

Retail Service Quality & Consumer Behavior: An Empirical Approach

Dr. Megha Upadhyay

Assistant Professor, International Institute of Management Studies, Pune
Megha2807@rediffmail.com

Dr. Ashutosh Vyas

Sr. Assistant Professor, Prestige Institute of Management & Research, Dewas

Dr. Anil Varma

Assistant Professor, International Institute of Management Studies, Pune

Prof. Kshirod Kumar Chand

Assistant Professor, International Institute of Management Studies, Pune

Dr. Ajit Upadhyaya

Director, Prestige Institute of Management & Research, Dewas

ABSTRACT

Multinational and indigenous organized retailers have entered into the unorganized retail industry in the emerging economies like India. The Retail Industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. In today's competitive environment and with the growing importance of services, delivering high quality services has become the basic retailing strategy. The present paper measure the gap between the customers' expectations and their perceptions about the service quality of retail stores in Indore. And then, the analysis of this gap scores was used to suggest relevant improvements in the retail store service quality.

A validated Retail Service Quality Scale (RSQS) is used to study the service quality delivery of a department store chain and its impact on Customer Satisfaction. A structured questionnaire is used to collect primary data. Secondary data was collected from research databases, reports, journal articles etc. SPSS 17.0 was used for statistical analysis. The results helps the Retail service managers to focus on critical areas of service where to improve, where to modify and where to cut down and enables them to plan and design effective service strategies.

Keywords: Retail services quality, Customer satisfaction, SERVQUAL, RSQS.

INTRODUCTION

Retailing in India is growing at the rate of about 18-20 per cent per annum. The retail environment in India is highly competitive, being the second largest employment provider after agriculture the sector also the second largest untapped market after China. As part of its strategy to gradually open it up to foreign competition, the government is also in the process of increasing foreign direct investment in the retail sector. There are some 12 million retail outlets deeply penetrated across the country and contributing to more than ten percent of the country's GDP. The sector is witnessing a radical change as traditional retail markets are replacing with new formats such as departmental stores, hypermarkets, supermarkets reflecting the western style. The malls have begun appearing not only in metros but also in Tier II cities giving the Indian consumer a new shopping experience. The growth of the sector is largely driven by changing life styles, favorable demographics, increasing disposable incomes, usage of plastic money, growth of middle class and an opportunity to tap the rural India. The success of organized retailing in India mainly depends on delivery of services through quality improvements. In service organizations, customer-perceived service quality is considered as one of the key determinants of business performance.

Parasuraman defines service quality as the "...perceptions resulting from a comparison of consumer expectations with actual service performance". In other words, service quality is a measure of the difference between expected service and perceived quality. Service quality has implications for both marketing and operations of a company and plays a crucial

role in defining the service delivery. Service quality is directly related to the performance of the organizations and affects customer loyalty.

In the present day of retailing, service quality has become the basic tool for retailers to create competitive advantage and to enhance shopping experience. Most research on customer perception of quality in the service industry has proven that focusing on perceptions of quality, value and satisfaction in service encounters has positive results for retailers. The retail industry is unique because it combines a product with service elements into the shopping experience. The quality of services significantly affects customer satisfaction, company revenues, cross selling and also repeat purchase behavior. Existing research indicates that consumers satisfied with service quality are most likely to remain loyal (Wong and Sohal, 2003). Service quality is perceived as a tool to increase value for the consumer; as a means of positioning in a competitive environment and to ensure consumer satisfaction, retention and patronage. With greater choice and increasing awareness, Indian consumers are more demanding of quality service and players can no longer afford to neglect customer service issues. The fast pace of the Indian retail industry presents many companies with a host of daily challenges. In today's competitive environment and with the growing importance of services, delivering high quality services has become the basic retailing strategy. *The present paper finds the impact of retail service quality on consumer behavior. In this paper consumer behavior is studied in three ways, impulse buying behavior, risk taking behavior and customer loyalty.*

LITERATURE REVIEW

Silvia Faria et.al (2022) confirmed that customers' service quality positively impacts their satisfaction and commitment to the retail brands. However, store design moderates the relationship between customer satisfaction and commitment. The consumers with a higher appreciation for store design presented a lower impact of satisfaction on their commitment to the retail brand. This result shows that a significant part of their satisfaction includes store design appreciation.

Dieu Hoa Nguyen et.al (2018) found that When uncertainty regarding service quality is low, consumer purchase intention is higher when the price discount rate is high or when the price is low. When uncertainty regarding service quality is high, if the normal price, discount rate, and discounted price are presented simultaneously, consumer purchase intention is higher when the price discount rate is low, but when only the discounted price is presented, purchase intention is higher when the price discount rate is high.

