

SATISFACTION DEVELOPMENT BY RETAIL MANAGEMENT IN SENIORS' SEGMENT

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Abstract: *The aim of our paper is to identify attributes and elements of customer satisfaction that individually and collectively influence seniors' evaluation of and satisfaction with retail stores and the consequent contribution towards repeat purchase behavior. Customer satisfaction refers to a whole set of particular attributes and we argue that no single attribute of customer satisfaction (for example low prices), does necessarily ensure satisfaction with the store. In our research contribution of 21 individual attributes towards overall shopping satisfaction in seniors' segment was analyzed based on the empirical research in seniors' population. To explain the complexity in satisfaction judgments and to arrive at limited number of explanatory variables, factor analysis was applied to the empirical data. Factor analysis identified three complex factors of customer satisfaction that are significant in seniors' satisfaction with the chosen store. They are: convenience of shopping, value for money and store image and they collectively indicate the inter-relatedness of individual satisfaction attributes and explain the composite character and complexity of the term „satisfaction“. The findings reinforce the belief that seniors' rating of individual satisfaction attributes should be considered less important than that of a collective rating of satisfaction factors in judgment of shopping satisfaction. The research in this paper was conducted within the Research project VEGA 1/0224/15.*

Keywords: *satisfaction, seniors, store evaluation, shopping experience.*

JEL Classification: *M20*

1. INTRODUCTION

Development of customer satisfaction as a precondition of survival in a competitive market has been discussed frequently in recent years [15, 19]. Satisfying the customers is an essential goal of the whole business. Companies satisfying their customers achieve better results, while those with dissatisfied customers, fail. These findings are valid across consumer goods, services and store selection [5].

In our paper we raise two research questions: 1) what are the attributes and elements of customer satisfaction that individually and collectively influence seniors' evaluation of and satisfaction with retail store, and 2) what is the consequent contribution of those attributes / elements towards repeat purchase behavior.

Customers evaluate shopping experiences and arrive at „satisfaction judgments“ by comparing what they really received with their expectations [20]. This framework has been tested many times: customers form judgments of satisfaction by comparing what they get to what they expected [17]. Research has confirmed that satisfaction is an important variable driving positive word of mouth and loyalty. Loyalty as a tendency of customers to stay with a store or a brand, is closely related to satisfaction and finally to store profitability. The dissatisfaction of consumers can result in negative word of mouth and lost sales. Building satisfaction is especially important in the retail sector [7].

Retailers develop their business in a highly competitive environment, where competitors are located in a small distance of one another, knowing that if they do not satisfy customers wants properly, these customers will very quickly find another store that fulfills their expectations [16]. Therefore the constant feedback from seniors' attitudes

towards the stores where they conduct their purchasing is vital for retailers survival [14].

In order to remain competitive and growing, marketers need to satisfy their customers. It has been documented that customer satisfaction positively influences repurchase rate and loyalty [1, 8]. Deng et al. [4] argue that satisfying customers is more important than short term profit goals, because as long as customers are satisfied, the business has a perspective of profit for the future.

Several authors [6, 9, 10] define customer satisfaction as the ability of an organization to provide a service performance that exceeds the customer expectations. Deng, Lu, Wei and Zhang [4] identified two types of satisfaction: the transaction specific satisfaction and the general satisfaction. While the transaction satisfaction refers to satisfaction after completing the purchase act, the general satisfaction describes the consumers' overall rating. In order to satisfy consumers, retailers need to understand the particular attributes of satisfaction, because customers can derive satisfaction from diverse satisfaction elements [18].

Cronin, Brady and Hult [3] suggest that any evaluation of customer satisfaction that takes into account only individual attributes, is not complete. A set of attributes provides a complex tool for explaining the interrelated aspects of customer satisfaction in a store in terms of the whole – total experience of satisfaction with a particular store.

Evaluation of customer satisfaction (e.g. as superior) may not necessary be based on individual attributes that are considered in isolation (e.g. low prices that could make an impression of superior satisfaction). A complex picture of satisfaction is derived from the collective contribution of the several elements and attributes of customer satisfaction. Although consumers obviously express their views and comments on individual attributes of satisfaction, the

collective contribution of these attributes determines the interpretation of customer satisfaction.

Consumers' evaluation of satisfaction (e.g. as excellent) may be the result of some special attributes, like a combination of affordability (lower prices) and broad assortment, at the cost of store design and layout [12].

Consumers value all attributes of their satisfaction with the aim to achieve a final „score“ for each visited store [11, 13]. The preferred store will be the store with the highest total score. Two stores may be rated as acceptable, although individual „scores“ for satisfaction attributes might differ significantly. In some cases even a store with a high score will not be attractive to customers, if the most important attributes (high price, poor design) are unacceptable. If a customer is satisfied with the overall purchase experience, the probability of repeat purchase will increase.

