



A STUDY ON COSMETIC RETAIL OUTLETS VIS-A-VIS FEW FACTORS IMPACTING CUSTOMER SATISFACTION

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Abstract

Indian cosmetic retail industries are in a state of flux. Direct marketing of cosmetic products and online marketing have posed severe challenges to them. This has percolated down to retail markets of the cosmetic products profoundly. Moreover, knowledgeable customers of the day seek for maximum satisfaction from the products and therefore their dependence on retail outlets is contingent upon the satisfaction level given by retailers dealing in cosmetic products. Indeed customer satisfaction relies upon several factors. The present paper investigates the factors contributing to selection of cosmetic retail outlets by female customers and their level of satisfaction.

Key words: *Customer Satisfaction, Relative Important Index(RII).*

Introduction

Indian cosmetic market is in a state of boom. Changing demographic profiles, urbanization issues, economic upsurge, increasing disposable income, burgeoning rural markets, media proliferation and rapid rise of working women have made cosmetic industries as one of the most attractive markets in the world. Economic liberalization and huge potential in investment in single brand retailing in Indian market have propelled few multinational companies to put thrust to make inroads in the market of cosmetic products. The effect of such ventures has precipitated down to retail markets vigorously. Infact, majority of the Indian consumers are prone to buy cosmetic products from retail stores. Again consumers by the grace of continuous media exposure become discerning to opt for buying cosmetic products from direct and online marketers. So, satisfying consumers is a great challenge to all the retail stores. Retailers in modern marketing era have to compete with other formats of marketing where quality of the product is not a single issue to impress customers. Product differentiation, attractive pricing, promotional intensities, product assortment and availability etc are some of the salient features of drawing and winning customers. Moreover, difference in customers' expectations of product values and satisfaction leads manufacturers and intermediaries seriously to involve in continuous marketing research, product innovations and suitable design of marketing mix compositions. Besides the traditional competitive strategies of product differentiation, brand positioning, pricing and availability of products are used successfully to establish in the markets.

Literature Review

Academicians, researchers, and management thinkers have highlighted on customer satisfaction particularly its conceptual understanding and interrelations with other variables.

Mohon (2013) identified shopping convenience, store atmospherics, merchandise category, alternative pricing, customer service & billing process and their impact on customer satisfaction.

Dawar (2013) identified five major factors (i.e., reliability, technology, commitment, empathy and privacy) that play significant role to explain customer satisfaction.

Manish & Sima (2012) revealed that personal interactions, physical appearance, promotional campaign, price, location and product quality in retail outlets have a direct link to customer satisfaction.

Carolyn & Saad (2006) identified that responsiveness, product quality and price assume an important role in customer satisfaction.

Gronroos (1984) identified the quality of interaction between customers and employees in retail stores and its impact on customer satisfaction.

Van Riel et al. (2012) revealed that waiting time of customers has a major impact on customer satisfaction. The larger the waiting time, the more the customer dissatisfaction.

Yan and Lotz (2006) noted that undue delay in service delivery leads customers to switch on to other service providers.

Boulding et. al (1993) revealed that customer tends to form a perception towards their future purchase based on the level of satisfaction gained during current & previous purchasing.



Homburg et. al. (2005) identified that customer satisfaction is so important that satisfied customer even don't mind paying more for a product.

Bhattacharyya (2004) noted that satisfaction of customers' need is a prerequisite for the sustainable growth of a business & the entire business has to be seen from the point of new customers.

Jhonson et. al. (1995) emphasized that if an organization seeks to build competitive advantages, it must meet the need & expectation of its customers.

Gronholdt, Anne & Kai (2000) examined that service quality from the stand point of hard ware & human ware. Hardware of service quality consists of quality of product or service attributes where as human ware represents the associated customer behavior towards the product or service.

Seiranevoda (2011) identified six major dimensions such as retail store location, image, product quality, price, timing, location and availability of different brands that affect customer satisfaction.

Hallowell (2006) concluded in his research that price is one of the key elements in overall customer satisfaction.

Ian. & Grace (2011) researched out few dimensions like location, product quality, reliability, process, personnel services to examine their impacts on customer satisfaction.

Rana, Osman & Islam (2014) suggested that retail store owner must stay focused on responsiveness, product quality, pricing policies and physical appearance to keep customer satisfied and convert them to a loyal customer for their retail stores for long run.

Oliver (1981) argued that customers develop a favorable attitude towards retail outlets after evaluating store characteristics, availability of merchandises and customer relations.

