

DETERMINANTS OF PHYSICAL STORE'S CUSTOMER SATISFACTION AMONG UNIVERSITY STUDENTS

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ABSTRACT

Physical stores in Malaysia has witnessed positive growth due to various developments in the retail industry. However, physical stores are facing strong market competitions from online stores as a result/impact of industrial revolution 4.0. This is because there is still a lack of study to explain how customer satisfaction can be develop by physical stores in sustaining competitive advantage against online stores. This study identifies the determinants of physical store's customer satisfaction among university students. Specifically, factors such as price fairness, customer service and marketing strategy are taken into consideration in order to study their effects on physical store's customer satisfaction. Quantitative research method was used through survey questionnaire. The sampling method used in this study is convenience sampling. University students N=300 were selected from a public university. A standard questionnaire was used to access respondent's information and data. The questionnaire's data were analysed by using SPSS software. It was found that price fairness, customer service and marketing strategy are the determinants of physical store's customer satisfaction among university students, ($p < 0.000$). This study is helpful for physical store managements to increase customer satisfaction and enhance competitive advantage against online stores.

Keywords: Customer Satisfaction, Online Store, Price Fairness, Customer Service, Marketing Strategy

INTRODUCTION

Retail industry in Malaysia had witnessed a stronger sales growth due to rapid urban developments and changes in customer's lifestyle. In recent years, numbers of physical stores increased tremendously in order to satisfy customer's requirements and demands at their own ease (Jimisiah et al., 2016). In fact, retail industry plays an important role towards the growth of a country's economy. Customers these days have to select between the physical store's shopping experiences against the emerging online stores (Rajesh, 2017). Customer satisfaction usually linked with customer's response to a store's offering and the difference between products' actual and expected performances (Yoo & Park, 2016).

Due to industrial revolution 4.0, physical stores are facing stiff market competitions from online stores. However, online customers tend to face many problems and difficulties when it comes to customer experience compared to a physical stores customer. This had caused both marketing academicians and practitioners to look into various determinants of physical store's customer satisfaction. It is understandable that there is still a lack of study to explain how customer satisfaction can be developed by physical stores in sustaining competitive advantage against online stores.

It must also be noted that, not many retail based studies have been conducted on university students. Studies on university students are important because university students represent an important segment of shoppers among the Malaysian customer segments (Muniady et al., 2014). Based on the discussion above, this research identified the determinants of physical

store's customer satisfaction based on factors such as price fairness, customer service and marketing strategy in order to sustain competitive advantage against online stores.

LITERATURE REVIEW

Customer Satisfaction

Customer satisfaction defined as an individual's personal reaction towards a particular product when they compare the performance of that product with their own expectations (Leong et al., 2015). Satisfaction is the awareness of each individual separately. This feeling occurs when a person comparing expected service with perceived service (Ratanavaraha et al., 2016). Khan & Bagram (2012) also see customer satisfaction as the feature or characteristics that can fulfils customer's demand in a better way. Customer satisfaction considered as the psychological or emotional state reaction of customers, when their emotion about expectations is positive. Moreover, customer satisfaction viewed as an individual's emotional and cognitive reaction to his or her evaluation about the physical stores. Hence, those customer's emotion and experience determine customer retention and loyalty (Chang, 2015; Ligo & Jhon, 2013).

Price Fairness

Based on Wang, et al., (2015), price fairness judgments significantly influence customer's post purchase behaviour including positive or negative recommendations, satisfaction and repurchase intentions. Jaramillo & Spector (2015) found that price fairness perceptions among customers directly impact customer satisfaction in term of switching and recommendation interest. According to Sandra (2015), when a physical store provides more price information and greater price transparency, many customers consider the price as fair. Therefore, price transparency leads to direct influence towards price fairness, which can significantly affects customer satisfaction. Besides, price is defined as the amount that a customer has to pay for the products or services. This includes reasonable price and affordable price that determine customer satisfaction. Price fairness from any exchange or transactions plays a very significant role in determining customer satisfaction. When customers buy a product with reasonable price as expected, it leads to a positive customer satisfaction (Ligo & John, 2013; Reavey et al., 2015).

