PERCEIVED SERVICE QUALITY OF THE CUSTOMERS AT ORGANIZED RETAIL STORES

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ABSTRACT

The retail industry has contributed to the economic growth of many countries and is undoubtedly one of the fastest changing and dynamic sectors in the world. The emergence of new trends in retailing is a significant event in Indian marketing scenario. Retailers therefore recognize that customer satisfaction plays a key role in a successful business strategy and it is therefore crucial for managers to understand what drives customer satisfaction. By satisfying customers through high quality service, business firms not only retain their current customers, but also increase their market share. The current market place has become more competitive as customers continually expect retailers to match or exceed their expectations. Maintaining customer satisfaction is crucial for such retailers as they transact in a highly competitive world. In this respect, the research aims to establish the drivers of customer satisfaction, through a consideration of retail service quality dimensions. Thus, in a competitive market, retail stores are expected to compete on both price and quality of services and also it is necessary to meet consumers' requirements and expectations in price and service quality. In this context, the researchers have made a modest attempt to study the service quality of organized retail sores in Salem city. In the present study, physical aspects, reliability, personal interaction, problem solving and policy are taken as dimensions to measure service quality of the organized retail stores. As an essential part of the study, the primary data were collected from 150 customers with the help of questionnaire. Analysis of variance, student t test, paired t-test, analysis of co-efficient of variation and percentage analysis were employed. The finding of this study brings to light that there exists a significant difference in the acceptance level of the customers between the expected and perceived levels of various dimensions of service quality such as physical aspects, reliability, personal interaction, problem solving and policy. The researchers have suggested various measures to improve the service quality of the organized retail stores in Salem city.

KEYWORDS: *Retail Stores, Service Quality, Organized Retailing, Customer Satisfaction.*

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Introduction

Liberalization of economy in the nineties and entry of large players in the retail business have brought the Indian retail industry into spotlight. The organized retail sector has been witnessing winds of changes in the last couple of years. With some 15 million retail outlets, India has the highest retail density in the world. Thus, India is popularly referred to as "nation of shopkeepers". However, only 4 per cent of these outlets are more than 500 square feet in size. With rapid urbanization, and changing patterns of consumer tastes and preferences, it is unlikely that the traditional outlets will survive the test of time. Modern retail has entered India as seen in sprawling shopping centres, multi-storied malls and huge complexes offer shopping, entertainment and food all under one roof. In the post-liberalization period, fuelled by a fast growing information technology and other economic forces, the retailing sector in India is transforming rapidly. Given the size, the geographical, cultural and socio-economic diversity of India, there is no role model for Indian suppliers and retailers to adapt or expand in the Indian context. Penetration of organized retail into the lower income groups and increasing consumer demand for value for money has improved the prospects of these formats. It offers customers a wide array of low-priced products ranging over categories like groceries, processed food, apparel and customers durable. On an average in India, hypermarkets are spread over 50000 sq. ft. There are more than 25000 stock keeping units. Indian retail industry is still a "protected industry" from the foreign direct investment.

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Organized Retailing

Organized retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. They mainly include: hypermarkets, supermarkets, convenience stores, exclusive outlets, departmental stores, and cash-n-carry. The term "organized retail" means to have a formal organization to coordinate and carry out activities. The organized retail formats are generally owned by the corporate. Convenience, enjoyment and price are the important factors that motivate customers to purchase from an organized retail store. Enjoyment is the extent to which the activity of purchasing from an organized retail store is perceived to be enjoyable in its own right. As organized retailers sell a large variety of products and brands, customers find it particularly convenient to purchase goods in bulk. The growth in the overall retail market is driven largely by the explosion in the organized retail market. Domestic retailers continue to invest heavily in increasing their store networks and improving in-store offerings, and the impact they have on growth will be boosted by the arrival of expansion-orientated multinationals.

