CUSTOMERS' SATISFACTION AND TRUST ON INTERMEDIARIES FATHOMING THE MOST INSCRUTABLE ASPECTS OF LABORATORY INGREDIENTS MARKET

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Abstract : The channel intermediaries are always in touch with their customers. To build relation for long-term and to work as a bridge between manufacturer and end customer it becomes important to satisfy the need and to gain the trust. This paper is an endeavor to study the factors that results satisfaction and trust among the customers. Eighteen companies of the laboratory ingredients are chosen and the result is based on the filed survey of 250 industrial/institutional customers (end users/ purchasers) in the eastern India. Five factors are established on which the satisfaction and trust empirically depends on.

INTRODUCTION

Customer satisfaction and its consequent impact on channel relationships has been an important concern for the practioners as well as researchers specially in the vast geography of India, one of the most important BRIC country and an emerging market. It is the reflection of the globalization where integration between customers and the valued channel partners is expected from all the indigenous and multinational manufacturers. It is being realized that one of the major requisites for achieving effective integration of channel management is the commitment and service towards the end users which elevates the relationships. As the two attributes satisfaction and trust develops among the users and relationship builds, it is expected in the country like India, these channel intermediaries become the brand pushers. The manufacturer has to depend on an extent to their channel intermediaries for their market share. A market trader has a continuous finger on the pulse of customer satisfaction. Direct contact with customers indicates whether they are doing right. Such informal feedback is valuable for any company. For this reason surveys are necessary to measure and track customer satisfaction; which is also a half story. It is also necessary to determine customers' expectations or the importance they attach to the different attributes. It is more important for a customer believe in the attributes claimed for.

OBJECTIVE OF STUDY

It is very important for any vendor to develop a long term relationship in very effective and compliant mode. For that it becomes essential on what attributes their customer gets satisfied and develops trust with them; so goodwill generates. Thus it is:

1)   To study the significance level of the idiosyncrasies in the questionnaire - the dependent variable is overall satisfaction and trust.

2)   To group the attributes into "factor" on which the satisfaction and trust depends on.

LITERATURE REVIEW

Non-coercive sources of power increase satisfaction while coercive sources of power reduce satisfaction within the marketing channel. Gaski (1984) stated non-coercive sources of power reduce intrachannel conflict and coercive sources increase conflict. Conflict, satisfaction and performance have caused less conceptual difficulty than some of the other constructs of channel theory. Most measures of conflicts in use seem to capture the idea and domain of "perceived goal impediment". The construct of satisfaction is of fundamental importance in understanding channel relationships. Ruekert and Churchill (1984) proposed that a channel member's satisfaction with its relationship with another firm is influenced by the level of control of other firm, and further maintain that greater satisfaction among channel members result in higher productivity within the channel and vice-versa. The findings suggest that multi-item measure SATDIR (which asks directly how satisfied the channel member is with specific aspects of the relationship) and the multi-item measure SATIND (which asks for respondents' cognitions or beliefs about the workings of the relationship) have strong internal consistency, are highly correlated and behave as expected with other behavioral constructs.

Morgan and Hunt (1994) posited that relationship commitment and trust develop when firms attend to relationships by

(i)   Providing resources, opportunities and benefits that are superior to the offerings of alternative partners

(ii)   Maintaining high standards of corporate values and allying oneself with exchange partners having similar values.

(iii)   Communicating valuable information, including expectations, market intelligence and evaluations of the partner's performance

(iv)   Avoiding malevolently taking advantage of their exchange partners.

Kozak and Cohen (1997) found trust is not just a one way street. While it is important for a supplier to gain the trust of a distributor, it is equally imperative that the distributor trust the supplier in turn. "Trust and commitment works both ways". According to Geyskens,Steenkamp and Nirmalyakumar (1999) the distinction between satisfaction and trust is less pronounced when satisfaction is operationalized in noneconomic as opposed to economic terms. Thus, the concern that some researchers have that constructs of satisfaction and trust tap into the same generalized affect toward the partner seems to be more relevant in terms of noneconomic satisfaction. They stated the situation may arrive, despite the lack of trust the parties are satisfied with economic aspects of relationship. However it is harder to expect that trust exists in the face of dissatisfaction with the relation on noneconomic aspects. Kumar and Venkatesan (2005) compared single channel versus multichannel shoppers; later have deeper relationships with the supplier and have greater trust and lower perceived risk in their transactions that could motivate them to spend more with the supplier. Yaqub, Malik and Shah (2010) found firms' satisfaction in prior collaborative histories with one another induces trust and cooperation since the possibility and cost of breaking off relations serve as a self-enforcing sanction. Trust emerges from gratifying successive collaboration experiences among the firms. As a natural consequences of these collaborations, the partners develop mutual understanding and goodwill about each other overtime; therefore stronger form of trust; i.e. process-based trust starts to replace the initial characteristic-based trust and a network then become more dependent on informal measures than it was in their earlier stages. Lastly Vipul (2012) is his latest study inferred customer satisfaction is the only mantra for business success now a day. The satisfaction of customers therefore gold stone which brings in profitability, wider market share

and product diversification. Product quality, image, features and services associated with the product are seen as the basic ingredients for product acceptability and satisfaction.

