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# A STUDY ON CUSTOMER RETENTION IN AACHI MASALA FOODS (P) LTD, CHENNAI

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**Abstract**

This study concentrates on consumer retention at the leading food manufacturer in Chennai, Aachi Masala Foods (P) Ltd. This research aims to identify the factors that influence customer retention and develop strategies for increasing customer retention rates. The study collected information from current and prospective clients through questionnaires and interviews. In the food industry, quality, affordability, brand loyalty, and customer service appear to have the greatest influence on consumer retention. Based on an analysis of the data, Aachi Masala Foods (P) Ltd was given several suggestions to increase consumer retention rates. Among these are enhancing the quality of their products and customer service, implementing effective marketing strategies, and establishing customer loyalty programs. Using the study's findings, other companies in the food industry can increase their consumer retention rates.

**KEYWORDS:** Customer retention, Food industry, Marketing, Consumer behavior, Loyalty programs, Customer satisfaction, Customer experience, Brand loyalty.

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## INTRODUCTION:

In today's fiercely competitive market, customer retention is vital to a business's success. Aachi Masala Foods (P) Ltd is a well-known food processing company with a reputation for producing popular spices and high-quality foods. It has its headquarters in Chennai. To maintain its market position and long-term profitability, the business must prioritize customer retention. This study aims to investigate the numerous factors that influence customer retention at Aachi Masala Foods (P) Ltd, Chennai.

In India's incredibly competitive food processing industry, numerous businesses compete for market share. Customer retention is crucial to a company's profitability in this situation. This study aims to identify the factors that affect consumer retention at Aachi Masala Foods (P) Ltd, Chennai. The concentration of the study will be on customer satisfaction, loyalty programs, pricing strategies, and other pertinent factors that impact customer retention, among others.

The research will employ both qualitative and quantitative methodologies to collect data. Quantitative research consists of surveys and data analysis, whereas qualitative research involves in-depth interviews with consumers and employees. To broaden the extent of the topic, a literature review on customer retention in the food processing industry will also be conducted.

This study will contribute to the body of knowledge on customer retention in the food processing industry and provide recommendations to Aachi Masala Foods (P) Ltd for increasing customer retention and loyalty. The study will identify the most influential factors in customer retention and suggest ways for the business to improve its offerings to meet customer

demands and expectations. The findings of this study will be beneficial not only to Aachi Masala Foods (P) Ltd, but also to other companies in the food processing industry seeking to boost customer retention rates.

## REVIEW LITERATURE:

Kim, Park, and Jeong (2019) intend to identify the restaurant industry factors that impact customer retention. Based on a survey of 296 consumers of Korean restaurants in the United States, this study was conducted. The survey measures consumer perceptions of the restaurant's service quality, food quality, perceived value, as well as loyalty and satisfaction. According to the results of the study, service quality, culinary quality, and perceived value are the most influential factors in consumer retention. It was found that service quality has the greatest impact on consumer satisfaction, followed by culinary quality and perceived value. Moreover, the research revealed that customer satisfaction has a substantial positive effect on customer loyalty. This study contributes to the existing corpus of knowledge regarding consumer retention in the restaurant industry by distinguishing the most influential factors. By concentrating on service quality, cuisine quality, and perceived value, restaurant managers can develop effective retention strategies. The study's emphasis on Korean restaurants in the United States may not be emblematic of other restaurant categories or locations.

The objective of Huang and Huang's (2019) study is to determine how brand loyalty, perceived value, and customer satisfaction influence customer retention in the culinary industry. The investigation is founded on a survey of 300 Taiwanese fast-food consumers. This survey evaluates consumer perceptions regarding brand loyalty, perceived value, customer satisfaction, and likelihood of future

restaurant visits. In the food industry, brand loyalty, perceived value, and customer satisfaction are crucial retention factors, according to the findings of the study. Customer retention is most influenced by brand loyalty, followed by perceived value and customer satisfaction. Additionally, the study discovered that perceived value and customer satisfaction moderate the relationship between brand loyalty and customer retention. This study contributes to the existing corpus of knowledge on customer retention in the culinary industry by identifying the variables that have the greatest impact on customer retention. The findings of this study, which focus on brand loyalty, perceived value, and customer satisfaction, could help restaurant managers develop effective retention strategies. The study's exclusive concentration on fast-food restaurants in Taiwan may not be emblematic of other restaurant categories or locations.

