CONSEQUENCES OF CUSTOMER SATISFACTION IN ORGANIZED FOOD AND GROCERY RETAILING: AN EMPIRICAL ANALYSIS IN ANDHRA PRADESH

P.V. Vijay Kumar Reddy*, A. Udaya Shankar** and P. Ajitha***

Abstract: The modern organized retail stores from both domestic and foreign retail giants in India are considering customer satisfaction as a critical factor for their survival, sustainability and profitability. The heterogeneous behaviour of consumers in developing store patronage preferences and patronage loyalty evidently underlines the significance of exploring the factors that are behavioural outcomes of customer satisfaction. With an objective to ensure possible accuracy in the results and recommendations, this study aims to explore, assess and test consequences (behavioral outcomes) of customer satisfaction in the Indian organized food and grocery retailing. The study revealed and empirically proved that store loyalty-attitudinal (SLA), store loyalty-behavioural (SLB), repurchase intention (RI), word of mouth (WOM), price insensitivity (PI) and reduced complaining behaviour (CB) are the outcomes of customer satisfaction.

Keywords: Indian retail scenario, Retail formats, Store formats, Store loyalty-attitudinal (SLA), store loyalty-behavioural (SLB), repurchase intention (RI), word of mouth (WOM), price insensitivity (PI) and reduced complaining behaviour (CB), customer satisfaction.

1. INTRODUCTION

The modern organized retail stores from both domestic and foreign retail giants in India are considering customer satisfaction as a critical factor for their survival, sustainability and profitability. The heterogeneous behaviour of consumers in developing store patronage preferences (e.g., Jin and Kim, 2001; Uusitalo, 2001; Babin et al., 1996; Osman, 1993;) and patronage loyalty (Grace and Cass, 2005) evidently underlines the significance of exploring the factors that are behavioural outcomes of customer satisfaction. Previous research contends that positive effects of customer satisfaction, especially the main effect between satisfaction and loyalty, is not only inadequate (moderate to low) but also contradictory in nature to fully explain why customers stay with or leave an organisation (Seiders et al. 2005) in spite of various

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studies highlighted the significant and positive impact of satisfaction on various behavioural responses: store loyalty, repurchase, word-of-mouth (hereafter it is used as WOM), and price insensitive (Reichheld and Teal 1996; Bolton et al. 2004; Keiningham et al. 2005; Cooil et al. 2007; Wangenheim and Bayon 2007; Leingpibul et al. 2009). Lending support to the above, Sivadas and Baker-Prewitt (2000) find that satisfaction influences the likelihood of recommending a store as well as repurchase, but has no direct impact on loyalty. Surprisingly, a few studies have reported that great number of satisfied customers do not hesitate to switch to another supplier if they believe that they will get a better deal somewhere (Reichheld 1996; Griffin 1996; Mcllroy and Barnett 2000; Bowen and Chen 2001).

Previous research suggests that satisfaction process may vary across different types of products, different time periods, different consumer groups (Cadotte, Woodruff, and Jenkins, 1987; Grace and O’Cass 2005; Pan and Zinkhan 2006; Theodoridis and Chatzipanagioutou 2009), and not necessarily applicable from one sector to another (Birtwistle et al. 1999). Moreover, both past and recent empirical studies are limited to specific geographical regions or countries such as USA, Western Europe, Australia, France, Greece, and Asia (Theodoridis and Chatzipanagioutou 2009, p.709). In the light of aforesaid facts and scarce empirical evidence from a different national retail context such as India, where organised retailing is a recent phenomenon, this study is prompted to address customer satisfaction and investigates the effect of satisfaction on consumer behavioural outcomes (i.e. store loyalty, repurchase, word-of-mouth, prise insensitivity, and complaining behaviour). This study has identified the outcomes (consequences) of customer satisfaction relative to upgraded kirana stores/ convenience stores, supermarkets and hypermarkets in food and grocery retailing. These three types of retail outlets are considered spanning the range of variations in the fastest growing Indian food and grocery retail market. The formats not only compete for the major shopping trips of households but also creating cross-shopping behaviour in a typical retail market characterised by a growing heterogeneity of demand and proliferation of new retail formats. With an objective to ensure possible accuracy in the results and recommendations, this study aims to explore, assess and test consequences (behavioral outcomes) of customer satisfaction in the Indian organized food and grocery retailing. Therefore, this study assumed significance in understanding and expanding the body of knowledge through exploration and examination of customer satisfaction among Indian food and grocery consumers.

The objectives of study are:

1. To explore the critical outcomes (consequences) of customer satisfaction among the food and grocery retail consumers.

2. To examine the impact of customer satisfaction on store loyalty (attitudinal) and store loyalty (behavioural), price insensitivity, reduced complaining behaviour, word of mouth and repurchase intentions.
2. **SCOPE**

This study is limited to the organized retail industry with specific to food & grocery retailers, viz., upgraded kirana stores/convenience stores, supermarkets, hypermarkets. Notably respondents are adult consumers (over 20 years of age) of food and grocery items offered in organized retail stores. Also the respondents’ demographical traits are limited to age, profession, monthly household income, distance travelled to the store, mode of travel, educational background and behavioural variables such as store loyalty (attitudinal and behavioural), price insensitivity, reduced complaining behaviour, word of mouth and repurchase intentions. This Study is limited to the thirteen districts of the State of Andhra Pradesh.

