A Study on Service Quality in Retail Outlets of Bhubaneswar

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Abstract *The purpose of study is to assess the service quality by using SERVQUAL instrument in Bhubaneswar retail setting. A survey was conducted at three selected major retail outlets in Bhubaneswar. Questions pertaining to all the dimensions of service quality identified by Parasuraman, Zeithaml & Bitner were asked to the respondents. The study gave insights into the critical gaps that exist in the services provided. Comparative study of the gap score of the retail outlets under study helped us to focus on the dimensions that required immediate attention as they had strong impact on the business of the organized retail stores. The study clearly indicates the absence of basic service delivery systems on part of the retail outlets. There is provision on all fronts by the retail to provide good services but gaps in meeting the consumer expectations tell a different story. Few suggestions are recommended based on the study carried out to fine tune the processes which will benefit the organized retailers to bridge the gaps in services. This study provides useful insights and guidance for managers to measure and improve service quality.*

Keywords *SERVQUAL, Dimensions of Service Quality- Tangibles, Responsiveness, Reliability, Assurance, Empathy, Retail Formats- Hypermarkets and Malls.*

INTRODUCTION

An organized retail store cannot achieve success without delivering superior service quality. Customer perceived service quality has been given increased attention in recent years as it has contributed significantly to business competitiveness. SERVQUAL, a model developed by Parasuraman et al. (1988), is the most prominent and widely used model for measuring service quality. In the SERVQUAL scale, Parasuraman et al. (1988) identified five determinants of "tangibles", "reliability", "responsiveness", "assurance" and "empathy" as part of the 22-item SERVQUAL scale for measuring service quality. SERVQUAL was used in the study because the objective was to map the perceptions and expectations of consumers from Bhubaneswar was carried out for assessing the quality of services being delivered in the selected retail centers.

RETAILING SCENARIO IN INDIA

It is well known that the organized retail revolution started in India in southern India. Today the phenomenon has caught on and has assumed a pan-India magnitude. Especially the entry of big players like Big Bazaar into tier C cities of India like Bhubaneswar has given them the first mover advantage. The phenomenal rise of ultra modern retail formats in such cities has proliferated rapidly. Hence, a consumer based study aimed to understand the factors which are responsible to influence the store patronage and sought consumer's opinion on how are the service quality standards maintained in these retail formats. Further, making tall claims of consumer convenience in shopping for products getting quality products or services at affordable prices.

The retail sector in India is the fastest growing sector in the country. According to BMI India Retail Report for the third-quarter of 2010, released in May 2010 forecasts that the total retail sales will grow from US$ 353.0 billion in 2010 to US$ 543.2 billion by 2014. Strong underlying economic growth, population expansion, the increasing wealth of individuals and the rapid construction of organised retail infrastructure are key factors behind the forecast growth. As well as an expanding middle and upper class consumer base, there will also be opportunities in India's second and third-tier cities. The greater availability of personal credit and a growing vehicle population to improve mobility also contribute to a trend towards annual retail sales growth of 11.4 per cent.

The growth in the overall retail market is driven largely by the explosion in the organised 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.

Mass Grocery Retail (MGR) sales in India are forecast to undergo enormous growth over the forecast period. BMI

predicts that sales through MGR outlets will increase by 154 per cent to reach US$ 15.29 billion by 2014. This is a consequence of India's dramatic, rapid shift from small independent retailers to large, modern outlets.

According to a McKinsey report published in September 2008, called 'The Great Indian Bazaar: Organised Retail Comes of Age in India', organised retail in India is expected to increase from 5 per cent of the total market in 2008 to 14-18 per cent of the total retail market and reach US$ 450-billion by 2015.

OBJECTIVES OF THE STUDY

Main objectives of this paper are:

- To study the customer's perceptions regarding standards of quality maintained by the organized outlets.
- To identify the gaps between expectations and perceptions of customers regarding the quality of services rendered at retail.
- To compare the service gaps in selected outlets in Bhubaneswar.