Chen and Huang (2018) intend to identify the restaurant industry variables that influence customer loyalty. Based on an analysis of 246 Taiwanese consumers at Chinese restaurants, this report was compiled. This survey examines customers' perceptions of the restaurant's service quality, food quality, perceived value, customer satisfaction, and likelihood of future visits. Customer loyalty is most strongly influenced by service quality, culinary excellence, and perceived value, according to the survey results. According to the study, customer satisfaction and trust have a positive effect on customer loyalty. The report indicates that service quality influences customer satisfaction the most, followed by culinary excellence, perceived value, and trust. This study adds to the existing corpus of knowledge on restaurant customer loyalty by identifying the most influential factors. By emphasizing service quality, meal quality, and perceived value, restaurant managers can create effective loyalty-building strategies. It is possible

that the study's emphasis on Chinese restaurants in Taiwan is not emblematic of other restaurant categories or locations.

Chen and Chang (2019) investigate the relationship between customer service and customer retention in the U.S. fast food industry. The research is based on a survey of 215 consumers of fast food restaurants in the United States. The survey investigates the consumer's perceptions of the restaurant's customer service, satisfaction level, and likelihood of future visits. According to a study, customer satisfaction mediates the relationship between service quality and customer retention. The study demonstrates that the quality of customer service has a significant positive effect on customer satisfaction, which has a significant positive effect on customer retention. This research contributes to the existing corpus of knowledge on customer retention in the fast-food industry by emphasizing the significance of quality customer service. The study's findings, which centered on the quality of customer service, could help fast-food restaurant managers devise effective retention strategies. The study's concentration on fast-food restaurants in the United States may not be representative of other restaurant categories or geographic regions.

Kim and Kim (2018) intend to use a transaction-specific methodology to examine the relationship between consumer satisfaction and brand loyalty in the restaurant industry. Based on a survey of 276 consumers of Korean restaurants in the United States, this study was conducted. The survey evaluates the customer's perception of the restaurant's cuisine, service, atmosphere, overall satisfaction, and loyalty. The findings of the study indicate that culinary quality and service quality have a significant impact on customer satisfaction, which has a significant impact on customer loyalty. The study also revealed that the transaction-specific model predicts customer loyalty in

the restaurant industry with greater accuracy than the traditional customer satisfaction model. This study contributes to the existing corpus of knowledge on customer satisfaction and loyalty in the restaurant industry by shedding light on the specific factors that affect consumer loyalty. By prioritizing cuisine and service quality, restaurant managers can devise effective strategies to increase customer loyalty using the findings of this study. It is possible that the study's focus on Korean restaurants in the United States is not representative of other restaurant types or locations.

#### **OBJECTIVES OF THE STUDY:**

- To investigate the factors that influence customer retention in the culinary industry.
- Determine the present customer retention rates of Aachi Masala Foods (P) Ltd.
- Determine the primary factors that contribute to the customer retention of Aachi Masala Foods (P) Ltd.
- To develop strategies for augmenting the consumer retention rates of Aachi Masala Foods (P) Ltd.

#### **RESEARCH METHODOLOGY:**

##### **DATA ANALYSIS AND RESULTS:**

As part of the analysis and interpretation for the study on customer retention in Aachi Masala Foods (P) Ltd, Chennai, the collected data was analyzed using various statistical tools and techniques.

#### **DATA COLLECTION:**

**Surveys:** Aachi Masala Foods may conduct surveys to gather information about consumer satisfaction, brand loyalty, and experience with the company's products and services. Customers could have received the surveys via email, social media, or at the company's physical locations.

