

The Antecedents of Category Management towards Customer Enhanced Services and Effects on Customer Satisfaction in Pharmaceutical Retailing: A Study with Special Reference to Medical Shops (Drug Stores) at Kanchipuram Town

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Abstract

Category planning and management is the vital strategic part of retailing. It is the instrument for differentiated customer service and customer satisfaction. The cause of category planning and management induce the effect on retention of customers in competitive retailing environment. The present study focuses to understand the antecedents of category planning and management among the pharmaceutical retailing by considering the product mix dealing of healthcare, oral care, skin care, personal care and homecare products and its line dealt by the drug stores for the enhanced service to customers on customer satisfaction as well retention at Kanchipuram town. The Category Management process undertaken by the medical shop retailers in the study area comprises product assortment, availability, pricing, promotion and reachability as important constructs with identified sub items through previous studies. The empirical data required for the study were collected from the customers during the time of purchase in different retail formats of pharmaceutical shops belong to brand and unbranded retailers in the study area. The conceptual theoretical background on retail Category Management model influence on enhanced customer service and customer satisfaction was tested through structural equation model (SEM-covariance) with the help of AMOS 17.0. The major observations of the study proclaims that the Category Management aspects have direct influence on enhanced customer service and no direct influence on customer satisfaction but at the same time the effect of enhanced customer service is high on customer satisfaction.

Keywords

Category planning; Category Management; Enhanced customer service; Customer satisfaction; Product assortment; Product availability; Product promotion; Product pricing; Product reachability; Customer retention.

Introduction

Retailing is the enhanced value chain in the ultimate consumption of every consumer. Retailing is the activity where in which both manufacturer and consumers interact with each other and undergoing the process of exchange of products or services for money value. The retailers are the prominent brand promoter for every manufacturer brand by assuming the trade leverage for assorting the products or services of producers and delivery to the ultimate consumers on their need of consumption. In order to perform the retailing activity by any form of retailer need to employ strategic retailing activities ranging from identifying the right supplier and their vending process, keeping the right place for selling, collecting the products or services from different manufacturers and delivering through add on value for ultimate consumers. Retailers have adopted shopper marketing strategies which involve the execution of all marketing activities in which retailers may indulge to influence the shoppers purchases ranging from the stage of motivation to buy, purchase and post purchase. Shopper marketing strategies are only successful when there is a win-win situation for the trio of retailers, manufacturers and shoppers [1]. Retailers are the predominant source of network for every supplier or manufacturer to promote their product as well as brand value to ultimate consumers. But the changing scenario of retailing in the world market has fierce unprecedented competition among the retail entities in terms of formats, assortment management, promotion, display and as well speedy delivery. The growth of consumerism, market liberalization, digitized marketing and retailing activities invoke the retailing houses to scrambled merchandising as well vertical retailing activities: category

purchase frequency and hedonic nature of category. Out of these four it is the in store display category and the hedonic nature of category that increase the frequency of unplanned decisions. Moving to customer characteristics we have gender, household size, store familiarity and shopping with others that factor towards making unplanned decisions [2].

The retailing sector today encounter two dimension of retail-market structure namely cross competitions as well customer management issues. The growth of manufacturing era, introduction of new product and services, expanded product lines as well as product assortments evoke retailers to deal their existing customers effectively with enhanced product and delivery services as well as customer loyalty programmes. The magnitude of customer retention for the commercial viability retailing business today need to employ strategic plans effectively in terms of location management, product assortment process and well as category deployment. Globalization has accelerated the pace with which retailing has evolved over the years. These changes over recent years have drastically affected both retailers and consumers. Due to the seeping effects of globalization there has been an increase in awareness amongst consumers and the need for increased variety

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calls upon retailers to offer wider category assortments under one roof hence the shift of retailers from single format to multi format retailing strategies. A lot of these changes are as a consequence of globalization in retailing. More specifically, as firms globalize they pose challenges for retailers such as vertical integration of the products, globalization has resulted in emergence of hyper stores and large super markets where small retailers are at loss both in more developed and less developed countries [3].

It is strongly observed in various forms of studies both theoretically as well empirical background that, the well planned Category Management leads to effective customer service, customer satisfaction, customer trust and belief as well customer retention. Category Management is the comprehensive strategic retailing process in which planning, organizing, communication, coordinating, control and feedback mechanisms are very crucial in terms of supplier relationship, sourcing, vendor selection, procurement and exhibition. In addition to that, the Category Management process initiates its activities from customer base by understanding the needs and wants of customer in terms of product version from the retail shop, collecting customers' opinion on assorting the products on its lines, width as well as depth. In addition to every retailer after procuring the products as well as services from manufacturers need to assort it at selling space effectively for the easy reachability and accessibility among consumers. It is also important for every retailers to stock and sell those categories with affordable pricing and attractive promotion to consumers. In this aspect, the Category Management by every retailer is very important in present day retail situations. The emerging issue in retailing takes into account the effects of satisfaction on patronage. Satisfaction doesn't guarantee patronage which is crucial to the profitability and image of the retail stores. To achieve this, the store should continuously find new ways to 'surprise' its clients and delight them with augmentations that make their experiences less stressful, more convenient, and/or more fun [4].