Mohammed Wamique Hisam et.al. (2016) found that retail outlets must concentrate on the features which are visually appealing to the customers. the retail outlet's employees at reception desk must be fair and neat appearing in order to attract the customers and so that customers can freely exchange the required information with the reception desk employees. 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.

Manoj Kumar Lalwani (2010) studied that most effective criteria for improving the service quality like timely delivery of merchandise, timely alteration delivery to the customer, prompt billing, and offer communication should be clear, personal attention etc. he focused on after sale service of apparel that have need of after sale service. In his study he tried to make a long lasting relationship with its target and satisfied customer by providing best customer service.

Khong Kok Wei (June 2009) found in his study on "Service Quality Index: A Study on Malaysian Banks" that the service dimension of intangibles had a higher possibility to improve customer satisfaction and the service attributes to performance had positive association with customer satisfaction in Malaysian Banks.

Laura Eboli and Gabriella Mazzulla (2007) in their research on "Service Quality Attributes Affecting Customer Satisfaction for Bus Transit" identify service quality attributes to improve, with the aim of offering bus services characterized by higher levels of quality, The latent variable with a major effect on global customer satisfaction is

service planning and reliability, The endogenous latent variable, indicating global customer satisfaction, is best explained by the indicator of the quality level perceived by the user (perceptions variable).

Norbert Becser (2007) found in his Ph.D. thesis on “Improving service quality in retail trade -the premises of a potential measurement model and a decision support system based on IT” that it is worth it to invest in service quality and quality improvement, since higher quality standards will lead to better organizational performance in retail trade.

OBJECTIVES

- To find the impact of retail service quality on consumer behavior.

HYPOTHESIS

- H_0 -There is no significant impact of retail service quality on consumer behavior.
 - $H_{0.1}$: - There is no significant impact of retail service quality on customer loyalty.
 - $H_{0.2}$: - There is no significant impact of retail service quality on Impulse buying behavior of customer.
 - $H_{0.3}$: - There is no significant impact of retail service quality on Risk taking behavior of customer.
- H_1 -There is a significant impact of retail service quality on consumer behavior.
 - $H_{1.1}$: - There is a significant impact of retail service quality on customer loyalty.
 - $H_{1.2}$: - There is a significant impact of retail service quality on Impulse buying behavior of customer.
 - $H_{1.3}$: - There is a significant impact of retail service quality on Risk taking behavior of customer.

RESEARCH METHODOLOGY

To gather the required information for this study, both secondary and primary source of data was used. Secondary data has been collected from journals, magazines and other documented material.

Primary Data is collected through questionnaire. In questionnaire, a instrument that has high construct reliability and validity in measuring service quality in retail i.e. Retail Service Quality Scale (RSQS), made by Dabholkar, Thorpe, and Rentz (1996) was used to study and measure service quality and thus to collect the primary data. Physical aspects, Reliability, Personal interaction, Problem solving, and Policy are the five dimensions of this scale to measure service quality. In case of policy dimension, question regarding Store’s policy on only merchandise quality is taken.

Consumer behavior is studied in three ways i.e. impulse buying behavior, risk taking behavior and customer loyalty.

A five point likert scale where 5 is for strongly agree, 4 is for agree, 3 is for neutral, 2 is for disagree and 1 is for strongly disagree, is used in the questionnaire to collect data.

Since the study focuses on organized retail sector, customers of various malls of Indore city are selected as the respondents. A random sampling method was adopted to collect data.

Hypotheses are tested at 5% level of significance.

Linear Regression test was conducted to test the Hypothesis and to know Impact of Retail Service Quality on Consumer Behavior. Various dimensions of RSQS are taken as independent variable and selected three ways to study consumer

behavior are taken as independent variable for the regression test. Each dimension of RSQS and each way used to study consumer behavior are tested separately.

SPSS 17.0 version is used for data analysis.

FINDINGS

Customer loyalty (CL) as dependent variable:

S.No.	Regression parameters	Physical aspects	reliability	Personal interaction	Problem solving	policy
1	R-square	.522	.369	.414	.447	.737
2	Sig.	.000	.000	.000	.000	.000
3	Unstandardized Coefficients (intercept)	1.494	1.885	1.708	1.471	.678
4	Sig.	.000	.000	.000	.000	.037
5	Unstandardized Coefficients (slope)	.695	.585	.622	.661	.849
6	Sig.	.000	.000	.000	.000	.000

Since the p-value for R-square of all the dimensions of RSQS is 0.000 i.e. less than α (0.05) therefore all the value of R-square is significant; and there is a positive relationship between dimensions of RSQS and customer loyalty because all the values of R-square are positive.