METHODOLOGY

In any laboratory of industry and institution; the basic requirements are chemicals, glass/plastic wares and filters. We have conducted our study in eastern part of India where around 30 companies are dealing with these ingredients. For each product we have carefully chosen six manufacturers to keep the right blend of indigenous and multinational ones i.e. a total of eighteen. As we are interested to know the factors which administers the satisfaction and to some extent trust from the customers on behalf of the channel partners a disguised structured questionnaire (Annexure 1) has been designed. Though there are "n" number of large , mid and small scales customers both in industry and institute in eastern India covering Chattisgarh, Orissa,WestBengal, Jharkhand,Bihar and U.P.; carefully 125 customers have been chosen where both the indenter/end user and purchaser has been interviewed. Thus a total of 250 respondents' data has been analyzed.

Analysis

Before going to the detail analysis we feel there a need to justify and implications of the questions we put in the questionnaire. We have justified the significance level of the attributes by chi square test. We have done the significance study with all the questions considering each as an attribute resulting to overall satisfaction and trust. We have observed that for the below attributes (p value <0.05) which is significant to deal with.

Factor Analysis

Factor analysis is a general name denoting a class of procedures primarily used for data reduction and summarization. Factor analysis is an interdependence technique in that an entire set of interdependent relationships is examined without making the distinction between dependent and independent variables. Factor model may be represented as:

$$X_i = A_{i1}F_1 + A_{i2}F_2 + A_{i3}F_3 + \ldots + A_{im}F_m + V_iU_i$$

Where

X_i = i th standardized variable A_{ij} = standardized multiple regression coefficient of

   variable i on common factor j ;   F   = common factor

Vi   =   standardized regression coefficient of variable i on unique   factor i

Ui   =   the unique factor for variable i ;m   = number of common factors

The unique factors are uncorrelated with each other and with the common factors. The common factors themselves can be expressed as linear combinations of the observed variables.

$F_i = W_{i1}X_1 + W_{i2}X_2 + W_{i3}X_3 + \ldots + W_{ik}X_k$;

Where : K= number of variables

Fi   =   estimate of i th factor   ;   Wi   = weight or factor score coefficient;

The Eigen value represents the total variance explained by each factor.

In the total variance explained where the Eigen value is greater than 1, it becomes the important factor. Here the 4 factors cumulatively explain 96% of the total variation in data.

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.71	29.43	29.43	4.71	29.43	29.43	4.63	28.93	28.93
2	3.87	24.21	53.64	3.87	24.21	53.64	3.82	23.88	52.81
3	3.10	19.39	73.03	3.10	19.39	73.03	3.00	18.73	71.54
4	1.92	11.99	85.02	1.92	11.99	85.02	1.95	12.16	83.70
5	1.73	10.79	95.81	1.73	10.79	95.81	1.94	12.11	95.81
6	0.18	1.10	96.91						
7	0.13	0.81	97.73						
8	0.11	0.69	98.42						
9	0.10	0.61	99.03						
10	0.06	0.40	99.43						
11	0.05	0.32	99.74						
12	0.03	0.20	99.94						
13	0.01	0.03	99.98						
14	0.00	0.02	100.00						
15	0.00	0.00	100.00						
16	0.00	0.00	100.00						
Extraction Method: Principal Component Analysis.									

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.849
Bartlett's Test of Sphericity	App Chi Square	5427.00
	df	120
	p value	<0.001

This table shows two tests that indicate the suitability of data for structure detection. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy indicates the proposition of variance in the variables that might be caused by underlying factors. High value 0.849 (close to 1.0) generally

indicate that a factor analysis might be useful. Barlett's test of Sphericity; a test statistic used to examine the null hypothesis that the variables are uncorrelated in the population. The population correlation matrix is an identity matrix; each variable correlates perfectly with itself (r=1), but has no correlation with the other variables (r=0). Here the p value <0.001 and hence we reject the null hypothesis to claim that the variables are not uncorrelated in the population and hence factor analysis can be done to capture the grouping of variables into factors

Reliability Statistics	
Cronbach's Alpha	N of items
0.756	16

The alpha coefficient for the 16 items is 0.756, suggesting that the items have relatively high internal consistency (>.70)

