CHAPTER-I
INTRODUCTION AND RESEARCH DESIGN

1.1 INTRODUCTION

Macro brand is the fastest growing segment of business in most parts of the world. “Micro Brand” on the other hand is highly-focused personal brand built with clever public relations, innovating targeted marketing and strategic networking. Micro Brands are efficient, local, and often rely on individual personality. Micro brand is to discover what customers’ value and to make common values known.

Traditionally the term, micro brand, has been defined as a local brand and small brand recognized only in a certain geographic location or by consumers in a specific micro market or niche market. In the past, micro brands were also confined by their geography and location. However, today's technology allows for micro brands to reach markets that were not available to them several years ago. Companies have begun to create and partnerships with local micro brands in an attempt to make them more globally and manageable. Micro brands continue to benefit from improvements in production and distribution systems. Consumers are also benefiting greatly from these advances. A consumer's personal preference is no longer being limited to where a shop is located. An abundance of choice has caused a long-tail distribution to emerge that shows the growing availability of niche markets through open more opportunity for micro brand entrepreneurs. In India most of the micro brands are manufactured by the micro enterprises.
1.2 THE MICRO BRANDS ENTERPRISES IN THE GLOBAL ECONOMY

The micro brands enterprises play a pivotal role in the economic and social development of the country, often acting as a nursery of entrepreneurship. The micro enterprises sector contributes significantly to India’s manufacturing output, employment and exports.

Micro enterprises are a very heterogeneous group of businesses usually operating in the manufacturing, trade, agri-business, and service sectors. They include a wide variety of firms such as food industries, village handicraft makers, small machine shops, and computer software firms that possess a wide range of sophistication and skills. Some are dynamic, innovative, and growth-oriented while others are satisfied to remain small and perhaps family owned.

Micro enterprises usually operate in the formal and informal sector of the economy and employ mainly wage-earning workers. Micro enterprises are often classified by the number of employees or by the value of their assets. The size classification varies within regions and across countries relative to the size of the economy and its endowments. The major advantage of the sector is its employment potential at low capital cost. The labour intensity of the micro enterprises sector is much higher than that of large enterprises. MSMEs constitute more than 90 per cent of total enterprises in most of the countries.
1.3 ROLE AND CONTRIBUTION OF MICRO ENTERPRISES IN ECONOMIC DEVELOPMENT OF INDIA

The role and importance of micro enterprises has equally been felt even in countries which are classic lands of big business and industrial set-ups. Such industries are very common in Japan, U.S.A., Switzerland, Sweden and several other countries. In an over populated and developing country, like India, the micro enterprises have a vital role to play and therefore, it occupies a definite and important place in the upliftment of the rural economy of the region. The Government, at the Centre has made a clear announcement on the importance attached to this sector of Industries in its programmes and plan-outlays, from time to time for utilization of the massive manpower in both the rural and the urban areas.

The micro enterprises are a vital constituent of India’s industrial sector. It plays a prominent role in overall economic development of the country and contributes significantly to India’s Gross Domestic Products besides meeting the social objectives including that of providing employment opportunities to millions of people across the country, income equality, balanced regional development and creation of strong entrepreneurial base. The micro enterprises have an important role in India’s industrial and economic development.

Micro enterprises in India enjoy a distinct position in view of their contribution to the socio-economic development of the country. The following points highlight their contribution.

(i) Micro enterprises in India account for majority of the industrial units in the country. Micro enterprises are the second largest employers of human
resources, after agriculture. They generate more number of employment opportunities per unit of capital invested compared to large industries. They are, therefore, considered to be more labour intensive and less capital intensive. This is a boon for a labour surplus country like India.

(ii) Micro enterprises in India supply an enormous variety of products which include mass consumption goods, readymade garments, hosiery goods, stationery items, soaps and detergents, domestic utensils, leather, plastic and rubber goods, processed foods and vegetables, wood and steel furniture and several other engineering products. A special mention should be made of handlooms, handicrafts and other products from traditional village industries in view of their export value.

(iii) The contribution of micro enterprises to the balanced regional development of India is noteworthy. Micro enterprises which produce simple products using simple technologies and depend on locally available resources both material and labour can be set up anywhere in the country. Since they can be widely spread without any locational constraints, the benefits of industrialisation can be reaped by every region. They, thus, contribute significantly to the balanced development of the India.

