Identifying Factors Affecting Customer's Satisfaction in Direct Selling Market (Case Study: Customers of City Center Complex in Isfahan)

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Abstract: This study aimed to identify factors affecting customer's satisfaction in direct selling market in City Centre complex in Isfahan. In order to answer the research questions, five hypotheses were defined and the impact of corporate's image, product's sale location features, product's features, advice while buying, notification was tested on customer satisfaction by presentation of a conceptual model. This research had an applied objective and was a descriptive survey with correlational approach. Data collection tool was researcher- made questionnaire which its validity was confirmed by professionals as well as factor analysis and its reliability was also computed 0/91 by Cronbach's alpha. The population of the study consisted of all customers of City MCentre complex. A total of 214 questionnaires were distributed by random sampling method which among them, 198 questionnaires were returned and employed. Structural equation modeling was used to check assumptions. The results of hypotheses showed that the corporate's image, product's sale location features, product's features, advice when buying, notification had a significant impact on customer's satisfaction. Standard features of the product had the highest coefficient impact (0/64) and advice while buying had the minimum standard rate (0/47) on the customer's satisfaction, respectively. The impact of demographic information of respondents on variables was not verified. The Friedman ranking results showed that corporate's image, product's sale location features, advice while purchasing were the most important components.

Keywords: corporate's image, sale location property, product's features, advice when buying, notification, customer's satisfaction

INTRODUCTION

Direct selling is considered as one of the most important elements in marketing strategies. In traditional method, a product reaches the final consumer after the process of moving goods from intermediates such as

wholesalers, carriers, and retailers. However, in direct selling, there is a dynamic distribution channel with the growing expansion for marketing goods and presenting services directly to the consumers (Li Yu et al., 2011). As a result, the product reaches the final consumer only by a single intermediary (distributor); this means that the distributors purchase products from the company and sell them to the end-user. However, the distributors also are the consumers of company's products. Direct selling is divided into two multi-level and single -level categories. The latter is also known as network marketing and multi-level marketing (Abbasi Sarmaddie & Mehrbakhsh, 2013). Thus, expansion of sales and marketing strategies requires a dynamic market and competition in which the parties are committed to understand the mix factors in marketing and developing strategies in order to stay competitive and implement new strategies for sales and marketing so that more customers could be attracted and their needs are satisfied (Mohammedian, 2002). The goal of many companies is satisfying customers, because customers will only satisfied if they simply come up with a better product supplied by another vendor. Customers who are very satisfied from purchasing a seller are less willing to change their seller and purchase their commodities needed from another source. High satisfaction not only creates a rational preference, but also makes a kind of emotional attachment to brand merchandise. This emotional bond leads to very high customer's loyalty (Abedi, 2012). Therefore, complete understanding of customer, his priority as well as providing quality services ensure the successful factors in today's business market. Moreover, new strategies, attention to the important points of contact, maintaining and expanding customer relationships and attempting to placate customers in all phases increase efficiency and effectiveness of an organization in achieving the goals of customer's orientation and will bring a collection of loyal customers in the long term (Yahyaei, 2011, p. 122). Given the importance and the fact that today in terms of marketing, process to enhance customer satisfaction is of utmost importance, the researcher conducted the study in order to identify scientific gaps in this area and answer the survey questions (what are the factors affecting customer's satisfaction in the direct selling market in the City Center complex of Isfahan?) and discusses about the factors affecting customer's satisfaction by using the model, so that the companies can identify and prioritize these factors and gain a deep understanding of the customer's preferences and find appropriate solutions to customer's satisfaction problems and increase their sales.

RESEARCH LITERATURE

Corporate's Image

Image is defined as the feeling of people while hearing the name of company or store. An image of a business includes facts, events, personal history and commercial advertisements creating a belief in the public's mind. Image is defined as a set of beliefs, ideas and influences of a person about an issue. Beliefs and actions of people are strongly under the influence of a mental image subjecting to it (Kotler & Armstrong, 2009, p. 302).

