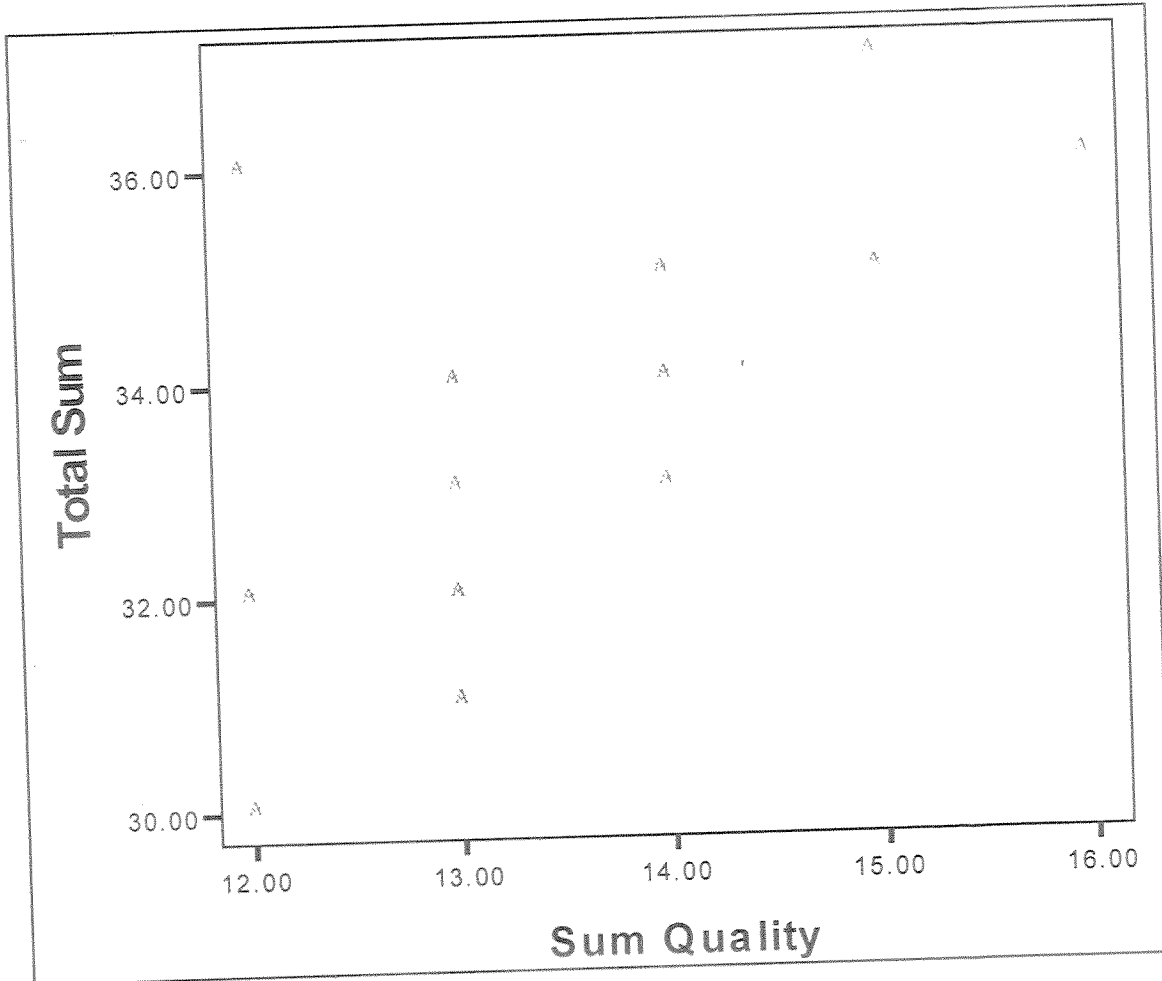


Table 6: Correlation between Total Satisfaction and Customer service

Correlations		Total Sum	Sum Customer Service
Total Sum	Pearson Correlation	1	.843 **
	Sig. (2-tailed)	.	.000
	N	180	180
Sum Customer Service	Pearson Correlation	.843 **	1
	Sig. (2-tailed)	.000	.
	N	180	180

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

Table 7: Correlation between Total Satisfaction and Sum Quality

Correlations

		Total Sum	Sum Quality
Total Sum	Pearson Correlation	1	.877 **
	Sig. (2-tailed)	.	.000
	N	180	180
Sum Quality	Pearson Correlation	.877 **	1
	Sig. (2-tailed)	.000	.
	N	180	180

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

Result Sheet II

Graph III:

Interactive Graph between variables "Total Sum" and "Sum Value"