Category Management is a concept that was introduced at the beginning of the 1990's together with Efficient Consumer Response in the US retailing industry to stop the decrease of customers and profitability. Categories are managed as Strategic Business Units (SBUs). Further, the concept improves business results by focusing on delivering the consumer higher value [5]. Category Management is an element of Efficient Consumer Response, which is a strategy to make manufacturers and retailers work together to offer quick and efficient response to consumers' needs. Category Management focuses on the profitability based on the whole category instead of the profitability of just a single product. The products are grouped into categories from the view of the consumers [6]. Category Management is a process for managing product categories as business units and customize them store-by-store so as to meet consumers' needs" [7]. Since Category Management is the subject of this dissertation, the whole work will try to define what Category Management is. A category is a distinct, manageable group of products that consumers perceive to be interrelated and/or substitutable in meeting consumers' needs [8]. Efficient Consumer Response (ECR) was developed within the grocery industry at the beginning of the 1990s. One of the reasons for introducing ECR was an increase of consumers demanding more quality, variety and service. At the same time the consumers wanted to spend less money and time on shopping groceries. Further they wished to have less complexity in the information they need to make a good choice. Category Management is one part within ECR and to understand the concept, it is helpful to get familiar with the basic strategies within ECR [9]. Category Management is normally practiced

by the retailers through important components like store assortments, efficient replenishment, efficient promotion and efficient product introductions [10]. Category Management the retailers provide the manufacturers with better information about what they and the consumers respectively want on the shelves. This information enables the manufacturer to introduce products more efficiently. However in order to achieve such cooperation between manufacturers and retailers a high level of trust between both parties is needed [9]. The profitability of the business can be measured after the categories and resources can be allocated in form of shop space, number of staff and amount of capital [11]. On a market with hard competition the consumers have many products to choose among. Therefore it is important for the retailers to focus their effort on attracting and keeping consumers. A way to do this is to create long term consumer value. Research shows that consumers usually buy certain products from certain shops. Findings of this kind show that consumers look for offers in certain categories and often select the retailer with the best availability of such offers. The pressure increases on retailers to differentiate them. They need the consumers to associate their shop with shopping products from a certain category [7].

Background issue of the study

In some recent studies, some researchers have examined price sensitivity as independent variable with regard to services [12] and prescription drugs [13]. Bundled pricing also makes the partitioned components more important than when the prices are not bundled [14]. The pharmaceutical products generally belong to routine purchase to occasional purchase. The consumer involvements on buying drug products are based on dissonance buying attitude and where consumers give importance for more product values as well product education. The nature and type of pharmaceutical market in the world is dealt through retail shops and where in which the direct contact between manufacturers to ultimate consumers are very negligible except medical instrument products. The generic medicines sold by manufacturer through retailers are high in this market. The buying processes of consumers towards pharmaceutical products are more on prescriptive rather than self-selection.

But the delivery chain processes of pharmaceutical retailing in present day market situations are highly competitive. The emergence of different formats of retailing like independent retail stores, traditional drug stores, flea market (hospital cum pharmaceutical shops), chain stores, super market and departmental store formats beneath huge competition among the retailers. In addition to that the entry of organized retailers like manufacture cum retailing (own factory outlet), global pharma retailers also given due impetus in the practice of retailing in drug industry. The prevailing competition in the retailing sphere as well need of consumer patronage need the pharmaceutical or drug retailers to deal with prolonged categories, product lines with huge width and depth. In addition to that in order to retain the customer and serve with enhanced product availability the drug stores are also dealing with related and unrelated product categories like body care, skin care, personal care, fitness related and oral care items. The needs of scrambled merchandise process by drug stores need to deploy effective category planning and management across the product category for effective business management purposes. The balanced approach on cost management, product portfolio management by retailers and customer service, satisfaction as well as customer retention aspects from the background of customers involves on Category Management strategies by drug retailers. Vyas [15] attempted to study consumer preferences with respect to sales promotion in pharmaceutical products

are related to category. It was found that sales promotion offers which is unique, which offers immediate incentive preferably of price-cut nature is likely to appeal to all consumer segments.

In addition to that the growth of manufacturers brand, brand extension as well as line extension also need the drug retailers to rework of Category Management in terms of procurement cost, inventory carrying cost, inventory turnover, stock management, stock dealing strategies, pricing, promotion management. The growth of in store brands among the branded drug retailers also gives impetus for effective Category Management activities.

