CHAPTER 2 
REVIEW OF LITERATURE

Review of literature is an essential part of a research and is a careful examination of a body of literatures pointing toward the answers to the current research questions. This not only explains the need for the proposed study, it also appraises the shortcomings and gaps in the previous studies. Review makes the researcher aware of the current progress made in the area and provides the needed insight into the problem statement.

All of us are consumers. We consume things for daily use; we also consume and buy these products according to our needs, preferences and buying power. These can be consumable goods, durable goods, speciality goods or, industrial goods. What we buy, how we buy, where and when we buy, in how much quantity we buy depends on our perception, self concept, social and cultural background and our age and family cycle, our attitudes, beliefs values, motivation, personality, social class and many other factors that are both internal and external to us. After a thorough investigation of the previous literatures on CRM, it is clear that it is a process starting from the activity of segmenting and identifying the cohort of consumers in the various demographic constructs in accordance with cohort’s consuming and buying behaviour.

Tax & Brown (1982) found on the behaviour of the customers on Complaint handling that, when customers evaluate a performance and not complain when they experience a service failure and simply choose another service provider. So it becomes clear that monitoring customer satisfaction over time is not enough. Complaint handling has an adverse effective on customer satisfaction. Hence, a well handled complaint has a positive effect on satisfaction which has an impact on consumer repurchase and future real intention. This helps
in the continuing relationship between the stores and the customer. The single-purpose shoppers tend to shop at stores that were in a convenient location rather than those that provide opportunities for other activities. This is consistent with customers who reported that single-stop grocery trips are more localized than multi-stop shopping trips, which include a visit to a grocery store.

Dodds et al (1991) found that the effects of price, brand, and store information on buyers perceptions of product quality and value, as well as their willingness to buy. Results indicate that price had positive effect on perceived quality, but a negative effect on perceived value and willingness to buy. Favourable brand and store information positively influenced perception of quality and value and subjects (consumers’) willingness to buy.

Dickson et al (1991) observed that better promotion and identification of price specials might benefit the consumer who wants the best deals and the manufacturer who wants to increase the impact of its promotions. Also Dickson suggests that it may be better for both manufacturer and retailers to reduce the amount of the price reduction on grocery specials and invest more in promoting the special, particularly at the point of purchase.

Parasuraman, Berry, and Zeithaml (1991) found a positive and significant relationship between customers’ perceptions of service quality and their willingness to recommend the company and that when customers praise the firm, express preference for the company over others, and recommend the company of service to other friends and relatives by saying positive things about company. Parasuraman et al, found the relationship between willingness to recommend and service quality. Further, Parasurman et al suggests that the search for
quality is arguably the most important consumer trend of the 1980s as consumers are now demanding higher quality in products than ever before.

Julie Baker (1992) had examined retail store atmospheric factors

(1) ambient cues (lighting and music), and

(2) social cues (number/friendliness of employees) on respondents’ pleasure, arousal, and willingness to buy. The results indicate that the ambient cues interact with the social cues to influence respondents’ pleasure and the social cues influence arousal in the store environment. These affective states (pleasure and arousal) are in turn found to have a positive relationship with respondents’ willingness to stay for a little more time and buy.

Boulding et al (1993), identified that increase in the volume of their purchases, or agreeably pay a price premium they are indicating behaviourally that they are bonding with the company. Though, several studies have examined the association between service quality and more specific behavioural intentions, Boulding found a positive correlation between service quality, and repurchase intentions and willingness to recommend.

Donovan et al (1994) followed the model of Mehrabian-Russell environmental psychological model involving the store atmosphere, found that the pleasantness of the in-store environment was a significant predictor of willingness to spend time in the store and intentions to spend more money than originally planned.

Eugene et al (1994) opines that compared to new customers, loyal customers were likely to increase volume and frequency of purchase with the company and were more likely
to fulfil their needs with products of the favoured company rather than splitting their spending budget among competing firms.

Morgan and Hunt (1994) expresses that Customer loyalty is a buyer’s overall attachment or deep commitment to a product, service, brand, or organization. The loyalty concept is similar in meaning to relationship commitment, which is described as an enduring desire to be in a valued relationship. Customer loyalty manifests itself in a variety of behaviours, the more common one being repeatedly patronizing the service provider and recommending a service provider to other customers.

Berry (1995) has stressed that attracting new customers should be viewed only as an intermediate step in the marketing process and that developing closer relationship with these customers and turning them into loyal ones should be equally important aspects of marketing. Thus, he proposed that relationship marketing (i.e CRM) be seen as “attracting, maintaining, and – in multi-service organizations – enhancing customer relationships”.

Zahorik et al (1995) found that typically, one will have a repurchase intention measure rather than retention itself (Rust and Zahorik, (1993)). The categories on the repurchase intention question may vary from store to store, but it may be useful to have more than a “yes-no” question for repurchase intention.

Zeithaml et al, (1996) found that customer satisfaction increases revenue in twofold. First, increased customer satisfaction generates positive word-of-mouth and brings in new customers for the firm. Furthermore, satisfied customers are more likely to view the firm as less risky and thus are more likely to adopt other products from the same firm. Second,
customer satisfaction has a positive impact on customer retention, which increases repeat sales.

Messinger et al (1997) argue that large assortments become more important as time costs increase, which would lead one to predict that supermarkets/Department stores, which offer large assortments (Brand availability), would become more popular over time relative to convenience (kirana) stores.

Bolton (1998) shows that customer satisfaction has been found to have a negative impact on customer complaints and a positive impact on customer loyalty and usage behaviour. Store image encompasses characteristics such as the physical environment of the store also have a positive impact on customer satisfaction and customer loyalty.