LITERATURE REVIEW

The emergence of service quality and its assessment has attracted the attention of numerous researchers in the past two decades or so. There are two main lines of thoughts on measuring service quality (Kang and James, 2004): an American and a European perspective. Brady and Cronin (2001) suggest that the researchers generally adopt one of the two conceptualizations in their work. The focus on functional quality attributes is referred to as the American perspective of service quality while the European perspective suggests that service quality considers two more components.

The European perspective considers additional aspects other than the process of service delivery. Grönroos (1984), for instance, noted that the quality of a service as perceived by customers consists of three dimensions: functional (the process of service delivery to customers), technical (the outcomes generated by the service to the customers), and image (how the customers view the company). Considering these dimensions, the quality of the service is dependent upon two variables: the expected service and the perceived service. More details of the previous argument are provided by Grönroos (1984).

SERVQUAL instrument consists of a 22-item instrument for assessing service quality based on customer's perceptions, which is, by his turn, the difference between the customer's perceived quality and his/her expectation. The perceived quality is assessed based on service quality dimensions that correspond to the criteria used by consumers when assessing service quality. There are 10 potentially overlapping dimensions: tangibles, reliability, responsiveness, communication, credibility, assurance, competence, courtesy, understanding/knowing the customer, and access. A more detailed description of those dimensions can be found in Zeithaml et al. (1990). Afterwards, these dimensions were reduced to five, namely: tangibles, reliability, responsiveness, assurance, empathy. Using those 10 or 5 dimensions as the evaluation criteria, the specification of service quality becomes the gap between customers' expectations and their perceptions (Parasuraman et al, 1985). This performance-expectation model was also adopted by other authors (e.g. Brown and Swartz, 1989).

Service Quality Measurement

It is difficult to measure service quality as compared to the quality of a tangible good. The difficulty to measure is due to fewer tangible cues available when consumers purchase services (Parasuraman et al., 1985), fewer search properties, but higher in experience and credence properties (Zeithaml, 1981 in Parasuraman 1985), as compared to goods. It also requires higher consumer involvement in the consumption process (Grönroos, 1984) as the consumption and production of services cannot be separated unlike products. Services are thus inseparable.

Researchers implement the service quality construct either as a gap between expectation of service and perceived performance of service, or just perceived performance alone (Hurley and Estalami, 1998). On the other hand, service quality dimensions are seen as the criteria to assess service quality (Parasuraman, Zeithaml, and Berry, 1985). Feinburg, and de Ruyter (1995) supported this idea as they postulate that the dimensions are instruments for measuring perceived service quality. They also posit that consumer-perceived service quality is usually seen as a multi-dimensional construct.

The earliest research on service quality dimensions was done by Grönroos (1984). He found that the perceived quality of a service is affected by the experience that the consumer went through for a service. Therefore, he encapsulated the perceived quality of a given service as the outcome of an evaluation process; a comparison between the consumer expectations of the service with his perceptions of the service he has received. He also pointed that expectation is influenced by traditions, ideology, word-of-mouth communication, and previous experience with the service and the consumer's perception of the service itself determines his perceived service.

However, he did not discuss the relationship between perception and expectation and how it influences service quality. Grönroos (1984) found that "service quality" comprises of three global dimensions. The first dimension is the technical quality. This dimension refers to the outcome

or what is delivered or what the customer gets from the service. For a retail store, technical quality may include the range of products offered and the availability of parking space. The next dimension is the functional quality which refers to the manner in which the service is delivered or how it is delivered. Customers of a retail store will measure whether the sales people are friendly or whether products are easily returnable. Finally, the last dimension is the corporate image. The store's image is built by mainly both technical and functional quality and to some extent other factors like the traditional marketing activities.

The most popular service quality model in the 1990s (Robinson, 1999) is the model by Parasuraman et al., (1985). Their model supported Grönroos' findings as the models are based on these three underlying themes:

1. Service quality is more difficult for the consumer to evaluate than goods quality;
2. Service quality perceptions result from a comparison of consumer expectations with actual service performance;
3. Quality expectations are not made solely on the outcome of the service; they also involve evaluations of the process of the service" (Parasuraman et al., 1985, p. 42)

Later in another research (Parasuraman et al., 1988), they refined the dimensions as shown in Table 1 into only five dimensions - tangibles, reliability, responsiveness, assurance, and empathy.

