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## **Customers Perception and Satisfaction: A Study of Organized Retailing in Chittoor District**

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**Abstract:** Post liberalization (1991) brought forth a major shift in consumer buying style, thanks to the entry of organized retail stores. Organized retailing shows significant growth in India, since 1991. Though this sector is one of the fastest growing in the country, it is still in its nascent stage in Chittoor district. However, it is fast spreading and making its presence felt in different parts of the city. There is a vast untapped potential for organized retailing in Chittoor district, which is the key attraction not only to the domestic and global retailing chains operating here but also for the customers who belong to different cross sections of the society and visit them. An effort has been made, in the paper to know about the customers' perception and satisfaction towards Organized Retailing in Chittoor district so as to access their satisfaction level and decode whether the sector will be able to do a meaningful business in Chittoor district.

**Keywords:** customer perception, organised retailing, customer expectation, customer Satisfaction.

## **I. Introduction**

The Indian Retail Industry is witnessing a rapid transformation and is the fastest growing sector contributing 10 percent of the country's GDP. Indian retail market is estimated to grow from \$427 billion in 2010 and is expected to reach \$637 billion by 2015 (Srivastava 2008). The organized retailing sector in India has undergone significant transformation in the last decade. The fast pace of the Indian retail industry presents many companies with a host of daily challenges. India became the prime destination for the global retailers because of favorable demographics, high disposable income levels, changing life styles and increased customer awareness. Many of the old and informal store formats have been completely transformed into the significantly designed new formats (Wani and Wani 2011). Hence, it is expected that the growth of organized retail in India is going to be high in future.

## **II. Customer Satisfaction**

Customer satisfaction is a term which is frequently used in marketing. Basically, it is a measure as to how the products and services supplied by a company meet or surpass customer expectation. Organizations need to retain existing customers while targeting new customers. Measuring customer satisfaction provides an indication of how successful the organization is at providing products and/or services to the marketplace. Customer satisfaction provides a leading indicator of consumer purchase intentions and loyalty (Ubeja and Bedia 2012).

## **III. Review of Literature**

“Customer Satisfaction is the extent to which a product's perceived performance matches a buyer's expectations. If the product's performance falls short of expectations, the buyer is dissatisfied. If performance matches or exceeds expectations, the buyer is satisfied or delighted.” This definition has considered two important aspects, pre-purchase expectations and post purchase perceived performance (Kotler and Armstrong 1997). Service quality influences relative attitude and satisfaction, while satisfaction influences relative attitude, repurchase and recommendation but has no effect on store loyalty. Loyalty is

influenced by recommendation and repurchases intention (Baker & Eugene 2000). Satisfaction and loyalty are most influenced by pricing features followed by store ambience. The third and fourth important drivers of customer satisfaction are product-related convenience and manpower quality respectively (Qibin et al. 2007). In the present day, retail business, ensuring customer satisfaction in delivering the right product and service to the end-users is the major concern for the future growth of the organization (Das 2009). Store convenience, appealing store value, product offering, and value for money, price and choice availability are such factors that significantly explained the customer satisfaction in an organized retail outlet (Grover & Dutta 2011). High levels of customer satisfaction is very important to a business because satisfied customers are most likely to be loyal and to make repeat orders and to use a wide range of services offered by a business (Jeevananda 2011). ‘Shopping Convenience’ has the strongest impact on satisfaction, while ‘Physical Features’ has no influence on satisfaction (Patel and Desai 2013).

#### **IV. Significance of the study**

From the above literature review, it is observed that very few research works have been done on the customer perception and satisfaction towards organized retailing but there were no studies in this regard in Chittoor district. The field is new and promising and there is a research gap which motivates to conduct the research on this context.

#### **V. Objective of the study**

1. To know the customer opinions towards Utility aspects of the organized retailing.
2. To identify the factors influencing the customer satisfaction of organized stores in Chittoor district.

#### **VI. Hypotheses of the study**

Following hypotheses were developed to bring better interpretations in support of the fulfillment of the research objectives.

