

# Determinants of Super Store Customer Satisfaction in Pakistan

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## Abstract

Trend in retails selling has been changed in the European countries and getting change in the developing countries. The old fashion of small retail shops has been changed to the super stores where customer can move around and pick the desired products. In Pakistan trend of super stores is emerging recently and a number of new stores of are opened in big cities of Pakistan. This study focuses on the dimensions which create satisfaction in the customer of the retails super stores and attract new customers. Study concluded that Physical environment, Personal interaction, problem solving ability, policy are the major determinants of customer satisfaction of retail super stores. For this study RSQS measure was used.

**Keywords:** Retail Super Stores, Customer Satisfaction, Personal Interaction, Policy

## 1. Introduction

The trend of development of movement from groceries to the super stores and super markets has attracted the customer and producers so as to researchers especially in developing countries. This movement of groceries to super stores has cause change in culture, economic and society. As well as this also made a change in the spending and consuming habits of the customers (Dr. YetkinBulut). Supermarkets are also getting interest of customers as supermarkets have self-serving environment. Satisfying the existing customers, trying to hold them by developing good relationship and looking for new customers is the real aim for the superstores (aghaei)

To become the market leader it is necessary for the firms to develop themselves as the competitive. For this purpose it is necessary for the organizations have to make a change in their culture and offer greater value and returns to the people. Now a days customers have been given the position of king of market by the companies. In the current era retaining the existing customers instead of attracting the new ones is the most important for the companies because it costs less and existing customers also attract new customers (Ernst et al., 2011).

All over the world customer's satisfaction has taken great consideration of the researchers. Leading stores all over the world like Walmart, and others and in Pakistan Metro, Makro, Hyperstaretc have a believe that customers are source of new customers and they don't want existing customers to go away from them.(Zairi, 2000).

What customer thinks and feels about the product and service provider and about the service quality, or how much expectations of customers have been full filled can be said as customer satisfaction (Singh, 2006, Kotler and Gertner, 2002).

On the other hand the commitment of customers to give preference to avail some specific product or service of any organization in future. Customer are thought to be loyal if they prefer any product or service without any benefit (Oliver, 1999a).

Customer satisfaction and customer loyalty are the source of competitive advantage for organizations and causes success on competitive landscape. With the rise of the era of globalization customer satisfaction has become more important and organizations are putting lot of efforts to understand the behavior of customers and satisfy their needs.

All of the decision making in the organizations runs around the customer satisfaction (Parasuraman et al., 1985b). Service management literature has proved that customer satisfaction belongs to the customer behavior that how much value they got against the price paid (Hallowell, 1996).

Customer satisfaction belongs to the customer feedback that how responsibly organization has fulfilled their duty (Rust 1994).

The aim and objective of this study is to identify the determinants of the customer satisfactions relating to the superstores in Lahore and Faisalabad. And to identify that either the customers or people of the said cities of Pakistan are accepting and liking the concept of super stores or not.

## 2. Literature Review

For a successful and profitable business customer satisfaction and loyalty are utmost determinants. And business growth can never be realised without customer satisfaction and loyalty. (Reichheld, 2013). Furthermore satisfaction from the services of a store is the most critical success factor to run a retail store successfully (Anic, 2006; Ray 2009). To enhance the performance of the retail super stores it is necessary to have a look at the drivers of service quality at retail stores (Anic, 2006). Researchers like Ray (2009) and Sreedhara et al. (2010)

also concluded in their studies that it is more difficult to acquire a new customer than to keep a loyal customer. Dotson and Pttou (1992) in their study concluded that there are many departmental stores which got failed only due to the reason that they failed to supply required and desired services as well as while promoting your store quality of services you provide is the major aspect to highlight. Customer satisfaction takes much affect from the quality of the services being provided (Sweeney and Soutar, 2001). If any super store understands the necessities of the customers' views about the service quality then it may gain a competitive advantage (Mehta et al.; 2000). Siu and Cheung (2001) in their study stated that "Customers assess retail service by comparison their behaviors of the service that they receive with their expectations. Once the perceived service meets or exceeds their expectations, customers' becomes happy and satisfied and vice versa."

By providing better quality service a better profitability ratio can be achieved by the retail stores. But there should be evaluation and continuous improvement in the service quality dimensions (Reardon et al 2011).

It is also recommend that clear customer service objectives would be:

- To extend the customers' utility of the essential product by addition of some support services.
- To make interest in an exceedingly product cluster and to extend customers' satisfaction from a buying deal by demonstrating its application and alternative potential uses;
- To extend the price and value of customer purchases;
- using services to extend customer convenience; and
- To use service to extend sales and profits.

