

RELATIONSHIP BETWEEN SERVICE QUALITY AND CUSTOMER LOYALTY IN ORGANIZED RETAIL STORES

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ABSTRACT

Contentment may be defined in a variety of ways. The degree to which a consumer is satisfied may be gauged by their emotional response or condition after being exposed to marketing signals. Satisfaction is a long-term process that needs ongoing effort. An emotional response, an evaluation of the event, a state of mind or even a reaction to the entire service environment may all be considered pleased. Multi-dimensional metrics are used to evaluate the entire performance of an organisation. As a result, a company's success, which may be characterised as the fulfilment of stakeholders, can be seen as a result and an element of customer happiness. It is possible to gauge customer happiness by comparing it to expectations. Differences between what customers expect and what they get might show their degree of satisfaction and dissatisfaction. This article uses a Gap analysis of expectations and perceptions to evaluate the level of service that Delhi NCR organised retail enterprises.

Keywords: Customer, Loyalty, Service Quality, Retail, Organized.

Introduction

Retail in India will contribute 1.1 trillion dollars to the economy and employ 15.2 million people by 2020. e-commerce sales in India are estimated to reach \$99 billion by 2024, expanding at a CAGR of 27% from 2019. Retailers in the grocery sector are rapidly evolving and modernising their shop designs. In the retail business, profit margins are shrinking, which has led to a fierce strategic competition. A broader variety of products is available to buyers due to severe competition. There are currently nine out of ten retail transactions globally that are done in person. To compete with the ease of internet shopping, supermarkets have shifted their job from just delivering things to becoming suppliers of unique product discounts and great customer service. In order to remain successful in today's market, retail businesses must give their customers with an exceptional and anticipatory level of service. It is important for retailers to be able to maintain a positive relationship with their consumers over the long term. A five-dimensional approach to the SERVQUAL assessment system has been successfully used in order to better understand the quality issues that affect customer loyalty (personal involvement, accountability, efficiency, regulation, and tangibility). According to studies, there is a strong correlation between customer happiness and the physical attributes of a service, as well as its efficiency and the relationships between the people who work there. According to several research, customer loyalty is strongly tied to human communication, as well as policy and physical factors.

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Service Quality

In both service and manufacturing sectors service quality has been a major focus of research. This includes customer retention of customers, revenue growth, and profitability all depend on positive word-of-mouth and the capacity to elicit referrals. Service quality has become a vital marketing strategy for most organisations because of the changing trends in consumer demand, need, and need, extreme competition, and an unfavourable business climate. It's commonly known that there are three primary service quality research perspectives in the literature. It's still unclear which of these ideas is the best fit for a wide range of business scenarios. Global dimensions of service quality are identified in the first, published by Gronroos. Second, a concept that employs terms that describe service encounter elements to construct service quality aspects (reliability, responsiveness, empathy, assurances, and tangibles). When it comes to service quality, the customer-employee connection and service atmosphere play an important role in determining the overall image.

Customer Loyalty

Loyal customers are those who feel obliged to buy from a business again and again, or who try to encourage others to do so. According to Duffy (2003), customer loyalty is a consumer's emotional connection to a brand. A company's loyal customers get the financial rewards because of their deep emotional ties to the brand. The goal of most banks is to maximise profits, expand their activities, and position themselves favourably in relation to their competitors. Gaining profit, market share, and growth are all made possible by building strong relationships with customers. Customer loyalty and service quality are strongly linked, according to Anderson & Mittal (2000). This association has also been shown in other studies.

Service Quality in Retail Industry

Multiple retail formats were used to test the RSQS measuring scale's suitability and validity. An evaluation of the RSQS model by Boshoff and Terblanche (1997) showed it to be accurate and dependable.

Researchers in Singapore found Scale variance may be explained by the physical qualities and human interaction dimensions of RSQS in supermarkets, rather than electronic goods stores. There's a lot going on in Singapore, as well, the RSQS scale's variation could be explained exclusively by face-to-face interactions in electronic goods retailers. Only four of the five RSQS aspects (policies and dependability were not separated) were discovered in the Indian market by Kaul (2007). Reliability and human connection were shown to have the greatest influence on perceived retail brand quality in Taiwan by Huang (2009). RSQS was used by Das, Kumar, and Saha (2010) to investigate the retail market in Kazakhstan. There is a strong correlation between RSQS's validity and dependability and the studied market, according to the researchers. According to the findings, boosting the client base is a win-win situation for all five dimensions. In the context of Indian retail establishments, Ramakrishnan and Ravindran (2012) attempted to verify RSQS. The RSQS instrument's Confirmatory Factor Analysis (CFA) found the five dimensions of physical features, human contact, problem solving, policy and dependability.

