



# An Empirical Assessment on Perceived Service Quality of Organized Retail Outlets

<sup>1</sup>Jothi Nellai Kumar, <sup>2</sup>Dr P Marishkumar

<sup>1</sup>Research Scholar, Faculty of Commerce and Management,  
Vinayaka Mission's Research Foundation (Deemed to be University),  
Salem, Tamilnadu, India-636308

<sup>2</sup>Associate Professor, Department of Management Studies, VMKV Engineering College,  
Vinayaka Mission's Research Foundation (Deemed to be University),  
Salem, Tamilnadu, India-636308

\*Corresponding author E-mail: marishkumarp@vmkvec.edu.in

## Abstract

This Project research studies the scenarios, complications, difficulties and promotional benefits of constructing an all-encompassing, ways to transaction with SQM in retailing sector. The research is identified the of SQM and tools of quality. Sachin borgave (2015). This article identifies the association between the satisfaction, and loyalty in the organised retail outlets. (Marishkumar P. , 2014; Gronroos 1984) is used. The sample size was 400 consumers of organised retail outlets placed in south tamilnadu. The dimensions were characterized into Assurance, Empathy, Reliability, Responsiveness, Tangibility. The factor analysis with SPSS was used to test the hypotheses.

**Keywords:** SERVQUAL, SQM, Motivation, Loyalty, organized retail outlets.

## 1. Introduction

Service quality is an important influential factor for an organizational efficiency, achievement, and growth in the retailing sector. It has accepted wide appreciation by the researchers over the last decade in the retailing sector (Aldlaigan & Buttle, 2002; Angur et al. 1999; Bath, 2005; Sharma & Mehta, 2004; Bahia & Nantel, 2000). The attentiveness is fundamentally determined by the realization that high service quality outcomes in customer satisfaction and loyalty (Levesque & McDougall, 1996; Magi & Julander, 1996; Zeithaml et al., 1996; Danaher, 1997). Moreover, customer loyalty is a essential component of the long- period financial execution of organizations. Customers of hospitality often blame themselves when dissatisfied for their immoral choice. Staffs to be required mindful that customers may not complain and consequently the employees should try to find out sources of dissatisfied and tenacity them. Zeithaml V. (1981) Service quality is what differentiates hospitality establishments, lacking a clear definition of service quality. Better understanding of customers' observations, retailing sectors can determine the alternate arrangements needed to fulfil the customers' needs. They can find out their own business strategies, chart out path upcoming developments and improvement and also stimulate quality in the work progresses and processes utilized within the retail outlet. (A.T. Kearney's annual Global Retail Development Index, 2012). However, a few unique ideas of how to state service quality by separating it into value, functional and technical elements. In other way is to verify service quality by determining its fitness for use by internal and external customers. Greenrooms Christian (1982) In absence of a definition, it is widely accepted that service quality is wholly dependent on guest's needs and expectations. (Marishkumar N. a.,

2015) The ability to identify profitable customers and then customize marketing according to customer value has enabled many companies to punch above their credence. (Marishkumar N. a., 2013; Parasuraman 1988) lists the service quality as Assurance, Reliability, Tangibles, Empathy and Responsiveness. The five dimensions of SERVQUAL were used to study the service quality in service industry comprised of retailing, tourism, and transport as well as hospitality industry. To make it progressively explicit for service division, the five measurements were additionally separated into 22 parts. The subsequent studies in the SERVQUAL by altered the causes and explicitly inferred five elements of service quality as pursues: Tangibles - Appearance of infrastructure, staff, communication material & machinery; Reliability - Ability to perform the promised service dependably and accurately; Responsiveness - Willingness to help customers and provide prompt service; Assurance - Knowledge, courtesy and trustworthiness of the personnel; Empathy - Understanding the customer and their needs. Parsuraman (1988).

Table 1.1

Reference	Benefits
Barlow	Societal benefits connected with private gratitude from employees, customer highly recognize with employees and the improvement of friendship.
Barnes	Societal benefits with sensing of expertise, personal gratitude, friendship, good image and communal support.
Bitner	Assured benefits, which are linked with trust in the reliability of the offeror, reduced observations of fretfulness, hazard and significant what to anticipate. Belief in the service offeror and the maintaining of commitment are predominantly important dimensions of the bond from the customer's perspective.
Berry	It Reduces the Risk

<b>Klemperer</b>	The Economic advantages including unique treatment benefits such as motivational programmes.
<b>Peterson</b>	Consideration of special price fixation
<b>Rosenblatt</b>	Provide freedom to make decisions.
<b>Sheth and Parvatiyar</b>	Eliminating chances by charming in an unending loyalty associated with marketers.
<b>Zeithaml</b>	The service contributor gains information of the consumer's taste and preferences.

Source: Evangelia Blery et al (2009)

## 2. Review of Literature

A Sulieman (2013) stated that the fundamental dimensions of the SERVQUAL model and its influence on the level of customer satisfaction concluded that there is an influence of the fundamental dimensions of the SERVQUAL model on the level of customer satisfaction at various levels. The study recommends the need for continuous development of services offered to customers, over consumer behavior studies, and work to forecast customer expectations to guarantee the establishment of improved services. Rakesh (2012) concluded that Managers in the service sector are collective pressure to determine that their services are customer-focused and that regular periodic performance enhancement is being distributed.

