CUSTOMERS INSIGHTS ON SERVICE QUALITY TOWARDS RETAILING

Dr.S.Krishnakumari,
Associate Professor, Department of Management Studies,
Anand Institute of Higher Technology, Chennai
Ph.no : 9865495458, email : krishnakumari.mba@gmail.com

Mr.M.S.Augustine Premnath
Executive, TITAN COMPANY LTD, Chennai
Ph.no: 9941016224, email: augustinemba@gmail.com

Abstract

In marketing of goods it is always easy for a marketer to measure the customer satisfaction, which in turn will help to raise the market share of the product because there are various parameters to check but in service marketing, only quality of the service derives the level of satisfaction. This study deals with the quality variable that helps to identify the dimensions that are offered to the organized retailers to the customers. Improving service quality is seen as critical to ensure customer loyalty. With development of FDI in retail sector the Indian players have to increase their service quality to compete with the foreign players. This paper is an attempt to identify the difference between expectation & perception of retail sector customers with the help of prominent model of service quality i.e. Parasuraman's et al (1988) SERVQUAL model.

Keywords: FDI, customer satisfaction, customer loyalty.

1. Introduction

India is conquered by a mix of both organized and unorganized retailing. The customer and retailer bonding play the vital role, as the retailer is well versed in insight of the customers. Customer satisfaction can be attained only by providing high service quality by the retail sectors. The SERVQUAL scale (Parasuraman et al, 1988) was adapted for measuring the customer's satisfaction about the service encounter in retailing. The constructs scale was adapted and modified from the research conducted by Evans et al (2008) on the role of socialization in customer satisfaction in insurance services. The intangible nature of the services makes evaluation of the services difficult. The SERVQUAL is based on the assumption that the level of service quality experienced by the customers is dependent on their perception of gap between expected and actual service (Parasuraman et al, 1988). The SERVQUAL model was made of ten dimensions of service quality when created namely tangibles, reliability, responsiveness, communication, credibility, security, competence, empathy and assurance.

Courtesy, understanding the customer, and access but later on these dimensions were reduced to five because some dimensions were overlapping and they included

- Tangibles- physical facilities, equipments, and staff appearance
- Reliability- ability to perform the promised service dependably and accurately
- Responsiveness- willingness to help customers and provide prompt service
- Assurance- knowledge and courtesy of employees and their ability to inspire trust and confidence

- Empathy- caring, individual attention the firm provides its customers

Service quality is the overall outlook towards conveying a service and meeting customer expectations. The SERVQUAL scale has been applied across various service sectors, and it measures the customer expectations about a service. Gronroos (1982) states that measuring quality is difficult, as customer's assessments are dependent on supplier's ability to meet the needs of the customers. Lehtinen (1982) put forward that service quality may be defined in terms of physical quality, interactive quality and corporate quality of the organization. The tangible elements of services influence in developing customer perceptions toward the service personnel's behavior also play a major role in customer perceptions toward service quality. Service quality in retailing is essential for customer's overall impression and satisfaction of the relative organization of its services and which is more significant to the retail outlets.

Research problem

Services are being provided for many customers every day and many customers depend on them to deliver service in a good way. To avoid service failures it is important for the retail sector to know what the customers are thinking about their service so that failures can be avoided and improvements can be made. They need to know which attributes to measure and which factors that can be taken from different tools to identify customer satisfaction. The general concept of customers that are dissatisfied is that they can create a bad image and reduce customer loyalty and therefore it has negative effects on long term profit margin. In order to make customers satisfied the company has to invest more money in good employees and better equipment. On the other hand the organization should follow the price level of the competitors.

Importance of the study

1.   To analyse the customers insight on service quality of retailers.

2.   The study will highlight on the dimensions of service quality that is important for customers in the retail sector.

3.   To help the retailers to strategise their action policies according to the need of the consumers.

Objective of the study

1.   To study the customers insight on service quality towards retailing.

2.   To identify the influence of demographic factors on service quality towards retailing

3.   To examine the influence of SERVQUAL on customer loyalty with respect retailing.

2.   Literature review

This chapter highlights the study of previous literature regarding the customer's insight on service quality towards retailing, the previous study helps to get an idea about different approaches made by the earlier researches in the field and also to identify the research-gap.