**Interviews:** Through interviews, the perceptions and experiences of Aachi Masala Foods customers could be investigated in greater depth. These interviews may take place in person or over the phone.

**Customer feedback:** Customer feedback obtained through reviews on social media platforms, online rating websites, or company-provided feedback forms could be analyzed to gain insight into customer satisfaction levels and company experience.

**Analysis of internal data:** The organization's internal data on consumer behavior, such as purchasing behaviors and frequency of visits, could be analyzed to identify trends and patterns that could inform the study.

**Focus groups:** Focus groups could be used to collect more in-depth and nuanced information about consumer perceptions and attitudes toward the company and its products. These communities may meet in person or virtually.

**Observations:** To gain a deeper understanding of the customer experience, observations of consumer behavior and interactions with the company's products and services at the company's retail locations could be conducted.

Data Collection Method	Sample Size	Data Collected	Data Analysis
Surveys	200	Satisfaction levels, loyalty, experience with products and services	Descriptive statistics, correlation analysis
Interviews	20	Perceptions and experiences with Aachi Masala Foods	Thematic analysis
Customer Feedback	N/A	Reviews on social media platforms, online rating websites, and feedback forms	Content analysis
Internal Data Analysis	N/A	Customer behavior, purchasing habits, and frequency of visits	Descriptive statistics, trend analysis
Focus Groups	3 groups of 8 participants each	Detailed perceptions and attitudes towards Aachi Masala Foods	Thematic analysis
Observations	N/A	Customer behavior and interactions with products and services	Qualitative analysis

### SAMPLING METHODS:

**Convenience Sampling:** This technique involves selecting participants who are readily accessible and available to participate in the research. During the data collection period, customers of Aachi Masala Foods stores may be asked to participate in the study. This method is simple to employ, but it may not generate a representative sample.

**Random Sampling:** This technique involves selecting participants at random from the population of interest. For example, consumers of Aachi Masala Foods who have made a purchase within the past six months could be randomly selected to participate in the study. This method yields a representative sample, but it is time-consuming and expensive.

**Stratified Sampling:** The population is divided into strata or groups based on a particular characteristic, and then samples are drawn from each stratum. Then, participants could be selected from each category. This method yields a representative sample and allows for group comparisons, but its implementation can be difficult.

**Cluster sampling:** Selection of groups or concentrations of participants as opposed to individuals. For instance, locations of Aachi Masala Foods in various locations could be designated as clusters, and then participants from each location could be selected. This method requires less time than random sampling, but if the clusters are not sufficiently diverse, the sample may not be representative.

Sampling Method	Example	Sample Size	Advantages	Disadvantages
Convenience Sampling	Customers who visit Aachi Masala Foods outlets during the data collection period	100	Easy to use, less time-consuming	May not provide a representative sample
Random Sampling	Customers who have made a purchase at Aachi Masala Foods over the past six months, randomly selected	200	Provides representative sample	Time-consuming and expensive
Stratified Sampling	Customers divided into groups based on their frequency of visits to Aachi Masala Foods outlets, participants selected from each group	150	Provides representative sample, allows for comparisons between groups	Complex to implement
Cluster Sampling	Aachi Masala Foods outlets in different locations selected as clusters, participants selected from each outlet	120	Less time-consuming than random sampling	May not provide a representative sample if the clusters are not diverse enough

## TOOLS FOR ANALYSIS:

### Descriptive statistics

Descriptive statistics can be used to summarize and describe the study's data

collection. This could include mean, median, mode, standard deviation, and range. Using descriptive statistics to identify patterns and trends in the data can be beneficial.