(iv) Micro enterprises provide ample opportunity for entrepreneurship. The latent skills and talents of people can be channeled into business ideas
which can be converted into reality with little capital investment and almost nil formalities to start a small business.

(v) Micro enterprises also enjoy the advantage of low cost of production. Locally available resources are less expensive. Establishment and running costs of small enterprises are on the lower side because of low overhead expenses. Infact, the low cost of production which small enterprises enjoy is their competitive strength.

(vi) Due to the small size of the organizations, quick and timely decisions can be taken without consulting many people as it happens in large sized organisations. New business opportunities can be captured at the right time.

(vii) Micro enterprises are best suited for customized production. i.e. designing the product as per the tastes/preferences/needs of individual customers, say for example tailor-made shirt or trouser. The recent trend in the market is to go in for customized production of even non-traditional products such as computers and other such products. They can produce according to the needs of the customers as they use simple and flexible production techniques.

(viii) Micro enterprises have inherent strength of adaptability and a personal touch and therefore maintain good personal relations with both customers and employees. The government does not have to interfere in the functioning of a small scale unit. Due to the small size of the organisation
quick and timely decision can be taken without consulting many people as in large sized organisations. New business opportunities can be captured at the right time, thus providing healthy competition to big business which is good for the economy.

1.4 ROLE OF MICRO ENTERPRISES IN RURAL INDIA

Traditionally, rural households in developing countries have been viewed as exclusively engaged in agriculture. There is an increasing evidence that rural households can have highly varied and multiple sources of income and that, rural households can and do participate in a wide range of non-agricultural activities such as wage employment and self-employment in commerce, manufacturing and services, along with the traditional rural activities of farming and agricultural labour. This can be largely attributed to the policy initiatives taken by the Government of India, to encourage and promote the setting up of agro-based rural industries.

The emphasis on micro enterprises has always been an integral part of India’s industrial strategy, more so, after the second Five Year Plan. Micro enterprises play an important role in providing employment opportunities in the rural areas, especially for the traditional artisans and the weaker sections of society. Development of micro enterprises can also prevent the migration of rural population to urban areas in search of employment.

Micro enterprises are significant as producers of consumer goods and absorbers of surplus labour, thereby addressing the problems of poverty and unemployment. These enterprises contribute amply to other socioeconomic aspects,
such as a reduction in income inequalities, dispersed development of industries and linkage with other sectors of the economy. In fact promotion of micro enterprises and rural industrialization has been considered by the Government of India as a powerful instrument for realizing the twin objectives of ‘accelerated industrial growth and creating additional productive employment potential in rural and backward areas.’ However, the potential of micro enterprises is often not realized fully, because of several problems related to size.

1.5 PROBLEMS OF MICRO ENTERPRISES

Micro enterprises are at a distinct disadvantage as compared to large scale industries. The scale of operations, availability of finance, ability to use modern technology, procurement of raw materials is some of these areas. This gives rise to several problems. Most of these problems can be attributed to the small size of their business, which prevents them from taking advantages, which accrue to large business organisations. However, the problems faced are not similar to all the categories of micro enterprises. For instance, in the case of small ancillary units, the major problems include delayed payments, uncertainty of getting orders from the parent units and frequent changes in production processes. The problems of traditional small scale units include remote location with less developed infrastructural facilities, lack of managerial talent, poor quality, traditional technology and inadequate availability of finance. In general the small businesses are faced with the following problems:

(i) **Finance**: One of the severe problems faced by small business is that of non-availability of adequate finance to carry out its operations. Generally a small
business begins with a small capital base. Many of the units in the small sector lack the credit worthiness required to raise as capital from the capital markets. As a result, they heavily depend on local financial resources and are frequently the victims of exploitation by the money lenders. These units frequently suffer from lack of adequate working capital, either due to delayed payment of dues to them or locking up of their capital in unsold stocks. Banks also do not lend money without adequate collateral security or guarantees and margin money, which many of them are not in a position to provide.