As far as drug retailers are concerned in terms of Category Management need to give weight age on product assortment, product availability on stock, inventory and display, product pricing and re-pricing, product promotion and product reachability. The outcome of effective Category Management gives enhanced customer service and in turn thus affects customer satisfaction, trust, belief and retention. The overall outcome of Category Management by drug retailers adds retail brand image as well as manufacturers brand equity. Keeping this view, the present study examines the antecedents of Category Management practices by drug retailers on customer enhanced services and satisfaction. Kanchipuram town is the growing landmark for industrialization in recent years due its industrial hub empowerment with leading manufacturing houses, multinational companies and economic processing zones. It is a traditional commercial centre for silk weaving, designing and retailing. The tourism viability of this place also enlarges its population density in recent decades. The growth and expansion of IT hubs in and around Chennai manifested around the Kanchipuram town. The leveraged commercial viability of this place also earmarked the development of prominent service industry like education and healthcare. The leading indigenous health care brands and hospitals are located in and around Kanchipuram district. The leading branded hospitals and health care centers prefer Kanchipuram town for its commercial landmarks. In this connection, the landmark of Kanchipuram town encompassed with traditional and modern drug stores. In addition to that the world renowned branded drug retailers and chain stress like Apollo, MetLife and so on also housed their retail drug stores in Kanchipuram town. The emergence of differentiated drug retail formats in Kanchipuram needs the retailers to employ effective Category Management practices for enhanced customer service and customer satisfaction.

Literature Background

As Hogarth-Scott and Dapiran defined the Category Management as the distributor supplier process which manage the product categories as Strategic Business Units and produce the enhanced business results by focusing on delivering better customer values [16]. Category Management means that retailers seek to optimize category profits overall rather than managing manufacturer brands independently within the category [17]. In much of the retail buying literature the role of the brand is either not included or only indirectly assessed using surrogate measures such as product uniqueness and product quality [18]. The findings from the few studies that have included brand effects are mixed with respect to the influence of brand on retailers [19]. However, some empirical studies have addressed the effects of manufacturer brands on retailer relationships. Biong [20] and Schellhase et al., [21] found that the supplier merchandise attributes in retailer buying are multi-dimensional in nature and affect retailer satisfaction, trust and loyalty. Previous research has also confirmed the multi-dimensional nature of channel member satisfaction [22].

Satisfaction has also been shown to be a strong predictor of loyalty and repurchase intentions [23]. The strategic outcomes of Category Management for retailers are better retailer differentiation from competitors and increased loyalty of the retailer's customer [24]. Retail customers are able to find their preferred brands from one retail outlet at a fair price. For brand managers the implication is that pricing is coordinated across the category rather than by brand in order to optimize category profits. Brand manufacturers provide market trends and information for retailers and also have the opportunity to influence their position within the category [25]. Dhar et al. [26] investigated categories differences and reported that within the store environment, categories have different roles. These roles depend on whether the brand has a high or low purchase frequency and a high or low household penetration. Their research found that differences in brand share affected the variety enhancer categories' performance such as pickles (low frequency, high penetration) and fill-in categories (e.g., cake mixes low frequency, low penetration) but not affected for staples (high frequency, high penetration) and niche categories (high frequency, low penetration). Much of the research into Category Management has focused on pricing and category performance [27]. There is also a research stream that has examined category roles and the retailer product assortment. However research has been more limited as to the role of brands within Category Management. Dewsnap and Hart [27] did examine brand preferences within a fashion category but this was from an end-customer perspective. Furthermore, no research addresses the influence of category types on retailers' perceptions of brands [28] and retailer relationship outcomes.

Product assortment

Assortment is traditionally defined as the number of SKUs offered within a single product category. Broniarczyk et al., [29] reported that assortment perceptions were impacted by three factors i.e., the offer given for the number of unique SKUs; the heuristic of total space devoted to that category and lastly, the availability of favorite SKU of a consumer.

Product availability

Ettouzani et al. [30] reported that product availability in retail stores can be described and analyzed through out-of stock problem, where the OOS rate was also most frequently used as its basic indicator. According to Trautrim et al. [31], customer service for retail consumers is manifested by product availability as the fundamental performance indicator of the entire supply chain. Securing the adequate availability level also raises the service quality level in retail stores.

Product pricing

Price image influences both consumer beliefs and consumer behavior [32]. It will affect how consumers perceive the retailer's price level and how fair prices are. It will also affect store choice, whether the consumer makes a purchase in the store or decides to postpone it in order to check on prices and deals at other stores, as well as the size of the basket on each visit to the store.

Product presentation

Weisher [33] denotes that more merchandise is sold as a result of in-store presentation than all other forms of marketing and advertising. Visual merchandising is governed by the common principles of design, balance, emphasis, proportion, rhythm and harmony. It works on attracting the attention of the customer, creating an interest for the product/service and creating a desire to own the product and

then, initiate the decision to make the purchase. The role of visual merchandise largely depends on the type of retail organization, and the importance accorded to the role of visual merchandising.

Product promotion

One implication of this is the strategic need for retailers to adapt to changing consumer preferences [34]. In practical terms, a decision not to stock a new range based on initial hostile consumer perceptions may be premature. Retailers may need to use a combination of cues to evaluate the feasibility of a new range such as targeted promotional activity to encourage trial purchase.