Retail Service Quality

Nowadays, with increased competition, service quality has been recognized as a key factor in keeping the competitive advantage and sustaining satisfying relationships with customers. Service quality can be defined as the difference between customer's expectations of service performance prior to the service encounter and their perceptions of the service received. Service quality has been defined as customers' overall impressions of an organization's services in terms of relative superiority or inferiority. Service quality is considered to not only meet but to exceed customer expectations, and should include a continuous improvement process. Service quality encompasses consumer's expectations in terms of quality after they have highlighted a large number of services that are supposedly used by consumers to evaluate the performance of the service delivery. Service quality from the customer's point of view is the degree and direction of discrepancy between customer's perceptions and expectations. From the perspective of the customer, the service quality differentiates sought quality and perceived quality. Sought quality is the level of quality customers explicitly or implicitly demand and expect from service providers. Parasuraman, Zeithaml and Berry have identified 5 dimensions of service quality, namely, assurance, empathy, reliability, responsiveness and tangibility. Customer service is a key factor in retailing success. Organized retailing has emerged from the shadows of unorganized retailing and is contributing significantly to the growth of Indian retail sector. An organized retail store cannot achieve success without delivering superior service quality. Service quality in retailing is different from any other product/service environment. For this reason, Dabholkar, Thorpe and Rentz developed the Retail Service Quality Scale for measuring retail service quality. It composes of 5 dimensions, namely physical aspects, reliability, personal interaction, problem solving and policy.

Statement of the Problem

The Indian consumers, like their international counterparts, are becoming increasingly demanding and knowledgeable. They are tough critics, savvy purchasers, value-driven spenders, and practical thinkers when it comes to shopping. The demands for their time at work and home have made them extremely selective about how they would want to spend their limited and precious leisure hours. Shopping today is much more than just buying. To best utilize the available time, the Indian consumer is on the look-out for avenues that would give him the maximum value for his money and time spent. This would create opportunities for organized retail as an increase in purchasing power would mean a higher demand for better shopping ambience, superior quality products, and improved service. Improved access to education and exposure to the latest trends through various media have led to an increase in demand for lifestyle goods. At the same time, the urban consumer is becoming more discerning and demanding as far as the lifestyle is concerned. Urban household income and purchasing power are also on the rise. Under such circumstances, the success of organized retailing in India mainly depends on delivery of services through quality improvements. In this context an attempt has been made to examine the service quality of the organized retail outlets in Salem city.

Objectives of the Study

The study has the following objectives:

- To ascertain the perceived level of service quality of the customers in the organized retail outlets in Salem city.
- To find out the service quality gap in the organized retail outlets in Salem city.
- To offer suitable suggestions to improve the service quality of the organized retail outlets based on the findings of the study.

Hypotheses

The following null hypotheses have been formulated and tested.

H_{01}:   There is no significant relationship among the acceptance levels of the respondents belonging to different demographic profiles towards perceived level of service quality in the organized retail outlets.

H_{02}:   There is no significant difference between the expected and perceived levels of the service quality dimensions in the select organized retail outlets in Salem city.

Methodology

This study is confined to the customers of the select organized retail outlets in Salem city. In the present study, the sampling involves two stages. In the first stage, 5 organized retail outlets namely, Nilgiris Supermarket, Jaisuryas Retail, Bharathi Supermarket, Spencers Daily Store and Ponni Super Market are selected on purposive basis. In the second stage, by adopting quota sampling, 50 respondents are selected from each organized retail outlet. Thus, the sample consists of 250 customers. This study is empirical in nature based on survey method. As an essential part of the study, the primary data were collected from 250 customers with the help of questionnaire. The secondary data were collected mainly from journals, reports, books and records. The data so collected have been entered into a master table and tabulated to arrive at useful conclusions. In order to study the perception of the customers towards service quality, various statistical tools such as student t test, paired comparison t test, analysis of one-way variance, co-efficient of variation and percentage analysis were employed.

Findings

- There is no significant relationship among the acceptance levels of the respondents belonging to different genders, age groups and occupations towards perceived service quality in the select organized retail outlets in Salem city. A significant relationship is found among the acceptance levels of the respondents belonging to different educational status, income groups and retail outlets towards perceived service quality in the organized retail outlets.