Loyalty to organization

Loyalty to an organization is described as a behavioral response (including readmission) is mainly triggered in connection with the decision about choosing a store between several organizations. In other words, loyalty to an organization is a psychological process (decision making and evaluation) which leads into the commitment of name and logo of an organization. Loyalty to an organization does not simply refer to the repurchase from an organization; rather it refers to the preference of organization than others. In studies about this area, loyalty of retails is measured by using components of loyalty attitude such as commitment and behavioral

dimension like repurchase and oral ads and in addition, they provide a more complete analysis of both attitudinal and behavioral aspects of this concept. In other words, multidimensional definition provides more in sights than consumer loyalty drivers (Ghafari Ashtiani &Eskandari Mehrabadi, 2011).

Brand development

Brand can be developed to new groups of products. Brand development is essential for the compliance with environmental changes or getting benefits of a strong brand. Developmentor expansion has many advantages. Many companies develop their brand as a strategy. In fact, they enhance and leverage this strategy to take advantage of brand equity. Today, the brand development is used to verify and deal with market changes. To develop successful brand, coordination with the core brand and fitting it with the landscape are essential. If the brand attempts to develop its core product groups or customers in a particular direction, in this case both are in danger (Ghorbanie, 2009).

Brand reputation

Brand reputation encompasses market leadership; desire to seek a more favorable evaluation and increased market share. Popularity at providing benefits to customers is represented by improving trust in shaping purchase decisions. Reputation can be guaranteed for customers and commitment, especially when the comparison of selected products is not easy. Consumers decrease risk by purchasing popular models. More importantly, the perceived quality related to reputation may enhance customer's satisfaction based on the consumer's experience. If the brand can provide some benefits to customers, then customers will return it's benefit in the form of long-term loyalty promotion to the brand, confirming the effectiveness of marketing efforts, development of competitive position of the company and finally selling more products (Heydarzadeh, et al., 2011).

BrandTrust

Fukuyama describes trust as an expected regular and cooperated behavior in a community based on commonly shared norms formed among the members of community. He believes that technological developments highlight the role of trust in understanding the business behaviors like marketing. The researchers state that trust plays an important role in creating a competitive advantage in services. According to the studies, trusted brand may be considered as one of the effective factors in creating customer's loyalty. The degree of trust of consumers towards the brand influences the purchase's decision and mouth to mouth advertisement (Chowdhury & Holbrook, 2011).

Notification (promotion)

Promotion is one of the marketing mix elements that communicates with company through consumer and encourages him to buy the product through advertising, sales promotion, public relations and personal sales. One of the important tasks of managing marketing is determining the most effective promotion. Promotional methods are different in terms of impact. Each of the promotion's procedure has unique features which consider as a decisive factor in selecting them. A company must combine communication tools in an accurate and deliberate way to create a combination of promotion elements that make it possible to achieve communication and marketing objectives, selection of appropriate methods according to the position of the audience in the target market (Samadi, 2008).

Customer's satisfaction

The researcher believes that customer's satisfaction or dissatisfaction shall be achieved by the difference between customer's expectations and the quality that he has received. In order to measure customer's satisfaction, the following relationship can be defined:

Customer satisfaction = customer perception of quality - customer expectations

It is believed that customer's satisfaction will affect future reactions of them toward the organization. They include readiness and enthusiasm for reuse, willingness to recommend it to others and desire to pay for the product without bargaining or trying to find participants offering similar products at lower prices.

Customer's satisfaction is obtained when the performance of the company could meet the expectations of customers. If performance is less than expectations, customer will be dissatisfied and if performance is equal to the expectations, he will be satisfied. If performance exceeds expectations, he will be very pleasing and refreshing. Customer's satisfaction refers to the degree of acceptance that the customer gets for different characteristics of the product and profitability source and reason to continue the organization's activities (Kavoosi & Saghaie, 2005, p. 92).