Objective of the Study

The study purports to meet the following objectives

1. To know the impact of age group of female consumers of cosmetic retail outlets on customer satisfaction.
2. To know the impact of education level of female consumers of cosmetic retail outlets on customer satisfaction.
3. To know the impact of marital status of female consumers of cosmetic retail outlets on customer satisfaction.
4. To know the impact of family income of female consumers of cosmetic retail outlets on customer satisfaction.
5. To evaluate the ranks of various dimensions of cosmetic retail outlets determining consumer satisfaction.

Research Methodology

Sample Characteristic

The study was based on interactions with female customers (within the age group of 15 to 45) of cosmetic products in retail outlets located in Burdwan district.

Sample Size

Population size is infinite because as per census report (2013), number of female population is more than 3lakhs. Therefore sample size estimation has been made from the method suggested by Smith (2013). For infinite population, the sample size(n) can be estimated as follows.

$$\text{Sample (n)} = (\text{Z-score})^2 * \text{Std Dev} * (1 - \text{StdDev}) / (\text{margin of error})^2$$

Here, Z = 90% Confidence Level

Standard of Deviation = .5

Margin of Error = +/- 5%

$$\begin{aligned} \text{So, Sample size (n)} &= ((1.64)^2 \times .5(.5)) / (.05)^2 \\ &= (2.6896 \times .25) / .0025 \\ &= .6724 / .0025 \\ &= 268.96 \\ &= 270 \text{ respondents (Rounded off)} \end{aligned}$$

So, 270 sample has collected randomly form Burdwan district.

Questionnaire Design

Following factors characterizing the retail outlets are considered. These factors are chosen consulting few research papers as indicated in literature survey and pilot survey with 20 professionals in the relevant field. These are



1. Store Atmospherics
2. Shopping Convenience
3. Service Quality
4. Assortment of Merchandize
5. Operational Competence
6. Pricing Policies
7. Billing Procedures
8. In store demonstrations
9. After sales service

A 5 point Likert scale is used to frame the questionnaire.

Data Collection

Data are collected from different places : Asansol, Burdwan, Durgapur, Kalna and Katwa town. Stratified random sampling technique has applied.

Analysis

Hypothesis Formulation & Testing

H₀₁ : Difference in age has no significant impact on satisfaction of female customers [$\mu_1 = \mu_2$].

H_{A1} : Difference in age has significant impact on satisfaction female customers [$\mu_1 \neq \mu_2$].

H₀₂ : Difference in education level has no significant impact on satisfaction of female customers [$\mu_1 = \mu_2$].

H_{A2} : Difference in education level has significant impact on satisfaction of female customers [$\mu_1 \neq \mu_2$].

H₀₃ : Difference in marital status has no significant impact on satisfaction of female customers [$\mu_1 = \mu_2$].

H_{A3} : Difference in marital status has significant impact on satisfaction of female customers [$\mu_1 \neq \mu_2$].

H₀₄ : Difference in family income has no significant impact on satisfaction of female customers [$\mu_1 = \mu_2$].

H_{A4} : Difference in family income has significant impact on satisfaction of female customers [$\mu_1 \neq \mu_2$].

For testing those hypothesis, One-Way Analysis of Variance (ANOVA) is applied on the data set. This ANOVA has been done using of SPSS 20.

Table 1 : Age group (15⁺ yrs to 25yrs, 25⁺yrs to 35yrs, 35⁺yrs to 45yrs) Vs overall customer satisfaction.

ANOVA					
Overall Customer Satisfaction					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.800	2	.400	6.387	.002
Within Groups	17.727	267	.063		
Total	17.527	269			P < .05

So, null hypothesis is rejected. Therefore, age distribution has a significant impact on overall customer satisfaction.

Table 2 : Education level (10th Standard, 12th Standard, Graduation, Post graduation and others) Vs overall customer satisfaction.

ANOVA					
Overall Customer Satisfaction					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.359	4	.090	1.385	.240
Within Groups	17.167	265	.065		
Total	17.527	269			P > .05

Null hypothesis is accepted. Therefore, education level has no such significant impact on customer satisfaction.

Table 3: Marital status (Unmarried, Married and others) Vs overall customer satisfaction.

ANOVA					
Overall Customer Satisfaction					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.754	2	.377	6.005	.003
Within Groups	16.773	267	.063		
Total	17.527	269			P < .05

So, null hypothesis is rejected. Therefore, marital status has a significant impact on overall customer satisfaction.



Table 4: Family income (Below Rs. 20,000, Rs. 20,001 to Rs. 40,000, Rs. 40,001 to Rs. 60,000, Above 60,000) to group and overall customer satisfaction.