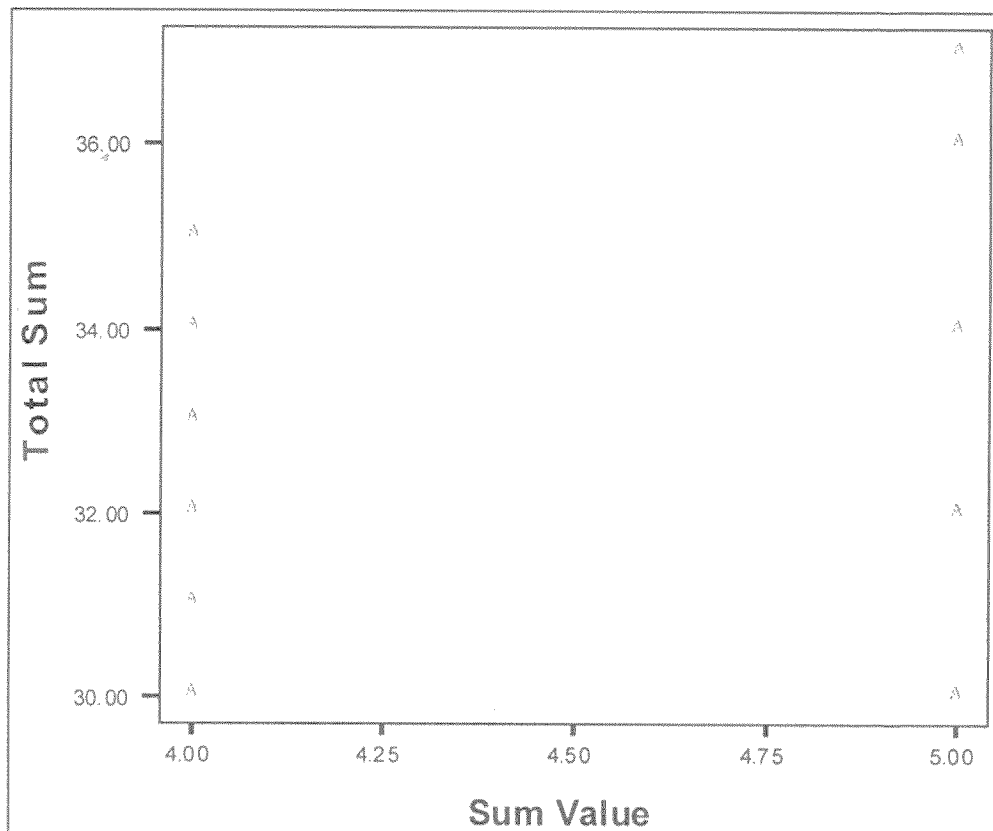


Table 8: Correlation between Total Satisfaction and Value)

Correlations			
		Total Sum	Sum Value
Total Sum	Pearson Correlation	1	.084
	Sig. (2-tailed)	.	.260
	N	180	180
Sum Value	Pearson Correlation	.084	1
	Sig. (2-tailed)	.260	.
	N	180	180

Table 9: ANOVA Test

	Sum of Squares	Df	Mean Square	F	Sig.
Total Sum					
Between Groups	216.300	2	108.150	3.356	.037
Within Groups	5703.900	177	32.225		
Total	5920.200	179			

Table 10: Correlation between Total Satisfaction and Sales Figure

Correlations			
		Total Sum	Sales Figure
Total Sum	Pearson Correlation	1	.184 *
	Sig. (2-tailed)	.	.013
	N	180	180
Sales Figure	Pearson Correlation	.184 *	1
	Sig. (2-tailed)	.013	.
	N	180	180

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

Result Sheet III:
NPar Tests
Table 11: Chi-Square Test
Frequencies

	category		
	Observed N	Expected N	Residual
1	17	15.4	1.6
2	3	4.6	-1.6
3	12	15.4	-3.4
4	8	4.6	3.4
5	14	15.4	-1.4
6	6	4.6	1.4
7	18	15.4	2.6
8	2	4.6	-2.6
9	13	15.4	-2.4
10	7	4.6	2.4
11	16	15.4	.6
12	4	4.6	-.6
13	35	30.8	4.2
14	5	9.2	-4.2
15	14	15.4	-1.4
16	6	4.6	1.4
Total	180		

Test Statistics

	category
Chi -Square	11.278
df	15
Asymp. Sig.	.733

a. Seven cells (43.8%) have expected frequencies less than 5. The minimum expected cell frequency is 4.6.

satisfaction data into usable information to support management decisions provides value for the Food retailing business and can justify efforts to compile and analyze satisfaction data continuously. This is especially critical in today's era of major structural and competitive changes in food retailing in which companies are seeking more aggressive strategies

simply to survive. In the case of the cooperating retail company in this study, our results suggest that managers must focus on consumer service, quality and value to affect overall consumer satisfaction and its ultimate impact on sales. Our results also allow us to discuss more subtle managerial implications of the CSSP chain. Our parameter estimates, on the one hand, indicate that changes in overall consumer satisfaction are particularly sensitive to changes in consumer service. On the other hand, consumers may consider quality as a pre-condition to satisfaction: positive changes in quality have modest effects on sales performance but negative changes in quality result in substantially reduced sales per square foot. The cooperating company is taking the initial steps towards implementing a system to monitor the CSSP links. In the past, it employed CS data in the same way that characterizes many other supermarket companies. In certain instances, the satisfaction results were also used as a crude metric to determine store management bonuses. Although management was aware that consumer satisfaction should affect performance, responses from CS data were not linked to store revenues prior to this study in India. The company is now facing unprecedented competition from other channels, in particular from large mass merchandisers. In the past, the company emphasized low prices as the primary means to increase consumer satisfaction -- equivalent to an emphasis on the value factor (VA) in our research. However, because it is extremely difficult to compete with mass merchandisers strictly on price, the management team recognizes the urgent need to adjust its strategies aimed at increasing consumer satisfaction and at more effective monitoring of the CSSP links. Therefore, our results contribute to their planned strategy focusing on consumer service rather than one of emphasizing low prices.

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