Impact of Service Quality on Customer Satisfaction – A study on Reliance Fresh Retail stores in Andhra Pradesh State

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ABSTRACT

The total concept and idea of shopping has undergone a vast drawing change in terms of format and consumer buying behavior, ushering in a revolution in shopping in India. Modern retailing has entered into India as is observed in the form of sprawling shopping centers, multi-storied malls and the huge complexes that offer shopping, entertainment and food all under one roof. A retailer in order to compete successfully must have an understanding of consumer perception of the quality and the way service quality is influenced. Managing perceived service quality means that the firm has to match the expected service and perceived service to each other so that consumer satisfaction is achieved. This paper is aimed to provide conceptual base to understand the importance of service quality by analyzing various Service quality (SERVQUAL) models and the measurement of Servqual for the Reliance Fresh retail stores in select 6 cities using GAP model. Weighted averages and Analysis of Variance is applied in relevant places in order to critically examine the customers' perception towards service quality which will ultimately contribute information for the growth of performance of the organized retail outlets.

Keywords: Customer Satisfaction, Quality, Reliance, Service, SERVIQUAL

Introduction

Retail Service Quality

The Indian retail industry has experienced growth of 10.6% between 2010 and 2012 and is expected to increase to USD 750-850 billion by 2015 according to a report by Deloitte – 'Indian Retail market opening more doors-2013'. The industry has long way to go as there is a huge opportunity in streamlining the sector. Indian retail sector is gradually inching its way towards becoming the next boom industry. Food and Grocery is the largest category within the retail sector with 60 % followed by Apparel and Mobile segment. Currently India constitutes only 8% of organized retail and remaining 92% is left unorganized, which may grow much faster than traditional retail. It is expected to gain a higher share in the growing pie of the retail market in India.

Various estimates put the share of organized retail as 20% by 2020. The growth pattern in organized retailing and in the consumption made by the Indian population.

The country's traditional retail industry is expected to grow at an average annual rate of 5% over the next year, while the organised retail is estimated to register a growth rate of around 25% during this

period. The growing disposable income in the country is resulting in increasing consumer spending habits. A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing workingwomen population and emerging opportunities in the services sector are going to be the key factors in the growth of the organized Retail sector in India.

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 service prospective. In retail service, it is not necessary to look at quality from the perspective of services as well as goods and drive 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 retail customers based on the triangulation 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 good 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. Metha 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 SURVPERF 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 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. There has been a continued research on the definition, modeling, measurement, data collection procedure, data analysis etc., issues of service quality, leading to development of sound base for the researcher.

A conceptual model attempts to show the relationships that exist between salient variables. It is a simplified description of the actual situations. It is envisaged that conceptual models in service quality enable management to identify quality problems and thus help in planning for the launch of a quality improvement program thereby improving the efficiency, profitability and overall performance.

Review of Literature

Dr. Aymn Sulieman (2013) in his study, Basic dimensions of the (servqual model) and its impact on the level of customer satisfaction, to identify the impact of The Basic Dimensions Of the (SERVQUAL model) on the level of customer satisfaction in dealing with the organization. The study found that: there is an impact of the basic dimensions of the (SERVQUAL model) on the level of customer satisfaction at different levels. The study recommends the need for continuous improvement of services provided to customers, through consumer behavior studies, and work to predict customer expectations to ensure the provision of better services.

Dr.Rakesh.R (2012) in his study "Quality assessment of Banking industry using SERVIQUAL" said Managers in the service sector are under increasing pressure to demonstrate that their services are customer-focused and that continuous performance improvement is being delivered. Given the financial and resource constraints under which service organizations must manage it is essential that customer expectations are properly understood and measured and that, from the customers ' perspective, any gaps in service quality are identified.

S. F. Amiri Aghdaie & F. Faghani (2012) in their research Service Quality and Customer Satisfactin (Application of SERVQUAL Model) examined the relationship between services strategies and customer satisfaction and to study the quality of the mobile banking services rendered by the banks in Iran. The researcher has used the customer satisfaction as the dependent variable and the five dimensions of service quality;

namely, tangibles, reliability, responsiveness, assurance and empathy, as the independent variables.

Flora María, Marysela Coromoto & María Yolanda (2011) in their thesis, The User Gap (Perceptions-Expectations) in Tourism Accommodation Services in Mérida State, Venezuela, focuses on service quality in tourism accommodation, measured using a combination of the Servqual model, which measures quality from the user's/turist's perspective, and the 5-gaps model, in an attempt to account for the discrepancy between client expectations and perceptions. The measurement allows us to infer a service quality shortfall given that expectations exceed perceptions. A quality shortfall was noted in both seasons. Moreover, differences in average Servqual scores were found to exist only among the user groups defined by their level of education and earnings.

