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Dr. M. SELVAM, M.Com., Ph.D.,

Bharathidasan University,

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RETAIL SERVICE QUALITY : AN EMPIRICAL STUDY IN TAMILNADU

T. Vanniarajan
Reader in Business Administration, N.M.S.S.V.N. College, Madurai,Tamil Nadu, India.
P. Gurunathan
Assistant Professor, Department of Management,
Faculty of Business & Economics, University of Hawassa, Awassa, ETHIOPIA.

Abstract

The key determinant of business performance in service industry is the service quality. In this paper, an attempt has been made to study the retail service quality in Tamilnadu. The instrument used to measure service quality is the one developed by Dabholkar et.al., (1996). This paper identifies five important dimensions in retail service quality, namely, 'Personal Interaction', 'Reliability', 'Policy', 'Physical Assets' and 'Problem Solving'. The service quality gap is measured by the difference between customers' perception and expectations on five dimensions in retail service quality. The one way analysis of variance has been used to find out the significant differences in five major cities regarding the service quality gap and also the association between the profile of customers and their service quality gap. The results are discussed and conclusions are drawn. Coimbatore and Chennai are better in providing retail service quality than the other cities in Tamilnadu. The important criterion variables on the retail service quality gap are level of education, occupation and age of the customers.

In India, the sales in organized retail industry was about Rs.16,000 crores in 2001-02 and estimated that it will cross Rs.37,000 crores by the year 2007. The industry is growing at the rate of 18 to 20 per cent per annum (Darshan Parikh, 2002). There are over two million retailers from the street cart hawkers to more sophisticated retail chain of stores (Nathan 2001). In terms of reach of retail facilities, it is reported that at the national level, there were 42 families per retail outlet in rural area and 14 families per retail outlet in urban area (Sarwade, 2000).

Retailing in India is gradually inching its way towards becoming the next boom industry. The retail area today is very different – the opportunities are incredible but exploiting them is extremely tough. The retail environment is changing more rapidly than ever before (Dabholkar, 1996). The Indian consumers are becoming knowledgeable and expect more of superior quality products and improved services. The trade is characterized by intensifying competition from both domestic and foreign companies. In other words, the retailer has to differentiate himself from others to encounter the rivals in the market. The generally accepted retailing strategy for creating competitive advantage is the service quality (Humomel and Savith, 1988; and Reichheld and Sasser, 1990).

Based on the above aspects, the measurement tool is developed with 28 items for studying the mix of goods and services.

In this paper, an attempt has been made on the application of Dabholkar's (1996) Retail Service Quality Scale in measuring the gap between customers' expectations and their perceptions about the service quality of retail stores in Tamilnadu. The reliability of the data is assessed through Cronbach alpha.

Concept of Retail Service Quality

Service Quality is defined by Gronroos (1983) as the fulfilment of customers'

expectations. Parasuraman et.al., (1985) defined service quality as the gap between customers' expectations of service and their perceptions of the service experience. Cronin and Taylor (1992) suggested that service quality is a vital antecedent of customer satisfaction. Parasuraman et.al., (1988) developed a twenty two item instrument recognized as SERVQUAL that has become widely used as a generic instrument of measuring service quality. Cronin and Taylor (1992) have examined a performance based measure of service quality, called SERVPERF in four industries.

In retail trade, Dabholkar et.al., (1996) proposed that retail service quality has a hierarchical factor structure. He identified a twenty eight item instrument to measure the service quality in retailing. Retail literature suggests that store appearance is important to retail customers (Baker et.al., 1994). In addition, the physical aspects such as store layout, parking facilities, furniture and fixtures add more to consumer value (Oliver, 1981; and Hummel and Savitt, 1988). The customerization and personalization are the important measurements to increase the reliability of retailing (West brook, 1981). The problem solving, pricing and policy are the captured aspects of service quality in retailing (Dianne and Hornby, 1993; and Handler, 1996).

Objectives of the study

The present study focuses on the following objectives: (i) To assess the important retail service quality dimensions; (ii) to carry out the GAP analysis in various dimensions of retail service quality; (iii) to analyse the significant difference among the five major cities in Tamilnadu regarding the retail service quality dimensions and iv) to reveal the association between the profile of customers and their retail service quality gap.

Methodology

Five major cities in Tamil Nadu, namely, Chennai, Madurai, Coimbatore, Trichy and Tirunelveli have been identified for the study. Five departmental stores from each city have been identified at the convenience of the researcher for this study. From each departmental store, 10 retail shoppers have been met by the researcher to collect the primary data about the retail service quality. The total sample size of the study comes to 250. The sample consists of 62 per cent of females. Respondents are mostly between the age of 20 and 45 (71%). Close to one-half (53%) are house wives. In total 61 per cent of the respondents are married. Almost 63 per cent of the respondents are at least under graduates. Personal interviews were conducted immediately after the completion of the shopping experience. The appropriate statistical tools have been used to analyse the data in order to fulfill the objectives of the study.