**H0:** The respondent opinions do not differ for all variables of Utility aspects.

**H0:** The respondent opinions do not differ for importance of factors affecting customer decision making.

## Research Methodology

- **Primary data:** Primary data were collected through structured questionnaire personally administered by intercepting customers at the exit doors of retail stores after they have finished their respective visits to the stores.
- **Secondary data:** It involves websites, research articles, books and magazines.
- **Research Approach:** Survey method.
- **Research Instrument:** A well-structured questionnaire was developed for conducting the study. The questionnaire was divided into two parts. The first part was designed to obtain demographic information about the respondents' age, income, literacy level and gender. The second part contained closed-ended questions relating to rating of retail outlets on various parameters.
- **Contact Method:** Personal interview.
- **Sampling Frame:** Customers of Organized retail outlets (More and Reliance Mart) in Chittoor district.
- **Sampling Method:** Convenience sampling method.
- **Sample Size:** 250 customers were interviewed for the study.
- **Tools:** SPSS version 16 is used to tabulate and analyze the valid responses. ANNOVA statistical tool was used for testing the hypothesis. In addition to that mean and standard deviation tools were used for known important factors in organized retail outlets.

## VII. Data analysis & Interpretation

Table 1: Socioeconomic Characteristics of Customers of organized retailing

Socio-Economic Characteristics	Number of Customers	Percentage ( % )
<i>Age (Years)</i>		
16 – 25	110	44.00
26 – 35	82	32.80
36 – 45	32	12.80
46 – 55	12	4.80

56 – 65	14	5.60
<b><i>Place of residence</i></b>		
Rural	62	24.80
Urban	188	75.20
<b><i>Gender</i></b>		
Male	102	40.80
Female	148	59.20
<b><i>Education</i></b>		
Matriculate	6	2.40
Intermediate	35	14.00
Graduate	102	40.80
Post Graduate	77	30.80
Above Post Graduate	30	12.00
<b><i>Family Income (Rs/ Month )</i></b>		
Up to 10,000	63	25.20
10,000 – 20,000	94	37.60
20,000 – 50,000	77	30.80
Above 50,000	16	6.40

Source: primary data

**Age:**The data given in Table 1 shows that more than half of the customers belonged to the age group of 16-25 and 26-35 years. This shows that younger people visit organized retailing more frequently as compared to their older counterparts.

**Place of Residence:**As high as 75.20% of the customers belonged to the urban areas, while 24.80% of them came from rural areas. Thus, the urban population dominates the quantum of customers at organized retailing.

**Gender:** Majority, i.e. 59.20% of the customers were female, while only 40.80% of them were male. The data clearly shows female domination in the decision making process in the family.

**Education:**The analysis shows that the customers with high educational level visit organized retail outlets more.

**Family Income:** The data shows that the proportion of customers visiting organized retail outlets was inversely related with the family

income. This shows that organized retailing could not attract the low income people.

Table 2: Utility Aspects

Utility Aspects	Agree	Neutral	Disagree	Mean	S.D
A Place to Shop (%)	245 (98.00)	5 (2.00)	0 (0)	2.98	0.14
A Place to Socialize (%)	105 (42.00)	88 (35.20)	57 (22.8)	2.19	0.78
A Place to Enjoy (%)	150 (60.00)	67 (26.80)	33 (13.2)	2.47	0.72
A Place to Experience (%)	176 (70.40)	45 (18.00)	29 (11.6)	2.59	0.69
A Place to Compare (%)	120 (48.00)	104 (41.60)	26 (10.40)	2.38	0.67

Source: primary data

The customers were asked about their extent of agreement over different utility aspects of organized retailing in table 2. It shows that the highest proportion of the customers agreed upon it as a place to shop (2.98) followed by a place to experience (2.59), a place to enjoy (2.47), a place to compare (2.38) and a place to socialize (2.19).