Customer Service

Customer service refers to the intangible activities designed by the physical stores in combination with the fundamental goods and services it sells. These activities have a strong impact on the customer's whole shopping experience. Thus, the factors that determine positive customer service are physical store's hours, comfortable parking space, welcoming store layout, credit facilities, friendly salesperson, additional services such as gift wrapping, restrooms, store's employees politeness, delivery policies and customer follow up (Okoro et al., 2019). Physical stores are advised to provide quality service to its customers in order to achieve better profitability ratio. Therefore, customer service must witness continuous improvement so that customer satisfaction can be materialized. Customer service helps to improve physical store's customer satisfaction and efficiency of their services (Reardon et al., 2011; Veloso et al., 2018). Moreover, customer's shopping duration will reduce if the store's psychical layout and environment is helpful for the customers. As a result, customer satisfaction can be achieved (Arbab et al., 2014). Furthermore, customer satisfaction can be achieved by fulfilling customer's expectations. To meet these expectations, physical stores must provide best customer service (Emel, 2011).

Marketing Strategy

According to Ezekiel (2014), marketing strategy is a planned mix of manageable elements of a products marketing plan that usually identify as 4P's; product, price, place and promotion. Marketing is a unique strategy used by the physical stores to better off its close competitors (Kingsley, 2017). Based on Oberiri (2016), marketing strategy defined as a management orientation that holds the key tasks of the physical stores to determine the needs and wants of their customers and to adapt the physical stores to deliver customer satisfaction more effectively and efficiently than their competitors. Besides, marketing strategy is the best way for physical stores to satisfy customer's needs and wants. On the other hand, instead of focusing on delivering and selling the products, many physical stores are targeting in developing long term marketing relationship with their customers, thus enable the stores to achieve customer satisfaction and retention (Kabu & Soniya, 2017). Furthermore, good marketing strategy has become very attractive to many individuals due to its strengths and benefits as a communication tool in helping both physical stores and their customers to enhance long term relationships (Alavuk & Petrevska, 2015).

Research Questions

- 1) What are the determinants of physical store's customer satisfaction among university students?
- 2) What is the effect of price fairness, customer service and marketing strategy on physical store's customer satisfaction among university students?

Conceptual Framework

The main objective of this study is to determine whether price fairness, customer service and marketing strategy will affect physical store's customer satisfaction among university students. The conceptual model for physical store's customer satisfaction was developed based on research objectives. Hypotheses of this study aimed to analyse the effect of price fairness, customer service and marketing strategy on physical store's customer satisfaction among university students.

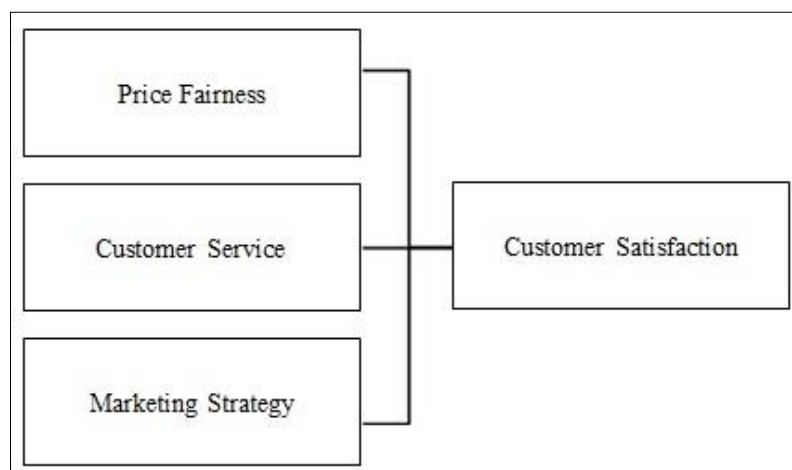


FIGURE 1
CONCEPTUAL MODEL OF PHYSICAL STORE'S CUSTOMER SATISFACTION

Research Hypotheses

- 1) Price fairness has a significant effect on physical store's customer satisfaction.
- 2) Customer service has a significant effect on physical store's customer satisfaction.
- 3) Marketing strategy has a significant effect on physical store's customer satisfaction.

