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**AN ANALYSIS ON THE IMPRESSION OF
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SATISFACTION IN RETAILING**

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An Analysis on the Impression of Service Quality on Customer Satisfaction in Retailing

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Abstract – The performance of the retailing sector for the past few years is outstanding and witnesses a huge revamping exercise, significantly contributed by the growth of the organized retailing. Rapid urbanization, exposure to large number of foreign brands and changing lifestyle and preferences has contributed to the growth of retailing in India. The quality of service that has been perceived by the customers irrespective of the brand or make is what ultimately results in a customer walking back to the store once again. The article provides insights into the service quality prevalent in the retail stores as perceived by the customers and how some of the factors are related with that of the socio economic factor. For the purpose of study a sample of 170 was chosen on the basis of convenience at leading retail stores in Chennai. A questionnaire on five scale rating was administered to collect the data by way of personal interview. For the purpose of analysis and drawing inferences the statistical tools used are Cronbach Alpha, percentage analysis, Factor analysis, ANOVA, intercorrelation and regression.

The current study investigated the relationship between service quality and customer loyalty across three emerging countries. The quantitative research data was collected through a survey of current customers of the specific retail sector, the household retail chain in Lithuania, Latvia and Estonia. Data obtained from 370 survey questionnaires was analyzed using SPSS; the Principal Component Analysis and Linear Regression statistical methods were applied. The study findings indicate that the dimensions of retail service quality in a specific sector of the industry are different in emerging markets compared to those that are in the original measurement scale such as RSQS.

The research methodology was carried out in a survey cross sectional applied to 369 respondents. The data obtained was analyzed by using reliability method, correlation and regression. Result of research showed that services offered by retail units have positive impact and are significant in building customer satisfaction. Findings of this empirical research reiterate the point of view that Service Quality dimensions are crucial for customer satisfaction in retailing – a burgeoning sector with high growth potential and opportunities in fast growing economies like India's.

This present study mainly focused on service quality measurement in departmental retail stores. A department store is retail concerns which focus in fulfilling an extensive range of the individual and housing durable goods, product needs; and offering the shopper a choice multiple products lines, at different price, in all product groups. Based on the literature studies, limited service quality measurement studies with regards to departmental stores available in India.

INTRODUCTION

Retail sector occupies one sixth of the labour force in the world and it is one of the leading private sector that accounts for developing GDP. In India, retail sectors is high ranked an more attractive market for investments, it contributes about 10 per cent of total GDP of India and second largest sector which offers high employment to public next to agriculture sector. Globally, among 30 different rising markets, India has identified as a second most gorgeous retail destination. In recent years, Indian economy has been experience rising significance of formal retailing like

departmental stores, hypermarkets and super markets. It can be concludes that many retail outlets approaching into the competitive retail market with branded retail outlets. Retailing is the final chain that links the manufactures and individual consumers. Normally money coerces the economy and retail is place where consumers pay out their money.

Measuring service quality is difficult due to its unique characteristics: Intangibility, heterogeneity, inseparability and perishability (Bateson, 1995). Service quality is linked to the concepts of perceptions and expectations (Parasuraman et al.,

1985, 1988; Lewis and Mitchell, 1990). Customers' perceptions of service quality result from a comparison of their before-service expectations with their actual service experience. The service will be considered excellent, if perceptions exceed expectations; it will be regarded as good or adequate, if it only equals the expectations; the service will be classed as bad, poor or deficient, if it does not meet them (Vázquez et al., 2001).

Literature analysis discloses that there are discussions on the dimensions of retail service quality. Retail service quality dimensions are different than those in any other service industries (Finn and Lamb, 1991). Researchers should evaluate whether RSQS measurement instrument developed by Dabholkar, Thorpe and Rentz (2001), is applicable in specific retail sector or different cultural environment (Thenmozhi and Dhanapal, 2010). Myriad studies are done in this regard including studies in Iceland (Eysteinnsson and Bjorsdottir, 2012), South Africa (Boshoff and Terblanche, 1997), Singapore (Mehta, Lalwani and Han, 2000), India (Kaul, 2007; Ramakrishnan and Ravindran, 2012), Taiwan (Huang, 2009), and other retail markets. However, it can be stated that emerging markets like Lithuania, Latvia and Estonia are not researched intensively in this regard (according to Hoskinsson, Eden, Lau and Wright (2000) Post Soviet countries can be defined as emerging markets). Thus the research with an attempt to test the usefulness of RSQS in Lithuania, Latvia and Estonia reduces the gap in research and makes it possible to compare what impact each of the retail service quality dimensions make on customer loyalty.