Amiri, A.S.F., Faghani, F. (2012) stated that service quality and customer satisfaction (application of SERVQUAL model) investigated the association between services approaches and customer satisfaction. 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.

Upadhyay and Singh (2008) stated that sophisticated customer value provides an edge in the market and also found that entertainment aspect of retailing is more and more being standard as a vital viable tool. This research examines that consumer expectation on hypermarket at par with general retail outlets in offering exchange value to customers.

Parikh (2006) carefully observed and assessed the core dependability of the retail service quality tool by appraising the validity of the scale. Further, this research has focused on the gap analysis and finding of areas for rapid growth in retail service quality. This research observed that the gap model of service quality does not perform as well as the perceptions based performance measures of service quality in terms of its factor structure.

## 3. Objectives of the study

The Primary objectives are

1. To find out the factors influencing the customers to prefer retail outlet services in the organised retail outlets.
2. To identify the customers perception towards perceived service quality in the select organised retail outlets.
3. To analyse the fulfilment level of end users of the select organised retail outlets.
4. To study and understand the entire mechanism involved in providing services.

## 4. Theoretical frame work and hypotheses

The data collected for the study were quantified, categorized and tabulated. In order to study the perception of the customers, Factor analysis and Discriminant function analysis was applied to examine how the respondents of organised retail outlet differ from unorganised retail outlet in terms of their perceived level on service quality.

**H<sub>01</sub>:** There is no noteworthy relationship among the acceptance levels of the respondents belonging to different demographic profiles towards perceived service quality in the select organised retail outlets

**H<sub>02</sub>:** There is no noteworthy difference between the expected and perceived levels of service quality in the select organised retail outlets

**H<sub>03</sub>:** There is no noteworthy relationship among the satisfaction levels of the respondents belonging to different demographic profiles towards retailing services of the select organised retail outlets

**H<sub>04</sub>:** There is no noteworthy relationship among the acceptance levels of the respondents belonging to different demographic profiles towards loyalty with their retail outlets.

## 5. Scope of the study

The present study attempts to examine the perception of customers service quality towards retailing of the organised retail outlets The study is confined only to food and house hold goods and apparel and jewellery buyers who have purchase with organised retail outlets in tamilnadu. The retailing topic is a vast subject; therefore, the important aspects of retail outlets of the organised namely range of retail outlet services, customer satisfaction with the attributes of retail outlets, service quality gap and loyalty of customers with their organised retail are only studied.

## 6. Data Analysis

**Table 1.2:** Factors Influencing the Interviewees to Prefer Services from the organised retail outlets

Motivating Factors	Level of Importance					Total	Mean Score
	Very Important	Important	Neither Important nor Not Important	Not Important	Not at all Important		
Reputation of Shop	220 (55.00)	178 (44.50)	2 (0.5)	0 (0.00)	0 (0.00)	400 (100.00)	3.36
Recomm-ensation	131 (32.75)	179 (44.75)	41 (10.25)	27 (6.75)	19 (4.75)	400 (100.00)	3.14
Easy Access and proximity	107 (26.83)	183 (45.83)	68 (16.83)	29 (7.33)	13 (3.17)	400 (100.00)	3.08
Excellent customer service	226 (56.50)	145 (36.25)	12 (3.00)	17 (4.25)	0 (0.00)	400 (100.00)	3.56
Range of services	210 (52.50)	158 (39.50)	20 (5.00)	12 (3.00)	0 (0.00)	400 (100.00)	3.53
Access to facility	100 (25.00)	150 (37.50)	65 (16.17)	56 (14.00)	29 (7.33)	400 (100.00)	2.87
Access to	96	171	103	19	11	400	3.04

e-banking	(24.00)	(42.83)	(25.83)	(4.67)	(2.67)	(100.00)	
Branch network	83 (20.67)	83 (20.67)	114 (28.50)	81 (20.33)	39 (9.83)	400 (100.00)	2.58
Fast and efficient service	100 (25.17)	107 (27.00)	98 (24.33)	60 (15.00)	35 (8.50)	400 (100.00)	2.75
Friendliness of the outlet staff	145 (36.33)	184 (45.83)	59 (14.83)	11 (2.67)	1 (0.33)	400 (100.00)	3.32
Overall	156 (39.00)	144 (35.83)	58 (14.50)	28 (7.00)	14 (3.67)	400 (100.00)	3.20

Source : (Marishkumar P , 2014)

Table 1.2 illustrates the significant scores of several elements initiating the respondents to indicate retailing services from retail outlets. The impact of above mentioned ten factors is taken into account 'very important' in stimulating the customers to pick retail services by 39.00 per cent of the respondents, as 'important' by 35.83 per cent of the respondents, 'neither important nor not important' by 14.50 per cent of the respondents, as 'not important' by 7.00 per cent of the respondents and as 'not at all important' by 3.67 per cent of the respondents. The average attitude score reveals that excellent customer service is the most important factor (3.56) for the respondents to prefer retailing services from the organized retail outlets, followed by range of services (3.53). However, regarding retail ownership, the respondents assign least importance.

