

Manage the Traditional Retail Industry's Product Satisfaction and Product Service

Shiyu Zhang^{1, a}

¹Doctor of philosophy (PHD) Management, Limkokwing University of Creative Technology, Cyberjaya, Selangor, 63000, Malaysia.

^a445385800@qq.com

Abstract

With the rapid development of e-commerce in recent years, the impact on the traditional retail industry is great. The purpose of this study is to solve the problems faced by customers considering product satisfaction and product service. However, the biggest problem in the traditional retail industry today is that there is no strategy to retain customers and make them loyal through these strategies. This research poses a very good challenge and can help future researchers continue to study this topic and obtain useful results from this study in order to expand understanding of customer satisfaction surveys so as to achieve a good development of the traditional retail industry.

Keywords

E-commerce, industry, customers, product satisfaction ,product service.

1. Introduction

1.1. Background of the Study

Globalization of retailing industry has brought amazingly mega-sized retailing companies recently due to the rapid and the globalization of the world economy is continuing tremendously. With such many competition in today's business, the retail industry is going to be highly and positively effective for economies the fact that the world's population is increasing. Retailing involves activities such as selling services and goods to consumers for their household, family or personal use.

Retailing store such is a vital activity that offers the requirement of food acquisition. The most critical objectives considered by organizations is to keep satisfying customers. Assortment plays a significant role in terms of store choice from the perspective of consumers.

1.2. Research Questions

To what extend product or/and service quality will impact customer satisfaction on customer loyalty?

To what extend perceived value will impact customer satisfaction on customer loyalty?

To what extend trust will impact customer satisfaction on customer loyalty?

1.3. Research Objectives

To determine the relationship between customer loyalty and customer satisfaction.

To determine the influence of product or/and service quality on customer satisfaction.

To determine the influence of perceived value on customer satisfaction.

To determine the relationship between trust and customer satisfaction.

2. Literature Review

2.1. Introduction

In this area, this chapter will interestingly focus on literature review of the dependent variable which is customer satisfaction and independent variables that influence customer satisfaction which are customer loyalty, product or/and service quality, perceived value and trust.

2.2. Defining the Topic

The discussion of the research topic will be done in this section and the previous findings of researches support the discussion.

2.2.1. Customer Satisfaction

Satisfaction is defined as a general feeling towards an emotional reaction or product to the difference between what customers expect and what they receive (Albinsson and Hasemark, 2004). Satisfaction can be defined as a person's feelings of excitement, pleasure, disappointment or delight which can result to compare her expectation with the products perceived performance (Hoyer and Kotler, 2000).

In addition, the impact of customer satisfaction on retention, repeat purchase, loyalty have been viewed by many studies and it is obvious that satisfied customers are willing to share their experiences with about five to six other people regarding the products or services (Zairi, 2000). Since more research has been done in the field of customer satisfaction, therefore a lot of definitions have been given or formulated to it. Satisfaction is what an individual is seeking after acquiring a product or service. Thus, it must meet her or his expectation in order to avoid dissatisfaction which can be a bad reputation for product or service providers. Additionally customer satisfaction is defined as a positive feeling or dissatisfaction after making a comparison on the outcome and performance of a product or service as well as the expectation on the efficiency of the related product or service (Aelen and Dalen, 2014). Customer satisfaction is such a great indicator of how a customer can make a future purchase (Shameela, 2013).

Customer satisfaction has been taking into consideration in terms of marketing in the last few decades. However, scholars within marketing haven't fully agreed regarding an accepted definition generally on satisfaction. After the literature review has been conducted and consumer interviews previously, satisfaction has been defined as a summary affective response of intensity that varies with an exact time point of purpose and limited period toward important aspects of product consumption or/and acquisition. Customer satisfaction has been seen as one of the most significant constructs. Through the past research, customer satisfaction has been considered as one of the main goals in marketing. Noticeably, any business that survives in the market where there is competition is the one who considers customer satisfaction as important factor.

2.2.2. Product or/and Service Quality

Product quality plays a key role to customers' satisfaction a loyalty. It exist a lot attributes of product qualities that has been details relevantly into eight such as performance, features, conformance, serviceability, reliability, aesthetics, durability and customer perceived quality (Garvin, 1987). Therefore many organizations used at least five elements regarding the measurement of product quality such as product freshness, durability, attractiveness, variety and brand equity. Those attributes are massively important as measurement of customers' satisfaction and loyalty (Yuen and Chan, 2010). But the remaining ones are important to be used for customers' satisfaction and loyalty improvement. Product variety is extremely significant and can help retailers serve the buying behavior of customers, due to the differences regarding their preferences of product quality. To have product variety is beneficial, not only it

attracts but influence customers because they have more choices and shopping visits at the hypermarkets.

