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Analysis of Retail Service Quality at a hypermarket in Coimbatore

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Abstract— The main objectives of the study are to analyze customer's perception on the service quality of the case firm, identify the factors along with its underlying dimensions that influence the retail service quality at the case firm and suggest appropriate measures to improve the RSQ. General profile of the respondents revealed that majority of Spencer's customers were young aged, belonged to a medium sized family, well educated and mostly worked in private sector with an average monthly income of Rs. 20,001-30,000. RSQ scale is helpful in measuring the service quality aspects for an organised retail store. Factor analysis results showed that the first two factors that i.e. personal interaction and physical and policy attributes are the factors majorly influencing the service quality of the store.

Keywords — retail service quality, service quality, RSQS, Factor analysis of RSQ.

I. INTRODUCTION

The Indian economy is booming, with an average GDP growth rate of 6.9 per cent in 2011-12 and estimated GDP growth rate of 7.6 per cent in 2012-13 (The Economic Times, March 16th, 2012). It is expected to be the world's third largest economy after the USA and China by 2050 (Dadush and Stancil, 2009).

In the retail sector, in spite of a 1.07 billion strong population, the target consumer base for most retailers in India stands at about 405 million. Of this, about 30 million have a combined purchasing capacity of US\$ 230 billion. The country's 6 million rich population shops worth US\$ 28.36 billion every year (McKinsey and Company, 2007). Retailing is the largest private industry in India and 2nd largest employment sector after agriculture and generates 6-7 per cent of employment (Zameer, 2011). The retail sector in India is highly fragmented and organized retail in the country is at a nascent stage. The size of India's retail sector is currently estimated at around US\$450 billion and organised retail accounts for around 5 per cent of the total market (Business Standard, 2012). There are about 12 million retail outlets spread across India and thereby India has one of the highest retail densities in the world at 6 per cent (12 million retail shops for about 209 million households).

II. Review of the literature

Parasuraman (1990) in his study on superior customer service and marketing excellence discussed the meaning and measurement of service quality and offered managerial guidelines for delivering superior service by invoking key insights from a multi-year, 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.

Parikh (2005) in his study on 'Measuring Retail Service Quality: An Empirical Study in a Developing Country' found that the reliability dimension of RSQS is perceived to be most important dimension than the other dimensions of RSQS. Further he also stated that the highest perceived service gap lays in the policies of retail stores particularly the parking facilities provided by them.

Kaul (2005) in her study on 'Measuring Retail Service Quality: Examining Applicability of International Research Perspectives in India' observes that a store having modern equipment, good and clean physical facilities and ease in transactions would be able to yield satisfaction and patronage intentions.

Deepak and Kaur (2010) in their study on 'Shopping Malls in India: Factors Affecting Indian Customers' Perceptions' concluded that six important factors (value for money, customer delight, information security, credibility store charisma and product excellence) determine customer perception towards shopping malls in India.

III. Research methodology

Sample size: 120

Sampling technique: Convenience sampling method

Tool for collection of data: Interview schedule (Questionnaire)

Tools for analysis: Retail service quality scale, factor analysis and simple percentage technique.

IV. Results and Discussion

General Profile of the Respondents

The general profile of the respondents comprises of basic details of the consumer. The profile of the consumers influences their decisions and buying behaviour.

Table 1. General Profile

General Profile details	Category	frequency	Percentage
Age group	<20	14	11.70
	21-30	47	39.20
	31-40	25	20.80
	41-50	21	17.50
	>50	13	10.80
Gender	Male	73	60.80
	Female	47	39.20
Marital status	Single	45	37.50
	Married	75	62.50
Educational status	High school	9	7.50
	Under graduates	53	44.17
	Post graduates	58	48.33
Occupation	Private sector	46	38.33
	Student	26	21.67
	Self employed	17	14.17
	Home maker	16	13.33
	Government employee	7	5.83
	other	8	6.67
Family size	<3	19	15.83
	3-5	97	80.83
	>5	4	3.34
Monthly income	<10,000	18	15.00
	10,001-20,000	25	20.83
	20,001-30,000	34	8.33
	30,001-40,000	12	10.00
	40,001-50,000	10	28.34
	>50,000	21	17.50

From Table1, it could be concluded that major share of the Spencer's customers were young aged, male and married belonging to the medium sized family. Majority of the respondents were well educated and worked in private sector with an average monthly income of Rs.20,001-30,000. The customer profile must be taken into consideration while formulating strategies to improve customer service and quality.

Factor Analysis

Factor analysis is a multivariate statistical technique used to condense and simplify the set of large number of variables to smaller number of variables called factors. This technique is helpful to identify the underlying factors that determine the relationship between the observed variables and provides an empirical classification scheme of clustering of statements called factors.

Kaiser-Meyer-Olkin Measure of sampling adequacy and Bartlett's test of sphericity are used to find the adequacy of the sample selected for factor analysis, which has been given in the Table 2.

Table 2. Sample Adequacy

Test	Value
KMO value	.850
Bartlett's Test of Sphericity	0.001557***

***- Significant at 1 percent level

KMO value is 0.850 i.e. > 0.8 , therefore the sample is adequate and the chi-square value is significant at 1 percent level of significance.

Principal component analysis was used for extracting factors. Eigen value represents the total variance explained by each factor. From the Table 3, it could be inferred that five factors can be extracted (since the eigen value is more than 1) which explains 67.155 per cent of the total variation.

Table 3 Factor Eigen values

Component	Initial Eigen Values			Rotation sum of squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.765	39.841	39.841	8.765	39.841	39.841
2	2.364	10.746	50.587	2.364	10.746	50.587
3	1.409	6.403	56.990	1.409	6.403	56.990
4	1.217	5.530	62.520	1.217	5.530	62.520
5	1.020	4.635	67.155	1.020	4.635	67.155
Note: Extraction : Principal component analysis						
Rotation : Varimax with Kaiser normalization						

The communalities of the factors are given in table below.

