

A Study on Customer Satisfaction in FMCG Sector with Select Hypermarkets in Riyadh City Kingdom of Saudi Arabia.

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Abstract

A study on Customer Satisfaction in the FMCG sector with select Hypermarkets in Riyadh city was conducted with primary research. Customers and consumers have always perceived the level of satisfaction in FMCG in retail sectors; this study covers attributes of satisfaction related to Service quality, pricing policies, location, and Physical facilities. Under this study, a survey was conducted with a selection of four big supermarkets in the Riyadh region. The first objective of this research to understand the factors of customer satisfaction in the FMCG sector. This study is an attempt to analyse what the influencing factors on customer satisfaction are. The second objective of this research is to analyse which factors are affecting customer satisfaction. In order to achieve strong results methodology adopted from the secondary and primary source, and the primary source of information has been collected from the sample respondents with the help of a structured questionnaire. For this, data were collected by taking 128 sample respondents. The study has certain limitations i-The present study of customer satisfaction on FMCG sectors with select hypermarkets in Riyadh region with 128 respondents only. ii- The research has done in the FMCG retail sector & data was gathered from four different select FMCG retail companies in Riyadh city. After analysis, this study concludes that excellent products & services, they need to attain a high level of customer's satisfaction. In a practically identify the poor product quality and services, as well as poor physical facilities, connect to poor customer satisfaction, in order to reach competitive advantage in FMCG retail sector customer satisfaction is highest acceptable and need continuous improvement.

Keywords: Customer Satisfaction, Service Quality, Service Facility, FMCG.

Introduction

This study aims to identify and analyze how customers are experiencing quality, and satisfaction in the Fast-moving consumer goods (FMCG) retail market. It shows that satisfaction does not automatically lead

to loyalty. The price is a ruling attribute that makes the customer chase discounts, no matter who provides it. Results show that both psychological and economical attributions influence customers' satisfaction. The study reveals that organizations have the fantasy that their customers are totally satisfied. Customer satisfaction is generally viewed as a psychological reaction of the customer and an evaluation of emotions. Fast-Moving Consumer Goods (FMCG) or Consumer Packaged Goods (CPG) are products that are sold quickly and at relatively low cost. Though the profit margin made on FMCG products is relatively small (more so for retailers than the producers/suppliers), they are generally sold in large quantities; thus, the cumulative profit on such products can be substantial. FMCG is probably the most classic case of low margin and high-volume business. In commerce, a hypermarket is a superstore combining a supermarket and a department store. The result is an expansive retail facility carrying a wide range of products under one roof, including full groceries lines and general merchandise. In theory, hypermarkets allow customers to satisfy all their routine shopping needs in one trip. Hence this research study to bring the satisfaction and customer trust on the business of FMCG sector with selected hypermarkets in Riyadh city KSA. The purpose of writing this paper is to talk about the most critical factors or variables, which contribute more to developing customer satisfaction in the FMCG sector. The satisfaction of customers is verified by the actions of its customers, customer can be very much satisfied and not yet to be loyal.

The 21st century is a new period dominated by service, along with the progress of economic globalization and the high-speedy development of social economy in the word, the human life quality has made progress continuously and all countries industries has expanded rapidly too. As one of the mainstay industries, the FMCG industry also has grown largely. Apart from that, the competition among the Retail industry has become increasingly keen. Today, the nature of competition in retail industry has changed notably. In order to survive in the market, the most basic standard for an enterprise is to satisfy the customers. Those companies that can please the customers' satisfaction in retail area and win their loyalty, they get the market superiority.

Literature Review

Blanchard and Galloway (1994) Customer satisfaction is a measure of how supplied products and services of a company meets or exceeds customer expectations. In other words, degree to which offered products and services meet or surpass the customer expectations is termed as customer satisfaction. Now more companies are struggling, not just for achieving customer satisfaction but for also making customers delight because companies believe customer loyalty can be increased through extra value.

Akbar and Parvez (2009) defined customer satisfaction as a reaction which result from a method of assessing what has been received against what was expected, including needs and wants related with the purchase and purchase decision itself. Customer satisfaction points towards the emotion of disappointment/happiness a customer feels once he or she evaluates the certain product perceived effects with the effects he or she expects (Juan & Yan, 2007).

Research by Rasmey and Sohi (1997) contend that customer satisfaction and customer loyalty are correlated. Some other researchers showed that customer satisfaction plays vital role in enhancing and maintaining long-term relationship among companies and their customers, customer satisfaction is revealed to be the improved predictor of customer satisfactions.