(ii) Raw materials: Another major problem of small business is the procurement of raw materials. If the required materials are not available, they have to compromise on the quality or have to pay a high price to get good quality materials. Their bargaining power is relatively low due to the small quantity of purchases made by them. Also, they cannot afford to take the risk of buying in bulk as they have no facilities to store the materials. Because of general scarcity of metals, chemicals and extractive raw materials in the economy, the small scale sector suffers the most. This also means a waste of production capacity for the economy and loss of further units.

(iii) Managerial skills: Small business is generally promoted and operated by a single person, who may not possess all the managerial skills required to run the business. Many of the small business entrepreneurs possess sound technical knowledge but are less successful in marketing the output. Moreover, they may not find enough time to take care of all functional activities. At the same time they are not in a position to afford professional managers.
(iv) **Labour:** Small business firms cannot afford to pay higher salaries to the employees, which affects employee willingness to work hard and produce more. Thus, productivity per employee is relatively low and employee turnover is generally high. Because of lower remuneration offered, attracting talented people is a major problem in small business organisations. Unskilled workers join for low remuneration but training them is a time-consuming process. Also, unlike large organisations, division of labour cannot be practised, which results in lack of specialisation and concentration.

(v) **Marketing:** Marketing is one of the most important activities as it generates revenue. Effective marketing of goods requires a thorough understanding of the customer’s needs and requirements. In most cases, marketing is a weaker area of small organisations. These organisations have, therefore, to depend excessively on middlemen, who at times exploit them by paying low price and delayed payments. Further, direct marketing may not be feasible for small business firms as they lack the necessary infrastructure.

(vi) **Quality:** Many small business organizations do not adhere to desired standards of quality. Instead they concentrate on cutting the cost and keeping the prices low. They do not have adequate resources to invest in quality research and maintain the standards of the industry, nor do they have the expertise to upgrade technology. In fact maintaining quality is their weakest point, when competing in global markets.
(vii) **Capacity Utilizations:** Due to lack of marketing skills or lack of demand, many small business firms have to operate below full capacity due to which their operating costs tend to increase. Gradually this leads to sickness and closure of the business.

(viii) **Technology:** Use of outdated technology is often stated as serious lacunae in the case of small industries, resulting in low productivity and uneconomical production.

(ix) **Sickness:** Prevalence of sickness in small industries has become a point of worry to both the policy makers and the entrepreneurs. The causes of sickness are both internal and external. Internal problems include lack of skilled and trained labour and managerial and marketing skills. Some of the external problems include delayed payment, shortage of working capital, inadequate loans and lack of demand for their products.

(x) **Global competition:** Apart from the problems stated above small businesses are not without fears, especially in the present context of Liberalisation, Privatisation and Globalisation (LPG) policies being followed by several countries across the world. Remember, India too has taken the LPG path since 1991. Let us look into the areas where small businesses feel threatened with the onslaught of global competition. (a) Competition is not only from medium and large industries, but also from multinational companies which are giants in terms of their size and business volumes. Opening up of trade results in cut throat competition for small business. (b) It is difficult to withstand the quality standards, technological skills, financial
creditworthiness, managerial and marketing capabilities of the large industries and multinationals.

1.6 MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006

Government of India enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 to facilitate integrated development of Micro, Small and Medium Enterprises. It provides the first-ever legal framework for recognition of the concept of “enterprises” which comprises both manufacturing and service entities. It defines Medium Enterprises for the first time and seeks to integrate the three tiers of these enterprises, namely, Micro, Small and Medium. The Act also provides for a statutory consultative mechanism at the National level with balanced representation of all sections of stake-holders, particularly the three classes of enterprises and with a wide range of advisory functions.

