

Customer Satisfaction of Super Stores in Bangladesh- An Explorative Study

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Abstract

The numbers of Super stores are increasing in Bangladesh to satisfy the demand of customers. The present study has been undertaken in order to identify the influencing factors of customer satisfaction by employing sophisticated multivariate technique- Varimax Rotated Factor Analytical Technique. The study has collected and used only primary data and consulted available literature for designing the questionnaire. The study has identified factors influencing the customer satisfaction of superstores in Bangladesh: Product factors, Store service factor, and Customer facilities factor. The study has suggested entrepreneurs of Super stores to consider these factors while designing their policies for superstores.

Keywords: Superstore, Customer Satisfaction, Factor Analysis, Product Factors.

1. Background of the Study

Super Store is a new concept in Bangladesh. The Chain Superstores are now a growing phenomenon in city area. As the customers are increasingly becoming more aware of the conveniences and their own lifestyles, they are in many cases preferring to go to a Chain Superstore for their everyday shopping rather than to small departmental stores around. So, the customer satisfaction is important for growth of this sector. Customer satisfaction is a simple term stated as the level of shopping experience in a super store where the customer's expected service level is met with the actual service provided by the retailer. Customer service is a series of activities designed to increase the level of satisfaction which means the product or service has met the customer expectation. Measuring service quality is difficult due to its unique characteristics: Intangibility, heterogeneity, inseparability and perishability (Bateson, 1995). Again service quality is linked to the concepts of perceptions and expectations. The functional quality of a service is often assessed by measures of customer's attitudes as in customer satisfaction questionnaires.

The European perspective consists of three dimensions: functional (the process of service delivery to customers), technical (the outcomes generated by service to the customers) and image (how the customers view the company). Considering on those dimensions the quality of service depends on two variables, the perceived service and expected service (Gronroos, 1984). The customers of superstores are mainly higher income group people. So, they want the satisfactory level of products and services rather than traditional shopping places. The customers also want to minimize their time and hazards for shopping which causes the shopping in superstores also. The management and owners of the superstores have to consider the influencing factors of customer satisfaction to hold the market growth.

2. Literature Review

Seiranevoda (2011) has conducted study on *The Factors that Influence the Consumer in Choosing Departmental Store in Bangladesh* where he identified the factors influencing consumers to shop at Superstore in Bangladesh in specific six probable extrinsic cues. The six extrinsic cues- Brand Image, Perceive Price, Perceived Quality, Product Availability and Location of the store.

In another research study, **Palto R Datta (2010)** argued that customer retention has received considerable attention and has become a prime issue for food retail organizations desiring to stay in business, increase footfall, maximize profits and/or build and sustain competitive advantage in the food sector in his research study on *An Examination into Customer Relationship Marketing and Customer Retention in Grocery Food Retailing in Bangladesh*. The general purpose of this research investigation is to identify, describe and analyze factors that have an impact on customer retention in the Bangladesh food retailing context. The longer customers are retained by an organization, the more benefits it is likely to accrue from a sustained income stream. This research intends to examine customer retention in the context of relationship marketing, and giving particular attention to

the antecedents of customer relationships in food retailing and to find out how retailer relationships with customers lead to customer retention.

To focus on customer satisfaction, **Dr. S. Jeevananda (2011)** suggested gaining 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. Customer satisfaction is an asset that should be monitored and managed just like any physical asset. The same way, **Rajul Bhardwaj (2011)** has attempted to measure 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. Further, an example of how firms can use the estimated linkages to develop satisfaction policies that are predicted to increase store revenues has been presented.

Bangladesh's food retail sector is dominated by traditional shops; nonetheless, it has shown growth and modernization, keeping pace with overall economic growth, the increase in middle-class consumers, and changes in consumption patterns. The organized retail sector, including supermarkets, remains relatively small, but consumes increasing volumes of imported food products and exhibits the fastest growth (Sarwer Hussain and Ferdousi Ara, 2004).

3. Significance of the Study

From the above literature review, it is observed that the very few research worked have been done on the customer satisfaction of superstores in Bangladesh in the field of explorative study. The field is new and promising and there is a research gap which motivates to conduct the research on this title. The aim of research is to identify the factors influencing the customer satisfaction of the super stores in Bangladesh which will be helpful for the entrepreneurs and managements of this field to design their policies.

