Customer Retention Strategies at Shopping Malls

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Introduction

Customer retention is the activity that a selling organization undertakes in order to reduce customer defections. Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship. A company’s ability to attract and retain new customers, is not only related to its product or services, but also strongly related to the way it services its existing customers and the reputation it creates within and across the marketplace.

Customer retention is more than giving the customer what they expect, it’s about exceeding their expectations so that they become loyal advocates for your brand. Creating customer loyalty puts ‘customer value rather than maximizing profits and shareholder value at the center of business strategy\textsuperscript{67}. The key differentiation in a competitive environment is often the delivery of a consistently high standard of customer service.

Customer retention has a direct impact on profitability. Research by John Fleming and Jim Asplund indicates that engaged customers generate 1.7 times more revenue than normal customers, while having engaged employees and engaged customers returns a revenue gain of 3.4 times the norm.

Malls in India

The occurrence of shopping malls is more common and the appearance of many shopping malls is parallel to each other. The growth rates of shopping malls are higher than in the recent decades and the already surviving shopping malls become much bigger. All the new strategic shopping malls are comparatively huge in size and the already established malls meet this development by expanding\textsuperscript{1}.

Concept of Malls

The concept of Retail as entertainment came to India with the advent of malls. Mall fever has touched every facet of Indian society. Whatever is the income stratum of consumers, malls make no distinction in proffering most-revered national and global brands\textsuperscript{13}. Shopping Mall refers to a set of homogenous and heterogeneous shops adjoining a pedestrian, or an exclusive pedestrian street, that makes it easy going for shopper to walk from store to store without interference from vehicular traffic. Malls are incorporated with a whole bank of lifts and escalators for smooth transit of shoppers. Malls are located in proximity to urban outskirts, and ranges from 60,000 sqft to 70,000 sqft and above\textsuperscript{14}.

The future of organized retailing is largely in the hands of mall where the shoppers get quality, quantity, aspiration appeal, recreation facilities and ambience. Under one roof, the flashy malls promise just about everything under the sun, from foreign gizmos to the very desi, virtually an airbus full of national and international brands, to say the least. Malls offer a plethora of attractions- high profile shopping, impulse eating establishment, a glitzy and glamorous environment to discerning shoppers of more refined tastes, who are more concerned with quality and fashion and less concerned with budgets. Mall reveals six factors namely comfort diversity, luxury, mall essence, entertainment, and convenience which are a source of cynosure\textsuperscript{15}.

The largest malls in Indian metropolitan cities enjoy 25000 footfalls per day which hikes to an average of 40000 on weekends\textsuperscript{19}. Due to radical revival of shopping and consumerism shopping mall syndrome has hit India in all earnest. Even though the malls are mushrooming from metros and mini - metros to Tier III cities, the spread of
malls is highly concentrated in India. North Zone is having the peak attractiveness with 39 percent while South, East, and West Zone respectively holds 18 percent, 10 percent, 33 percent of total malls pie\(^2\). Creating artificial product scarcity, cheap imitation, and taking customer for granted are the talks of yesteryears, thanks to the mall culture. Further, shopping mall is the paradise where various shopping motives like peer group association, impulse shopping, hedonic, status consciousness, market mavens, economic motive, utilitarian motive etc. can be fulfilled in one shot. Subhiksha formed a different department, which continuously chalks about best prices in groceries around the world\(^2\).

**Review of Literature**

**Schneider & Currim (1991)** categorized deal-proneness to two sets as active and inactive. Active deal-proneness is the consumer’s sensitivity to advertisements and coupons. This requires consumers to searching and examining promotions in order to select from them. But inactive deal-proneness requires to searching and examining limited promotions. This type of deal-proneness is related to consumer’s sensitivity to In-store promotion proneness.

**Chandon et al (2000)** integrated both deal proneness and promotion based purchases and considered that consumers respond to sales promotions due to the positive experience provided and thus they attempt to explain how both economic and hedonic benefits and costs influence deal proneness.