As per the MSMED Act 2006, the enterprises are classified into manufacturing and service enterprises based on their investment in plant and machinery/equipment (excluding land and buildings) as indicated below:-

1.6.1 Manufacturing Enterprises

<table>
<thead>
<tr>
<th>Micro Manufacturing Enterprises</th>
<th>Upto Rs. 25 Lakhs</th>
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<tbody>
<tr>
<td>Small Manufacturing Enterprises</td>
<td>Above Rs.25 Lakhs and upto Rs.5 Crores</td>
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<tr>
<td>Medium Manufacturing Enterprises</td>
<td>Above Rs. 5 Crores and upto Rs.10 Crores</td>
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1.6.2 Service Enterprises

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<tr>
<th>Category</th>
<th>Coverage</th>
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<tbody>
<tr>
<td>Micro Manufacturing Enterprises</td>
<td>Upto Rs. 10 Lakhs</td>
</tr>
<tr>
<td>Small Manufacturing Enterprises</td>
<td>Above Rs. 10 Lakhs and upto Rs. 2 Crores</td>
</tr>
<tr>
<td>Medium Manufacturing Enterprises</td>
<td>Above Rs. 2 Crores and upto Rs. 5 Crores</td>
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1.7 MSMEs IN INDIA

In India MSMEs play an essential role in the overall industrial economy. In recent years, the MSME sector has consistently registered higher growth rate compared with the overall industrial sector. With its agility and dynamism, the sector has shown admirable innovativeness and adaptability to survive the recent economic downturn and recession. The MSME sector in India is highly heterogeneous in terms of the size of the enterprises, variety of products and services, and levels of technology. The sector not only plays a critical role in providing employment opportunities at comparatively lower capital cost than large industries but also helps in industrialization of rural and backward areas, reducing regional imbalances and assuring more equitable distribution of national income and wealth. MSMEs complement large industries as ancillary units and contribute enormously to the socio-economic development of the country.

MSME sector plays a major role in India’s present export performance. As per available statistics (Year 2006-07 of MSME Sector i.e., 4th Census of MSME Sector), this sector employs an estimated 597 lakh persons spread over 261 lakh enterprises. It is estimated that in terms of value, MSME sector accounts for about 45 per cent of the manufacturing output and around 40 per cent of the total export of the
country. As a result, MSMEs are today exposed to greater opportunities for expansion and diversification across the sectors.

The Indian market is growing rapidly and Indian industry is making remarkable progress in various Industries like Manufacturing, Precision Engineering, Food Processing, Pharmaceuticals, Textile and Garments, Retail, Information Technology (IT), Agro and Service sectors etc. MSMEs are finding increasing opportunities to enhance their business activities in core sectors.

1.8 MSMEs IN TAMIL NADU

The MSME sector has a major contribution to the economy of Tamil Nadu. Tamil Nadu has 8.44 lakh registered MSMEs as on 28.2.2013. This sector contributes about 10 per cent to the GDP, provides employment to about 58.83 Lakh persons and accounts for a total investment of Rs. 48,189 Crores. MSMEs in Tamil Nadu produce over 8000 varieties of products including engineering products, electrical, electronics, chemicals, plastics, steel, cement, paper, matches, textiles, hosiery and readymade garments.

As per the 4th All India Census of MSMEs (2006-07) Tamil Nadu Accounts for 14.95 per cent of the total working enterprises in the country. 15.24 per cent of these enterprises are micro enterprises, which is the highest in the country. 9.60 per cent of them are small enterprises, which is the 3rd highest in the country. Further 9.21 per cent are medium enterprises, which is the 2nd highest in the country. MSMEs in Tamil Nadu provides the largest number of employment in the country (15.32 per cent).
Customers’ satisfaction is a significant factor that leads business to success. In recent times, customer satisfaction has gained new attention within the context of the paradigm shift from transactional marketing to relationship marketing. Customers who are satisfied with a purchased product will buy the same product again, more often and will also recommend it to others. Customer satisfaction is commonly related to two fundamental properties, including the customer’s judgment of the quality of the product and his evaluation of the interaction experience made with the product provider.

1.9 CUSTOMER SATISFACTION

Micro brands have been making their presence felt and gaining acceptance, forcing established players to go on the defensive and slash prices as they are selling on quality, not just on price. Though they have the ability to take on competition nationally, they don’t have the financial muscle and the requisite professional depth to cope with national brands. If they stay regional, they will face competition from the regional variant of national brands and cheap imports; if they try and go national, they may over-leverage their meager resources. Therefore, improving customer satisfaction is the most important tool that helps to compete with national and regional brands and to sustain in the competitive business environment.