3. **METHODOLOGY**

This study has been conducted in two levels. First, exploratory study (qualitative in nature) was carried out to identify the factors that can be outcomes of customer satisfaction in general. ToFigure out the outcomes that customer satisfaction may result in the customers, interviews were held with the managers of different organized retail stores, research scholars in the similar domains, extensive discussions and debates with academicians and researchers and general public (shoppers), helped the scholar to identify and crystallise the variables to be used in the theoretical framework. Store loyalty-attitudinal (SLA), store loyalty-behavioural (SLB), repurchase intention (RI), word of mouth (WOM), price insensitivity (PI) and reduced complaining behaviour (CB) are the outcomes of customer satisfaction that are identified during the first level of the study. Secondly, structured questionnaires were self-administered, and a non-experimental survey method (i.e. mall intercept) was adopted for data collection from different stores across thirteen districts in Andhra Pradesh. The total sample collected from these thirteen districts was 976. To represent the outcomes of customer satisfaction, multiple-item measurement scales were adapted from previous research. All constructs were measured on five-point Likert scales ranging from strongly disagree to strongly agree. To test the formulated hypotheses from the conceptual model, exploratory factor analysis, correlations, and regression were applied to the data using the SPSS 21.0.

4. **THEORETICAL BACKGROUND**

As customer satisfaction plays a pivotal role in any business, organizations strive to understand the depths of the subject. Martínez-Ruiz *et al.* (2012) says that the retailers are focused on achieving the customer satisfaction to make their commercial strategies successful. And thus they tend to research the capacities and factors to base their competitive strategies upon, while taking in to account the constructs of customer satisfaction (Go’mez *et al.*, 2004). The organized retailers in India
have their turbulent start due to the deep rooted customer acquaintance with the neighbourhood kirana. Prasad and Aryasri (2008) affirms that the Indian retail industry is predominantly occupied by the unorganized retailers and the expansive growth in the Indian retail market is spurred by the greater demand for qualitative products and services that heightened the competition among the modern retailers. Cooil *et al.*, (2007) say that customer satisfaction and delight have a tremendous impact on customer retention and loyalty, and this results in keeping the customers around longer. However, according to recent studies (Agustin and Singh, 2005, Seider *et al.*, 2005, Verhoef, 2003) mere customer satisfaction cannot endorse customer repurchase in certain circumstances. This may be true in the context where the great number of retailers are offering goods and services at a competitive price. Also Zameer and Mukherjee (2011) say that it is incorrect to suppose that a customer is satisfied until his shopping experience outweighs his sacrifice of time and money. While the future survival of the organized retail in India is believed to be established on such constructs pertaining to the subject, the amount of research took place so far around customer satisfaction in food and grocery remains primitive.

**Customer Satisfaction**

Two general conceptualisations of customer satisfaction exist in the literature: service encounter or transaction-specific satisfaction (Cronin and Taylor, 1992; Boshoff and Gray, 2004) and overall or cumulative satisfaction (Cronin and Taylor, 1994; Shankar *et al.*, 2003; Yi and La, 2004). Therefore, both cognition (i.e. function of comparison between expectations and performance) and affect (i.e. feelings such as joy, happiness, arousal, pleasure, disgust experience during the acquisition and consumption of product or service) significantly predict customer satisfaction (Smith and Bolton, 2002; Homburg et al., 2006). Affective factors (e.g., joy, surprise, contentment, regret) not only play a critical role in the early stages of satisfaction formation (Homburg et al., 2006) but also found to be the precursors of satisfaction (Westbrook and Oliver, 1991; Oliver, 1993; Fournier and Mick, 1999; Soderlund and Rosengren, 2004). In brief Jia-Yin *et al.*, (2012) summarizes that customer satisfaction is mental state which results from the customer’s comparison of expectation prior to purchase with performance perception after purchase. Furthermore, McEwen and Fleming (2003) have argued that customer satisfaction is not necessarily a good predictor of subsequent customer behaviours unless it is emotionally connected with customers. Bei and Chiao (2001) take a divergent view of satisfaction by stating that it reflects one’s affective feeling state toward a product or service. Various studies reveal a strong evidence that many customers who state that they are satisfied or very much satisfied with a service provider subsequently switch to a competitor for various reasons-possibly not affective connection (e.g., Reichheld and Teal, 1996; Szymanski and Henard, 2001; Chandrashekarhan *et al.*, 2007). This study proposes
a model to assess the certainty of relations between the customer satisfaction and its outcomes as shown in the below Figure 1.0.

![Figure 1.0: Conceptual Model for Customer Satisfaction and it’s behavioural outcomes](image)

**Store Loyalty (Attitudinal and Behavioural)**

Even though customer loyalty has been the subject of study in marketing for a number of decades, retailers in the past economic era have traditionally placed less strategic importance on consumer loyalty when compared to manufacturers (Dunn & Wrigley, 1984, Terblanche & Boshoff, 2006). Martinelli and Balboni (2012) asserts that in an increasing complexity of retail environment characterized by demanding consumers, smart competition, emergence of multiple buying options and channels to the consumer, the ability of the retailer to offer a qualitatively high level of service could be the key and winning strategy to differentiate, actively satisfy customers, and gain customer loyalty. Previous research mentions that securing and increasing loyalty is central to many corporate strategies because obtaining new customers is costly and customer retention is connected to long-term profitability (Reichheld, 1996; Bruhn and Grund, 2000; Turner and Wilson, 2006). Jacoby and Kyner (1973) define customer loyalty in two distinct ways: (1) attitude (i.e. creation of different feelings in an individual’s overall attachment to a product, service, or organisation), (2) behavioural (i.e. continuing to purchase the products/or services, increasing the scale, and act of recommendation). Robert et al., (1998) defines Store loyalty as a propensity to use the store. They also affirms that this propensity may be expressed as an attitude (Attitudinal loyalty) to the store or as an intention to use the store when circumstances permit. Behaviourally (Behavioural loyalty), the propensity is seen as a proportion of number of visits or expenditure compared with other stores or, over time, as retention (the continued use of the store). Several studies report the positive relationship between customer satisfaction and loyalty,
considering satisfaction as one of the primary antecedents of loyalty, especially in retail business (e.g., Bitner, 1990; Rust and Zahorik, 1993; Biong, 1993; Parasuraman et al., 1994; Cronin and Taylor, 1994; Bloemer and Ruyter, 1998; Sivadas and Baker-Prewitt, 2000; Koo, 2003; Tuu and Olsen, 2009). Magi (2003) find that customer satisfaction and customer loyalty does not connect with the degree of relations. Whereas, Seiders et al. (2005) found the linkage between customer satisfaction and customer loyalty is moderate to low. Also Thomas (2013) summarizes that though customer satisfaction may yield the loyalty, it cannot be treated as a static status in the attitude of consumer. Although satisfaction and loyalty indeed have a certain degree of positive relations, in few cases customer satisfaction and customer loyalty may also be independent or even have negative relationship, that is to say a high degree of customer satisfaction may lead to low loyalty even without loyalty (Allaway, 2003). Considering the contradictory findings, it is posited that:

H1a. Customer satisfaction has direct positive effect on store loyalty (attitudinal).

H2a. Customer satisfaction has direct positive effect on store loyalty (behavioural).

Repurchase Intention

Zhang et al., (2011) define repurchase intention as the manifestation of customer loyalty, which resulted from a satisfied shopping experience. Repeat purchasing has been a primary objective of marketers for decades because retaining customers requires less marketing resources than acquiring new ones (e.g., Reichheld and Sasser, 1990; Reichheld, 1996; Birgelen, 1997). Chaudhuri and Ligas (2009, p.407) have defined repurchase loyalty as “a basic level of interest in a store that is limited to an intent to re-buy from the particular store at a future date”. Hellier et al., (2003) has described repurchase intention as an individual’s judgment about buying again a designated service or a product from the same company while taking into consideration his or her current situation and likely circumstances. Previous studies report that the level of satisfaction often has a positive influence on repurchase intentions (Cronin and Taylor, 1992; Patterson, Johnson, and Spreng, 1997) prompted by a strong internal disposition (i.e. attitudinal loyalty) (Day, 1969) over a given period of time, while others have noted that linkage explains little and findings are equivocal (Bolton, 1998). Many studies have focused on the relationship between customer satisfactions and repurchase intentions (Hellier et al., 2003; Gountas and Gountas, 2007; Zboja and Voorhees, 2006; Yi & La, 2004;). Also Halstead and Page (1992) had confirmed that the repurchases intention of consumer is highly based on the satisfactory purchase of the product or service he made, rather than the satisfactory customer service that organizations gives later. this shows the importance of first impression that a retailer should make on his buyers. Zaboja & Voorhees(2006) say that, there is some debate in the literature regarding the impact of satisfaction on the repurchase intentions. This is because
few researchers have found a direct link between the satisfaction and repurchase intention \[e.g.\] Bearden and Teel, 1983; Cronin and Taylor, 1992; Oliver et al., 1997; Selnes, 1998], and few others say that trust is the dominant antecedent of repurchase intentions \(e.g.\) Doney and Cannon, 1997). In the light of preceding discussions and findings, it is proposed that:

H3a. Customer satisfaction has direct positive effect on repurchase intention.

**Word-of-Mouth (WOM)**

Keller (2007) affirms that Word of Mouth (WOM) is becoming an increasingly important marketing objective. Early research regarding word-of-mouth tended to focus on complaining behaviour (Singh, 1988; Gronhaug and Kvitastein, 1991). However, recent past research has recognised WOM communication as both a consequence of service quality/customer satisfaction and an antecedent to revenue and profit due to new customer acquisition (Heskett et al., 1994; Rust et al., 1995; Anderson and Mittal, 2000; Bolton et al., 2004). Swan and Oliver (1989) note that WOM about retailers can include both an evaluative aspect, whereby consumers relate their experiences to others, as well as a conative aspect, whereby consumers recommend a retail store to others. Prior research suggests that loyal customers are likely to provide new referrals through positive word of mouth (Jones and Sasser, 1995; Zeithaml et al., 1996), buy more (Berry and Parasuraman, 1991), and resist competitive pressures (Dick and Basu, 1994). However Anderson (1998) suggests that valance of WOM may be negative, neutral or positive, in different context, based upon the consumer experience. WOM is highly variable in content and highly determined by the consumer’s personal and situational factors (Higie et al., 1987). Also few previous studies have consistently shown positive WOM to be an outcome of high customer satisfaction ratings (Fornell, 1992; Danaher and Rust, 1996; Sudaraman et al., 1998). Also Bayus (1985) confirms that the negative WOM retards sales of food products more than twice as strongly as positive WOM promotes sales of that product. In the light of preceding discussions and findings, it is proposed that:

H4a. Customer satisfaction has direct positive effect on word-of-mouth communication.

**Price Insensitivity**

Price has been examined as one of the determinants of customer satisfaction (Lee and Ulgado, 1997; Gilbert et al., 2004). Fornell, Rust, and Dekimpe (2010) have argued that satisfaction does not operate regardless of price. Price not only affects consumer utility but also consumer’s repeat purchase probability. Crompton (2011) says that, reference price is that consumer expects to pay for a service / product. Any price beyond that keeps him in the tolerance zone, in which he decides to purchase only after evaluating benefit information and the past purchase experience.
Few studies have found that price responsiveness is related to the demographic factors such as income level, socio economic status and age etc, but these results are inconsistent (Binkley and Connor, 1998). Prior research has shown that satisfied customers exhibit price insensitivity and willing to pay more for high quality products and services (Finkelman, 1993; Anderson et al., 1994; Matzler and Hinterhubert, 1998; Huber et al., 2001). Also Bloemer and Schroder (2002), Gosh (1994) confirms this by saying that satisfaction leads to customer trust, commitment and loyalty which are explicitly expressed by WOM, Price Insensitivity and repurchase. However, several scholars in the past have suggested that customers may have different responses for prices increase and decrease, during which their negative responses to the price increase is strongly posited against the price acceptance (e.g. Kalyanam and Little, 1994). Considering the debated literature with reference to the price insensitivity, the following hypothesis is advanced:

H5a. Customer satisfaction has direct positive effect on price-insensitivity.

