



# SATISFACTION PARADIGMS OF RETAILERS FOR A BRAND OF KITCHENWARE – REASONS BEYOND PROFITS

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## **ABSTRACT**

*The study attempts to analyse the retailers' satisfaction level towards the products and service provided by a popular kitchenware manufacturer in Tamilnadu. The research is descriptive in nature and IBM®AMOS® is used to analyse the data collected. Data was collected from 163 retail outlets dealing with kitchenware. Regression using AMOS was used to analyse the data and from the study it is found that all the factors considered are important and have a significant positive impact on the satisfaction level of the retailers. Of all the factors considered, credit facility had the highest coefficient, which implies that this factor is most important to the retailers and they expect the same from the kitchenware manufacturer. Sales person courteousness and timely communication of schemes both have the least impact on the retailers' satisfaction.*

**Keywords:** *Credit facility, Display, Retailer Satisfaction, Seasonal schemes*

## **I. INTRODUCTION AND REVIEW**

Retailers are one of the most significant partners of a manufacturing organisation's supply chain, who are responsible in delivering the products to the end consumers [1]. Distribution channel is defined as a combination of functions which transfers goods and services from producers to consumers and this distribution includes transactional, informational, financial and risks flows along with the goods and commodity flow [2]. The role of retailers in the distribution channel is defined even in the 1960s as the role to achieve the manufacturers' goal of delivering the products to consumers at the right place for the consumer, in the right time, in the right condition and at a minimum cost [3]. Retailers are the core in this transaction and they are considered as the backbone in the supply chain for any organisation. Retailers take a very essential role in distribution channel and they are considered the main link between producers and consumers and also have a critical role and ability to influence demand among consumers and drive efficiencies in the supply chain system [4]. Maintaining a good relationship between retailers and suppliers are important in considering the determinants of efficient supply chain [4]. Hingley [5] observed that there is a shift in the power balance from manufacturers to retailers and also observed that manufacturer-retailer relationships often are unbalanced in favour of the retailers.

It is a pertinent fact that retailers patronise brands that bring them high profits. Satisfactory profit alone may not motivate them to stock and deal with a brand. Factors such as supporting the retailer in logistics, supplying products at the right time, proper promotions, sales person support etc., are also considered important in keeping



a retailer satisfied. Logistical excellence is a powerful source of competition between companies and is considered the most essential part to make retailer satisfied. [6]. Logistics quality is addressed by different researches such as, [7], [8],[9] and [10].

Another satisfier is the quality of business relationships between suppliers and retailer and this has been explored and measured in many ways. In business-to-business (B2B) settings, the relationship between the organisations involved in the transaction is one of the most critical elements contributing to their success [11]. Relationship quality is defined as the “the degree of appropriateness of a relationship to fulfil the needs of the customers associated with that relationship,” [12]. Many studies have been done on the relationship between supplier and retailer [13]; [14]. In these studies it is seen that a strong relationship between manufacturer and retailer provide significant benefits to both stakeholders.

Communication between the supplier and retailer is another aspect of concern. Communication in this context is defined as the formal and informal sharing of meaningful and timely information between firms. Good communication can be termed as the “adhesive” that holds together a channel of distribution [13]. For proper communication, the stakeholders must not only exchange information, but also be able to decrypt each other’s messages [15]. A number of studies have found that there is a positive relationship between good communication and mutual trust in the distribution channel (e.g., [16],[17],[18], [19]). The J.D. Power 2017 Appliance Retailer Satisfaction Study measured the satisfaction level with appliance retailers by examining seven factors such as Sales Staff and Service; Store Facility; Price; Delivery Service; Sales and Promotions; Merchandise; and Installation Service [20].

In spite of all the positives about maintaining or improving the retailers’ satisfaction, Sadia Samar Ali, Rameshwar Dubey [21], have observed that virtually there are very few efforts to keep the retailers satisfied. Thus the present research topic is still relevant and significant and will continue to remain so as long as manufacturers depend on retailers to connect their products with the end consumers.