Results and Discussions

To narrate the variables in retail service quality, the factor analysis has been administered. In order to test the internal consistency of the factors, Cronbach's co-efficient for each of the five factors has been computed. The perception and expectation score on 28 items in retail service quality are taken for the factor analysis. The factor loading of the variables in retail service quality with its factors, eigen value and the percentage of variation explained by the factors are shown in Table 1.

The factor analysis consolidates five important factors in retail service quality, namely, personal interaction, reliability, policy, physical assets and problem solving. The above said five factors explain the retail service quality to the extent of 79.92 per cent. The most important factor in retail service quality is personal interaction which consists of nine variables with the reliability co-efficient of 0.7199. The eigen value and the percentage of variation explained by this factor are 3.4549 and 28.09 per cent respectively.

The next two important factors are 'reliability' and 'policy' which consist of five

variables, each with the reliability co-efficient of 0.8324 and 0.7409 respectively. The last two important factors are 'physical assets' and 'problem solving' which consist of six and three variables with the reliability co-efficient of 0.6908 and 0.6708 respectively. These five factors in retail service quality are taken for further analysis. The instrument could serve as a diagnostic tool that will help the retailers to understand the service areas that are weak and in need of attention to boost up their sales.

Service Quality Gap Analysis

For evaluating the gap between the customers' perception and expectation on the retail service quality, the difference between the perception and expectation score on each factor in retail service quality have been computed. The perception and expectation score on five factors in retail service quality have been computed by the mean score on the perception and expectation score on the variable involved in each factor. In order to find out the significant difference between the mean of perception and expectation on each factor in retail service quality, the 't' test was applied. The results of service gap analysis are exhibited in **Table- 2.**

In all factors of retail service quality, the mean scores of expectation are greater than its perception. It reveals that the service quality gap is identified in all factors of the retail service quality which are statistically significant also. The higher service gaps are identified in factors, namely, problem solving and physical assets since the respective service quality gaps are -0.7802 and – 0.6534. The analysis infers that the retail service quality is not upto the expectation of the customers.

Service Quality Gap in various Cities

The study includes five major cities in TamilNadu which highly differ in location, standards of living and the consumption pattern of the people. It is highly imperative to analyse the service quality gap in various cities to understand the way in which the customers differ in the above five cities in order to formulate suitable retail marketing strategies. The computed service quality gap in the five cities and its respective 't' statistics are presented in **Table- 3.**

In Chennai, the service quality gaps are identified in the reliability and problem solving since the respective scores are -0.4630 and -1.3131. In Madurai, Trichy and Tirunelveli, the service quality gaps are identified in all five dimensions of retail service quality since the respective service quality scores are negative. The Coimbatore city is better than all other cities since the negative service quality gap is identified only in policy. There is a significant difference among the five cities regarding the service quality gap in personal interaction, reliability, policy and physical assets since the respective 'F' statistics are significant at five per cent level. The analysis infers that the retail service quality is better in Coimbatore and Chennai. The weakest dimensions of the retail service quality in Chennai are 'Problem Solving' and 'Reliability' whereas in Coimbatore, it is only 'Policy'.

Association between Profile of Customers and Service Quality Gap

The service quality gap may arise at different degrees on various service quality dimensions. It is the outcome of the difference between mean of perception and expectations on various dimensions of retail service quality among the customers. The expectations and perception are clearly determined by the profile of the customers. Hence the present study has made an attempt to analyse the association between the profile of customers and service quality gap. The improved profile variables are sex, age, marital status, occupation and level of education. These are classified into 2, 5, 4, 6 and 6 groups respectively on the basis of the above profile variables. In order to analyse the significant difference among the customers

classified on the basis of their profile regarding their retail service quality gap, the one way analysis of variance was used. The results are presented in **Table - 4.**

Regarding sex difference among the customers, the significant difference in service quality gap is identified only in 'Personal Interaction' since its 'F' statistics is significant at five per cent level. Age is another important criterion variable on the service quality gap in all retail service quality factors except policy. Regarding marital status, the significant differences among the customers are identified especially in the retail service quality, namely, 'Personal Interaction and 'Reliability'. Regarding the occupational category, the significant differences are identified in the service quality of 'personal interaction', 'reliability', 'policy' and 'problem solving'. The profile variable, namely, level of education is significantly associated with the service quality gap in all five dimensions of retail service quality. The analysis concludes that the profile variables, namely, level of education, occupation and age play an important role in the perception and expectation of the retail service quality among the customers.

Suggestions for Improvement in Retailing

Based on the findings of the study, the following policy implications are drawn. Since the service quality gap in all dimensions are almost negative, the retailers have to analyse the customers' expectations and perceptions on retail service quality consistently. They are advised to take remedial action to minimize such gaps according to their resources.

The remedial measures to minimize the service quality gap in different cities need not be the same. In Madurai, Trichy and Tirunelveli, the retailers have to focus on all five dimensions in retail service quality. In Coimbatore, the retailers are advised to fill up the gap in 'policy' alone whereas in Chennai, these areas are reliability and problem solving.

