# Antecedents of Loyalty and Satisfaction of Supermarkets Consumers in the Organized Retail Sector

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## Abstract

*The retail industry in India has seen phenomenal advancements. Retailing and various brands of retailers have come a long way out of Pandemic situations which lasted for three years all over the world. The organized retail industry saw challenges logistics and supply chain of products and services, pricing inflation, uncertain economic conditions and geo political factors which created a great impact on retailers and their financial settings. In the year 2023, various studies show that there is positive comeback and focus on the consumer buying pattern and shopping journey. The future of retailing is expected to give seamless shopping experience to consumers across our country. According to Boston Consulting Group (BCG), it is predicted that Indian retail would reach a whopping $2 trillion value by 2032. This means 2023 is expected to have great business value prepositions in the retail sector. Consumer satisfaction and loyalty has a radical impact on the organized retail sector, where brining back consumers is a huge challenge amidst massive competition among retailers. This study focuses on Supermarket section which is one growing segments of organized retailing. Consumer requirements are highly categorized by Supermarkets in order to meet their daily and monthly needs. This study emphasized to encounter the factors leading to consumer satisfaction and their loyalty towards supermarkets of Tamil Nadu with specific reference of Chennai city sampling around 126 consumers under non- probability judgement sampling. Based on statistical analysis using SPSS for the data collected it was found that there is great connect between consumer satisfaction and loyalty towards services rendered by Supermarkets.*

**Keywords:** *Organized Retailing, Supermarkets, Consumer Loyalty and Satisfaction.*

## INTRODUCTION

Supermarket segment plays a predominant role in daily life of general consumers as their regular needs are purchased from various supermarket outlets. Shoppers want convenient, values, selection options and more such wants will go high in the near future. The challenges faced by physical stores over online buying behaviour are witnessed by almost all leading Supermarkets in our Country. Nevertheless, these challenges are taking the business to next level as the consumer needs are updated by the supermarkets by ways of offering them the best grocery shopping experiences. The services provided by the supermarkets benefits the consumers in large scale. Reasonable price range, faster checkouts, updated payment options, fresh products, door delivery, convenient timing and locations make beneficial supermarket shoppers. The trends in consumer needs always go on ride due to change in income levels and consumer expectations. As the demand for

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groceries grow, consumers are always seeking best quality, value and convenience. Despite the shift in consumer buying behaviour due pandemic, retailers are able to satisfy their consumers by offering the best in all ways their customers need satisfied shopping experience. One such need of consumer is their willingness to spend on high quality products to enable better service experience of grocery purchasing. The supermarkets are thus concentrating to offer the right combination of product and shopping experience to consumers to end up with consumer loyalty. This is where the competition factor becomes vital among the supermarkets. The supermarkets are currently ready to meet customer expectations by investing more in people, inventory and technology to enhance best shopping services to consumers. Thus the scale of changes in operations of supermarkets is huge leading to more innovation in the stores to boost consumer loyalty and improve overall shopping experience.

## THEORETICAL FRAMEWORK

The prime objective of the research is to identify about the antecedents of consumer satisfaction towards supermarkets. The consumers in today's retail field have diverse expectations and it is always a challenge for stores to satisfy their needs. The convenience of store hours, store location, layout and cleanliness of the stores, availability of brands, quality and freshness of meat, fruits and vegetables, variety of merchandise, promotional policies, quality of app or door delivery services are few concepts which are given high priority by consumers to choose and repurchase at Supermarkets. The study was thus proceeded in form of survey in Chennai, being a major metropolitan and capital city. The grocery retail market in India is expected to have huge market by 2030 according to various studies. The strategic importance of retail segment is sensed through presence and expansion of various supermarkets, which is the result of shift in consumer preferences from unorganized to organized retailing. The growth of digital economy, effect of pandemic, role of Indian ethos and values in buying patterns of consumers have given scope to proceed various research and studies on learning consumer preferences and expectations on supermarkets.

