

LOGISTIC MANAGEMENT PRACTICES AND ITS IMPACT ON SELECTED RETAIL FIRM PERFORMANCE

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Abstract

The managers continue in retail, for use as a source of competitive advantage for old factors such as price, product and promotion. This strategic approach cancels the role performance of logistics to create value for the consumer. These determine how performance objectives of store visitors. However, these logistics performance has not treated well in the field of retailing. The purpose of this article is to study the role of logistics in a retail store to determine client outcomes such as happiness and satisfaction. We developed and tested a model that has been estimated using the responses of 180 consumers Tunisians. The results show that logistics performance retail influence positively and significantly happiness and satisfaction. Similarly, happiness in turn influences positively and significantly customer satisfaction.

Introduction

In the area of retail, logistics operations play a strategic role in the success of the store. Logistics performance is not perceived as an operating activity only, but rather as a strategic variable and a key factor in consumer satisfaction (Gil-Saura, et al, 2010). Indeed, in the case where the customer needs are not met, the effects of dissatisfaction can quickly multiply. While the consumer may change and go to another store a retail competitor, and abandons its previous negative experience (Bouzaâbia et al, 2013).

Today, the happiness of the consumer is a new concept in marketing research. Recently, researchers have found a non-intuitive representation of what causes customers to be happy. But rarely, if ever, this concept has been addressed by researchers in the field of marketing. In the foundation of the relationship with their customers, the company must consider the creation of a feeling of happiness, for this relationship to be successful and sustainable.

Despite the large number of studies in the area of retail, few studies have addressed the logistics performance and especially the internal performance of the retail store. Our study is among the first studies in marketing that helps to develop a better understanding of the role of logistics in retail stores and happiness to satisfy customers.

Research objectives

The objectives of this study are twofold. The first objective is to test the effect of logistics performance in retail stores on the happiness and satisfaction of consumers. The second objective is to examine the impact of happiness on their customer satisfaction.

Accordingly, this study focuses on the following research questions:

- (1) *What are the effects of logistics performance in retail stores on the happiness and satisfaction of consumers?*
- (2) *What is the impact of happiness on consumer satisfaction in the context of retail?*



Diagram 1: The diagram (1) below shows the conceptual model of our study.

1. Review of the literature

1. Satisfaction

According to Theron and Terblanche (2010), the orientation of consumers to a product depends positively on the dynamic relationship between the buyer and seller. This relationship improves profitability (Ashley et al, 2010). Customer satisfaction plays a key role in equity returns of a company (Sarлак and Fard, 2009). Studies in this field have suggested that there is a positive correlation between customer satisfaction and profitability (Lo, 2012). Many studies have been conducted to measure the impact of marketing actions on the level and the heterogeneity of customer satisfaction (Grewal et al, 2010). The results relating to customers show these aspects affect the performance of a long-term (Tuli and Bharadwaj, 2009).

Nelson and Ellison (2005), focus on the customer experience with displays and store shelves as the first moment of truth. Product availability is a visible result of logistical operations in stores. Only when it is present, the client can evaluate the product and decide whether to buy it.

Poor logistics performance from the point of retail sale as stock-outs, where the product

was not brought to the customer, even if there is a sufficient stock location retailer. In previous studies, several consequences of stock-outs were marked as negative effects on the image that the client has the owner of the shop (Rulence, 2003), the level of customer satisfaction (Novack et al cited by Bouzaabia et al, 2013) and profitability (Trautrimis et al, 2009).

Stock-outs occur especially when retailers realize the asset and put the product in not available to the customer or in places where the client cannot find the product (Berman and Larson, 2004) places. Stock-outs often deteriorate the customer experience on the shelves of retail (Waller et al, 2008).

Product information

On the product, several types of information are used in the decision making of the customer, such as product specifications, product components, the expected availability, expiration date and ordering information. The information provided clearly influences how the customer perceives the service retail. Adequate information, cause customers to make better buying decisions. On the whole, customers are well aware of the information provided in the retail store and the method of dealing with complaints (Mentzer et al, 1999 cited by Bouzaabia et al, 2013).

Ease of shopping

According to Van Riel et al. (2012), there are several aspects of the shopping experience that can influence the perception of the customers in the store and they are required to be kept by the officials. For example, the availability of commercial support as packaging materials and caddies, the checkout lanes and son waiting partners, can have a direct impact on customer behaviour (Silberer and Friedemann, 2001).