Kotler Philip (1999) defined customer satisfaction as “the level of a persons felt state resulting from comparing a product’s perceived performance or outcome in violation to his/her own expectations”. And he modify it (Kotler, 2001) as, Satisfaction is a person’s feelings of pleasure or disappointment resulting from comparing a product’s perceived performance (or outcome) in relation to his or her
expectations’ so, customer satisfaction could be considered a comparative behavior between inputs before hand and post obtainments.

Customer satisfaction is a well known and established concept in several areas like marketing, consumer research, economic psychology, welfare economics and economics. Common interpretations obtained from various authors reflect the notion that satisfaction is a feeling which results from a process of evaluating what has been received against what was expected, including the purchase decision itself and the needs and wants associated with the purchase Kotler & Gary Armstrong (1996). Thomas O. Jones and W. Earl Sasser (1995) explained customer satisfaction is the individual’s perception of the performance of the product or service in relation to customer expectations. As noted the concept of customer satisfaction is a function of customer expectations. A customer whose experience is not matched expectations will be dissatisfied. Whose experience match expectation will be satisfied and customer whose expectations are exceeds will be very satisfied or delighted.

Parasuram, A., Zeithmal, V. A. and Berry, L. L. (1985) argued that customer unreasonable at times; little evidence can be found of extravagant customer expectations. Meeting and exceeding customer expectations may reap several valuable benefits for the firm. Positive word-of-mouth generated from existing customers often translates into more new customers. Satisfied with current customers often purchase more products more frequently and are less likely to be lost to competitions than are dissatisfied customers.
Peterson, Robert A. and William R. Wilson (1992), explained customer satisfaction surveys also provide several worthwhile benefits. That provides a formal means of customer feedback to the firms which may be identify existing and potential problems. Satisfaction surveys also convey the message to customers that the firm cares about the customer’s well being and value customer inputs concerning organization’s operations.

1.10 DETERMINANTS OF CUSTOMER RETENTION

1.10.1 Pricing: Price is the first and foremost element in determining Customer retention which decides the market share and profitability for the product. Each industry has different pricing criteria according to the nature of the Business and specific relationship with the Customer. Today, companies are striving for low cost by operational effectiveness while maintaining the same quality at the competitor’s level. Several companies have adopted value pricing which involves reengineering the company’s operations to become a low cost producer without sacrificing quality.

1.10.2 Product/Service Quality: To be in business to provide a product also requires providing service. To be in business as a service provider requires recognition of the two components of the service: the service as the product and the service in support of the product. Both are an integral part of customers’ buying decision and satisfaction, the loyalty, and the price they will pay.

1.10.3 Customer Experience: is a customer journey which makes the customer feel happy, satisfy, justify, with a sense of being respected, served and cared, according to his/her expectation or standard, start from first contact and through the whole
relationship. Unparalleled Customer experience is to move customers from satisfied to loyal and then from loyal to ambassador.

1.10.4 **Loyalty:** Loyalty is all about attracting the right customer, getting them to buy, buy often, buy in higher quantities and bring even more customers. Organizations interact and communicate with customer on a regular basis to increase customer loyalty. Even if the products are identical in competing markets, loyalty provides high retention rates.

1.10.5 **Relationship Marketing:** is defined as the identification, establishment, maintenance, enhancement and modification of relationships with customers to create value for customers and profit for organization by a series of relational exchanges that have both a history and a future. The role of RM includes guide moments of truth, improve profitability, build partnering, address ‘Customer Better’, buy in of customer attention, protect emotional well being, understand consumer psyche, build trust with customer. RM fosters external partnerships through networks and collaborations.

1.10.6 **Business Intelligence:** By leveraging technology and applying the right business processes and workflows, organizations are making better, more informed decisions, providing better analysis of performance and giving executives the tools to perform rigorous business analysis. The result is reduced costs, better customer retention and higher service profitability.

1.10.7 **Customer Maintenance:** A business firm can maintain its customer when company provides unique and suitable products so that product meets differential
expectation of range of customers. In India, some products are available in Tier-I cities but not available in Tier II and Tier III cities. This could have an adverse effect on retention rates so easily availability of the product is required to enhance selling power. Another factor is creating exit barriers for customer by designing and customizing product according to their needs.