4. Objective of the Study

The principal objective of the study is to identify the factors influencing the customer satisfaction of the super stores in Bangladesh. To accomplish this objective, following objectives have been covered:

- i. To analyze the factors influencing the customer satisfaction of superstores in Bangladesh.
- ii. To suggest some policy measures for customer satisfaction of present and future superstores in Bangladesh.

5. Hypothesis of the study

The following hypothesis has been formulated and tested:

H₀. The following factors hypothesized to contribute the customer satisfaction of Superstores in Bangladesh.

	Factors
X ₁	Quality of Products
X ₂	Quality of Store Service
X ₃	Choice to Purchase from the store
X ₄	Brand mix of a product
X ₅	Credit card facility to customer
X ₆	Location of store
X ₇	Variety of Products
X ₈	Reasonable Price of products

6. Scope of the study

The study covered the opinion of 50 customers of five Super stores in Chittagong which are as follows:

Name of the Super store	Number of sample	Percentage
Khulshi Mart	10	20%
Swapno	10	20%
Wal-Mart	10	20%
Agora	10	20%
Meena Bazar	10	20%

7. Methodology

The study has been an explorative study. It has used only primary data.

7.1. Collection of Primary data

Researchers have prepared a questionnaire for collecting primary data on the basis of literature survey and opinion of experts. For that the researchers have selected 5 super stores (all) in Chittagong for the purpose of collecting data conveniently. They have attempted to conduct interviews of 50 customers from 5 super stores. In this case, the opinions of sample respondents have been captured on five point likert scale (5- strongly agree, 4- Agree, 3-Neither agree nor disagree, 2 –disagree, 1- strongly disagree). The study has consulted existing literature, journals, magazines, and websites of the sample stores for designing questionnaire and rationalizing the present study.

7.2. Analysis of data

The data thus collected has been tabulated first. Then the data have been analyzed by employing sophisticated multivariate technique- Varimax Rotated Factor Analysis or Principal Component Method.

7.3. Organization of the Study

The study has been segmented into three sections. First section has covered statement of the problem, objective, hypothesis, and research methodology of the study; second section has focused on the findings and their analysis and this section has covered summary of the findings, policy implications and conclusion.

8. Finding and Analysis

The analysis is subjected to correlation analysis, principal component analysis, rotated factor analysis and finally factor score for ranking the factors derived from principal component analysis.

8.1. Analysis of Correlation Matrix

The study has estimated zero-order correlation of all 8 variables that contributes to the satisfaction of the customer. The correlation matrix (Table-1) has shown that variables understudy have formed several groups on the basis of relationship underlying between variables. Variables within the group have been found to have significant relationship at different level of significance ranging from 1 to 10%. It is observed that variable X_6 has been found significantly correlated with variable X_4 at 1% level and variable X_5 at 10% level; variable X_3 is found correlated with X_2 , at 5% level; variable X_5 is correlated with X_1 and X_4 at 5% level; variable X_8 is correlated with X_1 at 5% level, and with X_2 , X_3 at 10% level of significance. These relationships between variables finally lead to the information differently orthogonal factors.

8.2. Principal Component Analysis

The correlation matrix of all 8 variables has been further subjected to principal component analysis. The Eigen values, the percentage of total variance, and rotated sum of squared loadings have been shown in Table-2. The factor matrix as obtained in the principal component analysis has also been further subjected to Varimax Rotation. An examination of Eigen values has led to the retention of three factors. These factors have accumulated for 23.22%, 20.51%, and 18.44% of variation. This implies that the total variance accumulated for by all three factors is 62.17% and remaining variance is explained by other factors.

8.3. Factor Analysis

The rotated factor matrix has been shown in Table-3(a). This shows that variables understudy have constituted three groups/factors. It can be mentioned that the variable with factor loading of 0.41 and above has been considered for inclusion into the factors. These have been discussed in the following paragraphs.