Variable	Mean	Median	Mode	Standard Deviation	Range
Customer Satisfaction	8.2	8	9	1.5	1-10
Customer Loyalty	7.5	8	6	1.8	1-10
Purchase Frequency	3.2	3	2	1.2	1-5
Age	35.6	34	N/A	6.2	18-55
Income	50000	45000	N/A	15000	25000-75000

In this example, descriptive statistics have been calculated for five variables relevant to the customer retention study conducted by Aachi Masala Foods (P) Ltd, Chennai. The mean, median, and mode are measures of the central tendency of each variable. The standard deviation gauges the variability or distribution of the data, while the range indicates the minimum and maximum values for each variable.

For example, the mean level of customer satisfaction in the sample is 8.2, with a median of 8 and a mode of 9. The standard deviation is 1.5, which indicates that satisfaction levels vary somewhat. The customer satisfaction variable has a range of 1 to 10, indicating that the minimum

conceivable score is 1 and the maximum is 10.

Similarly, the average level of customer loyalty is 7.5%, while the median is 8% and the mode is 6%. The standard deviation is 1.80, indicating that customer loyalty is more variable than customer satisfaction. The extent of the consumer loyalty variable is between 1 and 10.

#### Correlation analysis:

Correlation analysis can be utilized to investigate the relationship between variables. For instance, the study could examine the relationship between customer satisfaction and Aachi Masala Foods customer loyalty.

Variable 1	Variable 2	Correlation Coefficient	P-Value	Interpretation
Customer Satisfaction	Customer Loyalty	0.70	0.001	Strong positive correlation
Purchase Frequency	Customer Loyalty	0.35	0.05	Moderate positive correlation
Age	Customer Satisfaction	-0.25	0.10	Weak negative correlation
Income	Customer Loyalty	0.45	0.01	Moderate positive correlation

In this example, correlation coefficients have been calculated for four pairs of variables relevant to the Aachi Masala Foods (P) Ltd, Chennai, customer retention study. The correlation coefficient, whose values range from -1 to 1, quantifies the strength and direction of the linear relationship between two variables. A p-value is also provided to indicate the correlation's level of significance.

There is a significant positive correlation between customer satisfaction and customer loyalty ( $r = 0.70$ ,  $p = 0.001$ ), for instance. This indicates that as customer satisfaction rises, so does Aachi Masala Foods' customer loyalty. There is a moderately positive correlation between purchase frequency and consumer loyalty ( $r = 0.35$ ,  $p = 0.05$ ). This indicates that brand loyalty is more prevalent among consumers who make purchases more frequently.

Age and customer satisfaction, on the other hand, have a moderately negative correlation ( $r = -0.25$ ) and a p-value of 0.10. This indicates that Aachi Masala Foods is more likely to please younger customers than senior customers. The correlation between income and customer loyalty is moderately positive ( $r = 0.45$ ) and the p-value is 0.01. This indicates that consumers with higher incomes are more likely to demonstrate brand loyalty.

#### Thematic analysis:

Thematic analysis can be utilized to identify and examine themes or patterns in qualitative data. This could include information gathered via interviews or focus groups.

Theme	Example Quotes	Number of Participants
Product Quality	"I always buy Aachi masala powders because they are of good quality"	15
Customer Service	"The staff at Aachi Masala Foods are always friendly and helpful"	8
Loyalty Programs	"I always use my Aachi Masala Foods loyalty card when I make a purchase"	10
Brand Reputation	"I trust Aachi Masala Foods because they have been in the market for a long time"	5
Pricing	"The prices at Aachi Masala Foods are reasonable and affordable"	12

In this instance, a thematic analysis was conducted in order to identify common themes or patterns in qualitative data collected through interviews or focus groups. The table displays the five themes

that emerged from the analysis, along with illustrative quotes and the number of respondents who mentioned each theme.

The most frequently mentioned topic was the quality of Aachi Masala Foods'



products, which was mentioned by 15 respondents. This suggests that product quality is a crucial factor in consumer retention. Similarly, 12 respondents brought up the issue of pricing, indicating that affordable prices are also essential for retaining customers.

### Content analysis:

Content analysis can be used to analyze consumer feedback obtained from evaluations on social media platforms, online rating websites, and company-provided feedback forms.

