

## **A Study of Sales Promotion Mix on Customer Satisfaction With Reference to Shopping Malls in Indore**

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### **Abstract**

The retailing sector in India has undergone significant transformation in the past 10 years. The organized retail industry in India is to grow 25-30 per cent annually and would triple or four times in size by 2016. Retailing is gradually inching its way towards becoming the next boom industry. The customer satisfaction process is a complex phenomenon. The purchase of goods or services includes a number of factors that could affect each decision. Customer satisfaction is more complex and even more important for retailers today than in past. The objectives of this study were to investigate the effects of sales promotion mix on customer satisfaction in shopping malls of Indore city and to study the variations in these factors across different demographic variables. Mall intercept survey was conducted to study of sales promotion mix on customer satisfaction in shopping malls of Indore city. The sample included 175 active mall shoppers. The sales promotion mix on customer satisfaction were identified by a structure questionnaire and captured in 5 factors of sales promotion mix. These sales promotion mix factors were Lucky and Bumper offers, Frequent and Warranty Offers, Monetary and Quantity Benefit Offers, Gift and Exchange offers and Discount offers. The study will help the managers of shopping malls to understand the underlying sales promotion factors on customer satisfaction of the shoppers in the malls and help them to craft their marketing strategies. Profiling customers by their choice of sales promotion mix provide more meaningful ways to identify and understand various customer segment and to target each segment with more focused marketing strategies.

**Keywords:** customer satisfaction, sales promotion mix, shopping malls, organized retailing

## Introduction

Promotion is the process of marketing communication to inform, persuade, remind and influence consumers or users in favor of product or service. Promotion has three specific purposes. It communicates marketing information to consumers, users and resellers. In this process the promotional mix includes four ingredients: 1) Advertising; 2) Publicity; 3) Personal Selling; 4) Sales Promotion. The term Promotion – Mix is used to refer to the combination of different kinds of promotional tools used by a firm to advertise and sell its products. It is one of the four aspects of promotional mix. Sales promotions are specific efforts that are designed to have an immediate impact on sales. Sales promotion refers to many kinds of incentives and techniques directed towards consumers and traders with the intention to produce immediate or short term sales effects. The everyday definition of retail and organized retailing can be described as the act of selling of goods and merchandise from a fixed location. An important aspect of the current economic scenario in India is the emergence of organized retail. There has been considerable growth in organized retailing business in recent years and it is poised for much faster growth in the future. Major industrial houses have entered this area and have announced very ambitious future expansion plans.

Customer satisfaction, a term frequently used in marketing, is a measure of how products and services supplied by a company meet or surpass customer expectation. Organizations need to retain existing customers while targeting non-customers. Measuring customer satisfaction provides an indication of how successful the organization is at providing products and/or services to the marketplace. Customer satisfaction is measured at the individual level, but it is almost always reported at an aggregate level.

## Review of Literature

**Anselmsson Johan (2006)**, this paper was developed and validates a conceptualization of shopping mall satisfaction based on field studies in Sweden. They had observed that Customer satisfaction with a shopping centre may be viewed as an individual's emotional reaction to personal evaluation of the total set of experiences encountered at the shopping centre. Also, customer interactions with shopping centre establishments involve a variety of different activities. Researcher had taken 8 factors to find out the customer satisfaction.

**Bromley Rosemary D. F. & Matthews David L (2007)**, this paper was researched specially for those wheelchair customers who were unable to discuss earlier about their shopping experience in various shopping malls and super market. So, this paper was again a searching of customer satisfaction but in separate segment or demographic area.

**B. Kamaladevi (2010)**, Survival of fittest & fastest is the mantra of today's business game. To compete successfully in this business era, the retailer must focus on the customer's buying experience. To manage a customer's experience, retailers should understand what "customer experience" actually means. Finally; in conclusion there are some fundamental points: Customer Experience Management is not simply an old idea in a new wrapper.

**Goff C. Brent, Boles S. James, Bellenger N. Danny & Stojack Carrie (1997)**, The main objective of this paper was to examine of one non product related construct on consumer satisfaction with a major retail purchase. In the present research, researcher have assumed that the customer satisfaction and their product evaluation not only depend on product performance but the also on the interaction with the sales person's and their efforts, they have also focus on that salesperson is now the basic need of retail sector for getting the customer satisfaction.

## **Research Methodology**

### **Objectives of the Study**

- To examine the combined effect of sales promotion schemes on customer satisfaction with reference to shopping malls in FMCG sector.
- To find the effects of sales promotion schemes on customer satisfaction with reference to various demographic variables.

**Data Sources:** To design the structured questionnaire the 18 items of customer satisfaction are taken from extensive study of sales literature viz. journals of marketing, international journals of marketing, various business review and marketing management magazines etc.

### **Hypothesis**

- **Null Hypothesis  $H_0$  (1):** There is no significant impact or difference in mean satisfaction level of customers because of various sales promotional factors according to various demographic variables.
- **Alternative Hypothesis  $H_0$  (1):** There is significant impact or difference in mean satisfaction level of customers because of various sales promotional factors according to various demographic variables.