RESEARCH METHODOLOGY

The purpose of this study was to evaluate and understand the determinants of physical store's customer satisfaction among university students. The main objective of research methodology is to ensure that all the data and information collected suits to the research target and also assured that the research findings is accurate and valid. Research methodology allows the readers to have strong understanding on the flow of this study. The sources of data used in this study are primary and secondary data. The raw data and information collected from the target respondents are categorized as primary data. Secondary data consist of data and information that were retrieved from other important sources such as journals, articles, books and literatures.

This is a quantitative study whereby survey questionnaire was used for data collection. A standard set of questionnaire was given to the target respondents. The questionnaire consist fifteen questions, five questions for each study variables. Likert scale 5 measurements were used to measure the result and the data of this study. SPSS was used to analysis data collected from survey questionnaire. This study uses convenience sampling by selecting a huge number of populations into a group of target respondents. The target respondents of this study are university students. According to Johnson, et al., (2016), physical stores customers are mainly focused on youth market which mostly consists of university students. Students for this study were selected from different faculties across Universiti Teknikal Malaysia Melaka. The total number of respondents (N=300), male (N=165), female (N=135). There are 12,000 undergraduates and postgraduates in Universiti Teknikal Malaysia Melaka. Table 1 below shows the sampling plan for this research.

Target Respondents	University Students
Sampling Procedure	Convenience Sampling
Sample Size	(N=300)

Pilot test was conducted prior to field study in order to test the reliability of the research questionnaires. Reliability test was carried out on the variables to know the Cronbach alpha score. According to George, et al., (2015), research variables with Cronbach alpha score more than 0.70 are considered as reliable and acceptable. The Cronbach's alpha for customer satisfaction was (0.834) and followed by price fairness (0.790), customer service (0.765) and marketing strategy (0.820). Besides, multiple regressions analysis was carried out in order to determine the correlations between the research variables and to answer the hypotheses statement.

FINDINGS AND ANALYSIS

This study results were interpreted to highlight the significance of variables score. Based on the results, price fairness, customer service and marketing strategy have a significant effect on physical store's customer satisfaction. The demographic profile of respondents were male (N=165), female (N=135), with most reported race Malay (N=102). The respondents were studying in different faculties from Universiti Teknikal Malaysia Melaka. The highest percentage of students who participated in this study were undergraduates (N=212).

Gender	
Male	Female
165	135

Educational Level	
Undergraduates	Postgraduates
212	88

Multiple regression analysis is conducted in order to determine the effect of each independent variable towards the dependent variable and help researcher to predict the relationship between the variables. P-value less than 0.05 indicate that, independent variable has a significant influence on the dependent variable. This data from respondents were analyzed using SPSS software.

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.861 ^a	.741	.738	35885	1.53
a. Predictors: (Constant), Price Fairness, Customer Service, Marketing Strategy b. Dependent Variable: Customer Satisfaction					
ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	108.924	3	36.308	281.955	.000
Residual	38.116	296	0.129		
Total	147.04	299			
		Unstandardized Coefficients		Standardized Coefficients	
Model	B	Std. Error	Beta	t	Sig.
(Constant)	0.574	0.109		5.25	.000
Price Fairness	.844	0.05	.862	17.001	.000
Customer Service	.122	0.083	.112	1.462	.145
Marketing Strategy	.109	0.085	.108	1.278	.202
a. Dependent Variable: Customer Satisfaction					

Table 3 shows the relationship between the independent variables and the dependent variable, customer satisfaction. The hypothesis statement is supported when the p-value is less than 0.05 ($p < 0.05$) of the significance level. Based on Table 1, it shows that independent variable's price fairness and customer service has the significant value of 0.000 and 0.045 respectively. Besides, marketing strategy has the significant value of 0.002.

On the other hand, unstandardized coefficient beta presented in the table above is used to formulate the equation for multiple linear regressions in order to identify the important of every independent variables comparing with the dependent variable.

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3$$

$$Y = 0.574 + 0.844x_1 + 0.122x_2 + 0.109x_3$$

Hypothesis 1

H1: Price fairness has a significant effect on physical store's customer satisfaction.