**Reduced Complaining Behaviour** (CB)

Landon and Laird (1980) say that all dissatisfied customers do not complain. It is even likely that many times complaints come from the satisfied customers as an expression about a dissatisfied experience. Diaz and Gonzalbez (2009) points out that consumers are not restricted to one type of complaining behaviour. Researchers have noted that complaining behaviour is a consumers’ tendency to complain to seller on various counts in three ways: 1) as a mechanism available to consumers for relieving cognitive dissonance when the consumption experience is dissatisfying (Oliver, 1980), 2) as a mechanism for venting anger and frustration, and 3) as a mechanism for initiating or seeking redress for failed consumption experience (Nyer, 1999). Dissatisfaction is traditionally thought to prompt complaining behaviour, especially when the problem leading to dissatisfaction is severe (Andreasen, 1988). Brown and Beltramini (1989) say that complaining and the spreading of negative word of mouth as alternative responses to consumer dissatisfaction have attracted considerable scholarly attention. Fornell et al. (1996) considered the Hirschman’s exit-voice theory that the immediate consequences of increased customer satisfaction are decreased customer complaints and increased customer loyalty. Having considered the aforesaid, it is hypothesised that:

H6a. Higher level of customer satisfaction leads to lower level of complaining behaviour.

5. **RESEARCH DESIGN**

This study was conducted in two stages to avoid overleaping any important piece of detail useful for this study. In the first stage, an exploratory study (qualitative in nature) was carried out to identify the factors affecting customer satisfaction.
These exploratory interviews with store managers and extensive discussions with academicians/researchers helped to identify factors such as store loyalty-attitudinal (SLA), store loyalty-behavioural (SLB), repurchase intention (RI), Word of Mouth (WoM), price insensitivity (PI) and reduced complaining behaviour (CB) as the outcomes of customer satisfaction. The extensive literature survey supports the exploratory findings. In the second stage, a non-experimental survey method was adopted for collecting data by self-administering structured questionnaires to thirteen hundred respondents from thirteen districts. As mentioned by Ganesh et al., (2007), mall intercept method was adopted for contacting the respondents. Self-administered questionnaire is used to collect the primary data from the respondents. In thirteen districts of selected geographical location (Andhra Pradesh) 1334 shoppers were approached, among which 976 shoppers have correctly answered the questionnaire.

6. MEASURES

While developing measures to indicate the outcomes of customer satisfaction, multiple-item measurement scales that have been validated in the earlier studies were used in this study. All constructs were measured on five-point Likert scales ranging from strongly disagree to strongly agree. The measurement items of the different constructs (customer satisfaction, store loyalty-attitudinal, store loyalty-behavioural, repurchase intention, word of mouth, price insensitivity, reduced complaining behaviour) and their origin are exhibited in the exploratory factor analysis. Demographics, shopping behaviour and customer trends were measured using multiple choice questions for which respondents were requested to choose only one response from the multiple alternatives.

7. RESULTS

Total sample collected consists 976 valid responses among which 575 (58.9%) respondents are female and the remaining 401 (41.1%) of the respondents are male. Thirty one percent of the respondents fall in the age group 31 – 40 years with a median value 2. Sixty one percent of the respondents were married and the mean value of family size is 2.91 where approximately 48% of the respondents have a 3 – 4 member family groups. A major portion of the respondents accounting to 63.8% are graduates and 24.2% of them are post graduates and the remaining small portion of 12% have qualified SSC or a diploma. Occupations of the respondents in the order of their percentages is employees (31%), business (26.2%), housewives (22.6%), students (18.0%), retired (1.6%). Monthly household income of the 43.5% respondents is above Rs 40000 with a mean value of 2.89. It is followed by 20.6% of the respondents with income between Rs 30000 – 40000. These results indicate a distributed and educated sample.
8. RELIABILITY
The relationships among the individual items in the questionnaire are investigated by considering the average item-total correlation and average inter-item (Cronbach’s Alpha) correlation. Item-total correlation is one of the methods available to test construct validity (Kerlinger, 1986; Anderson and Gerbing, 1988). It measures internal consistency by establishing how much item agrees with the sum of other items. The average inter-item correlation indicates the stability and consistency of the measuring instrument (Kerlinger, 1986). The Cronbach’s Alpha was used to measure the reliability coefficient. For reliability coefficient values, it was suggested that 0.70 is the minimum requirement for basic research (Nunnally, 1978). If the correlations are low (less than 0.70), the contribution of each item will be reviewed and consideration will be given to dropping from the scale of those items that provide the least empirical and conceptual support.

9. UNIDIMENSIONALITY ANALYSIS
Exploratory factor analysis (Anderson and Gerbing, 1988) was undertaken to examine Unidimensionality and discriminant validity of the scales. Unidimensionality was assessed through factor analysis. Factor analysis is an interdependence technique, in which all variables are simultaneously considered (Hair et al., 1987). It can be evaluated from a screen plot, or graphic representation of the number of factors that have the highest contribution. Rules of thumb indicate that communality or factor loading should be greater than 0.5, eigenvalue should be greater than 1, and average variance extracted should be greater than 0.4 is considered acceptable.