### **2.1 Need for Service Quality**

In Pakistan the concept of superstore is new and developing currently and of course will develop competitive environment among the superstores. To keep alive in the competitive environment it is necessary for the stores to create a uniqueness in their services and environment provided to the customers. Performance of any retail store is significantly affected by the quality of the service being provided by the stores (Kaul, 2005).

*When we talk about the service quality at the retail store or super store there comes the name of many models planned and applied in many different situations i.e. Raters Method, Kano Model, Gap Analysis, Gronsoos' model of Perceived Service Model, SERVQUAL Model, SERVPER Model; but for the purpose of this study we will use the RSQS (Retail service quality scale) model developed by the Dabholkar et al (1996). This model based on the "SERVQUAL" as the measure of the service quality the retails super stores. Servqual was introduced by the Parasuraman et al in 1988.*

During the previous decade a lot of attention has been paid to the concept of service quality of the retails stores (Parasuraman et al 2005; Bell et al, 2005).

Tangibility, responsiveness, reliability, assurance and empathy are the basic dimesion of Servqual model. In many countries around the world and in different industries this was used as a research model (Babakus and Mangold, 1992, Bojanic and Drew Rosen, 1994, Cook and Thompson, 2000, Finn and Lamb, 1991, Jiang et al., 2000, Reidenbach and Sandifer-Smallwood, 1990).Dabholkar et al (1996) identified five dimensions of RSQS including physical aspects, reliability, personal interaction, problem solving and policy

How a retails store looks like and what kind of layout and environment it has is considered under the physical aspects dimension of RSQS (Dabholkar et al, 1996). Physical aspects of any retail stores really affect the service quality and customer satisfaction of the store. The layout of the store must be helpful for the customers to find their desired products.

Customer's shopping time will be reduced if the physical layout and environment is helpful for the customers. If the customer feels difficulty in finding his required product even that product is available then he will surely switch to the competitor.

Reliability aspects of a retail store ensures that store is providing the promised services on time to the customers without any error (Huang, 2009). It explains that stores must provide right services at right time. Whenever store provides information to its customers this information must be accurate and correct like clear pricing and specifications (Newman, 2001). Furthermore store must also be able to provide the required product on time when needed.

Grant and Fernie (2008) in their study concluded that unavailability of products or shortage or product impacts negative on customers' behavior and causes customers to leave the store.

**Sales personnel's can play an important role in satisfying the customer services and interaction of customer and sales representative with good attitude of salesman plays great role in store satisfaction of the customer (Gounaris, 2008). When we talk about the service satisfaction then the services being provided by the employees of the stores play an important role in satisfying their customers with updated knowledge of new products, prices and other variations in the products, store layout etc (Daria et al, 2001).**

How efficiently and willingly a super store is receiving returns and exchange of products as well as how quickly problems and complaints are removed? The fourth determinant of customer satisfaction problem solving means that how much interest a super store shows in dealing with the complaints and problems of the customers (Darian et al., 2001, Swanson and Kelley, 2001). If any store does not pay proper attention to these aspects then

there are chances that the customers may go for other stores (Chang et al, 2008). Huang (2009) stated that customers show good response to the stores where problem solving systems are good and try to prevent dissatisfaction.

Customer satisfaction is also effected by the policy of a retail super store. Like how much variety store is intended to provide? What kind of quality and brands store has planned to put in showcase? How much the staff and management are committed with their store? What would be the operating hours? Etc (Koo, 2003). When shoppers perceive how the store offers a large product variety knowing that the products offer value for money, they feel constructive emotions like enjoyment, excitement, contentment, delight, and satisfaction (Yoo et al., 1998). Stores that are perceived as having superior merchandising are usually preferred by consumers.

### 3. Methodology

A survey through questionnaire will be conducted to check that for what items of quality service customers show their preferences. For the purpose of this research RSQS(Retail service Quality Scale) instrument will be used which was suggested by Dabholaker(Dabholkar et al., 1996). Moreover, was collected from actual routine and online questionnaire on social sites.

Webster (1985), cooper and Schindler (2006) stated that a whole population can be studied by studying a sample which can be said as the base of whole population. For this study, the population included all those who have used or are customers of shopping malls, retail super stores. For selecting population and extracting sample, no reference was made to gender, social or economic class of the respondents. The targeted population was from Lahore, Gujranwala, and Faisalabad. All of these are large cities of Punjab (Pakistan) and represent diverse demographic population. Data was collected through convenient sampling technique by manually distributing the questionnaire in the retail stores and getting them fulfilled by the customers coming to the stores and secondly the questionnaire was uploaded to the online social sites so that more and more responses can be collected.

#### 3.1 Reliability analysis:

According to Miles and Huberman (1994) reliability analysis of any of the research data is highly desired quality. Siegle (2005) defined reliability as the exactness to measure the desired data. Reliability (Cronbach's Alpha) value should not be lower than 0.7 (Saane et al., 2003). Table shows the value for reliability analysis .927 which explains that the collected data is highly reliable.

