



"A STUDY ON CUSTOMER RETENTION STRATEGY IN A RETAIL OPTICAL STORE WITH REFERENCE TO AN OPTICAL STORE IN CHENNAI CITY"

Mr.M.Riaz Ahmed* **Mr.S.SyedAbudhahir****

**Assistant Professor, MEASI Institute of Management.*

***Final year MBA,MEASI Institute of Management.*

Abstract

The eyewear industry in India is one of the fastest growing retail sectors in the country. This is credited to the entry of many organized players in the market, drastic growth in the demand for eyewear in terms of volume sales, significant shifts in consumer preferences and attitudes towards eyewear category, etc. The burgeoning eyewear market has even prompted industrial powerhouses like Reliance and Titan to establish their presence in the market. In 2016, the Indian eyewear market was estimated around Rs.8, 400 crores and is projected to grow to Rs.12, 600 crores in the coming years. In the eyewear industry, it is estimated that 35 per cent of India's population are in need of vision correction, which may be done by surgery, laser therapy, spectacles or contact lenses. However, only about 25 per cent of people have their vision corrected. Approximately 94 per cent of these wear spectacles, 6 per cent wear contact lenses and 2.5 per cent wear both. An analysis of growth factors such as poor eye health, low penetration of contact lens, rise in organised retail and increasing awareness and brand consciousness among consumers offer huge opportunity in eyewear segment. Further, there are high margins as in certain products with overall mark ups up to 300 per cent exist between the cost and its retail price. A near stagnant market has been converted into one of the fastest growing industries recording a 20 per cent growth annually. The objective of the research paper is to study the customer retention strategy in a retail optical store with reference to an optical store in Chennai city.

Introduction

Global Eyewear Market valued approximately USD 110 billion in 2017 is anticipated to grow with a healthy growth rate of more than 7.52% over the forecast period 2018-2025. The major driving factor of global eyewear market are increasing awareness regarding eye examination, rise in percentage of population who can afford luxury goods and increasing disposable income. In addition, rising prevalence of acute myopia at younger ages, rapid modernization in urban areas and rising consciousness about eye health conditions across the world is projected to drive the growth of the eye market over the coming years. The major restraining factors of global eyewear market are rising refractive surgeries and availability of counter fit products. Eyewear consists of items and accessories worn on or over the eyes, for fashion or adornment, protection against the environment, and to improve or enhance visual acuity. Eyewear can also include more utilitarian forms of eye protection, such as goggles. Conversely, blindfolds are a form of eyewear used to block vision for a variety of purposes. There are various benefits of eyewear such as when you're driving it provide a certain level of protection against various irritants, it helps to express your unique personality, it helps to expand peripheral vision and it also helps in save time, money and that extra hassle every morning. The regional analysis of Global Eyewear Market is considered for the key regions such as Asia Pacific, North America, Europe, Latin America and Rest of the World. Europe has accounted the leading share of total generating revenue across the globe due to primarily due to high average selling prices for the eyewear products and strong inclination toward premium category. North America is also contributing major share in the global market of eyewear due to high disposable income of people in the North American region. Middle East & Africa are also anticipated to grow at a higher rate during the forecast period due to the rise in mall based eyewear stores. Asia-Pacific region is also anticipated to exhibit higher growth rate / CAGR over the forecast period 2018-2025, due to increase in GDP rate, consumer demographics, and preference for luxury brand of the overall economy.

Review of Literature

Debelak(2013) described that retailers should observe fair treatment of customers regardless of their age, gender, race, appearance, or size of purchase. At the same time, their prices, and advertisements should be transparent. There should not be any hidden policies with the view of exploiting customers. Retailers should demonstrate



competence, and a high sense of respect when interacting with customers. Customers will not buy from you if they entertain fears, and do not trust in you, or have ever had any bad past experience .

Chem(2013)suggested that retailers should endeavour to get emotionally connected with consumers. It is a matter of establishing feelings of closeness, affection, and trust with the potential customers (Berry, 2011, p 58). Customers prefer buying from retailers who share their emotions with them. Retailers should connect emotionally with customers by making them feel at 19 homes, telling them the truth, impressing them, and showing love and appreciation .

Abrams(2013) described that customers mostly suffer from psychological cost if they get the impression that the retailer is not fair with prices. Potential customers do not feel comfortable buying from a shop which they anticipate possible prices reduction in a few days ahead, or if they doubt the authenticity of sale prices presented in an advertisement. Thoughtful retailers endeavour to curb or reduce the psychological costs which go with manipulative pricing. Building trust in customers through fair pricing has a positive long term effect. Quality goes with price, low quality with low price and high quality with high price. Most customers seek “value pricing” expecting to get the most value for their money.

David Jobber ,Geoff Lancaster (2015)If the above mentioned factors are true, then why should retailers issue customer cards instead of concentrating on these factors? Buying situation, personal influences, and social influences are the three major factors identified as other key factors that influence consumers buying behavior.