Haq and Amin (2009); Kuusk (2007) suggested that there is a direct connection among loyalty and satisfaction, satisfied customer happen to loyal and dissatisfied customer switches to another vendor. Customer satisfaction can act as a connection between customer participation and loyalty.

According to Luarn and Lin (2003) found that brands which make its consumers happy/satisfied/demonstrative get rapid larger attitudinal commitment and behavioral (purchase) loyalty. Likewise, author emphasizes that customer satisfaction mediate consumer learning from past experience

and enlightens main post purchase behaviors, which include word of mouth, complaining, product usage and repurchase intention and suggested that repurchase intention and post purchase complaint are significantly influenced by web customer satisfaction. Some authors identify satisfaction as how the customer is overall satisfied by provider's services. It reveals how the service quality is being perceived. Satisfaction does not imply necessary Loyalty, but generally affects it.

Chirico and Presti, (2008): Singh (2006) defined "satisfaction as: a person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations". Satisfaction shows what is the approach of customers towards provider of services, or a moving reaction towards distinction flanked by what customers foresee and what they obtain, regarding the accomplishment of a few requirements, ambition or wish.

A study done by PIRC (2008) showed that for customer satisfaction, there is an overall consensus about their influence on customer loyalty; however, the proposed effect is sometimes empirically supported and other times the effect is not found.

According to Hallowell (1996) satisfaction of customers, their loyalty and productivity are interlinked. He presented it in the form of this model: satisfactory customers move into the category of loyal customers and that eventually leads toward profitability. Another study suggests customer satisfaction and loyalty are positively related to each other. It is also suggested that customer preservation rate, market share and profits can be improved through boosting up the satisfaction level of customers.

Feinberg, Sheffler, Meoli and Rummel (1989) considered the social stimulation provided by malls, finding that the mall served as an outlet for social behavior. Further examination of this issue was made by Lotz, Eastlick and Shim (2000), who studied the similarities and differences between mall entertainment seekers and mall shoppers. Their results supported hypotheses that there are different motivations for individuals who visit a mall for entertainment activities versus those who visit for shopping purposes.

Roy (1994) in his study considered several characteristics of shoppers - such as functional shopping motivation, deal proneness, recreational shopping motivation, age, income and family size, to be a significant influence on mall shopping frequency.

Burns and Warren (1995) opined that since the store mix and product offerings of many regional shopping malls are very similar, often the primary discriminator between many of these centers is merely location. Making the choice to shop at a regional shopping mall other than the one nearest to one's place of residence, therefore, does not appear to be a logical choice in many instances. Such behavior, however, appears to be relatively common. It would appear; therefore, that regional shopping mall choice may not always be based solely on the offerings and location of the available shopping alternatives. Customer loyalty is more critical in Fast Moving Consumer Goods (FMCG) companies because consumers shift rapidly from one product to another (Khan, Shahzad, Habib, & Qadir, 2016). The challenging task in the current arena is to make customers loyal to ensure the long-term survival and profitability of the firm. Managers of these companies therefore look for the ways to attract the potential customers and to retain the existing customers. Customer loyalty remains an important and ever discussing topic in the literature with lot of proposed moderating, mediating, and independent variables. The purpose of writing this paper is to talk about the most critical factors or variables, which contribute more in developing customer satisfaction in FMCG sector.

Research Questions

this research associated exclusive on customer satisfaction on FMCG product in retail sector, to understand customer satisfaction on FMCG products which factors are influence them, more specifically, the objective of this research can be summarized into two different parts.

the objective of the study,

- *To understand the factors influencing customers satisfaction.*
- *To analyze which factors are more affecting on customers satisfaction.*

The first objective of this research to understand the factors of customer satisfaction in the FMCG sector. This study is an attempt to analyze what are the influencing factors on customer satisfaction.

The second objective of this research is to analyze which factors are affecting customer satisfaction. The discussion of the influencing factors and affecting customer satisfaction are provided strong results which can be more adaptable in practically in FMCG sectors.

high-speed achieve the objective of this research, two questions are addressed as follows

1. Concept of customer satisfaction and what are the factors influencing them in the FMCG sector?
2. What are the factors more affecting customer satisfaction in the FMCG sector?

Research Methodology

The methodology is a very important aspect of any research or investigation. It enables the researcher to look out the problems in a systematic, meaningful and worthwhile results, the methodologies adopted in this research. 1. Source of data 2. Sampling procedure 3. Sampling size 5. Limitation of the study.