Customer service

Customer service quality is variously described as consisting of friendliness, knowledge of goods sold, ability to give advice, respect and responsiveness without being 'pushy' [35]. For the purposes of this study, these last four components are summarized as 'helpfulness'.

Customer satisfaction

The customer experience concept is growing in importance and relevance, due to its reported influence on customer satisfaction and future consumer behaviour. Prior to 2009, the academic coverage of customer experience literature was sporadic. However, a special issue of the *Journal of Retailing* [36] sought to remedy this gap by conceptualizing the customer experience in a retail setting. Other articles develop key characteristics of customer experience, emotions and particularly the relevance of the customer journey [37] incorporating cues or touch points [38].

Objectives and Hypotheses

The research paper aims to address the following research objectives:

1. To understand the role of Category Management practices on customer service and customer satisfaction
2. To learn the direct influence of Category Management components on enhanced customer service
3. To view the significant influence of enhanced customer service on customer satisfaction
4. To know the demographic background of consumers buy from different retail formats during the time of study
5. To learn the major categories purchased by consumers in different format of drug stores in the study location.

Hypothesis 1

Product assortment can be defined as the variety of products that a retailer presents to the consumer. In order to determine the optimal product assortment, the retailers are needed to decide on many factors like product line, breadth the product line numbers or the variety offered by the firm as well as product line depth and the number of categories within a specific product line. The product assortment strategies like number of product lines, width and depth made available to consumers on their demand.

In Hypothesis 1 it is going to be tested that:

There is a significant relationship between product assortment strategies on customer service (direct) and satisfaction (indirect)

Hypothesis 2

In retail stores, product availability can be often described and analyzed through out-of stock problem [39], where the OOS rate was also most frequently used as its basic indicator. Securing the optimum retail product availability rates creates the basic prerequisite for its sale, i.e., for achieving the desired transaction with the customer, directly affecting sale [40].

The hypothesis 2 aims to test that:

There is a significant relationship between product availability directly on customer service and indirectly on customer satisfaction.

Hypothesis 3

Product presentation evaluates the comfort of locating shopping items, nature of shelf displays and ease of mobility within the store. In addition, shelf space was a key determinant of how retailers present categories because footage is one of the few constants in retailing. It is tested in the following hypothesis:

There is a positive and significant relationship between product presentation as Category Management towards customer service directly and customer satisfaction indirectly.

Hypothesis 4

The basket value and application of EDLP tactics are assessed by the Product Pricing within store environment. Largely, retailers frame their pricing strategies on two perspectives:

There is a positive and significant relationship between product pricing on service directly and customer satisfaction indirectly.

Hypothesis 5

Product Promotion considered different types of promotions, their frequency and their impact on building customer traffic. Promotions are fast becoming quick fixes that excite consumers, but may weaken a retailer's long-term retailing strategy.

There is a positive and significant relationship between product promotion on service directly and customer satisfaction indirectly.

Hypothesis 6

Customer service is any contact between a customer and a retailer before, during and after purchase and is not limited to human interface. From the time of entering the store (maybe even prior to that through marketing) till the experience of buying, queuing, billing, after sales service/returns handling and loyalty programs etc., the retailer perspective aimed to constantly and consistently meet the customers' needs and expectations at each step and during the entire process. There is positive and significant direct relationship between customer services on customer satisfaction.

Kotler et al. [41] defined customer satisfaction as a person's feeling of pressure or disappointment that result from comparing a product's perceived performance or outcome to the expectation. Esmaeili et al. [42] argues that customer satisfaction as a state of mind where the customers think that the product features are compatible with their personal expectations.

Methodology

This empirical research study based on descriptive research design was undertaken to understand the antecedents of Category

Management practices on enhanced customer services and customer satisfaction among the drug stores at Kanchipuram town. For this study purpose the drug stores belong to the background of traditional, chain stores, hospital supported drug stores and organized formats were chosen at Kanchipuram town. The sampling unit for the study was taken from the population of customers who buy from different retail formats of drug stores at Kanchipuram town. The sample size 342 was chosen through convenience based. A structured questionnaire was administrated for the study purpose. The questionnaire comprised of two parts. The first part of the questionnaire comprised question about the demographic background of respondents like their age, gender, educational background, occupation and part two comprised questions of type of drug store, frequency of buying and type of medicine and items purchased. The third part of questionnaire comprised questions about Category Management practices like product assortment, product availability, product pricing, product presentation, product promotion, customer service and customer satisfaction. The questions were made with likert scale from strongly disagree (1), disagree (2), neither disagree nor agree (3), agree (4) and strongly agree (5).