Bell, Ho, and Tang (1998) suggest Store location also influence cross-shopping, although, an inconvenient location was not necessarily a deterrent. They suggested that store choice is explained better by analyzing consumer response to shopping costs, in which locational differences are captured as part of the fixed cost.

David Bell (1998) stresses the importance of store image for the consumers to select their choice of retail store and retail store formats. He further emphasis that the repurchase intension of customers has a greater influence on the store image. Variable price has a positive influence in the consumers shopping behaviour (defined as average size of the shopping basket and the frequency of store visits) is an important determinant of the store choice decision when stores offer different price formats. Further, the study analyse the impact of price on consumer preference of store after, fixing other factors like distance to the
store, prior experience in the store, advertised specials as constant. According to Bell, grocery
shopping behaviour has three unique characteristics that suggest a relationship between
shopping behaviour and preference for different price formats. They are (a) Consumers
typically shop for multiple items on a given trip; (b) For most of these items, they are usually
unable to determine actual prices before visiting the store; and (c) Grocery shopping is
repetitive and while individual trips may differ somewhat, most consumers settle into specific
shopping patterns with respect to the average basket size per trip and frequency of shopping.
Together, these three factors suggest that (1) Store choices (if influenced at all by pricing)
will be influenced by prices for a “basket” of multiple items, (2) Price expectations (rather
than actual prices) will be the mechanism for this influence, and (3) it may be useful to
segment consumers according to fundamental differences in shopping behaviour. Bell (1998)
suggest that one of behavioural intentions could be designed as positive behavioural intention
is loyalty. Certain behaviours signal that customers are forging bonds with a company.
Further he suggests that satisfaction can be viewed directly as an overall feeling. Satisfaction
is related closely to, but is not the same as, the customer’s general attitude toward the service.
The key to distinguishing satisfaction from attitude is that satisfaction assessments relate to
individual transactions whereas attitudes are more general. Also Bell identifies that there are
two types of buyers: "large basket" shoppers (those who buy a lot of items on one trip, but go
less often to the store) and "small basket" shoppers.

Dhruv Grewal (1998) found that the influence of price discounts on a brand's
perceived quality was minimal. Price discounts, internal reference price, and brand's
perceived quality exerted significant influence on perceived value. Perceived value and store
image, in turn, positively influenced purchased intentions. High knowledge customers are
more influenced by brand name, while low knowledge customers are more influenced by price discounts. Low knowledge consumers are also swayed by store name and brand name.

Grewal et al (1998) opines that a positive store image and good value merchandise are keys for retailers to achieve and sustain success in an increasingly competitive marketplace. Three important components that appear to be keys to store patronage decisions were the retailer's store image, quality of the merchandise brands sold and price/promotions. Favourable brand and store information positively influenced perception of quality and value and consumers willingness to buy. Consumers use certain cues as signals for these components; store name (Image), brand name and price discounts according.

Josée Bloemer (1998) while explaining store loyalty management prioritizes the Store image as second most important factor. And that satisfaction is built among other things (like emotions, values, attributions, etc.) by store image. It is the store image that drives the customer to be more loyal to the store.

Oliver (1999) opines that customer loyalty is a buyer's overall attachment or deep commitment to a product, service, brand, or organisation. The loyalty concept is similar in meaning to relationship commitment, which is described as an enduring desire to be in a valued relationship.

Subhash Sharma et al (1999) expresses that increasing customer satisfaction reduces costs of complaint handling, which in turn reduces operating costs. Monitoring customer satisfaction is one of the most important goals of a firm as research studies suggest that customer dissatisfaction is the overwhelming reason why customers leave a company.
Söderlund (1999) explored the links between customer satisfactions; repurchase intentions, purchase behaviour, and customer profitability. The analysis reveals a strong link between customer behaviour and customer profitability, while modest links exist between repurchase intentions and subsequent behaviour.

Bolton et al (2000) investigated the importance of store location and suggests that Department stores (e.g., limited assortment stores) may also be located at more convenient locations or locations, which facilitate multi-purpose shopping. Further found about the customer loyalty that Companies that offer loyalty reward programs believe that their programs have a long-run positive effect on customer evaluations and behaviour. However, if loyalty rewards programs increase relationship durations and usage levels, customers will be increasingly exposed to the complete spectrum of service experiences, including experiences that may cause customers to switch to another service provider. Generally, the goal of these programs is to establish a higher level of customer retention in profitable segments by providing increased satisfaction and value to certain customers. For example, many supermarket preferred shopper programs that are targeted toward heavy users. The managerial justification for these programs is that increased customer satisfaction and loyalty have a positive influence on long-term financial performance. In the long run, loyalty rewards programs encourage customers to become more demanding concerning product/service benefits and price.

Degeratu (2000) revealed that “It is likely that consumers in the traditional Supermarkets/Department stores are buying featured products even when there is little price
reduction”. Also suggest that the impact of price in choosing the store is highly complex and local in nature. It depends on many factors like demographic and other SERQUAL factors.

Machleit et al (2000) has shown that an increase in perceived crowding in a retail store (created from either human or spatial density) can decrease the level of satisfaction that shoppers have with the store. When the number of people, objects, or both, in a limited space (referred to as density) restricts or interferes with individuals’ activities and goal achievement, the individual will perceive that the environment is ‘crowded’. Perceptions of crowding are individual in nature; two different shoppers in the same store may perceive different levels of crowding depending on individual characteristics and situational constraints.

Menon and Dubé (2000) opine that it is an affective reaction in which the consumer’s needs, desires and expectations during the course of the service experience have been met or exceeded. Menon believe that detailed planning of these more interpersonal aspects of a retail strategy may be as critical to customer satisfaction and repeat purchase as the planning of store layout and merchandise.