Source of Data

The data for the present research has been collected mainly from a primary and secondary source, through a structured questionnaire. The main sources of primary data from customers from selected hyper malls in Riyadh. The data for secondary sources are collected from:

Reputed journals, articles, business magazines, periodicals, web site. In this research, simple random sampling techniques were adopted, and at present available of the population in that author selected 128 customers, to view of the respondent's opinion on customer satisfaction.

Select Area of the Study

The study covered the customers of Four popular FMCG retail companies in Riyadh, KSA for the investigation of customer's satisfaction in selected companies in the Riyadh region were selected.

Sampling Technique

This study is applied research to understand the current problem of the companies and to get a strong result based on the survey method. The information has been collected from the sample respondents with the help of a structured questionnaire. For this, data were collected by taking 128 sample respondents.

Table No 1: Determination of sample size in the Riyadh region

Selected Companies	Respondents	Percentage of the Respondents
Lulu hypermarket	32	25.00
Al othaim mall	32	25.00
Nesto hyper market	32	25.00
Hyper Panda	32	25.00
Total	128	100.00

Source: own elaboration

Statistical Tools

The collected respondent's valuable data framed into tabulation and tabulation data were formulated using the statistical tools of simple percentage analysis.

Results

The collected data from the respondents were analyzed using the appropriate statistical tools mentioned in the research methodology. The objective-wise analysis presents in two categories and their interpretations are presented below.

Table No 2: Demographic Profile of the Respondents

Demographic profile	Total	Respondents				Percentage of respondents
		Lulu	Al othaim	Nesto	Hyper Panda	
Gender of the Respondents						
Male	90	25	23	22	20	70.31
Female	38	07	9	10	12	29.69
Age						
Below 20 years	12	4	6	1	1	9.38
20-30 years	35	8	8	14	5	27.34
30-40 years	48	12	8	8	20	37.50
40-50 years	24	6	7	6	5	18.75
50 and above	9	2	3	3	1	7.03
Occupation						
Student	24	6	7	7	4	18.75
Service	48	18	8	9	13	37.50
Business	32	10	9	6	7	25.00
Others	24	5	6	7	6	18.75
Monthly Income of the Respondents						
Less than 5,000	38	8	10	7	13	29.69
5,000 to 10,000	46	18	13	8	7	35.94
10,000 to 15,000	24	4	5	6	9	18.75
15,000 above	20	3	8	7	2	15.62
Education of the Respondents						
Primary	4	2	0	1	1	3.13
Secondary	7	2	2	2	1	5.47
Graduate (Bachelors)	68	32	18	10	8	53.13
Post graduate (Masters)	43	16	8	12	7	33.59
PhD	6	3	1	2	0	4.68

Source: Questionnaire

Demographic Profile

- The above table reveals that existing customers of different FMCG retail companies, they are 70.31% of the respondents are found male & 29.69% are female.
- The analysis of demographic profile, most of the respondents belong to 32 – 40 age group & next majority of the group belongs to 20 – 30 age groups followed others.

- The majority of the respondents are graduates which are 68 and postgraduates 43 respondents, it means the data collected from educated people and all respondent's information pursue with an understanding of customer satisfaction.
- Furthermore, most of the respondents occupationally belong to the service sector & found 32 respondents belong to self-business.
- As per the survey, 36% respondent's monthly income fall between 5000 – 10,000 SAR, next 30% respondent's income belongs to less than 5000 SAR, n= 68 (53%) of the respondents are graduates & next to n= 43 (34%) of the respondents are postgraduates.

Table No 3: View on Customers Satisfaction on Employees Perspective

Opinion	Lulu Respondents	Panda Respondents	Othaim Respondents	Nesto Respondents
Employee communication	18 (56.25%)	17 (53.13%)	9 (28.13%)	11 (34.38)
Employees attention/response	8 (25%)	7 (21.88%)	8 (25%)	9 (28.13%)
Good services	4 (12.5%)	6(18.75%)	7 (21.88%)	8 (25%)
Quick billing	2 (6.25%)	2 (15.63%)	6(18.75%)	4 (12.5%)
Total	32 (100%)	32 (100%)	32 (100%)	32 (100%)

Source: Questionnaire

The above table depicts the respondents view regarding selected companies' employee's behaviour, generally, as a customer came to know about employee behaviour in FMCG retail sector are mainly from four sources which are placed in the above table. The maximum respondents that are 56.25% from Lulu and 53.13% from panda are respectively followed by other, are expecting employee must be communicated respectively, further respondent's responses are noted that they are expecting existing employee must give attention and response to the customers at the time of buying goods from the retail area. The second observation from the above table notice that most of the respondents are expecting from the existing employees they should give more attention and response at the time of selecting and buying goods. Further other areas need to improve such as quick billing and good services.