Questionnaire design

This research paper adopted the questionnaire for the collection of primary data from the consumers based on survey. The aspects like product assortment, product availability, product pricing, product presentation, product promotion, customer service and customer satisfaction (based on 5-pt Likert Scale) were included in the questionnaire. The 5-pt scale was divided into strongly disagree (1), disagree (2), neither agree nor disagree (3), agree (4) and strongly agree (5). The aspect related Category Management practices (product assortment, product availability, product pricing, product presentation and product promotion) were taken from the study work.

Research model

This research paper tested a tentative model which consist of three variables namely Category Management practices (product assortment, product availability, product pricing, product presentation and product promotion), customer service and customer satisfaction. The Category Management practices related aspects were taken as exogenous constructs with measured items. Customer service and

customer satisfaction were taken as endogenous constructs with measured items. The following Figure 1 depicts the tentative theoretical model tested.

Measurement method

The purpose of this study was to test and explore the relationship among Category Management practices, customer service and customer satisfaction in drug stores at Kanchipuram town. In order to fulfill this goal, it applied quantitative analysis through Structural Equation Modeling. The data analysis process consists of three part including (1) item generation and selection, (2) item reduction and dimensionality, (3) testing the structural model. The aim of stage one is to generate scaled items for the dimensionality of Category Management practices, customer service and customer satisfaction. In this study, all of the items were conducted with items in previous study having Cronbach alpha more than 0.7. Category Management practices have five dimensions using items including (a) product assortment (b) product availability (c) product presentation (d) product pricing and (e) product promotion. Variables of customer service and customer satisfaction were measured by multiple items respectively. To sum up, this study used items in questionnaire. In the second stage, all items will be checked by using validity and reliability analyses. If there any items with scores of corrected item correlation <0.6 and Cronbach alpha <0.7, they should be deleted. For the last stage, all variables are tested using AMOS 17.0 version to confirm a tentative model. In order to analyze GOF of this model, this study applied Kline [43], Hu and Bentler [44] McDonald and Ho [45] recommendation including CFI, IFI, NNFI and SRMR. It also applied summated scales for each dimension where the separated variables are summed and then their average scores are for analysis [46].

Measures

The purpose of the reliability testing was to examine the properties of measurement scales and the items in order to obtain the overall index of internal consistency of the scales [46]. Cronbach's alpha is the most common measure of internal consistency ("reliability"). It is most commonly used when multiple Likert questions are used in the survey questionnaire that form a scale, and to determine if the scale is reliable.

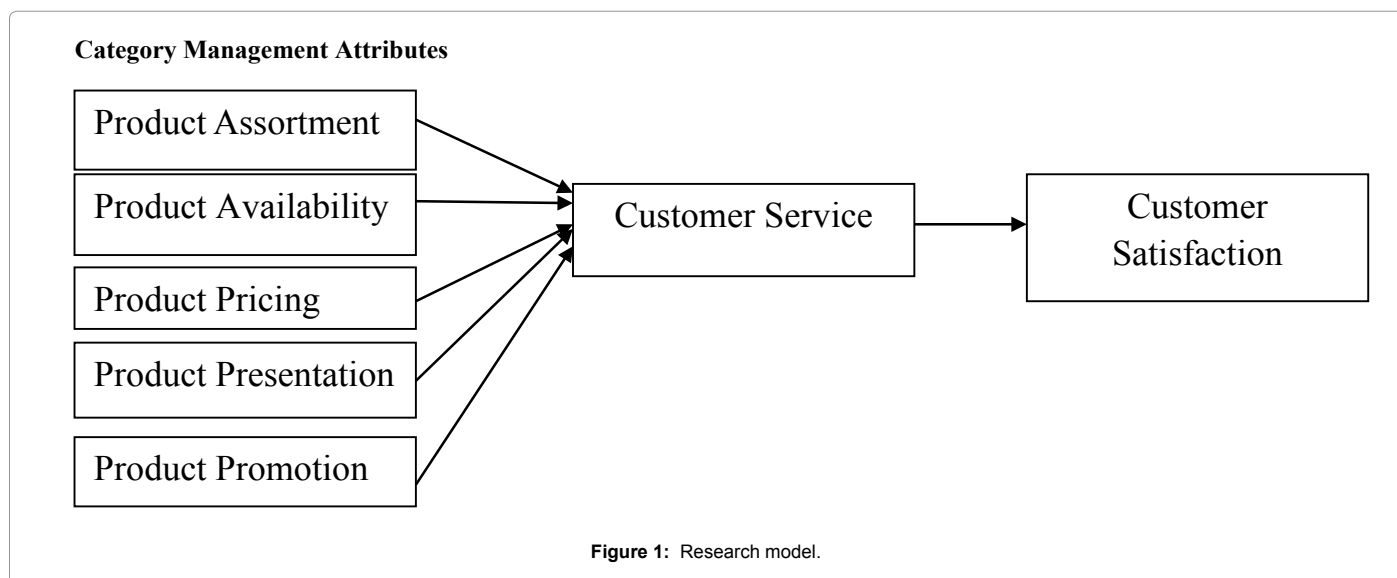


Figure 1: Research model.