LITERATURE REVIEW

The retail environment today is changing more rapidly than ever before (Dabholkar, 1996). It is characterized by intensifying competition from both domestic and foreign companies, a spate of mergers and acquisition, and more sophisticated and demanding customers who have great expectations related to their consumption experiences (Sellers, 1990; Smith, 1989).

There is a general agreement that a basic retailing strategy for creating competitive advantage is the delivery of high service quality (Berry, 1986; Hummel and Savitt, 1988; Reichheld and Sasser, 1990). Retail literature suggests that store appearance is important to retail customers (Baker, Dhruv and Parasuraman, 1994). It also suggest that the customer value the convenience of shopping that physical aspects such as store layout offer (Gutman and Alden, 1985; Hummel and Savitt, 1988; Mazursky and Jacoby, 1985; Oliver, 1981) Westbrook (1981) found that the availability of merchandise is also a measure of reliability.

Customers also value parking availability for retail shopping (Oliver, 1981). Studies have also shown that the customers are sensitive to recognizing and solving the customer problems. Service quality in retailing is

different from any other product or service environment (Finn and Lamb, 1991).

Customers with western cultural background might be more likely to rely on tangible cues than their Asian counterparts and that the hedonic dimensions of consumption experience might be more important for western consumers than for Asians (Mattila, 1999). The Indian consumer does not distinguish between service attributes related to Reliability and Policy.

RESEARCH METHODOLOGY

The present study was conducted at three different metropolitan cities in South India. Chennai, Madurai and Coimbatore are the research area. In south India, these three cities are one of the more imperative and commercial cities. Totally 30 departmental stores are randomly selected from three cities (10 departmental stores for each city, Chennai, Madurai and Coimbatore). From the 30 stores, 300 respondents are selected using judgmental sampling method. Respondents are asked to fill the structured questionnaire that includes questions related with store service quality and customer satisfaction. Researcher has used modified version of RSQS to measure the stores service quality. Original version of RQSQ (Dabholkar, Thorpe and Renz, 1996) consists of 28 items, and one time of RSQS was not applicable for India departmental stores. Stores owned credit cards are not used in Indian departmental stores, so that particular statement was not removed from final instrument. Seven point scale from "1- extremely disagree to 7- extremely agree" was used in the item measures. RSQS propose five service quality dimensions like physical aspects, reliability, personal interaction, problem solving and policy. Two (product and service) customer satisfaction related questions also used in the study. Questionnaire was self-administered.

MEASURES OF RETAIL SERVICE QUALITY

Service quality in retailing is different from any other product/service environment (Finn, 2004). Because of the unique nature of retail service, improvements and measurements of quality in retailing cannot be approached in the same way as that of the services perspective. In retail service, it is necessary to look at quality from the perspective of services as well as goods and derive a set of items that accurately measure this construct (Mehta et al., 2000). For this reason, Dabholkar et al. (1996) developed and empirically validated the Retail Service Quality Scale (RSQS) to capture dimensions important to retail customers based on the triangulation qualitative research technique.

They conducted qualitative research using three different methodologies - phenomenological interviews, exploratory depth interviews, and tracking the customer through the store. Combining these qualitative findings with the existing literature and

SERVQUAL, Dabholkar et al. (1996) proposed that retail service quality has a hierarchical factor structure comprising five basic dimensions, namely 'physical aspects', 'reliability', 'personal interaction', 'problem solving', and 'policy', with first three basic dimensions having two sub-dimensions each and overall service quality as a second order factor. The sub-dimensions of the basic dimension 'physical aspects' are: 'appearance' and 'convenience'; the sub-dimensions of the basic dimension 'reliability' are: 'promises' and 'doing it right'; and the sub-dimensions of the basic dimension 'personal interaction' are: 'inspiring confidence' and 'courteousness/helpful'.

