

IMPACT OF MARKETING STRATEGY ON CUSTOMER RETENTION IN HANDLOOM INDUSTRY

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ABSTRACT

Marketing strategies and customer retentions occupy predominant place in marketing literatures. This research attempts to know the relationship between marketing strategies and customer retention in handloom industry. This study selected a non-probability sampling technique i.e. convenience sampling to collect data from a sample size of 100 customers. The method of data collection is based upon questionnaire. Results revealed that all the items had alpha values more than 0.7 which assures the test reliability of items taken into this study. In this study, correlation is used to know the relationships between marketing strategies such as product, price, place & promotion and customer retention. It has been identified that correlation coefficient of product was 0.795. There is strong positive relationship between people and customer satisfaction. It can also be recognized that this dimension has highest value of person correlation when compared with other variables. Correlation coefficient of Promotion was 0.577. There is strong positive relationship between product and customer retention. Correlation coefficient of price was 0.492. There is moderate positive relationship between above price and customer satisfaction. As well as, correlation coefficient of place was 0.369. There is moderate positive relationship between place and customer retention. Results of multiple linear regression analysis revealed that value of adjusted R square equals 0.728 explaining around 73% of variation. Marketing mix such as product, price, place and promotion explain around 73% of variation on customer retention.

Keywords: Customer Retention, Handloom Industry, Marketing Strategy.

INTRODUCTION

Marketing Strategies is one of the most important factors associated with the desirable business outcome in a competitive market place. It is the most essential factor that is required to product sustainability in a competitive market place (Alvdary, 2007). Customer retention is the activity that a seller undertakes so as to reduce customer defections. It is all about attracting the right customer, getting them to buy often and in higher quantities and to bring you even more customers (Anderson & Narus, 1998). Customer retention can be seen as the mirror image of customer defection. Customer retention, simply defined, is the ability for a company to keep its existing customers. It is the measure of a company's ability to provide enough value with its products or services for customers to keep them coming back (Leverin & Liljander, 2006). Customers will have unique expectations from handloom industry. These expectations should always be satisfied by the handloomers. According to that, the customer retention is most important to the handloom sector in Sri Lanka. Sri Lanka's handloom industry is a highly labor intensive, export oriented rural based industry. It demonstrates excellent fabric handling properties partly due to its weaving method. The fabrics presently manufactured in Sri Lanka are mostly of cotton with relatively small quantities of rayon, and polyester cotton. The output of the handloom sector can be estimated at less than 10% of the production of textiles for the domestic market. Currently, the handloom industry provides a range of fabrics for the local and international markets. The items manufactured include bed linen, table and kitchen

linen, towels, upholstery fabrics, curtaining, sarees, sarongs, dress materials, soft toys, tapestries and other allied products. To improve the current situation of handloom sector and to make the sector more competitive in current scenario, where market situation are changing very fast it is very necessary to design appropriate marketing Strategies. From the above stated problem, the research question is asked “whether there relationship exists between marketing strategies and customer retention in handloom industry?”. This research question is translated into research objective as “to know the relationship between marketing strategies and customer retention in handloom industry”.

METHODOLOGY

Population and sample size

Population refers to all the handloom industry users in Ampara District, Eastern Province, Sri Lanka. There are no correct figures of handloom users. This situation blocked the researcher to select the probability sampling technique. Thus, researcher selected a non-probability sampling technique i.e. convenience sampling to collect data. Sample size was 100 customers.

Method of collecting data

The method of data collection is generally based primary data that are obtained from questionnaires. Questionnaire consisted of two main sections. The first section was for acquiring personal detail of customers (employment, gender, age, civil status and income level). Second section of questionnaire consisted of questions regarding marketing strategies and customer retention using a five point Likert scale.

Method of data analysis

Data was analyzed by using correlation and regression analysis. Researcher used SPSS, version of 22.0 for data analysis.

RESULTS AND DISCUSSION OF FINDINGS

Cronbach's alpha and reliability test

This test allows studying the properties of measurement scales and the items that compose the scales. The reliability analysis procedure calculates a number of commonly used measures of scale reliability and also provided information about the relationships between individual items in the scale. All the items had alpha values more than 0.7. It assures the test reliability of items taken into this study.

Correlation Analysis

In this study, correlation is used to know the relationships between marketing strategies such as product, price, place & promotion and customer retention. Literatures found that correlation coefficient may vary between -1 to +1. Therefore relationship can be evaluated by following decision rules. Correlation analysis is performed in order to identify the relationship between the marketing strategies and customer retention. From the correlation results, it can be identified that correlation coefficient of product was 0.795. There is strong positive relationship between people and customer satisfaction. It can also be recognized that this dimension has highest value of person correlation when compared with other variables. Correlation coefficient of Promotion was 0.577. There is strong positive relationship between product and customer retention. Correlation coefficient of price was 0.492. There is moderate positive relationship between above price and customer satisfaction. As well as, correlation coefficient of place was 0.369. There is moderate positive relationship between place and customer retention.

Multiple Linear Regression Analysis

This study presents outputs of regression analysis. Coefficient of determination is denoted by adjusted R Square. Here it shows the value of 0.728. It explains 73% of variation is explained by the model. So here the out of total variation, explained variation is 73% and unexplained variation is 27%. The explained variation is significantly higher than the unexplained variation. Analysis of variance shows sums of square, degrees of freedom, means sums of squares, F statistics and sig. values. According to the analysis of variable, it can be identified that 19.43% variance was explained by regression and 6.87% was explained by residual. It can be identified that F value was 67.16 and it suggested that most of the variance explained by model because calculated F value was greater than table F value. P value 0.000 suggested that test was highly significant and overwhelming evidence to say that there is relationship between marketing mix and customer retention.

Unstandardized beta coefficient values for marketing mix such as product, price, place and promotion are positive. These are the beta coefficients, one to go with each predictor. Unstandardized coefficients are used because (beta zero) is included.

With respect to Multi- co linearity, Gujarati (1995) advocated that Variation Inflation Factor (VIF). In this study, VIF for regressors are below 10. Similar ideas are also highlighted by Kleinbaum, Kupper and Muller (1988) in their book of “Applied Regression Analysis and other Multivariate Methods”.

FINDINGS AND CONCLUSIONS

According to the correlation coefficient analysis, it can be identified that there is strong positive relationship between product and promotion with customer retention. Furthermore, it can be recognized that product had highest value of correlation coefficient when compare with price, place, and promotion. Finally, it can be concluded that there have product and price strong positive relationship with customer retention and product is most effective factor of customer retention. When considering about the p value of product, price, place, promotion, it can be identified that p values of all four dimensions were 0.000. It implies that that all tests were highly significant and overwhelming evidence to say there is relationship between above each dimensions and marketing strategies. According to the multiple regression analysis it can be identified that there is positive relationship between products, promotion, with customer retention. Furthermore it can be recognized that people as most effective type of marketing strategies provided by handloomers towards customer retention in Ampara district

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