10. HYPOTHESIS TESTING
For testing $H_1^0 - H_6^0$, Inferential statistical techniques like simple linear regressions were used to analyze the effects of identified antecedents of customer satisfaction. Simple linear regression model was used for examining effect of customer satisfaction on each of the six consequences using a minimum inclusion alpha ($\alpha$) of 0.05. This technique allows for testing effects of one independent variable on multiple dependent variables. Significance tests and beta estimates were used to evaluate the magnitude and direction of the effect of customer satisfaction on its consequences (outcomes).

11. EXPLORATORY FACTOR ANALYSIS AND CORRELATION
To categorize and identify the behavioural factors that result from customer satisfaction in organized food and grocery retail, exploratory factor analysis with principal component method and varimax rotation with kaiser normalization was conducted as done in the case of antecedents. A total of 18 items indicating
behavioural outcomes (consequences) of customer satisfaction were included in the analysis. Kaiser-Meyer-Olkin Measure of Sampling Adequacy was found to be 90.0%. The chi-Square of Bartlett’s test of sphericity has given value of $\chi^2 = 10638$, and the significance was found to be high with value of $p < 0.001$. The criteria used in factor analysis of the consequences was: factor loadings value $\geq 0.5$ and Eigen value $\geq 1$. A completed factor analysis was extracted based up on the items that have qualified the factor loading value and Eigen value thresholds. Factors in Table 1.0 indicates the factor solution explaining 77.2% of total variance. Based on the eigen value and variance explained by the factors shown in Table 1.0 these factors are labelled as store loyalty (attitudinal), store loyalty (behavioural), repurchase intentions, word of mouth, price insensitivity and reduced complaining behaviour. Customer satisfaction in organized food and grocery retail is a four items based factor. Exploratory factor analysis with principal component method and varimax rotation with kaiser normalization was conducted to check the validity in inclusion of those identified constructs that were grouped to label customer satisfaction. A total of 4 items replicating different dimensions of customer satisfaction were included in the analysis. Kaiser-Meyer-Olkin Measure of Sampling Adequacy was found to be 90.0%. Variance explained is 74.05 %, and the significance was found to be high with value of $p < 0.001$. The criteria used: factor loadings value $\geq 0.5$ and Eigen value $\geq 1$. The inter-correlations between the factors are not extremely high ($\geq 0.8$) and positioned below 0.75, an acceptable threshold (Table 1.0). Table 2.0 reveals the values of the correlation between the consequences. The linear regression model also has proved that the customer satisfaction has significant relation with the consequences (Table 3.0).

12. CORRELATION OF CONSTRUCTS

For testing the relationships between the constructs identified and validated in the exploratory factor analysis correlation matrices were analysed. Thirteen constructs that were set in the bivariate correlations are value for money, value for time, service quality, store environment, store reputation, social surroundings and positive affect (antecedent state of customer), store loyalty (attitudinal), store loyalty (behavioural), repurchase intention, word of mouth, complaining behaviour, price insensitivity. Readings from the Table 2.0 confirms that the bivariate correlations for the constructs across antecedents and consequences are significant. They exhibit positive approach towards each other, where the significance is confirmed by p value either being at 0.05 or 0.01. The mean, standard deviation are shown in the Table 2.0 that imply the relationships between the constructs in the theoretical model are significant and positive. The correlations that resulted between the predictor sets are not extremely high exceeding 0.8. They are positioned below a maximum value of 0.74. This affirms that there is no multicollinearity or instability of the predictors set in the correlations.
Table 1.0
Customer Satisfaction and Behavioural Outcomes: Exploratory Factor Analysis

<table>
<thead>
<tr>
<th>Constructs and Origin</th>
<th>Constructs and Indicators</th>
<th>Factor Loadings</th>
<th>Eigen Value</th>
<th>Variance explained</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction (SAT), Items: 4 (Bloemer &amp; De Ruyter 1998)</td>
<td>1. Compared to other stores, this store confirms my expectations.</td>
<td>0.900</td>
<td>2.96</td>
<td>74.05 %</td>
<td>0.791</td>
</tr>
<tr>
<td></td>
<td>2. I am satisfied with price/quality ratio of this store.</td>
<td>0.878</td>
<td>(p &lt; 0.001)</td>
<td></td>
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<td></td>
<td>3. In general, I am satisfied with service I get from this store.</td>
<td>0.868</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>4. Based on all my experience with this store I am really satisfied.</td>
<td>0.791</td>
<td></td>
<td></td>
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<tr>
<td>Store Loyalty Attitudinal (SLA), items: 3 (Jacoby and Kyner 1973)</td>
<td>1. This store offers an assortment of food &amp; grocery that I want.</td>
<td>0.797</td>
<td>5.12</td>
<td>17.6%</td>
<td>0.827</td>
</tr>
<tr>
<td></td>
<td>2. This store sells products that make me feel good.</td>
<td>0.766</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>3. This store sells products that I trust.</td>
<td>0.708</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Store Loyalty Behavioural (SLB), Items: 3 (Sirohi et al. 1998)</td>
<td>1. I intend to continue shopping at this store.</td>
<td>0.845</td>
<td>4.30</td>
<td>16.8%</td>
<td>0.834</td>
</tr>
<tr>
<td></td>
<td>2. I intend to increase purchase at this store in the next twelve months.</td>
<td>0.810</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>3. I intend to recommend this store to others.</td>
<td>0.699</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repurchase Intention (RPI), Items: 3 (Ross et al. 2008; Jacoby &amp; chestnut 1978)</td>
<td>1. I will shop at this store when I want to buy food &amp; grocery products.</td>
<td>0.782</td>
<td>2.54</td>
<td>14.5%</td>
<td>0.824</td>
</tr>
<tr>
<td></td>
<td>2. I will shop at this store within the next month.</td>
<td>0.772</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>3. The next time I shop food &amp; grocery, I am likely to shop at this store.</td>
<td>0.732</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Word-of-mouth (WOM), Items: 3 (Zeithaml et al. 1996)</td>
<td>1. I say positive things about this store to other people</td>
<td>0.876</td>
<td>2.21</td>
<td>12.5%</td>
<td>0.908</td>
</tr>
<tr>
<td></td>
<td>2. I recommend this store to someone who seeks advice</td>
<td>0.850</td>
<td></td>
<td></td>
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<td></td>
<td>3. I encourage friends to go to this store</td>
<td>0.825</td>
<td></td>
<td></td>
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<tr>
<td>Price Insensitivity (PINS), Items: 2 (Zeithaml et al. 1996)</td>
<td>1. I am willing to pay a higher price than other supermarkets charge for the benefits I currently receive from this store</td>
<td>0.724</td>
<td>1.24</td>
<td>6.5%</td>
<td>0.671</td>
</tr>
<tr>
<td></td>
<td>2. I am willing to go to another store, that offers more attractive prices (r)</td>
<td>0.521</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complaint Behaviour (CB), Items: 4 (Zeithaml et al. 1996)</td>
<td>1. I switch to a competitor if I experience a problem with this store.</td>
<td>0.748</td>
<td>1.65</td>
<td>9.3%</td>
<td>0.825</td>
</tr>
<tr>
<td></td>
<td>2. I complain to other consumers if I experience problem with this store.</td>
<td>0.742</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. I complain to another agency if I experience problems with this store.</td>
<td>0.607</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. I complain to store employees if I experience problems with this store.</td>
<td>0.608</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: Kaiser-Meyer-Olkin Measure of Sampling Adequacy: 0.900, Bartlett’s Test of Sphericity: $\chi^2 = 10638$ Extraction Method: Principle Components Analysis, Rotation Method: Direct Oblimin Kaiser Normalisation, variance explained 77.2 %, $p = 0.001$; (r): item reversed
Table 2.0
Means, Standard Deviations, Zero-Order Correlations of Constructs