**Table 1: Reliability Statistics**

Cronbach's Alpha	N of Items
.927	5

**Table 2: Percentage of Respondents for Each Variable**

	Variables	Percentage of Respondents				
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	<b>Physical aspect</b>					
1	The store should have modern-looking equipment and fixtures.	12.7	7.9	17.5	35	26.6
2	The store and its physical facilities (trial rooms) should be visually attractive.	3.1	19	24.5	27.1	26.6
3	Store must have clean, attractive environment and convenient physical facilities.	25.8	6.1	12.7	17.5	38
4	The store layout should be easier for customers to find what they need.	24.9	8.7	3.1	20.5	35.4
5	The store layout should be easier for customers to move around in the store	15	23.6	14.4	9.6	37.4
	<b>Reliability</b>					
1	When store promises to do something (such as repairs, alterations) by a certain time, it should do so?	10	4.4	4.9	30	50.7
2	Store must provide its services at the time it promises to do so?	4.8	24.9	7	22.3	33.6
3	Stores should perform the service right the first time.	17.5	10	2.2	27.5	35.4
4	Store should make merchandise available when the customers want it.	20.9	8.7	3.1	27.1	32.8
	<b>Personal Interaction</b>					
1	It is necessary that employees in the store should have the knowledge to answer customers' questions	17	15.7	13.5	22.3	21
2	The behavior of employees in this store enhances confidence of customers	18.3	20	3.1	25.3	25.8
3	Transactions with the store must be safe.	10.9	9.6	3.1	36.7	32.3
4	Employees of the store must respond to the customers in time.	6.6	22	4.5	32.8	34.1
5	Do you want to get individual attention from the sales representative?	12	11	8.4	30	54.1
6	Courteous behavior with customer is not necessary.	12.2	34.1	9.6	17.5	19.2
	<b>Problem solving</b>					
1	Store must accept the returns and exchanges willingly.	19.7	7.9	9.2	12.7	43.2
2	A sincere interest in solving customer's problem is necessary to attract the customers.	24.9	12.7	7.9	16.6	30.6
3	Handling the customer complaints directly and immediately by employees gives good impression of the store.	10.9	8.7	12.7	30.1	30.1
	<b>Policy</b>					
1	Offering high quality merchandise is necessary.	6.1	24.9	8.7	12.7	40.2
2	Convenient parking for customers also attracts customers.	27.1	4.8	7.4	44.5	8.7
3	Operating hours for the customers must be suitable for every kind of customer.	21	7.9	11	40.1	4.8

The basic objective of this study was to identify that either the determinants of store satisfaction in the other world match with the determinants of store satisfaction in Pakistan or not. Table 1.1 shows the percentage of the respondents for each of the component of the survey questionnaire. Responses are discussed in detail below.

First determinant of customer satisfaction physical aspect which has shown that majority of the respondents agreed that the physical aspects of the super stores must be good looking, visually attractive, clean and convenient physical structure, and layout must be easy enough that customers may move around in the store.

Reliability, The second Determinant of satisfaction, has also been considered by the respondents very important. 50.7% of respondents strongly agreed that it is necessary for the store to fulfill its promises in time. On time service has also considered important by 33.6% respondents. Right service at the first time is necessary as agreed by the 35.4% respondents. Availability of the needed merchandise in time is also important to retain the old customer and attract new ones as 32.8% respondents agreed on this.

Third determinant of customer satisfaction is Personal Interaction about which the Responses of the population was also very much positive. Respondents agreed with all of the aspects and components of this item. Customers feel good if the salesmen in the store are able to answer their questions. If employees of store behave with the customers politely and humbly then customer will visit more as agreed by 25.8% of respondents. Similarly, 32.3% respondents agreed that it is necessary for the store to make the transactions secure and safe. Response time to the customer's complaints must be quick. 54% respondents stated that they like and want to get individual attention.

Next determinant of customer satisfaction is Problem solving ability in which 43% respondents gave their opinion that accepting the returns and exchanges willingly is necessary. 30% respondents agreed that store should take sincere interest in solving problem of its customers. And most of the respondents also agreed that the complaints of customers must be listened directly and immediately. Further majority of the respondents also agreed on the questions about the policy of the store that what kind of merchandise would be provided, what kind of parking should be provided and what would be the operating hours.

From all of this study this is concluded that people of Pakistan especially from the cities of Lahore and Faisalabad have the same satisfaction dimensions as the people in the other countries have. People of Pakistan also want to shop in a clean, easy and convenient environment. Also want to have on time services and quick response. Further this study can be helpful for the previously working store and new stores to attract the new customers and retain the old customers by providing the environment which will satisfy the old customers and attract the new customers. This study also has the limitation that the target population was limited to only two

cities. The study can be extended for the population of the more cities.

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