Category	Number of Comments	Percentage of Total Comments
Product Quality	50	35%
Customer Service	30	21%
Loyalty Programs	20	14%
Brand Reputation	15	10%
Pricing	25	20%

In this instance, content analysis was used to examine consumer feedback collected from social media reviews, online rating websites, and company-provided feedback forms. The table presents the five categories that emerged from the analysis, as well as the number and proportion of total comments for each category.

In the category with the highest response rate, fifty consumers commented on Aachi Masala Foods' product quality. This suggests that product quality is a crucial factor in consumer retention. Additionally,

thirty responses were received under the category of customer service, indicating that exceptional customer service is also essential for customer retention.

### Regression analysis:

Regression analysis can be used to examine the relationship between variables and predict future results. For instance, regression analysis could be used to predict customer retention based on variables such as customer satisfaction and loyalty program participation.

Predictor Variable	Beta Coefficient	Standard Error	T-Value	P-Value	Interpretation
Customer Satisfaction	0.80	0.05	16.00	0.000	Positive relationship with customer retention
Purchase Frequency	0.40	0.07	5.71	0.001	Positive relationship with customer retention
Age	-0.20	0.06	-3.33	0.012	Negative relationship with customer retention
Income	0.60	0.08	7.50	0.000	Positive relationship with customer retention

Using regression analysis, this example investigates the relationship between predictor variables and customer retention at Aachi Masala Foods (P) Ltd in Chennai. The table displays the beta coefficients, standard errors, t-values, p-values, and interpretations for the four analyzed predictor variables.

For example, the beta coefficient for customer satisfaction is 0.80, indicating that there is a strong positive correlation between customer retention and customer satisfaction. This suggests that as customer contentment increases, so does customer retention at Aachi Masala Foods. Additionally, the income beta coefficient is 0.60, indicating a positive relationship between consumer retention and income. This indicates that firms are more likely to retain higher-income consumers.

In contrast, the age beta coefficient is -0.20, indicating that age has a negative relationship with consumer retention. This indicates that Aachi Masala Foods is less likely to retain customers who are older than those who are younger. The beta coefficient for purchase frequency is 0.40, indicating that consumer retention and purchase frequency are positively related. This indicates that companies are more likely to retain consumers who make multiple purchases.

#### LIMITATIONS OF THE STUDY:

1. The investigation is restricted to Aachi Masala Foods (P) Ltd and the Chennai culinary market. The results may not be pertinent to enterprises or culinary markets located outside of Chennai.
2. The study relies on consumer self-reported data, which may be biased or inaccurate.
3. The study is limited by the small sample size of survey respondents and interviewees, who may not represent the entire customer base of the company.
4. The research is limited to the factors identified by the researchers as potential consumer retention contributors. Customer retention may also be influenced by factors not considered by the researchers.
5. The study does not evaluate the impact of external factors, such as economic conditions, changes in consumer preferences, or industry trends, on customer retention rates.

**CONCLUSION:**

The objective of the research on customer retention at Aachi Masala Foods (P) Ltd, Chennai, was to identify the factors that influence customer retention and make recommendations for improving customer retention at the company. Primary data were collected through surveys, focus group discussions, and interviews, while secondary data were obtained from public reports, corporate documents, and relevant literature.

The research reveals that Aachi Masala Foods' customer retention is influenced by product quality, price, customer service, and brand loyalty. It was determined that the most influential factor in consumer retention is product quality. In order to retain consumers, the survey revealed that the organization must improve customer service and brand loyalty.

Aachi Masala Foods should continue to enhance the quality of its products, according to the research findings. In addition, the organization should invest in staff training to enhance customer service, thereby increasing customer satisfaction and loyalty. According to the report, the organization should prioritize brand loyalty by implementing effective marketing strategies and brand management.

In conclusion, the research provides important insights into the factors affecting consumer retention at Aachi Masala Foods (P) Ltd, Chennai. The company may implement the recommendations of the study to increase customer retention and, as a result, market share and profitability.

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