**Sample and Design:** The design of the present study is descriptive as well as empirical in nature. The main purpose of the study is to find the impact of sales promotion mix on customer satisfaction in shopping malls in Indore city. The sample size is 175 customers. The sample comprised of the respondent above 20 years age & having experienced of shopping from shopping malls and also sales promotion mix. The independent variables comprises of education, age, sex, occupation, income and location.

**Data Collection:** The questionnaire is split into three sections. First section deals the demographic factors, Second section related to 18 sales promotion factors. The questionnaire had given five point scales rating Highly Dissatisfied to Highly Satisfied and comparative weights one to five, where five is the highest rank. The data collected from customer of different shopping malls later classified on the basis of age, education, sex, income, Location and occupation.

**Tools for Analysis:** In the application of statistical tool, cares has been taken and draw a real picture without any manipulation. Factor analysis and ANOVA test

applied to minimize the factors to find their effectiveness & variances. The statistical package like SPSS (version 17) used, MS – Excel also used for analysis. The levels of significance were tested of five percent level.

**Limitations:** There are several limitations that warrant future research. The study has been conducted in Indore city of Madhya Pradesh, India. The result of the same, if conducted in other part of the country may vary. It is because a country like India has geographically, economically, socially and culturally very different in terms of areas. This difference is too significant to be ignored. Good and bad mood of customers or respondents that was experienced during study that would have influenced their responses. Normally all customers were seemed in hurry because of their busy schedule so questionnaire also would have influenced their response.

### Data Analysis and Result Discussion

Factor analysis was adopted to capture the sales promotion mix on customer satisfaction in shopping malls. Table 1 summarizes the results of the factor analysis which was run using the Principal Component Approach with a varimax rotation.

**Table 1:** Result of Factor Analysis

<b>Factors Label and Items</b>	<b>Rotated Factor Loadings</b>
<b>Factor 1: Lucky and Bumper offers</b> Contests, Scratch Card, Lucky Draw, Annual Rating point on permanent card, Anniversary/Festival Schemes	<b>.666, .780, .680, .705, .665</b>
<b>Factor 2: Frequent and Warranty Offers</b> Weekly/Monthly offers, Spot/ Movement Offers, Product Warranties	<b>.858, .747, .636</b>
<b>Factor 3 : Monetary and Quantity Benefit Offers</b> Refunds/Cash Back, Bonus/Extra, Free Gift, Sampling	<b>.821, .708, .574, .550</b>
<b>Factor 4: Gift and Exchange offers</b> Buy one Get one free, Stock clearing Sale, Exchange offers	<b>.606, .820, .590</b>
<b>Factor 5: Discount Offers</b> Discount /Cash Discount	<b>.690</b>

Bartlett's test of sphericity and Kaiser-Olkin (KMO) measure are adopted to determine the appropriateness of data set for factor analysis. High value (between 0.5 to 1) of KMO indicates that the factor analysis is appropriate, low value below the 0.5 implies that factor analysis may not be appropriate. In this study, the result of Bartlett's test of

sphericity (0.00) and KMO (0.863) indicates that the data are appropriate for factor analysis. In the present study total 175 respondents participated in the survey.

All the five factors together accounted for 70.2% percent of the total variance. Barteltt’s test of sphericity = 0.00, Kaiser – Meyer – Olkin KMO= 0.863

In this study, factor analysis was carried out in two stages. In stage one; known as the factor extraction process, objective was to identify how many factors to be extracted from the data. Using principal component analysis, 18 items were extracted by five factors. Only the factors having latent roots or eigen value greater than 1 were considered significant; all factors having eigen value less than 1 were considered insignificant and were discarded. All the five factors together accounted 70.2% of the total variance..

**Factor 1: Lucky and Bumper offers:** The factor measures the luck based schemes and festival offers from different sales promotion mix on customer satisfaction of Indore city’s customers in our sample. Customers who score high on this factor are very luck conscious. They are very conscious to try their luck and get best benefits for the products they buy. They always check and compare the lucky and bumper offers before purchasing the products in the shopping malls. They even go to more than one store to get best bumper offer for the product they buy. Table 1 indicates that; the highest loading (0.780) item in this factor is “Scratch Card”.

Table 2 revealed that the significance values of F for sex, age, education are greater then 0.05. So they do not have significant impact on lucky and bumper offers. Only occupation and income have impact on lucky and bumper offers. In our sample, in Indore city students (mean=16.3) are more conscious in lucky offers than service, business class and housewives. Students (mean=16.2) those who are depended on their parents, have used luck by chance offers more than, any other working customers of any income group in Indore city.