Table 4. Communalities

S.No	Factors	Extraction
1.	Employees in this store are consistently courteous with customers.	0.800
2.	This store has merchandise available when the customers want it.	0.769
3.	The retail store asks for customer feedback	0.763
4.	This store accepts most major credit/debit cards.	0.759
5.	This store performs the service right the first time.	0.746
6.	This store provides its services at the time it promises to do so.	0.729
7.	Employees in this store have the knowledge to answer customers' questions.	0.710
8.	Employees in this store give prompt service to customers.	0.700
9.	Employees of this store are able to handle customer complaints directly and immediately.	0.688
10.	The physical facilities at this store are visually appealing.	0.684
11.	This store willingly handles returns, exchanges and refunds	0.668
12.	Customers feel safe in their transactions with this store.	0.663
13.	Materials associated with this store's service (such as shopping bags, catalogs or statements) are visually appealing.	0.659
14.	This store has modern equipment and fixtures.	0.656
15.	This store provides plenty of convenient parking for customers.	0.654
16.	This store has operating hours convenient to all their customers.	0.651
17.	This store offers high quality merchandise.	0.628
18.	This store gives customers individual attention.	0.615
19.	This store provides error-free sales transactions and records.	0.607
20.	The behaviour of employees in this store instills confidence in customers.	0.590
21.	The store layout at this store is convenient for customers to move around and find what they need.	0.543
22.	This store has clean, attractive and convenient public areas (restrooms).	0.500
<i>Note: Extraction method: Principal component Analysis</i>		

The extraction communalities are given in the table above. Small values (< 0.5) indicate variables that do not fit well in the factor solution and should possibly be dropped from the analysis. But in the above case all the variables have communalities more than 0.5 and hence none of the variables were dropped from the analysis.

In order to reduce the number of factors and enhance interpretability, the factors are rotated. The rotation increases the quality of interpretation of the factors. There are several methods of the initial factor matrix to attain simple structure of the data. The Varimax rotation is one such method to attain better result for interpretation and it was employed and the results are given in the Table 5.

Table 5. Rotated Component Matrix

Items	Factors				
	1	2	3	4	5
1.	0.141	0.586	0.508	0.008	-0.078
2.	0.093	0.475	0.61	-0.019	-0.231
3.	0.167	0.211	0.644	0.355	-0.045
4.	0.164	0.415	0.508	0.159	0.093
5.	0.213	0.687	0.203	0.255	-0.208
6.	0.314	0.304	0.127	0.654	-0.167
7.	0.367	0.207	0.173	0.74	0.12
8.	0.389	-0.025	0.527	0.471	-0.003
9.	0.682	0.178	-0.029	0.304	-0.006
10.	0.782	0.102	0.203	0.244	0.081
11.	0.782	0.106	0.22	0.059	0.116
12.	0.782	0.323	0.207	0.062	-0.021
13.	0.839	0.09	0.135	0.244	0.1
14.	0.698	0.074	0.431	0.131	0.117
15.	0.164	0.049	-0.07	-0.065	0.754
16.	0.5	0.119	0.612	0.006	0.131
17.	0.537	0.072	0.664	0.053	0.149
18.	0.339	0.579	0.26	-0.036	0.156
19.	0.076	0.832	0.017	0.041	-0.01
20.	0.178	0.652	0.104	0.407	0.226
21.	-0.015	0.681	0.083	0.41	0.328
22.	0.097	0.046	0.522	0.178	0.582
Rotation Method: Varimax with Kaiser Normalization.					
Rotation converged in 12 iterations.					

Based on the rotated component matrix values the five dimensions and its underlying items can be summarized as follows:

Factor 1- Personal Interaction

- This store provides error-free sales transactions and records.
- Employees in this store have the knowledge to answer customers' questions.
- The behavior of employees in this store, instill confidence in customers.
- Customers feel safe in their transactions with this store.
- Employees in this store give prompt service to customers.
- This store gives customers individual attention.

Factor 2- Physical Attributes and Policy

- This store has modern equipment and fixtures.
- The store layout at this store is convenient for customers to move around and find what they need.
- This store offers high quality merchandise.
- This store provides plenty of convenient parking for customers.
- This store has operating hours convenient to all their customers.
- This store accepts most major credit/debit cards.

Factor 3-Appearance and Problem solving

- The physical facilities at this store are visually appealing.
- Materials associated with this store's service (such as shopping bags, catalogs or statements) are visually appealing.
- This store has clean, attractive and convenient public areas (restrooms).
- This store has merchandise available when the customers want it.
- This store willingly handles returns ,exchanges & refunds.

- Employees of this store are able to handle customer complaints directly and immediately.

Factor 4- Reliability

- This store performs the service right the first time.
- This store provides its services at the time it promises to do so.

Factor 5- Employees courteousness

- Employees in this store are consistently courteous with customers.
- The retail store asks for customer feedback

The first two factors that i.e. personal interaction and physical and policy attributes are the factors majorly influencing the service quality of the store.

V. Conclusion and Recommendation

Factor analysis technique is helpful to identify the underlying factors that determine the relationship between the retail service quality rendered and perceived by the customers provides an empirical classification scheme of clustering of underlying statements thereby aiding in identifying the important attributes influencing the customer's retail service quality at organised retail stores. The research concludes that personal interaction and physical and policy attributes are the factors majorly influencing the service quality of the store, therefore these are some of the areas where the store needs to concentrate to improve the service quality and thereby sales. Since majority of the customers of organised retail stores are well educated, proper employee interaction is necessary to instill confidence and loyalty for the store.

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