A joint study by Senthil Kumar.S and Shiva Kumar. P (2011) on Growing prospective of Retail industry in and Around India" critically examined the global retail scenario with special reference to India. The authors have pointed out that, retailing has played a major role in the global economy. In developed markets, retailing is one of the most prominent industries. The study has concluded that retailing in India is gradually inching this way towards becoming the next boom industry. The whole concept of shopping has altered in terms of format and consumer buying behaviour, ushering a in a revolution in shopping India. Modern retail has entered India as seen in sprawling shopping centers, multi-storied malls and huge complexes offer shopping, entertainment and food all under one roof.

Yogesh Upadhyay and Shiv Kumar Singh (2008) in his research work entitled "Measuring customer perceived value of different retail formats" opined that superior customer value gives an edge in the market. Also, stated that entertainment aspect of retailing or entertaining is increasingly being recognized as a key competitive tool. The study also indicates that consumer perceive hypermarkets at par with general retail outlets in delivering exchange value to them.

Darshan Parikh (2006) concentrated on the assessing the internal reliability of the retail service quality instrument by evaluating the validity of the scale. Further, the study has concentrated on the gap analysis and identification of areas for improvements in retail service quality. The study found that the gap mode of service quality does not perform as well as the perceptions based performance measures of service quality in terms of its factor structure. The author has opined that the retail stores in India will have to improve the quality of their services significantly in order to compete successfully in the global market place.

Objectives of the Study

1) To ascertain the services offered by the Reliance retail in Telangana state.

2) To gauge the impact of quality gaps and its impact on customer satisfaction.

Methodology

Random sampling through the questionnaire. Respondents are the customers visiting the retail stores. SERVIQUAL, GAP model, Sample size of respondents: 300, No. of stores: 30 in selected cities of andhrapradesh state randomly.

Service Quality Models

The researcher in the present study considers the following service models in the light of the changed business scenario. The models are presented using a standard structure, i.e. covering brief discussion and the major observations on the models for above parameters. The brief discussions on the models are as under:

SQ1. Technical and functional quality model

A firm in order to compete successfully must have an understanding of consumer perception of the quality and the way service quality is influenced. Managing perceived service quality means that the firm has to match the expected service and perceived service to each other so that consumer satisfaction is achieved. The author identified three components of service quality, namely: technical quality; functional quality; and image (see Figure1)

(1) Technical quality is the quality of what consumer actually receives as a result of his / her interaction with the service.

(2) Functional quality is how he/she gets the technical outcome. This is important to him and to his/her views of service he/she has received.

GAP Model

Parasuraman et al. (1985) proposed that service quality is a function of the differences between expectation and performance along the quality dimensions. They developed a service quality model (Figure 2) based on gap analysis. The various gaps visualized in the model are:

Gap 1 is the difference between consumers' expectation and management's perceptions of those expectations, i.e. not knowing what conumers expect.

Gap 2 is the difference between management's perceptions of consumer's expectations and service quality specifications, i.e. improper service –quality standards.

Gap 3 is the difference between service quality specifications and service actually delivered i.e. the service performance gap.

Gap 4 is the difference between service delivery and the communications to consumers about service delivery, i.e. whether promises match delivery?

Gap 5 is the difference between consumer's expectation and perceived service. This gap depends on size and direction of the four gaps associated with the delivery of service quality on the marketer's side. An exploratory research was refined with their subsequent scale named SERVQUAL for measuring customer's perceptions of service quality. (Parasaraman et al., 1988).

Measuring the quality of a service can be a very difficult exercise. Unlike product where there are specific specifications such as length, depth, width, weight, and colour etc. A service can have numerous intangible or qualitative specifications. In addition there is there expectation of the customer with regards the service, which can vary considerably based on a range of factors such as prior experience, personal needs and what other people may have told them.

SERVQUAL examines five dimensions of service quality:

1. Reliability

2. Responsiveness

3. Assurance

4. Empathy, and

5. Tangible (e.g. appearance of physical facilities, equipment, etc.)

For each dimension of service quality above, SERVQUAL measures both the expectation and perception of the service on a scale of 1 to 7, 22 questions in total. Then, each of the five dimensions are weighted according to customer importance, and the score for each dimension multiplied by the weighting.

