

Comparison of Customer's Perception of Quality, Degree of Satisfaction and Behavioral Intentions in Retail Outlets

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Abstract

This study is conducted to compare the level of perceived service quality, customer satisfaction and behavioral aspects across the various stores in India. Researcher selected seven stores from various organized stores. The selection of the stores is done on the basis of judgemental basis. The seven stores are in the analysis of various outlets like Reliance Fresh, Big Bazaar, Spencer's, Vishal Mega Mart, Shoppers stop, Westside and Ebony. The customers are chosen on systematic random selection basis. In the analysis of various outlets it is found that 85 respondents from Reliance Fresh, 91 from Big Bazaar, 77 from Spencer's, 86 from Vishal Mega Mart, 76 from Shoppers stop, 57 from Westside and 68 from Ebony. In this study a sample size of 600 customers is chosen and from which 540 completely filled in questionnaires are received. This gives a response rate of 90

Index terms— retailing, perceived service quality, customer satisfaction, purchasing intentions, recommending behavior, etc.

1 Introduction

India is the second largest economy in the world where 70% of the population still lives in the villages (Maithani, 2009). Retailing in India contributes about 10 percent of Indian total GDP and retailing provides employment 6-to-7% in our country. Indian is the highest retail density market in the world (Kalhan, 2007). Retailing in India consists of organized and unorganized form of Retailing. As per the images F & R research estimates for Indian Retail, the Indian retail market comprises of in total value of Rs. 1,330,000 crores in the year 2007 and it was growing at a rate of 0.8 percent annually. In the year 2007, the share of organized retail was 5.9% and it comprised of Rs.78,300 crores (Images F&R, 2009). But the growth rate of organized retail was 42.4% in the year 2007 and it was expected that it will maintain its growth rate over the next few years. It was also estimated that organized Retail would touch Rs. 2, 30,000 crores by the year 2010. As per A. T. Kearney list of emerging markets in the retail investment India is going to be the fastest growing economy in the world and the third largest economy in terms of GDP and 4th largest economy in terms of purchasing power parity after USA, China and Japan. As per the another report published by Goldman Sachs India has a potential of growth over the next 50 years and it will contribute more than 5% average growth rate per year during this period. Organized retailing is one of the fastest growing sectors in Indian retailing. The new forms of Malls, Supermarkets, Hypermarkets, departmental stores, Discount stores etc. have made their presence in the urban India. These organized stores are now marching towards rural India. The big retail stores like Reliance Fresh, Big Bazaar, Vishal Mega mart, Spencer's, Westside and Ebony etc. have spread throughout the country and these stores are now attracting large number of the customers for purchasing the products from these stores. The stores belong to Supermarket, Hypermarket as well as Departmental stores in our country.

Consumers are attracting towards these stores because they are getting more benefits in selecting the products and services what they expect in terms of benefits (Haley, 1968; Gutman, 1982; Reynolds and Gutman, 1984). Now it is found that service quality is an important criterion for attracting the customers towards the stores.

Service quality is also very important for imparting the customer satisfaction and which is further essential for the purchasing decisions in a retail store. (Dawkins and Reichheld, 1990; Parasuraman Zeithaml and Berry, 1985;). Hence this study is necessary to analyze the various aspects of service quality and customer satisfaction as well as purchasing behavior across the various retail stores in our country. Service quality is an important element of customer satisfaction and customer satisfaction is very important in retaining the customers with the company. Customer satisfaction also helps in reducing the switching costs in the business. Hence it becomes an important aspect to analyze the customer satisfaction level in the customers. The company should make the strategies to impart more and more among the customers for making their business profitable and growth oriented in the long run. Now customer satisfaction depends upon the performance of the products. If the performance of the product falls short of expectations than a customer will feel dissatisfied from the product. If the performance of the product matches with the expectations, then customer will feel satisfied from the products and Services offered by the company. Hence a satisfied customer will purchase more and more products from the company. So it becomes very important to impart more and more customer satisfaction to the customers. It will help them to retain with the products and services being offered by the company.

II.