In order to be more competitive, retailers can perform delivery of quality service to those customers who are potential and besides those who are regular customers. Service quality is important as it is a key dimension that affects customers' satisfaction after purchase. Hence, service quality is the perception of consumers of particular dimensions of services or products such as assurance, courteousness, reliability, tangibility, personalization, responsiveness and communication all which have to be integrated into the strategic policy of the company which itself affects consumers' satisfaction by providing services that are excellent including situational, personal factors and product quality. Product or/and service quality can be defined as a gap between customer perceptions as well as customer expectations (Nejad and Firoozbakhit, 2014). Service quality is the overall assessment of a particular organization that results from comparing the performance of that organization with the general expectation of customer of how organization should perform (Taghipor, 2014)

For the past decades, researchers have been focusing on service quality as spotlight. Service quality has an important and strong effect on the performance of business, customer loyalty, customer satisfaction and profitability. Importantly, service has many things as characteristics such as perishability, heterogeneity, intangibility and concurrently production and consumption Philip et al., 2014). Improving customer service is beneficial and is able to enhance customer satisfaction and can retain customer longer. Product or/and service quality has been considerably studied by researchers as it helps firms gain reputation and having an increase in profit through market shares.

To sum up, product or/and service quality is one of the strategy that attract customers and boost market shares through service distinction.

2.2.3. Trust

Trust is defined as the confidence of one party in an exchange of the reliability and integrity of the partner (Morgan and Hunt, 1994). Trust can be seen as what the consumer is holding as expectations from the store, its products and its people that depends on and can be depended on to deliver on the promises (Sirdeshmukh, 2002). Trust is considered as the single most powerful tool in terms of marketing that a company can use in the industry (Berry, 1996). Trust plays a fundamental role between customers and retailers as it builds a relationship either positive or negative. Trust has been always something complex for companies; it takes time for some people to trust a product or service offered by retailers. What remains is that, making a purchase decision comes from trust then acquiring it. Trust influences customers' satisfaction, no matter how the product or service might be to them, if trust is built between them and companies, it can lead to their satisfaction at some point.

Trusted people in the organizations can help customers to trust and lead to satisfaction. Many companies fail to understand that concept, people have different background and trust can come in a different way. Therefore it is really important when launching marketing campaign to build trust significantly in order to get loyal customers. Once they are loyal it means satisfaction has been met.

Trust is defined as a state of mind, assumptions and rules around a client that outcome from the knowledge, the goal and consistency of a retailer (Hart and Johnson, 2014). In addition, trust is defined as the willingness to depend on exchange partner (Scott, 2013).

In retail business trust is seen as something that is more relevant antecedents of collaborative and stable relationships. Previously, researchers have come up with trust by saying it is vital for maintaining and building long-term relationships (Hunt, Nurt and Rousseau, 2015). As many retailers from the industry facing a competitive challenge, trust should be taken into consideration to enhance customer satisfaction as others factors do. Furthermore, trust has

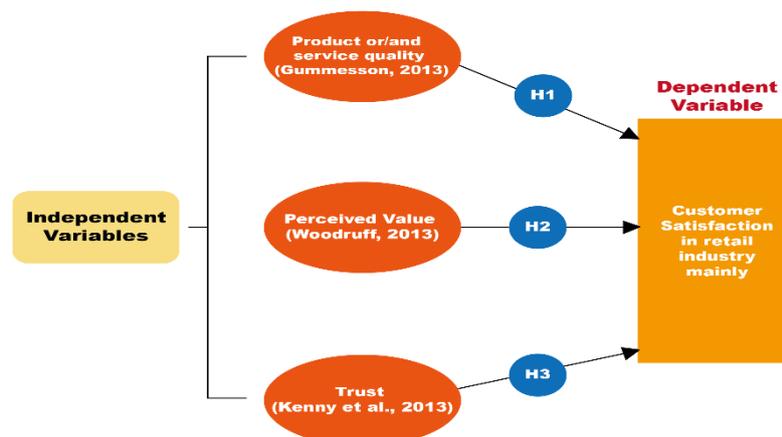
been a complicated aspect as it takes a belief whether to trust a product or/and service or not. Since it has been observed that way, researchers conducted tremendous research on trust in order to brought light to what can be done to enhance customer satisfaction through customer trust.