Parvatiyar and Sheth (2000) found that Customer Relationship Management is a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer. CRM is all about maintaining a long term relationship with the customers for the mutual benefit of the store and customers.
Storback (2000) opines that, another important facet of CRM is “customer selectivity.” As several research studies have shown, not all customers are equally profitable for an individual company. The company therefore must be selective in tailoring its program and marketing efforts by segmenting and selecting appropriate customers for individual marketing programs.

Atul Parvatiyar (2001) states that Customer knowledge is so dynamic, and it changes rapidly. CRM starts with in depth knowledge of customers, their habits, desires, and their needs, by analysing their cognitive, effective behaviour and attributes. For the existence of a long term relationship between the store and its customers, the customer and store should be loyal to each other. The loyal customer will repurchase and have a willingness to recommend as well. A customer will repurchase in the same store only when his customer satisfaction level is high.

Bell et al (2001) analyzed the impact of retail price format on store choice, had identified three key metrics: (1) number of shoppers, (2) number of trips (Frequency of visits), and (3) average spending per trip (Purchase volume). Further insists that, pricing is central to retail decision-making: “Nothing is more important in business than getting the pricing strategy right”.

Bell, Ho and Tang (2001) observed on the premise that when choosing a store, consumers evaluate both the fixed and variable utilities of shopping. The fixed utility does not vary from trip to trip whereas the variable utility depends on the size and composition of the shopping list (basket size/purchase volume).
Binta Abubakar (2001) found that customers have become very demanding. Customer satisfaction is a mental state which results from the customer’s comparison of

a) expectations prior to a purchase with

b) performance perceptions after a purchase.

Also, investigated the customer satisfaction in Australian supermarket with the key factor for of ambience of the store satisfaction and found that the environment of the store is vital factor in customer satisfaction. Customer satisfaction now represents a central strategic focus for customer-oriented firms across diverse industries. Customer satisfaction is about customer expectation. If the performance of a service provider meets or exceeds expectations, then the customer is more likely to be satisfied. If the performance fails to meet expectations, then the customer is more likely to be dissatisfied. Also, Abubakar have designed to investigate customers’ satisfaction levels with a range of key elements, which contribute to the retail offer presented by an Australian supermarket chain. Factors of particular interest in a retail supermarket environment are ambience, friendliness of staff, specialised foods on offer, merchandise variety, prices, check out procedure and accessibility. Reputation is important whether it is for quality, for cleanliness or for freshness of produce. People care about reputation as a differentiator since most retailing is otherwise very similar. Access to the retail is important. This might refer to availability of parking and the associated costs. Large self-service retail chains cannot ignore the importance placed by customers on the attribute of service quality. Customers value friendliness and caring treatment and to succeed there is need to provide this especially in competitive market. The results suggest customer service, might be an important antecedent to customer loyalty and future patronage. Retailers should always keep in mind that customer expectations move continuously upward and that only satisfied customers were likely to remain loyal in the long run.
Josee Blomer (2002) found that store image have a positive impact on store satisfaction and it is a way a retailer could achieve this by appealing to consumers’ sensory perceptions of sight, sound, scent, taste and touch which covers in the physical aspect of the store.

Atul Parvatiyar et al (2002) suggest that “CRM represents an enterprise approach to developing full-knowledge about customer behaviour and preferences and to developing programs and strategies that encourage customers to continually enhance their business relationship with the company. Marketing scholars are studying the nature and scope of CRM and are developing conceptualizations regarding the value and process of cooperative and collaborative relationships between buyers and sellers. They are interested in strategies and processes for customer classification and selectivity; one-to-one relationships with individual customers; key account management and customer business development processes; frequency marketing, loyalty programs, cross-selling and up-selling opportunities; and various forms of partnering with customers including co-branding, joint-marketing, co-development, and other forms of strategic alliances”. Also Relationship marketing and customer relationship management are used interchangeably. The core theme of all CRM and relationship marketing perspectives is its focus on a cooperative and collaborative relationship between the firm and its customers, and/or other marketing factors.

Baker et al (2002) on store crowding suggests that crowding can trigger both perception of physical density and a negative emotional reaction to physical density (which leads to consumer dissatisfaction. This undesirable outcome is particularly accentuated when high levels of crowding are not expected and the individual has a low tolerance for crowding.
Blomer et al (2002) found that customers are more entitled to work stress and strain. Also that a consumer within a specific retail environment should feel happy, pleased and at ease. In fact, a retailer should create a positive ambience. One way a retailer could achieve this by appealing to consumers’ sensory perceptions of sight, sound, scent, taste and touch. Factors such as in-store background music, store display, scent, shop cleanliness, shop density or congestion and store personnel all make up the in-store shopping environment, among others. Theories imply that consumers attend to design, social and ambient environment cues when evaluating stores, because they believe that these cues offer reliable information about product-related attributes such as quality, price and the overall shopping experience.

Baker (2002) on store layout suggests that poorly designed stores (e.g., confusing product arrangement) may cause consumers to incur psychic costs and also it may reduce shopping pleasure and lead to deterioration of customers’ moods.

Gandhi et al (2002) analysed the relationship between consumers’ satisfaction, repurchase intention, and demographic characteristics like Sex; Age; Marital Status; Education; Income; Number of Children; and Employment. In the past decade, there has been a widespread realisation that satisfaction ratings may be a means to strategic ends, such as customer retention, that directly affect profits. For a firm interested in managing its customer acquisition strategy, it is important to identify characteristics of customers with higher levels of intrinsic retainability. Such customers represent a constant and consistent source of revenue for the company, may be ideal for testing new ideas and service features.
Jagadish (2002) found that the fundamental axiom of CRM is, or should be, that consumers like to reduce choices by engaging in an ongoing loyalty relationship with marketers. This is reflected in the continuity of patronage and maintenance of an ongoing connectedness over time with the marketer. It is a form of commitment made by consumers to patronize selected products, services and marketers rather than exercise market choices. When the consumers make such commitments, they repeatedly transact either the same marketer or purchase the same kind of products or services. Customer Relationship Management is a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer. It involves the integration of marketing, sales, customer service, and the supply-chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value. Further, opines that CRM should not be misunderstood to simply mean a software solution implementation project. Building relationships with customers is a fundamental business of every enterprise, and it requires a holistic strategy and process to make it successful. CRM represents an enterprise approach to developing full-knowledge about customer behaviour and preferences and to developing programs and strategies that encourage customers to continually enhance their business relationship with the company.