Objective of the study

- To study the customer retention strategy in a retail optical store with reference to an optical store in Chennai city
- To find the reason for shift of customers from an optical store to its competitors.
- To analyse the factors that influences customers to change from an optical store to its competitors.
- To know the customer’s requirements and preferences for not moving to the competitors

Need for the study

In this competitive world retaining the customers has become important part and parcel of the business activity, since in this arena the people who adopt to change and new technologies will survive. This study will helps to understand customers need, preferences and what they require from the service station and this study also helps to improve its service standard.

Scope of the study

The study helps to reduce the customer defections and helps to come up with customer retention strategy. It finds the factors that influence the customer to move from the optical store. These factors help the company to concentrate of those areas and improve the area where they lack. The strategies can be formed based on the study.

Research methodology

Research design

A research design is the plan, structure and strategy of investigation conceived so as to obtain answers to research questions and to control variance. It denotes the sources and type of information relevant to the research problem. The research method used for the purpose of this project is descriptive research. The descriptive research is concerned with describing the characteristics of a particular individual or group.

Sampling Methodology

Sampling design

A sampling method is a procedure for selecting sample members from a population. Sampling is defined as the process of selecting certain members or a subset of the population to make statistical inferences from them and to



estimate characteristics of the whole population. Sampling is widely used by researchers in market research so that they do not need to research the entire population to collect actionable insights. It is also a time-convenient and a cost-effective method and hence forms the basis of any research design. The sampling method used for the study is the simple random sampling. One of the best probability sampling techniques that helps in saving time and resources, is the Simple Random Sampling method. It is a trustworthy method of obtaining information where every single member of a population is chosen randomly, merely by chance and each individual has the exact same probability of being chosen to be a part of a sample.

Sampling Method

The populations for this study are the existing customers who are all not returned back after the purchase period of 24 months based on the list given by the company. It is about 730 persons. The sampling frames for this study are individuals, students, working professionals, self-employed of men and women. It is a finite sample. The sample size is calculated as per the formula. The sample size for the study is 130 respondents.

Source of data

Primary data

The data collected for the study is both primary and the secondary data. The Primary data is collected from the respondents who are the samples taken from the secondary data given by the company through questionnaire.

Secondary data

The secondary data is collected from the company's records like the customer's information.

Data Analysis and Interpretation

Independent sample t test-1

Null hypothesis (H0)

There is no significance difference between gender and various attributes buying preference.

Alternative Hypothesis (H1)

There is a significance difference between gender and various attributes buying preference.

Independent Samples Test						
		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
While buying a product what do you prefer the most?	Equal variances assumed	.589	.044	10.156	128	.012
	Equal variances not assumed			10.493	120.614	.025

Inference

Since the significant p value (two tailed) is less than the 0.05 value, hence reject null hypothesis. Therefore there is a significance difference between gender and various attributes buying preference.

Independent sample t test 2

Null hypothesis (H0)

There is no significance difference between marital status and preference to spend for a spectacle.

Alternative Hypothesis (H1)

There is a significance difference between marital status and preference to spend for a spectacle.



Independent Samples Test		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
How much would you like to spend for a spectacle?	Equal variances assumed	4.825	.030	4.527	128	.000
	Equal variances not assumed			4.638	127.192	.000

Inference

Since the significant p value (two tailed) is less than the 0.05 value, hence reject null hypothesis. Therefore there is a significance difference between marital status and preference to spend for a spectacle.

One way ANOVA test

Null hypothesis (H0) There is no significance difference between occupation and the factor that influence to choose the competitor.

Alternative Hypothesis (H1) There is a significance difference between occupation and the factor that influence to choose the competitor.

How do you choose the currently purchased optical store					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	16.288	3	5.429	9.702	.002
Within Groups	70.512	126	.560		
Total	86.800	129			

Inference Since the significant p value is less than the 0.05 value, hence reject null hypothesis. Therefore there is a significance difference between occupation and the factor that influence to choose the competitor.

One way ANOVA test 2: Null hypothesis (H0) There is no significance difference between age categories and the satisfaction level about quality of the products in an optical store.

Alternative Hypothesis (H1) There is a significance difference between age categories and the satisfaction level about quality of the products in an optical store.

ANOVA					
Quality of the product					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.773	3	1.924	2.852	.040
Within Groups	85.034	126	.675		
Total	90.808	129			



Inference

Since the significant p value is less than the 0.05 value, hence reject null hypothesis. Therefore there is a significance difference between age categories and the satisfaction level about quality of the products in an optical store.

Chi square test

Null hypothesis (H0)

There is no association between occupation and the reason for not preferring an optical store Alternative

Hypothesis (H1)

There is an association between occupation and the reason for not preferring Vision care optics.

