

**FACTORS AFFECTING CUSTOMER SATISFACTION IN 99 SPEEDMART STORE:
A STUDY IN SEKSYEN 13, SHAH ALAM SELANGOR**

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Abstract

The Malaysian supermarket industry faces intense competition significant growth, necessitating an understanding of customer needs and preferences to achieve satisfaction and establish market leadership. Supermarket must prioritize key determinants of customer satisfaction, such as price, location, and store atmosphere, especially given the increased price sensitivity among Malaysian consumers. Therefore, gaining a comprehensive understanding of its determinants is crucial for researchers, retailers, and practitioners. This study's current purpose is to empirical research the linking between price, location, and store atmosphere to customer satisfaction in supermarket industry among 99Speedmart Seksyen 13, Shah Alam. This study examined customer satisfaction in a specific locality enables a closer look at the factors influencing customer satisfaction. This study used a quantitative research approach to collect data from customers for this research. The researcher used a survey questionnaire to collect a sample size of 166 customers among 1956-Shah Alam Sek 13 (2) 99Speedmart which located in Jalan Boling Padang G13/G. This study used convenient sampling technique. The collected data used SPSS. The findings indicated that there is a notable correlation between price, location, and store ambience and customer contentment in supermarkets. These outcomes could potentially aid supermarket managers in devising and executing more effective strategies to enhance customer relations and compete with rival stores.

Keywords: Location, Price, Store Atmosphere, Customer Satisfaction

INTRODUCTION

The rise in living standards and individual purchasing power has led to a global surge in the popularity of supermarkets, and Malaysia is no exception. The Malaysian supermarket industry is experiencing intense competition and significant growth. In 2020, the food retail industry in the country is valued at \$18 billion and is expected to expand to \$23 billion by 2025, representing a growth of 30 percent. To thrive in this fiercely competitive market, supermarket owners must grasp the preferences and demands of Malaysian consumers in order to excel and take the lead (Jaafri & Mansor, 2024).

Mui and Ghafar (2003) emphasized the importance of understanding and responding to customer preferences in Malaysia. Customer satisfaction is crucial for attracting and retaining customers and surviving in a competitive market (Khadka & Maharjan, 2017)

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predicted that the market value of Malaysia's grocery retail market and food sector would experience a steady increase with an average compound annual growth rate of 4.9% between 2015 and 2020. To maintain and expand market share, supermarket operators must identify and leverage factors influencing customer satisfaction as a competitive edge.

The proliferation of supermarkets across Malaysia, each offering similar services, intensifies the competition. Supermarket operators must prioritize key determinants of customer satisfaction, especially in areas with multiple supermarkets. Some operators struggle with increasing sales and growth due to a lack of focus on these determinants, leading to challenges in meeting evolving customer expectations. Efficient marketing strategies to maintain customer satisfaction become essential as customer needs and expectations continually evolve.

Supermarket operators also face persistent issues related to pricing strategies. For example, some supermarkets experience challenges in ensuring competitive pricing, resulting in reduced patronage and sales. In today's economic climate, marked by lower spending power due to tax introductions and subsidy removals, Malaysian customers have become highly price-sensitive. Therefore, pricing strategies play a crucial role in determining customer satisfaction (Oluwafemi & Dastane, 2016).

This research will focus on 99Speedmart. Numerous issues concerning the store atmosphere at 99Speedmart can impact customer satisfaction. These include unanswered customer queries, items not promptly restocked, limited checkout counters leading to long queues, and suboptimal inventory management. Additionally, 99Speedmart has faced complaints about lack of competitive pricing, product assortment, and poor customer service (Nasrul et al., 2020).

Despite these challenges, 99Speedmart strives to differentiate itself by offering low-cost items with unique ideas and techniques. However, other hypermarkets are employing similar strategies, continuing to discount and offer diverse products through product development, promotional activities, and improved distribution. Therefore, the current study will focus on customer satisfaction at 99Speedmart, examining the influence of price, location, and store atmosphere.

