

COMPETITIVE PRESSURE AND CUSTOMER SATISFACTION WITH SPECIAL REFERENCE TO INDIAN RETAIL BUSINESS

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Abstract

Retailing industry plays an active role in developing and developed country in overall development of country and it has contributed considerably to raise the employment level and GDP. The contribution of the retail organization depends upon the competitive pressure of retail business and the competitive pressure of retail business ensures quality product, latest technology, wide market, appropriate marketing strategy and increases the overall capability of organization. However, the paper is attempted to study the competitive pressure and customer satisfaction.

Key words – Competitive pressure and customer satisfaction

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Introduction

The retail industry plays significant role in the economic development of the country and it is the larger among all the industries for over 13% of the GDP and more than 8% of the employment sector. The sector has come forth as one of the most dynamic and fast paced industries with several players entering the market. The retail industry and retail market has been getting much importance over a period of time and it is a vital to the world economy under globalized business environment. The modern retail industry is booming across the world in the form of big bazaar, supermarkets and hypermarkets etc. have been played an important role in distribution of food related products to ultimate users. However, every modern retail business

wanted to become highly competitive in terms of capital, customers, employees, products, strategy and market share in order to survival for long time in a particular line of business. The competitive pressure of the organization decide the satisfaction of the customers because the competitive pressure of organization ensures good quality products, fair price for products, fair customer services, innovative products and different innovations in different activities of business, latest technology for production of product, customer management, attainment of customer complaint, true advertisement, proper decision

about product mix, marketing mix, selection of right mode of distribution channels, appropriate strategy for handling the unexpected problems relating to marketing of goods and services etc. However, this paper attempted to study the relationship between competitive pressure and customer satisfaction.

Concept of Competitive Pressure

Competitive pressure is the pressure, the organization feels when competing against other organizations to win over competitors or to achieve a goal. This is possible to organization through degree of product substitutability, less number of competitors, generic strategy, endogenous market structure, strong competitive ability, ability to cost cut down in all organizational activities and wide market for organization products etc. The competitive pressure of organization provides customers greater value, either through lower prices or by providing additional benefits. Moreover, the competitive pressure of organization

Customer satisfaction

Consumer is the important segment of the economic cycle of the country as other development activities they are center point. In the competitive economy, the consumer decides the success or failure of business either by buying or not buying the product. However, consumer satisfaction is a post consumption evaluative judgment concerning

a specific product or services. It measures of how do products or services supplied by an industry to meet customer and it depends on the product's perceived performance relative to a buyer's expectations. If the product's performance falls short of expectations, the customer is dissatisfied. If performance matches expectations, the customer is satisfied. If performance exceeds expectations, the customer is highly satisfied and delighted.

Statement of Research Problems

The competitive ability of retail business depends upon different factors like sound business environment, quality product, latest technology, wide market and capability of organization etc. **M.E. Porters** argue that the competitive position of industry depends upon five factors viz., threats of new entrants, threats of substitute, rivalry among existing competitors, bargain power of supplier and bargain power of buyer. All the five factors jointly determine the intensity of industry competition and profitability, but the strongest forces become crucial from the point of view of strategy formulation. However, the earning of handsome profit from retail business under changing business environment is not an easy task because the retail business does not operate in a space but interact with rivals through product, technology, strategy, with superior business activities, constant competitive interactions with other organization, struggling to gain customers, expand market shares, fight for survival etc. In view of this satisfying customer is a critical. **Fornell** (2001) pointed out that satisfied customers may be the most consequential of all economic assets; indeed, they may be proxies for all other economic assets combined. **Post, Preston, & Sachs**, (2002) they opine that customers are a key stakeholder group that affects the firm's legitimacy and long-term survival. **Young, Smith, & Grimm**,(1996) argues that competitive dynamics of organization which affect a firm's customer satisfaction. **Bresnahan**,(1989) opined that market structure may influence a organization pricing behavior, it may also affect a firm's provision of customer satisfaction. When customers