Rotated Component Matrix					
	Component				
	1	2	3	4	5
What extent quality of the reagents can be compromised with price	0.00	0.93	0.02	0.08	0.00
Warranty period of the product is considered part of the product	0.00	0.99	-0.01	-0.01	-0.06
Consistency and reproducibility of the results from product	0.00	0.99	-0.01	-0.01	-0.06
existence of different ranges of the product from the vendor	0.00	0.99	-0.01	-0.01	-0.06
satisfied with current vendor for delivery schedule.	0.09	-0.06	0.09	0.00	0.98
Vendor is concerned with lead time and idle time in buy cycle	0.07	-0.07	0.10	-0.01	0.98
Satisfied with the current vendor for the credit extended by them	0.00	0.00	1.00	0.00	0.07
approximate total budget of for the laboratory ingredients	-0.01	0.00	1.00	0.00	0.07
satisfied with discount offered by the vendor w r t list price	-0.01	-0.01	1.00	0.00	0.07
satisfied with current vendor on the basis after sales service.	0.96	0.00	-0.01	-0.03	0.04
Knowledge of the sales person	0.96	0.02	0.03	-0.03	0.05
Faith on vendor for the supply of genuine materials	0.99	-0.01	-0.01	-0.03	0.05
Faith on vendor for supply just-in-time from their warehouse	0.95	-0.02	0.01	-0.05	0.06
Organization demands Manufacturers 'Authorization Cert.	0.95	0.00	-0.04	-0.02	0.04
Vendor is always prompt and transparent with their invoices	-0.06	0.01	-0.01	0.98	-0.01
Vendor works to maintain their reputation	-0.05	0.03	0.01	0.98	0.00
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.					

5 Factors were extracted:

A) Factor 1: In the first component satisfaction and trust is observed from the customer end for after sales service, knowledge and market information of sales person, faith on

A) genuine and just-in-time supply . These attributes can be clubbed under a common factor "**staff and service**" on which satisfaction and trust might depend.

B) Factor 2: In the second component concerned with the compromisation of quality of the materials; value added service i.e. warranty, consistency and reliability, the ranges of the product line availability can be grouped under a common concerned factor " **product**"

C) Factor 3: In the third component the customer find themselves in the comfortable position knowing their total budget and allying them with the credit extended by the vendors and discount obtained from them. These attributes can be grouped to a common factor; a concern "**price**".

D) Factor 4: In the fourth component customer observes that the vendor works to maintain their images and transparent with their dealings i.e. they work under a compliant environment which

develops trust and satisfaction among the customers and can be factorized "**compliance**".

E) Factor 5: In the fifth component the customer finds satisfied and develop trust when there is prompt delivery from the end of the vendor and on the other side the vendor is concerned with the lead time and the idle time from the customer. These attributes develops a common factor of concern **"delivery".**

Managerial Implication

From the above factors it is observed that the satisfaction and trust depends on five factors and from the variation explanation capacity the sequential dependence is (1) staff and service (2) product (3) price (4) compliance and (5) delivery which is below represented in the schematic diagram. These are the five factors which have immense importance both from the practical scenario as well as theoretically to culture; nurture so that in managerial science these factors remains always under magnification for enhancement.
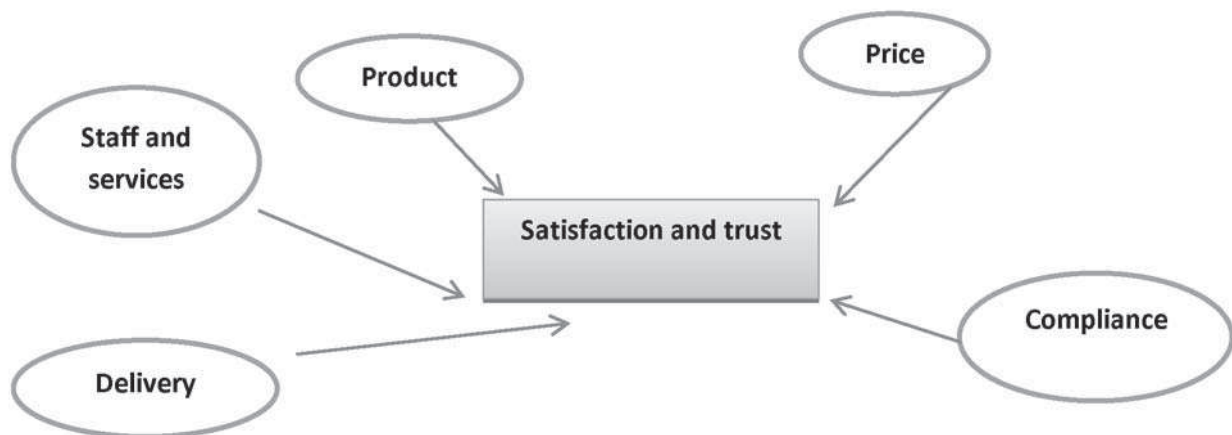
CONCLUSION

From the study it has been observed that satisfaction and trust does exist in latent psychic of the industrial/ institutional customers in their buying cycle. The attributes leading to this satisfaction and trust has been factorized which in India seems very unique for the illustrated geography and demography. There is a future scope of study what the mean level of the factor score is for the customer and to understand the factors responsible to shift a customer's attitude about satisfaction and trust of the vendor from neutral to agree and agree to strongly agree part.

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