

## Customer Satisfaction in the Retail Industry: The 4Ps of Marketing Mix

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### ABSTRACT

The success of any business entity is not mainly influenced by its employees or any internal factors, but significantly determined by the level of customer satisfaction due to the products and services offered by that particular business. Fortunately, marketing mix can be used as each elements of it is designed to meet customer's needs and satisfaction. This study was conducted to examine the relationship between marketing mix and customer satisfaction at a Hypermarket in Kuala Terengganu. Four elements of marketing mix were discussed namely price, product, place and promotion. The data was collected from set of 381 questionnaires. All the questionnaires were distributed to a Hypermarket's customers in Kuala Terengganu. The finding reveals that there is a positive relationship between all four marketing mix elements (price, product, place and promotion) and customer satisfaction at a Hypermarket in Kuala Terengganu. Hence, in providing effective element of price, product, place and promotion, retail industry particularly should aware on which elements of marketing mix that highly influence customer satisfaction.

**KEYWORDS:** Marketing Mix, Customer Satisfaction, Hypermarket, Price, Product, Place, Promotion.

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### INTRODUCTION

The success of any business greatly influence by satisfaction of its customer [7]. It is important for the business to not only continuously refining the business output but emphasis in providing value to its customers as well. This is imperative in order for the business to continuously growth and succeed. The level of success of that particular business portrayed by the number of customers business has, thus become the reason why customer satisfaction is vital for any business entity. Giving data from the [18], the Entry Point Projects (EPP) sounds for the setting up of 61 hyper-stores, 163 superstores, and 356 supermarkets within the next 10 years. In [21] data revealed that the hypermarkets in Malaysia have dramatically increased from 79 to 91 outlets between 2009 and 2010. This trend is expected to increase in the near future due to sustained urbanization and the increasing middle class in Malaysia. As predicted by Retail Group Malaysia, the expansion rate for Malaysia retail business is 4% in 2016. More foreign retailers inspired to invest and build their retail stores within shopping malls in Malaysia due to liberalization of Malaysian retail industry in recent years. With the capability of huge and local shopping malls in Malaysia to offer variations of goods and services, it seems to attract more buyers constantly [23]. Additionally, they will remain to attract great number of shoppers.

Constant development of hypermarket in Malaysia has risen the rivalry in the hypermarket industry. Mydin, Jusco, Giant, Tesco and Carrefour are among the hypermarket available in Malaysia. In order to increase its competitive advantage, Malaysia hypermarket require to implement the serious strategy for instance by focusing and consider the marketing mix elements that can influence customer choices. Additionally, by examine which marketing mix elements that can give significant impact than the other element thus increase the level of satisfactions among customers may also increase the competitive advantage. Thus, this study aimed to identify how significance the concept of marketing mix practiced by a Hypermarket in Kuala Terengganu affect its customer's satisfaction and therefore offer success to the Hypermarket business performance [5].

### LITERATURE REVIEW

#### Marketing Mix

According to [3] marketing mix is initiating from the single P (price) of microeconomic theory. Marketing mix is merely a conceptual framework and not a scientific theory that used by managers for decision making [22] process in shaping their offerings to suit customers' need. To build and improve both long-term and short-term strategies, the tools can be used [15].

To create a desired marketing strategy, every company has a selection of modifying, subtracting or adding the combination of marketing mix which comprises of four elements namely 4Ps (product, price, promotion and place) [4]. In [9] has identified two significance of marketing mix. First, marketing mix is the

main tools used to allow one to see that the marketing manager's job is in a large part, a matter of trading off the benefits of one's competitive strengths in the marketing mix against the benefits of others. Second, it aids to disclose alternative aspect of the marketing manager's job.

### **Price**

As argued by [20], price is the vital factor in influential customers' satisfaction. In [10] describe price as the amount of money charged for a product or service, or the total value that consumers exchange for the benefits of having or using the product or service. The most vital dimension of customer repurchase intentions is price [16]. Finding from the study make by [17] supported that rather than other attributes, price is the important basis for customer when decided to buy certain products. Therefore, company should careful plan their price because if the price is too high buyers will avoid the product, as they will believe it to be too expensive. While, the customers may assume that there is something wrong with the product if the price offered to be so cheap [12]. In [2] also found that price play a significant elements in marketing mix structure because organization may not make enough profit because of the low price offered. Hence, a reasonable price need to be offered to customers so that they will buy the product and the profit of the organization may increase.