LITERATURE REVIEW

Price

Grewal et al. (2011) recognised that pricing plays a significant role in enticing customers to buy from a specific shop and can have a temporary impact on the store's profits.

Creating a strategy for discounts or promotions can lead to positive outcomes for the retailer, like boosting sales in a particular product category (González-Benito et al., 2010) accelerating purchases and attract clients towards the establishment (Tsao et al., 2009). With an effective pricing plan, the hypermarket operator can enhance customer contentment, leading to increased sales revenue and ensuring the sustainability and growth of their business (Sern & Mahadevan, 2019). Therefore, the following hypothesis was proposed:

H1: Price has significant effect on customer satisfaction.

Location

Location is an effort to describe how settlements are positioned in terms of their size and quantity within a given space. Christaller and Baskin (1966) noted that there were three distinct layouts of central places observed, which were categorised based on the principles of marketing, transportation, and administration. The physical whereabouts of a business greatly impacts how satisfied customers feel. This claimed can also supported by similar research done by Kariuki (2015) customers in supermarkets have expressed their satisfaction through various means such as affordable pricing, convenient locations, a wide range of products, timely and accurate information, availability of fresh items, loyalty schemes, store layout, high product quality, and quick checkout processes. This led to the formulation of the hypothesis:

H2: Location has significant effect on customer satisfaction.

Store Atmosphere

Kotler (1973) remarked that the ambience of a store is determined by the sensory experience, primarily sight, hearing, smell, and touch, which are considered crucial in influencing consumers' purchasing decisions. Studies on shopping malls have found that many shoppers make buying choices based on their response to the mall's atmosphere. Store atmosphere involves stimulating customers' senses in the store setting. The design and social aspects of the environment are thought to have the greatest influence on customer satisfaction (Ndengane et al., 2021). Therefore, the following hypothesis was proposed:

H3: Store atmosphere has significant effect on customer satisfaction.

Kano's Model

Mikulić (2007) theory was created to improve customer satisfaction and product development. The model incorporates three quality attributes - must be quality, attractive quality, and one-dimensional quality. "Must be quality" refers to features essential for meeting customer expectations.

Research Framework

Based on the purpose of research, literature review and hypothesis development, the research model can be presented.

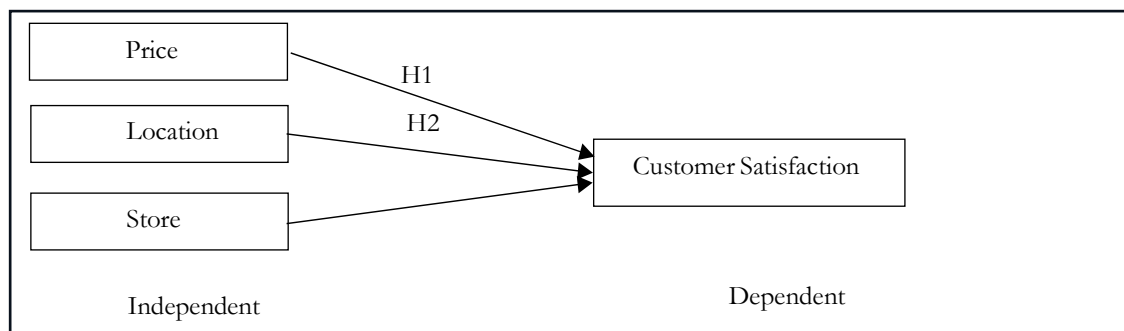


Figure 1. Research Framework

RESEARCH METHODS

This study used quantitative data from 166 customer in 99Speedmart of 1956-Shah Alam Sek 13 (2). The respondents are among 17 to above 50 years old with occupation status different. Customers were given a set of questionnaires consisting 25 questions divided into 5 sections. Section A, customers were asked about demographics, shopping frequencies and their level of customer satisfactions. Section B until E were meant to obtain customers response to 99Speedmart performance on price, location, store atmosphere and customer satisfaction. There were 20 questions to which customers had to respond using a 5-Likert Scale ranging from 5 to 1; 5 denotes strongly agree, 4 denotes agree, 3 denotes neutral, 2 denotes disagree, 1 denotes strongly disagree. To assist customer who do not speak English, a Malay translation has been included to the questionnaire. The questionnaire was also piloted, and the Cronbach Alpha was found to be 0.90, indicating that the instruments was reliable.