Rhee et al (2002) on the inter store mobility feels that while shoppers often patronize many stores, they typically have a primary affiliation to a “main store” that captures the majority of their purchases. More likely, shoppers are unwilling to give up the benefits of store-specific knowledge of assortment, layout and prices. Supermarket shoppers were relatively immobile in the sense that they are unlikely to make major changes in where they spend most of their money even in the presence of several competing alternatives. The longer a shopper continues with the current main store, the less likely a transition away becomes.
More the length of patronisation, more will be the affinity towards the store. Also suggests that the overall positioning of the store is critical to the ability to improve the customer franchise. A retailer wanting to actively target customers of a competitor should focus on a competitor of the same basic price format. Store location has some role to play as more convenient stores see less mobility overall.

Werner et al (2002) insisted that instead of focusing on loyalty alone, companies will have to find ways to measure the relationship between loyalty and profitability so that they can better identify which customers to focus on which to ignore. The notion is that the more loyalty programs a consumer has been enrolled in, the more likely it is that this consumer signs up for a particular program in a different industry. The decision to enrol may also depend on a customer’s loyalty to the store. Some customers may perceive potential privacy infringements of loyalty programs in general as a non-economic cost, leading to a decreased likelihood of loyalty program participation.

Kotler (2003) suggests that there are two ways to increase customer loyalty: create high switching barriers, i.e. cost of preferring another supplier, or deliver exceptional levels of customer satisfaction. Loyalty ultimately starts from how employees see their company, which is, in turn, the key to improving how customers perceive it. Thus increasing employee loyalty leads to improved customer loyalty. Firms can also increase loyalty by providing their customers with specific knowledge about how they work. Customers are more likely to spend for the firm that they are acquainted with, than to invest in unknown products/processes.

Solgaard et al (2003) observed that price level, assortment (brand availability) and store distance (location) appear as anticipated to be the important drivers for consumers’
choice between store formats. Price generally plays the decisive role in the positioning of grocery stores but service outputs, of course, also provide input for the positioning. Retailers can select a price format on a continuum ranging from every-day-low-pricing at one end to high-low-pricing at the other end, but high-low pricing formats generally also provides larger assortments and better service than every-day-low-pricing formats. Quality and service on the other hand do not differentiate between location and formats. For price the discount format appears to have the greatest influence, while the conventional supermarket format exerts the largest effect with respect to assortment. Concerning distance the hypermarket format seems to be the most sensitive and the least influential.

Bhatnagar and Ratchford (2004) explain that all the customers naturally, do not prefer a cheaper store or the one-stop convenience. A cheaper store might be offering lower levels of service, poor presentation, poor atmospherics conditions and even crowding, which might reduce the benefits drawn and increase the costs.

Bolton et al (2004) observed on loyalty program that customers acquired through channels with a price emphasis tend to be less loyal. A loyalty program alone can’t create wonders for a retailer. If the basics of product, pricing or location are not strong in themselves, a loyalty program is like a band-aid on a fracture.

Matzler et al (2004) emphases on quality and customer satisfaction are key drivers of financial performance. Further, satisfaction leads to increased loyalty, reduced price elasticity, increased cross-buying and positive word of mouth. Satisfaction is a consumer’s post-purchase evaluation of the overall service experience.
Miranda et al (2004) on customers’ shopping satisfaction, confirms that Retail firms often do not recognise that the elements that contribute to customer satisfaction are different from those factors that help sustain store loyalty and consequently do not separate their resources between the two sets. Unless retail firms remain vigilant to changing consumer behaviour patterns, they will not be able to tell apart the elements of the retail mix that could typically insulate their primary customers from responding to special competitive offers.

Yang et al (2004) suggest that Companies that strive for customer loyalty should focus primarily on satisfaction. Customer satisfaction remains a worthy pursuit among the consumer marketing community. Certainly, customer satisfaction is a critical focus for effective marketing programs. Among the more popular measures, two widely employed approaches are transaction-specific and cumulative or overall satisfaction. The transaction-specific approach defines customer satisfaction as an emotional response by the consumer to the most recent transactional experience with an organization.

Amit Joshi (2005) by establishing the relationship between customer satisfaction and brand loyalty found that customer satisfaction is positively related with brand loyalty in case of the chosen stores like Big Bazzar and Megamart. Further, suggests that more stringent efforts on the part of both the stores to enhance customer satisfaction and maintain their own image and identity in the eyes of the customers.

Gustafsson (2005) overall evaluations of performance (e.g., customer satisfaction) and the viability of competitive offerings (e.g., calculative commitment) in periodic surveys used to predict retention. Whereas customer satisfaction is commonly included in such surveys, calculative commitment is not. Calculative commitment helps capture the competitive
element that is often missing when predicting retention. Further, shows how important it is for the stores segment to invest in this factor. The explanation for this result is that from the point of view of the customer who repurchase at the same store, each specific transaction with a supplier serves as the basis for a satisfaction assessment. These specific assessments, in turn are assumed to result in an accumulated level of satisfaction. The accumulated satisfaction level is adjusted in light of each additional transaction so that it represents a continuously update account of customers’ relationship with suppliers. On customer retention and loyalty they suggests that customer satisfaction is the primary driver of retention and a firm should improve product or service quality or offer better prices. A store should either build more direct relationships with customers or build switching barriers in relation to competitors. Further reveals that to understand the complexity of customer loyalty, it is important to understand the valuations, attitudes, and intentions that affect behaviour.