2.3. Literature Gap

During the research on factors that influence customer satisfaction in retail industry, more details have been brought out as contribution about customer loyalty meaning how customer can be retained by an organization and customer trust, perceived value and product or/and service have been expanded compared to previous studies done by researchers in different industries where trust, perceived value and loyalty were limited regarding the current situation in retail industry. For instance the recent research about this topic has been conducted in Pakistan with a a case study as WALMART where it has an estimation of 540 billion dollars as on sales revenue. Regarding its case, 200 people have been sampled as customers who purchase from a walmart store.

In this thesis report, the study has been larger than the past study done the fact that it covers a state of Selangor and number of respondents as previous studies were mostly focused on small geographical area.

2.4. Theoretical Framework



According to figure 2.1, the independent variables in the research are customer loyalty, product or/and service quality, perceived value and trust. And the dependent variable is customer satisfaction in retail industry.

2.5. Conclusion

To sum up, the studies of previous researchers have been evaluated by this chapter. To make a comparison between the past research and this current research, the literature gap of the research has been effectively analyzed. Regarding the past studies in retail industry, many researchers went globally as an entity concerning the area of the research. But in this study, the research has focused on one state of Malaysia which is Selangor. Moreover, many respondents in terms of age may bring contribution to those factors that influence customer satisfaction in retail industry. And the chapter ends with a research framework that shows independent variables that are customer loyalty, product or/and service quality, perceived value and trust.

Those independent variables are said to be influential to customer satisfaction in retail industry which is the dependent variable.

3. Research Methodology

3.1. Research Method

In this study, quantitative research method is going to be used instead of using qualitative research method. Quantitative research methods are methods that really attempt to maximize replicability, objectivity and generalizability of finding, and are characteristically concerned in prediction. Importantly, this approach is what the researcher is going to set aside as expectation in her/his perceptions, experiences, and biases to guarantee objectivity while conducting the study and the conclusions which are drawn. Quantitative methods are often considered as assuming that there is a single truth that occurs, independent of human perception (Guba & Lincoln, 2015). According to Land and Trochim (2014), quantitative research methods are defined as the glue that is able to hold the research project together.

Qualitative research methods especially focus on understanding and discovering the perspectives, experiences, opinions of respondents or participants. Qualitative research explores reality, purpose or meaning (Hiatt, 1986).

3.2. Research Approach

3.2.1. Descriptive Analysis

Descriptive analysis has a role to describe and summarize the important features of the data collected from respondents (Day, Kumar & Aaker, 2007). Furthermore, it transforms the elements in modest way through the description of the basic features such as central tendency measurement, frequency, and other demographic segments in the research. To obtain the frequency, it is through nominal variables such as age, race, gender, education level, occupation, monthly salary and more.

3.2.2. Pilot Study

After collecting data, pilot study has been conducted as a purpose to guarantee that the content of the questionnaire and given instructions are understandable and clear by the respondents. Moreover, it will enable to test the validity and the reliability of the study through distributed questionnaire. Once the pilot test is done, the examination of the reliability regarding the pilot test will be done by using Cronbach's Alpha value.

3.2.3. Reliability Test

The importance of reliability test is that, it helps you get the measurement of standardization which in turn can agree whether all variables involving items are reliable. Therefore, in this study, the value of Cronbach alpha has to be over or equals to 0.7 in order to get a positive and reliable result with a possibility to keep moving on the research.

3.2.4. Normality Test

To test the normality of the error term assumption it is important to use the normal probability plot (p-p plot) and the histogram of the residuals. A normal distribution is represented by the histogram of residuals with bell-shaped. Moreover the normality of the data is indicated by the residuals in the probability plot that fell strictly along the diagonal line.

3.2.5. Linearity Test

The partial regression plot is used to evaluate the relationship between the dependent variable and a single independent variable in order to be able to confirm the linearity assumption. The linearity is met through the indication of the randomized outline of the scatter plot.

3.2.6. Correlation Analysis

The direction of the relationship is indicated by negative or positive sign. As a result, the value of the correlation ranges from -0.1 to +1.0. It means that -0.1 shows the relationship is negative and 0.0 doesn't show any relationship neither negative nor positive. While +1.0 shows that the relationship is positive. Pearson correlation method is used to show the relationship between independent and dependent variables in this study.

