

Research on Influence of Socio-Demographic Characteristics on Perceived Relationship Quality in Retail

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Abstract. Maintaining long-term profitable relationships with customers is one of the imperatives in the core of companies' marketing strategies. Transaction marketing has for some time been replaced by relationship marketing. Companies have increasingly recognised the importance and necessity of targeting cooperation with a customer on the basis of business activity that includes moving focus from achieving a short-term sales and profit, and from only “sales closure” and individual, single transactions on development and maintaining long-term relationships of trust and respect. In doing so, the providers stop being aggressive purchase stimulators to sell one more product, but they assist customers in decision making process, problem solving and acquiring long-term value. The above-mentioned should be a way of making profit for the company, not in terms of current, short-term sales increase but in terms of acquiring loyal customer and thereby assurance of long-term benefit.

Relationship quality, representing total estimation of relationship with customers, is an important concept within relationship marketing. Customers' behaviour intentions in the future will depend on power of relationship with customers. Relationship quality is multidimensional construct. There is consent in literature on key (the most common in research) dimensions of relationship quality and they are satisfaction, trust, and commitment.

The purpose of this paper is to research the influence of socio-demographic characteristics on relationship quality in retail sector (hypermarkets in Federation of Bosnia and Herzegovina). Relationship quality is determined as two-dimensional one. The components are satisfaction and trust. Socio-demographic characteristics are: age, gender, education and income. Total of 861 respondents took part in the research. There was a quota sample with control variables: city, shop, gender and age. T-Test and ANOVA were used to examine differences in evaluation of satisfaction and trust regarding socio-demographic characteristics.

The analysis of obtained research results indicates existence of statistically significant differences among respondents in perception of relationship quality concerning gender and income. On the other hand, there was not statistically significant difference among respondents in perception of relationship quality concerning age and education.

Cognition on influence of socio-demographic factors on satisfaction and trust as determinant of relationship quality will enable more successful implementation of market segmentation in effort to increase satisfaction and strengthen the trust in a certain shop.

Keywords: relationship quality, socio-demographic characteristics, retail, hypermarkets

1 Introduction

The world of retail changes fast and requires constant development and improvement of retailers. They are not only faced with challenges of satisfying customers' expectations and wishes that are constantly change, but they also need to keep up with competition, monitor changes in technology, and social-economic climate of the area they operate in. Retail is reality at the global level and companies

have to understand that. Internationalisation of business activity has gradually crystallised as a component of retailers' strategy (Pradhan 2009). How to create and maintain long-term profitable relationships with customers in such configuration of relationships, and how to improve perceived relationship quality with customers? Further on in theoretical part the review of trends in retail will be given and conceptual determination of relationship quality, then in research part the methodology, results and conclusions of conducted research on influence of socio-demographic factors on perceived relationship quality will be given.

2 Trends in retail

According to Kotler (2001) it is possible to identify few main elements of development that retailers have to take in consideration while planning competitive strategy, and some of them are the following: occurrence of giant retailers, retail outside shops, increase in competition between different types of shops, growth of vertical marketing systems, increased importance of retail technology, global expansion of big retailers, and retail shops as community centres or "meeting places". In fact, big retailers achieve lower prices and offer additional facilities, and better services as a magnet for customers using advantages of economy of scale, developed system of relationship with suppliers, as well as advantages of sophisticated information technologies. Producers favour them because the loss of big "key customer" would also mean the loss of significant part of market cake. Thus the trade increasingly dictates production. In the moment when the market reaches its saturation point, new plans and strategies for market entrance of big retailers at foreign markets are created. In that occasion small merchants increasingly disappear from the scene. The retail market acquires completely new outlines. Retail is concentrated and internationalised. Aggregation in retail results in emergence of new players. Ruthless competition of numerous small merchants gives its place to fierce competition of smaller number of big merchants who increasingly grow into dominant market rulers. According to Pavlek area of retail is caught by changes worldwide, and in the last fifteen years they have brought the following: concentration of trade, expansion on foreign markets, aggregation, merger of small shops, decrease in number of small shops, increase in size of sales formats, rationalisation in goods flow (ECR - Efficient consumer Response - systems, Category Management) and similar (Pavlek 2004).

3 Perceived relationship quality

Besides individual determinants (service quality, customer value) relationship with tenderer as a whole is very important to customers. There is more and more research in services that pays attention to concept of relationship quality between tenderer and service user. Relationship quality is considered as the central idea in literature on relationship marketing (Smith 1998). Relationship quality can be determined as a level of suitability of relationship with customers that enables meeting their needs (Henning-Thurau and Klee 1997).

Concept of relationship quality has penetrated from theoretical and empirical findings at the area of relationship marketing (Crosby et al. 1990, Dwyer and Oh 1987). According to American Marketing Association, relationship marketing is the one with the conscious aim to develop and manage long-term and trusting relationships with customers, distributors, suppliers, or other parties in the marketing environment. According to Grönroos (1990) all parties in exchange have to profit in order to maintain the relationship. Long-term relationships are built on mutual benefit and trust. Reichheld and Sasser (1990) emphasise that loyal customers generate higher refund over years and costs of customer retention are often lower than in comparison to promotion costs necessary to attract new customers. Concept of relationship quality as total estimation of relationship power with customers is important

concept within relationship marketing (Smith 1998, Garbarino and Johnson 1999). Relationship quality is total estimation of relationship power and level to which needs and expectations of parties are fulfilled in exchange based on previous experience (Crosby et al. 1990).

Literature on relationship quality reveals compliance that relationship quality between the parties in exchange is important determinant of continuity and relationship intensity, and thus success of relationship marketing (Hennig-Thurau and Hansen 2000).