RESEARCH QUESTIONS

What are factors affecting customer's satisfaction in the direct selling market in the City Center complex of Isfahan?
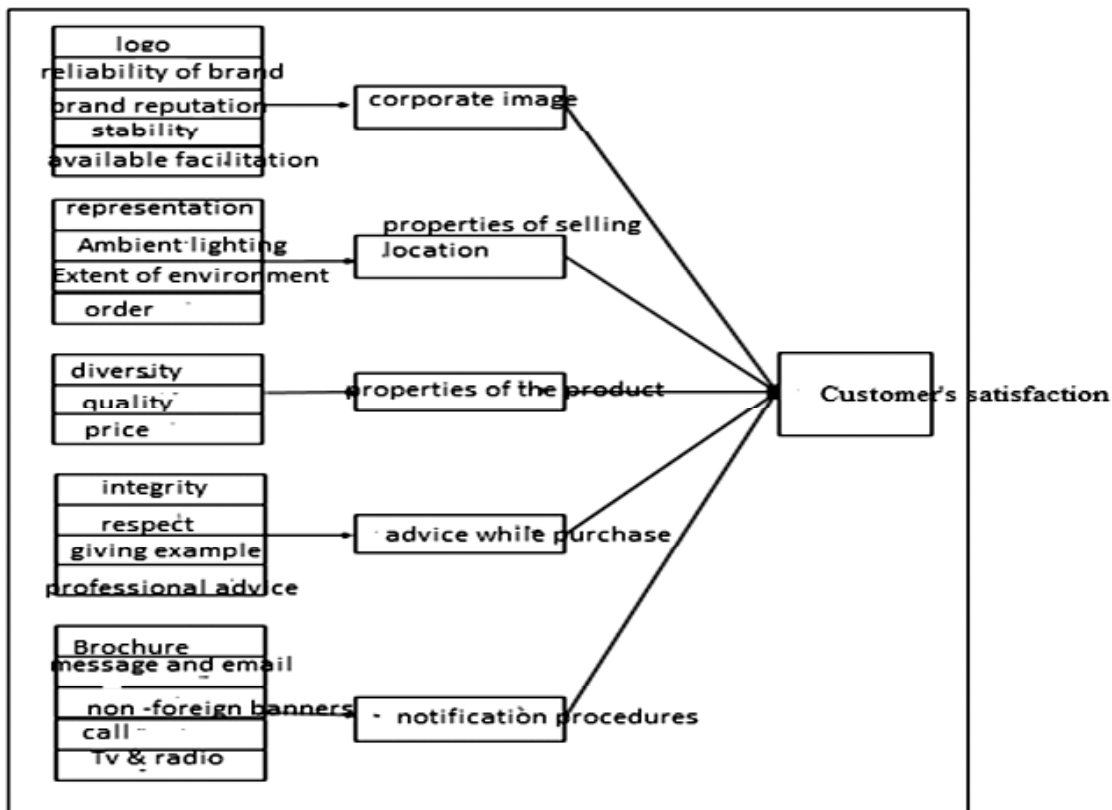

Figure 1: Conceptual Model of Research (Dobrev & Radub, 2014)

METHOD

The present research employed survey on the basis of the nature and methodology. The study population consisted of clients in City Centre complex. 214 questionnaires were distributed and finally 198 questionnaires were returned (return rate = 92%). In this study, a questionnaire was used to collect information. Reliability was calculated 91%. Analysis of variance was used to examine significance in variables as well as correlation to evaluate the relationship between independent variables and the dependent variable.

DATA ANALYSIS

According to the Kolmogorov-Smirnov statistics test, since significant level of normality test for the main variables of error is greater than 5%, parametric tests were used to evaluate and test research hypotheses.

Table 1
Measures of fitness

Indicators	Reported value
Chi-square	1726/56
Degrees of freedom	654
Chi-square to degrees of freedom	2/64
RMSEA	0.62%
RMR	28.0%
GFI	91%
AGFI	82%
PGFI	80%
NFI	91%
NNFI	85%
PNFI	71%
CFI	92%
IFI	92%
RFI	86%

Fitness results in factor analysis (Table 1) show that RMSEA value is obtained 0/062% and because it is a small value (less than 08/0), this model has a little error. Root mean square of residual RMR index is also equal to 0/028 and is small amount representing an acceptable fitness. The degree of freedom of the chi-square value is equal to 2/64 and a value between 2 and 3 representing the model is an appropriate. The fit index (GFI) is also calculated and it is close to 1.