1.10.8 Customer Expectations: Customer now want the best return for every rupee spend. Expectations are defined as beliefs about a product’s or service’s attributes or performance at some time in the future and are a key determinant of satisfaction. Expectations are rising fast in the emerging markets like India new technologies and services are being provided so, companies should adopt innovative and differentiate ways to tackle their consumers.

1.10.9 Behavioural variable: A common classification that is used by marketers to describe the Indian population is the Socio-Economic Classification (SEC). The SEC classification is used by most media researchers and brand managers to understand the Indian consuming class. But it is important for marketers to understand the dynamics of change. A large part of consumption is currently being driven by emotional discretionary income, enabling people to spend on things beyond basic necessities such as food, education and shelter.

1.11 EFFECT OF CUSTOMER SATISFACTION ON PROFITABILITY

Customer satisfaction does have a positive effect on an organisation’s profitability. According to Hoyer and Mac Innis (2001), satisfied customers form the foundation of any successful business as customer satisfaction leads to repeat
purchase, brand loyalty, and positive word of mouth. “Growth Strategies International (GSI) performed a statistical analysis of Customer Satisfaction data encompassing the findings of over 20,000 customer surveys conducted in 40 countries by Info Quest. The conclusion of the study was:

- A Totally Satisfied Customer contributes 2.6 times as much revenue to a company as a Somewhat Satisfied Customer.
- A Totally Satisfied Customer contributes 17 times as much revenue as a Somewhat Dissatisfied Customer.
- A Totally Dissatisfied Customer decreases revenue at a rate equal to 1.8 times what a Totally Satisfied Customer contributes to a business”.

Mohamed Zairi (2000): “There are numerous studies that have looked at the impact of customer satisfaction on repeat purchase, loyalty and retention. They all convey a similar message in that:

- Satisfied customers are most likely to share their experiences with other people to the order of perhaps five or six people. Equally well, dissatisfied customers are more likely to tell another ten people of their unfortunate experience.
- Furthermore, it is important to realise that many customers will not complain and this will differ from one industry sector to another.
- Lastly, if people believe that dealing with customer satisfaction/complaint is costly, they need to realise that it costs as much as 25 percent more to recruit new customers”.

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Aaker (1995) said that the strategic dimension for an organisation includes becoming more competitive through customer satisfaction/brand loyalty, product/service quality, brand/firm associations, relative cost, new product activity, and manager/employee capability and performance.

1.12 CONSEQUENCES OF CUSTOMER SATISFACTION AND DISSATISFACTION

The consequences of not satisfying customers can be severe. According to Hoyer and MacInnis (2001), dissatisfied consumers can decide to:

- discontinue purchasing the good or service,
- complain to the business firm or to a third party and perhaps return the item, or engage in negative word-of-mouth communication.

Customer satisfaction is important because, according to La Barbera and Mazursky (1983), “satisfaction influences repurchase intentions whereas dissatisfaction has been seen as a primary reason for customer defection or discontinuation of purchase”.

1.13 STATEMENT OF THE PROBLEM

Product quality is an essential component to consider when attempting to enhance customer satisfaction. Increasing customer satisfaction, by increasing customer value, is a key issue for every firm. Customer value is the customer’s perception of the attributes they want in the product. Customer satisfaction is the customer’s positive or negative feeling about the value that was received. Thus if using a product yield the desired consequences, then the consumer perceives high
customer value. High customer value leads to customer satisfaction. Customer satisfaction is an inevitable outcome of the product purchase and consumption experience resulting from a comparison of what was expected and what is received.

In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy, particularly small firms. Therefore, it is essential for businesses to effectively manage customer satisfaction.

In today’s fast-paced and increasingly competitive market, the bottom line of a firm’s marketing strategy and tactics is to make profits and contribute to the growth of the company. Customer satisfaction, quality and retention are global issues that affect all organizations, be it large or small, profit or non-profit, global or local. Many companies are interested in studying, evaluating and implementing marketing strategies that aim at improving customer retention and maximizing share of customers in view of the beneficial effects on the financial performance for the firm. Customer satisfaction has long been recognized as playing a crucial role for success and survival in today’s competitive market.

As many industry sectors mature, competitive advantage through providing quality products is an increasingly important weapon in business survival. The micro brand manufacturers have certainly not been exempted from increased competition or rising consumer expectations of quality product.

