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Customer orientation in shopping malls of South Chennai - An exploratory study

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Abstract
In today's competitive retail sector, customer demands are bound to increase due to the improvement of service quality in parallel with product variety. Due to the tremendous growth of service industry in the market, retailing sector plays a vital role to understand the degree of importance of listening to the inner voice of customers´ needs to create and increase the level of satisfaction. Effective satisfaction leads to prospective long term relationship and loyalty through repeating purchase and recommendation, which helps retailers to maintain their market share and position. It is also stated by many researchers that consumer´s needs have become sophisticated and it is imperative that the retailers look for building long term and stable relationship with their customers.

Once a firm concentrates on existing customers, it could lead to satisfaction and through this process the firm stands to gain positively in terms of creation of customer loyalty, increased customer patronage, positive word of mouth which generates publicity and making references and referrals. Customer satisfaction should be a paramount strategy for any firm's marketing strategy. It is through satisfaction of customers that firms remain afloat and prosper. In this study, the concept of customer orientation is studied which plays a crucial role in the development of shopping mall business and providing service quality to the growing customer base.

Keywords: Customer Orientation, Price Sensitivity, Customer Loyalty, Customer Patronage

1. Introduction

Customer orientation is positively related to a firm's interpretation of external environment as both an opportunity and a threat. Customer orientation refers to a firm's understanding of both current and future customers' needs and requirements (Narver and Slater1990) [1]. At its most fundamental level, customer orientation is essentially about the extent to which a firm is committed to the systematic information collection of both the expressed and latent needs of their customers and the capabilities and plans of their competitors (Slater and Narver 1998). Information processing capacity of customer orientation leads to opportunity interpretation for several reasons. First, customer orientation suggests a broader and more in-depth understanding of customers' problems, which increases the ability of the firm to make connections among disparate market information, ideas, and concepts. This process allows different ideas and concepts to be applied in unexpected ways to create new market opportunities (Prabhu *et al*. 2005) [2].

Customer orientation constitutes the most important component of market orientation and refers to cognitive, behavioral and cultural aspect of a firm's marketing concept that puts the customer at the center of the organization and its development. Customer-oriented firms are able to create superior customer value that results in enhanced customer satisfaction and strong brand loyalty. Increasing customer satisfaction and loyalty prevent customer switching behavior, require less marketing effort to attract and retain customers, increase cash flow and firm value, and consequently lead to higher profits. Thus, customer orientation provides the foundation for a sustainable competitive advantage and contributes to financial performance.

1.2 Statement of the Research Problem

As end users/customers are directly involved in purchasing, many number of customer orientation programs are being planned in shopping malls. Service quality, customers

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Perceived need analysis, creating and sustaining customer value perception are some of the unique advantages of customer orientation programs. To make difference in the market and to gain mass customization, the customer orientation programs are implemented. However, greater levels of customer orientation programs involve a huge amount of marketing expenses for which justification is to be made by the researchers and the marketers. Competitors' role is an important parameter in deciding the customer orientation programs. Initially, firms can decide to focus on either competitors or customers as the situation dictates. However, understanding and analyzing customers' need and their value perception are difficult task for retailers in many occasions. Hence, this study is conducted to find out the essentials of customer orientation programs and its implications in Indian shopping mall business environment.

1.3 Objectives of the Study
1. To study and test empirically the impact factors of customer orientation;
2. To test and find out the relationship between customer orientation and store performance of the shopping malls.

1.4 Scope of the Study
1. Some hidden contextual variables may still underlie the research. The vital factors influencing the customer orientation programs were customers perceived needs, customer's value perception, internal marketing and customer's price sensitivity. The same study may be conducted by identifying some more sources/factors of customer orientation extending service quality and its impact factors.
2. This study explored two impact factors of customer orientation in the shopping mall business context. This study has also not covered other impact factors of customer orientation such as, profit margin, business growth and retail manpower system, cost-related analysis, distribution channel efficiency etc. are directly influencing customer orientation.

2. Review of Related Literature
2.1 Customer Perceived Needs
Westbrook and Black (1985) [3] identified seven dimensions of shopping motivations: anticipated utility, role enactment, negotiation, choice optimization, affiliation, power and authority, and stimulation. Similarly, Arnold and Reynolds (2003) [4] investigated hedonic reasons why people go shopping and identified six broad categories of hedonic shopping motivation. These included adventure shopping, social shopping, gratification shopping, idea shopping, role shopping, and value shopping. Adventure shopping refers to shopping for excitement, adventure, and stimulation. It also refers to experiencing a different environment that stimulates the senses.

2.2 Customers' Value Perception
According to Sparks et al. (2008) [5], customer value made its appearance in several different contexts. Customer value could be viewed within a pure accounting context, strategic management context and from a marketing context. Customer value is a personal perception of advantage arising out of a customer's association with an organization (retailer's) offering. Woodruff (1997)[6] reviewed customer value as a customer's perceived preference for and evaluation of product attributes, attribute performances, and consequences arising from use. These attributes facilitated or blocked the achieving of the customer's goals and purposes in use situations.