Table 3: ANNOVA

	SS	df	MS	F	p
Between:	85.23	4	21.308	51.433	0.000
Within:	515.779	1,245	0.414		
Total:	601.009	1,249			

Table 3 reveals that the value of p is 0.00. Thus, the null hypothesis is not accepted at 5% level of significance and it has been proved that the respondent opinions differ for all variables of Utility aspects at organised retail outlets in Chittoor district.

Table 4: Ranking of Different Sale Promotion Schemes Attracting Customers Most

Promotional Schemes	Rank Assigned					Mean Rank	Overall Rank
	1	2	3	4	5		
Cash Discount (%)	156 (62.40)	46 (18.40)	24 (9.60)	15 (6.00)	9 (3.60)	1.89	I
Lucky Draw	13	35	54	71	77	3.54	IV

Schemes (%)	(5.20)	(14.00)	(21.40)	(28.40)	(30.80)		
Free Gifts Schemes (%)	59 (23.60)	114 (45.60)	61 (24.40)	15 (6.00)	1 (0.40)	2.19	II
Financing Facility (%)	14 (5.60)	28 (11.20)	83 (33.20)	106 (42.40)	19 (7.60)	3.34	III
Guarantee/Warranty (%)	32 (12.80)	38 (15.20)	18 (7.20)	48 (19.20)	114 (45.60)	3.94	V

Source: primary data

A perusal of Table 4 leads to the fact that majority, i.e., 62.40% of the customer's assigned 1<sup>st</sup> rank to cash discount offered at organised retail outlets (Reliance Mart & More), while the least rank was assigned to guarantee/warranty by as high as 45.60% of the customers. This shows that cash discount and free gifts schemes emerged as the most common sale promotion schemes amongst customers at organized retail outlets in Chittoor district.

Table 5: Importance of Factors Considered by Customers while taking a Purchase Decision

Factors	Most Important	Important	Neutral	Unimportant	Most Unimportant	Mean	S.D
Quality (%)	187 (74.80)	56 (22.40)	7 (2.80)	0 (0.00)	0 (0.00)	4.72	0.51
Wide Product Range (%)	89 (35.60)	91 (36.40)	42 (16.80)	20 (8.00)	8 (3.20)	3.93	1.06
International Brands (%)	56 (22.40)	66 (26.40)	87 (34.80)	35 (14.00)	6 (2.40)	3.52	1.06
Discount (%)	159 (63.60)	77 (30.80)	10 (4.00)	4 (1.60)	0 (0.00)	4.56	0.65
Packaging (%)	47 (18.80)	90 (36.00)	50 (20.00)	59 (23.60)	4 (1.60)	3.47	1.09
Advertisement (%)	36 (14.4)	89 (35.60)	66 (26.40)	59 (23.6)	0 (0.00)	3.41	1.00
Product Display (%)	86 (34.40)	117 (46.80)	22 (8.80)	20 (8.00)	5 (2.00)	4.04	0.96



Ambience (%)	21 (8.40)	41 (16.40)	98 (39.20)	62 (24.80)	28 (11.20)	2.86	1.08
Value for Money (%)	108 (43.20)	112 (44.80)	30 (12.00)	0 (0.00)	0 (0.00)	4.31	0.67
Need-Based Purchases (%)	118 (47.20)	66 (26.40)	47 (18.8)	19 (7.60)	0 (0.00)	4.13	0.97
Family Members' Influence (%)	28 (11.20)	71 (28.40)	94 (37.60)	57 (22.80)	0 (0.00)	3.28	0.94
Socio-Economic Status (%)	54 (21.60)	89 (35.60)	62 (24.80)	40 (16.00)	5 (2.00)	3.59	1.06
Behaviour of the Staff (%)	67 (26.80)	93 (37.20)	60 (24.00)	33 (13.20)	7 (2.80)	3.70	1.07
Fixed Prices (%)	72 (28.80)	98 (39.20)	55 (22.00)	20 (8.00)	5 (2.00)	3.85	0.99

Source: primary data

Some factors were identified which influence the decision making for purchase by the customers. The factors were rated as per the level of importance. The results are presented in Table 5. The table shows that the highest proportion of the customers considered the quality of products (4.72) followed by discount (4.56), value for money (4.31), need based purchases (4.13), product display (4.04) and ambience (2.86) is a least consideration by the customers. Quality, discount and value for money emerged as the most important factors influencing customers' purchase decision and these factors will influence on customer satisfaction at organised retailing in Chittoor district, while ambience and family members' pressure came to be the least important factors in this regard.