ANOVA					
Overall Customer Satisfaction					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.166	3	.722	12.499	.000
Within Groups	15.362	266	.058		
Total	17.527	269			P <.05

So, null hypothesis is rejected. Therefore, family income has a significant impact on overall customer satisfaction.

Relative importance of factors deciding customer satisfaction

Here Relative Importance Index (RII) has been used to study factors influencing customer satisfaction.

Badu et. al. (2013) explained the formula of RII to calculate the importance of each factor. The formula is given below.

$$RII = \frac{\sum W}{A \times N}$$

Where, W = Weightage for each items

A = Higher response Integer

N = No of Respondents

Using this formula, RII was calculated for all 9 dimensions and that is given below.

Table :5

Dimensions	1	2	3	4	5	W	RII	Rank
Store Atmospherics							0.793	3
Spacious store floor	1	7	56	90	116	1123	0.83	
Catchy store ambience	0	21	98	102	49	989	0.73	
Cleanliness of the store	3	15	58	108	86	1069	0.79	
Attractive merchandise display	0	6	56	119	89	1101	0.82	
Shopping Convenience							0.622	6
Convenient to reach	13	45	63	81	68	956	0.71	
Convenient to buy	11	59	88	68	44	885	0.66	
Convenient store hours	37	68	56	60	49	826	0.61	
Flexibility in payment process	51	88	75	39	17	693	0.51	
Service Quality							0.787	2
Information sharing by retail salespersons	6	15	58	78	113	1087	0.81	
Customer friendly attitude of employees	1	21	49	98	101	1087	0.81	
Assistance of employees during purchase	0	6	44	141	79	1103	0.82	
Liberal handling of post purchase complaints	4	23	89	116	38	971	0.72	
Merchandise Category							0.813	1
Availability of multi-brands	0	4	55	122	89	1106	0.82	
Broad range of Merchandize	0	2	42	123	103	1137	0.84	
Easy to locate products	5	16	78	112	59	1014	0.75	
Availability in size & quantities		2	41	131	96	1131	0.84	
Operational Competence							0.508	7
Waiting time in queue	19	85	86	63	17	784	0.58	
Number of checkout counters	27	86	81	56	20	766	0.57	
Facilities for home delivery	111	103	35	18	3	509	0.38	
Pricing Policies							0.648	4
Discount on MRP	10	30	85	105	40	945	0.70	
Sales promotional offers	18	37	95	90	30	887	0.66	
Buying benefits on frequent purchase	23	77	84	65	21	794	0.59	
Billing							0.319	9
Billing time	149	94	20	4	3	428	0.32	



Billing accuracy	134	114	19	2	1	432	0.32	
Additional Services							0.627	5
Testing labs	15	62	94	71	28	845	0.63	
Availability of catalogs	14	47	89	87	33	888	0.66	
Availability of samples	22	59	103	72	14	807	0.60	
After Sales Service							0.369	8
Merchandise return policy	125	14	21	7	3	259	0.30	
Customers problem resolution	86	105	67	12	0	545	0.40	
Prompt customer problem handling	86	111	60	13	0	540	0.40	

Conclusion

Cosmetics industries witness a varied group of customers, specially the women consumers. Women consumers across age groups, education levels, marital status and family incomes etc express varied satisfaction levels to different cosmetic retail outlets.. The present study has made an attempt to know the effects of these variables on consumers satisfaction. The following observations have been made subsequent to the analysis of findings.

1. Age distributions of women consumers have been reported to have distinct impact on consumer satisfaction.
2. Education levels of women consumers have been found not having distinct impact on consumer satisfaction.
3. Marital status of women consumers has been observed to have distinct impact on consumer satisfaction.
4. Family incomes of women consumers have been identified to have distinct impact on consumer satisfaction.

Consumer satisfaction is a composite of several dimensions, mentioned in the table 5. So, women consumers safely exhibit differences in expressing their satisfactions where age group, marital status and family income are determining variables. However, satisfaction doesn't vary across educational level of the consumers. Therefore it clearly indicates consumers irrespective of their education level show little or insignificant differences in expressing their views on satisfaction.

So far, dimensions of satisfactions are concerned, the following results have been found on their ranks. Ranks are given in descending order. These are all based on RII values deciding customer satisfactions.

1. Assortment of Merchandise
2. Service Quality
3. Store Atmospherics
4. Pricing Policies
5. In Store Demonstrations
6. Shopping Convenience
7. Operational Competence
8. After Sales Service
9. Billing

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