2.3 Customer's Price Sensitiveness
Price is a critical factor that customers consider in ascertaining the overall value of an offering, i.e., whether or not the benefits of the exchange outweigh the sacrifices. Understanding what the customer was being asked to give up in an exchange for what they got is therefore key to the ability of the retailer to deliver superior value. Marketers should carefully determine the price of a good based on the value of what is being offered in the mind of the potential buyer (Smith and Sinha, 2000) [7].
Similarly, price and promotion optimization software developed by SAP'sKhiMetrics has been implemented successfully by top retailers in the grocery, drug, electronics, specialty, and mass merchandising fields. Results from controlled field experiments demonstrated that gross margin increased 5 to 15 percent, depending on the retailer's margins, and the results were consistent across retail industries (Moore and Carpenter, 2006)[8].

3. Research Methodology
This study was conducted from the perspectives of retailers of Shopping Malls. The researcher conducted a survey of 100 shopping mall owners/managers on the basis of randomly selected samples. As the questions were more sensitive to identify the buying behavior and customer value perception of the respondents, a semi-structured interview schedule was used as survey instrument for the study.

3.1 Data Collection
Both primary and secondary sources were used for data collection of the study.

3.2 Area of the Study
South Chennai metropolitan is the study area.

Table 3.1: Sample Collected for Customer Orientation in Shopping Malls of Chennai

Area	Name of the Shopping Mall	No. of Shops	Sample Collected
Velachery	Phoenix Market City	42	40
	The Grand Mall	26	22
Sholinganallur	Mary Junction Mall	19	12
East Coast Road	Maya Jal Mall	30	26
		Total	100

3.3 Statistical Tools Used
Both descriptive and inferential analyses were employed in the analysis. For inferential analysis, appropriate statistical tools including percentiles, mean and standard deviation, correlation and chi-square test, reliability, validity were used for the study.

4. Data Analysis

Table 4.1: Mean and standard deviation statement of Customer Orientation in Shopping Malls

Customer Orientation in Shopping Malls	Mean	Std. Deviation
PN: Perceived Needs of the Customer	3.69	1.095
PN1 Reputation of the shop		
PN2 Services are perfectly matching with the customers need	3.65	1.082
PN3 Customers' preparedness for building long term relationship	3.38	1.104
PN4 Customers' benefit on long term relationship	3.51	1.126
PN5 Creation of 'sense of belonging' to the customers	3.50	1.075
VP: Value Perception of the Customer	**Mean**	**Std. Deviation**
VP1 Extension of quality offers	3.61	1.164
VP2 Special offers that are valuable to customers	3.57	1.121
VP3 Good value for money	3.21	1.204
VP4 Better deal when compare with other shoppers	3.46	1.125
VP5 Reduction of shopping time comparatively	3.64	1.143
PC: Price Sensitive Customers	**Mean**	**Std. Deviation**
PC1 Frequent comparison of prices of products	3.53	1.312
PC2 Apathetic while choosing on 'brand image	3.60	1.233
PC3 Interest to purchase 'low cost products/services'	4.08	1.010
PC4 Valuing the 'cost' of the product greater than the 'service quality'	3.60	1.305
PC5 Searching behavior for 'low cost' products	3.32	1.365
PC6 Decision to gain 'low cost product' in-lieu of 'customer service'	3.29	1.380

4.1 Reliability

Reliability is the consistency with which the tools measures what it measures. In the present study, the rationale equivalence method was employed to find out the inter-correlation of items in the test and correlation of the items with the test as a whole. This type of reliability is known as "internal consistency reliability". The reliability of the findings depends on the likely recurrence of the original data and the way they are interpreted. The tendency toward consistency found in repeated measurements is referred to as reliability.

Table 4.2: Item-to-Total Correlations and Reliability Estimates (n=100) of Customer Orientation Variables

Variables	Item-to-Total Correlations
PN: Perceived Needs of the Customer	
1. Reputation of the shop	0.343
2. Services are perfectly matching with the customers need	0.399
3. Customers' preparedness for building long term relationship	0.430
4. Customers' benefit on long term relationship	0.342
5. Creation of 'sense of belonging' to the customers	0.313
VP: Value Perception of the Customer	
1. Extension of quality offers	0.320
2. Special offers that are valuable to customers	0.329
3. Good value for money	0.429
4. Better deal when compare with other shoppers	0.424
5. Reduction of shopping time comparatively	0.346
PC: Price Sensitivity of the Customers	
1. Frequent comparison of prices of products	0.474
2. Apathetic while choosing on 'brand image'	0.476
3. Interest to purchase 'low cost products/services'	0.747
4. Valuing the cost of the product	0.828
5. Searching behavior for 'low cost' products	0.851
6. Decision to gain 'low cost product' in-lieu of 'customer service'	0.848