Parasuraman (1990) in his study on superior customer service and marketing excellence confer the meaning and measurement of service quality and offered managerial guidelines for delivering superior service by invoking key insights from a multi sector stream of research on customer service. He developed a model called SERQUAL, which consisted of five dimensions like reliability, responsiveness, assurance, empathy and tangibles. He concluded that reliability to be the most important of the five SERQUAL dimensions. He also concluded that a business should effectively mixture of external marketing with customer service to deliver superior service to customers.

Susan J.R. Cottrell, (1994) discussed the Customer Perceived Quality and Role of Customer Expectation Distribution. According to him exceeding customer expectation will still be required if the company seeks to delight customer. In the event of having low expectation of service quality and meeting it, researchers had found, had raised

preference. He argued that a company should always focus on its most loyal customers. Retention point of view, less loyal customers' tendency to defection is grater hence that sector should be defended with force. This research further suggested greater the experience a customer with a service provider greater the chances of meeting expectation in perceived value.

3. Research Methodology

In this chapter careful consideration has been given for the selection of the appropriate tools, collection of data and analysis of data. A descriptive research design was taken for the study. The study takes a comprehensive approach to the assessment of consumer's insight on service quality towards retailing with the help of the primary data. Questionnaires were collected through consumer survey. The survey was carried out in the retail outlets in the city of Chennai choosing the population randomly with the sample size of 150. The questionnaire consists of three parts, one about the respondents personal information, second is questions given about respondents insight on service quality towards retailing and the last part is done through five point scaling with the help of Parasuraman's SERVQUAL consisting of thirty customer's insight on service quality towards retailing statements.

Demographic Profile of Sample Respondents

Demographic		No. of Respondents	
		Frequency	Percentage
Gender	Male	90	60
	Female	60	40
Total		150	100
Age group	Less than 25 yrs	55	37
	26-35 yrs	47	31
	36-45 yrs	29	19
	Above 45	19	13
Total		150	100
Educational Qualification	Graduate	48	32
	Post graduate	35	23
	professional	38	26
	Others	29	19
Total		150	100
Occupation	Student	42	29
	Professional	41	26
	Employee	31	21
	Business	20	13
	Others	16	11
Total		150	100
	Less than Rs.1,00,000	39	26
	1,00,000 to	23	15

Annual income	2,00,000 Rs.		
	2,00,000 to 3,00,000 Rs.	41	27
	More than300000 Rs.	47	27
Total		**150**	**100**

The demographic characteristics of the respondents show that majority of respondents (60%) were Male. It is further revealed that most of the respondents (37%) belonged to the age group of less than 20 years, with 31 % of the respondents falling in the age group of 26-35 year. Students comprise of a maximum portion of (29%) , followed by professionals with (26%) . A majority of respondents (32%) were graduates, followed by professionals (26%). This revealed that education level also plays a leading role in the preference of retail outlets.

Table - 2, Test service quality towards retailing based on their gender

Service quality	Gender		Total
	Male	**Female**	
Highly Satisfied	42	29	71
Highly Dissatisfied	47	32	79
Total	89	61	150

H_0 = There is no significance difference between service quality towards retailing and gender.

H_1 = There is significance difference between service quality towards retailing and gender.

Chi-square – service quality towards retailing based on their gender

Chi-square	Value	Degrees of freedom	Significance
Pearson Chi-Square	1.663[a]	1	.197

In the above obtained result, since the significance value is more than 0.05 the **null hypothesis is accepted and alternate hypothesis is rejected** and it is concluded that there is no significance difference between service quality towards retailing and gender.

Table - 3, Test service quality towards retailing based on their occupation

Service quality	Occupation					Total
	Student	**Professional**	**Employed**	**Business**	**Others**	
Highly Satisfied	19	23	12	7	9	71

Highly Dissatisfied	22	26	13	8	10	79
Total	41	49	26	15	19	**150**

H_0 = There is no significance difference between service quality towards retailing and occupation.

H_1 = There is significance difference between service quality towards retailing and occupation.

Chi-square – service quality towards retailing based on their occupation

Chi-square	Value	Degrees of freedom	Significance
Pearson Chi-Square	2.574[a]	4	.631

In the above obtained result, since the significance value is more than 0.05 the **null hypothesis is accepted and alternate hypothesis is rejected** and it is concluded that there is no significance difference between service quality towards retailing based on their occupation.