3 Review of Related Literatures

From the review of literature it was found that service quality is an important element for any Customer in a retail store. Now it becomes an important criterion for understanding the good quality for the customer as per their expectations and formulating the proper strategies to serve them well (Berry, 1985, 1988). Now it was further found out that service quality is difficult to define, describe and to measure because of its subjective nature (Brown, Gummesson, Edvardsson and Gustavsson, 1991). These characteristics of the services make them different from the goods (Ghobadian, Speller & Jones 1993; Groth & Dye, 1999). Oliver in (1980) defined customer satisfaction as a psychological state when the emotions surrounding disconfirmed expectations are coupled with the consumer's prior feelings about the consumption experience of the product or the service offered by the company. Parasuraman in (1994) found that satisfaction is being influenced by service quality, product quality as well as by the price. Another researcher Yi (1991) found that customer satisfaction operates in two different ways: transaction specific and general overall. The concept of transaction-specific concept defines customer satisfaction as the assessment made after a certain purpose. Now further satisfaction is also the customer experience as well as rating of the product on the basis of the past experiences (Johnson and Fornell, 1991). Fornell (1992) also found that customer satisfaction is very important for creating the customer loyalty for the products and services being offered by the company. In the studies conducted by Bolton and Drew, (1991) found that service quality helps in forming a type of attitude which further decides on customer satisfaction. Further studied conducted by Bei and Chiao (2001) concluded that customer satisfaction has a positive effect on customer retention. Reichheld and Sasser also (1990) found that customer satisfaction is an important tool for increasing the profits of the company. Now the satisfaction of the customer depends upon the after sales service in relation to the consumer expectations from the products or the services purchased by him. Satisfaction is defined as a person's feelings of pleasure or disappointment resulting from perceived performance of the product in relation to customer's expectations from the product. If the performance of the product falls short of expectations than a customer will feel dissatisfied from the product. If the performance of the product matches with the expectations, the customer is satisfied and if the performance exceeds the expectations, the customer will feel delighted from the product or the service used by him (Susan and David, 1999).

III.

5 Research Methodology Used

This study was being carried out in the regions of Delhi, Haryana (Gurgaon and Faridabad) and Uttar Pradesh (Ghaziabad and Noida) in India. This study covers the organized stores in the above regions. In this study, The RSQS (Retail Service Quality Scale) developed by Dhabolkar, Thorpe and Rentz (1996) was used for data collection from the customers. This scale is designed for the use in studying retail businesses that offer a mix of goods and services, for assessing levels of service quality, and the necessary changes required in the services. This scale consists of 28 items and five dimensions: Physical aspects (6 items), Reliability (5), Personal Interaction (??), Problem Solving (3), and Policy (5). The first three dimensions have sub-dimensions: Physical aspects (i.e. appearance and convenience), Reliability (i.e. promises and doing it right), and personal interactions (i.e. inspiring confidence and courteousness/helpfulness). A five point likert scale starting from strongly disagree (1) to strongly agree (5) response was used.

i. Customer Satisfaction Customer satisfaction was related to product quality and service quality. A five point scale ranging from (1) highly dissatisfied to (5) highly satisfied was used in the study.

6 ii. Behavioral Intentions

Many items were used to measure the behavioral intentions towards the retail stores. The researcher used a five point scale to measure the behavioral intentions, which include loyalty intention, switching intention and recommending behavior in the retail store. Respondents complain behavior was also tested with the three aspects. First if they faced any problem with the store. Second if they complain about the problem and lastly their level of satisfaction with the solution of problem.

7 c) Objectives of the study

This study consists of following objectives. 1. To compare the service quality aspects across the various organized stores. 2. To compare the customer satisfaction across the various organized stores. 3. To compare the behavioral aspects across the various organized stores.

8 d) Hypotheses of the Study

On the basis of above objectives, the following hypotheses are formulated for the study.

1. There exists a significant difference among the various service quality aspects across the different organized retail stores. 2. There exists a significant difference among the customer satisfaction aspects across the different organized retail stores. 3. There exists a significant difference among the various behavioral aspects across the different organized retail stores.

4. There exists a significant difference among the recommending behavioral aspects across the Different organized retail stores. 5. There exists a significant difference among the various switching aspects across the different Organized retail stores. 6. There exists a significant difference among the various loyalty aspects across the different Organized retail stores.

9 e) Validity and Reliability of the Scale

By doing reliability analysis it was found that the overall internal consistency was found to be 0.939. The Cronbach (α) Value for Physical Aspects, Reliability, Personal Interaction, Problem Solving and customer satisfaction was found above 0.7. Here the value for policy was found 0.545 and for behavioral intentions 0.574 which are acceptable but not quite satisfactory. The validity of a scale may be defined as the extent to which differences in observed scale scores reflect true differences among objects on the characteristics being measured, rather than systematic or random error. Perfect validity requires that there should be no measurement error (Malhotra, 2007). There are three types of validity test are, content validity, criterion validity and construct validity (Malhotra, 2007). Here in this study as per the need and demand of the study the content validity also called as face validity was done for this scale.