3.2.7. Multiple Regression Analysis

To make sure that all variables got a normal distribution, regression analysis is used. If the distribution of variables are opposite to normal therefore the significant or relationship test can be affected the fact that kurtosis or skewed variables or variables with considerable outliers are high.

3.3. Conclusion

To conduct brilliantly this research, this chapter has covered some areas such research instruments, design, approach and pilot study through discussion. And to determine the correlation among variables, the study of the correlation has been used.

4. Data Analysis and Discussion of Findings

4.1. Pilot Study

The result regarding the reliability statistics based on pilot study is reliable with 0.925 as Cronbach's Alpha. This result has been obtained from the first 30 questionnaire given to target population.

4.2. Research Approach

4.2.1. Descriptive Analysis

Regarding Gender, the result indicates that there has been more females who responded the questionnaire such as 71 females (59.2 %) and the remaining were 49 males (40.8%). In total the questionnaire has been responded at 100%.

Based on Age, respondents had different age, therefore people between 24-30 were 47 people (39.2%), and between 18-23 were 52 people (43.3%), between 31-35 were 15 people (12.5%) and finally people from 36 and above were 6 (5.0%).

Based marital Status, respondents have different marital status. There were 65 single people (54.2%), married people were 34 (28.3), and other forms of marital status were 21 people (17.5).

Based on race, respondents were from different race. However, it shows that there 36 people (30.0%) as Chinese, 22 people (18.3%) as Malay, 22 people (18.3%) as Indian, and other race combined were 40 people (33.3%).

Based on salary, respondents had different amount of money they earn by month. People earning less than RM1000 were 32 people (26%), those earning between RM1001 and RM3000 were 36 people (30.0%). Additionally, people earning between RM3001 and RM5000 were 38 people (31.7%), and people earning from RM5001 and above were 14 people (11.7%)

Based on occupations, respondents had different occupations such as 55 people (45.8%) as students, 42 people (35.0%) as employees, 17 people (14.2%) as business owners, and other forms of occupations were 6 people (5.0%).

4.2.2. Reliability Test of Variables

Table 1. Reliability test of variables

Variables	Cronbach's Alpha	N of items
Customer Satisfaction	0.787	5
Customer Loyalty	0.744	5
Product or/and Service quality	0.727	5
Perceived Value	0.774	5
Trust	0.742	5

From table 1, it shows the result of the reliability statistics of variables such as customer satisfaction, customer loyalty, product or/and service quality, perceived value and trust. According to Cronbach's alpha, the reliability result should be equal to or over 0.7 to prove that the model is fit, reliable and acceptable. As mentioned in the table, all the results regarding the value of reliability were above 0.7 as cronbach's alpha. Therefore the model is fit, reliable and acceptable for those variables (dependent and independent).

4.2.3. Normality Test

Table 2. Normality test

	Kolmogorov-Smirnova		
	Statistic	df	Sig
Customer Satisfaction	0.286	10	0.200

From table 2 based on the normality test, the sig. value is 0.200 since the number of respondents in this study is over 100. Therefore the data is normally distributed the fact that the sig. value is more than 0.05 according to normality test standard.

4.2.4. Linearity Test

In this area, it has been conducted to prove that the correlation is linear. The assumption of linearity has been met the fact that there was a randomized scatter plot. In appendix B, the result of linearity is found at the end of the report.

4.2.5. Multiple Analysis

Table 3. Model Summary

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.603a	.564	.342	.62361	1.823

From table 3 based on the model summary, it indicates that Durbin Waston is 1.823 which means that there is no autocorrelation among the residuals because the result itself is between 1 and 3. Additionally R Square is important in the table as it is referred as the strength of the relationship between the outcome and forecast from the research measured in this study. Therefore, in the table R Square is 0.564 which means 56.4% of the independent variables affect the dependent variable. Additionally it shows that 56.4% of total variation of dependent variable is explained by the independent variables and the remaining 43.6% is accounted by other variables that are involved in this study.

Table 4. ANOVA

ANOVAa

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	25.597	4	6.399	16.455	.000b
Residual	44.722	115	.389		
Total	70.319	119			

From table 4 based on ANOVA, the sig. value called p-value is 0.000 which is less than 0.05. It indicates the model is fit to use and the independent variables that are customer loyalty, product or/and service quality, perceived value and trust are significantly affecting customer satisfaction which is the dependent variable.