Mithas et al (2005) stressed the importance of customer knowledge as one of the mediating mechanisms that explains the association between the customer relationship management implementation and customer satisfaction. Further, only the firms act on this knowledge by modifying service delivery or by introducing new services will truly benefit from their CRM. It is also stressed that firms may need to make changes in their incentive systems and institute complementary business processes to leverage CRM investments.

Richards (2005) opine that as more and more people are aware of the availability of different product brands, they would like to cherry pick their favourite brand. It has become an imperative to shelf different brands. Further claims that variety is a key competitive tool used by the retailers to differentiate themselves from rivals. The results show that retailers do indeed use both price and variety strategies to compete for their market share.
Sharad Borle et al (2005) suggests that one of the primary value propositions offered by many grocers is one-stop shopping; customers can find exactly what they are looking for without visiting multiple stores. Retailers fear that backing off from this principle could steer consumers to a competitor that continues to offer a broader product assortment. In today’s world it is very difficult to find time. Making the customer to spend more time in the store is a big task. Customers can be attracted and make them stay during the festival seasons by displaying many offers and gifts. Also by maintaining a good environment and a pleasing customer service one can make the customer to stay a longer time in the stores.

Sonia, (2005) found that the relationship between trust in the store brands and trust in the store is not significant in the case of supermarket and the reason maybe because these two kinds of trust are clearly lower for supermarket. Complaint handling does not engender trust in supermarket. The product packaging generates trust in the store brands, comfortable and nice surroundings reveals as an important signal and reputation especially engenders trust in the personnel and in the store. The warranty is positively related to trust in the personnel and trust in the store in supermarkets.

Damir Anić et al (2006) suggest that time spent in shopping is an important factor in determining how much the shopper will buy. The longer the shopper remains in a store, the more he or she will buy. More time available in the store will lead to more unplanned buying. Damir Anić defines Store density as the ratio of number of people to space. Store density is a part of the overall store environment and perceived density is a subjective estimate of the number of people in a space. Further Damir Anić opines that consumers commonly shop for groceries with list of items for purchase. The use of list represents some
degree of pre-shopping planning. Shopping plans are purchasing decisions made before entering the store. Those are purchases that involve a greater expenditure of money, time, or effort. He further argues that branding, promotion and location build brand awareness and purchase predisposition, those factors do not always translate into sales. Consumer purchasing decisions are frequently made at the point of purchase and may be heavily influenced by what takes place there. A great many factors contribute to purchase decision, including consumer characteristics, brand features and situational factors. By identifying those factors, retailers may improve store layout and design, merchandising, atmosphere and staffing decisions significantly. Those issues are a critical basis for developing competitive advantage in competitive grocery market. The outcome of the study emphasis that store environment, social surroundings, temporal perspective, shopping task and antecedent situational dimensions influence the amount of money spent and number of items purchased. Research results indicate that social surroundings, high perceived density and large-scale shopping were factors that significantly contribute to higher level of purchasing outcomes. The longer a shopper stays inside the store, the more she or he spent. Shopping outcomes were shown to be the highest on Saturday and for shoppers who patronized one or two stores as compared to other days and other shopper types respectively. It has been recognized that grocery shopping behaviour is different from mall shopping behaviour and thus food retailers should consider situational factors differently from retailers of other products. Customer loyalty expresses an intended behaviour related to the product or service. This includes the likelihood of future purchases or renewal of service contracts or, conversely, how likely it is that the customer will switch to another brand or service provider. Customers may be loyal owing to high switching barriers related to technical, economical or psychological factors, which make it costly or difficult for the customer to change supplier. Customer may also be loyal because they are satisfied with the supplier or product brand, and thus want to continue
the relationship. As most barriers appear to be of limited durability, companies tend to approach satisfaction as the only viable strategy in the long run.

Sonja Radas (2006) explains that In-store promotions have an important role in the grocery retailers' marketing efforts. Retailers use those short-term strategy variables to influence the sales of certain products and consumer purchases, and in particular to encourage unplanned purchases. Most common promotional devices used inside the grocery stores involve different forms of price reductions, in-store displays, brands advertised, free sample of merchandise, and couponing. Major shoppers did spend more time inside the store, did purchase more items, and did spend more money than fill-in shoppers. There were significantly more major shoppers who purchased more promoted items than fill-in shoppers, and purchased more on unplanned basis.

Varshney et al (2006) opines that Store location is a retailer’s most costly and long-term marketing-mix decision. Unlike a bad pricing or promotional decision, a poor store location adversely affects retailer performance for several years. We know that retailers prefer to locate close to consumers, but doing so exposes them to competition from other retailers that also want to be close to consumers. From the retailer’s point-of-view, proximity to consumers means proximity to other stores. It is evident that customer will out shop only when the total utility he draws is high enough to cover travelling cost, stress, and time cost, etc. And normally expects to get it only when purchases of larger value are made and is normally clubbed with large number of other activities

Haelsig et al (2007) suggests that branding can be especially important in the retailing industry in influencing customer perceptions, as well as in motivating store choice
and loyalty. Thus, the rise of the retailer as a brand is one of the principal trends in retailing and he refers to this phenomenon as “retail branding. According to Haelsig, successful positioning of an object (such as a retailer) is the result of the overall image of the retail store. The image of the department store is an important factor in deciding the selection of stores that has an impact on loyalty of the customer directly.