			Why do you not preferedan optical store this time?				Total
			poor quality	High price	poor service	external influence	
Occupation	Student	Count	4	14	9	0	27
		Expected Count	6.4	8.3	8.9	3.3	27.0
	Self-Employed	Count	6	2	4	0	12
		Expected Count	2.9	3.7	4.0	1.5	12.0
	Working professional	Count	15	17	20	9	61
		Expected Count	14.5	18.8	20.2	7.5	61.0
	Unemployed	Count	6	7	10	7	30
		Expected Count	7.2	9.2	9.9	3.7	30.0
Total		Count	31	40	43	16	130
		Expected Count	31.0	40.0	43.0	16.0	130.0

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.010a	9	.035
Likelihood Ratio	21.030	9	.013
Linear-by-Linear Association	3.683	1	.055
N of Valid Cases	130		

Inference

Since the significant p value is less than the 0.05 value, hence reject null hypothesis. Therefore there is an association between occupation and the reason for not preferring an optical store



Chi square test 2

Null hypothesis (H0)

There is no association between age categories and the choices of improvement in an optical store

Alternative Hypothesis (H1)

There is an association between age categories and the choices of improvement in an optical store

Age(years)		What do you think Vision care optics should improve?							Total
		product quality	pricing	advertisement	customer relations hip	knowledge of sales executive	collections	Offers and discounts	
Below 25	Count	2	19	0	3	2	27	0	53
	Expected Count	3.7	8.2	7.3	9.4	3.7	11.8	9.0	53.0
25-35	Count	0	1	17	20	1	2	2	43
	Expected Count	3.0	6.6	6.0	7.6	3.0	9.6	7.3	43.0
36-45	Count	6	0	1	0	0	0	20	27
	Expected Count	1.9	4.2	3.7	4.8	1.9	6.0	4.6	27.0
Above 45	Count	1	0	0	0	6	0	0	7
	Expected Count	.5	1.1	1.0	1.2	.5	1.6	1.2	7.0
Total	Count	9	20	18	23	9	29	22	130
	Expected Count	9.0	20.0	18.0	23.0	9.0	29.0	22.0	130.0

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	265.063a	18	.000
Likelihood Ratio	224.038	18	.000
Linear-by-Linear Association	3.875	1	.049
N of Valid Cases	130		

Inference

Since the significant p value is less than the 0.05 value, hence reject null hypothesis.

Therefore there is an association between age categories and the choices of improvement in an optical store

Findings of the study

There is a significance difference between gender and various attributes buying preference.

There is a significance difference between marital status and preference to spend for a spectacle.

There is a significance difference between occupation and the factor that influence to choose the competitor.

There is a significance difference between age categories and the satisfaction level about quality of the products in an optical store .There is an association between occupation and the reason for not preferring an optical store.

There is an association between age categories and the choices of improvement in an optical store.



Suggestions

- An optical store should improve its customer relation management by periodically keeping in touch with the customers and run promotional activities to keep the customers engaged
- It should adopt a pricing strategy and offers to cope up with competitors without compromising in quality of the product.
- It should enhance the service quality and behaviour of the employee by providing proper training to the sales force.
- The advertising influences the customers. So increase online advertisements and banner advertisements. The colleagues suggestions are also playing the vital role so reward whomever suggested vision care optics like coupons and discounts.
- There is a possibility of attracting those customers who are not yet decided where to buy and impress them by offers and special discounts.
- Conduct an eye testing camp in the locality like in schools, apartments and in the offices and target them.
- Improve interiors and create pleasant ambiance that attract customers initially and give more weightage to the family of customers using more than two members because they are not much returned.
- Introduce new collections to attract the student customers and customers of age limit less than 25 and working professionals.

Conclusion

Customers today want the very most and the very best for the very least amount of money, and on the best terms. In this new marketing scenario, everyone is going behind customer oriented business. Knowing the customer preference is the key for retaining the customer. Fulfilling the each category of customer will create a satisfaction to the customer. The customer satisfaction will to the loyalty towards the store. Maintain and sustaining the loyalty of the customer is the ultimate key for the customer retention. Customer retention is achieved only when they think of the spectacle the customer should this of vision care optics. This is achieved by maintain a regular relationship with the customer. In this study the factors that influence the customers to move from the vision care optics to the competitors are found and the reasons for shift of the customers are also found. The customer preference and how to they make choices are also found. This study is to give deeper insight into customer reactions to various influences around them.

Reference

1. Carroll, Howard, Peck, & Murphy (2012), "A field study of perceptions and use of mobile telephones by 16 to 22 year olds", *Journal of Information Technology Theory and Application*, v4 i2. 49-61.
2. Chae & Kim (2011), Chae, M., & Kim, J. (2011), "Information quality of mobile internet services: A theoretical model with empirical validation" In *Proceedings of the 22nd international conference on information systems* (pp. 43-54), New Orleans, LO.
3. Chambers (2014), "Technological advancement, learning, and the adoption of new technology", *European Journal of Operational Research*, v152 i1. 226-247 Chen & Forman (2016), "Can vendor influence switching costs and compatibility in an environment with open standards?", *MIS Quarterly*, v30. 541-562.
4. Chen & Hitt (2012), Pei-Yu (Sharon) Chen, Lorin M. Hitt, "Measuring Switching Costs and the Determinants of Customer Retention in Internet-Enabled Businesses: A Study of the Online Brokerage Industry", *Information Systems Research*, v. 13 n. 3, p. 255-274, September 2012.