## REVIEW OF LITERATURE

(Velummailum Gobiraj, Balasundaram Nimalathasan, & Kumar Gandhi, 2010) Brand value of products, Sales promotion, Innovation, Recommendation of new products constitute as key factors of customer loyalty in supermarkets. (Arthur W. Allaway, Patricia Huddleston and Judith Whipple, & Alexander E. Ellinger, 2011) Brand equity of products and Consumer loyalty are clearly based on service and product quality offered by the Supermarkets. The formal loyalty programs have significant impact on shopping behaviour of consumers. (Kitapci, Ibrahim Taylan Dortyol, Zu¨hrem Yaman, & Mustafa Gulmez, 2013) Satisfied consumers end up on showcasing encouraging feedback on supermarket services in between groups such as friends, family or future potential consumers about the services offered by the supermarket and also tend to repurchase from the same store. (Fatma Noyan & Gülhayat Gölbaşı Şimşek, 2014) The existing consumers are more valuable than potential consumers as truth and loyalty models have great impact in retailing. Supermarkets consider both product and service quality as most influential base of consumer satisfaction and loyalty. (Kumar, 2016) The Quality of products offered at retail stores is the key to consumer retention. The intentions of consumer loyalty can be identified through strong quality base of products, product ranges and word of mouth communication. (Dr. Ogutu Robert Peter & Dr. Busolo Hillary Oundo, 2017) The Supermarkets must show special attention to store layout, store exclusivity, stock value and store awareness. These factors could end up with store effect and store loyalty among consumers. (Rasoly, 2018) Supermarkets must be expanded in rural areas in order to reach consumers in a wide proportion. (Anil Saxena, 2018) Supermarkets which offer a

huge array of loyalty programs always end up with loyal consumers leading to ultimate consumer satisfaction. (Sukanya, 2019) Consumers of Supermarkets can always be attracted by offering wide range of products. The basic provisions of services can make the consumers feel good and loyal to particular store. (Abdul Rashid, 2019) Understanding consumer perceptions of service quality dimensions is always a benchmark for supermarkets to ensure consumer loyalty. The needs of consumers must be satisfied to survive in the competitive retailing industry. (Slack, Gurmeet Singh, & Shavneet Sharma, 2020) Service quality dimensions always create direct influence towards consumer satisfaction of a particular store. And satisfaction has significant and positive effect on repurchase intentions towards particular supermarket. Positive word of mouth reviews are also factors of consumer loyalty. (Prasad, 2020). (Lamaan Sami & Pushpender Kumar, 2021) Customer perceptions on supermarkets is always a psychological aspect which will vary from person to person based on the services they receive from the supermarkets. The demographic profile of consumers has a great impact on supermarkets and the services offered by them. This study was undertaken to identify the consumer perceptions towards supermarket services in goa. It was identified that the people of that geographic region had more preferences on supermarkets rather than local retail stores. The factors that lead to prefer supermarkets included payment options, quality of products, availability of brands and discounts. (Celil Cakici & Sena Tekeli, 2022) The consumer purchasing intentions have positive emotions towards supermarkets. The study shows a positive perception between the pricing and purchase decisions. The buying behaviour of consumers was explained in a theoretical context using the stimuli-organism-response model. It was identified that the retailers should focus more on consumer perceptions and emotions. The desire, needs and wants of the consumers must be prime focus on building marketing strategy. The competitive advantage over other retailers have great impact on consumer purchasing decisions.

## RESEARCH APPROACH AND FRAMEWORK

The major goal of the study is to evaluate the factors which lead to consumer satisfaction towards supermarkets and also to understand the consumer loyalty antecedents on supermarkets with reference to Chennai city. The research was carried on in selected areas of among consumers of retail supermarkets. The sample respondents were from various age categories with a sample size of 126. The major section of respondent have covered prime stores like Nilgiri's, Reliance Fresh and Smart, Grace supermarkets, Spencer's Daily, More and other prominent supermarkets. Supermarkets always play a vital role in the daily life of consumers irrespective to availability of traditional store formats and online retail platforms. Supermarkets prove their presence and availability of groceries with good quality and variety even in tough times like Covis-19 pandemic.