## II. METHODOLOGY AND DESIGN

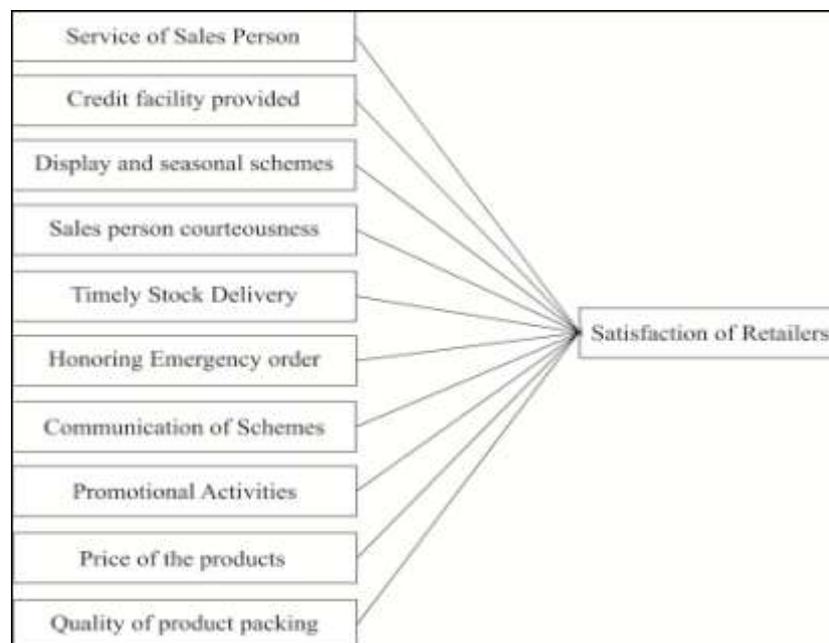
The objective of this research was to study the satisfaction of retailers of a particular brand of popular kitchenware manufacturer/supplier based in south India. This research study is descriptive in nature. This study was conducted to find out the satisfaction level of the kitchenware retailers towards the manufacturer. The nature of data used for this research is both Primary and Secondary. Data was collected from the retailers of kitchenware. Data collection in this study was done using survey method. The retailers were surveyed using a Structured Questionnaire. The questionnaire contained five point Likert scale questions whose responses ranged from Highly Satisfied to Highly Dissatisfied and relevant demographic questions. Items relevant to the research were identified and included in the questionnaire and were compiled from the previous research done on retailer satisfaction through review of literature. The antecedents considered for measuring the satisfaction level are listed below in Table.1. The codes S1 to S10 were used to indicate the antecedents in the following discussions. The dependent variable was measured using the retailer’s overall opinion on their perception of satisfaction with the kitchenware manufacturer.



**Table.1.** Antecedents Considered for Retailer Satisfaction

S1	Services rendered by the salesperson of the company
S2	Sales person courteousness
S3	Display and seasonal schemes offered
S4	Credit facility provided by the company
S5	Timely Stock Delivery
S6	Honoring Emergency order
S7	Timely communication of Schemes and Offers
S8	Promotional Activities (PoPs, Decorations, etc..)
S9	Retailer's Price of the products vis-a-vis to other companies
S10	Quality of product packing

The analysis to be done on the antecedents of the satisfaction of retailers will follow the model as shown in Fig 1. The various factors considered for the study is from the previous researches done on retailer satisfaction.



**Figure1.** Antecedents of Retailers' Satisfaction

## 2.2 SAMPLING DESIGN

As mentioned earlier, data was collected from the retailers of kitchenware. The survey was done in three districts of Tamilnadu namely Madurai district, Sivagangai district and Virudhunagar district. Here, four taluks in Madurai, three taluks in Virudhunagar and two taluks in Sivagangai were considered for the study. A sample of



163 retailers was drawn from the kitchenware retailers (population unknown) and the questionnaire was administered to them. The research is confined to the above mentioned districts and does not necessarily shows a pattern applicable to the all of country.

