MARKETING PRACTICES AND CUSTOMER RETENTION OF THE MARGIN FREE MARKET IN KANYAKUMARI DISTRICT

Mr. D.Anto Pravin Singh[1] and Dr.V.Bini Marin[2]
[1] (Reg. No. 7302) Research Scholar, Manonmaniam Sundaranar University, Abishekapatti, Tirunelveli.Tamilnadu.India.
[2] Associate Professor, Department of Business Studies & Centre for research, Scott Christian College (Autonomous), Nagercoil , Tamil Nadu.

ABSTRACT:

The present paper tries to focus on the idea of increasing the customer retention in markets like Margin Free Market. The various marketing practices have contributed to the customer retention in these markets. Through the mediators like customer satisfaction and loyalty, the retention level is measured using SEM analysis in the present paper. The independent variable is marketing practices and the dependent variable is retention. A total number of 507 samples were collected using random sampling method. The research has highlighted that there is a direct impact of marketing practices on customer retention and there is also indirect impact on customer retention. One of the major suggestion provided by the present paper is that the marketing practices like store service and promotion technique, if they are used effectively can lead to customer retention.

KEYWORDS: Marketing Practices, Loyalty, satisfaction, customer and Retention.

INTRODUCTION:

For any company, getting a first time customer is not a huge task. But converting that first time customer into a loyal customer for a long time is the real challenge that many companies are unable to tackle. In the case of the present research, what are the various marketing strategies that the Margin Free Market need to follow in order to retain their customer base in a scenario where corporate super markets are sprouting everywhere - this is the focus of the present research. For getting a customer, a company needs to have the 4 Ps - product, price, place and promotion and along with these we also need to have good service. This can get us a customer base, and if we perform well in these areas, the customers can turn into loyal customers and retention of these customers can become easy. The present research will try to analyse the various marketing strategies being used by the Margin Free Market and whether these strategies are helping the market in retaining the customer base. By understanding the effectiveness of the marketing strategies being used by the market, the present research can provide valuable suggestion in order to improve the strategy and make the market sustain in the competitive world.

There are many researches available that focuses on the various marketing strategies followed by the super markets around the world. But majority of them are a comparative study of

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one or more super market chains that dominate the business world. A standalone study that analyses a single company like Margin Free Market is rarely done by many scholars. Moreover, there are also many researches that have focused the various aspects related to super markets such as marketing strategies, customer satisfaction, customer loyalty and customer retention separately. But the trajectory of how strategies of the market leads to satisfaction of the customers and how this satisfaction creates loyal customers and how this loyalty leads to the retention of the customers is not focused by many of these research. This is the research gap that the present research is trying to fill.

Methods

As far as the present study is concerned, the investigator has proposed to collect the data required from the sample population by adopting random sampling technique. The researcher has targeted 540 sample respondents from the nine blocks in Kanyakumari district , Tamil Nadu, India.. Among the 540 respondents, only 531 respondents responded properly. From that 531, only 507 complete responses were selected for the present research.

Result
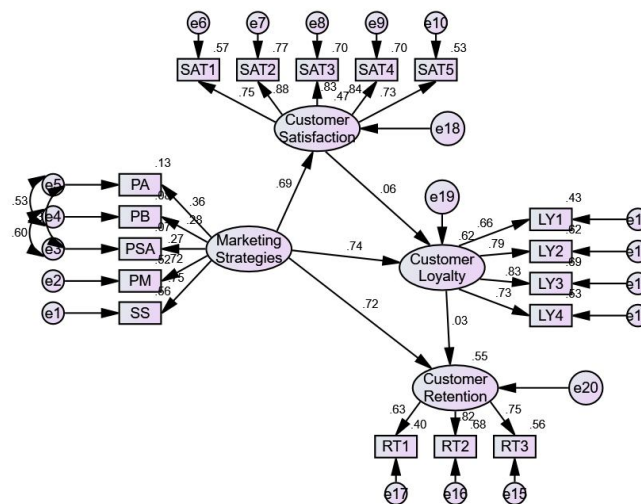
Structural Equation Modelling

Fig.1 standardized Estimates

Table No.1
Model Fit Summary
CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	42	447.091	111	.000	4.028
Saturated model	153	.000	0		
Independence model	17	4579.146	136	.000	33.670

RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	.058	.907	.871	.658
Saturated model	.000	1.000		
Independence model	.301	.303	.216	.269

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		RMSEA		
Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.059	.070	.085	.000
Independence model	.254	.248	.260	.000

The tables given above provides the values that are model fit indices. All the above value indicates that the model is a good fit. The Chi-square/df value here is 4.028 which is less than 5 and that indicates this is a good model. Similarly, the p-value is 0.000 which is less than 0.05. Since the other fit indices are well and good, the current model is considered to be a good fit. The GFI value here is 0.907 which is greater than 0.90 and AGFI value is 0.871 which again is greater than 0.80 which indicates that the model is fit. The error value RMR is 0.058 and RMSEA value is 0.059 and both are less than 0.06 which again indicates that the model is good without much error.