The consumer loyalty and satisfaction towards services offered Supermarkets in organized retailing in Chennai city was identified in the study. The study was carried under Non- Probability Judgment Sampling method. Pre testing of survey Questionnaire was carried with 18 respondents. The Cronbach's alpha reliability test was applied to determine the reliability of the scales in the questionnaire. The value was indicated as 0.826 which proved acceptable consistency of the scales of the questionnaire. A thirteen-question questionnaire was devised to measure the consumer loyalty and satisfaction on services rendered by supermarkets in organized retailing.

## RESEARCH OBJECTIVES AND HYPOTHESIS

The aim of this study is to determine the consumer satisfaction and loyalty antecedents' consumer towards Supermarkets and to examine the factors that initiate the customers to select particular Supermarket. The study aimed to identify the significance of consumer

satisfaction and loyalty on supermarkets services and customer preferences of supermarkets. Hypotheses were framed on the basis of the objective to showcase the significance of the variables, which are:

Hypothesis1: There is significance in consumer satisfaction on supermarkets and the services offered by supermarkets.

Hypothesis2 : There is significance on Consumer loyalty and satisfaction on supermarkets and the attributes of Supermarkets.

## DATA ANALYSIS AND DISCUSSION

The Survey was conducted through online and physical distribution of questionnaires. Google forms were circulated for the purpose of data collection. A structured questionnaire covering questions with Likert's scale were implemented for the purpose of the study. The collected data were coded in an IBM SPSS Statistics 25.0 version spreadsheet to perform simple statistical analysis such as chi-square test, Analysis of Variance, factor analysis and descriptive statistics.

BASIC PROFILE OF RESPONDENTS Source: Primary Data

The basic profile of the respondents included the gender, age category, monthly income ranges, marital status and frequency of shopping in supermarkets. Nominal scale options were used for the data collection and analysis was done based on the same. We can infer that 25% of respondents were male and 75% were female. 25% of responses were from people at the age of 21 to 30, 43% were from age group of 31 to 40, and 19 % were greater than 40. The marital status of respondents can be classified as 55% were unmarried and 45% were married. The frequency of shopping can be categorized as 4% of respondents shopping once in a week, 48% of respondents shopping once in two weeks and 58% of respondents shopping once in a month on various supermarkets.

Table 1: Consumer parameters to choose shopping at supermarkets

| PARAMETERS TO CHOOSE SUPERMARKETS | N | Mean Values |
|---|---|---|
| CONVENIENT STORE LOCATION | 126 | 3.56 |
| AVAILABILITY OF PRODUCTS | 126 | 1.63 |
| REASONABLE PRICES | 126 | 1.90 |
| DISPLAY OF PRODUCTS | 126 | 2.64 |
| EMPLOYEE BEHAVIOUR | 126 | 1.96 |
| PROMPT RESPONSE | 126 | 2.48 |
| TIMELY DELIVERY OF PRODUCTS | 126 | 2.07 |
| BILLING SERVICES | 126 | 2.33 |
| PAYMENT OPTIONS | 126 | 2.07 |
| STORE LOYALTY PROGRAM | 126 | 1.94 |
| OFFERS AND DISCOUNTS | 126 | 1.90 |
| PARKING FACILITIES | 126 | 1.77 |
| BRAND AVAILABILITY | 126 | 1.97 |

Source: Primary Data

INTERPRETATION: According to mean analysis, factors such as location of supermarkets, product availability at supermarkets, updated billing options, Physical arrangements and layout of goods, delivery options, reasonable price ranges, the quality and variety of products and availability of brands at supermarkets were considered to

recognize the factors which influence consumers to prefer for supermarkets purchasing. Significantly the factors were averaged to find out it's impact on grocery purchases. To conclude from this analysis, Convenient locations of supermarkets had the highest impact on 3.56 value of Mean indicating that consumers are satisfied with store locations of supermarkets, followed by display of products with 2.64 mean showcasing that consumers are attracted towards shopping in supermarkets with easy identification of products.