Hypothesis 1 is to test the significant effect between price fairness and physical store's customer satisfaction. Based on multiple regressions analysis, the p-value based on regression analysis between price fairness and customer satisfaction is 0.000 (p-value less than 0.05 indicates significant effect). Thus, the finding shows that there is a significant effect between price fairness and physical store's customer satisfaction. As a result, H1 is supported.

Hypothesis 2

H2: Customer service has a significant effect on physical store's customer satisfaction.

Hypothesis 2 is to test the significant effect between customer service and physical store's customer satisfaction. Based on multiple regressions analysis, the p-value based on regression analysis between customer service and customer satisfaction is 0.045 (p-value less than 0.05 indicates significant effect). Thus, the finding shows that there is a significant effect between customer service and physical store's customer satisfaction. As a result, H2 is supported.

Hypothesis 3

H3: Marketing strategy has a significant effect on physical store's customer satisfaction.

Hypothesis 3 is to test the significant effect between marketing strategy and physical store's customer satisfaction. Based on multiple regressions analysis, the p-value based on regression analysis between marketing strategy and customer satisfaction is 0.002 (p-value less than 0.05 indicates significant effect). Thus, the finding shows that there is a significant effect between marketing strategy and physical store's customer satisfaction. As a result, H3 is supported.

DISCUSSION

Based on the finding, price fairness has a significant effect with physical store's customer satisfaction. This finding supported by Jaramillo & Spector (2015) as their research found that price fairness perceptions among customers directly impact customer satisfaction in term of switching and recommendation interest. Moreover, Wang, et al., (2015) stated that price fairness judgments significantly influence customer's post purchase behaviour including positive or negative recommendations, satisfaction and repurchase intentions. Besides, price is defined as the amount that a customer has to pay for the products or services. This includes reasonable price and affordable price that determine customer satisfaction. Price fairness from any exchange or transactions plays a very significant role in determining customer satisfaction. When customers buy a product with reasonable price as expected, it leads to a positive customer satisfaction (Ligo & John, 2013; Reavey et al., 2015).

On the other hand, this study also concluded that customer service has a significant effect with physical store's customer satisfaction. This result supported by Okoro, et al., (2019) as their research found that physical store's hours, comfortable parking space, welcoming store layout, credit facilities, friendly salesperson, additional services such as gift wrapping, restrooms, stores employees politeness, delivery policies and customer follow up are the positive determinants of customer service. Physical stores are advised to provide quality service to its customers in order to achieve better profitability ratio. Therefore, customer service must witness continuous improvement so that customer satisfaction can be materialized. Customer service helps to improve physical store's customer satisfaction and efficiency of their services (Reardon et al., 2011; Veloso et al., 2018).

Besides, this study found that marketing strategy has a significant effect with physical store's customer satisfaction whereby this finding was supported by Oberiri (2016) research. Based on his research, marketing strategy defined as a management orientation that holds the key tasks of the physical store to determine the needs and wants of their customers and to adapt the physical store to deliver customer satisfaction more effectively and efficiently than their competitors. Marketing is a unique strategy used by the physical stores to better off its close competitors (Kingsley, 2017). Furthermore, according to Kabu & Sniya (2017), instead of focusing on delivering and selling the products, many physical stores are targeting in developing long term marketing relationship with their customers, thus enable the stores to achieve customer satisfaction and retention.

Based on the findings, this study is helpful for physical store managements to increase customer satisfaction and enhance competitive advantage against online stores. This study successfully links price fairness, customer service and marketing strategy with physical store's customer satisfaction. The research objective was met and all the hypotheses were supported.

CONCLUSION

This study had concluded that price fairness, customer service and marketing strategy are the determinants of physical store's customer satisfaction among university students. This finding is helpful for physical store managements to form successful marketing plans and strategies which can contribute towards their business developments. Besides, this study supports physical store managements to access their weakness in term of customer service and marketing planning. This study successfully developed and integrated a conceptual model that links price fairness, customer service and marketing strategy with physical store's customer satisfaction. Thus, physical stores are encouraged to emphasis more on customer oriented behaviours. Future studies are needed to find other possible determinants that affect physical store's customer satisfaction among university students.

ACKNOWLEDGEMENT

We would like to thank Universiti Teknikal Malaysia Melaka for supporting us in publishing this paper.

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