Table 5. Coefficients

Coefficientsa

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.058	.307		3.450	.001		
Customer_Loyalty	.104	.052	.160	2.006	.047	.869	1.151
1 Product_and_Service_Quality	.254	.099	.279	2.566	.012	.469	2.132
Perceived_Value	.306	.131	.270	2.339	.021	.415	2.408
Trust	.034	.113	.031	.300	.045	.506	1.977

From table 5 based on coefficients, in the B column the following is generated.

Customer satisfaction= 1.0558+0.104 (customer loyalty)+0.254 (Product or/and service quality)+0.306 (Perceived value)+0.034 (Trust).

Therefore, it indicates that a unit increase in customer loyalty increases customer satisfaction by 0.104. And a unit increase in product or/and service quality increases customer satisfaction by 0.254. In addition, a unit increase in perceived value increases customer satisfaction by 0.306 and a unit increase in trust increases customer satisfaction by 0.034

4.3. Hypothesis Results

Table 6. Hypothesis results

	Hypothesis	Sig	Result	Gradient (Beta)
H1	There is a positive and significant relationship between customer loyalty and customer satisfaction	0.047	Supported	0.160
H2	There is a positive and significant relationship between product or/and service quality and customer satisfaction	0.012	Supported	0.279
H3	There is a positive and significant relationship between perceived value and customer satisfaction	0.021	Supported	0.270
H4	There is a positive and significant relationship between trust and customer satisfaction	0.045	Supported	0.031

4.4. Conclusion

To sum up, in this chapter, data analysis is explained and discussed from the data collected from 120 respondents. First of all a pilot test of 30 questionnaires has conducted first in order to make sure that respondents understand the questionnaire and to know if the reliability statistic is good and show if the independent variables are linked to the dependent variable. Besides, descriptive analysis has been done on gender, age, marital status, race, salary, education level and occupation. Moreover, the reliability test of variables, normality test and linearity test has been done. In addition, the correlation analysis and multiple regression has been done in order to determine the relationship

5. Conclusion and Recommendation

We all know that the supermarket product is not good enough so everything will be useless. So a good product is the key to the success of a supermarket. Consumers on the overall quality of goods, service attitude, commodity prices, variety of complete, supermarket comfort and other factors is the choice of consumers in the supermarket to consider the most important factor.

product program: product solutions can be understood as product strategy, is to learn the use of product mix strategy and product development strategy planning product line, to seek the ideal profit margins, according to the different stages of product life cycle to develop adaptive strategy. Therefore, the design of the supermarket product program has the following four advantages (1) market selectivity (2) transparent high (3) category (4) a high degree of consumer preferences

price program: a reasonable price to win the majority of consumers have the ability to pay and purchase desire. So a small supermarket in order to stand out in the market not only need exquisite products and the need for a reasonable price, because only then can better catch more consumers.

promotional programs: diversified promotional tools and use, increase the supermarket all related products promotional efforts.

In accordance with the marketing theory, promotional activities in general can be divided into two categories: one is staff promotion, that is, the use of promotional staff to sell; the second category is non-staff marketing, including advertising promotions, business promotion. Therefore, the following aspects are set for the promotion plan.

(1) advertising: the main efforts to focus on advertising, as long as the consumer and the broad masses of people understand our

Supermarket products and people flow to be able to better attract more consumers.

(2) staff marketing: the consumer will be in a number of public places for publicity, so that more consumers can recognize the understanding of our supermarket. And also allow some consumers to enter the supermarket to let the supermarket to understand the activities of the culture and a wide range of categories.

Location program: supermarkets according to the scale of distinction, if it is a large retail supermarket, traffic, traffic must be convenient, preferably the corner, near the bus station, but also have enough space for parking or underground parking; Smaller, such as retail stores in the community, then the geographical location of the arrangements to achieve full consideration in the reachability, to ensure that all the potential customers in the radiation can be smooth and convenient to reach the store.

6. Suggestions

(1) to ensure the quality of goods at the same time improve staff service attitude, as far as possible varieties to complete, fair prices, and truly affordable;

- (2) training of supermarket service personnel to improve their service skills and improve service attitude;
- (3) large supermarkets such as Wal-Mart, Carrefour and other supermarkets to strengthen the convenience of shopping, parking, promotional activities to enhance the construction of the parking lot, improve the points card system and promotional activities;
- (4) medium-sized supermarkets to enhance shopping convenience.

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