

Perception of Customers towards Employees in Organised Retail Sector



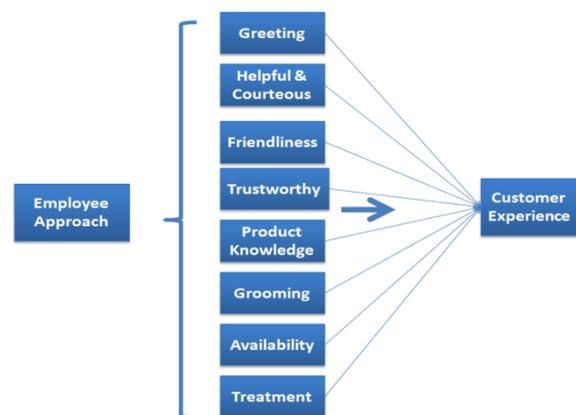
Sabu K. Nair, B. Chandrachoodan Nair

ABSTRACT: In India, retail sector has transformed as one of the most fast growing and very vibrant industry. In global retail industry ranking, India holds fifth position, Organised retail sector in the country has got 9% of market share in overall retail sector. Kerala being a biggest consumer market state in the country, future for the expansion of organized retail has a strong path way to expand further. The main objective of this study is to examine the importance of employee approach in the organised retail sector and to examine the perception of customers in organised retail sector towards the approach of store employees at the time of shopping. The study has been carried out in major retail chains in Kerala, which has got national presence. Stores such as Big Bazaar, Aditya Birla More, RPG Spencers, Reliance Fresh and Nilgiris were selected to perform the study. This study was conducted among 326 customers who visited the mentioned stores. The response were captured by administrating a structured questionnaire. The findings of the study shows that employee approach is significantly important to enhance customer experience in organised retail sector. The study examines that helpful and courteous approach of employees plays a vital role to enhance customer experience in organized retail sector.

Key words: Organised Retail, Customer Perception, Employee Approach, Customer Experience

Store proximity and personalized customer service management are the four important drivers which influence the customers choices for selecting a store to shop. So it is really important to observe the approach of store employees towards the customers in a retail environment. Better employee attitude would drive the total financial growth and stability of the retail organization since the customer experience would be at a peak leading to positive customer behavior which leads to high spends and brand advocacy.

Fig 1. Employee Approach - Customer Experience model



I. INTRODUCTION

Retail Industry in India has marked its presence as most fast paced and dynamic sector in the economy. Kerala with its huge tourism prospects, high literacy rate, high disposable income group, rising percapita income, and technological penetration has a great advantage in terms of a leading retail revolution. According to industry experts, a growing demand in retail sector and being a consumer market state Kerala is growing with high pace in the total retail space of the country. Organised retail market in Kerala is dominated by government owned supplyco stores, Cooperative societies owned margin free stores and other local chains (Ashokan and Hariharan, 2008). The shopping habits of Kerala customers have changed by the arrival of new generation organized retail stores like Big Bazaar, Spencers, Aditya Birla More, Nilgiris etc. The entry of new players have made the market more competitive which also influenced the change in customer demands. Due to high customer demands, fulfilling the customer experience is one of the important challenge and a key differentiator in the organised retail sector. Products, Price,

II. LITERATURE REVIEW

According to Siddiqi, K. O. 2011, In retail banking sector service quality attributes are positively related to customer satisfaction and customer satisfaction is positively related to customer loyalty. Long W Lam & Dora C Lau 2008, describes store staff carefulness is important for retail stores to become locally responsive, and the store responsiveness is directly linked to satisfaction of retail customers. Harris, K. et al. 2001 observed that customer interaction and participations can be enhanced by improving the physical accessibility to the staff of the retail store. Customer loyalty is important in retail context. Leanne H.Y. Too, Anne L. Souchon & Peter C. Thirkell 2001, depicted that relationship marketing efforts are the key factors to improve customer commitment towards the brand and loyalty. Thomas et. al, 1998 observed that routine work nature of the store employees were the factors that mitigated the impact on a store's efficiency. According to Teck-Hong and Waheed 2011, In the organised retail sector, customer relationship is directly related to store employees and this customer handling is one of the controlling factor in the success of a retail organisation. Sales personnel in the store directly deal with their customers, thus the employee approaches like behaviours, treatments, and attitude towards the customers are important.

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*Correspondence Author(s)

Sabu K. Nair, Research Scholar, School of Management Studies, Noorul Islam Centre for Higher Education, Thucklay, Tamilnadu, India.

Dr. B. Chandrachoodan Nair, Former Professor & Director, School of Management Studies, Noorul Islam Centre for Higher Education, Thucklay, Tamilnadu, India.