Three SERVQUAL tangible items are used for measures of appearance. Studies assessing the applicability of the RSQS have reported encouraging results. Dabholkar et al. (1996) replicated their own study and found all the RSQS dimensions and sub-dimensions to be valid in the U.S. Mehta et al. (2000) found the RSQS scale was superior within the context of a 'more goods and less services' environment, i.e. a supermarket, while SERVPERF was better for a retailing context where the service element becomes more important, i.e. an electronic goods retailer.

Kim and Jin (2002) report the RSQS a useful scale for measuring service quality of discount stores across two different cultural contexts of U.S. and South Korea, though they did not find distinct personal interaction and problem solving dimensions or support for a distinct policy dimension. Boshoff and Terblanche (1997), in a replication of the Dabholkar et al., (1996) study, report highly encouraging results for the RSQS applicability in the context of department stores, specialty stores and hypermarkets in South Africa. However, the applicability of the RSQS or other scales has never been tested in the context of transition economies.

SERVICE QUALITY AND CUSTOMER LOYALTY

Service quality is defined as the difference between customers' expectations and perceptions of service (Parasuraman, Zeithaml and Berry, 1988) and can often be seen as a way to build a competitive advantage. Service quality as a multi-dimensional construct commonly regarded as customer judgements about service supplier and customer interactions and service itself (Cronin and Taylor, 1992; Babbakus and Boller, 1992; Zeithaml et al., 1996).

According to Sargeant and West (2001), it is obvious that the perceptions of service quality and commitment are related to loyalty, but each of the aforementioned factors, may have a different impact on customer loyalty in a particular market. There are two kinds of reasons that can determine relationship breakdown between the customer and the organization - the

natural causes (customer demand extinction) and artificial causes (inadequate product specifications, insufficient quality of service level) (Sargeant and West, 2001). It is obvious that in order to increase customer loyalty the organization must seek to eliminate both natural and artificial customer exit reasons.

Service quality analysis makes an impact on the development of the customer loyalty concept – service quality can be regarded as one of the most frequently analyzed customer loyalty determinants. Tangible and intangible constituents of service quality were important in evaluating either customer view of an organization or customer trust in an organization (Doney and Cannon, 1997; Garbarino and Johnson, 1999). It has been defined that service quality is very important for customer satisfaction, and by it service quality impacts customer loyalty (Cronin and Taylor, 1992; Oliver, 1999). It can be stated, that the limitation of service quality studies is the inconsistency in determining the link between service quality and customer loyalty.

CONCLUSION

The retailing sector growing to meet the global standards will have to evaluate on the lines of how customers perceive service quality and how they evaluate it. With the growing organized retail market and the increasing number of the competitors the customer's perception on a particular retailer is critical in determining the satisfaction and the loyalty of the customer. Measures will have to taken in the near future to provide quality as perceived by the customer rather than what they can afford and therefore calling for extensive research.

Present study concludes that RSQS is useful tool to measure the service quality of the retail stores. And also RSQS scales prove that service quality directly affects the customer satisfaction. Above results confirm the Dabholkar, Thorpe and Renz (1996) results. Departmental store owners and managers always ensure that physical facilities like convenient store layouts and store appearance. Store managers and owners also ensure high level of reliability on the agreement made to consumers and ensure what is guaranteed is delivered. High level of training must be given to the store employee to increase the level of personal interaction with customers.

Customers have highest expectations on the promptness of service, accuracy of transactions, security issues and concerns; the customer's lowest expectations are cleanliness, ambience, etc. It must however be noted here that this rating is a comparative assessment and therefore this dimension of service quality scores lower in comparison to promptness, security and other

security related issues. The dimension 'Staff performance' in our informal interviews was reported to be satisfactory by the respondents and therefore did not expect substantial improvements in their performance.

Customers reported highest satisfaction for promptness and speed of service along with accuracy of transactions at cash counters. They were also satisfied with the processing of transactions and efforts to expedite processing whenever the traffic at the counters increased.

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