### III. DESCRIPTION OF DATA

The researcher collected the information about the demographics of the one hundred and sixty three retailers of kitchenware in the districts mentioned above and their demographics is presented in Table.2. The information collected pertains to factors such as the number of years they are in this business, percentage of total sales contribution by the manufacturer of interest and frequency of sales person's visit to the outlets.

The details relating to the number of years a particular retailer is selling kitchenware is tabulated and it can be seen from the table that some of the retailers are dealing with kitchenware for the past 50 years while a large chunk of retailer are quite new to the business.

**Table 2.** Description of retailers that are dealing with kitchenware

Factors	Particulars	No. of Retailers
<b>Years of experience</b>	Below 5	34
	6-10 years	38
	11-30 years	41
	31-50 years	34
	50 above	16
<b>Sales Contribution</b>	<5%	44
	5-10%	56
	10-15%	34
	15-20%	21
	>20%	8
<b>Sales Person visit</b>	Daily	11
	Weekly	102
	Monthly	31
	Yearly	13
	Rare	4
	Never	2

Similarly, it can also be noted that 75 retailers are in the business for more than 30 years. In the above table, the share (percentage) of sales contributed by the brand of interest out of the retailer's total sales volume of all brands put together is presented. It can be observed that in more than half of the retailers, the share of sales contributed by the brand is upto 10%. This means that all these retailers sell more of other brands rather than this particular brand. Rest of the retailers have a better contribution to their sales volume from this brand.



The frequency of sales person's visit to the outlets is also presented in the table above. Here, majority of the retailers have said that the sales persons visit them at least once in a week. This is considered to be an acceptable regularity by the retailers. This seems to be the optimum frequency since any more visits will turn out to be a waste of time and effort for both the retailers and the sales persons. Also it will be only appropriate on the part of both the retailers and the sales persons to place and receive orders. Some retailers in whose shop this kitchenware moves slowly, they feel that the sales persons could visit them once in a month. Moreover there are a few shops who say that they don't get any sales person visit at all. These retailers say that the product move very rarely and if necessary manage to get products from stockists.

#### IV. ANALYSIS OF DATA AND OUTCOME

As a first step to analysis, the data was subjected to validation through factor analysis. Then after ensuring the validity of the measurement tool and data, the data was further subjected to regression analysis using IBM® AMOS®.

##### 4.1. VALIDITY OF THE MEASUREMENT TOOL

The ten items considered as the indices for measuring retailer satisfaction were first subjected to factor analysis to confirm the construct validity of the measurement tool. Further, Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy was conducted to measure the sampling adequacy for each variable in the model and for the complete model. A KMO value of 0.8 or more indicates that the sampling is adequate, which is the case in this research. The results of KMO Measure of Sampling Adequacy and Bartlett's Test of Sphericity are given in table 3.

**Table 3.** KMO and Bartlett's Test

<b>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</b>		0.844
<b>Bartlett's Test of Sphericity</b>	Approx. Chi-Square	464.955
	Degrees of Freedom	105
	Significance	.000

Bartlett's test of sphericity tests the hypothesis that the correlation matrix among the items considered is an identity matrix, which would indicate that the variables are unrelated and therefore unsuitable for structure detection. For Factor Analysis to be recommended suitable, the Bartlett's Test of Sphericity must be less than 0.05. Since the value is .000, the model is considered fit.

The Table 4 below shows the factor loadings which are the extracted values of each item under 2 factors of the ten items. The higher the absolute value of the loading, the more the factor contributes to the variable.

**Table 4.** Component Matrix

Items	Component	
	1	2
Services rendered	.658	-.276



Sales person courteousness	.698	-.432
Display/seasonal scheme	.808	.098
Credit facility	.793	.362
Timely Stock Delivery	.843	.099
Emergency order	.831	.006
Communication of Schemes	.828	-.113
Promotional Activity	.798	-.248
Retailer's Price of the product	.761	.041
Packing Quality	.354	.816
Extraction Method: Principal Component Analysis.		