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Approach of the store employees will determine the loyalty of customers towards the retail store. According to Vilares and Coelho 2004, customers perceive the value of the product and services based on the employee loyalty and commitments which they experience at the time of shopping. The effect of employee attitude changes and behaviours are well perceived by customers and it impacts customer satisfaction and faithfulness. Nickson, Warhurst, and Dutton 2005 observed that customers judge service quality on both tangible and intangible aspects. Key within this process of determining service quality are front line employees and a number of organisations are increasingly viewing their employees as offering competitive advantage in relation to both the delivery and quality parameters of service. As defined by Bartel et al. 2003, business units with positive employee attitudes are significantly more likely to have higher sales and revenue performance compared to units which is having negative employee attitudes. Maxham et al. 2008 conducts some simple simulations that shows how changes in employee performances enhance average customer evaluations; and how changes in customer evaluations raise average customer spending and comparable store sales growth. The employee job perceptions and performances “ripple thru the system” to affect customer spending and store sales growth. The Employees of an organization are now viewed as a very imperative part in management of brand as they facilitate the interface between an organization and the consumer market, Harris and Ogbonna 2000. Employees constitute the main interface between a brand’s internal and external environment and can have a powerful impact on how consumers perceive the brand and the organisation, Schneider and Bowen 1985. According to George 1990, Organisations need to communicate what the brand stands for in order to encourage the employees to deliver the brand promise and management support is considered to be the single most important component in guiding employee behaviour.

III. PROBLEM STATEMENT

The perception of the customers towards the approach of store employee in organised retail industry have appeared fairly in some of the literatures but many of the studies and researches has not detailed on various aspects of employee

approach. No specific study on this subject has been undertaken in the organized retail sector with special reference to Kerala.

OBJECTIVES OF THE STUDY

- To study the importance of employee approach in organised retail sector.
- To understand the perception of customers towards approach of employee in organised retail sector.

IV. METHODOLOGY

To fulfil the objectives of the study, primary data has been collected from 326 customers who visited various organized retail stores in main cities of Kerala such as Thiruvananthapuram, Cochin & Kozhikode by administering a structured questionnaire. The stores are selected by adopting stratified random sampling method. Statements related to sub variables of employee approach such as greetings, helpful & courteousness, friendliness, trustworthy, product knowledge, grooming, availability and treatment were included and scaled in the questionnaire by adopting Likert 5 point scale where 1= Strongly Disagree, 2= Disagree, 3=Neither Agree nor Disagree, 4= Agree, 5= Strongly Agree. Secondary data for the study were collected from retail company reports, various magazines, refereed journals, Internet and other relevant records of selected companies. Reliability of the questionnaire related to the study has been measured by internal consistency (Cronbach’s α is 0.888). Mean and standard deviation were used to analyse the perception of customers towards the employees in organised retail stores. Statistical tools used are descriptive analysis and one sample t-test.

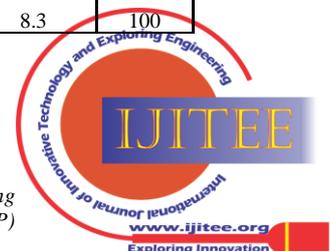
V. ANALYSIS & INTERPRETATIONS

Statements in the below table (Table.1) were derived from a larger list of various customer surveys adopted by various retail organisations and from the literature. The statements were made to measure eight indicators such as helpful & courteousness approach, friendliness approach, trustworthy approach, product knowledge, grooming, availability of the employee, treatment and greeting. The responses against each statements were captured in 5 point Likert scale as below

Responses of Customers

Table.1

Sl No	Statements		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
1	The employees are helpful and courteous.	Count	4	9	60	221	32	326
		%	1.2	2.8	18.4	67.8	9.8	100
2	The employees are friendly.	Count	3	13	83	201	26	326
		%	0.9	4	25.5	61.7	8	100
3	I can trust the employees at the store.	Count	4	19	80	198	25	326
		%	1.2	5.8	24.5	60.7	7.7	100
4	Store employee are knowledgeable, able to share product information.	Count	6	27	90	176	27	326
		%	1.8	8.3	27.6	54	8.3	100



5	The employees are well groomed.	Count	5	48	72	168	33	326
		%	1.5	14.7	22.1	51.5	10.1	100
6	There is an employee available when I need them.	Count	7	48	58	190	23	326
		%	2.1	14.7	17.8	58.3	7.1	100
7	I am treated like a valued customer.	Count	14	49	97	140	26	326
		%	4.3	15	29.8	42.9	8	100
8	Store staff greets me while entering the store.	Count	29	86	77	114	20	326
		%	8.9	26.4	23.6	35	6.1	100
Employee Approach		Count	72	299	617	1408	212	2608
		%	2.8	11.5	23.7	54	8.1	100

The below table (Table 2) shows descriptive statistics regarding employee approach indicators influencing the customer experience. Mean and standard deviation of the items measuring employee approach like greetings, helpful & courteousness, friendliness, trustworthy, product

knowledge, grooming, availability and treatment are shown. The statement “The employees are helpful and courteous “ is the most significant item with customer experience index of 76.4.

