



ABSTRACT

In modern competitive and economical business world inventory management plays a vital role. In supermarket industry, inventory management affects to the heart of it, than the other industries. Simply, inventory management is the hidden strategy behind the success of the supermarket. Therefore, today almost all the supermarkets have drawn their attention on 'effective inventory management'. However, in a supermarket, customers are the profit generating source and also it is the most significant factor which affects to the bottom line. Thus, inventory control and customer satisfaction must tune with each other. Therefore, to supermarkets it is highly beneficial to study the impact of inventory management and customer satisfaction and that is the ultimate objective of this study.

By reviewing the comprehensive literatures, 10 latent variables of inventory management which affects customer satisfaction were identified and also 5 variables which can be used to measure customer satisfaction were recognized. Based on the variables sets, 2 different structured questionnaires were developed and questionnaire based survey was conducted. The target population of this research was small and medium sized supermarkets in Colombo City. Valid 30 responses were received from inventory managers and based on those supermarkets customer satisfaction survey was conducted. Clustered sampling method is used in this study and SPSS statistical software was used to analyze data. In order to screen the respondents' profile, descriptive analysis was carried out. Ordinal regression was the main analytical method used in order to achieve objectives of the study. Finally, research findings were discussed in detail. This research study has been identified 8 factors which have an impact on customer satisfaction. Furthermore, with the use of research findings a mathematical model was generated. Recommendations are presented in order to increase the effectiveness and efficiency of inventory control with the purpose of improving customer satisfaction.

Key words: Inventory Management, Customer Satisfaction