### **Product**

Product is some goods or services that organization or company offers in the market [19, 4]. In [14] defines product as something that can be offered to the customers for attainment, consideration, consumption and satisfies someone's need. In [4] states that products may often fail due to failure to match the product offered with the customers' needs, inconsistency branding and design problems. Retailers could offer unique and exclusive attributes of products that differentiates their product from their competitors, since the product is the core of the marketing mix plan. Quality and design of product are the elements of well receipt of such product by customer.

In [1] also suggested that to rise organizational growth and profit, few product strategies can be adopted by an organization for instance market dissemination, product expansion, market advances and diversification.

### **Place**

How a company will allocate the product or service, which they presenting to the consumer is described as place strategy [4]. In [13] stated place as supply channels, warehousing facilities, method of transportation and inventory control management. Location may affect the success or failure for a retail enterprise since a good location is associated with costs, competitors and target market hence act as an instrument through which goods and services are transported from the service provider and manufacturer to customers [8]. According to [4, 14], the allocation of place requires effective spreading of the firm's products among the networks of marketing for instance wholesalers or retailers.

### **Promotion**

Promotion can be considered as activities that communicate the overall product which include advertising, sales promotion, personal selling, direct marketing, events and involvement and public relations. In [4, 14] promotion is essential part of business and is a fundamental element of the total promotional process. Promotion aids to make prospective customers reactive to the many choices offered concerning products and services. The benefit of such product and service should be clearly communicated to the target market for such product to be successful. In [11] stressed that marketing strategies need communication program, since it plays three vital roles. First, it provides guidance and information. Second, the target customers can be persuaded by merits of a specific product and last encouraging them to take action at specific times".

### **Customer's Satisfaction**

In [3] reveals that customer satisfaction is the degree to which a customer sees an individual, firm or organization has effectively provided a product or service that meets the customer's needs by which the customer is aware of and/or using the product or service. Additionally, as explained by [3], the practice of assessing customer satisfaction is about to acquire profit and competitive advantage. In [30] further stated that by measuring customer satisfaction, it enables the business to identify how well the business process is working and recognize the area of improvement.

## **METHODOLOGY**

A set of 450 questionnaires were distributed with the return rate of 85%. Self-delivered approach has been used to collect the data in which the process of answering the survey questions was self-administrated by the respondent but with the supervision of the researcher. The questionnaire was designed to be close-ended and consists of six (6) sections including demographic section. The questionnaire in Section A, B, C, D and E was

instructed in five-point Likert Scale format, which were 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree. Section A focused on the price, Section B consisted of the items related to product, Section C identified the place element and Section D covering from the element of promotion offered by Hypermarket in Kuala Terengganu. Section E on the other hand, focused on the customer satisfaction resulted from the price, product, place and promotion offered by Hypermarket in Kuala Terengganu. Descriptive and inferential statistics were used to analyse the data. The descriptive statistics include mean and frequency while the inferential statistics include Pearson Product-Moment Correlation Coefficient. The following hypotheses were generated:

- H1: There is a significant relationship between price and customer satisfaction at Hypermarket in Terengganu.
- H2: There is a significant relationship between product and customer satisfaction at Hypermarket in Terengganu.
- H3: There is a significant relationship between place and customer satisfaction at Hypermarket in Terengganu.
- H4: There is significant relationship between promotion and customer satisfaction at Hypermarket in Terengganu.

### RESULTS AND DISCUSSION

The descriptive statistics for respondent profiles indicated that more than half of the respondents (54.6%) were from the age 20-29 years old. On the other hand, majority of the respondents (56.4%) were married. In the context of gender, most of the respondents (66.4%) were female and majority of them (88.5%) were Malays. From the analysis, it shows that the largest group of respondents was from university level which carries the percentage of 51.2% respondents. 61.7% of the respondents were from the private sectors and earned the salary of RM3000 and above. More than half of the respondents shopped for less than once per week and they spend about RM100-RM299 for every visit to Hypermarket. Majority of them (97.6%) has visited Hypermarket for shopping while others for dining meet friends and other purposes.