Table No.2
Regression Weights

Constructs and Items			Estimate	S.E.	C.R.	P
Customer_Satisfaction	<---	Marketing_Strategies	.991	.086	11.587	***
Customer_Loyalty	<---	Customer_Satisfaction	.049	.053	.919	.358
Customer_Loyalty	<---	Marketing_Strategies	.830	.103	8.039	***
Customer_Retention	<---	Customer_Loyalty	.036	.118	.305	.760
Customer_Retention	<---	Marketing_Strategies	.939	.150	6.280	***
SS	<---	Marketing_Strategies	1.000			
PM	<---	Marketing_Strategies	1.080	.073	14.698	***
PSA	<---	Marketing_Strategies	.480	.088	5.446	***
PB	<---	Marketing_Strategies	.497	.088	5.664	***
PA	<---	Marketing_Strategies	.734	.099	7.403	***
SAT1	<---	Customer_Satisfaction	1.000			
SAT2	<---	Customer_Satisfaction	1.131	.055	20.436	***
SAT3	<---	Customer_Satisfaction	1.010	.052	19.366	***
SAT4	<---	Customer_Satisfaction	1.072	.055	19.497	***
SAT5	<---	Customer_Satisfaction	.934	.056	16.572	***
LY1	<---	Customer_Loyalty	1.000			
LY2	<---	Customer_Loyalty	1.142	.078	14.656	***
LY3	<---	Customer_Loyalty	1.230	.081	15.194	***
LY4	<---	Customer_Loyalty	1.116	.081	13.824	***
RT3	<---	Customer_Retention	1.000			
RT2	<---	Customer_Retention	1.104	.071	15.605	***
RT1	<---	Customer_Retention	.868	.067	12.949	***

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Table No.3
Standardized Total, Direct and Indirect Effects
Standardized Total Effects

	Marketing Strategies	Customer Satisfaction	Customer Loyalty	Customer Retention
Customer Satisfaction	.688	.000	.000	.000
Customer Loyalty	.785	.063	.000	.000
Customer Retention	.741	.002	.031	.000

Standardized Direct Effects

	Marketing Strategies	Customer Satisfaction	Customer Loyalty	Customer Retention
Customer Satisfaction	.688	.000	.000	.000
Customer Loyalty	.741	.063	.000	.000
Customer Retention	.717	.000	.031	.000

Standardized Indirect Effects

	Marketing Strategies	Customer Satisfaction	Customer Loyalty	Customer Retention
Customer Satisfaction	.000	.000	.000	.000
Customer Loyalty	.043	.000	.000	.000
Customer Retention	.024	.002	.000	.000

The above tables talks about the total, direct and indirect effect between the independent and dependent variables. When the total effect is taken into consideration, whenever there is a 1 point increase in marketing strategy, there is a 0.741 point increase in customer retention. Similarly, when there is a 1 point increase in customer satisfaction, there is 0.002 point increase in customer retention. Moreover, when there is a 1 point increase in customer loyalty, there is a 0.031 point increase in customer retention. When the direct effect is taken into consideration, whenever there is a 1 point increase in marketing strategy, there is a 0.717 point increase in customer retention. Similarly, when there is a 1 point increase in customer satisfaction, there is 0.000 point increase in customer retention. Moreover, when there is a 1 point increase in customer loyalty, there is a 0.031 point increase in customer retention. When the indirect effect is taken into consideration, whenever there is a 1 point increase in marketing strategy, there is a 0.024 point increase in customer retention. Similarly, when there is a 1 point increase in customer satisfaction, there is 0.002 point increase in customer retention. Moreover, when there is a 1 point increase in customer loyalty, there is a 0.000 point increase in customer retention. From the above diagram and analysis, it is very clear that the mediator customer satisfaction and customer loyalty has a positive impact upon the customer retention.

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CONCLUSION

The present paper has highlighted that the marketing practices followed by the Margin Free Market had a huge impact upon the customer retention. There is a demonstrated proof that the marketing strategies can lead to satisfaction and satisfaction in turn can lead to loyalty which results in the retention of the customers in the long run. There is also proof that there is direct as well as indirect effect of the mediators on the variables. When the loyalty and satisfaction of the customers can be measured, then it can give a clear picture of the customer satisfaction. Some of the major marketing practices that can have an impact on the customer retention are - staff services, promotion mix, place and store atmosphere according to the present research.

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