Following this, the Gap Score for each dimension is calculated by subtracting the Expectation score from the Perception score. A negative Gap score indicates that the actual service (the Perceived score) was less than what was expected (the Expectation score). The Gap score is a reliable indication of each of the five dimensions of service quality. Using SERVQUAL, service providers can obtain an indication of the level of quality of their service provision, and highlight areas requiring improvement.

For the present study, the GAP score is identified individually for each of the three retail companies using weighted averages and further ANOVA is applied to determine the significant difference in the perceptions of the customers with reference to dimensions of Servqual.

Servqual Score Obtained From Field Survey With Reference To Reliance

The following table shows the perceptions of the customers with reference to the various statements made in order to determine the Servqual score for 5 dimensions of Servqual. The responses are quantified and presented in the table 1.

(Insert Table 1 here)

GAP Score for Reliance Retail

A highest value of 1500, i.e., (300 X 5 (strongly agree)) is assigned for expectation score, and the score is compared with Perception score obtained in Table.2

(Insert Table 2-3 here)

From table 2 & Table 3, it is to observe that, the GAP score obtained from Tangibility dimension is -734.25 which is found which has achieved V Rank in comparison with other 4 dimensions GAP score. Further, it is to understand that, the average GAP Score for Tangibility is shown higher than the value obtained for statement 2 and statement 3. From this, it is to conclude that, Reliance retail outlets must concentrate on the feature which attracts visually appealing to the customers. Further, it is also advised that, the retail outlet's employees at reception desk must be fair and neat appearing in order to attract the customers and customers can freely exchange the required information with the reception desk employees.

With reference to Reliability dimension, it is observed that, the average GAP score is -527.4 which is higher than the value obtained for the GAP score of Statement 6. Hence, it is to conclude that, the retail outlets must provide customer friendly information to the queries and problems of customers and they must be ready to solve it for gaining interest of the customers.

With reference to 'Responsive dimension', it is observed that, the GAP score obtained is -547.75 and this value is higher than the GAP score achieved from statements 10 and 12. From this, it is to conclude that, the retail company must train the employees to be more accountable for giving information about the services that can be performed to the customers. Further, the employees must be willing in order to help the customers.

With reference to 'Assurance Dimension', it is observed that, the average GAP Score is -477.5 which stood first in comparison with other 4 dimensions. Further, the average GAP score is higher than the value obtained from statements 15 and 16. Hence, it is to conclude that, the retail outlet should

provide more trust to the customers that, the transactions are safe and further, the employees must be courteous to the customers. With reference to 'Empathy dimension', it is observed that, the average GAP score is -687 and it has achieved IV rank. Further, the average GAP score is higher than the GAP score achieved for statements 18 and 21. Hence, it is to conclude that, Reliance retail outlets must concentration the individual attention as each and every customer is important asset for retail stores. Further, the retail outlets must provide best interest at hears to show more empathy to the customers.

Findings

From the study the analysis is focused on the five dimensions of service quality using GAP model. The tangibility, reliability, responsiveness, assurance and empathy dimensions were integrated to all the three retail companies in the select cities. The research has calculated the Gap score and weighted averages were integrated to observe the gaps in the service quality in the select cities.

With reference to reliance the 'Tangibility' dimension, the average gap score (-734.25) is very much higher than the average SERVQUAL score (-594.78). Hence it is observed that majority of the customers of

Reliance have opined tangibility dimensions has to be improved. Further, it is clear that the retail outlets features are not visually appealing and retail outlets reception desk employees are not appearing neatly. Whereas the customers opinioned that retail outlet has modern looking equipment and material associated (like brochures and pamphlets) are available as an effective source of information to the customer.

With reference to 'Reliability' dimension, the average gap score (-527.4) is higher than the average SERVQUAL score (-594.78). Hence it is observed that majority of the customers of Reliance have opined reliability dimension has up to the mark. Further, it is clear that the when the retailer promises do to something by a certain time, they does so and they perform the service right at the first time and they also insist on error free transactions. But, when a customer is having a problem, it is not taken as a seriously to resolve the problem. Hence, it can be a deficiency to the company and utter the quality of service, thus resulting to the dissatisfaction of a customer.

With reference to 'Responsiveness' dimension, the average gap score (-547.75) is lower than the average SERVQUAL score (-594.78). Hence it is observed that majority of the customers of Reliance have opined Responsiveness is effective. Further,

it is clear that the employees in the retail outlet are promptly attempt to the request and queries of customers, which is a good sign of service attitude. But there is a lack in informing to the customer exact time of transaction completion, and their willingness to help the customers are not impressive, thus resulting in not delivering a prompt service to the customer visiting the retail outlet.