have more choices, firms have an incentive to improve customer satisfaction by offering higher-quality goods, better service, and lower prices in order to maintain their market share. **Chuang** (2004) examine the impact of local competition on customer satisfaction ratings in the fast food industry. They find that the number of rivals in the local market has a positive effect on customer ratings of overall satisfaction, customer service, and loyalty. **Rust and Zahorik** (1993) opined that customer satisfaction through quality of service leads to increased customer retention of existing customers and a reputation effect attracting new customers implies a positive relation between customer satisfaction and market share. **Babakus** (2004) argues that there is a link between customer satisfaction and product and service quality within retail stores. However, the retail business facing many hurdles like tough competition , poor infrastructure , lack of advanced technology, absence of proficient manpower , inadequate funding , always rise in fuel price , lack of adequate transportation , lack of distribution channels linking tier IInd cities , rising in operational cost , weak retail supply chain , disparities of culture and tastes , several regulation imposed on retail sector etc., due to these problems most of the retail business not able to perform their retail functions up to mark and it affect on customer satisfaction. With this back drop the study assumed great importance to study on competitive pressure and customer satisfaction in Indian retail.

Objectives of the Study

1. To identify the reasons responsible for to develop the competitive pressure in organization.
2. To identify the ways which followed by retail organization to develop the competitive pressure in business.
3. To examine the relationship between competitive pressure and customer satisfaction.
4. To suggest the model on the basis of findings of the study to ensure the competitive pressure and satisfy the customers.

Sources of Data

The study based on primary data. The primary data collected from the sample employees of organized retailing and customers of selected retail outlets in Karnataka to know the status of competitive pressure and customer satisfactions.

Sample Size

The sizes of organized retailers are very large in Karnataka. The organized retailers

Employee Opinion and Essential of Competitive Pressure

Competitive pressure manifests itself in a wide-range of economic and societal phenomena and is an agent of structural and societal change and it affects organization behaviour and performance through a variety of ways.

Table 1 Employees Opinion towards Essential of Competitive Pressure

Respondents	Strongly Agree	Agree	Moderate Agree	Not aware	Total
Male	30(50.85)	20(33.90)	8(13.56)	1(1.69)	59(47.2)
Female	25(37.88)	24(36.36)	15(22.73)	2(3.03)	66 (52.8)
Total	55(44)	44(35)	23(18)	4 (03)	125(100)

Sources: Field Survey

Note (1) Figures in parentheses indicate percentage to total

Table 1 reveals the opinion of employees towards essential of competitive pressure. Out of 125 sample respondents‘ 59 respondents constituting 47.2% were male, among them 30 respondents strongly agree about essentiality of competitive pressure , 20 respondents agree about essentiality of competitive pressure , 8 respondents moderately agree about

located have in different places of Karnataka viz., Bangalore, Mangalore, Belgavi, Hubli and Mysore and in other district in Karnataka also working organized retail outlets. For system study the study has adopted a convenient sampling method and selected three cities like Bangalore, Belgavi and Hubli and selected 125 employees‘ respondents and 525 customers‘ respondents.

competitive pressure and 1 respondents stated that not aware about the concept of competitive pressure. 66 respondents were female among them 25 respondents strongly agree about competitive pressure, 24 and 25 respondents moderately agree and moderately agree.

Area which needed to Develop Competitive Pressure

The profitability of organization depends upon performing of different activities of organization, generally the retailing organization performing activities viz., product related

Table 2 Area which needed to develop the Competitive Pressure

Area	Strongly Agree	Agree	Moderate Agree	Total
Product related Area	60 (48)	40(32)	25(20)	125(100)
Marketing Related Area	67(53.60)	45(36)	13(10.40)	125(100)
Manpower related Area	70(56)	50(40)	05(4)	125(100)
Finance Related Area	50(40)	55 (44)	20(16)	125(100)
Customer Related Area	61(48.80)	40(32)	24(19.20)	125(100)
Other	20(16)	69(55.20)	36(28.80)	125(100)

Sources: Field Survey

Note (1) Figures in parentheses indicate percentage to total activities, market related activities, man power related activities, finance related activities and customer related activities. Here an attempt is made to study the opinion of employees towards area in which

needed to develop the competitive pressure. For this purpose the five areas has taken viz., product related area, marketing related area, manpower related area, financial related area .customer related area and other. Majority of sample respondents are strongly agree about

development of competitive pressure in above cited areas.