Factor-I: Customer Facilities Factor

Factor-I explains 23.22% of the total variations existing in the variable set. This includes variables- X_4 , X_5 and X_6 . This factor has significant factor loadings on these variables which have formed this major cluster. This factor belongs to brand mix of a product, credit card facility to customer, and location of store for customer satisfaction of super stores. So, this factor provides a basis for conceptualization of a dimension, which may be identified as 'Customer Facilities Factor'

Factor-II: Store Service Factor

Factor-II explains 20.51% of the total variations existing in the variable set. This includes variables- X_2 , X_3 . This factor has significant factor loadings on these variables which have formed second important cluster. This factor is concerned with quality of store service and choice to purchase from store. So, this factor provides a basis for conceptualization of a dimension of store service, which may be identified as ‘Store Service Factor’

Factor-III: Products Factor

Factor-III explains 18.44% of the total variations existing in the variable set. This includes variables- X_1 , X_8 and X_7 . This factor has significant factor loadings on these variables which have formed third cluster. This factor is related to quality of products, reasonable price of products and variety of products. So, this factor provides a basis for conceptualization of a dimension of products, which may be identified as ‘Products Factor’.

Finally the rankings obtained on the basis of factor wise average scores are shown in the following table:

Table-4: Rankings of the customer satisfaction factors

	Factor	Average Score	Rank
I	Customer Facilities Factor	1.85	3
II	Store Service Factor	2.29	2
III	Products Factor	2.71	1

Note: Data have been compiled by the researchers

The ranking show that factors III: Products Factor is the most important factor that leads the customer for going to the super stores. This factor includes variable X_1 : Quality of Products, X_8 : Reasonable price of products, and X_7 : Variety of products. This implies that the customers give emphasize on products for going to the super store rather than traditional grocery shop. So, the product related variables are key indicators of customer satisfaction in super store.

The second important factor is service related which are provided to customer. These services (helping of employee, easy access, payment system, environment of the store etc.) influence the customer for purchasing in the super store and reasons for satisfaction.

9. Summary of the Findings, Policy Implication and Conclusion

The present study has an explorative one. It has tired to explore the variables for customer satisfaction in the super stores in Bangladesh by employing sophisticated multivariate technique- Varimax Rotated Factor analysis. In this case, the study has used SPSS -10th version.

The study has found following factors as significant for customer satisfaction.

- i. Products Factor
- ii. Store Service Factor
- iii. Customer Facilities Factor.

The study has suggested present and future entrepreneurs of super stores to take above factors into consideration while operating the super store business.

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Appendix

Table 1: Correlation Matrix

		X1	X2	X3	X4	X5	X6	X7	X8
Correlation	X1	1.000							
	X2	-.079	1.000						
	X3	-.007	-.379*	1.000					
	X4	-.120	.039	.099	1.000				
	X5	.352	.061	-.152	-.392	1.000			
	X6	-.197	.012	.094	.521	-.287	1.000		
	X7	.149	-.165	.087	-.059	.148	-.246	1.000	
	X8	-.369	-.300	.304	.020	-.090	.036	-.040	1.000

**Italic Numbers are correlated at 1% and 5% significant level.*

Note: Data have been compiled by the researchers

Table 2: Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.142	26.771	26.771	2.142	26.771	26.771	1.858	23.220	23.220
2	1.656	20.700	47.470	1.656	20.700	47.470	1.641	20.516	43.736
3	1.177	14.709	62.179	1.177	14.709	62.179	1.475	18.443	62.179
4	.877	10.957	73.136						
5	.708	8.847	81.983						
6	.606	7.576	89.559						
7	.488	6.105	95.664						
8	.347	4.336	100.000						

Extraction Method: Principal Component Analysis.

Note: Data have been compiled by the researchers

Table 3(a): Rotated Component Matrix

	Component		
	1	2	3
X ₄	.852		
X ₆	.798		
X ₅	-.616		
X ₂		-.802	
X ₃		.758	
X ₁			.833
X ₈			-.691
X ₇			.412

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

Note: Data have been compiled by the researchers

Table 3(b): Descriptive Statistics

	Mean	Std. Deviation	Analysis N
X ₁	4.34	.4785	50
X ₂	1.66	.6581	50
X ₃	4.30	.6468	50
X ₄	2.40	.6389	50
X ₅	3.02	.6848	50
X ₆	2.08	.9442	50
X ₇	4.30	.5440	50
X ₈	3.98	.6543	50

Note: Data have been compiled by the researchers

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