Nadene (2007) on the customer retention and brand availability simply puts that, retailers fear assortment reductions erode customer retention in analysing the supermarkets in Vietnam, insists on Service Personnel as the key factor impacting customer’s perception of service quality in supermarkets. By improving the performance of employees, supermarkets can increase customer’s satisfaction. Sales personnel actually represent their employers, the retailers. Excellent customer-salesperson relationships contribute to pleasant shopping experiences and reduce risk perception, especially during the final stages of the decision-making process. A customer-oriented approach that signifies empathy, expertise, and competence enhances customer satisfaction and store loyalty and encourages positive word-of-mouth communication. Store employee cues are expected to have a positive influence on merchandise quality perceptions. Also, on one-stop shopping customers can find exactly what they need and look for without visiting multiple stores, Marketers fear that change in this principle could turn away customers to a competitor who continues to offer a broader product assortment. On simple words, retailers fear assortment reductions erode customer retention.

Nguyen Dang Duy Nhat (2007) suggests that Customers are highly demanding in after-sales services. The complaint handling has a significant impact on discriminating loyalty groups. In fact, complaint handling has been considered to be an important tool for
managers to deal with failures, especially in the services sector, where customers evaluate a performance and not complain when they experience a service failure. In understanding the determinants in the selection of supermarkets in Vietnam, he saw the importance of store environment in selection of store and subsequent satisfaction.

Vieira et al (2007) proves that, “corporate image not only had a significant effect, but also a stronger effect on loyalty than customer satisfaction. Store image has a significant impact on the differentiation of the loyalty groups so that a better environment a better look of the store is associated with customer repurchase. Customer satisfaction has a positive influence on consumer loyalty. In analysing the factors influencing the customer loyalty, the study reveals that the satisfaction of the customer has the most positive influence in retaining and in increasing his loyalty. Complaint handling is the action taken by an individual which involves communicating something negative regarding a product or service to either the firm manufacturing or marketing that product or service, or to some third-party organisational entity. Price is a well known variable in the retailing context, especially in department stores in retaining and attracting new customers. Price is conceptualized as the price paid compared to quality received, price paid compared to other competitors and price paid compared to established expectations. Therefore consumers think about the price of the product and compare prices with those offered by competitors. Once individuals realize the price is lower than they expected and lower than that offered by the competitor, they tend to constantly repurchase products in the same stores. Therefore many stores have a price as a strategic tool to create reference points and increase loyalty among customers.

Ganguli Shirshendu et al (2008) found on drivers of customer satisfaction and loyalty in the Indian Retail Supermarkets that they were most influenced by pricing features like
price of the product, discount offers which establish the fact that India is still a highly price conscious market. The next influencing factor for customer satisfaction was ambience with store cleanliness, product staking and spacious floor area. The least influencer of loyalty was shopping convenience, as this factor does not matter once the customer becomes loyal. Customer satisfaction had a strong influence on loyalty, which means customers who were satisfied tend to continue shopping and recommend the retail store to others.

Indrayani et al (2008) found that price has a greater impact on brand loyalty. The study is more significant as it was done in India. Further, observed that a tendency to switch to another brand is greater when the price changes from 1 per cent to 2 per cent or from 9 per cent to 10 per cent. This action of consumers implies to marketing manager that every one digit of price changes on product pricing, will give effect on sales. This suggests to the marketing manager that every price change on product pricing, will give effect on sales volume. In the Indian context, price is the most influencing factor in deciding the volume of purchase.

Niraj et al (2008) found that the recognition of the fact that consumers make multi-category purchase decisions across a variety of contexts, for example, in grocery products (pasta and pasta sauce), durable goods (washer and dryer), financial products (stocks, bonds, mutual funds), etc. It is clear that manufacturers and retailers recognize the dependencies in consumers’ behaviours across related categories. Manufacturers’ utilization of cross-category promotions and retailers’ shelf-space allocation decisions across product categories within a store evidence this reality.
Sanjeev Tripathi et al (2008) stress the importance of store image for the consumers 
to select their choice of retail store and retail store formats. Further, Tripathi found that store 
choice is dependent on the timing of shopping trips, with consumers visiting smaller local 
store for short “fill-in” trips and larger store for regular shopping trips. Also on the sequence 
of the decision making process of the customer is that they select the store format first and 
the store choice comes second in order and select a particular store highly depends on the 
environments of the store.

Sinha (2008) found that the store choice behaviour (Store format choice) of shoppers 
has been found to be quite similar to the brand choice behaviour of the consumers, with a 
difference being the incorporation of the spatial dimension in store choice.

Bolten et al (2009) evaluated the antecedents and consequences of customer 
satisfaction and enthusiasm for small retailers based on the example of specialized organic 
stores. They suggest that overall customer satisfaction (CS) and customer enthusiasm (CE) 
influence sales performance. They also identified the influence on CS and CE as quality of 
products, customer service, shop atmosphere and location as main determinants of overall 
evaluation. They also found that the size of the store has no influence on CS and CE. 
Customer enthusiasm (CE) which is closely connected to word of mouth communication and 
shopping frequency. Customer enthusiasm is something the shop owner will achieve, if he or 
she can surprise the customer, e.g., with lower prices, a better shop atmosphere and a larger 
variety in the range of products on offer.

Mariri et al (2009) on in-store shopping environment on impulsive buying among 
consumers found that it can be implied, therefore, that poor people were more likely to do
impulsive buying for economic reasons rather than for hedonic reasons. As already highlighted, such price induced impulsive buying can be explained by the mental accounting activity which posits that an increase or decrease in the amount spent for an essential item on a given shopping trip (e.g., an unexpected increase in the price of milk) would increase or decrease the amount that is perceived to be available to spend on other goods, producing a congruent spill over effect.