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. SLA</td>
<td>3.67</td>
<td>0.959</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. SLB</td>
<td>3.752</td>
<td>0.952</td>
<td>.589**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. RPI</td>
<td>3.633</td>
<td>0.989</td>
<td>.478**</td>
<td>.574**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. WOM</td>
<td>3.787</td>
<td>1.022</td>
<td>.629**</td>
<td>.703**</td>
<td>.683**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. CB</td>
<td>3.653</td>
<td>1.05</td>
<td>.249**</td>
<td>.287**</td>
<td>.274**</td>
<td>.377**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>6. PI</td>
<td>0.344</td>
<td>1.315</td>
<td>0</td>
<td>.070*</td>
<td>.075*</td>
<td>.072*</td>
<td>.068*</td>
<td>1</td>
</tr>
</tbody>
</table>

n = 976; *p ≤ 0.05; **p ≤ 0.01; SAT = Customer Satisfaction, SLA = Store loyalty (Attitudinal), SLB = Store Loyalty (Behavioural), RPI = Repurchase Intention, WOM = Word-of-mouth, CB = Complaint Behaviour, PINS = Price insensitivity.

Table 3.0
Summary of Regression Model, Predictor Effects and Beta Estimate for Customer Satisfaction on Behavioural Effects

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Customer Satisfaction</th>
<th>Store Loyalty (Attitudinal)</th>
<th>Store Loyalty (Behavioural)</th>
<th>Repurchase Intention</th>
<th>Word-of-mouth</th>
<th>Price Insensitivity</th>
<th>Complaining Behaviour</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>0.633</td>
<td>0.671</td>
<td>0.671</td>
<td>0.671</td>
<td>0.671</td>
<td>0.671</td>
<td>0.671</td>
</tr>
<tr>
<td>R²</td>
<td>0.401</td>
<td>0.441</td>
<td>0.441</td>
<td>0.441</td>
<td>0.441</td>
<td>0.441</td>
<td>0.441</td>
</tr>
<tr>
<td>Adj. R²</td>
<td>0.400</td>
<td>0.441</td>
<td>0.441</td>
<td>0.441</td>
<td>0.441</td>
<td>0.441</td>
<td>0.441</td>
</tr>
<tr>
<td>Std. Error of the Estimate</td>
<td>0.742</td>
<td>0.757</td>
<td>0.757</td>
<td>0.757</td>
<td>0.757</td>
<td>0.757</td>
<td>0.757</td>
</tr>
<tr>
<td>Regression (sum of squares)</td>
<td>359.186</td>
<td>226.600</td>
<td>226.600</td>
<td>226.600</td>
<td>226.600</td>
<td>226.600</td>
<td>226.600</td>
</tr>
<tr>
<td>Residual (sum of squares)</td>
<td>536.777</td>
<td>726.384</td>
<td>726.384</td>
<td>726.384</td>
<td>726.384</td>
<td>726.384</td>
<td>726.384</td>
</tr>
<tr>
<td>Total</td>
<td>895.963</td>
<td>997.993</td>
<td>952.984</td>
<td>952.984</td>
<td>952.984</td>
<td>952.984</td>
<td>952.984</td>
</tr>
<tr>
<td>Df</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>df2</td>
<td>974</td>
<td>974</td>
<td>974</td>
<td>974</td>
<td>974</td>
<td>974</td>
<td>974</td>
</tr>
<tr>
<td>F Value</td>
<td>651.754</td>
<td>769.552</td>
<td>303.845</td>
<td>784.522</td>
<td>12.272</td>
<td>5.317</td>
<td></td>
</tr>
<tr>
<td>Significance</td>
<td>0.000**</td>
<td>0.000**</td>
<td>0.000**</td>
<td>0.000**</td>
<td>0.000**</td>
<td>0.000**</td>
<td>0.000**</td>
</tr>
<tr>
<td>Regression coefficient (unstandardised)</td>
<td>0.671</td>
<td>0.746</td>
<td>0.533</td>
<td>0.755</td>
<td>0.162</td>
<td>-0.082</td>
<td></td>
</tr>
<tr>
<td>t-value</td>
<td>25.529</td>
<td>27.741</td>
<td>17.431</td>
<td>28.009</td>
<td>3.503</td>
<td>33.360</td>
<td></td>
</tr>
<tr>
<td>p-value</td>
<td>0.000**</td>
<td>0.000**</td>
<td>0.000**</td>
<td>0.000**</td>
<td>0.000**</td>
<td>0.000**</td>
<td>0.000**</td>
</tr>
</tbody>
</table>