First hypothesis: corporate's image has a significant effect on customer satisfaction.

Results of Table 2 shows that the corporate's image has a positive and significant effect on customer's satisfaction in a standard factor of 0/54.

Thus the first hypothesis is confirmed. The coefficient of determination (R^2) was calculated 0/29 and showed that about 29 percent of the customer's satisfaction changes are explained by the corporate's image. Since the coefficient of determination was between 0/25 to 0/5, so the fitness was at medium level.

Table 2
First hypothesis test

From	To	standard coefficient	standard error	P-value	P-significance	R^2	result
corporate's image	Customer's satisfaction	0/54	0/15	4/33	**	0/29	confirmed

The second hypothesis: product's sale location features have significant effect on customer's satisfaction.

Results of Table 3 shows that the product's sale location features have a positive and significant effect on customer's satisfaction in a standard factor of 0/60.

Thus the first hypothesis was confirmed. The coefficient of determination (R^2) was calculated 0/36 and it showeds that about 36 percent of the customer's satisfaction changes are explained by the product's sale location features. Since the coefficient of determination was between 0/25 to 0/5, so the fitness was at medium level.

Table 3
Second hypothesis test

From	To	standard coefficient	standard error	P-value	P-significance	R^2	result
sales location	Customer's satisfaction	0/60	0/13	4/88	**	0/36	confirmed

The third hypothesis: the product' features have a significant effect on customer's satisfaction.

Results of Table 3 shows that the product's featureshave a positive and significant effect on customer satisfaction in a standardfactor of 0/64. Thus the first hypothesis was confirmed. The coefficient of determination (R^2) was calculated 0/41 and showed that about 41 percent of customer's satisfaction changes are explained by the product's features. Since the coefficient of determination was between 0/25 to 0/5, so the fitness was at medium level.

Table 4
Third hypothesis test

From	To	standard coefficient	standard error	P-value	P-significance	R^2	result
product's features	Customer's satisfaction	0/64	0/10	4/98	**	0/41	confirmed

** shows significance at the level of error of 0/01.

Fourth hypothesis: providing consultancy services to customers when buying has a significant effect on customer's satisfaction.

Results of Table 4 shows that providing consultancy services to customers when buying has a positive and significant effect on customer's satisfaction in a standard factor of 0/47. Thus the first hypothesis was confirmed.

The coefficient of determination (R^2) was calculated 0/22 and it showed that about 22 percent of the customer's satisfaction changes are explained by providing consultancy services to customers when buying. Since the coefficient of determination was between 0/25 to 0/5, so the fitness was at medium level.

Table 4
Fourth hypothesis test

From	To	standard coefficient	standard error	P-value	P-significance	R^2	result
providing consultancy services to customers when buying	Customer's satisfaction	0/47	0/15	3/69	**	0/22	confirmed

** shows significance at the level of error of 0/01.

Fifth hypothesis: the notification procedures have a significant effect on customer's satisfaction.

Results of Table 6 shows that notification procedures have a positive and significant effect on customer satisfaction in a standard factor of 0/58. Thus the first hypothesis is confirmed. The coefficient of determination (R^2) was calculated 0/34 and it shows that about 34 percent of the customer's satisfaction changes are explained by notification procedures. Since the coefficient of determination was between 0/25 to 0/5, so the fitness was at medium level.

Table 6
Fifth hypothesis test

From	To	standard coefficient	standard error	P-value	P-significance	R^2	result
Notification procedures	Customer's satisfaction	0/58	0/07	5/35	**	0/34	confirmed

** shows significance at the level of error of 0/01.

Ranking research's variables using Friedman test

Friedman test is used for the similarity among the priorities (ranked) variables. Zero assumptions were as follows.

The mean scores of the variables were equal.

At least a couple of variable's ranking means were significantly different from each other.