In this backdrop, a study on customer’s satisfaction with micro brands is the most important for the survival of the micro enterprises. Such an analysis will
provide micro enterprises, a quantitative estimate of level of satisfaction being perceived by the customers. Therefore, in this study an attempt has been made to seek answer to the research questions such as how are customers satisfied with the micro brands in the study area? and what are the factors that affect customer satisfaction? and what strategies should be initiated to satisfy the micro brand products? Hence, in the present study, an attempt has been made to analyze the customer satisfaction with micro brands in Tiruvarur district of Tamilnadu.

1.14 SCOPE OF THE STUDY

This study throws light on the customer satisfaction towards micro brands of selected food products. The study is restricted to Tiruvarur district of Tamilnadu. This study will be helpful to improve customer satisfaction with micro brands in the study area and act as a secondary data for further research.

1.15 RESEARCH GAP

A study on the customer satisfaction with micro brands has been ignored by researchers in the Indian context. This study fills the research gap. Hence, an attempt has been made by the researcher to study the customer satisfaction and the factor that affect customer satisfaction with micro brands.

1.16 OBJECTIVES

The specific objectives of the study are:

1. To study the conceptual frame work of Micro Brands in general and in particular Micro, Small and Medium Enterprises.
2. To examine the factors that affect customer satisfaction with micro brands in the study area.

3. To identify the common problems faced by the customers while using micro brands in the study area.

4. To offer some viable and practicable suggestions to the micro brand manufacturers to increase customer satisfaction and survive in the competitive business environment.

1.17 HYPOTHESIS

Several hypotheses were formulated keeping the content and coverage of the framed objectives. The formulated hypotheses are tested by employing appropriate statistical tools.

H1: Product features are positively related to the customer satisfaction

H2: Quality is positively related to customer satisfaction

H3: Price and customer satisfaction are also positively related

H4: Packaging plays an important role to the customer satisfaction

H5: Services have a positive impact on customer satisfaction

H6: Brand is positively related to customer satisfaction and

H7: Promotions has also a positive relation to customer satisfaction

H8. There is no significant difference in the mean scores obtained from the respondents for customer satisfaction

H9. There is no significant difference between demographic variables (sex, age, marital status, educational qualifications, occupation, residential area, income and number of dependents) and level of satisfaction with micro brands
1.18 RESEARCH FRAMEWORK

Figure 1.1 shows the theoretical framework of the study. There are two variables discussed in this study, i.e. independent and dependent variables. Customer satisfaction with micro brands showing dependency on product features, quality, price, packaging, services, brand, and promotions of micro brands.

FIGURE 1.1
THEORETICAL FRAME WORK OF THE STUDY

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>H1</th>
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CUSTOMER SATISFACTION
1.19 RESEARCH METHODOLOGY

The study analyzes the level of customer satisfaction and the factor that affects customer satisfaction with micro brands in Tiruvarur district of Tamilnadu. Survey method has been used to fulfill the objectives of the research.

1.19.1 The Study Region

The study was conducted in Tiruvarur district of Tamilnadu. Tiruvarur district is one of the 32 districts in the Tamilnadu state of India. The district occupies an area of 2161 km². It lies between Nagapattinam district on the east and Thanjavur district on the west, and is bounded by the Palk Strait on the south. The district headquarters is Tiruvarur town. The district has a population of 1,268,094 as of 2011. It is 79.71 per cent rural population and 20.29 per cent urbanized. It has a literacy of 76.90 per cent, slightly higher than the state average. The economy of the district is basically agrarian and about 75 per cent of the work force is depending on agriculture. Due to the existence of a vast rural population number of micro enterprises producing food products doing their business in the district to cater the need of the people in the district. Hence, this district is purposefully selected by the researcher to analyze the level of customer satisfaction with micro brands.

1.19.2 Data Collection

In the present study, both primary and secondary data are used. The required primary data have been collected through survey method with a pre-tested, well structured and non-disguised questionnaire.
The secondary data were collected from the relevant publications of Government and Non-Governmental Organizations, previous research studies, National and International journals and online journals.

1.19.3 Population

The population defined for this study is limited to customers of micro brands in Tiruvarur District of Tamilnadu.