With reference to 'Assurance' dimension, the average gap score (-477.5) is lower than the average SERVQUAL score (-594.78). Hence it is observed that majority of the customers of Reliance have opined that assurance dimension is much effective. Further, it is clear that the behavior of the employees instill the confidence to the customer and as well as the knowledge level of employees is high, resulting a favourable opinion of the customers. On the courteousness and making the customer convenient in terms of safety and secure are lack, may result in losing the customer in a long run.

With reference to 'Empathy' dimension, the average gap score (-687) is higher than the average SERVQUAL score (-594.78). Hence it is observed that majority of the customers of Reliance have opined that empathy dimension is tampering the quality of services of retailer. Further, it is clear

that the operating hours are not so convenient and employees are lack in offering and assisting serving the customers, which is diluting the opinion on retailer thus leading to dissatisfaction. But the survey results shows that, employees show a best interest at heart and they are always listen and understand clearly what customers are need and querying for with individual attention. This results in customer's interest in visiting the store as well as helps in making a positive reinforcement to visit the store again.

Suggestion & Conclusion:

From the analysis on Servqual score of Reliance Outlets, it is recommended that, Reliance retail outlets must concentrate on the feature which attracts visually appealing to the customers. Further, it is also advised that, the retail outlet's employees at reception desk must be fair and neat appearing in order to attract the customers and customers can freely exchange the required information with the reception desk employees.

The reliance retail outlets must concentrate on providing customer friendly information to the queries and problems of customers. With regard to responsive dimension, the retail company must train the employees to be more accountable for giving information

about the services that can be performed to the customers. Further, the employees must be willing in order to help the customers. The retail outlets must provide trust to the customers with regard to safety, further, the retail outlets must provide best interest at hear to show more empathy to the customers.

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List of Tables

Table 1: SERVQUAL Score for Reliance Retail

S. No	Statement	Perception					Total	Total Score
		Strongly Agree(5)	Agree(4)	Neutral (3)	Disagree(2)	Strongly Disagree(1)		
	TANGIBILITY							
1	The retail outlet has modern looking equipment.	13	32	121	83	51	300	773
2	The retail outlets features are visually appealing.	17	33	107	79	64	300	760
3	The retail outlet's reception desk employees are neat appearing.	20	29	111	67	73	300	756
4	Material associated with the service (such as pamphlets or statements) are visually appealing at the retail outlet.	19	22	132	68	59	300	774
	RELIABILITY							
5	When the retail outlet promises to do something by a certain time, they do.	53	101	49	61	36	300	974
6	When you have a problem, the retail outlet shows a sincere interest in solving it.	51	97	46	59	47	300	946
7	Retail outlet executes the transaction right the first time.	49	112	51	54	34	300	988
8	The retail outlet provides its service at the time it promises to do so.	47	108	54	58	33	300	978
9	The retail outlet insists on error free transactions.	43	116	53	51	37	300	977
	RESPONSIVENESS							
10	Employees in the retail outlet tell you exactly when the transactions will be performed.	33	104	73	59	32	300	950
11	Employees in the retail outlet give you prompt service.	34	112	67	46	41	300	952
12	Employees in the retail outlet are always willing to help you.	28	109	74	53	36	300	940
13	Employees in the retail outlet are never too busy to respond to your request.	30	116	78	43	33	300	967
	ASSURANCE							
14	The behaviour of the employees in the retail outlet instills confidence in you.	76	94	57	49	24	300	1049

| 15 | You feel safe in your transactions with the retail outlet. | 63 | 102 | 54 | 51 | 30 | 300 | 1017 |
16	Employees in the retail outlet are consistently courteous with you.	62	97	48	56	37	300	991
17	Employees in the retail outlets have the knowledge to answer your questions.	71	99	52	48	30	300	1033
EMPATHY								
18	The retail outlet gives you individual attention.	23	36	107	83	51	300	797
19	The retail outlet has operating hours convenient to all its customers.	30	40	97	86	47	300	820
20	Retail outlet has employees gives you personal service.	25	43	110	79	43	300	828
21	The retail outlet has your best interest at heart.	24	37	102	88	49	300	799
22	The employees of the retail outlet understand your specific needs.	29	44	96	81	50	300	821