Nishi Roy (2009) opines that a loyalty program as an integrated system of marketing actions that aims to make member customers more loyal. Customer satisfaction is a person’s feeling of pleasure or disappointment that result from comparing a product’s perceived performance (or outcome) to their expectation. If the performance fall short of expectations the customers is dissatisfied. If the performance exceeds expectation, the customer is satisfied.

Rajan Saxena (2009) suggest that loyalty is created by only when customers perceive fairness, equity, and transparency in his/her relationship with the seller. It is in the interest of the seller to convert more number if customers into loyal customers as they are the biggest engines of growth.

Reutterer et al (2009) about the store format attributes that impact on store format choice when consumers conduct fill-in or major trips to buy groceries. The results reveal a considerable moderating effect of the shopping situation on the relationship between perceived store format attributes and store format choice. Consumers’ utilities were significantly higher for discount stores and hypermarkets when conducting major trips. To the contrary, supermarkets were preferred for fill-in trips in the focussed retail market. Merchandise-related attributes of store formats have a higher impact on the utility formation.
regarding major-trips, whereas service- and convenience-related attributes do so with regards to fill-in trips.

Usha Rani et al (2009) on consumer shop selection among Chennaiites, opines that selection of the shopping store depends on many factors which may vary depending on demographic parameters of the consumer. Among other parameters, income of the buyers plays a major role. Lower income people were mostly influenced by the price and offer, whereas the higher income groups were influenced by quality, different brands, extended working hours and food courts in the stores.

Jayasankaraprasad (2010) on the food and grocery retailing in Hyderabad, India suggests that no single retail format in grocery seems to be the prime in meeting customer wants and needs. Customers first select a store format in grocery where they can save time, effort, and money. For bulk purchase, good ambience, location, visual merchandising and social experience were the significant predictors for the supermarket/departmental stores.

Jo-Ting Wei (2010) defined the concept of CRM as to make profit and to identify the profitable customers. The concept of customer relationship management (CRM) is to acquire and retain most profitable customers by understanding their values. It is the high value of the stores that retain the customers and makes the customer more loyal. When the industry becomes more competitive, it is important for a company to identify and retain high value and important potential customers.

Ishwar Kumar (2010) have emphasized that there is significant relationship between retail environment and consumer behaviour. They feel that advertising or other promotional activities are important in marketing the brand yet they do not create the desired store image
that leaves a lasting impression on the consumers. Customers may perceive feelings of discomfort and suffocation depending on their personal tolerance level and the amount of inventory that makes it difficult to move around or locate things within the store. The most important outcome that needs to be examined is the relationship between perceived crowding and customer value because customer value in a shopping is a function of customer satisfaction, and consequently, customer value leads to store image and patronage intention. Store's layout may communicate value by increasing search efficiency, comfort, inventory capacity, product quality, price, product displays, etc. Signage and window dressing is the face index of the store that can attract or repel customers from the store. Customers may develop associations of trust, value, quality of goods and services, price, warranty and guarantee, etc as they come across visuals such as signage, window dressing, logo, etc based on past shopping experiences. Availability of range of product is the most important reasons for the customers to patronize a particular outlet.

Kamaladevi (2010) opines that CRM uses profiling, micro-segmentation and predictive analyses to identify each customer’s figurative genetic structure. CRM uncovers the preferences and propensities of customers so that they can be nudged towards optimal profitability. The Consumer spending behaviour can be significantly influenced by the store atmosphere and the customer mood is what the study suggests. Further, the study reveals that, Customers require a store layout that maximizes the number of products seen within the context of a customers’ need for the product. Customers who experience a form of personal control, whether in orienting themselves to the store section they need to go to or in finding the products they want, generally feel good about the store. Good feelings lead to more purchases, especially if products are presented within a display that shows the potential usefulness of the product for them.
Sukumar (2010) explored the customer satisfaction towards departmental stores in Coimbatore, with the objectives of factors influencing the customer in purchasing and their overall satisfaction. The outcome of the study was that, customers were satisfied with the contributions made by the departmental stores and customers were interested in recommending the departmental stores to other prospective customers.

Aparna (2011) opines on store location and its impact on store patronisation, that convenient store location is fast gaining prominence in the world of organised retail. Customers’ prefer good convenient location which is more accessible and safety to travel in patronising the store.

Krishnamurthy (2011) analysed about the Chennai city grocery customers ‘Evaluating the perceptions and expectations of consumers, it can be seen that no dimension of service quality brings customer satisfaction’ is very vague and does not answer the problem. The gap score analysis was carried out and it was found that, the overall service quality is low as perceived by consumers in grocery stores and hence no customer satisfaction. Consumers have higher expectations than what they actually receive from grocery stores even though the difference is not wide. The overall perceived service quality is low as expectations exceed perceptions, meaning consumers desired more than what was offered to them. As a result of this gap, it is clear that consumers are not satisfied. Evaluating the perceptions and expectations of consumers, it can be seen that no dimension of service quality brings customer satisfaction as per the study.
Narasimha Rao (2011) emphasis that the CRM is a holistic approach and it is a philosophy of business for identifying and acquiring prospect customer, understanding prospect customers’ needs, increasing customer value, loyalty and retention, and implementing customer-centric strategies. A good Customer relationship management can ensure stores by keeping the current customers and attracting new customers.

Rajesh Kesari et al (2011) explains CRM as a business strategy that attempts to ensure every customer interaction. It always emphasize on building of ‘bond’ between customers and retailers right from the first interaction. CRM is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. It deals with all aspect of acquiring, keeping and growing customers.