Returns

A return is generally goods or empties returned to the retailer (Dunne et al., 1992, cited by Bouzaabia et al, 2013). Logistics in a retail store can make a difference in returns. Generally, customers care return (Dabholkar et al., 1996, cited by Bouzaabia et al, 2013). To return the package, such as empty bottles and bags should be available in good condition and clean. A special service should be available and dedicated to receiving unwanted or faulty goods.

Due to the scarcity of previous research, we cannot make assumptions about the effects of each of the dimensions discussed logistics performance in retail store. Since Bouzaabia et al (2013) noted a positive relationship between the dimensions of logistics performance and satisfaction. Therefore, we can announce our hypothesis as follows:

H1: The perception of logistics performance in retail stores is directly and positively associated with customer satisfaction.

The quality of service is an essential element in the customer experience in retail

store. The store layout and design influence on consumer activity and consumption of services (Dai et al, 2010). Ethier, Hadaya, Talbot, and Cadieux (2006) show that service quality has a significant positive impact on the cognitive assessment, including taste, joy, pride, aversion and frustration. Indeed, we can formulate our hypothesis as follows:

H2: The perception of logistics performance in retail stores is directly and positively associated with happiness of consumer.

2. Happiness

Definition: before defining happiness, it is necessary to emphasize the difference between happiness and pleasure. They are indisputably common way, for the duration of each. Happiness has been defined as a steady state, or the pleasure was defined as a brief moment, that is in a moment. Also, the fun is in the fulfilment of a desire or a need and happiness differs by time (Seligman, 2011).

Happiness of consumers in marketing

Consumers no longer wish to be satisfied that, but to be happier. Currently, the reason for living requires strategy Guests. However, the continued success of your product / service or business is related to past customer experience and is also the source of his loyalty (Hsee et al, 2009). There are more than 50 years and until today, the customers are not happy. Despite innovations brand that were generated over the years and spent enormous costs for the customer satisfaction. For the design of customer happiness, it is possible to go beyond mere satisfaction. Companies and professionals are forced to discover the acting solutions that increase the feeling of feelings from the target (Cespedes, 2010).

Happiness and satisfaction

Happiness is a cognitive antecedent of satisfaction and attitudes. Emotional happiness is considered by cognitive measures of satisfaction, this argument fully accepted and questions. Separations between measures of cognitive type and measures of affective type of subjective well-being must be taken into consideration because the own happiness is proportional to its raison d'être varied from one individual to another (Cespedes, 2010).

According Cespedes (2010), happiness is the satisfaction of all inclinations is multiple and extended, in intensity and duration. Cespedes (2010) defined happiness as maximum enjoyment consumer influencing their overall satisfaction. So, happiness is produced as a full and complete satisfaction of all individual desires. Therefore, we can formulate our hypothesis as follows:

H3: consumer happiness positively influences its satisfaction of a retail store.

3. Empirical study

QR1: What are the effects of logistics performance in retail stores on the happiness and satisfaction of consumers? QR2: What is the impact of consumer happiness on satisfaction in the context of retail?

Sample & data collection

To validate our practically based on the literature model. We chose to administer our questionnaire in a real business environment by customers about their perceptions immediately after their experience with the service retail located in a large city in Tunisia. Data collection is performed on a sample of 180 consumers.

Measures

To measure the variables of our model, we used multi-item scales to increase the validity and reliability of measurements. We used Likert type scale to 7 levels (1) strongly disagree to (7) strongly agree.

For measuring logistics performance as a store built and composed of four dimensions hierarchical structure, we used a set of items adapted to work Garrouch et al. (2011) and Mentzer et al. (1999). To measure satisfaction we used a scale developed and tested by Oliver (1980). Our survey assessed the level of happiness of the participants, using the scale Lyubomirsky (2001). This scale consists of three items, namely: (1) "in general, I consider myself happy" (2) "considering all things together, I feel that I am happy" (3) "compared most of my peers, I consider myself lucky."

Data analysis

To identify the structure of relations between the scale items in our survey. We performed a principal component analysis (PCA) with varimax rotation performed with SPSS 17 for the structure of different factors.

Based on the study of various commonalities and factor weight of each item, we decided to keep all items of 3 scales of measurement, since all common points are less than 0.5 (Evrard et al, 2003).

The results we obtained reveal the existence of a multidimensional structure of the scale of logistics performance and dimensional structure of the scale of happiness and satisfaction scale.