Service Quality and Customer Loyalty

To get a competitive edge, service quality is defined as the discrepancy between what customers anticipate and how they actually experience it.

The idea of quality of service encompasses both the service provider's interactions with consumers and the actual quality of the service itself. This is a multi-dimensional term. As stated by Sargeant & West (2001), customer loyalty is obviously connected to customer satisfaction and commitment, although each of these factors may have a different impact on consumer loyalty in different markets. It's possible that a customer-company relationship may break down because of a decrease in client demand or contrived reasons (inadequate product specifications, insufficient quality of service level). In order to increase customer loyalty, it is obvious that the organisation must work to eliminate both natural and created reasons for customers to depart. According to service quality analysis, one of the most widely researched aspects in customer loyalty, customer loyalty ideation is impacted. Intangible and tangible characteristics of the service, such as client perceptions and trust in the organisation, were used to evaluate the quality of the service. Customer satisfaction and customer loyalty have been shown to be closely linked to the level of service delivered. Studies on customer loyalty and service quality have been inconsistent, which is a drawback of such studies. Customer satisfaction and loyalty are both impacted by the level of service offered, according to several studies. There is a strong correlation between customer happiness and the quality of service, according to study.

Literature Review

Achchuthan, Sivapalan & Shankar(2022)For enhancing consumer loyalty, this study offers and experiments with a moderated mediation mechanism using retail service quality (RSQ) techniques. Customers' emotional attachment to a brand may operate as a key mediator in determining if physical attributes such as trustworthiness, reliability, and human interactions have an impact on their brand loyalty. Customers were more likely to put their faith in the organisation because of its well-known corporate image. Investigating the link between RSQ characteristics, customer commitment, and the company's image may help enhance retail customer service quality in general.

Waran.P.S., Venkates & Sundram, Suja (2021) You'll earn more business and higher ratings if you do a good job for your customers. To better understand how retail service quality and store service quality influence consumer purchase intent and favourable word-of-mouth about the organised retail company, this research was done. Data from [location anonymized for blind review] was gathered using structured questionnaires. Surveys were given to 419 persons. The study variables were analysed using a structural model in order to discover the link between them. As a consequence of improved retail and store service quality, customers are happier, according to studies. Whether or not customers are satisfied with their shopping experience is directly related to their willingness to recommend a business to others. When it comes to problem-solving, retail companies face a formidable obstacle. If they want to keep their present customers, they need to act immediately. What happens in the real world: Customer satisfaction is not a significant component in issue solutions? Enhance and magnify the store's strengths while minimising its faults for the benefit of customers. Those who are just starting out in retail will find this information beneficial, as well as those who are launching new retail businesses.

Muharam, Hari & Chaniago (2021) What is it about e-commerce sites that attracts customers? We investigate the impact of future purchasing decisions based on customer happiness, trust and the quality of e-services are critical. Contentment is seen as a mediator when it comes to trust, loyalty, and satisfaction. There were 350 Bogor-based millennials that participated in the survey. Using PLS-SEM modelling, we were able to verify the validity of our hypothesis. Customer loyalty is positively influenced by the quality of e-service and trust through consumer satisfaction. It is crucial for online retailers to build client loyalty by delivering excellent service and fostering positive psychological attitudes about their products and services.

Saricam, Canan (2021) The sportswear industry is flourishing over the world. Since customers' satisfaction and loyalty are based on more than just the things they buy, sportswear retailers understand that brand loyalty and consumer satisfaction go hand in hand to discover if there is a connection between the two, researchers in Turkey collected data from 251 individuals. As a secondary component, the SERVQUAL scale was used to gauge the level of service provided. Testing and verification of the model were conducted using structural equation modelling and confirmatory factor analysis. Satisfaction and loyalty are not affected by service quality and its associated features, such as tangibles and reliability. Customers' satisfaction, however, was found to influence their loyalty.