Reasons Responsible for Competitive Pressure

The intensity of competitive pressure purely based on various reasons and these reasons decide the competitive ability of organization. Table 3 gives information reasons responsible for competitive pressure. Nearly 80% of sample respondents strongly agree about develop the competitive pressure to acquire customers and improve the market share, 90% of sample respondents strongly agree about to develop the competitive pressure because of to improve the

Table 3 Reasons Responsible for Competitive Pressure

Reasons	Responses				Total
	Strongly Agree	Agree	Moderate Agree	No answer	
Desire to acquire customers and improve the market share	80(64)	30(24)	15(12)	-	125(100)
Improve the capability of organization to face the competition	90(72)	20(16)	10(8)	5(4)	125(100)
Ensure quality product and competitive price	95(76)	15(12)	15(12)	-	125(100)
Diversification of products and organizational activities	50(40)	70(56)	5(4)	-	125(100)
Improve the financial positions	85(68)	25(20)	15(12)	-	125(100)
Get the advantage over competitors	95(76)	15(12)	5(4)	10(8)	125(100)
Improve the Bargain Power	80(64)	30(24)	10(8)	5(4)	125(100)
Other	78(62.40)	22(17.60)	15(12)	10(8)	125(100)

Sources: Field Survey

Note (1) Figures in parentheses indicate percentage to total capability of organization to face the competition, 95% of sample respondents strongly argue that to development of competitive pressure for the purpose of to ensure quality product and competitive price, 70% of sample respondents argue that the development of competitive

pressure for the purpose of diversification of products and organizational activities, and more than 80% of sample respondents stated that the organization develop the competitive pressure for the purpose of improve the financial position , get the advantages over competitors and improve the bargaining power etc.

Sources of Competitive Pressure

The competitive pressure plays vital role in retailing organization because it has different role such as it ensures desire product, desire services, improved customer services, different and variety of products etc., here an attempt is made to study the opinion of employees about sources of competitive pressure.

Table 4 Sources of Competitive Pressure

Sources	Responses				Total
	Strongly Agree	Agree	Moderate Agree	No answer	
Quality and Differentiation of Product	100(80)	20(16)	5(4)	-	125(100)
Fvourable Business Environment	70(56)	30(24)	15(12)	10(8)	125(100)
Reasonable Price and Demand of Product	95(76)	15(12)	15(12)	-	125(100)
Systematic Marketing Research and innovation	80(64)	30(24)	10(8)	5(4)	125(100)
Location and Labour advantage	75(60)	30(24)	20(16)	-	125(100)
Utilization of resources and Cost Reduction	95(76)	10(8)	15(12)	5(4)	125(100)
Organizational Values and Culture	60(48)	30(24)	25(20)	10(8)	125(100)
Advanced Technology	95(76)	15(12)	15(12)	-	125(100)
Restructuring of Business	85(68)	25(20)	15(12)	-	125(100)
Customer Oriented Business Culture	96(76.8)	20(16)	9(7.20)	-	125(100)
Capable Manpower	98(78.4)	20(16)	7(5.60)	-	125(100)
Absolute Cost Advantage	80(64)	20(16)	25(20)	-	125(100)
Innovative Practices	90(72)	28(22.4)	7(5.60)	-	125(100)
Other	70(56)	30(24)	25(20)	-	125(100)

Sources: Field Survey

Note (1) Figures in parentheses indicate percentage to total

Table 4 provides information about sources of competitive pressure. 80% of sample respondents strongly agree that the quality and differentiation of product is one of the important sources for competitive pressure, 70 respondents strongly agree that favourable business environment is another important sources of competitive pressure, 95 respondents argue that reasonable price and demand of product is popular source of competitive pressure, 80 of sample respondents stated that systematic marketing

research and innovation is another sources of competitive pressure and more than 80 % of sample respondents argue that some other ways the organization has to ensure competitive pressure of organization viz., location and labour advantage, utilization of resources and cost reduction, organizational values and culture, advanced technology, restructuring of business, customer oriented business culture, capable manpower, absolute cost advantage and innovative practices.

Competitive Pressure and Out Come

Competitive pressure arises from the interaction of firms with their competitors on the marketplace; however, here an attempt is made to study the outcome of competitive pressure.