Table 1 SERVQUAL's Five Dimensions

Dimensions	Definitions
Tangibles	The appearance of physical facilities, equipment, appearance of personnel, and communication materials.
Reliability	The ability to perform the promised service dependably and accurately.
Responsiveness	The willingness to help customers and provide prompt service.
Assurance	The knowledge and courtesy of employees and their ability to inspire trust and confidence.
Empathy	The caring, individualized attention the firm provides to its customers

Source: Parasuraman, Zeithaml & Berry, 1988, p. 23. and Parasuraman, Berry, and Zeithaml, 1991, p. 41.

METHODOLOGY

The sample was drawn from a population of active retail shoppers. Nearly 400 customers were approached during one week so as to get better representation of the shopping population visiting three organized retail outlets in Bhubaneswar situated at different prominent locations of the city of Bhubaneswar. SERVQUAL questionnaire was used to study the service quality. The responses to 22 statements of expectations and perceptions in SERVQUAL were used for analyzing the Service Gaps which existed between services expected by customers and services delivered to the customers.

The three stores are among the most visible and well established stores in the city of Bhubaneswar. Most of them have opened in the last 4-5 years. Each of these stores has distinct location advantage and trading areas do not overlap. Stores are situated near main roads and highways. Thus there is no problem of attracting customer traffic, which has resulted in these stores achieving significant footfalls every day.

Table 5.1a Profile of Respondents

No.	Store Number	Respondents	Percentage %
1	All Stores	394	100
2	S1	152	39
3	S2	114	29
4	S3	128	32

Table 5.1b Profile of Respondents

Sl. No.	Dimension	Group	Category	Frequency	Percentage %
1	Age	Below 20 yrs.	1	34	9
		20-30yrs.	2	225	57
		30-40 yrs.	3	86	22
		40-60 yrs.	4	49	12
2	Gender	Male	1	245	62
		Female	2	149	38
3	Education	Up-to HSC	1	17	4
		Graduate	2	168	43
		Post Graduate	3	110	28
		Professional Programs	4	79	20
		Others	5	20	5

In this study, gender-wise distribution was slightly in favor of 62% male respondents. But female respondents' participation was appreciable especially when females generally avoid being a part of survey. The age-wise mix indicates a fairly young group participation spreading from 20 years to 40 years which formed the bulk of the respondents at 79%. This is significant as most of products or merchandize available in the organized retail outlets are

planned in keeping with the target groups which are mostly drawn from these age groups. Most of the respondents were educated which further reinforces this study and help in meeting the objectives stated. The spread in terms of education background shows an appreciable number of graduates, post graduates and graduates from professional programs in a decreasing order as evident from the above table 5.1b.

DATA ANALYSIS AND INTERPRETATION

Reliability Analysis

In order to assess the five service quality dimensions, all scores pertaining to expectations and perceptions of the customer were analyzed for reliability. All scores were analyzed together for all stores undertaken for the study as well as separately for all the three individual stores. The Cronbach alpha scores for all the dimensions are shown below in table 6.1.

Table 6.1 **Reliability Analysis of Factors for All Stores**

Expectations		Perceptions	
Dimensions	**Cronbach Alpha**	**Dimensions**	**Cronbach Alpha**
Tangibles	0.727	Tangibles	0.838
Reliability	0.801	Reliability	0.782
Responsiveness	0.775	Responsiveness	0.717
Assurance	0.820	Assurance	0.723
Empathy	0.828	Empathy	0.711
All	0.7902	All	0.7542

Reliability Analysis of factors for Store 1

Expectations		Perceptions	
Dimensions	**Cronbach Alpha**	**Dimensions**	**Cronbach Alpha**
Tangibles	0.724	Tangibles	0.702
Reliability	0.841	Reliability	0.765
Responsiveness	0.803	Responsiveness	0.740
Assurance	0.850	Assurance	0.721
Empathy	0.846	Empathy	0.706
All	0.8128	All	0.7268

Reliability Analysis of factors for Store 2

Expectations		Perceptions	
Dimensions	**Cronbach Alpha**	**Dimensions**	**Cronbach Alpha**
Tangibles	0.707	Tangibles	0.704
Reliability	0.836	Reliability	0.769
Responsiveness	0.801	Responsiveness	0.716
Assurance	0.837	Assurance	0.866
Empathy	0.847	Empathy	0.772
All		All	