Table 6: ANNOVA

	SS	df	MS	F	p
Between:	1214.286	13	93.407	102.742	0.000
Within:	3169.247	3,486	0.909		
Total:	4383.533	3,499			

Table 6 reveals that the value of p is 0.00, thus the null hypothesis is not accepted at 5% level of significance and it has been proved that the respondent opinions differ for importance of factors affecting customer decision making at organized retail outlets in Chittoor district.

## Conclusion

The root of the study is that most of the customers prefer purchasing from organized retail outlets than unorganized outlets. Perception and Satisfaction of customers in retail service is an important criterion for a marketer to understand for further strategic decision. The establishment of such organized retail outlets in tier-1 and tier-2 cities has proved to be successful, as it fulfills the needs of the customers. As an expansion, such outlets are being established in tier-3 cities like Chittoor district and other places. Hence, it is significant for such outlets to cater to the needs of the customers for its long run. The study shows that customers of organized retailing in Chittoor district is looking for quality, discounts, value for money, need based purchases and product display as most important factors while purchasing and these factors will lead to customer satisfaction, and the highest proportion of the customers agreed upon a retail outlet as a place to shop and experience.

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## APPENDIX

### QUESTIONNAIRE

NOTE: Dear respondent, this questionnaire is designed to collect the necessary primary data towards the fulfillment of my research article requirements. I'll be highly obliged for your valuable contribution. I assure you that this data will only be used for the research purpose and confidentiality will be maintained. The focus of my research article on organised retail outlets (i.e. Reliance Mart & More). Kindly give your responses.

1. Age group  
 16-25 years ( )    26-35 years ( )    36-45 years ( )  
 46-55 years ( )    56-65 years ( )
2. Place of residence  
 Rural ( )    Urban ( )
3. Gender  
 Male ( )    Female ( )
4. Educational qualification  
 Matriculate ( )    Intermediate ( )    Graduate ( )  
 Post graduate ( )    Above PG ( )
5. Family Income  
 Up to Rs. 10,000 ( )    Rs. 10 – 20,000 ( )  
 Rs. 20 – 50,000 ( )    Above Rs. 50,000 ( )
6. “Please indicate the extent to which you agree or disagree with the following utility aspects of organized Retail Outlets.”

		Strongly Agree				Strongly Disagree
(a)	A place to shop	5	4	3	2	1
(b)	A place to socialize	5	4	3	2	1
(c)	A place to Enjoy	5	4	3	2	1
(d)	A place to experience	5	4	3	2	1

7. “Please rank the following sales promotion schemes as per the degree of attractiveness.”

		Attractive				Unattractiveness
(a)	Cash Discount	5	4	3	2	1
(b)	Lucky Draw Scheme	5	4	3	2	1

(c)	Free Gift Scheme	5	4	3	2	1
(d)	Financing Facility	5	4	3	2	1
(e)	Guarantee / Warranty	5	4	3	2	1

8. “Kindly indicate the importance of each of the following while making a purchase decision.”

		Most Important				Most Unimportant
(a)	Quality	5	4	3	2	1
(b)	Wide Product Assortment	5	4	3	2	1
(c)	Fixed Price	5	4	3	2	1
(d)	Presence of International Brands	5	4	3	2	1
(e)	Discounts	5	4	3	2	1
(f)	Packaging	5	4	3	2	1
(g)	Advertisement	5	4	3	2	1
(h)	Display of Products	5	4	3	2	1
(i)	Ambience	5	4	3	2	1
(j)	Value for Money	5	4	3	2	1
(k)	Socio Economic Status	5	4	3	2	1
(l)	Behaviour of Staff	5	4	3	2	1

\*\*\*\*\*Thank You\*\*\*\*\*