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Abstract

Satisfaction is a consumer post-purchase evaluation of the overall service experience. As an important determinant of customer loyalty and retention, firms exhibit most care to maintain customer satisfaction intact, unless it cannot be up-scaled. Middle East is known for its fancy towards cosmetics in general and perfumes in particular. The present study, which was conducted as micro level, undertaken in the Kingdom of Bahrain, attempts to understand the customer satisfaction of perfumes. The study discusses, inter alia, brand consciousness, brand loyalty, loyalty towards vending outlets etc.

Key words: Customer satisfaction, perfume market, brand consciousness, brand loyalty, shop loyalty, consumer exploitation, purchase behaviour, buying motive

JEL classification: D 03, M 30, M 31

The primacy of customer satisfaction, as an affective response of varying intensity (Giese and Cote, 2000), cannot be overlooked in a dynamic and competitive market place. Being the direct determining factor of customer loyalty, it, in turn, is a central determinant of customer retention. Studies (Mittal and Kamakura 2001; Keiningham, Perkins-Munn and Evans, 2003; Cooil et al,2007) have shown that high levels of customer satisfaction have been linked to customer retention, increased share of spending and positive word of mouth public relation. Referrals and positive word-of-mouth (Reichheld, 2006) by contented customers, indisputably, ensures highest repurchase frequencies. The market place in the 21st century is fast changing and prone to many vulnerabilities. Hence customer retention and growth are uncompromising prerequisites of staying in business. Increasingly competitive organizations are regularly surveying their customers' satisfaction, aiming to uncover the clients' expectations and to find whether these expectations have been met impeccably. Customer satisfaction surveys help to send the message that the business greatly appreciates their customers' input, while providing ample opportunity to enhance products and services.

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These customer relations are keys to optimizing marketing efforts and improving company performance.

A study on customer satisfaction of perfumes has great significance in the Middle East in general, and Bahrain in particular. This is due to the reasons such as the beauty and fashion consciousness of the people, and the fancy for perfumes and cosmetics among the Arab population. Due to higher disposable incomes, aggressive marketing, changing consumer habits, and the demographics, the demand for perfumes is increasing in Bahrain. Therefore, studying the factors that affect the consumption patterns, the feedback on the various brands and perfume outlets, and consumers' awareness of brands is of great importance. The study results can be replicated in other areas of the Arab region. Therefore it can be a guide for prospective entrepreneurs with an idea to introduce new brands in perfumes.

The Regional perspective

The Middle East is regarded as the cradle of the perfume industry. Bahrain, which has a population of more than 0.7 million, and its floating population continues to grow as the place has become a hub of international financial market, has a growing economy. Therefore, market for perfumes is seemed consistent and is on an increasing pace. The craze and demand of perfume is ever growing among the Arabs and other nationals in Bahrain, and due to this reason, the perfume industry has become a multi-billion dollar industry. The demand for perfumes is the highest in Bahrain in general. People, who like Arab perfumes go for them, not French perfumes, and vice versa. Since it is a temperate, arid desert area, people perspire and need a strong perfume. The demand for fragrances soars during the months of *Shabaan* and *Ramadan*. There are several successful perfume traders that provide tempting perfumes, beauty products and high-quality Arabic fragrances. Well known designers or glamorous personalities who lend their names to perfumes gain instant attention in the market.

In addition to the Arab nationals, a large number of expatriates also contribute a significant market for perfumes in Bahrain. The large demand for perfumes among them is due to aggressive marketing, changing consumer habits, higher disposable incomes and the demographics. The market also has opened up significantly to foreign buyers with the

introduction of Arabic perfumes in spray format and an increased presence of stores in malls. Many tourists want to try Arabic perfumes as an alternative to what is available in their home countries. It is another experience of the Arabic culture.

The research problems of this project include various issues that are dominant in the perfume industry in Bahrain, one of them being the differences in prices of perfumes. Various brands of perfumes are sold at different price ranges by different perfumes outlets. Consumers of perfumes are seemed to be exploited through selling of duplicates of famous brands at the original prices of the branded ones. Another issue of great significance is related to the religious sentiments of the local people; that is, with respect to the alcohol content in perfumes. Use of such perfumes is considered taboo in the Middle Eastern countries. The various demographic characteristics of Bahrain's population, which includes several nationalities, is also a key issue as the diversity in nationality, income and lifestyle makes the analysis of customers' expectation a complex task.