It is observed that the value of R-square in case of physical aspects is 0.522, therefore 52.2% of variations in the customer loyalty are explained by physical aspects dimension of RSQS. Similarly, 36.9% variations are explained by reliability, 41.4% variations are explained by Personal interaction, 44.7% variations are explained by Problem solving, 73.7% variations are explained by policy dimension of RSQS. Thus among all the dimensions of RSQS, customer loyalty is highly explained by policy dimension.

The estimated regression equation for all the dimensions of RSQS is:

Physical aspect (PA): $CL = 1.494 + 0.695PA$

Reliability (R): $CL = 1.885 + 0.585R$

Personal interaction (PI): $CL = 1.708 + 0.622PI$

Problem solving (PS): $CL = 1.471 + 0.661PS$

Policy (P): $CL = 0.678 + 0.849P$

Where 1.494, 1.885, 1.708, 1.471, and 0.678 are the regression constants.

These regression equations shows that by one unit change in physical aspects, reliability, personal interaction, problem solving and policy dimension of RSQS, customer loyalty changes by 0.695, 0.585, 0.622, 0.661 and 0.849 units respectively.

Impulse buying behavior (IBB) as dependent variable:

S.No.	Regression parameters	Physical aspects	reliability	Personal interaction	Problem solving	policy
1	R-square	.471	.435	.361	.512	.273
2	Sig.	.000	.000	.000	.000	.000
3	Unstandardized Coefficients	1.707	1.755	1.951	1.357	2.149

	(intercept)					
4	Sig.	.000	.000	.000	.002	.000
5	Unstandardized Coefficients (slope)	.651	.627	.573	.698	.510
6	Sig.	.000	.000	.000	.000	.000

Since the p-value for R-square of all the dimensions of RSQS is 0.000 i.e. less than α (0.05) therefore all the value of R-square is significant; and there is a positive relationship between dimensions of RSQS and impulse buying behavior of customer because all the values of R-square are positive.

It is observed that the value of R-square in case of physical aspects is 0.471, therefore 47.1% of variations in the Impulse buying behavior of customer are explained by physical aspects dimension of RSQS. Similarly, 43.5% variations are explained by reliability, 36.1% variations are explained by Personal interaction, 51.2% variations are explained by Problem solving, 27.3% variations are explained by policy dimension of RSQS. Thus among all the dimensions of RSQS, Impulse buying behavior of customer is highly explained by problem solving dimension.

The estimated regression equation for all the dimensions of RSQS is:

Physical aspect (PA): $IBB = 1.707 + 0.651PA$

Reliability (R): $IBB = 1.755 + 0.627R$

Personal interaction (PI): $IBB = 1.951 + 0.573PI$

Problem solving (PS): $IBB = 1.357 + 0.698PS$

Policy (P): $IBB = 2.149 + 0.510P$

Where 1.707, 1.755, 1.951, 1.375 and 2.149 are the regression constants.

These regression equations shows that by one unit change in physical aspects, reliability, personal interaction, problem solving and policy dimension of RSQS, impulse buying behavior of customer changes by 0.651, 0.627, 0.573, 0.698 and 0.510 units respectively.

Risk taking behavior (RTB) as dependent variable:

S.No.	Regression parameters	Physical aspects	reliability	Personal interaction	Problem solving	policy
1	R-square	.424	.275	.311	.222	.324
2	Sig.	.000	.000	.000	.000	.000
3	Unstandardized Coefficients (intercept)	1.921	2.349	2.193	2.431	2.035
4	Sig.	.000	.000	.000	.000	.000
5	Unstandardized Coefficients (slope)	.608	.490	.524	.452	.546
6	Sig.	.000	.000	.000	.000	.000

Since the p-value for R-square of all the dimensions of RSQS is 0.000 i.e. less than α (0.05) therefore all the value of R-square is significant; and there is a positive relationship between dimensions of RSQS and Risk taking behavior of customer because all the values of R-square are positive.

It is observed that the value of R-square in case of physical aspects is 0.424, therefore 42.4% of variations in the Risk taking behavior of customer are explained by physical aspects dimension of RSQS. Similarly, 27.5% variations are explained by reliability, 31.1% variations are explained by Personal interaction, 22.2% variations are explained by Problem solving, 32.4% variations are explained by policy dimension of RSQS.