Table 2: relationship between consumers satisfaction and services offered by supermarkets

| CONSUMERS SATISFACTION ON SUPERMARKETS AND SERVICES OFFERED BY SUPERMARKETS | | | | | | |
|---|---|---|---|---|---|---|
| | SUPERMARKETS | | | | | |
| SERVICE EXPECTATIONS | Nilgiri's | Grace Super Market | Reliance Fresh | Spencer's Daily | Others | Total |
| Convenience | 2 | 18 | 0 | 4 | 5 | 29 |
| Cheap Price | 0 | 0 | 3 | 5 | 5 | 13 |
| Good Loyalty Programs | 0 | 9 | 0 | 0 | 0 | 9 |
| Better Quality Groceries | 2 | 15 | 3 | 4 | 16 | 40 |
| Better Range Of Grocery Items | 5 | 1 | 0 | 1 | 2 | 9 |
| Easy Payment Options | 0 | 3 | 5 | 10 | 10 | 28 |
| Easy Delivery Options | 3 | 0 | 0 | 0 | 0 | 3 |
| Look & Feel Of Products | 0 | 0 | 3 | 2 | 0 | 5 |
| Total | 12 | 36 | 14 | 26 | 38 | 126 |

Source: Primary Data

CHI-SQUARE TEST:

| Chi-Square Tests | | | |
|---|---|---|---|
| | Value | Df | Asymptotic Significance (2-sided) |
| Pearson Chi-Square | 116.818[a] | 28 | .000 |
| Likelihood Ratio | 98.931 | 28 | .000 |
| Linear-by-Linear Association | 2.534 | 1 | .111 |
| N of Valid Cases | 126 | | |

HYPOTHESIS 1: There is significance in consumer satisfaction on supermarkets and the services offered by supermarkets.

INTERPRETATION: The Chi-square Tests is conducted to test the relationship between consumer satisfaction on supermarkets and the services offered by supermarkets. The Pearson's Chi-square value is 116.81 and significant value stands at 0.000 which is less than 0.05. Thus we can infer that there is significant relationship between consumer satisfaction on supermarkets and the services offered by supermarkets.

Table 3: factor analysis on conumser loyalty and satisfaction on supermarkets attributes

| KMO and Bartlett's Test | | |
|---|---|---|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .645 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 253.434 |
| | Df | 15 |
| | Sig. | .000 |

Source: Primary Data

| Factor Loading, Eigen value and percentage of extraction using Principal component method for consumer attributes towards Supermarket shopping | | | | | | |
|---|---|---|---|---|---|---|
| | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | |
| Components | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| Groceries | 2.627 | 43.788 | 43.788 | 2.627 | 43.788 | 43.788 |
| Dairy Products | 1.413 | 23.550 | 67.339 | 1.413 | 23.550 | 67.339 |
| Household | .857 | 14.287 | 81.625 | - | - | - |
| Packaged food | .523 | 8.723 | 90.348 | - | - | - |
| Frozen food | .381 | 6.355 | 96.703 | - | - | - |
| PersonalCare Products | .198 | 3.297 | 100.000 | - | - | - |
| Extraction Method: Principal Component Analysis. | | | | | | |

Screen plot showing the two factors : Groceries and Dairy products.
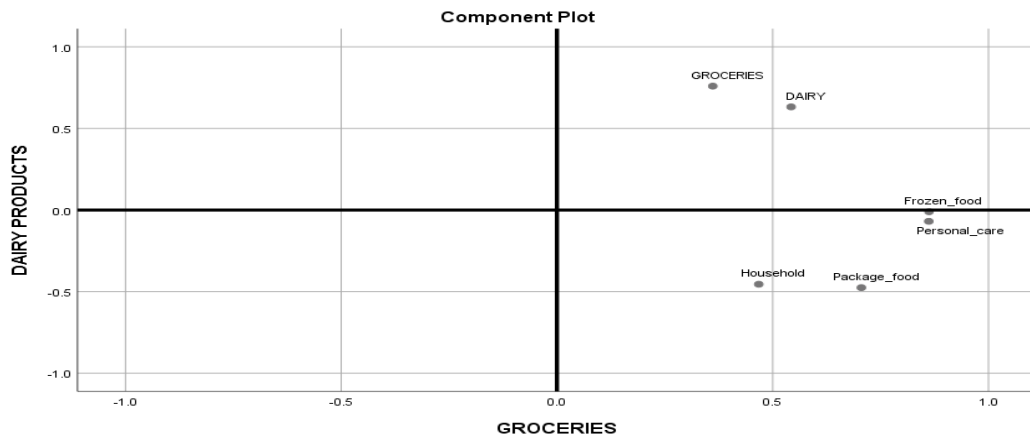