This study attempted to explore the level of customer satisfaction of perfumes in the Kingdom of Bahrain. In this regard the various factors that influence consumers buying behavior are also attempted to study. It is also to be understood that Bahrain is a dwelling place to many nationalities resulting great diversity in the various demographic features of its population and, hence, has a significant influence on consumer behaviour. The targeted customers' brand consciousness and brand loyalty will also be investigated.

The Theoretical Settings of the Study

Customer satisfaction has long been recognized as a process (Oliver, 1981) and is the difference between consumers' perceived and expected performance of a product or service. In other words, customer satisfaction occurs when performance is higher than expected, while dissatisfaction occurs when performance is lower than expected. Overall, to gain customer satisfaction, some argue that organizations need to exceed predictive expectations of customers, rather than just satisfy expectations (Spreng and Mackoy, 1996). According to Schneider and White (2004), satisfied customers most likely will become loyal which can then translate into higher profits organizations. As such, the relationship between customer satisfaction and repurchase intentions has been examined with results implying that satisfied

customers are more likely to intend to repurchase (Taylor and Baker, 1994; Patterson and Spreng, 1997).

Customer satisfaction has become one of the key issues for companies in their efforts to improve quality in the competitive marketplace. It can be seen as either a goal or a measurement tool in the development of quality. Customer satisfaction is considered to affect customer retention and, therefore, profitability and competitiveness (Anderson and Sullivan, 1993). According to Jones and Sasser (1995), complete customer satisfaction is the key to securing customer loyalty and generating superior long-term financial performance. It is also apparent that high customer satisfaction leads to the strengthening of the relationship between a customer and a company, and this deep sense of collaboration has been found to be profitable.

Customers compare the perceived performance of a product (service, goods) with some performance standard. Customers are satisfied when the perceived performance is greater than the standard (positively disconfirmed), whereas dissatisfaction occurs when the performance falls short of the standard (negatively disconfirmed). Additionally, there is an extensive difference between the loyalty of merely satisfied customers and those who are completely satisfied. Customers who are just satisfied find it easy to switch suppliers when a better offer comes along. As a result, the significance of customer satisfaction is emphasized in markets where competition is intense (Kotler 2000; Jones and Sasser 1995).

Customer satisfaction brings many benefits as satisfied customers are not very price sensitive, buy additional products, are less influenced by competitors and stay loyal longer. To them customer satisfaction has been deemed directly to affect customer retention and companies' market share. In order to achieve customer satisfaction, companies must understand what their customers need and how those needs are met. Grönroos (2001) emphasizes that customers also have certain wishes regarding how they want to be treated; furthermore, he notes, the service or physical product purchased has to fit into the customer's internal value-generating processes.

Customer satisfaction has been observed as an important theoretical as well as practical issue for most marketers and consumer researchers (Churchill and Suprenant, 1982). It is a major

outcome of marketing activity whereby it serves as a link with various stages of consumer buying behavior. For instance, if customers are satisfied with a particular service offering after its use, then they are likely to engage in repeat purchase and try line extensions. Customer satisfaction is widely recognized as a key influence in the formation of consumers' future purchase intentions (Taylor and Baker, 1994). Satisfied customers are also likely to tell others of their favorable experiences and thus engage in positive word of mouth advertising (File and Prince, 1992).

Levesque and McDougall (1996) confirmed and reinforced the idea that unsatisfactory customer service could lead to a drop in customer satisfaction and willingness to recommend the service to a friend. This would lead to increase in switching by customers. So, the significance of customer satisfaction and customer retention in strategy development for a 'market oriented' and 'customer focused' firm cannot be underestimated. It can be considered as the essence of success in today's highly competitive world of business. It is increasingly becoming a corporate goal as more and more companies strive for quality in their products and services (Bitner and Hubbert, 1994). In this context, an understanding of 'determinant of customer satisfaction' (Churchill and Suprenant, 1982; McDougall & Levesque, 2000) is of great significance to marketers.

It is generally accepted that customer satisfaction often depends on the quality of product or service offering (Anderson and Sullivan, 1993; McDougall & Levesque, 2000). For this reason, research on customer satisfaction is often closely associated with the measurement of quality. Thus, both service quality and customer satisfaction share a close relationship, though they are normally conceptualize as unique (or separate) constructs.

Organizations must learn exactly what their customers expect from them (Berry & Parasuraman 1991). Unless an organization knows what its customers consider important, the organization will not be able to determine what changes are necessary to meet the desired expectations. Varied expectations are generated from both internal customers and external customers.

