

An Empirical Investigation on Customer Perception towards Retail Services in Visakhapatnam

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Abstract

Service is any activity or series of activities that are provided by the service provider to customer aimed at need or want satisfaction. Retail service is a series of activities designed to enhance the level of customer satisfaction in the retail outlets. The purpose of this study is to find out customer perception towards select retail services offered by the retailers to customers. This study observes the existing retail services in practice and then finds out the customer perception towards those services, thereby offering recommendations to the retailers to concentrate on those retail services which are not performing well according to the customer expectations. This study was conducted in Visakhapatnam city in select retail outlets and respondents/customers are selected from Big Bazaar, Spencers, More, Reliance.

Keywords: Retail Services – customer expectations – retailing – customer satisfaction

INTRODUCTION

As a democratic country with high growth rates, consumer spending has risen sharply as the youth population (more than 33 percent of the country is below the age of 15) has seen a significant increase in its disposable income. Consumer spending rose an impressive 75 per cent in the past four years alone. Organized retail, which accounts for almost 5 per cent of the market, is expected to grow at a CAGR of 40 per cent from US\$ 20 billion in 2007 to US\$ 107 billion by 2013. It is important to study the consumer behavior. The retail market in India is highly competitive and with major players such as Wal-Mart and Tesco entering the industry it is set to grow even further. It is thus important to see how well, which player in the organized retail industry manages to pull consumers in their stores. Especially in the Retail Industry there is more focus on repeated sales and sustaining the customers for a long time. One of the key to attract and retain the customers with a retail outlet is retail services. Service is any activity or series of activities that are provided by the service provider to customer aimed at need or want satisfaction. Retail service is a series of activities designed to enhance the level of customer satisfaction in the retail outlets. Retail

Services are generally provided to the customer on free basis, sometimes they are paid depending on the type of service. These services are provided as value addition apart from the main merchandise purchased by the customers. The retail services majorly provided by the organised retailers because offering retail services to the customers is cost-to-company.

As the future focus of the retailing will be on the following issues (as represented in retail reports), retail services are also key issue to be focused on.

1. Focus on needs of our consumers, customers and franchise partners.
2. Get out into the market and listen, observe and learn.
3. Possess a world view.
4. Focus on execution in the marketplace every day.
5. Be insatiably curious.

REVIEW OF VISUAL MERCHANDISING

After conducting a series of interviews with retailers, reviewing existing literature, scanning various retail outlets sales records and reports the following retail services are identified. These

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services are selected for this research after taking due care so that these services are existing in

select outlets for the survey.

Table 1: List of Retail Services	
S.No.	Retail Services
1	Availability of Stock
2	Availability of Call Centre
3	Helpdesk
4	Information on Offers
5	Rest Rooms
6	Parking Facilities
7	Interiors and Layout Design
8	Accessibility
9	Quick Packing of Purchased Goods
10	Processing Guarantees and Warrantees
11	Installation Services
12	Exchanges
13	Return Policy
14	Credit to Customers
15	Acceptance of Plastic Money

OBJECTIVES OF THE STUDY

The objectives of the study are to study the existing retail services in the retailing through interviews, reviews, reports. To study socioeconomic characteristics of the customers in the study area. To know the customer perception towards the retail services, thereby offering recommendations to the retailers to concentrate on those retail services which are not performing well according to the customer expectations.

RESEARCH METHODOLOGY

The methodology of the study is designed in unique way to know the customer perceptions towards retail services. The study is mainly an

empirical one and the variables used are both quantitative and qualitative in nature. The study is based on both primary and secondary data. The secondary data was collected from various in-house magazines of corporate outlets, retail and marketing journals etc to know the existing retail services. The primary data is collected from 150 customers shopping in different leading organized retail outlets in Visakhapatnam like Big Bazaar, Spencers, More, Reliance.

Sampling technique: Convenience Sampling

Sample Size: 150

Study Area: Visakhapatnam

Retail format: All-in-one shopping malls, Hypermarkets

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Research Instrument: A structured questionnaire has been designed specifically to elicit the opinions of respondents depending on objectives of the study. Firstly the questionnaire concentrates on analysing socio-economic characteristics of the customers shopping in organised retail outlets in Visakhapatnam, secondly asking the customers to provide their expectations on a five point likert scale regarding fifteen identified retail services in the study area.

Questions in the questionnaire are framed in such a manner that the respondent gives their opinion mostly for questions on a five point likert scale, in some cases with given options and also open-ended questions sometimes. Scaling technique used to quantify the variables, the 5-point scale is Excellent, Good, Average, Bad, Worst. The perceptions of the customers are recorded and analysed.