In addition, the reliability of the measurements is confirmed, since the values of rho Joreskog are higher than the recommended value of 0.7. The convergent validity of the model is also assured because the values of the average variance extracted (AVE) are greater than the recommended value of 0.05 (greater than 1.96 critical reports in absolute value).

The values of the average variance extracted (AVE) are greater than the squared correlations with other constructs, confirming discriminant validity (Fornell and Larcker, 1981).

Table: Discriminate validity of the constructs

Logistics performance	Consumer happiness	Consumer
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			satisfaction
Logistics performane	0.812		
Consumer happiness	0.776	0.773	
Consumer satisfaction	0.753	0.741	0.764

4. Results

Hypothesis 1: This hypothesis states that logistics performance shop retail positively influence customer satisfaction. The results show a significant relationship: the structural link is ($\beta = 0.894$, $t = 24,396$). It shows that the hypothesis H1 is accepted.

Hypothesis 2: A strong positive relationship was found between logistics performance store retail and consumer happiness ($\beta = 0.565$, $t = 9789$). Then the structural link is positively significant. Therefore H2 hypothesis is validated.

Hypothesis 3: The results show a direct positive association between happiness consumer satisfaction. Then the structural link is significant ($\beta = 0.654$, $t = 13,631$). In short, the H3 is confirmed.

5. Discussion of results

In this step we present the main results of our study and by comparison with those in the literature.

This study highlights the role of logistics performance in retail stores to generate happiness and satisfaction. The emphasis on logistics performance of consumers varies from one dimension to another. Our finding is consistent with results found by Samli et al (2005) and Bouzaabia et al (2013) who argued that the internal logistics performance of a retail business positively influences customer satisfaction. The result is also consistent with that of MacKenzie et al (2011).

Then our results revealed that there is a positive effect of happiness on consumer satisfaction. According to Cespedes (2010), happiness is the satisfaction of all inclinations are multiple and extended, in intensity and duration. Cespedes (2010) defined happiness as maximum enjoyment consumer influencing their overall satisfaction. So, happiness is produced as a full and complete satisfaction of all individual desires. Where the conformity of our results can be seen in the literature.

Several studies have been conducted in the field of retail. But few are those who have studied the internal logistics performance of a point of sale. Again, very rare or nonexistent studies that deal with the happiness of the consumer and its effect on their satisfaction in the area of retail and in the field of marketing in general.

Our goal was to understand how the internal logistics performance of a retail store may have an impact on the happiness and satisfaction of the customer in the retail sector. The results show that the internal logistics performance of a point of sale has positive and

significant effects on happiness and customer satisfaction, especially in the retail sector. In addition, preliminary studies in our study address the consequences of internal logistics performance of a store as the store image, satisfaction and loyalty (e.g. Bouzaabia, 2013), but not the happiness of the consumer.

Theoretical implications

Our study leads to a better understanding of the role of logistics performance in retail stores in the way of interaction between customers and their perception of the service. It contributes to the development of improved logistics store strategies. In short, our research allows managers to retail and the store designers to improve the design, organization, planning and execution of logistics performance shops in a retail environment to increase happiness and satisfaction.

Managerial implications

In practical terms, this research enables companies to retail to consider logistics performance in store to increase the level of happiness and satisfaction to customers. Some researchers have shown in previous research that the logistics performance can serve as a basis for the perception of the visitor and in particular to its satisfaction (Bouzaabia et al, 2013).

Limitations and future research

Like any research, this has limitations that must be overcome in future research. The first limitation related to the construct of logistics performance in the retail store. This concept should be well designed in terms of dimension and measure instrument with a more sophisticated measure.

The main limitation of this investigation is the adoption of a convenience sample with a small size. Gains and losses can not be generated. It would be interesting to conduct the study with a more representative sample to validate the results of the survey says. Another limitation is related to the use of various steps used in one of the Tunisian context. We could have spent a qualitative study to develop measures adapted to the Tunisian context. Similarly, another limitation related to the concept of consumer happiness is measured by a scale of 3 items only.

Conclusion

It is necessary to develop a more sophisticated and validated for this construct scale. A final limitation relates to our data collection was largely exploratory and conducted in a single country. It would be interesting to replicate this research in a wide variety of retail stores spread over several geographical areas to allow generalization of the results and compare the results between stores and areas. We propose to incorporate other variables in the model, such as consumer confidence, the future purchase intention and commitment to the retail store.

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