Table - 4, Test service quality towards retailing based on their income

Service quality	Income				Total
	Less than Rs. 1, 00,000	Rs. 1,00,000 to Rs. 2,00,000	Rs.2,00,000 to Rs. 3,00,000	More than Rs.3,00,000	
Highly Satisfied	28	26	10	7	1
Highly Dissatisfied	31	28	12	8	9
Total	59	54	22	15	50

H_0 = There is no significance difference between service quality towards retailing and income.

H_1 = There is significance difference between service quality towards retailing and income.

Chi-square – service quality towards retailing based on their occupation

Chi-square	Value	Degrees of freedom	Significance
Pearson Chi-Square	6.598[a]	3	.086

In the above obtained result, since the significance value is more than 0.05 the null hypothesis is accepted and alternate hypothesis is rejected and it is concluded that there is no significance between service quality towards retailing and income.

Table-5, Reliability statistics for customer insight on service quality towards retailing

RELIABILITY STATISTICS	
Cronbach's Alpha	No. of items
.965	32

Devellis (1991) suggested that an acceptable level of reliability for psychometric test starts from .65 in this analysis most of the reliability value is above .65. The dimension wise result of Cronbach's alpha values for the study is .965 (96.5%).

Table-6, KMO and bartlett's test for customer insight on service quality towards retailing

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.939
Bartlett's Test of Sphericity	Approx. Chi-Square	3650.467
	Df	496
	Sig.	.000

In this study, the value of Kaiser-Meyer-Olkin Measure of Sampling Adequacy is 0.939 (93.9%) which is more adequate.

4. FACTOR ANALYSIS

Table-7, Total variance explained for customer insight on service quality towards retailing

Total Variance Explained						
Factor	Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	15.586	48.707	48.707	5.953	18.603	18.603
2	1.975	6.171	54.878	5.714	17.857	36.460
3	1.540	4.812	59.690	4.273	13.353	49.812
4	1.333	4.164	63.854	2.980	9.314	59.126
5	1.138	3.556	67.411	2.651	8.284	67.411

Extraction Method: Principal Component Analysis.

Inference

The above table shows that the total variance explained is 67.411%. This is appropriate for factor analysis. The 67.411% variance was explained by the 5 extracted components namely responsiveness, assurance, reliability, empathy and tangibility. Service quality is a insight of the customer, which forms an opinion from a host of contributing factors. Therefore retailers need to understand all the magnitudes used by customers to evaluate service quality.

5. Finding of the study

- There is no significance difference between service quality towards retailing and gender.
- There is no significance difference between service quality towards retailing and occupation.
- There is no significance difference between service quality towards retailing and income.
- The overall cronbach's Alpha value for service quality towards retailing is 96.5% which is very good.
- The value of Kaiser-Meyer-Olkin Measure of Sampling Adequacy is 93.9% which is more adequate.
- The total variance explained is 67.411%. This is appropriate for factor analysis. The 67.411% variance was explained by the 5 extracted components.
- In factor analysis 5 factors were extracted from 32 statements and the factors were named as Responsiveness factor, Assurance factor, Reliability factor, Empathy factor, Tangibility factor respectively.

6. CONCLUSION

- This study focuses on studying the service quality towards Telecommunication Service Providers. Though there are many studies on the service quality, the behavioural aspects that influence the service quality had not been paid much attention with reference to the telecommunication service providers. With the current trend on cut throat competition and with low switching cost for the customers, the telecommunication service providers are facing challenges in keeping themselves steady in the competition. On the other hand, the high cost of customer acquisition is making today's businesses understand the importance of retaining the customers for long run sustainability.
- It has been found that generally with service quality is low expected and desired. This implies that policy makers and industry regulators need to be awakened to this empirical fact and take pragmatic steps to ensure that network operators improve their efficiency and effectiveness in the provision of customers need, desires and expectation. It is examined with the SERVQUAL dimensions and switching intentions.
- From the various analyses done it is clear that there is a positive relationship between service quality variables. A positive relationship was established between service quality variables and customer loyalty. Customer usage is considered an intermediate variable through which service quality affects customer loyalty and their satisfaction. The results indicated that customer loyalty is influence by the quality of the service provided. The study concludes by asserting the fact that if the behavioural aspects are studied and its influence on the loyalty indices are focused by telecommunication service providers, it could improve their overall strength in the competition.

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