Table 5 Competitive Pressure and Out come

Out Come	Opinion of Customers				Total
	Strongly Agree	Agree	Moderate Agree	Not Agree	
Reliable and Quality Product	110(88.0)	15(12.0)	-	-	125(100)
Readiness to Serve the Customers	90(72.0)	20(16.0)	10(8.0)	5(4.0)	125(100)
Immediate Delivery	100(80.0)	10(8.90)	10(8.0)	5(4.0)	125(100)
Adequate Staff With Professional Skills	90(72.0)	20(16.0)	05(4.0)	10(8.0)	125(100)
Easily Accessible Services	80(64.0)	30(24.0)	10(8.0)	10(8.0)	125(100)
Fair Behaviour	101(80.8)	19(15.2)	-	5(4.0)	125(100)
Appropriate Service Equipment	95(76.0)	25(20.0)	-	5(4.0)	125(100)
Appropriate Location	110(88.0)	15(12.0)	-	-	125(100)
Service that is fast and Well Managed	70(56.0)	30(24.0)	15(12.0)	10(8.0)	125(100)
Personnel Contacts	75(60.0)	25(20.0)	10(8.0)	15(12.0)	125(100)
Supportive Services	90(72.0)	25(20.0)	10(8.0)	-	125(100)
Competitive Price	120(96.0)	5(4.0)	-	-	125(100)
Prompt Customer Services	80(64.0)	20(16.0)	15(12.0)	10(8.0)	125(100)
Customer Delight	85(68.0)	15(12.0)	25(25.0)	-	125(100)
Attainment of Customer requirements	110(88.0)	10(8.0)	5(4.0)	-	125(100)

Sources: Field Survey

Note (1) Figures in parentheses indicate percentage to total

Table 5 gives information about competitive pressure and outcome. 110 respondents strongly agree and they opine that due to competitive pressure the reliable and quality product come out, 90 respondents stated that competitive pressure ensure readiness to serve the customers, 100 respondents felt that the competitive pressure ensures immediate delivery of product, 90 sample respondents opined that the competitive pressure

facilitates adequate staff with professional skills , 110 respondents opined that the competitive pressure facilitates appropriate location to business , 95 respondents stated that the competitive pressure facilitates appropriate service equipment, 110 respondents opined that the competitive pressure facilitates to attainment of Customer requirements etc.

Competitive Pressure and Customer Satisfaction

Customer satisfaction is more important for any types of business because customers are an important part of any business; they are deciding the success or failure of business. Satisfaction

Table 6 Competitive Pressure and Customer Satisfaction

Out Come	Opinion of Customers				Total
	Male		Female		
	Satisfied	Unsatisfied	Satisfied	Unsatisfied	
Quality Product/services	342(86.6)	53(13.4)	108(83.1)	22(16.9)	525(100)
Quick Services	320(81.1)	75(18.9)	101(77.6)	29(22.4)	525(100)
Price	250(63.3)	145(36.7)	78(60.0)	52(40.0)	525(100)
Behaviour of staff	280(70.8)	115(29.2)	91(70.0)	39(30.0)	525(100)
Easily Accessible Services	130(32.9)	265(67.1)	40(30.7)	90(69.3)	525(100)
Technology	320(81.1)	75(18.9)	100(76.9)	30 (23.1)	525(100)
Parking Facilities	199(50.3)	196(49.7)	32(24.6)	98(75.4)	525(100)
Attainment of Customer requirements	240(60.7)	155(39.3)	90(69.2)	40(30.8)	525(100)
Variety of Product	338(85.5)	57(14.5)	95(73.1)	35(26.9)	525(100)
Different Branded Product	289(73.1)	106(26.9)	99(76.1)	31(23.8)	525(100)
Reliability	301(76.2)	94(23.8)	79(60.7)	51(39.3)	525(100)
Warranty	345(87.3)	50(12.7)	79(60.7)	51(39.7)	525(100)
Customer education about product	315(60)	210(40)	94(72.3)	36(27.7)	525(100)

Sources: Field Survey

Note (1) Figures in parentheses indicate percentage to total of customer state that organization is competitive and capable to defeat the rivals. more than 60 % of customers satisfied about various aspects viz., quality

product/services, quick services, price, behavior of staff, easily accessible services , technology, attainment of customer requirements, variety of product, different branded product, reliability, warranty and customer education about product.

Table 7 Age and Opinions of Customers towards Services of organized Retailing

Response	Below 20	20-30	31-40	41-50	51 & above	Total
Satisfied	52(86.7)	124(91.1)	140(90.3)	83(81.3)	54(73.6)	450(75.3)
Un satisfied	8(13.3)	12(8.9)	15(9.7)	19(18.7)	18(26.4)	75(24.7)
Total	60(11.4)	136(25.9)	155(29.5)	102(19.4)	72(13.8)	525(100)

Sources: Field Survey

Note (1) Figures in parentheses indicate percentage to total

Table 7 provides information about age and opinions of customers towards services of organized retailing. The calculated value of Chi-square amounting 14.26 and table value 9.49 at 4 degree of freedom for 5% level of significance. Thus it is clear that, the

calculated value of X^2 (14.26) is much greater than table value (9.49), it means there is positive a relation between age and satisfaction of customers towards services of organized retailing.