Reliability Analysis of factors for Store 3

Expectations		Perceptions	
Dimensions	**Cronbach Alpha**	**Dimensions**	**Cronbach Alpha**
Tangibles	0.752	Tangibles	0.897
Reliability	0.880	Reliability	0.724
Responsiveness	0.895	Responsiveness	0.781
Assurance	0.787	Assurance	0.871
Empathy	0.787	Empathy	0.887
All		All	

It is observed that reliability analysis (Table 6.1) for expectations and perceptions scores for all the dimensions for all stores as well as the individual stores are found to be above the lowest limit 0.7 (Nunally-1978). Hence, these values are reliable and can be used for further gap analysis.

Interpretations from gaps analysis

The gap scores from the five dimensions were calculated and it was found to be significant. The gaps across all the stores put together as well as individually for all stores. As it is evident from the tables 6.3 to 6.5, all stores show a clear gap between the customer perceptions and the service delivery expected by them from the organized retail stores.

Among all the stores, store 1 was found to have the least gaps than other two stores taken for the study. However, the gaps for tangibles and empathy aspects of service quality were found to be higher. The t-values of the P-E are quite suggestive of the significance of these dimensions over others. Store 3 values in table 6.5 reveals a wider gap in the reliability dimension and then other dimensions of tangibles and empathy as mentioned earlier account for major gaps.

The same is also clearly depicted in the graph 6.1 where the line diagrams of all the stores are shown for the gaps scores for all the five dimensions of service quality as identified using SERVQUAL questionnaire.

Figure 6.1 Mapping the gaps in customer expectations and perceptions on the basis of the five dimensions across the stores.

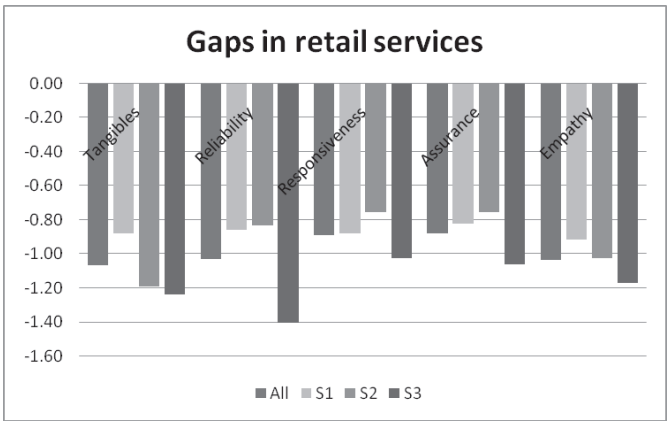

Table 6.2 Comparison of Perception and Expectation Gap for All Stores

Factor	Perception		Expectation		Gap (P-E)	T Value	Significance
	Mean (X)	Std. Dev (σ)	Mean (X)	Std. Dev (σ)			
Tangibles	4.66	1.14	5.72	0.98	–1.07	17.126	0.000
Reliability	4.48	1.04	5.52	1.15	–1.03	15.963	0.000
Responsiveness	4.51	1.06	5.40	1.23	–0.89	12.287	0.000
Assurance	4.58	1.22	5.46	1.21	–0.88	12.603	0.000
Empathy	4.46	1.13	5.49	1.12	–1.04	15.851	0.000

Table 6.3 Comparison of Perception and Expectation Gap for Store 1.

Factor	Perception		Expectation		Gap (P-E)	T Value	Significance
	Mean (X)	Std. Dev (σ)	Mean (X)	Std. Dev (σ)			
Tangibles	4.73	1.04	5.61	1.03	–0.88	9.403	0.000
Reliability	4.56	1.04	5.42	1.21	–0.86	8.319	0.000
Responsiveness	4.54	1.08	5.42	1.23	–0.88	8.151	0.000
Assurance	4.56	1.11	5.38	1.23	–0.82	7.882	0.000
Empathy	4.53	0.99	5.44	1.17	–0.92	9.055	0.000

Table 6.4 Comparison of Perception and Expectation Gap for Store 2.