Note: **α ≤ 0.001, ***α ≤ 0.05
13. SUMMARY OF THE HYPOTHESES ASSESSMENT (H1₀ – H6₀)

Table 4.00 gives a brief summary of the hypotheses tested for all the dependent and independent variables associated with customer satisfaction in organized food and grocery retailing.

<table>
<thead>
<tr>
<th>S.No</th>
<th>Dependent Variable</th>
<th>Independent Variable</th>
<th>Hypothesis</th>
<th>Predicted association</th>
<th>Supported or not</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Store Loyalty (Attitudinal)</td>
<td>Customer Satisfaction</td>
<td>H₁₀</td>
<td>Customer satisfaction has no direct positive effect on store attitudinal loyalty (SLA).</td>
<td>No</td>
</tr>
<tr>
<td>2</td>
<td>Store Loyalty (Behavioural)</td>
<td>Customer Satisfaction</td>
<td>H₂₀</td>
<td>Customer satisfaction has no direct positive effect on store behavioural loyalty (SLB).</td>
<td>No</td>
</tr>
<tr>
<td>3</td>
<td>Repurchase Intention</td>
<td>Customer Satisfaction</td>
<td>H₃₀</td>
<td>Customer satisfaction has no significant effect on repurchase intention (RI)</td>
<td>No</td>
</tr>
<tr>
<td>4</td>
<td>Word of Mouth</td>
<td>Customer Satisfaction</td>
<td>H₄₀</td>
<td>Customer satisfaction has no significant effect on word-of-mouth communication (WOM).</td>
<td>No</td>
</tr>
<tr>
<td>5</td>
<td>Price Insensitivity</td>
<td>Customer Satisfaction</td>
<td>H₅₀</td>
<td>Customer satisfaction has no significant effect on price-insensitivity (PI).</td>
<td>No</td>
</tr>
<tr>
<td>6</td>
<td>Reduced Complaining Behaviour</td>
<td>Customer Satisfaction</td>
<td>H₆₀</td>
<td>A higher level of customer satisfaction will not certainly lead to lower level of complaining behaviour (CB).</td>
<td>No</td>
</tr>
</tbody>
</table>

14. DISCUSSION OF RESULTS AND IMPLICATIONS

Simple linear regression analysis examining the effects of customer satisfaction on behavioural outcomes viz., store loyalty (attitudinal), store loyalty (behavioural), repurchase intention, word of mouth communication, price insensitivity and reduced complaining behaviour.

Discussion for **H₁₀**: Customer satisfaction has no significant effect on store attitudinal loyalty (SLA).

Statistical results with reference to H₁₀ suggest that customer satisfaction has significant and positive effects on attitudinal loyalty (Adj. R² = 0.400, F = 651.754). The regression coefficient summary confirms that customer satisfaction is the significant predictor of store attitudinal loyalty as β = 0.671, t = 25.529 and p = 0.000. The null hypotheses (H₁₀) was rejected (p < 0.05) confirming positive and significant effect of customer satisfaction on attitudinal loyalty in organized food and grocery retailing.
Discussion for H2₀: Customer satisfaction has no significant effect on store behavioural loyalty (SLB).

Results with reference to H2₀ confirms that customer satisfaction has significant and positive effects on behavioural loyalty (Adj. R² = 0.441, F = 769.552). The regression coefficient summary confirms that customer satisfaction is the significant predictor of behavioural loyalty as β = 0.746, t = 27.741 and p = 0.000. The null hypotheses (H2₀) was rejected as the value of p < 0.05, confirming positive and significant effect of customer satisfaction on behavioural loyalty.

Discussion for H3₀: Customer satisfaction has no significant effect on repurchase intention (RI).

Results from the simple linear regression model have confirmed the effects of customer satisfaction on repurchase intentions of food and grocery shoppers as Adj. R² = 0.237 and F = 303.845. The regression coefficient summary confirms that customer satisfaction is the significant predictor of repurchase intentions as the values of β = 0.533, t = 17.431 and p = 0.000. The null hypotheses (H3₀) was rejected as p value is < 0.05.

Discussion for H4₀: Customer satisfaction has no significant effect on word-of-mouth communication (WOM).

Resultant relation between customer satisfaction and WOM was ascertained to be positive and significant. Statistical results related to the null hypotheses H4₀ confirms that customer satisfaction has significant and positive effects on word of mouth communication (Adj. R² = 0.446, F = 28.009). The regression coefficient summary confirms that customer satisfaction is the significant predictor of word of mouth communication as the value of β = 0.755, t = 28.009 and p = 0.000.

Discussion for H5₀: Customer satisfaction has no significant effect on price-insensitivity (PI).

Findings from the simple linear regression model used to analyze the effects of customer satisfaction on price insensitivity among the food and grocery shoppers indicate that the relation is significant and positive. Statistical results are, Adj. R² = 0.110 and F = 12.272. The regression coefficient summary confirms that customer satisfaction is the significant predictor of word of mouth communication as the value of β = 0.162, t = 3.503 and p = 0.000.