RESULTS AND DISCUSSION

Descriptive Analysis

Table 1. Descriptive Result

Variables	SD	MIN	MAX	Skewness	Kurtosis
Price	4.14408	5.00	25.00	-1.314	2.497
Location	3.88555	5.00	25.00	-0.784	1.337
Store Atmosphere	4.22963	5.00	25.00	-0.679	0.662
Customer Satisfaction	4.16950	5.00	25.00	-0.824	0.769

Source: Data Processing Result

The standard rule for skewness suggests a value above +1 or below -1 shows a significantly skewed distribution. If the kurtosis value is greater than +1, it indicates a distribution that is too peaked, and if it is less than -1, it shows a distribution that is too flat. Any distributions with skewness or kurtosis values that go beyond these thresholds are classified as non-normal (Hair et al., 2017). Tables 1 indicated that the variables were normally distributed in the result of skewness but 2 variables which are price and location were not normally distributed in the result of kurtosis which is above 1.

Reliability Analysis

Table 2. Reliability Result

Variables	Number of Items	Reliability
Price	5	0.899
Location	5	0.832
Store Atmosphere	5	0.867
Customer Satisfaction	5	0.908

Cronbach's alpha is more reliable when it is near to 1. According to Mallery and George (2000), a tiered approach consisting of the following: “ ≥ 0.9 - Excellent, ≥ 0.8 - Good, ≥ 0.7 - Acceptable, ≥ 0.6 - Questionable, ≥ 0.5 - Poor, and ≤ 0.5 - Unacceptable”. Table 2 reveals that the Cronbach's alpha for five items was greater than 0.8, indicating good and excellent.

Correlation Analysis

Table 3. Correlation Result

Variables	Price	Location	Store Atmosphere	Results
Customer Satisfaction				
Pearson Correlation	0.742	0.741	0.849	Strong Positive
Sig. (2-tailed)	<0.001	<0.001	<0.001	Weak Positive
Notes	Significant at 0.01 level of significance			

Source: Data Processing Result

Table 3 indicates a significant 74.2% correlation between price and customer satisfaction, with the correlation being statistically significant at the $p < 0.001$ level. H1 was accepted. The perception of price fairness influenced customer satisfaction significantly (Jin et al., 2012). There was a strong correlation of 74.1% at significance level between location and customer satisfaction ($r = 0.741$, $p < 0.001$). H2 was accepted. For instance Martínez-Ruiz et al. (2010) explained having a store close to your home can help decrease the expenses related to buying something, like transport costs, time, and energy. Moreover, the other relationship between store atmosphere and customer satisfaction very strong correlations of 84.9% with ($r = 0.849$, $p < 0.001$). H3 was accepted (Miswanto & Angelia, 2017). Investigate the ambience of the shop as a means to enhance the store's worth, establish a favourable impression with customers, and provide additional value, as it may impact customer satisfaction. The analysis shows that every individual factor is statistically significant at a 0.01 level.

Regression Analysis

Table 4. Regression Result

Hypothesis	Relationship	R-Squared	Decision
There is a relationship between Price and Customer Satisfaction			
	Price >> Cust. Satisfaction	0.550	Accepted
There is a relationship between Location and Customer Satisfaction			
	Location >> Cust. Satisfaction	0.549	Accepted
There is a relationship between Store Atmosphere and Customer Satisfaction			
	Store Atmosphere >> Cust. Satisfaction	0.721	Accepted

Source: Data Processing Result

First linear regression was conducted to examine whether price can bring the impact to customer satisfaction with a result of 0.550 with medium relationship. A second linear regression analysis was carried out to explore the connection between location and customer satisfaction, revealing a moderate correlation of 0.549. Another linear regression analysis was performed to examine the link between store ambiance and customer satisfaction, showing a strong correlation of 0.721.