SEM, a combination of statistical techniques including factor analysis, regression and path analysis, was employed because of its distinct capacity in estimating error variances from complicated measurement components and their structures, ideal for theory testing and development as a whole. SEM was used to test the measurement and structural models of all hypothesized relations among constructs. The causal relationships among the constructs would be determined after the hypothesis testing by using SEM. Evaluation for goodness-of-fit of the hypothesized model involved examining the following criteria: absolute fit measurement, incremental fit measurement, and parsimonious fit measurement. The hypothesized model comprising four exogenous variables (Product assortment, product availability, product pricing, product presentation and product promotion) and two endogenous variables (customer service and customer satisfaction) were tested by Structural Equation Modeling using AMOS 17.

Structural equation model

As a series of interrelationship (between Category Management practices by drug store retailers, customer service and customer satisfaction) were to be explored and tested, SEM was treated as an appropriate data analysis tool. In connection to that, the primary research objective was to explore and test the magnitude of Category Management related attributes (product assortment, availability,

pricing, promotion, and presentation), customer service and customer satisfaction. According to Hair et al. [46] SEM is a suitable statistical technique for establishing and understanding type of relationship between exogenous construct and endogenous construct (Table 1).

Results and Discussions

Confirming the measurement model using CFA

After validation of the measurement instrument was satisfied, the results of the Confirmatory Factor Analysis (CFA) using AMOS 17 was used to evaluate the model fit of the measurement model to confirm the hypothesized structure (Tables 2 and 3).

Measurement model

The measurement model shown in Figure 2 comprises of five factors. Each factor is measured by a minimum of three to a maximum of five observed variables, the reliability of which is influenced by random measurement error, as indicated by the associated error term. Each of these observed variables were regressed into their respective factors. Finally all the five factors are shown to be inter-correlated.

The proposed model in this study is an over-identified model with positive degrees of freedom () as shown in Table 4 drawn from

Constructs	Mean	S.D.	Cronbach's α	PAS	PAL	PP	PR	PPR	CS	CST
PAS	3.7368	1.02412	0.919	1	-	-	-	-	-	-
PAL	3.8070	0.93576	0.869	-0.021	1	-	-	-	-	-
pp	3.3840	0.95893	0.845	-0.004	0.044	1	-	-	-	-
PR	3.4776	0.92183	0.923	-0.035	-0.031	0.103**	1	-	-	-
PPR	3.7244	0.94141	0.886	0.129***	-0.042	-0.013	0.020	1	-	-
CS	3.8406	0.91871	0.933	-0.016	0.082	0.064	-0.003	0.276***	1	-
CST	3.8173	0.94952	0.937	0.472***	0.007	-0.076	-0.050	0.073	0.013	1

***Effect are significant at $p < 0.05$; **Effect are significant at $p < 0.1$.

Table 1: Descriptive statistics, reliability and correlation matrix.

Attribute	Category	No. of respondents	Percentage to total
Age (years)	Below 25	34	9.94
	26-35	65	19
	36-45	77	22.51
	46-55	80	23.39
	56 and above	86	25.14
Gender	Male	212	61.99
	Female	130	38.01
Educational background	Below graduation	76	22.22
	Graduation	54	15.78
	Post graduation	49	14.33
	Others	163	47.67
Status of residence	Local	290	84.79
	Non local	40	11.69
	Others	12	3.51
Monthly income (INR)	Below 20000	181	52.92
	21000-30000	54	15.78
	31000-40000	75	21.93
	Above 40000	32	9.356
Occupational background	Govt. employment	72	21.05
	Private employment	97	28.36
	Business/trade	64	18.71
	Others	109	31.87
Total		342	100

Table 2: Demographic background of respondents.

Attribute	Category	No. of respondents	Percentage to total
Frequency of buying	Daily	21	6.140
	Weekly	85	24.85
	Monthly	96	28.07
	On requirement	140	40.93
Place of buying	Neighborhood shops	117	34.21
	Reputed drug stores	156	45.61
	Drug stores attached with hospitals	45	13.15
	Organized shops (branded shops)	24	7.02
Buying categories	Only drugs	165	48.24
	Drugs and personal care items	42	12.28
	Only personal care and health care items	53	15.49
	Drugs, health care and personal care items	64	18.71
	All the above	18	5.263
Mode of buying	Cash purchase	56	16.37
	Credit purchase	37	10.82
	Purchase through cards	105	30.70
	Purchase through loyalty points	92	26.90
	All the above	52	15.20
Total		342	100

Table 3: Buying background.