As per the above observation, the author suggested to all FMCG selected companies to trained existing employees to handled and give effective services.

Table No 4: View on Customers Satisfaction on Physical Facility Prospective

Rating	4 Very important	3 important	2 Somewhat Important	1 Not important	Total score	Mean value
Physical facilities						
Employees	32	27	21	40	114	4.07
Floor space	48	28	13	18	107	3.82
Billing counters	57	26	23	20	126	4.5
Waiting space	53	33	25	21	132	4.71
Basic amenities	48	22	26	23	119	4.25
Air cooling	47	36	12	18	113	4.04
Interior decoration	38	45	34	10	127	4.54
Sitting arrangement	49	19	22	16	106	3.78
Placement of signboard	52	29	25	16	122	4.36
Broachers	59	28	24	8	119	4.25
Parking facilities	53	23	26	19	121	4.32

Source: Questionnaire

Table No 5: View on Customers Satisfaction on Service Quality Perspective

Opinion	Lulu Respondents	Panda Respondents	Othaim Respondents	Nesto Respondents
Reliable service	8 (25%)	9 (28.13%)	7 (21.86%)	8 (25%)
Responsiveness (quick service)	10 (31.25%)	8 (25%)	6 (18.75%)	8 (25%)
Assurance (trust and confidence)	8 (25%)	7 (21.86%)	4 (12.5%)	6 (18.75%)
Empathy (individual attention)	3 (9.38%)	5 (15.63%)	7 (21.86%)	4 (12.5%)
Tangible (physical facilities)	3 (9.38%)	3 (9.38%)	8 (25%)	6 (18.75%)
Total	32 (100%)	32 (100%)	32 (100%)	32 (100%)

Source: Questionnaire

Views of Customer Satisfaction on Service Quality

The above table shows the views of the respondents concerning the various service quality dimensions offered by their FMCG retail companies. For this study, five very important dimensions have been included. According to the views of the customers, customers give top priority to responsiveness which is quick services expecting from FMCG retail sector. It is further noticed from the table that reliability & assurance the second priority from the customers.

In view of the above-stated facts, the FMCG retailer sector needs to consider individual attention to each customer & should concentrate to improve physical facilities. By these ways, FMCG retail providers can improve, service quality & satisfied with existing customers.

Recommendations

- i- The FMCG retail companies should design & develop products & services keeping in a view the requirement of customers, particularly low income of the customers.
- ii- FMCG companies should control various cost at the time of producing goods & services. These can lead to the best competitive price, which can improve customer's satisfaction.
- iii- The old & least preferred products & services should be upgrade or re-design to suit customer's requirements & needs.
- iv- The FMCG retail companies should give equal importance to all customers so that the customer will not feel that they are forcing to buy a particular product & service.
- v- The FMCG retail sector should take necessary steps to increase existing physical facilities, which can lead to indirect customer's satisfaction.
- vi- The FMCG retail sector should open more branches in rural & semi-urban areas to give excellent customer services.
- vii- FMCG retail companies should increase the number of billing counters for better customer service.
- viii- The training & orientation programs should be provided to employees to increase their efficiency to serve customers in an excellent way.
- ix- The FMCG retail sectors take necessary steps to increase the space to facilitate the existing customers.
- x- FMCG retail sectors should be connected with E-commerce to increase revenue and as well as customers satisfaction.

Conclusions

In order to provide excellent products & services, they need to attain a high level of customer's satisfaction. In a practically identify the poor product quality and services, as well as poor physical facilities, connect to be a competitive market. Additionally, analyzing the influencing factors on customer satisfaction is not the only method to discover the complete level of satisfaction. Therefore, other future research could be conducted through other characteristics, for example through analyzing the customers' satisfaction on real demands and expectations.

Limitations

The study has certain limitations

- i- The present study of customer satisfaction in FMCG sectors with select hypermarkets.
- ii- The research has done in the FMCG retail sector & data was gathered from four different select FMCG retail companies in Riyadh city.
- iii- The results of this study could be applied up to some extent in the FMCG retail sector but cannot be generalized for the other industry or sector.
- iv- Data was collected for this study is based on structure questionnaires & questions covers service quality, physical facilities, employee prospective only.
- v- The limitation of the study is provided on current literature review.
- vi- This study research work cover based on 128-sample size only.
- vii- This study used limited statistical methods such as percentage & mean only.

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