Perception of the Organised Retail Store Customers towards the ‘Employee Approach’
Table.2

Sl. No.	Items Measuring the ‘Employee Approach’	Mean	Std. Deviation	Customer Experience Index (%)
1	The employees are helpful and courteous.	3.82	0.69	76.4
2	The employees are friendly.	3.72	0.71	74.4
3	I can trust the employees at the store.	3.68	0.75	73.6
4	Store employee are knowledgeable, able to share product information.	3.59	0.83	71.7
5	The employees are well groomed.	3.54	0.92	70.8
6	There is an employee available when I need them.	3.53	0.9	70.7
7	I am treated like a valued customer.	3.35	0.97	67.1
8	Store staff greets me while entering the store.	3.03	1.103	60.6
Employee Approach		3.53	0.65	70.7
Cronbach’s alpha (α) = .888				

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Out of various statements provided employee helpfulness and courteousness is more significant. The above table (Table 2) shows majority of customers feels as “The employees are helpful and courteous” in nature, and it is the most influencing indicator (mean score: 3.82, customer index score : 76.4) followed by the statement “The employees are friendly” (mean score: 3.72, customer index

score : 74.4) while “Store staff greets me while entering the store” is the least influencing indicator (mean score 3.03 customer index score : 70.7).

The following table (Table 3) shows the result of one sample t test of various items measuring Employee approach in organised retail sector.

One-sample t- test Results for Testing the Perception of the Organised Retail Store Customers towards the ‘Employee Approach’

Table. 3

Sl. No.	Items Measuring the ‘Employee Approach’	Hypothesised Value = 3					
		T	df	p-value (One-tailed)	Mean Difference	95% Confidence Interval of the Difference	
						Lower	Upper
1	The employees are helpful and courteous.	21.59	99	<.001	0.82	0.75	0.9
2	The employees are friendly.	18.35	99	<.001	0.72	0.64	0.79
3	I can trust the employees at the store.	16.3	99	<.001	0.68	0.6	0.76
4	Store employees are knowledgeable, able to share product information.	12.77	99	<.001	0.59	0.5	0.68
5	The employees are well groomed.	10.64	99	<.001	0.54	0.44	0.64
6	There is an employee available when I need them.	10.67	99	<.001	0.53	0.44	0.63
7	I am treated like a valued customer.	6.54	99	<.001	0.35	0.25	0.46
8	Store staff greets me while entering the store.	0.5	99	0.308	0.03	-0.09	0.15
Employee Approach		14.77	99	<.001	0.53	0.46	0.6

Table No. 3 shows one sample t test results for the evaluation of the mean score of the eight items reflecting the ‘Employee Approach’ dimension of the customer experience in the organised retail shops in Kerala was significantly different from 3, which is the mean value for neutral situation. The test results indicated that the population mean score for the overall Employee approach dimension was significantly different from 3, $t(325) = 14.77, p < .001$. The sample mean of 3.53 (SD = 0.65) indicates that the organised retail customers in Kerala, on an average, perceived a moderately better experience with regard to the store employees approach. The test results for the eight indicators of the Employee approach (People) dimension of the customer experience also gave the same conclusion.

VI. CONCLUSIONS

The findings identify several indicators that have been reflected in the existing literature in relation to customer perception towards employee approach. The results of the study depict that employee approach is significantly important to enhance customer experience. Out of eight indicators studied, “helping and courteous approach” of the retail employees is identified as one of the major indicator to improve instore customer experience. This study will be useful for the organisations in the retail sector to understand the importance of employee approach. Organisations in retail sector needs to evaluate employee approach, Invest time, money and sincere efforts on developing its employee.

Employee approach does affect the way the store staff treats the customers, good approach would ensure a happy and loyal customer base, resulting in more business and higher spending from the customers.

VII. LIMITATION AND FUTURE RESEARCH

The study is conducted in limited retail stores pertained to certain cities in Kerala. The scope of the study is limited to the sample size. The study can be further extended to organised retail stores managed by state government and can be studied the stores located in all other districts of Kerala.

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AUTHORS PROFILE



Sabu K. Nair, Research Scholar, School of Management Studies, Noorul Islam Centre for Higher Education, Thucklay, Tamilnadu, India.



Dr. B. Chandrachoodan Nair, Former Professor & Director, School of Management Studies, Noorul Islam Centre for Higher Education, Thucklay, Tamilnadu, India.