The employees in retail counters should be properly trained to improve their skills in personal interaction, reliability and problem solving.

The retailers in Madurai, Trichy and Tirunelvei are very weak in the dimension of 'Physical assets'. They may be advised to visit the retail counters at Coimbatore and Chennai in order to minimize the service quality gap especially in physical assets.

Conclusion

The application of Dabholkar et.al., (1996) Model in measuring retail service quality in Tamil Nadu is a base for the study. It is evident from the study that the 28 items in retail service quality are classified into five important dimensions as proposed by Dabholkar et.al., (1996). The study concludes that there is a service quality gap in all five dimensions in few cities of Tamil Nadu, namely, Madurai, Trichy and Tirunelvei. The study also revealed that the profile variables, namely, level of education, occupation and age play an important role in service quality gap. This service quality gap analysis guides the retailers in Tamil Nadu to improve their service quality at their retail counters. Since the study is related to retail service quality, it is highly dynamic. Hence, retailers should be very cautious in analyzing their customers' perceptions and expectation in a consistent manner in order to enrich their business in future.

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Table 1
Factor Loading of the Variables in Retail Service Quality

Factors	*Variables in Service Quality*	*Factor Loading*	*Reliability co-efficient*	*Eigen Value*	*Percent of variation*
Personal	Knowledgeable employers	0.8644	0.7199	3.4549	28.09
Interaction	Behaviours of employees creates confidence in customers	0.8206			
	Customers feel safe in transaction with the store	0.7391			
	Employees' prompt service to the customers	0.7087			
	Employees are free to respond to customers' requests	0.6441			
	Customers' individual attention	0.6209			
	Employees are consistently	0.6117			
	Employees are polite in telephone answering	0.5842			
	Employees promises are correct	0.5503			
Reliability	Stores provide service on time	0.9027	0.8324	2.8606	17.86
	Stores provide service right even at first time	0.8963			
	Stores error free sales transactions and rewards	0.8306			
	Stores keep wide range of products	0.7117			
	Stores responses are reliable	0.6303			
Policy	Store offers high quality merchandise	0.8904			
	Store provides plenty of convenient parking to customers	0.8663			
	Convenient operating hours of the store	0.7408			
	Store accepts most major credit cards	0.6591			
	Store is flexible in its method of sales	0.6332			
Physical Assets	Store has modern looking equipment and fixtures	0.8407	0.6908	1.7143	11.29
	Physical facilities at this centre are usually appealing	0.7632			
	Materials associated with the stores service are usually appealing	0.7191			
	Value-added facilities offered by store	0.6324			
	Store layout eases the customer to identify	0.5909			
	Store layout eases the customer to move around	0.5461			
Problem Solving	Store willingly handles returns and charges	0.8133	0.6708	1.3162	9.36
	Store is sincere to solve the customer problem	0.7406			
	Direct and immediate handling of customer complaints	0.6536			

Table 2
Service Quality Gap in Retailing

Sl.No.	*Factors in Service Quality*	*Mean score on*		*Service quality gap (P-E)*	*T-Statistis*
		Perception (P)	*Expectation (E)*		
1.	Personal interaction	2.8142	3.3026	-0.4884	-2.6742*
2.	Reliability	2.6068	3.1725	-0.5657	-2.9963*
3.	Policy	2.8564	3.2697	-0.4133	-2.3391*
4.	Physical Assets	2.5502	3.2036	-0.6534	-3.3814*
5.	Problem Solving	2.9166	3.6968	-0.7802	-3.9691*

Table 3
Service Quality Gap in Various Cities

Sl. No.	*Factors in Service Quality*	*Service Quality Gap in*					*F-Statistics*
		Chennai	*Madurai*	*Coimbatore*	*Trichy*	*Tirunelveli*	
1.	Personal interaction	0.3862	-0.7357	0.2863	-1.0446	-1.3342	-5.8648*
2.	Reliability	-0.4630	-0.8789	0.2117	-0.8341	-0.8642	7.0817*
3.	Policy	0.2070	-0.3391	-0.3102	-0.5134	-1.1108	6.9617*
4.	Physical Assets	0.3062	-1.2649	0.2964	-1.2961	-1.3086	9.0843*
5.	Problem Solving	-1.3131	-0.8324	0.0774	-0.9226	-0.9103	4.4748

Table - 4
Service Quality Gap among Customers with Different Profile

Sl. No.	*Factors in Service Quality*	*F-Statistics*				
		Sex	*Age*	*Marital Status*	*Occupation*	*Level of Education*
1.	Personal interaction	4.1082*	2.8601*	2.7102*	2.4581*	2.4806*
2.	Reliability	1.9624	3.0219*	3.1161*	2.9606*	3.1146*
3.	Policy	1.2038	1.9887	2.0686	2.3302*	2.9091*
4.	Physical Assets	2.4004	2.6083*	1.8234	1.7183	2.8606*
5.	Problem Solving	3.0671	2.5142*	1.4081	2.5406*	2.4649*

* Significant at 5 per cent level