Table 2: GAP SCORE for Reliance Retail

S.No.	Dimension	Statement Numbers	Expectation Score	Perception Score	Gap Score
1	Tangibility	1	1500	773	-727
2		2	1500	760	-740
3		3	1500	756	-744
4		4	1500	774	-726
			Average Tangibility Gap Score		**-734.25**
5	Reliability	5	1500	974	-526
6		6	1500	946	-554
7		7	1500	988	-512
8		8	1500	978	-522
9		9	1500	977	-523
			Average Reliability Gap Score		**-527.4**
10	Responsiveness	10	1500	950	-550
11		11	1500	952	-548
12		12	1500	940	-560
13		13	1500	967	-533
			Average Responsiveness Gap Score		**-547.75**
14	Assurance	14	1500	1049	-451
15		15	1500	1017	-483
16		16	1500	991	-509
17		17	1500	1033	-467
			Average Assurance Gap Score		**-477.5**
18	Empathy	18	1500	797	-703
19		19	1500	820	-680
20		20	1500	828	-672
21		21	1500	799	-701
22		22	1500	821	-679
			Average Empathy Gap Score		**-687.00**
			Average SERVQUAL Score		**-594.78**

Table 3: Relative ranking of the quality dimensions

S.No.	Dimensions	Overall Gap Score	Rank
1	Tangibility	-734.25	V
2	Reliability	-527.4	II
3	Responsiveness	-547.75	III
4	Assurance	-477.5	I
5	Empathy	-687.00	IV

List of Figures

Fig. 1: SQ1- Technical and functional quality models

What?   How?
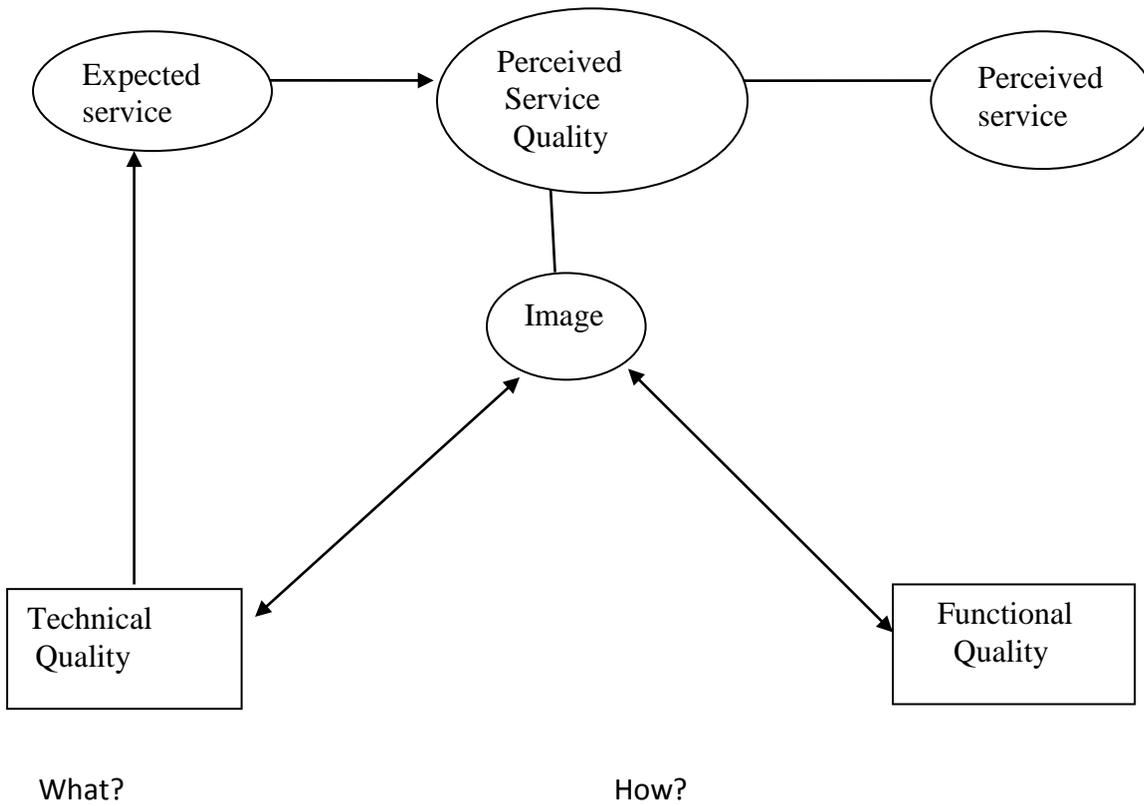
Source: Gronroos (1984)

Fig. 2: SQ2- GAP model