2. SCIENTIFIC AIM, METHODOLOGY/METHODS

The main goal of this paper is to identify attributes and elements of customer satisfaction that individually and collectively influence seniors' evaluation of and satisfaction with retail stores and the consequent contribution towards repeat purchase behavior.

The research method integrates a qualitative technique (focus group discussions) with a quantitative approach (survey, implementing a structured questionnaire) to enhance the validity and reliability of data. Focus group of 8 participants was used to discuss and settle the construction of the scales and the content of the questionnaire.

The final version of questionnaire was distributed among 365 respondents (seniors aged 65+) and consisted of 2 parts. The core part of the questionnaire was respondents' judgment of the importance of customer satisfaction attributes. On a five-point scale respondents weighted 21 attributes (belonging to six elements of satisfaction, discussed in previous text). They responded to the question: „How important is the attribute X in perceiving your satisfaction with the store“?

Second part of the questionnaire was aimed on performance rating of individual satisfaction attributes in customers' real life. On a five-point scale participants rated their satisfaction with individual attributes in that retail store, where they mostly purchase their grocery products. Mean and standard deviation were calculated for each attribute both for satisfaction importance and satisfaction performance (Table 1).

3. FINDINGS AND DISCUSSION

Participants' rating of the importance of a list of individual attributes reveals that:

- price, quality and freshness of products, knowledgeable staff, staff assistance and cleanliness of the store are required as very important and important by more than 90 % of the respondents;
- store location, short queues at the cash and practical shelf layout are valued by more than 80 % of respondents; while
- frequent discounts, products affordability and pleasant environment is required by more than 70 % of respondents.

Less than half of respondents demanded as very important and important: free parking places, staff uniforms, regular advertising and promotion and practical packaging. Surprisingly to our expectations, product variety and broad assortment seems to be not very important in shopping decisions.

Table 1 Importance and performance levels of satisfaction

Attr. code	Satisfaction attributes	Satisfaction importance		Satisfaction performance	
		Mean	St.Dev.	Mean	St.Dev.
	Product - E1				
E11	Freshness of products	4,61	0,28	4,08	0,92
E12	High quality products	4,63	0,25	4,12	0,78
E13	Large product variety	3,94	1,02	3,81	0,55
E14	Practical packaging	3,41	1,54	3,94	0,78
	Price – E2				
E21	Lower prices, cheaper products	4,69	0,14	3,72	0,26
E22	Frequent discounts / bargains in store	4,03	0,42	3,44	0,42
E23	Products affordability	4,52	0,26	3,98	0,89
	Promotion – E3				
E31	Regular promotions / demonstrations	2,96	1,08	2,89	1,21
E32	Regular advertising	2,54	1,12	3,08	1,09
	Personnel –E4				
E41	Friendly staff with commitment	4,00	0,32	3,46	0,88
E42	Knowledgeable and professional staff	4,38	0,21	3,94	1,02
E43	Efficient staff assistance	4,44	0,20	3,98	1,18
E44	Staff uniform	1,18	0,31	3,98	0,56
	Physical Store Environment –E5				
E51	Convenient store location	4,00	0,50	4,18	0,61
E52	Comfortable and clean trolleys	3,98	0,88	4,02	0,38
E53	Pleasant environment	3,92	0,65	3,81	0,92
E54	Store with a fresh appearance	3,72	1,06	3,68	0,80
E55	Well-organized store design / layout	4,02	0,68	4,05	0,54
E56	Store cleanliness	4,38	0,35	4,28	0,58
E57	Practical shelf layout	4,30	0,24	4,11	0,72
	Processes and services – E6				
E61	Short queues at cashiers	4,25	0,55	4,14	0,72
E63	Internet access	2,15	1,41	4,03	0,22
E64	Free parking places	3,01	1,12	3,50	1,08

Source: own calculation

An analysis of the specific elements of customer satisfaction reveals that attributes that are considered as very important and important (on a scale 1-5) by more than two-thirds of the participants are:

- 1) place-related: store design / layout, store cleanliness, store location, good access to the store;
- 2) product-related: high quality products and freshness of products;
- 3) personnel-related: knowledgeable, friendly and efficient staff; and
- 4) process-related: minimum waiting time at cashiers and clean trolleys.

In-store demonstrations, staff uniforms or internet access were considered least important.

Performance rating of individual attributes of customer satisfaction with the particular store reveals that more than 75 % of the participants were satisfied or highly satisfied with the performance of the attributes that were: 1) place-related: convenience of store location (90, 3 %); in-store design / layout (85,3 %); cleanliness of store (85,2 %); and 2) product-related: quality of products (85,0 %) and freshness of products (83,9 %). Participants were mostly dissatisfied with price-related aspects and staff in particular. A significant percentage indicates that friendly approach and politeness are often disappointing.