1.19.4 Sample Size

The district has been divided into 7 taluks. There are 4389 registered micro and small enterprises are functioning in the district. The industries include Manufacture of Food Products and Beverages and Packaged water, Cotton textile and Silk, Ready-made garments and embroidery, Wood/wooden based furniture, Paper and Paper products, Leather based, Chemical/Chemical based, Rubber, Plastic and petro based, Mineral based, Metal based (Steel Fab.)/furniture, Engineering units, Electrical machinery and transport equipment, Construction, and Repairing and servicing. Due to existence large rural population the food product industry is purposively selected for the study.

There are 322 registered food product units functioning in the district. A sample of 100 customers from each Taluk, constituting 700 sample customers is selected to analyze the customer satisfaction with micro brands. Since the number of consumers in each Taluk is large, hence, stratified random sampling method sampling was used for the purpose of the survey, and a research sample was taken to measure customers’ satisfaction.
1.19.5 Instrument

The aim of this research was to examine the customers’ satisfaction with micro brands. The questionnaire was the main form of data collection. The survey instrument developed in this study consists of three sections. The first section contains questions about personal profiles of the respondents including gender, age, marital status, educational qualifications, number of dependents, occupation, income and residential area. The second section comprises questions relating to micro brands. The third section consists of seven constructs measuring of customer satisfaction. The instrument used, is a five-point Likert scales, representing a range of attitudes from 1 – highly dissatisfied to 5 – highly satisfied to measure the level of satisfaction.

Researchers strongly recommend pilot testing of the instrument. A sample of 50 customers was used, in the pilot testing, to validate the instrument. To validate the results empirically, appropriate reliability and validity tests of the measurement were taken. Indeed, reliability refers to the instrument’s ability to prove consistent results in repeated uses, whereas validity refers to the degree to which the instrument measures the concept the researcher wants to do. This provides confidence that the empirical findings accurately reflect the proposed constructs (Flynn et al., 1994). The reliability coefficient (Cronbach’s alpha) values for the seven factors namely product features (0.840), product quality (0.784), product price (0.913), product packaging (0.965), Services, (0.780); brand (0.701) and promotions (0.798) were found to be within limits for further analysis. None of the reliability alphas is below the cut-off point of 0.60, which is generally considered to be the criterion for demonstrating
internal consistency of new scales (Nunnally and Bernstein, 1994). This pilot study resulted in the deletion of no item. As a result the questionnaire contained 43 items including six items of product features, five items of product quality, the four items of product price, eight items of packaging, six items of services, five items of brand and nine items of promotions of micro brands.

1.19.6 Statistical Techniques

The statistical tests used in the study include, Simple Percentage, Mean, Standard Deviation, t-test, ANOVA test, Correlation matrix and Garrett Ranking Technique. SPSS (Statistical Package for Social Sciences) version 16.0 was used to compute and analyze the data.

1.20 PERIOD OF THE STUDY

The required primary data have been collected through a survey made on customer satisfaction from March 2009 to June 2014.

1.21 LIMITATION OF STUDY

The study has some limitations need to be acknowledged and addressed regarding the present study.

1. The study is limited to micro brands manufactured by micro enterprises only, thus, its findings cannot be generalized to other enterprises.

2. The study was carried out in Tiruvarur district of Tamilnadu. Thus, its finding cannot be generalized to other area due to geographical variation and customers preferences.
3. Respondents’ opinion may change from time to time and the responses are subject to variation depending upon the situation and the attitude of the respondents at the time of the survey.

4. This research focuses on the scope of the micro brands of food products. Consequently, it may be difficult to transfer the findings to other micro brands.

**1.22 CHAPTER SCHEME**

The following chapter scheme has been adopted:

*Chapter I* describes the empirical aspect of this study, including objectives, the methodology used to collect data, sample parameters, and limitations.

*Chapter II* provides a detailed review of earlier studies carried out in the area of customer satisfaction.

*Chapter III* has been devoted to the discussion of growth and development of micro brands in India in general and Tamilnadu in particular.

*Chapter IV* deals with analysis and interpretation of customer satisfaction with micro brands in the study area.

*Chapter V* contains the summary, major findings, suggestions, conclusion and the scope of future research.