Rajesh Rajaguru (2011) suggests that functional attributes facilitate the shoppers’ motive of hedonic and utilitarian value and interestingly, Indian supermarkets have the capability of offering hedonic and utilitarian value to shoppers, while the traditional markets are far behind. However, store appearance at both supermarket and traditional markets failed to motivate the shoppers shopping value. Retailers need to invest resources to modify the supermarket appeal to offer hedonic and utilitarian value to customer.

Satpathy (2011) emphasis that, price is the criteria for purchasing decision, as it should be within their budgeted limits for the Indian women purchasers and the semi-urban buyers are still unwilling to pay for value additions.

Shailesh et al (2011) suggests that the customer always enjoys shopping (unplanned) at shopping mall. They expect good quality and services from shopping malls. Good
customer service means more than sales staff being nice and attentive to the customer. The customer will not be happy unless the required goods are available in the store.

Thiruvenkadam et al (2011) deals only with the drivers for the consumer preference in selecting a retail outlet and not relating the consumer satisfaction and consumer expectation. Though some of the antecedents of SERVQUAL are considered in the study, not all the 22 factors were taken for analysis. Safety measure inside the store outlet which is high priority driver in store selection is not considered for study. There is a wide disparity in socio-economical status like educational level, income level etc among north, central and south Chennai which is not considered as a demographic factor in the study.

Thiruvenkadam et al (2011) opines that people who are found more price conscious and price sensitive will be switching stores only because of price. In competitive market the shop which provides the maximum value to its customers with minimum price will get a winning edge than the other stores, since, today’s customers are found more informed and always searching for information for getting better deals.

Vetrivel (2011) suggests that customers face the major problems like information about the free items, parking facilities, staff awareness about the product in display, inadequate staff training. Product quality and low price, product assortment, discounts and availability of the products were the key factors in selecting a FMCG retail store. Further opines that, there is only a moderate practice of CRM in the Erode district. Because of lack of information about the customer, the Retailers service level of the Erode consumers could not be improved.
Ramakrishnan et al (2012) found out the determinants of Retail Service Quality Model in departmental stores in Tamilnadu. The factors considered by the researchers were Physical aspect, Policy, Problem solving, Reliability, and Personal interaction. Further, found the RSQS model helps the retailers to understand the customers and to improve the service quality. Also, retailing applying multi-dimensional service quality scale developed and used internationally to South Indian retail settings need to understand the model factor structure and scale adaptation.

Majority of the parameters chosen as CRM measures and used in this study have well established antecedents. Constructs used in the study and their antecedents are given in the following table 2.1.

### Table 2.1 Antecedents for the Study Constructs

<table>
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<tr>
<th>Sno</th>
<th>Attribute name</th>
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<td>1</td>
<td>Stores reputation (Image)</td>
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<td>Store ambience</td>
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<td>Mariri Tendai et al</td>
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<td>Baker et al.,</td>
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| 4 | Product Assortment | Richards 2005  
Messinger et al 1997 |
| 5 | Price | Vieira et al 2007  
Dikson et al 1991  
Bell et al 1998  
Tripathi et al 2008  
Bell, Ho and Tang 2001  
David Bell et al 1998  
Indrayani et al 2008  
Solgaard et al 2003  
Solgaard et al 2003 |
| 6 | Willingness to recommend | Bell et al 1998  
Rust and Zahorik, 1993  
Parasuraman, Berry, and Zeithaml, 1991  
Miranda et al 2004 |
| 7 | Repurchase Intention | Zahorik et al 1995  
Gustafsson 2005 |
| 8 | Staff & employees | Nguyen et al 2007  
Baker et al., 2002  
Miranda et al 2004 |
| 9 | Location | Solgaard et al 2003  
Rhee et al 2002  
Miranda et al 2004 |
| 10 | Crowd | Damir Anić et al 2006  
Machleit et al 2000 |
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<td>20 Working hours</td>
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### 2.1 Research Gap

Customer Relationship Management plays a vital role in understanding the retail sector and customer satisfaction has become a crucial point of difference among departmental stores. Very less research studies had been done to analyse the customer behaviour in patronising departmental stores in Chennai city. Hardly there is any study considering the holistic approach of CRM to analyse the retail sector (particularly departmental store) in Chennai. Fourth biggest city in India is Chennai hence the demographic factors like income, occupation and qualification are not uniform across Chennai city. So, it is not possible to generalise CRM for Chennai city as a whole. No study has been done at micro level segmentation of Chennai city with all the CRM factors taken into consideration.

A new factor ‘Safety & security’ has been used as a measure to quantify customer satisfaction in this study apart from the major factors like Physical aspect, Reliability, Policy, Complaint handling and Personal care. Other elements of CRM in retail sector like the ‘Store Format Choice’, ‘Store Patronisation’ and ‘Share of wallet’ which has not been considered in the previous studies were done in the current research study.

Primary aim of any business is to increase profit and to stay in the business for a longer term. Therefore, vision and mission of any retail business organisation will be to increase their profit. The business profit is achieved by increased number of customer base or
retaining the existing customer whose life time value is beneficial to the organisation. It is not only the retention of the customer will increase the profit of the organisation, but it is the increase in share of wallet of the retained customers that will contribute to the organisation’s profit growth. To make the customers to spend more, the customer must be more satisfied and in the delighted stage. To make the customer delighted, he should be highly satisfied with product and services of the organisation. To make the customers satisfy, it is highly imperative that one should thoroughly understand the needs and wants of the customers. So to understand customers, segmenting plays an important role.

This study starts with analysing the current patronisation level of organised sector in Chennai city. This will help in understanding the potential of Chennai grocery industry in the organised sector category. Secondly, identifying the cohort of prospect customers based on their demographic and geographic segmentation. Thirdly, to understand the customers’ expectation and their current level of satisfaction. Finally, to assess the loyalty programs to find the effectiveness and means and ways to increase their share of wallet by way of understanding and measuring the customer value.