HYPOTHESIS 2 : There is  significance on Consumer loyalty and satisfaction on supermarkets and the attributes of Supermarkets.

INTERPRETATION:  The KMO measures the sampling adequacy (which determines if the responses given with the sample are adequate or not) which should be close to 0.5 for satisfactory factor analysis to proceed. Since the Bartlett's test of Sphericity value of significance is .000 which is less than .005, the exploratory factor analysis is preceded and null hypothesis is rejected, indicating that attributes to choose supermarkets is having great impact on loyal and satisfied consumers. The Exploratory factor analysis identified the two major components with had total initial Eigen values with more than 1, which were Groceries as first component with the value of 2.627 and followed by Dairy products with the value of 1.413. According to factor analysis, these two components explain 67.339% of the variance.

## FINDINGS AND FUTURE SCOPE OF RESEARCH

The study intended to evaluate the  role of supermarkets in daily life of consumers, the expectations and preferences, satisfaction on grocery shopping along with few major aspects which includes the services offered by Supermarkets. The consumer satisfaction always has a great impact on consumer loyalty towards shopping. In spite of the transformations in consumer buying behaviour in past few years, the needs of consumers towards  supermarkets are never weakened. The study found that there is evidential relation between consumer satisfaction on supermarkets and the services offered by supermarkets. The study also proved that convenient location of Supermarkets and Display of products in supermarkets had the greater impact in the minds of consumers to prefer supermarkets, indicating the consumer's choices and preferences towards Grocery purchasing. Thus we can understand that Supermarkets are also constantly working towards needs of consumers ultimately to make them satisfied and become more loyal. This study also found that the attributes to choose supermarkets is having great impact on loyal and satisfied consumers. Thus more and more options offered by supermarkets to ease the shopping experience of consumers would result in more business opportunities and increase in the number of outlets of the Supermarkets.

## LIMITATIONS

The data collection was restricted to a particular geographical segment in Chennai. Data collected among different zones will end up with different consumer preferences. The responsed received from the consumers showcased their experiences from few supermarkets thus restricting the research understanding only to few outlets. The qualitative research methods can give contrasting results as the needs and buying behaviour of consumers are always dynamic in nature.

## CONCLUSION

Supermarkets play an important role in understanding and implementing shopping factors which influences consumer buying behaviours. The change in buying behaviour from traditional format to supermarket shopping has seen great transformation phases of consumer grocery purchasing.  Bringing back and retaining the consumers is always a challenge for organized retail sector due to heavy competition and huge consumer base. Various surveys proves that the Indian Grocery Market accounts to major contribution in the Indian Retail Market, which illustrates the availability of plenty opportunities to substantial retailers. In spite of the change in consumer buying patterns led by the pandemic, Supermarkets shows its presence through implementation of systems and regulations which make the consumer feel safe and secure in their transactions of grocery purchase. The shopping preferences of consumers are rapidly changing as shoppers have returned to physical shopping, which have resulted in updating and satisfying the consumers by offering best services by supermarkets.

## DECLARATIONS

Ethics approval: Ethical standards were followed in the conduct of the study. Author Contribution - Both the authors contributed to the research. The study was planned and the design was conceptualized as per the research model. Data collection and analysis was done based on sample design. The authors read and approved the final manuscript.

Consent of Participation: Informed consent was obtained from all individual participants included in the study.

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