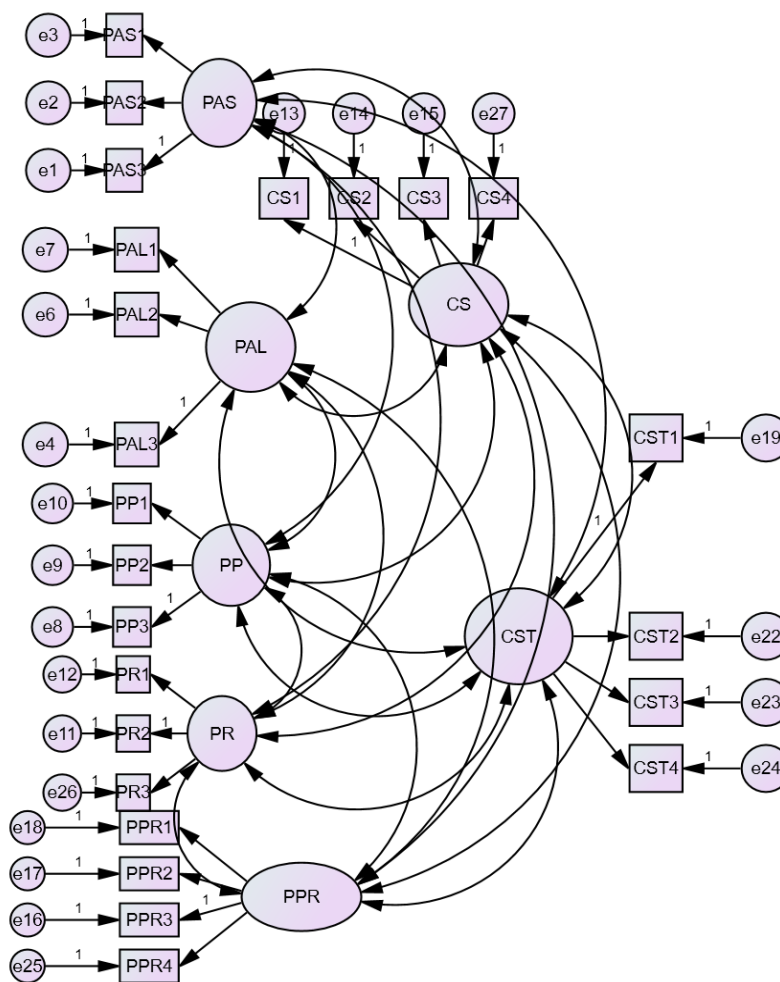


Figure 2: Measurement model of five factors.

the AMOS output. In this model there are distinct sample moments (i.e., pieces of information) from which to compute the estimates of the default model and 54 distinct parameters to be estimated, leaving degrees of freedom, which is positive (greater than zero). Hence the model is an over identified one.

Goodness of Fit attributes (GFI) obtained is 0.912 as against the recommended value of above 0.90. Adjusted Goodness of Fit attributes (AGFI) obtained is 0.885 as against the recommended value of above 0.80. The Normed fit Attributes (NFI), Comparative Fit attributes (CFI), Tucker Lewis Attributes (TLI) are respectively as 0.919, 0.963, 0.956 against the recommended level of above 0.90 (Table 5).

RMSEA is below the recommended limit of 0.08 at 0.050. This can be interpreted as meaning that the model explains the correlation to within an average error of 0.050 [47]. Hence the model shows an overall acceptable fit and it is an over identified model.

The confirmatory factor analysis showed an acceptable overall model fit and hence, the theorized model fit well with the observed data. It can be concluded that the hypothesized five factor CFA model fits the sample data very well.

Structural equation modeling

In SEM Exogenous are correlated each other. There are three exogenous variable namely product assortment, availability, pricing, promotion and presentation. There are two endogenous variables in the path diagram namely customer service and customer satisfaction. In SEM endogenous variable should have error terms. So there are two error terms namely 29 and 30. Endogenous variable are influenced by the exogenous variables in the model, either directly or indirectly.

Analysis of structural model

The results of the theoretical structural model indicated that the chi-square of with degree of freedom was statistically significant at $p < 0.05$, indicating an inappropriate fit. However, it has been stated that the chi square is highly sensitive to sample size and usually suggests a poor fit with large sample sizes. Other fit statistics were within the acceptable values ($\chi^2/df=1.755$; GFI=0.912; AGFI=0.885; NFI=0.919; CFI=0.963; TLI=0.956; RFI; RMSEA =0.047). Overall, the fit statistics indicated a high fit between the data and the theoretical model (Table 6; Figure 3).