**Gonzalez & Petrakis (1999)** explained that sellers can distribute either ordinary coupons, or coupon (price) advertising, or both types of coupons, at distant locations to attract consumers from their rivals’ markets. Sellers’ sales promotion strategies in markets where consumers are uninformed about the prices charged in distant locations or the prices of other brands depend on the location of the seller from the consumer, transportation costs and brand loyalty. Sellers in these markets can attract customers from distant locations, or from other brands, by targeting coupons to the customers of their rivals. Consumers with low transportation costs, or low brand loyalty, will switch store only if they receive a coupon and also believe, or know, that the discounted price charged at the distant store is sufficiently lower than the regular price at the home location.

**Need for the Study**

Customers are the pivot of every business. For every business to be able to survive will immensely depend on its potential customers. As a result, it will be a flop for any business which does not identify and retain its customers. Businesses are springing up from different corners thereby increasing the size of various industries. Surveys indicate that relationship between companies and customers are getting weaker. Customers do not praise their corporate partners rather they express sentiments about the stress, confusion and manipulative transactions in which they find themselves trapped and victimized. Ironically, marketers are doing so many things to establish strong relationships with customers. A marketer would be successful only when he is able to determine as to why a consumer behaves in a particular manner and devises appropriate strategies in response to the behaviour exhibited by the latter. It has hence become imperative for the researcher to bring into focus the variables that affect consumer behaviour. The extent, each variable impact the behaviour needs to be studied, as it would lead to the realization of objectives of the study. The present study has narrowed down by taking only ‘Shopping malls’ in a bid to bring depth to the study and have the research as a meaningful exercise.

**Objectives of the Study**

1. To analyze the socio – economic profile of the customers visiting the retail outlets at shopping malls.

2. To identify the opinion of the customers about the retention strategies based on the different promotional tools adopted by the retailers.

3. To explore the changes expected in the promotional tools adopted by the retailers in customer retention.

4. To draw the suggestions of the customers in designing the alternative promotional tools for effective retain their customer.
Impact of Variable of Promotional Tools on the overall promotional tools and overall Customer Retention Strategies

Limitations of the Study

The study is restricted to Tamil Nadu only and may not be applicable to other areas. Collection of data was a tedious process as respondents when they visit the store format were very busy in their purchasing and highly reluctant in spending time for providing data. The opinions of the respondents may be based on the primary source of data only.

Data Collection

The data collected for the study includes primary and secondary data. Primary data are those which are collected, as fresh and for the first time and happen to be original in character. The primary data is collected from the respondents through questionnaire. Secondary data have been collected already by someone and have already passed through some statistical process.

Tools of Analysis

The data collected have been organized, classified and analyzed using a wide range of appropriate statistical tools like frequency distribution was used analyze the socio economic profile of the respondents, measures of central tendency and measures of dispersion was used analyzed the mean and standard deviation of the variables of promotional tools and customer retention strategies, Z test and ANOVA was used to find out the difference of opinion on the variables of promotional tools and customer retention strategies based on the socio economic profile, correlation was used to find out the relationship between the variables of promotional tools and customer retention strategies in the study, and Path Analysis was used to fit a best model using structural equation modelling to attain the objective of the study.

Findings and Discussions

The respondents clearly stat that the promotional strategies which are currently implemented in retaining the customers in the business are not so efficient. They also say that some new techniques have to be implemented in promoting their product, which would automatically retaining their customers as well as the new customers can also be brought into the business. Due to limitation of time, cost etc., some aspects of the research could not be taken up as a part of the study. These can be incorporated in future research studies. Different future researches that can be done in this research area are
1. Research can be done exclusively for analyzing the shopping behavior of the customers for malls separately.

2. Research can be done to identify the gap between customer’s expectations and the fulfillment made which provides an in-depth knowledge to frame marketing strategies.

3. The research can contain and explore more new marketing channels and strategies and how shopping malls are using it to build relationships with the consumers.

4. A comparative study can be made between various malls in India with foreign countries

**Conclusion**

This study is aimed at examining the shopping behaviour of the respondents and the techniques adopted by the retailers to retain their customers without switching to competitors. Customers go through a lot of evaluation process before deciding where to buy and how to buy. The shopping behaviour of the customers is influenced by various factors which determine the shopping choice. It is very difficult for the marketer / retailer to understand the shopping behaviour of the customers. The behaviour of an individual varies from situation to situation, it is not constant. By providing attractive sales promotional offers, offering all products under one roof, discounts and better mall culture the retailers and the owners of the mall can retain the existing customers and can attract new set of customers.

**References**