SOCIOECONOMIC PROFILE OF RESPONDENTS

Table 2: Socio-Economic Characteristics of Respondents

Variable	Categories of variable	Frequency
Gender	Male	82 (55%)
	Female	68 (45%)
Age	13 - 19 years (teenagers)	18 (12%)
	20 - 30 years (young-agers)	72 (48%)
	31 - 40 years (early middle-agers)	33 (22%)
	41 - 50 years (late middle-agers)	12 (8%)
	above 50 years (old-agers)	15 (10%)
Occupation	Unemployed / Students	45 (30%)
	Employed	75 (50%)
	Business people	30 (20%)
Education	Primary Education	12 (8%)
	Secondary Education	27 (18%)
	Higher Secondary / Diploma / ITI	45 (30%)
	Graduation (UG)	45 (30%)
	Post Graduation (PG)	21 (14%)
	Higher than PG	0 (0%)
Income	Less than Rs.15,000/-	66 (44%)
	Between Rs.15,000/- and Rs.30,000/-	60 (40%)
	Between Rs.30,000/- and Rs.50,000/-	15 (10%)
	More than Rs.50,000/-	9 (6%)
Size of Family	Single	9 (6%)
	Two	27 (18%)
	Three	39 (26%)
	Four	45 (30%)
	Five	15 (10%)

	Six	15 (10%)
	Seven	0 (0%)
Note: Figures in the parentheses are percentages to the sample size(200)		

Among the sample respondents, 55% are male and 45% are female. It is noticed that about 12% of respondents are teenagers, 48% of the consumers are in the age group of 20 to 30 years (youngsters) and about 22% consumers are from 31 to 40 years of age group, 9% consumers are from 41 to 50 years of age group and 9% consumers are from above 50 years of age group. Occupations of respondents are like, 30% of respondents are students and unemployed group, 50% are employed and 20% are from business back ground. As far as Education is concerned, 30% are graduates and 15% are post graduates and also finished secondary education, 8% completed primary education and 30% higher secondary. Income levels of consumers are in between Rs.15,000/- to Rs.30,000/- per month for 40%, 45% are from less than Rs.15,000/- monthly income group, 10% are having monthly income in between Rs.30,000/- to Rs.50,000/-

and 5% are having more than Rs.50,000/- monthly income. Family size of retail customers, single 6%, two 18%, three 26%, four 30%, five 10% and family size is six for 10% of respondents as shown in table 2.

CUSTOMER PERCEPTIONS TOWARDS RETAIL SERVICES

In this section, customer perceptions on 15 attributes/ practices of retail services were recorded on a rating scale. The attributes like Availability of Stock, Availability of Call Centre, Helpdesk, Information on Offers, Rest Rooms, Parking Facilities, Interiors and Layout Design, Accessibility, Quick Packing of Purchased Goods, Processing Guarantees and Warrantees, Installation Services, Exchanges, Return Policy, Credit to Customers and Acceptance of Plastic Money as presented in table 3.

Table 3: Customer Perceptions towards Retail Services						
S.No.	Attributes	Excellent	Good	Average	Bad	Worst
1	Availability of Stock	12	75	48	15	0
		8%	50%	32%	10%	0%
2	Availability of Call Centre	14	110	12	14	0
		9%	73%	8%	9%	0%
3	Helpdesk	15	79	20	15	21
		10%	53%	13%	10%	14%
4	Information on Offers	24	17	47	48	14
		16%	11%	31%	32%	9%
5	Rest Rooms	8	45	83	14	0
		5%	30%	55%	9%	0%
6	Parking Facilities	9	11	12	89	29
		6%	7%	8%	59%	19%
7	Interiors and Layout Design	13	49	78	10	0

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		9%	33%	52%	7%	0%
8	Accessibility	8	89	47	6	0
		5%	59%	31%	4%	0%
9	Quick Packing of Purchased Goods	10	78	49	13	0
		7%	52%	33%	9%	0%
10	Processing Guarantees and Warrantees	18	49	48	35	0
		12%	33%	32%	23%	0%
11	Installation Services	13	89	48	0	0
		9%	59%	32%	0%	0%
12	Exchanges	0	46	89	15	0
		0%	31%	59%	10%	0%
13	Return Policy	0	80	40	30	0
		0%	53%	27%	20%	0%
14	Credit to Customers	0	20	50	50	30
		0%	13%	33%	33%	20%
15	Acceptance of Plastic Money	90	50	10	0	0
		60%	33%	7%	0%	0%

RESULTS AND DISCUSSION

Availability of Stock: It can be observed that 50% of the respondents perceived that the stock availability in retail outlets as good, 32% of the respondents rated as average, 8% of the respondents rated as excellent and remaining 10% of the respondents are rated as bad on product availability in store. The retail outlets have to improve the stock availability.