- Female respondents, respondents in the age group upto 30 years, respondents having upto H.Sc qualification, housewives, respondents whose monthly family income is upto Rs.15000 and customers of the Nilgiris Supermarket have higher acceptance level towards perceived service quality in the select organized retail outlets.

- There exists consistency among the acceptance levels of male respondents, among the respondents in the age group 41-50 years, among the respondents who have upto H.Sc qualification, among the employed respondents, among the respondents whose monthly family income is upto Rs.15000 and among the customers of the Jaisuryas Retail towards perceived service quality in the select organized retail outlets.

- There is a significant difference in the acceptance level of the sample customers between expected and perceived levels of physical aspects, reliability, personal interaction, problem solving and policy dimensions of the service quality in the select organized retail outlets. It implies that there exists service performance gap in all the dimensions of service quality in the select organized retail outlets.

- Out of 250 respondents, 31.60%, 42.20%, 16.40%, 8% and 1.80% of the respondents strongly agree, agree, neither agree nor disagree, disagree and strongly disagree respectively towards physical aspects of the service quality in the select organized retail outlets.

- About 18%, 36.20%, 33.60%, 11.80% and 0.40% of the respondents strongly agree, agree, neither agree nor disagree, disagree and strongly disagree respectively towards reliability service quality dimension in the select organized retail outlets in Salem city.

- Out of 250 respondents, 27.40%, 37.80%, 22.80%, 9.40% and 2.60% of the respondents strongly agree, agree, neither agree nor disagree, disagree and strongly disagree respectively towards personal interaction dimension of service quality in the select organized retail outlets in Salem city.

- About 28.40%, 39%, 24%, 8.40% and 0.20% of the respondents strongly agree, agree, neither agree nor disagree, disagree and strongly disagree respectively towards problem solving dimension of the service quality in the select organized retail outlets.

- Out of 250 respondents, 34%, 39.20%, 22.80%, 3% and 1% of the respondents strongly agree, agree, neither agree nor disagree, disagree and strongly disagree respectively towards policy dimension of the service quality in the select organized retail outlets.

Suggestions

- The organized retail outlets always ensure that physical facilities like convenient store layouts and store appearance. Therefore, store managers ensure high level of reliability on the agreement made to consumers and ensure what is guaranteed is delivered.
- Service personnel are the key factor impacting customers' perception of service quality in organized retail outlets. By improving the performance of employees, organized retail outlets can increase customer's satisfaction. High level of training must be given to the store employee to increase the level of personal interaction with customers.
- Other factors that customers are concerned at organized retail outlets are policy and physical aspects. Existing organized retail outlets must specify the weight of each factor impacting customer's perception of service quality. Based on these weights and the average score for each factor, organized retail outlets can propose appropriate action plans. Thus, policy dimension factors like store convenience, policy regards with customer desire and response, opening hours must concentrate to increase the level of service quality.
- Certain days of the year like the Republic Day, Independence Day, Festivals both national and local are heavily promoted for grand sale. Usually the service gaps widen, this can be inferred easily as we tried to collect data during republic day it was just not possible due to heavy crowd and none of the respondents were ready to answer our questionnaire.
- Though big retail stores promise comfortable parking of their vehicles in their communication to customers, this happens only in non-peak hours. During peak hours, the parking facilities fall short of customers' requirements. Therefore, the outlet managers should take necessary steps to overcome this problem.

Conclusion

It is evident that organized retail outlets require increasing and preserving a competitive advantage if they are to endure in the competitive sector. Therefore, organized retail outlets should often evaluate their consumers' perceptions of service quality and build up appropriate policies to meet their consumers' expectations. Every retail outlet has significant advantages with respect to other outlets in terms of location, potential of the trading area, brand pull of the retail outlet. In this study, major service gaps were noticed. These gaps predominantly related to the behavioral aspects of the staff members. The researchers have suggested various measures to improve the service quality of the organized retail stores in Salem city.

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