Table 4.3: Intrinsic Validity of the Customer Orientation Variables

Variables	Reliability Coefficient	Intrinsic Validity Coefficient
PN: Perceived Needs of the Customer	0.629	0.793
VP: Value Perception of the customer	0.734	0.857
PS: Price Sensitivity of Customer	0.925	0.962

4.2 Correlation analysis on factors of Customer Orientation in Shopping Malls:

Table 4.4: Pearson Correlation Coefficient between factors of Customer Orientation in Shopping Malls

Factors of Customer Orientation	Perceived Needs	Value Perception	Customer's Price Sensitive
Perceived Needs	1.000	0.563**	0.566**
Value Perception	--	1.000	0.520**
Customer's Price Sensitive	--	--	1.000

The Correlation Coefficient between perceived needs and value perception is 0.563%, which indicates 56.3% positive relationship between perceived needs and value perception and is significant at 1% level. The correlation coefficient between perceived needs and customers' price sensitive is 0.566, which indicates 56.6% positive relationship between perceived needs and customers' price sensitive and is significant at 1% level, and similarly the other factors are positively correlated with each other

Hypothesis No.1: Relationship between Perceived Needs and Value Perception of the Customers in Shopping malls
H_0: There is no significant relationship between perceived needs and value perception of the customers with regard to customer orientation in shopping malls.
H_1: There is significant relationship between the variables - higher the level of perceived needs,
higher the level of value perception of the customers

Table 4.5: Relationship between Perceived Needs and Value Perception of the Customers with regard to Customer Orientation in Shopping Malls

Level of Perceived Needs	Level of Value Perception			Total	Chi-square value	Pvalue
	Low	Moderate	High			
Low	10 (54.1) [10.3]	10 (27.6) [10.4]	8 (18.4) [8.6]	28	69.489	<0.001**
Moderate	10 (24.0) [10.9]	15 (51.5) [15.9]	10 (24.5) [10.8]	35		
High	12 (9.8) [12.8]	15 (40.2) [15.7]	10 (50.0) [10.5]	37		
Total	32	40	28	100		

Note: 1. The value within () refers to Row Percentage
2. The value within [] refers to Column Percentage
3. ** Denotes significant at 1% level

Hypothesis No.2: Relationship between Perceived Needs of the Customers and Customer's Price Sensitivity in Shopping Malls
H_0: There is no significant relationship between perceived needs and customer's price sensitivity with regard to customer orientation in shopping malls.

H_1: There is significant relationship between the variables - higher the level of perceived needs of the customers, higher the level of customer's price sensitivity of the products in shopping malls.

Table 4.6: Relationship between Perceived Needs and Customer's Price Sensitivity with regard to Customer Orientation in Shopping Malls

Level of Perceived Needs	Level of Customer's Price Sensitivity			Total	Chi-square value	P-value
	Low	Moderate	High			
Low	15 (50.0) [15.5]	10 (36.7) [10]	10 (13.3) [10]	35	69.954	<0.001**
Moderate	10 (18.0) [10.4]	8 (54.0) [8.7]	10 (28.0) [10]	28		
High	10 (12.5) [10.1]	15 (35.7) [15.7]	12 (51.8) [12.7]	37		
Total	35	33	32	100		

Note: 1. The value within ( ) refers to Row Percentage
2. The value within [ ] refers to Column Percentage
3. ** Denotes significant at 1% level

5. Findings
The results of the study provide theoretical and practical implications regarding the relationships among the impact factors of customer orientation, namely, perceived needs of the customers, customer value perception and customer's price sensitivity. First, despite the fact that the customer orientation involves many impact factors, this study highlighted four important variables. There were many empirical studies relating this customer orientation. This study also established influence of impact factors on two dependent variables; store performance and customer retention. This study provides a basis for customer orientation researchers and marketing specialists to further test the relationship between retail customers or other customers through a larger number of samples and a wide scope of perspectives. According to the study, impact factors not only affect the service quality, but in turn, affect the store performance and customer retention which are ultimate objectives of any shopper.

6. Conclusion
This study contributes to stakeholders of shopping mall business, which should ensure commitment to implement constructive retail business policy covering all aspects of shopping malls business management. To implement customer orientation programs successfully, the managers and owners of shopping mall business should make strategic policy for a good administration of retail business in a

metropolitan business environment. This study contributes an innovative and inclusive idea of retail business policy formulation. According to the new formula, customer orientation policy is not just an extension facilitation to customers; it is the combination of many sub-factors including cost allocation, standard of service quality required or extended, customer need analysis, value analysis and internal marketing capability involved in the process. The important thing to focus on any strategic planning is not the techniques/tools and planning methods, but "earning the commitment" of the executives. Notably, the policy makers of retail business should have a specific commitment on the customer service and customer retention policy throughout the programs since this policy is a guide post and control measure of various activities involved in the process.

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