Methodological Issues

The method we have used in our study is of descriptive research. The main purpose of the research is to give a narrative account of the state of affairs as it exists in the study area. The method of descriptive research is apt to measure items such as frequency of buying a product, preferences of people, or similar data (Kothari, 2006). Survey method was used to collect data related to demographic profile, general buying behaviour, and the behavioral variables of the respondents. The demographic factors such as gender, age, income and nationality were studied to understand their influence on explanatory variables. The research also included the collection of other descriptive information such as consumption pattern, feedback on access to outlets, service, physical facilities and the level of satisfaction among customers.

Analytical part of this report has been done keeping the broad aim and objectives of the study in mind. The raw data were entered in to Micro Soft Excel's platform, after proper scrutiny. The processed data were analysed by the widely used statistical tools available in the MS Excel and SPSS programmes. The descriptive statistics such as Arithmetic mean, Standard deviation, percentages and cross tabs and inferential statistics like Correlation and Regression were used to analyse and interpret the data. Likert scale analysis was also done to identify the attitudinal dimensions of the respondents.

Personal Profile of the Respondents

As it has already been stated above, expatriate population constitutes half of the kingdom's demographic strength. However, the nationality attributes of the sample respondents show that around 60% of our respondents comprise of Indian citizens. It is also interesting to know that Indian migrant population comes around 35% of total population in the Kingdom. By the time the migrant workers visit their home country during vacations and other occasions, they place a remarkable demand for almost all fancy items, including perfumes. The next highest category (30%) of respondents belongs to Bahrain nationality. Being the local residents in the Middle East this category of consumers is known for their beauty and cosmetic awareness. The other categories of respondents consist of other Middle East, Other Asian and Western; and altogether they constitute only a negligible percentage.

Age factor is an important determinant of buying motivations, in general, and cosmetic products, in particular. Hence age study was also thought to be useful. The age category of the respondents covered under the survey shows that about half the sample belong to the prime age category of 15-25 years. It is clearly manifested from the data that the trendy preferences of youth may influence the market of perfumes in the kingdom and the market itself may be highly volatile due to impulsive preferences of this prime age group out of fad or fashion. More than one-fourth of the total respondents belong to 25-35 age categories. The senior age group covered under the study (+45) constitutes only 9% of the total sample. The Arithmetic mean of all the ages of the respondents came up to 28.5 with a Standard deviation of 10.54. This portrays that the mean age of the respondents fall in the age category of 25-35 years.

The analysis of gender characteristics shows that more than half of the respondent was males and 48% were women. This shows strong gender orientation in structuring the perfume market in the kingdom. Though most of the perfumes are female-centric, our study shows that the purchase is effected by their male counter parts. We have not attempted to unravel who initiate the purchase, as it was outside the purview of the study. It was came out during the period of study the those who initiate the purchase and those who realize the purchase may not be same in most number of cases. We could clearly delineate the thin demarcation between the concepts such as 'customer' and 'consumer.'

The average per capita income of Bahrain is USD 24,151 (USD 1 = BD 0.36). The majority of the respondents belong to the higher income group (23.3%), with an average monthly income of more than USD 4167. The study discovered that the population in Bahrain has high purchasing power irrespective of their nationality status. The Arithmetic mean of the monthly family income was USD 2903. A standard deviation of 470.27 was estimated which implies that income is highly dispersed in the series.

Consumption of Perfumes

The respondents' consumption behavior of perfume is studied under this section. It was attempted to understand whether cosmetics constitute a permanent addition to their shopping cart. Every respondent contacted nodded positively to the question. Taking in to consider the

focused nature of our study we were interested to know the import of perfumes in the cosmetic category. The field data show that 82% of the respondents considered perfumes as an important part of their cosmetics while 18% of them not.

With respect to buying motives, nationality status and level of income were the two explanatory variables that were considered to study their influence on purchase decisions. A regression analysis was conducted to estimate whether the nationality attributes influence the regularity in the use of perfumes; that is whether perfumes being a permanent addition to cosmetics. The regression co-efficient is estimated as - 0.013, which implies that the impact of nationality attribute not only insignificant but negative. Perfume consumption, being a permanent addition to cosmetics, is not depended upon the nationality of the respondent. Another analysis is with respect to cosmetic consumption is related to the level of income of the consumer. We wanted to know whether income influences the cosmetics consumption of the respondents. The regression between levels of income and cosmetic consumption variable gave the co-efficient as -0.161, which implies that family income is not a determinant of perfumes being a permanent addition to cosmetics. Hence it has been proved that perfume consumption is independent of either nationality of level of income.