ArawatiAgus (2019) Consider the relevance of service quality in Malaysian hypermarkets. Service quality variables that were studied in this study include reliability, responsiveness, competence and politeness. This information is based on how satisfied customers were with the service they got, as well as how much of a fan they are of the store. This article focuses on the role of customer satisfaction as a mediator between service quality and client loyalty. Additionally, research aims to find out whether the relationship between customer happiness and customer loyalty is affected by location (strategically). Pearson's correlation, hierarchical regression, and regression-based mediation analysis are some of the statistical tools used to analyse empirical links. According to the study, customer happiness and loyalty are strongly connected to the quality of service. Results show that customer satisfaction is the only mediator between tangible, civility, and credibility, as well as customer loyalty. When it comes to the relationship between customer pleasure and customer loyalty, geography plays a vital role (from a strategic standpoint). There is some evidence that a strategic location for a hypermarket may boost consumer satisfaction and loyalty, which in turn can help the retail business. According to the study's findings, hypermarkets in Malaysia may boost customer satisfaction and loyalty by enhancing the quality of their service. Results show that Malaysian hypermarkets should focus more on tangibles like politeness and legitimacy while providing customer service and that management should provide greater support for efforts to enhance customer service.

Alam, Mirza (2018) Because of the intense competition in today's market, merchants are finding it more difficult to hold on to their present clientele. Retailers will be able to differentiate themselves from

their competitors and build stronger consumer loyalty, especially among the younger generation, by enhancing service quality. An important goal of this research is the development of a model for promoting Generation Y (Gen Y) consumer loyalty to superstores by improving service quality standards. Data was gathered from 252 Gen Y shoppers in Bangladesh who visited four major superstores and completed a standardised questionnaire. SEMPLS3.0 was used to assess the validity of the measurements and to investigate the predicted correlations using structural equation modelling. Bangladesh's retail industry may be assessed using the Retail Service Quality Scale (RSQS), according to the results. Superstore consumer loyalty is favourably impacted by retail service quality characteristics including policy, dependability, human connection, Physical appearance and problem-solving methods are the most strongly affecting factors according to a structural model. The research implications and avenues for further study are discussed in this work.

Objectives of the Study

- To analysis and identifying areas for improvement in retail service quality.
- To assess the Differences in gap scores and consumer behaviour according to various socioeconomic groups.

Research Methodology

According to this study's approach, the findings will be presented via analysis and interpretation. This research is limited to Delhi NCR, India's most important merchants and responders.

- **Sample Selection**

Analyses and interpretations will be used to present the results of this investigation. Specifically, this study focuses on Delhi NCR, which includes the country's most major retailers and responders.

- **Data Collection**

Both primary and secondary sources are used to gather the data that will be analysed. For primary data collecting, interviews and questionnaires are employed. When it comes to service quality, utilised to measure the perception and expectations of customers.

- **Hypothesis**

As a way to investigate the link between customer loyalty and service quality, a null hypothesis has been proposed in organised retail stores as follows:

Null Hypothesis 1 (H₀₁): There is no relationship between service quality and customer loyalty in organised retail stores.

Alternative Hypothesis H_a: There is a relationship between service quality and customer loyalty in organised retail stores.

- **Relation Between Service Quality and Customer Loyalty**

In order to measure the relationship between customer loyalty and service quality, regression analysis has been done. The results of the regression analysis have been given in detail in the following tables 3, 4 and 5.

Null hypothesis has been formulated to test the relation between customer loyalty and service quality in organised retail stores.

Null Hypothesis 5 (H₀₅): There is no relationship between service quality and customer loyalty in organised retail stores.

The equation which emerged after the process was as follows:

$$Y = 3.215 + 0.829X$$

Where Y (Dependent Variable) = Customer Loyalty (Mean value of all the six statements used for measuring the customer loyalty for each respondent).

X (Independent Variable) represents mean value of all the five the service quality dimensions derived through factor analysis, in the section of data analysis chapter.

Results

In order to make sense of the data obtained from diverse sources, interpretations are necessary. A clear understanding of the data is essential for achieving the study's goals.