Generally, relationship quality relates to the level to which parties in exchange trust one another, in which they are satisfied with mutual relationship, and in which they are consistent, devoted to long-term cooperation (Smith 1998). The above-mentioned definition is in accordance with the existence of compliance in literature about key (in research the most common) dimensions of service quality, and they are the following: trust, satisfaction and commitment.

4 Research methodology

Field research was carried out on the sample of 861 respondents. Applied sample is, according to its characteristics, quota sample with the following control variables: city (Sarajevo, Tuzla, and Mostar), shops (Konzum, Bingo, Mercator, and Interex), gender, and age. Research tool (questionnaire) was developed using relevant scientific literature that was adjusted to chosen research topic. It consists of a set of claims, that are related to dimensions of perceived relationship quality, with which respondents express intensity of their agreement or disagreement. The dimensions are satisfaction and trust. Likert's scale of seven intensities was used in it. Measurement scales for satisfaction and trust used for the research were the ones tested by De Wulf et al. (2001). They were tested using Cronbach alpha coefficient, and obtained results of Cronbach alpha coefficient of 0.776 (satisfaction) and 0.807 (trust) indicate good measurement scale reliability. Questions about demographic and socio-economic characteristics of respondents are also part of the questionnaire.

5 Research results

Statistical analysis was conducted in SPSS program for Windows (version 17.0, SPSS Inc. Chicago, Illinois, USA). The results are shown as mean and standard deviation, and differences were confirmed by both t-test for independent samples and variance analysis (One-way ANOVA with post hoc tests). The level of importance is $p=0.05$, values lower than 0.05 have indicated statistical importance.

Relationship quality was analysed through two dimensions, satisfaction and trust and it was researched if there were differences in mentioned dimensions between the examinees with different socio-demographic characteristics (gender, age, level of education, and income level), respectively if socio-demographic characteristic make differences in viewpoints of examinees according to dimensions of satisfaction and trust. A part of examinees did not respond to a question about level of income so they were excluded from the analysis.

The results confirmed that there were differences in both dimensions (satisfaction and trust) with regards to gender and income of examinees, while in analysis of age and level of education there was not significant difference (Table 1).

Table 1: Analysis of satisfaction and trust according to sociodemographic characteristics

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		n	Satisfaction		Trust	
			M	SD	M	SD
Gender	Male	398	5.887	.908	5.896	.939
	Female	463	6.007	.839	6.055	.823
		P (t test)	.044		.009	
Age	up to 25	196	5.900	.854	5.927	.868
	26 – 35	223	5.903	.897	5.997	.866
	36 – 45	124	6.043	.918	6.005	.958
	46 – 55	185	5.924	.904	5.969	.853
	over 55	133	6.063	.765	6.033	.902
		P (ANOVA)	.279		.846	
Education	-secondary education	673	5.979	.857	5.987	.869
	university degree+	188	5.855	.925	5.963	.927
		P (t test)	.085		.738	
Income (BAM)	up to 700	192	6.049	.763	6.071	.804
	701 – 1000	203	6.033	.801	6.046	.795
	1001 – 1500	136	5.730	.866	5.725	.847
	over 1500	97	5.966	.991	5.924	1.022
		P (ANOVA)	.003		.001	
M – mean; SD – standard deviation						

The results from the above table show that females have evaluated both dimensions (satisfaction and trust) higher than males.

With regards to income, additional testing has confirmed that examinees with incomes between BAM 1001 to 1500 have evaluated satisfaction dimension significantly lower than examinees from other income groups (up to BAM 700, $p=0.001$; BAM 701 - 1000, $p=0.001$; over BAM 1500, $p=0.035$).

Additional testing of income level for dimension trust have shown that examinees with incomes from BA 1001 to 1500 have evaluated that dimension with significantly lower grade than the examinees with lower incomes than their group, more concretely than the examinees with income from BAM 700 ($p=0.001$) and those with incomes from BAM 701 to 1000 ($p=0.003$).

6 Conclusions

Obtained research results indicate existence of differences in satisfaction with a store (hypermarket) and trust in it with regard to gender and income of examinees. At the same time age and level of education have proven to be irrelevant. Females expressed higher level of satisfaction with a store and trust in it. The previous mentioned can be interpreted with the fact that females are those who, still, mostly purchase foodstuffs on the market in the Federation of Bosnia and Herzegovina. Because those are daily activities that influence quality of life in family, then they will purchase at the place where they are really satisfied and they trust it.

Examinees with incomes from BAM 1001 to 1500 have evaluated with significantly lower grades both satisfaction and trust in relation to other income groups. Further research should be focused on detection of reasons for lower level of satisfaction and trust in a certain shop.

It is necessary to interpret the results of conducted research having in mind limitations of conducted research. The selection of measurement indicators for service quality dimensions can be considered as one of research limitations. They have been selected based on insight into relevant literature of chosen area, which evidence reliability of chosen measurement instruments and research perspicacity, and individual observation of retail market in the Federation of Bosnia and Herzegovina. The selection of some other indicators in future research as well as selection of other retail formats in creation of samples would be a way towards generalisation of obtained research results.

There are differences in evaluations of satisfaction and trust in a certain store (hypermarket) on the market in the Federation of Bosnia and Herzegovina. More precisely, there are differences in perception of relationship quality with the customers in relation to gender of examinees and household income. With the aim to get the whole idea, on perceived relationship quality on the retail market (hypermarkets), it is necessary to direct future research towards detection of factors that influence diversity of relationship quality perception (satisfaction and trust) in relation to gender and income, and on research of perceived relationship quality as predictors of customer loyalty on retail market. The afore-mentioned would enable creation of bases for successful market segmentation and more effective orientation of marketing efforts in retail.

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