Factor	Perception		Expectation		Gap (P-E)	T Value	Significance
	Mean (X)	Std. Dev (σ)	Mean (X)	Std. Dev (σ)			
Tangibles	4.81	0.95	6.01	0.77	–1.19	12.301	0.000
Reliability	4.63	0.99	5.46	1.15	–0.83	7.565	0.000
Responsiveness	4.74	1.42	5.49	1.16	–0.75	5.66	0.000
Assurance	4.71	1.22	5.46	1.23	–0.76	5.585	0.000
Empathy	4.51	1.06	5.54	1.10	–1.03	9.399	0.000

Table 6.5 Comparison of Perception and Expectation Gap for Store 3.

Factor	Perception		Expectation		Gap (P-E)	T Value	Significance
	Mean (X)	Std. Dev (σ)	Mean (X)	Std. Dev (σ)			
Tangibles	4.43	1.36	5.67	1.06	–1.24	9.389	0.000
Reliability	4.27	1.05	5.68	1.09	–1.41	12.205	0.000
Responsiveness	4.26	1.16	5.29	1.29	–1.03	7.382	0.000
Assurance	4.49	1.34	5.56	1.18	–1.06	8.329	0.000
Empathy	4.32	1.33	5.49	1.09	–1.17	9.212	0.000

The line graph of store1 shows a very consistent pattern and gaps scores have been maintained under -1. The other stores 2 & 3 bar graphs indicate major inconsistency in the gaps scores across all the five dimensions. One can safely conclude that gaps occurring in store 3 need to be plugged on a critical basis compared to other stores.

Hypothesis

(Null hypothesis) H_0: There is no gap between customer expectations and perceptions on services delivered in retail outlets under study.

(Alternate hypothesis) H_a: There is a perceptible gap between consumer expectations and perceptions with respect to services delivered in retail outlets under study.

The negative gap scores signify that the perceptions of respondents regarding the services delivered is less than expectations. The alternate hypothesis H_a is accepted that the gap between perceptions and expectations of the consumers regarding the services is significant and requires remedial action. The null hypothesis H_0 that the gap between customer expectations and perceptions (P-E) does not exist and is thus rejected.

The negative values of gap are indicative of the fact dimensions like tangibles and empathy require major attention. Factors like reliability and responsiveness also feature on the priority list. It is very clear from the table that respondents felt such retail outlets have to focus more the service standards of staff members and the infrastructure should be in sync with what has been communicated to them by the these retailer's mega promotional campaigns in mass media as well as those within the stores (in-store promotions).

Recommendation

One common aspect which required attention from the retailer's perspective was the empathy dimension. This has direct connection with person who are directly involved in delivering services to the customers. Certain days of the year like the Republic Day, Independence Day, Festivals both national and local are heavily promoted for grand sale. These are the days when these dimensions like empathy, reliability, responsiveness are put to maximum test. 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.

Recommendation on such instances is to conduct periodic drills with the internal employees in real time shopping when customers walk in and services are rendered. Through such real time situations only the staff members can improve their co-ordination and ensure speedy service delivery. In case of any gap that creeps in, the employees must be empowered to take decisions on-the-spot to address the customer complaint thus ensuring service recovery. Soft skill training and exercises like common etiquettes and yoga or meditation during work also can help them to focus.

LIMITATIONS OF THE STUDY

1. As the study is geographically restricted to Bhubaneswar, the findings cannot be generalized to other markets.
2. The factor analysis used in this case is an exploratory one.
3. The respondents' bias towards particular stores due to patronage influences or store location cannot be ruled out.
4. Sample size of 394 is good but may not be sufficient to infer for a larger market like Bhubaneswar.

CONCLUSION

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. The three outlets taken for the study are very strong on all these parameters. Major service gaps were noticed. These gaps predominantly related to the behavioral aspects of the staff members. The only solution to this is to recruit staff members from the local area as they can easily handle the customer to their desired satisfaction levels. Secondly give training to them on new avenues to improve response times and giving customized solutions to the customers. Tangible aspects though important are given a lower priority than other dimensions of service quality.

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