Discussion

Impact of Price on Customer Satisfaction

Based on the result of the research and analysis that has been carried out using the linear regression analysis method, it has been found that price has impact on the customer satisfaction. The R- Squared calculation showed 0.550 with medium relationship. The results of this study align with research conducted by Al-Ali et al. (2015), indicating that the price plays a crucial role in determining customer satisfaction. The concept of "monetary value," including factors like discounts and promotions provided by retailers, directly impacts the level of satisfaction customers feel. By offering customers real savings and attractive deals, supermarkets can improve overall satisfaction levels, encouraging repeat business and fostering brand loyalty (Al-Ali et al., 2015)

Impact of Location on Customer Satisfaction

Based on the result of the research and analysis that has been carried out using the linear regression analysis method, it has been found that location has impact on the customer satisfaction. The R- Squared calculation indicated a moderate correlation of 0.549. This is consistent with the research conducted by Salim et al. (2023), who also concluded that the location plays a crucial role in customer satisfaction. Regarding convenience, the availability of parking facilities has a substantial impact on customer satisfaction. Customers in urban areas frequently encounter expensive and inconvenient parking options. Consequently, the availability of safe and convenient parking becomes a significant advantage for stores located in the city center, enhancing customer satisfaction by making shopping experiences more accessible and stress-free (Salim et al., 2023).

Impact of Store Atmosphere on Customer Satisfaction

After conducting research and analysis through linear regression methods, it was determined that the ambiance of a store directly affects customer satisfaction. The R-Squared value of 0.721 indicates a strong correlation. These results align with a study conducted by

Ali et al. (2015), which also concluded that store atmosphere plays a significant role in customer satisfaction. The arrangement, appeal, and ambiance within a store are crucial elements for its success. Effective strategic displays within the store can significantly boost sales, particularly through unplanned purchases by customers. Furthermore, certain aspects of a positive store atmosphere, such as background music and overall cleanliness, have been shown to positively influence consumers' reactions to the retail environment (Ali et al., 2015).

Limitations and Suggestions

Researchers often face various limitations during their preparation process, which can be both foreseen and unforeseen. In this study, a significant limitation was that it was conducted solely at the “1956- Shah Alam Sek 13 (2)” 99Speedmart branch, restricting the generalizability of the findings. Different responses might emerge if the study were conducted at other retail stores, each with unique characteristics, customer demographics, and operational practices that could influence customer perceptions and satisfaction levels. Additionally, some respondents provided inconsistent answers, introducing potential bias or inaccuracies in the data analysis.

To enhance the robustness of future studies and address these limitations, several recommendations are proposed. Firstly, expanding the study to include various 99Speedmart branches for comparative analysis would help determine if customer satisfaction levels vary across locations and identify common trends. Secondly, the impact of variables like price, location, and store atmosphere may differ based on the research context, so future studies should consider the specific characteristics of each branch. Lastly, refining and shortening questionnaire items could reduce the likelihood of inconsistent responses, ensuring more accurate and efficient data collection. Implementing these recommendations would allow future research to generate more comprehensive and reliable insights into customer satisfaction in the retail industry.

CONCLUSIONS

The primary aims of this research were to explore how Price, Location, and Store Atmosphere impact Customer Satisfaction. The study revealed a beneficial link between Price and Customer Satisfaction, highlighting the need to assess factors that influence customer satisfaction in order to meet their expectations effectively. The findings demonstrated a positive association between Location and Customer Satisfaction, confirming the potential for the integration of these concepts. Additionally, the results suggested that store atmosphere significantly influences customer satisfaction, with the

cleanliness and comfort of the store acting as important factors in attracting consumers to shop at the location.

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