**Table5.** Rotated Component Matrix

Items	Component	
	1	2
Services rendered	.711	.053
Sales person courteousness	.818	-.066
Display/seasonal scheme	.675	.455
Credit facility	.542	.683
Timely Stock Delivery	.706	.472
Emergency order	.737	.383
Communication of Schemes	.788	.276
Promotional Activity	.824	.143
Retailer's Price of the product	.659	.383
Packing Quality	-.056	.888
Extraction Method: Principal Component Analysis.		
Rotation Method: Varimax with Kaiser Normalization.		

The factor loadings of the rotated component matrix shown in Table 5 are only slightly different from the component matrix, but there is no difference in the factor structure and thus the two factor structure could be retained. It is observed from the above tables that nine items out of ten are loaded under one factor and only one item (packing quality) falls under the second factor. Since packing quality is a single item factor and is considered only tangentially influencing the retailers' perception of satisfaction on the kitchenware manufacturer, this factor is removed from consideration of further analysis done.

Table 6 shows the Eigenvalue and the total variance explained by the factors. It can be seen from the table that the total variance explained by the two factors combined is 67.865% while the rest (32.135) is left unexplained. The total variance explained by the first factor is 56.312% and the variance explained by the second factor is 11.554%.

**Table 6.** Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.631	56.312	56.312	5.631	56.312	56.312
2	1.155	11.554	67.865	1.155	11.554	67.865

Extraction Method: Principal Component Analysis.

#### 4.2. IMPACT OF THE ANTECEDENTS ON THE RETAILERS' SATISFACTION

For finding the impact of all the antecedents (except packing quality) of retailer satisfaction on the overall feeling of satisfaction of the retailers, a model was constructed with the factors of retailer satisfaction and regressions were done using IBM AMOS®, following that the results were analysed.

In structural equation modelling, the fit indices establish whether the model proposed by the researcher is acceptable or not. If the model is acceptable, the researcher then establishes whether the specific paths are significant. Table 7 summarises the fit indices of the model proposed and the results show that there is a good model fit. Since the model is fit, further interpretation of the results can be done.

**Table 7.** Model fit indices

Fit Indices	Model		
	Default model	Saturated model	Independence model
CMIN	.000	.000	822.227
RMR	.000	.000	.553
GFI	1.000	1.000	.227
NFI	1.000	1.000	.000
CFI	1.000	1.000	.000

The Path analysis used to determine causal relationships between exogenous and endogenous variables is presented in Fig 2. The default model of the path analysis is shown in the figure. It focuses on relationships of multiple observed variables. In this research, path analysis is used to determine whether the model proposed in the research is fit or not. The value presented in the figure with the overall satisfaction shows the proportion of variance of indicators accounted for by model. A value of 0.99 indicates that the model explains 99% of the variance. The standardized regression slopes shown in the arrows that lead to the overall satisfaction. This is the regression coefficient between the individual factors that influences the retailer satisfaction and the outcome variable which is the retailers' overall satisfaction on the kitchenware manufacturer.