To identify attributes and factors that are critical in terms of their contribution towards the complex customer satisfaction, factor analysis was used. Factor analysis suggested three main factors, which were then used for varimax rotation. An attribute loaded on a specific factor, when the loading was 0,3 or greater for that factor. Nine items loaded on the first factor, four on the second and six on the third factor. Table 3, Table 4 and Table 5 reveal attributes and corresponding factor loadings.

The factors were named with regard to their distinct attributes. The first factor, convenience of shopping, contains 9 attributes that can be associated with comfortable shopping and minimum frustration. The second factor, indicating value for money, consists of four attributes that have relevance to the financial site of the shopping and communication of the value-for-money aspect. The third factor, store image, contains six attributes related to the quality of the products, quality of the store and quality of the staff.

Instead of 21 partial attributes and 6 elements of customer satisfaction discussed earlier in the paper, only these three factors were identified as crucial in terms of satisfaction judgment. Table 2, Table 3 and Table 4 present the factor loadings.

Linear regression and calculation of Pearson correlation coefficients were used to determine whether the three identified factors of customer satisfaction can be used to predict satisfaction in general (Table 5). Significant correlation is found between factor 1 (convenience of shopping) and customer satisfaction, as well as between factor 2 (value for money) and customer satisfaction. There is also a smaller, yet significant correlation between factor 3 (store image) and satisfaction. Both two first factors of customer satisfaction, namely shopping convenience and value for money make a significant contribution in terms of satisfaction.

Table 2 Factor 1 and relevant attributes – Convenience of shopping

Customer satisfaction code	Attributes relevant to factor 1 - Convenience of shopping	Factor loadings
E13	Comfortable and clean trolleys	0,352
E14	Practical packaging	0,308
E21	Convenient store location	0,498
E22	Practical shelf layout	0,412
E24	Well-organized store design / layout	0,374
E25	Store cleanliness	0,346
E26	Pleasant environment	0,344
E61	Short queues at cashiers	0,398
E63	Large product variety	0,311
Percentage of variance (in %)		24,41

Source: own calculation

Table 3 Factor 2 and relevant attributes – Value for money

Customer satisfaction code	Attributes relevant to factor 2 - Value for money	Factor loadings
E31	Lower price, cheaper products	0,883
E32	Frequent discounts / bargains in store	0,690
E41	Regular promotions / demonstrations	0,421
E42	Regular advertising	0,368
Percentage of variance (in %)		21,95

Source: own calculation

Table 4 Factor 3 and relevant attributes – Store image

Customer satisfaction code	Attributes relevant to factor 3 - Store image	Factor loadings
E12	High quality products	0,399
E23	Pleasant store atmosphere	0,379
E11	Freshness of products	0,341
E27	Store with a fresh appearance	0,311
E52	Knowledgeable and professional staff	0,545
E53	Efficient staff assistance	0,612
Percentage of variance (in %)		13,02

Source: own calculation

Table 5 Pearson correlation coefficients for factors of customer satisfaction versus customer satisfaction

	Factor 1 Convenience of shopping	Factor 2 Value for money	Factor 3 Store image
Satisfaction	0,3109 <0,0001	0,3864 <0,0001	0,2771 <0,0001

Source: own calculation

4. CONCLUSION

The findings reveal the interactive contribution of individual attributes of shopping satisfaction to the overall satisfaction judgment by senior shoppers. Seniors argued that the attribute „affordability“ prevents them from patronizing the stores that they are more satisfied with. Despite a dissatisfaction with a store, seniors shop there because of „value for money“ aspect in conjunction with convenient location of the store, which evidently negates certain unacceptable attributes. This confirms the initial assumption that consumers criticize a certain attribute of satisfaction for a particular store when this attribute is evaluated in isolation, but that they will nevertheless eventually shop there. Participants tend to look for balance in terms of an „overall - complex shopping experience“ with the importance attached to collective satisfaction of all attributes.

Three factors – namely convenience of shopping, value for money, and store image – can be identified as crucial in terms of customer satisfaction. A significant correlation of value for money and shopping convenience with customer satisfaction indicates the importance of affordability in conjunction with product quality, as well as the need for an offering of additional processes, comfortable environment, well organized store, practical shelf layout, short queues at cashiers etc.

The attributes that are used to describe the factors of customer satisfaction, that is, attributes of shopping convenience, store image and value for money, confirm the importance of the context in a discussion of satisfaction development in Slovak grocery retail and suggest that strategies specifically designed for the grocery retail could be beneficial to enhance customer satisfaction.

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