Table 8 Educational levels & opinions of Customers towards organized Retailing

Response	Illiterate	Primary	Secondary	Degree	Other	Total
Satisfied	22 (73.3)	122(87.2)	115(8.8)	158(87.7)	37(74)	450(75.3)
Un satisfied	8 (27.7)	18(12.8)	14(11.2)	22(12.3)	13(26)	75(24.7)
Total	30(5.7)	140(26.7)	125(23.8)	180 (34.3)	50(9.5)	525(100)

Sources: Field Survey

Note (1) Figures in parentheses indicate percentage to total

Table 8 reveals the educational level & opinions of customers towards services of organized retailing. At 5% level of significance, the calculated value of chi-square

amounting 12.94 and the table value 9.49 for 4 degree of freedom. It is clear that, the table value is greater than calculated value, hence, the null hypothesis, rejected; it means there is

a significant relation between educations levels & satisfaction of customers towards services of organized retailing.

Table 9 Occupational levels & opinions of Customers Towards organized Retailing

Response	Govt. Service	Business		Professional		Total
Satisfied	107(88.4)	164(86.3)	65(86.7)	86(90.5)	28(63.4)	450(75.3)
Un satisfied	14(11.6)	26(13.7)	10(13.3)	9(9.5)	16(36.3)	75(24.7)
Total	121(23.1)	190(36.2)	75(14.3)	95(18.1)	49(8.3)	525(100)

Sources: Field Survey

Note (1) Figures in parentheses indicate percentage to total

Table 9 reveals the occupational levels & opinions of customers towards services of organized retailing. The calculated value of chi-square amounting 21.12 and table value 9.45 at 5% level at significance, for 4 degree

of freedom. From the above, it is clear that, the table value is smaller than calculated value; it means there is a significant relation between occupational levels & satisfaction of customers towards services of organized retailing.

Table 10 Level of Income & opinions of Customers towards organized Retailing

Response	Below Rs.50000	50000-100000	100000-150000	150000-200000	200000 & above	Total
Satisfied	27(67.5)	66(77.7)	97(87.3)	108(90)	152(89.8)	450()
Un satisfied	13 (32.5)	19(22.3)	14(12.7)	12(10)	12(10.1)	75()
Total	40()	85()	111()	120()	169()	54()

Sources: Field Survey

Note (1) Figures in parentheses indicate percentage to total

Table 10 gives information about level of Income and opinions of customers towards services of organized retailing. At 5% level of significance, the calculated value of Chi-square amounting 20.9 and table value 9.45 at

4 degree freedom for 5% level of significance. The table value is less than calculated value; it means observed free are not following the expected frequency .Therefore, the relationship between level of income and customers satisfaction.

Conclusion

In recent past the retail sector in India is witnessing a huge revamping exercise as traditional markets make way for new formats such as departmental stores, hypermarkets, supermarkets and specialty stores etc. And domestic retailers are becoming more firmly entrenched, increasing their scale of operations and stabilizing their logistics and technology initiatives. In addition to that the retail organization have contributed lot towards GDP , employment sector , increases the standard of living of the people of society, provide different goods and services , wide market for sale of goods and services , facilities win-win situation, provide livelihood security to around million people etc.. However, still the retail organization not able to fully satisfied all customers requirements due to many hurdles viz. , tough competition,

poor infrastructure, lack of advanced technology, absence of proficient manpower, inadequate finance, always rise in fuel price, lack of adequate transportation, lack of distribution channels linking tier iind cities , rising in operational cost, weak retail supply chain , disparities of culture and tastes, several regulation imposed on retail sector, tough competition among retailers etc., , these hurdles adversely impact on retail organization and it turned to dissatisfaction of customers. In view of this the organization needed to develop competitive pressure in different activities of organization in order to satisfy the customer needs. This may possible through progressive policies of retail organization, appropriate plan of actions, favourable political environment, adoption of appropriate technology, trained and skilled

man power, improved transportation facilities, proper education about product, fair and competitive price, improved infrastructure, customer care and positive response towards customer problems, appropriate marketing research , utilize available opportunities, selection of appropriate mode of distribution, scientific and less cost advertisement, appropriate marketing mix, reduction of overall cost of organization, adequate parking facilities to customers and regular supply of quality produced.

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