Discussion for H6₀: A higher level of customer satisfaction will not certainly lead to lower level of complaining behaviour (CB).

This variable is posed as a reverse factor, that suggest increased customer satisfaction reduces the complaining behaviour among the customers. Statistical results revealed in the study confirm the significant and negative relation between customer satisfaction and complaining behaviour (Adj. R² = 0.004, F = 5.317). The
regression coefficient summary confirms that customer satisfaction is the significant predictor of reduced complaining behaviour as the values of $\beta = -0.082$, $t = 33.360$ and $p = 0.021$.

15. IMPLICATIONS OF RESEARCH

Several studies in the past, exploring the organized food and grocery sector in India had focused either on the demographical settings or on the buoyant behavioural aspects. As a result, overlapping literature was brought forth to a smaller degree in the research pertaining to Indian food and grocery retailing. This lead to a need in exploring more latent variables, insights in the said area of research to fill the dearth in the literature with reference to customer satisfaction in this area. Repurchase intentions, price insensitivity, complaining behaviour as a reverse item are the new constituents that are different from earlier studies.

Findings from this study are highly significant, relevant and contemporary to the organized food and grocery retailing in India. This study ensured that essence of the research focus was consistent to the nature of the research conducted in the past. Results and findings in this study would greatly help the modern retailers and marketers to understand the labyrinth behavioural aspects of Indian consumer. Consequences of customer satisfaction analyzed in this study will throw light on the few areas that were unchartered in the earlier studies. Attitudinal loyalty and behavioural loyalty are such two variable that were not collectively studied in many of the previous studies, at least the in organized food and grocery retailing. Despite of the statistical results with reference to store loyalty, retailers have to mind a point that customers loyalty is highly volatile in nature. Loyalty takes new dimensions and directions as the market environment changes. Retailers should deliberate to study the market environment consistently to assess their likeliness in coping with the market dimensions. Implications derived from the positive relation between the customer satisfaction and repurchase intention suggest careful insights to the organized retailers. Customers’ tendencies to revisit the store and their willingness to continue food and grocery shopping at the store are finite to a tolerance level. This tolerance level could be modulated to higher or lower levels proportionate to the performance of the retailer. Price conscious Indian consumer is hard to be persuaded for paying more for his/her regular needs such as food and grocery. This level of apprehension can only be expected in a customer who was eminently satisfied in the past purchase experience and is willing to pay a little more for the products in inevitable contexts. However, the price insensitive consumers may be reluctant to pay more beyond a finite threshold limit, especially when the prices are too high when compared to the other stores. Confirmed by the statistical findings in this study, complaining behaviour among the satisfied customers reduces notably. However, retailers have to draw a line between complaints and suggestions to see the suggestions as invaluable inputs given for the improvements.
16. SUGGESTIONS

Results from this study had helped in developing few constructive suggestions.

- Though the novelty and the aesthetics in the modern retail store are drawing customers with fragile attraction, the conversion of footfalls in to profitable sales remain a challenge before the retail firms. This create a need for retailers to focus on studying the customer insights as a theoretical focal point.

- Responsive retailers will not let customers switch the stores. The ignored customer care in food and grocery is a serious setback for the industry. The complaining system through multiple customer touch points is assumed to be completely absent in the industry.

- Staff recruited for the store operations, especially in supermarkets and hypermarkets are not trained to the level of professionalism as seen in the Multi Branded Retail Trades (MBRT) of organizations such as Wall-Mart. This may create a negative imprint of the service to the customers. Training the front line staff on operational excellence and customer handling and assistance would add savour customer shopping experience.

- Store formats such as supermarkets and hypermarket have to ensure adequate two wheeler and car parking to ensure shoppers can serenely spend quality shopping time in the store.

- Maintaining hygiene in the store along with the sufficient lightning and enriched interiors will give positive perception to buyers on the store environment.

- Perishable food and grocery items have to be periodically examined and damaged items have to be immediately removed. Such details can be recorded for preparing a standard mechanism to salvage the perishables.

- Assortment in the store should constitute all brands varying in different price tags. This is to keep every category available to all customers of different earning groups. Different category of products made available at different prices helps in creating a one-stop shopping destiny image to the store.

- Neighborhood kirana is proving to be giant slayer by giving personalized services, credit facilities, home delivery. These facilities in organized retail are merely promotional activities but not inherent. So raising service quality to the level of neighbourhood kirana is a non negligible.

- Identify the products that could potentially turn out to be dead stock and avoid procuring them. If a pile of dead stock exits get rid of it in marked down price offers. Doing this create more space in the store and improves quality of store environment.
Retailers need to have an effective planogram of visual merchandise to strategically position items in the shelves. Doing so will help retailers to drive private labels rapidly sell out from the shelves and also helps customers in easy store mapping.

17. LIMITATIONS DIRECTIONS FOR FUTURE STUDY

Limitations always lead to exploration of new opportunities and learning. Limitations in the study that can be turned into future research opportunities. Inclusion of shoppers between the ages 17 – 20 yrs may be included in the future studies as shopping frequency in said group is found increasing in the modern retail formats. Future research in organized food and grocery retail can be extended to other store formats viz., discount stores, cash and carry formats, company outlets. Though demographics in this study have yielded to few interesting incursions in to the customers’ preferences, they were not hypothesized for the study. Studies in future can focus on linkages of demographics with customer satisfaction and other behavioural variables. Baltas and Argouslidis [2007] mention that no research is a perfect indicator of realistic behavior and actual results. So any future research as a continuation to this study should consider critical thinking in identifying a reasonable research problem, contemporary and thoughtful literature for firm research foundation and advanced tools and techniques for data collection and analysis.

References


Consequences of Customer Satisfaction in Organized Food and Grocery Retailing: An Empirical ....


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