It is also attempted to study the level of awareness of customers to cosmetic products. The study shows that majority of respondents are conscious about cosmetics (58%). Among the rest, 21.6% is very conscious about cosmetics. The per cent of conscious and neutrally conscious respondents is 36.6% each. The estimated correlation value between nationality and consciousness towards cosmetics was 0.379, which implies a positive moderate correlation.

The respondents mentioned cross section of reasons for buying perfumes. To get a clear picture the entire response categories have been recorded here. More than one-third of the respondents buy perfumes for their personal use, with a percentage of around 35%. Around 30% of the respondents buy perfumes for personal use and family. For 18% of the respondents it is for themselves, their family and also as a gift. The rest of the respondents have various combinations.

It was also attempted to study how much the respondents spend, on an average, on perfumes annually. The average amount of money spent on perfumes shows that majority of the respondents (30%) spend USD70 - 140 on perfumes annually. Around 12% of the population spent less than USD 70 and between USD 140 - 200 on perfumes each. The per cent of customers who spent between USD 200 - 275 and more than USD 275 is 9% each. The findings are consistent to the high purchasing capacity in the kingdom by and large. The arithmetic mean calculated for the respondents' expenditure on perfumes was USD 156.27 with a standard deviation of 33.7. This implies that most of the respondents are buying perfumes in the price range of USD 140 - 200 and the standard deviation says that there is less deviation i.e. there is a high degree of uniformity in the responses.

The correlation between monthly family incomes of the respondents and the expenditure on perfumes is 0.318 which means that there is a moderate correlation between the two. This means that the expenditure on perfumes depends on the monthly family income. Similarly the expenditure on perfumes was also correlated with the average monthly expenditure which resulted in 0.081 which is low correlation. This implies that average monthly expenditure does not necessarily relate to expenditure on perfumes.

The analysis of buying frequency of perfumes explains that most of the customers purchase perfumes only when needed. This portion of the sample constitutes 71.6%. Among the rest of the respondents, 13.3% buy perfumes once in a month and 11.6% buy it every month. A correlation between nationality and frequency of perfume purchase resulted as 0.037. This is a low correlation which implies that nationality does not affect the frequency of perfume purchase. The correlation between monthly income and the frequency of purchase of perfumes came to be -0.026 which implies negative correlation i.e. the average monthly income of the respondent does not have an impact on the frequency of perfumes purchase.

With respect to the category of perfumes reveals that customers who prefer only French or only Arabic perfumes are 40% and 20% respectively. Almost 36% of them have an inclination towards both the two types of perfumes.

The Likert scale was used to analyse the attitudinal preference towards the choice of perfumes with respect to six parameters in a five point scale. On examining the buying

motives it was understood that scent is the most preferred motive to buy perfumes, followed by long lasting and affordability. It is clear from the analysis that the consumers are rational than impulsive buyers. Celebrity endorsement is the least preferred buying motive.

Attitude towards Perfume Outlets

The study also attempted to identify whether the consumers have any preference towards outlets. The data illustrate that more than 60% of the population have their preferred outlets to buy perfumes while around 37% does not have any preferred brands. The correlation between nationality and the preference towards outlets, estimated to 0.592, which is perfect correlation this denotes that the nationality of respondents has a positive impact on preference of outlets. The underlying factor for this relationship may be due to the inclination of Indian expatriate population to purchase things from the shops run by Indian nationals. No other demographic factor has as much bearing on outlets preference as that of nationality status. A correlation between gender and outlet preference had an estimated value of -0.113, which is a negative correlation, implying negative and negligible correlation.

It was also attempted to explore the attitude towards the preference of vending outlets based on seven parameters such as availability of variety of perfumes and latest brands, location, discount, accessibility, gift vouchers and Credibility of outlets. About 97% agree that they prefer a particular outlet for the variety of perfumes. The major motivator shop preference is understood to be availability of variety of perfumes, which is followed by availability of latest brands and credibility of outlets. It implies that customer satisfaction is an undeniable factor of customer loyalty and retention. The Likert scale was used to analyse the data and the analysis of overall average attitudes towards the factors related to preferred outlets shows that the respondents, on the whole, agree the variety of features of their chosen shops.