The estimated regression equation for all the dimensions of RSQS is:

Physical aspect (PA): $CL = 1.921 + 0.608PA$

Reliability (R): $CL = 2.349 + 0.490R$

Personal interaction (PI): $CL = 2.193 + 0.524PI$

Problem solving (PS): $CL = 2.431 + 0.452PS$

Policy (P): $CL = 2.035 + 0.546P$

Where 1.921, 2.349, 2.193, 2.431 and 2.035 are the regression constants.

These regression equations show that by one unit change in physical aspects, reliability, personal interaction, problem solving and policy dimension of RSQS, Risk taking behavior of customer changes by 0.608, 0.490, 0.524, 0.452 and 0.546 units respectively.

DISCUSSION

The Tables are constructed separately for all the three ways used to study consumer behavior with all the five dimensions of RSQS. From them, the impact of each dimension of service quality on consumer behavior is studied and analyzed. The results of the data processing showed that a relationship exists between dimensions of service quality and consumer behavior. Physical aspect dimension and personal interaction dimension has a moderate relationship with all the three ways used to study consumer behavior. Reliability dimension has a moderate relationship with Customer loyalty and Impulse buying behavior but weak relationship with Risk taking behavior. Similarly, Problem solving dimension has a moderate relationship with Customer loyalty and Impulse buying behavior but weak relationship with Risk taking behavior. Policy dimension has a strong relationship with Customer loyalty, weak relationship with Impulse buying behavior and moderate relationship with Risk taking behavior. Thus from all relationships strong relationship is found only in the case of policy and customer loyalty. Perhaps it is because in the present study policy of retailer regarding merchandise quality is taken. Thus, analysis of results revealed that a relationship exists between dimensions of service quality and consumer behavior, so hypothesis H_1 is accepted.

CONCLUSION

As organized retailing develops in India, organized retail stores in India will have to improve the quality of their services significantly in order to compete successfully in the marketplace. It is, therefore very important to know how customers evaluate service quality and how service quality affects their behavior. The present study observes the Impact of Retail Service Quality on Consumer Behavior. From the findings, we concluded that service quality dimensions will significantly affect consumer behavior. The study helps the retailers to focus on the areas of service quality; where to improve, where to modify and where to cut down; according to the strength of relationship between various dimensions of service quality and consumer behavior which enables them to increase their sales and thus profit.

REFERENCES

1. **Silvia Faria, Joao M.S. Carvalho, Vera Teixeira Vale (2022)**, "Service quality and store design in retail competitiveness", *International Journal of Retail & Distribution Management*, vol. 50(13).
2. **Mohammed Wamique Hisam, Shouvik Sanyal and Moinuddin Ahmad (2016)**, "The Impact of Service Quality on Customer Satisfaction: A Study on Selected Retail Stores in India", *International Review of Management and Marketing*, vol. 6(4), pp. 851-856.
3. **Dieu Hoa Nguyen, Euihyeon Jeong and Jaekwon Chung (2018)**, "The Potential Impact of Service Quality Uncertainty and Retail Pricing Strategies on Consumer Purchase Intention" *Journal of Distribution Science* vol. 16 (12), pp. 13-21.

4. **Dabholkar, Pratibha, Dayle Thorpe and Joseph Rentz (1996)**, “A Measure of Service Quality for Retail Stores: Scale Development and Validation”, *Journal of the Academy of Marketing Science*, vol. 24 (Winter), pp. 3-16.
5. **Babin, B. J., Hardesty, D. M., and Suter, T. A. (2003)**, “Color and shopping intentions: the intervening effect of price fairness and perceived effect”, *Journal of Business Research*, vol. 56, pp. 541-551.
6. **Mehta, Subhash C., Ashok Lalwani and Soon Li Han (2000)**, “Service quality in retailing: relative efficiency of alternative measurement scales for different product-service environments,” *International Journal of Retail & Distribution Management*, vol. 28 (2), pp. 62-72.
8. **Kim, Soyoun and Byoung-ho Jin (2002)**, “Validating the retail service quality scale for US and Korean customers of discount stores: an exploratory study,” *Journal of Services Marketing*, vol. 7 (2), pp. 223-237.
10. **Sivadas, Eugene and Jamie Baker-Prewitt (2000)**, “An examination of the relationship between service quality, customer satisfaction, and store loyalty”, *International Journal of Retail & Distribution Management*, vol. 28 (2), pp. 73-82.
11. **Sureshchander, G.S., C. Rajendran and T.J. Kamalanaban (2001)**, “Customer perceptions of Service Quality – A Critique,” *Total Quality Management*, vol. 12(1), pp. 111-124.
13. **Wong, Amy and Amrik Sohal (2003)**. “Service quality and customer loyalty perspectives on two levels of retail relationships,” *Journal of Services Marketing*, vo. 17 (5), pp. 495-513.