Availability of Call Centre: It was found that 73% of the respondents agreed that availability of call centre is good, 8% of the respondents gave rating average, 9% of respondents only agreed that the call centre is excellent, 9% gave the rating bad and no one rated as worst. So it is important to have a call centre for a retail outlet where the customers can interact with outlet in either in pre-purchase stage or post-purchase stage.

Helpdesk: It was noticed that 53% of the respondents agreed that helpdesk service is good,

13% of the respondents rated as average, 10% of the respondents rated as Excellent, 10% of the respondents rated as bad and 14% of the respondents rated as worst on helpdesk facility. With that it can be concluded that the helpdesk facility in retail outlets are not up to the mark. The helpdesk services need to be improved.

Information on offers: It can be observed that 11% of the respondents came to know about the offers through advertisements and posters and the respondents rated as good, and 16% of the respondents rated as excellent, 31% of the respondents rated as average, 9% respondents rated as worst and 32% respondents rated as bad. So it is important to convey the offers to customer to get attention at the product. With this it can be noticed that proper displaying of advertisements and posters will help the customers to know about offers and will be helpful in increasing the sales.

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Rest rooms: It can be interpreted that 55% of the respondents opined that the availability of rest rooms is average, 30% of the respondents rated as good, 5% of the respondents rated as excellent, 5% of respondents only agreed that rest rooms facility is bad and no one gave the rating worst. So it is important to provide rest rooms inside the outlet so that the customers can spend more time in the retail outlets.

Parking Facilities: It can be observed that 7% of the respondents gave rating as good on promotional offers, 8% of the respondents rated as average, 6% of the respondents rated as excellent, 59% of the respondents rated as bad and 19% of the respondents rated as worst. So it can be concluded that the customers' perception towards parking facilities is bad and worst. The retailers have to provide proper parking facilities to the customers so that they feel happy and comfortable in shopping.

Interior and Layout Design: It can be observed that 9% of the respondents rated interior design as excellent, 33% of the respondents rated as good, 52% of the respondents rated as average, 7% of the respondents rated as average and no one rated as worst. So it can be said that Interior design in retail outlets is found to be good.

Accessibility: It can be noticed that 59% of the respondents rated good about accessibility to products, 31% of the respondents are rated as average, and 5% the respondents are rated as excellent, 4% the respondents are rated as excellent and no one rated worse about the accessibility. It is to be observed that accessibility facility should be made better.

Quick Packing of purchased goods: It can be observed that 33% of the respondents agreed that quick packing of purchased goods as average, 52% of the respondents rated as good, 7% of the respondents rated as excellent, 9% of the respondents rated as bad and no one gave rating as worst quick packing. So it is necessary to have quick packing of purchased goods.

Processing of Guarantees and Warranties: It can be found that 32% of the respondents rated processing of guarantees and warranties as average, and 33% of the respondents rated as good, and 12% of the respondents rated as excellent and also 0% of the respondents rated as

worst about guarantees and warranties processing. It can be recommended that processing of guarantees and warranties should be made easier, terms and conditions of after sales services should be simplified.

Installation services: It can be analysed that 59% of respondents agreed that the installation services as good, 32% of the respondents rated as average, 9% of the respondents rated as excellent and no one gave rating worst or bad for Installation Services. Hence it can be concluded that installation services are perceived well.

Exchanges: it can be observed that 59% respondents agreed that exchange policy is average, 31% of the respondents rated as good, 10% of the respondents rated as bad, and no one gave rating excellent or worst about product exchanges. So it is necessary to maintain a sound exchange policy for every retail outlet and the policy must be communicated to the customers at the time of purchase.

Return Policy: It can be noticed that 27% respondents agreed that the floor maintenance is average, 53% of the respondents rated as good, 20% of the respondents rated as bad, and no one gave rating excellent and worst for returns policy. So it is necessary to maintain a sound return policy for every retail outlet and the policy must be communicated to the customers at the time of purchase.

Credit to Customers: It is interpreted that 33% of the respondents rated credit given by the retail outlets to the customers as average, 13% of the respondents as good, and no one gave rating as excellent, but bad 33% and worst 20%. In organised retailing offering credit to customers may not be possible but the retailers can have tie-up with banks and credit can be offered to the customers

Acceptance of Plastic Money: It can be observed that 60% of the respondents rated plastic money acceptance as excellent, 33% of the respondents rated as good, 7% of the respondents rated as average, no one rated as bad or worst. So it can be said that acceptance of plastic money is found to be perceived well.

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