10 IV.

11 Data Interpretation and Data Analysis

The final study was done from a sample size of 600 customers and from this 540 completely filled in Questionnaires were received. It gave a response rate of 90%. It was quite satisfactory. This study is being carried out to understand the perceptions of service quality, customer satisfaction and behavioral intentions across the various organized retail outlets. The Respondents descriptive statistics in various outlets is given below. Here in this study ANOVA is used to analyze the service quality perception across the various organized retail outlets in and around Delhi.

In the table by applying ANOVA on the difference between the mean scores across the various organized retail stores, it is found that some of the variables relating to service quality are showing statistical significant at 95% level.

From the table 5.70, statistical significant difference is found in the following Variables of service quality in organized retail outlets. Westside Ebony F Sig customers want from the outlet. The layout of Reliance Fresh was found better from the table and then it was followed by Ebony and it was found minimum in case of Westside. In the same manner there exists a significant difference in the layout of the different outlets for moving in the store.

From the same table it was found that there exists a significant difference in safety of transactions among the various outlets. The mean value Reliance fresh was highest and minimum in Vishal Mega-mart.

Hence the outlets need to improve their transactions so that customers feel secure with these outlets.

Another significant difference was found in the parking space. Nowadays parking is becoming a big problem in the big cities. Hence for attracting and for satisfying the customers, it is advised that these stores should provide sufficient parking space to their customers. g) Customer Satisfaction across the various organized Retail Stores

By One way ANOVA test, it is analyzed that there is any significant difference in the customer satisfaction across the various organized stores or not. From the table it is analyzed that, there is a significant difference in the following 1) product service quality of the outlet ($p=.046$)

2) My store always meets my expectations ($p=.008$) Hence from the table 4.2, we find that there exists a significant difference in two aspects of customer's satisfaction among the various outlets. In one product service

quality and another one is meeting the customers' expectations levels. Hence the outlet needs to improve in these aspects to meet customer satisfaction levels.

h) Behavioral Intentions across the various organized Retail Stores

Behavioral Intentions are concerned with purchasing or not to purchase in a retail store. It comprises of recommending behavior, switching behavior as well as loyalty intentions of the customer with the retail store. It is very important for the retailer to understand these aspects in a retail outlet so that he can take appropriate course of actions for the improvement purpose in a retail store.

Hence from this we can say that there exists a significant difference in layout of the different outlets and layout of the outlet s very important to find out what the From the table 4.3, it is analyzed that there is only one statistical significance difference in the aspects of behavioral intentions across the various organized retail stores. 1) Encouraging the friends and relatives to buy from this outlet ($p=.041$) Hence from this we can say that there exists significant difference across the different organized retail stores in recommending aspects, whereas there exist no significant differences among the switching aspects and loyalty aspects across the various organized retail stores.

V.

13 Discussion and Implications of the Study

From the above analysis it was found that there exist significant differences among the different aspects of service quality across the different organized retail stores. From the analysis we found that there exists a significant difference in layout of the different outlets of the retail stores. From the mean value it was found that the layout of Reliance Fresh was found better in comparison to other retail stores and then it was followed by Ebony and it was found minimum in case of Westside. Hence it is recommended that the other stores should improve upon their layout and they should follow Reliance Fresh for improvement. From the same table it was found that there exists a significant difference in safety of transactions among the various outlets. The mean value Reliance fresh was highest and minimum in Vishal Mega-mart. Hence the outlets need to improve their transactions so that customers feel secure with these outlets. It was also found that there exists a significant difference in the parking space. Nowadays parking is becoming a big problem in the big cities. Now parking space is very important to provide safety as well as security to the customers. So it is recommended that these stores should improve upon their parking space so that people feel safe during their visit. From the above analysis it was found that there exists a significant difference in two aspects of customer's satisfaction among the various outlets. In one product service quality and another one is meeting the customers' expectations levels. Hence the outlet needs to improve in these aspects to meet customer satisfaction levels. In case of behavioral aspects we found that there exists significant difference across the different organized retail stores in recommending aspects, whereas there exists no significant differences among the switching aspects and loyalty aspects across the various organized retail stores.