Table 6
Friedman's test results in the ranking variables (n = 198)

Variables	Average Rating	Friedman statistic	Significant level
Corporate's Image	3/86	17/039	0/004
Features of product sales locations	3/72		
Advice when buying	3/44		
Notices	3/42		
Product's Features	3/29		
Customer's satisfaction	3/26		

Friedman's test results in Table (6) shows that the significant level of Friedman test of error is lower than 5% and thus it is concluded that the rank and importance of (the company's image, product sales location features, product features, advice when buying, notification, customer's satisfaction) were not the same and equal. Average Rating Friedman showed that "corporate's image" was the most important component "and then product sales location feature" was ranked second in importance. "Advice when buying" was in the third place.

INFERENTIAL ANALYSIS OF DATA

The first hypothesis

Results in Table 2 show that the corporate's image has a positive and significant effect on customer's satisfaction with a standard factor of 0/54. Thus the first hypothesis was confirmed. The coefficient of determination (R2) was calculated 29% and shows that about 29 percent of the customer's satisfaction is explained by company's image. Since the coefficient of determination was between 0/25 to 0/5, therefore, fitness was at the medium level, representing consistency with the results research by Hsu et al. (2014). Their results showed that mental image of the grocery store was demonstrated by three key components of market processing characteristics, store atmosphere and marketing attraction services and there was a significantly positive correlation with customer's satisfaction, which the retailers should be looking for a way to overcome the disadvantage of distance and their results were also in line with the results of Neguyen et al., research (2013).

The second hypothesis

Results in Table 3 show that the production's sale location features have a positive and significant effect on customer's satisfaction with a standard factor of 0/60. The coefficient of determination (R2) was calculated 36% and shows that about 36 percent of the customer's satisfaction changes are explained by the production's sale location features. Since the coefficient of determination was between 0/25 to 0/5, therefore, fitness was at the medium level, representing consistency with the results of Mehranie et al., research (2011). Their results showed that mental image of bank networking has a direct impact on the location's feature, satisfaction, customer's loyalty in Karafarin Bank in Mazandaran and Golestan provinces.

The third hypothesis

Results in Table 4 show that the product's features have a positive and significant effect on customer's satisfaction with a standard factor of 0/64. The coefficient of determination (R2) was calculated 41% and shows that about 41 percent of the customer's satisfaction changes are explained by the product's features. Since the coefficient of determination was between 0/25 to 0/5, therefore, fitness was at the medium level, representing consistency with the results of research by Nabbizadeh et al. (2010). The results showed that the lowest to the highest correlation coefficient is respectively related with empathy criteria, physical tangibles, responsiveness, trust and insurance with the emphasis more on the factors for a higher correlation coefficient, key customer's satisfaction can be raised.

The fourth hypothesis

Results in Table 5 show that providing consultancy services to customers when buying has a positive and significant effect on customer's satisfaction with a standard factor of 0/47. The coefficient of determination

(R2) was calculated 22% and shows that about 22 percent of the customer's satisfaction changes are explained by providing consultancy services to customers when buying. Since the coefficient of determination was between 0/25 to 0/5, therefore, fitness was at the medium level, representing consistency with the results of research by Dobberso et al. (2010). The results showed that all identified variables (corporate's image, product's sales location feature, product's features, consultation and notification methods) had a significant effect on customer's satisfaction.

The fifth hypothesis

Results in Table 6 show that notification methods have a positive and significant effect on customer's satisfaction with a standard factor of 0/58. The coefficient of determination (R2) was calculated 34% and shows that about 34 percent of the customers' satisfaction changes are explained by notification methods. Since the coefficient of determination was between 0/25 to 0/5, therefore, fitness was at the medium level.

In the ranking of the main variables of study with Friedman test, results showed that the ranking of variables was not equal and there was significant difference between rankings of variables. The average rating for index showed that the company's image index with an average of 3.86 had the highest rating and so was considered the most important indicator. The customer's satisfaction index with an average of 3.26 had the lowest rating, thus the least important among the indicators of research.

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