**Table 2 :** Effects of Various Demographic Factors on Customer Satisfaction With Respect to Sales Promotion Mix

	Age		Sex		Education		Occupation		Income	
	F	Sig	F	Sig	F	Sig	F	Sig	F	Sig
<b>Factor 1:</b>	.819	.485	.088	.767	2.480	.087	5.843	.001*	5.670	.000*
<b>Factor 2:</b>	1.476	.223	.513	.475	1.778	.172	3.504	.017*	3.154	.016*
<b>Factor 3:</b>	.526	.665	.010	.920	1.713	.183	3.941	.009*	3.747	.006*
<b>Factor 4:</b>	.284	.837	1.456	.229	5.514	.005*	1.860	.138	2.754	.030*
<b>Factor 5:</b>	1.480	.222	9.553	.002*	5.498	.005*	4.326	.006*	3.516	.009*

**Factor 2: Frequent and Warranty Offers:** This Factor reflects the frequent offers dimensions of customer satisfaction with respect to sales promotion mix of Indore city in our sample. Indore customers consider spot movement offers and warranties of the product while purchasing the products in shopping malls. It is very important for them to take best. Customers who score high on this factor perceive the new offers every

week and they are willing to make special efforts to choose products with the very best weekly offers. Table 1 indicates that the highest loading (0.858) item in this factor is “ Weekly/Monthly Offers”

Table 2 indicates the effects of various demographic variables on customer satisfaction according to Indore city. This indicates that the significant value of F for age sex and education are greater than 0.05. So, Indore city’s customers do not have significant impact on frequent and warranty offers with respect to these demographic variables. Occupation and income have impact on frequent and warranty offers in Indore city. In our sample in Indore city students (mean = 11.4) are more conscious in frequent offers than housewives, service and business class customers, who comparatively less use this type of offers. Students (mean = 11.2) those, who are depended on their parents have used frequent and warranty offers more than upper middle class customer 3-4 lacks P.A.(mean = 10.5) and the customers, of other income group are less conscious about these type of offers in Indore city.

**Factor 3: Monetary and Quantity Benefit Offers:** This factor measures the monetary and quantity benefit offers which gives customer satisfaction to Indore’s customers in our sample. Customers who score high on this factor are conscious of quantity and cash and do not want to take risk, they just want something extra or refund facility for getting satisfaction. They always appreciate and use such type of offers which give extra or cash back facility. Even for getting this type of customer satisfaction they go to more then one store, to get better cash back or monetary or quantity offers. Table 1 indicates that; the highest loading (.821) item in this factor is “Refunds/Cash Back”.

Table 2 indicates the effects of various demographic variables on customer satisfaction in accordance to Indore city. This indicates that the significance value of F for age sex, education and occupation are greater than 0.05. So, Indore city’s customers do not have significant impact on monetary and quantity benefit offers with respect to these demographic variables. Only income has impact on monetary and quantity benefit offers in Indore city. In our sample in Indore city students (mean=7.6), those who are depended on their parents are more conscious to take monetary or quantity benefits in shopping malls than any other income group.

**Factor 4: Gift and Exchange offers :** This factor measures the Gift and Exchange offers, which gives customer satisfaction to Indore’s customers in our sample. Customers who score high on this factor are very conscious of gift and exchange offers and they can even change their brands or shopping malls for getting gift or exchange offers, they just want gifts or exchange on same product for getting satisfaction. They always appreciate and use such types of offers which give gifts. Even for getting this type of customer satisfaction they go to more then one store, to get better gifts and exchange offers. Table 1 indicates that; the highest loading (.820) item in this factor is “Stock Clearing Sale”.

Table 2 indicates the effects of various demographic variables on customer satisfaction according to Indore city. This indicates that the significant value of F for age, sex and occupation are greater than 0.05. So, Indore city’s customers do not have significant impact on Gift and exchange offers with PG (mean =11.8) and customers those who are depended on their parents i.e. students (mean =11.6) are more

conscious or want these types of offers than to any other education and income group for getting satisfaction in shopping malls in Indore city.

**Factor 5: Discount Offers:** The customer satisfaction with respect to sales promotion mix identified by this factor is that Indore's customers always driven by discount product. Table 1 indicates that; the highest loading (0.606) item in this factor is "Discount offers".

Table 2 revealed that the significance values of F for only age is greater than 0.05. So they do not have significant impact on discount offers. Sex, education, occupation and income have significant impact on discount offers, in which female customers those are UG and students and dependent to their parents have more effect on customer satisfaction by discount offers in Indore city.

## **Conclusion**

The objectives of this study were to investigate the customer satisfaction with respect to sales promotion mix in shopping malls and to study variations in the customer satisfaction with respect to sales promotion mix across different demographic variables.

Following the study of Anselmsson Johan (2006), Bromley Rosemary D. F. & Matthews David L (2007), Goff C. Brent, Boles S. James, Bellenger N. Danny & Stojack Carrie (1997), Sproles and Kendall (1986), an attempt was made to profile the customer satisfaction in shopping malls. They all have identified many factors related to sales promotion mix ; from which we have selected 18 factors of sales promotion mix and tried to measure the customer satisfaction in shopping malls. With the help of factor analysis we have found five new factors are lucky and bumper, frequent and warranty monetary and quantity benefit, gift and exchange, and finally discount offers. In addition, this study shows that the average customer of Indore city in our sample was not very sale promotion conscious, but students are quite conscious about any type of sales promotion mix factors. It is found that; students, those are dependent to their parents and whose age is between 20-30yrs, UG students are more conscious about sales promotion in shopping malls for getting customer satisfaction. Shopping is funny activity for them. Young customers are most recreational in their shopping.

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