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Figure 1:

13 DISCUSSION AND IMPLICATIONS OF THE STUDY

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Female	32	31	24	30	37	22	21	197
Total	85	91	77	86	76	57	68	540
	Education Level							
Matriculation	8	10	1	9	1	1	2	32
Diploma	6	13	9	13	12	4	3	60
Degree	37	29	26	23	30	23	38	206
Master Degree	26	34	36	39	25	22	18	200
Ph.D	5	2	Nil	nil	2	2	3	14
Others	3	3	5	2	6	5	4	28
Total	85	91	77	86	76	57	68	540
Income Category	Reliance Fresh	Big Bazaar	Spencer's	Vishal Mega mart	Shoppers Stop	Westside	Ebony	Total
Up-To-15,000	20	14	9	7	17	6	11	84
15,001-to-30,000	29	25	27	35	23	11	12	162
30,001-to-45,000	17	21	15	13	18	17	17	118
45,001-to-60,000	7	11	8	8	8	9	9	60
60,001-to-75,000	7	12	6	1	nil	9	7	42
Above 75,000	5	8	12	22	10	5	12	74
Total Profession	85	91	77	86	76	57	68	540
	Reliance Fresh	Big Bazaar	Spencer's	Vishal Mega mart	Shoppers Stop	Westside	Ebony	Total
	46	47	31	65	43	33	68	216
	54	44	77	65	43	33	68	216
	31	91	Spencer's	24	33	57	Ebony	540
	85	Bazaar		86	76	West-		Tot-
	Fresh	Big		Mega	Stop	side		tal
	Re-			mart	Shop-			
	liance			Vishal	pers			
Administrative Professional/	28	37	44	40	30	27	34	240

4.1) : Characteristics of the Sample Big Bazaar Spencer's Vishal Mega mart Shopper s Stop 28 18 15 15 4 3

25-to-35 years	2) In the analysis of various outlets it is found that	85	31	42	35	40	26	22	34	230
35-to-45 years	respondents from Reliance Fresh, 91 from Big Bazaar, 06	13	17	16	14	09	09	84		
Above 45 years	77 from Spencer's, 86 from Vishal Mega Mart, 76 from	17	8	7	15	21	4	16	88	
Total Shoppers stop,	57 from Westside and 68 from Ebony.	85	91	77	86	76	57	68	540	
	Gender									
Male		53	60	53	56	39	35	47	343	

Figure 2: Table (

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	Statistics							
	Reliance Fresh	Big Bazaar	Spencer's	Mega Vishal Mart	Shoppers Stop	Westside	Ebony	value F
I am extremely satisfied with overall dealing with the outlet	3.72	3.68	3.77	3.63	3.75	3.52	3.71	.72
I am satisfied with my personal contact with the staff	3.77	3.51	3.57	3.53	3.59	3.42	3.58	1.2
The Overall service quality Provided by the outlet is satisfactory	3.98	3.82	3.92	3.73	3.85	3.59	3.89	1.8
I am satisfied with the product service quality of the outlet	3.90	3.79	4.02	3.67	3.87	3.59	3.77	2.1
The average score of overall evaluation of Physical aspects, Reliability, Personal, Problem-solving is satisfactory	3.80	3.73	3.78	3.69	3.85	3.54	4.00	1.6
My store always meets my expectations	3.75	3.68	4.00	3.54	3.85	3.52	3.77	2.9

Figure 3: Table (

	4.3							
	Reliance Fresh	Big Bazaar	Spencer's	Vishal Mega Mart	Shoppers Stop	Westside	Ebony	F va
I would strongly recommend the outlet to customers	3.82	3.72	3.73	3.68	3.77	3.66	4.04	1.0
I will encourage friends & relatives to buy from this outlet	3.98	3.92	3.76	3.79	3.88	3.59	4.14	1.9
I would like to switch to another outlet that offers more benefits	3.56	3.45	3.35	3.34	3.41	3.53	3.46	.38
I would like to switch to another outlet if I experience a problem with this outlet	3.70	3.79	3.39	3.68	3.69	3.81	3.89	1.4
I would like to continue with this outlet even if the store increases the prices of its products	3.02	2.94	3.45	3.12	3.12	2.78	3.06	1.0
I would like to complain if I experience a problem	3.58	3.58	3.32	3.41	3.69	3.64	3.66	1.0

Figure 4: Table :

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