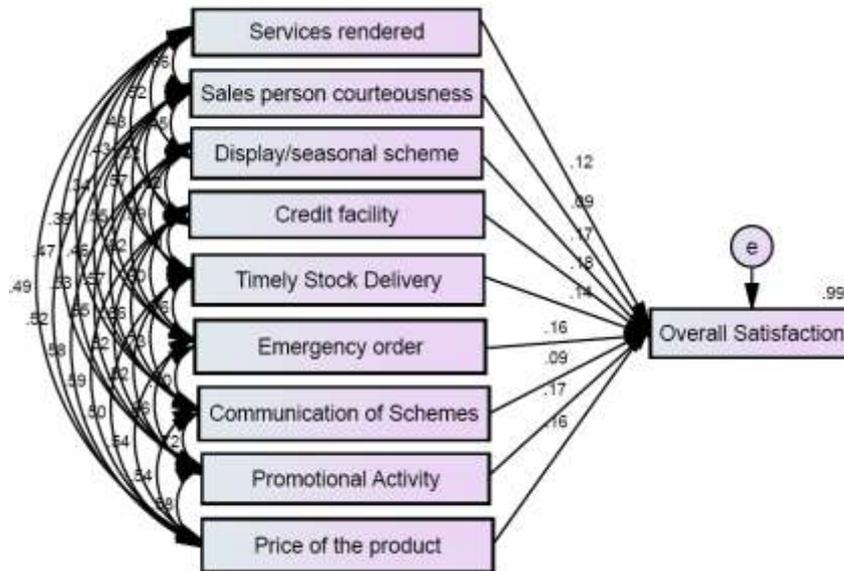


Figure2. Standardised coefficients(Correlations) from SEM

The regression estimates computed using AMOS is presented in Table 8. The results show that all the estimates are significant. The interpretation is similar to regression: if a standardized structural coefficient is 0.118, then the latent dependent will increase by 0.118 standard units for each unit increase in the latent independent. The same explanation can be had for the other factors too.

When the Critical Ratio (CR) is greater than 1.96 for a regression weight, that path is significant at the 0.05 level. Here all the critical ratios are greater than 1.96 thus all the paths in the proposed model are significant at the 0.05 level.

Table 8. Regression Weights (Standardized Estimate) for Default model

Variable Interaction	S.E.	C.R.	P	Standardized Estimate
Overall Satisfaction <--- Services rendered	0.013	7.525	***	0.118
Overall Satisfaction <--- Sales person courteousness	0.017	4.855	***	0.085
Overall Satisfaction <--- Display/seasonal scheme	0.011	10.539	***	0.171
Overall Satisfaction <--- Credit facility	0.013	10.343	***	0.185
Overall Satisfaction <--- Timely Stock Delivery	0.020	6.217	***	0.135
Overall Satisfaction <--- Honouring emergency order	0.013	8.286	***	0.159
Overall Satisfaction <--- Communication of Schemes	0.013	4.484	***	0.086
Overall Satisfaction <--- Promotional Activity	0.010	9.279	***	0.170
Overall Satisfaction <--- Retailer's Price of the product	0.011	10.626	***	0.159

Observing the regression coefficients it is evident that all the variables have a positive impact/ influence on the overall satisfaction of the retailers, that is, when the opinion of the retailers increase on the individual factors,



their satisfaction also increases. Of all the factors, Credit facility had the highest coefficient which implies that this factor is most important to the retailers and they expect this from the kitchenware manufacturer. Or in other words when the credit facility increases, the satisfaction of the retailers also increases. Sales person courteousness and communication of schemes both have almost the same but least impact on the retailers' satisfaction. Even though these two factors have a positive impact they are not considered that important by the retailers. But it may also be noted that absence of these two factors may lead to dissatisfaction among retailers.

Display/seasonal scheme and Promotional Activities by the company has the next equal and significant impact on the satisfaction of the retailers. Honouring emergency order and Retailer's Price of the products vis-a-vis to other companies also have equal impact on the satisfaction of the retailers.

## V. RESULTS AND CONCLUSION

The impact of the various antecedents of the dimensions of satisfaction among retailer was analysed. Considering all the retailers together, the outcome of the regression conducted through IBM® AMOS® indicates that there is a significant influence on the satisfaction of the retailers from all the factors. It may be inferred from the results that all the factors such as services rendered by the salesperson of the kitchenware manufacturer to the retailers, sales person courteousness, display and seasonal schemes offered, credit facility provided by the company, timely stock delivery, honouring emergency order, timely communication of schemes and offers by the sales persons/company to the retailers, promotional activities done by the company for the retailers, Retailer's price of the products vis-a-vis to other companies are important for a good satisfaction of the retailers. The outcomes of the analysis are supported by literature.

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