### 6.1. Construction of Discriminant Function

A typical discriminant function will be of the form,

$$Z = a_0 + a_1X_1 + a_2X_2 + \dots + a_n X_n$$

Where,

$a_0$  - constant

$a_1, a_2, \dots, a_n$  - Discriminant function coefficients of the independent variables  $X_1, X_2, \dots, X_n$ , respectively.

$X_1$  : Assurance,  $X_2$ : Empathy,  $X_3$ : Reliability  $X_4$ : Responsiveness and  $X_5$ : Tangibility.

Table 1.3 with the values of discriminant function coefficients for each of the discriminating variable.

**Table 1.3:** Canonical Discriminant Function Coefficients

Service Quality Dimensions	Function
Assurance	0.314
Empathy	0.184
Reliability	0.241
Responsiveness	0.229
Tangibility	0.188
(Constant)	-13.484

Source : Marishkumar P (2014)

(Z) for the problem under study can be written as,

$$Z = -13.484 + 0.314X_1 + 0.184X_2 + 0.241X_3 + 0.229X_4 + 0.188X_5 \text{ -- (A)}$$

Table 1.3 demonstrates a correlation of 0.610 which elucidates that there is a good correlation between the grouping variable and the independent variables.

**Table 1.4:** Canonical Discriminant Function

Canonical Correlation	Wilks' Lambda	Lambda-square	Chi-square	DF	Result
0.610	<b>0.628</b>	<b>230.774</b>	<b>5</b>	<b>Significant</b>	

Source : Marishkumar P (2014)

### 6.2. Group Centroids

The discriminant score is evaluated by replacing the values for discriminating variables from the data. Then means scores for Food and house hold goods group ( $Z_0$ ) and Apparel and jewellery buyers group ( $Z_1$ ) are calculated, which are called group centroids.

**Table 1.5:** Canonical Discriminant Functions Evaluated at Group Means

Functions at Group Centroids	
Type of Account	Function
Food and house hold goods	-1.537
Apparel and jewellery buyers	0.384

Source : Marishkumar P (2014)

**Table 1.6:** Prior Probabilities for Groups

Type of Account	Prior Probabilities	No. Respondents
Food and house hold goods	0.200	100
Apparel and jewellery buyers	0.800	300
<b>Total</b>	<b>1.000</b>	<b>400</b>

Source : Marishkumar P (2014)

### 6.3. Cutting Score

The cutting score is calculated as follows:

$$Z_c = \frac{N_0Z_0 + N_1Z_1}{N_0 + N_1}$$

Where,

$Z_c$  = Cutting score

$Z_0$  = Centroid for Food and house hold goods

$Z_1$  = Centroid for Apparel and jewelry buyers

$N_0$  = Sample size of Food and house hold goods group

$N_1$  = Sample size of Apparel and jewelry buyers group

From now exchanging the corresponding cutting score is

$$Z_c = [400 * (-1.537) + 100 * (0.384)] / (400 + 100) = 0.00$$

If his score is smaller than  $Z_c$  value, before the examiner is categorized in Food and house hold goods group, otherwise in Apparel and jewelry buyers group.

**Table 1.7:** Classification Results

Type of Account	Predicted Membership		Total
	Food and house hold goods	Apparel and jewelry buyers	
Original	56	236	300
No.	56	236	300
%	56.0	38.0	100.0

Apparel and jewel- lery buyers	21.34	78.66	100.0
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Source : Marishkumar P (2014)

**Table 1.8:** Structure Matrix

Service Quality Dimensions	Function ( R )	R <sup>2</sup> %
X <sub>1</sub>	0.612	33.73
X <sub>2</sub>	0.367	12.16
X <sub>3</sub>	0.320	10.24
X <sub>4</sub>	0.310	9.61
X <sub>5</sub>	0.228	4.71

Source : Marishkumar P (2014)

## 6.4. Interpretation

Table 1.8 gives the R<sup>2</sup>% gives the per cent contribution of each variable to discriminant function. It is seen that ‘assurance’ X<sub>1</sub> is supreme discriminating variable (R<sup>2</sup>%=33.73%) between Food and house hold goods and Apparel and jewellery buyers, followed by ‘empathy’ X<sub>2</sub> (12.16%), ‘tangibility’ X<sub>3</sub> (10.24%), ‘responsiveness’ X<sub>4</sub> (9.61%) and ‘reliability’ X<sub>5</sub> (4.%) being the least discriminating variable.

## 7. Conclusion

A cautious measurement of preceding research exposed that SQM concepts have found concrete wisdom on dimensions of service quality. Additionally, it displays that implementation of SQM representations as a mechanism of compute prompt that orthodox and adherence strategies are specifically significant to ensure customer satisfaction and repeat business.

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