- **Evaluation of the Expectations and Perceptions of the Audience**

Table 1: Accuracy of Perception and Expectation

Service Quality Factor	Expectation Score		Perception Score		Gap Score	
	Mean	SD	Mean	SD	Mean	SD
Quality Service	6.84	0.25	5.98	0.59	0.86	0.67
Tangibility	6.68	0.55	5.24	0.77	1.44	0.87
Professionalism	6.72	0.47	5.10	0.71	1.62	0.75
Quick Service	6.98	0.10	5.18	0.73	1.80	0.75
Need Understanding of Customer	6.87	0.27	5.45	0.63	1.42	0.64
Reliability	6.41	1.09	4.65	0.88	1.77	1.18
Proper Maintenance of Records	6.96	0.25	6.02	0.88	0.94	0.87

A large gap score indicates that consumers aren't getting the service they've paid for in a timely manner. Reliability and professionalism are also good marks. There is a lack of consistency and reliability in the service delivery, which implies that clients want more. As a result of the high Gap score, respondents believe that retail outlets do not grasp their demands in the way they anticipate. In addition to better amenities and an improved atmosphere, respondents are also looking for a better overall experience. Quality service and accurate record-keeping aren't rated as highly as they should be in the Gap score.

Table 2 Factor Loadings

Items	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
Factor 1/Personal Interaction					
Customers get personalised service from the staff at this establishment.	,807				
Customers at this establishment may expect quick service from the employees.	,791				
This store's employees treat customers with respect and courtesy.	,776				
Customers have complete faith in the employees at this establishment.	,776				
Customers' needs are always prioritized by the staff at this establishment.	,735				
This store's employees are well-versed in answering clients' queries.	,726				
Customers at this establishment may expect to know precisely when their service will be completed by employees.	,713				
Customer concerns are handled quickly and directly by employees of this shop.	,617				
Sincere attention is shown by this shop in fixing a customer's concern.	,617				
Employees at this shop serve clients courteously on the telephone	,593				
With this shop, customers feel secure in their transactions.	,522				
This business does the job correctly the first time.	,456				
Factor 2/Physical Aspects					
Equipment and fixtures at this shop are in keeping with the times.		,820			
The shop and its physical amenities have a good aesthetic appeal.		,812			
All of the marketing collateral for this business has a pleasing aesthetic (such as shopping bags, loyalty cards, posters, and catalogues).		,795			
Customer convenience is enhanced by the design of this shop.		,629			
This shop's layout makes it easy to go around the store.		,543			

Factor3/Reliability					
Returns and exchanges are welcomed at this shop.					,703
Whenever this shop commits to fulfil a promise (such as a modification or a refund), it will do so on time.					,580
This shop, as promised, offers services on schedule.					,536
This retailer places a high value on accurate sales records and transactions.					,467
Factor4/Policy					
Credit cards of all kinds are accepted here.					,774
Customers may shop at this business at times that are convenient for them.					,770
Customers may easily and conveniently park their vehicles at this establishment.					,666
Factor 5/Product Quality					
Products in this site are of the highest quality.					,738
Customers may choose from a wide variety of products at this shop at any given time.					,660

Table 3: Regression Results

R	R Square	Adjusted R Square	Std. Error of the Estimate
.912	0.834	0.834	0.47214

Table 4: Regression Coefficients

Model		Beta	Std. Error	T
1	(Constant)	3.215	0.003	58.634
	X	0.829*	0.002	39.345

*1 percent level of significance.

Table 5: ANOVA Results

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1351.267	1	237.329	389.012	0.000
	Residual	156.261	499	0.095		
	Total	1507.527	500			

F (1, 499) =389.012, with a p value of 0.000, was found to be a significant model in the ANOVA findings (Table 5). Because of this, Null Hypothesis 5 (H05), which was created as part of a research to examine how service quality and customer loyalty are linked in organised retail businesses, has been rejected. There is a connection between service quality and consumer loyalty in organised retail businesses, based on the findings of this study. Customer loyalty is positively and strongly correlated with service quality, according to the regression findings. At a 1% level of significance, the regression coefficient is statistically significant. Adjusted R Square, which is 0.83, shows that the independent variable in a regression model can account for 83% of the variance in the dependent variable's value.

Conclusion

In three developing countries, researchers looked at the link between a retailer's customer service and repeat business. The quality of retail service dimensions revealed in this research of the domestic retail sector in are not the same as those initially reported by the RSQS instrument. Principal Component Analysis (PCA) may be used to find five aspects of retail service quality, including people interaction, physical characteristics, reliability, policy, and product quality. Product quality has grown from the items previously used in policy and dependability issues. Customers are more inclined to stay with a company if they get consistently good service. Brand loyalty is increased when customers are satisfied with their purchases, which is why high-quality products and a broad range of alternatives are important. Customers, especially those who buy expensive items, put a high value on fast and on-time delivery.

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