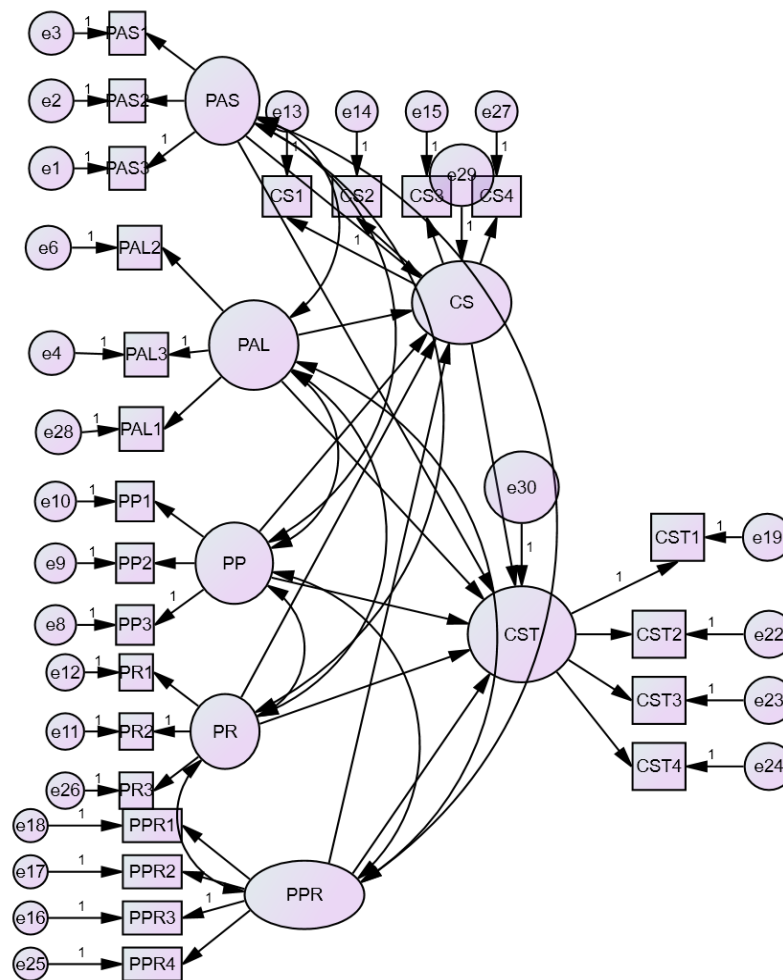


Figure 3: Measurement model.

Number of distinct sample moments	300
Number of distinct parameters to be estimated	69
Degrees of freedom (300-69)	231

Table 4: Computation of degrees of freedom.

Fit statistic	Recommended	Obtained
χ^2	-	438.125
Df	-	231
χ^2 significance	$p \leq 0.05$	0.000
χ^2/df	$\leq 2- 5.0$	1.897
GFI	≥ 0.90	0.912
AGFI	>0.80	0.885
NFI	≥ 0.90	0.919
RFI	≥ 0.90	0.903
CFI	≥ 0.95	0.963
TLI	≥ 0.90	0.956
RMSEA	≤ 0.08	0.047

Table 5: Fit indices of the measurement model [44,46].

Hypotheses	Paths	Standardized (β)	S.E	C.r. (t)	P	Result
H ₁ : There is a significant direct effect of product assortment on customer service	CS←PAS	-0.039	0.053	-0.722	0.470	Not supported
H ₂ : There is a significant direct effect of product availability on customer service	CS← PAL	0.108	0.60	1.802	**	Supported
H ₃ : There is a significant direct effect of product pricing on customer service	CSP	0.073	0.071	1.027	0.304	Not supported
H ₄ : There is a significant direct effect of product presentation on customer service	CS←PR	-0.028	0.079	-0.352	0.725	Not supported
H ₅ : There is a significant direct effect of product promotion on customer service	CS←PPR	0.377	0.068	5.509	***	Supported
H ₆ : There is a significant indirect effect of product assortment on customer satisfaction	CST←PAS	0.433	0.051	8.452	***	Supported
H ₇ : There is a significant indirect effect of product availability on customer satisfaction	CST←PAL	0.011	0.053	0.211	0.833	Not supported
H ₈ : There is a significant indirect effect of product pricing on customer satisfaction	CST←PP	-0.117	0.063	-1.852	**	Supported
H ₉ : There is a significant indirect effect of product presentation on customer satisfaction	CST←PR	-0.013	0.069	-0.194	0.846	Not supported
H ₁₀ : There is a significant indirect effect of product promotion on customer satisfaction	CST←PPR	0.006	0.060	0.093	0.926	Not supported
H ₁₁ : There is a significant direct effect of customer service on customer satisfaction	CST←CS	1.031	0.100	10.259	***	Supported

***Effect are significant at $p < 0.05$; **Effect are significant at $p < 0.1$.

Table 6: Hypotheses.

Conclusion

Category Management is the strategically dominated process in present day retailing scenario. It is the tool employed by retailers as the part of merchandise planning and management. The growth of retailing formats and thrive competition of digital retailing stimulus the retailers to effectively manage and execute category planning to enhance its service domain to the customer for their satisfaction and retention. In this aspect, this paper examined the influence of Category Management on customer enhanced services and customer satisfaction. The outcome of study reveals that in the pharmaceutical retailing, the influence of product availability and product promotion under Category Management influence the customer service directly and it is also concluded that the indirect effect of product assort, availability and pricing on customer satisfaction are significant. The study also inclines that the direct effect of customer service on customer satisfaction is significant in pharmaceutical retailing.

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