

GENERIC COMPETITIVE STRATEGY AND CUSTOMER RETENTION: A STUDY OF THE SUPERMARKETS IN VAVUNIYA DISTRICT

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Abstract

A supermarket is a large form of the traditional grocery store. It is a self-service shop offering a wide variety of food and household products, organized into aisles. It is larger in size and has a wider selection than a traditional grocery store, but is smaller and more limited in the range of merchandise than a hypermarket or big-box market. Supermarket focuses not only the cities but also the suburbs and villages. The Changes in social life, trends, technology have also significantly affected the industry. The reluctance that prevailed with people to buy from super markets at the beginning was gradually disappearing. Consequently, traditional retailers are now facing a great challenge of competing with existing super markets mainly to retain the customers by using some strategies. The objective of this study is to analysis the competitive strategy and customer retention of Supermarkets in Vavuniya District. Cost-leadership, differentiation, and focus are considered independent variables of this study and customer satisfaction, service quality, employees' participation, and customer relations are considered as dependent variable. Data is collected from the customers of supermarkets in Vavuniya District. Totally 250 customers were selected as sample of this study based on their income above LKR 50000/=. Data were analyzed using the Statistical Package of Social Sciences (SPSS 16). Correlation and Regression analysis of independents and dependent variables were made in this study. The finding of present study indicated that the positive relationship between generic competitive strategy and customer retention were observed. But differentiation strategy is highly correlated with customer retention of supermarkets in Vavuniya District.

Keywords: Cost-leadership, differentiation, focus, customer retention