Table 1: Correlation analysis (n=381)

Variables	Mean	Standard Deviation	Pearson Correlation
Price	2.9977	0.54	0.616**
Product	3.1280	0.64	0.864**
Place	3.4026	0.62	0.785**
Promotion	3.1270	0.60	0.825**
Customer Satisfaction	3.1020	0.65	

\*\*Correlation is significant at the 0.01 level (2-tailed)

Pearson Product-Moment Correlation Coefficient was used to assess the relationship among variables (independent and dependent variables). The result shows in the Table 1 indicating that independent variables are statically significant with the p-value of 0.000 at 0.01 significant levels. As can be seen from the Table 1, product formed the highest Pearson Correlation analysis with  $r = 0.864$  indicating that product has positive and high correlation with marked relationship toward customer satisfaction. Besides, promotion ( $r = 0.825$ ) also interpreted to has positive and high correlation with marked relationship toward customer satisfaction. Other than that, the result also indicated that place has positive and high correlation with marked relationship with customer satisfaction with the value of  $r = 0.785$ . However, price has the lowest correlation strength when compared to other three elements with the value of  $r = 0.616$ . This value indicates that price has positive moderate correlation with substantial relationship with customer satisfaction. Based on the finding, the result indicates that all the variables (price, product, place and promotion) have positive correlation with customer satisfaction respectively when referred to the strength of association. Thus, the findings confirm the four hypotheses formulated for this study that there is a significant relationship between price, product, place and promotion with customer satisfaction at Hypermarket in Kuala Terengganu.

### CONCLUSION AND RECOMMENDATIONS

Due to the substantial numbers of hypermarkets, supermarket and other retails store in Malaysia, great competition occur in the retail industry. This will increase the importance of customer satisfaction and at the same time may attract more customers, hence increases business income. As customers are always expecting retailers satisfy their expectation, the awareness of customer satisfaction is vital. Findings revealed that all the marketing mix elements have significant and positive relationship with customer satisfaction at a Hypermarket in Kuala Terengganu which supported four hypotheses in this study. According to the findings, product offered by the Hypermarket has the highest impact on customer satisfaction followed by promotion, place and price. The findings which prove the existence of significant relationship between the variables in this study has been

supported by other research made before in which price, product, place and promotion offered by particular business particularly hypermarket has a direct impact on customer satisfaction. Therefore, it is very importance for every hypermarket particularly Hypermarket in Kuala Terengganu to concerned with presenting and delivering all the four elements of marketing mix in the way that can capture the attention and satisfaction of its customers. In providing effective element of price, product, place and promotion, the management of particular hypermarket should aware on which elements of marketing mix that highly influence customer satisfaction.

Provide analysis that products has the highest correlation with customer satisfaction, it can be concluded that customer were more satisfied when they were offered with a product variety, high product quality, high durability, attractive packing and well-known product. Besides, the elements of place which concerned on conduciveness, clean, more parking space, convenient operating hours, large aisle and good facilities were also contribute to higher customer satisfaction of the hypermarket customers. Apart from product and place, it is also suggested that the importance of promotion in contributing to overall customer satisfaction. The customers were more satisfied when they were offered with effective and intensive promotional and advertising activities. It is also important for hypermarket management to notify that advertisement and promotional made must be informative and creative enough to attract attention and influence customers shopping behavior. In providing satisfaction through price offered, hypermarket proprietor must aware the price factors that can contribute to their customers overall satisfaction. Other findings suggested that customers were satisfied when they are offered with the low price. However, this finding reveals that, in some situation, lower price could not guaranteed customer satisfaction in which this situation is also has been supported with findings made by [6].The important facts also highlighted to the hypermarket owner that the effect of price on customer satisfaction are also influenced by several factors such as price acceptance, perceived values and perceived quality of the customers toward the products offered by particular business. How price acceptance, perceived values, and perceived price affect customer satisfaction has been revealed by many researchers such as [24, 8],which consequently has support the result found in this study which indicate that; price has positive relationship with customer satisfaction.

Several recommendations have been recognized. Due to the fact that customer satisfaction will highly influenced by their level of expectation and the need and want meet from the purchase, it is suggested that a serious concern should be place on measuring and identifying the level of satisfaction of the customers and the elements that can influence customer satisfaction. Further, it is also suggested that the management of Hypermarket need to spend more time, resources, and effort in order to identify and provide understanding on which factors of the price can significantly provide over-lasting customer satisfaction. Depth study and research on the element of price and how price relate and contribute to customer satisfaction; and how customer react to the range price offered must be also further done. The effective pricing strategy should be also implemented by the hypermarket in the effort to provide customer satisfaction toward the price offered. The management of hypermarket should pay attention in providing the type of products, brand, and packaging that most preferred by the customers. The placement of the products arranged and displayed must be take into consideration as well so that all of the product orientation will not only being effective, but also efficient to assist customer purchase activities. Hypermarket should take advantage on the level of satisfaction of the customer feel toward the promotion made by continuously win the heart of the customer through informative, attractive and creative promotional campaign activities which might differentiate the Hypermarket form its competitors.

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