Brand awareness

Customers' awareness about various brand availability in Bahrain shows that a comfortable majority among the respondents are very brand conscious, being 63% use only branded perfumes. The most popular brands in Baharain are identified to be Escada, Dior, Chanel, Davidoff, Lacoste and Givenchy. Certain demographic features of the respondents were correlated to brand awareness as follows. The correlation between nationality and

respondents buying branded perfumes has a negative correlation of -0.0034, which implies that a respondent buying branded perfumes is not based on nationality. Another correlation was between age and buying branded perfumes which resulted in -0.29. A correlation between gender and buying branded perfumes was 0.185 which is a positive correlation. It implies that gender has an impact on buying branded perfumes. Monthly family income has less impact on buying branded perfumes which was 0.069 and consciousness towards cosmetics has a negative correlation of -0.0283.

A multiple correlation was attempted to understand the sensitivity among the unique features of the preferred brands from the perspectives of the respondents. The results of multiple correlation (see table 1, in appendix) show that each and every variable is either perfectly and correlated highly and the nature of correlations is positive. It is interesting to see form the table that the correlation between the products features such as long lasting fragrance and scent is perfect and positive (being the co-efficient 1.0). The next highest correlation (0.73) is between excellent packaging and perfect pricing. Hence product features exhibit an explicit mutuality each other. The specific feature of this analytical results show that there are more than one pairs that are having the same estimated value. For example, it is evident from the table that the results for scent & extreme popularity (0.66) and long lasting fragrance & popularity (0.66) are same.

It was also attempted to find out the level of awareness of the respondents with respect to the availability of duplicates in the local market. A Clear cut majority (93.3%) of the respondents is aware of the presence of duplicates for branded perfumes in the market. This indicates that there is a large scale selling of perfume counterfeits.

The Overall customer satisfaction

Consumers were sometimes satisfied with one aspect of the choice/consumption experience, but dissatisfied with another aspect. In this case, satisfaction and dissatisfaction can be viewed as different dimensions. The consumer might be satisfied with the functionality of a product, but not the purchase experience. In this case, satisfaction and dissatisfaction are evaluated as if they were different dimensions. Conversely, satisfied or dissatisfied would be

viewed as bipolar opposites when the consumer reaction is consistent across all focal aspects of the choice/consumption experience (Giese& Cot, 2000)

As a first step to estimate customer satisfaction, it was attempted to understand the dimensional frequency of contentment with respect to the value for money. Majority of the respondents (59%) believed that they always get complete value for the money that they spent on perfumes, while, a 39% of them were of the opinion that they get value for the money spent only occasionally. The proportion of dissatisfied customers is very negligible (2%). Correlation between consciousness towards cosmetics and value acquired from purchase is -0.085, which is a negative correlation. This implies that consciousness towards cosmetics has no impact on value acquired. In a correlation between buying branded perfumes and value acquired the result was 0.3306. It is a moderate correlation which implies that the buying of branded perfumes can be because of the value acquired and vice versa.

An attempt was made to understand whether the customers are subject to any form of exploitation. The respondents were asked to express whether they were experienced any exploitation, if so the number of times it happened. The data show that 46% of the respondents suspected of exploitation, though not sure, during the purchase. Out of which 20% have the feeling that it occurred more than once. Another 40% have not faced any such exploitation, and about 13.3 % of them are unaware whether they have been exploited or not.

Conclusion

Satisfaction is an overall customer attitude expressing the psychological contentment or fulfillment towards a product or service, and its intensity can be estimated as the difference between perceived and actual performance. It is a highly personal assessment that is greatly influenced by individual expectations. These expectations, in turn, are constantly changing with the changes in the several factors that influence the satisfaction derived by customers from the use of a product. Customer expectation is formed from his acquired knowledge and influence from his/her surrounds that together form benchmarking for satisfaction. Hence, customer satisfaction involves understanding customer expectations and meeting them fully. There are myriad dimensions affecting customer loyalty and how it impacts customer behavior and

profitability. Some of these factors that influence customers' satisfaction levels are lifestyles, income levels, education and increase of awareness about market and related factors, and cultural changes etc.

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Table 1: Correlation among unique features of preferred brands

FEATURES	Extreme popularity	Perfect Pricing	Excellent Packaging	Scent	Long Lasting Fragrance
Extreme Popularity	1.0				
Perfect Pricing	0.69	1.0			
Excellent Packaging	0.68	0.73	1.0		
Scent	0.66	0.71	0.71	1.0	
Long Lasting Fragrance	0.66	0.71	0.71	1.0	1.0

Source: Primary Survey
Note: Correlation is significant at the 0.01 level (2-tailed).