Dimensions of Perceived Service Quality: A Study on Organized Retail Sector in Kolkata

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Abstract:

Retail sector is one of the main driving forces of current Indian Economy. It is one of those few service intensive sectors which involve almost all segments of population as they might be engaged in diverse buying behaviour. This buying behaviour might range from low involvement needing less budget and time requirement to higher involvement like life time buying decisions. In today's society, shopping has become more a habit than a need. Gone are those days when people used to shop for all the household requirements once a month or may be once a fortnight. With the changing socio-economic structure where both the husband and wife are working, eventually leading to more disposable income and consequently higher propensity to spend – shopping today is more pleasure driven than a necessity driven aspect. Present study attempts to identify the dimensions of perceived service quality for better understanding of retail consumer behaviour. The outcome of the study establishes the following dimensions (i) **Store Physical Aspects** (ii) **Store Reliability** (iii) **Customer Grievance Handling** and (iv) **Store Policy.**

Keywords: Retail Industry, Perceived Service Quality, Factor Analysis, Organized Retail

1. Introduction

Retailing consist all activities involved in marketing of goods and services to final consumers for their personal, family, or household use **(Kotler, 2000)**. Retailing is the set of business activities that add value to the products & services sold to consumers for their personal or family use **(Levy and Weitz, 2008)**. Retailing refers to all functions and activities involved in the selling of commodities directly to consumers. For a strong, stable and consistently growing economy, a well organised and efficient retail sector is an utmost requirement **(Kumar and Vikkraman, 2012)**. In general terms - retailing can be defined as buying and selling of goods and services. However, a refined approach defines "Retail" as timely delivery of goods and services to the consumers demanded by them at competitive and affordable price.

The journey of Retail in India dates back since the ancient times. During that period the historians have recorded the concept of weekly markets which were more popularly known as "Haats" from where the dwellers used to procure their daily needs by means of bartering. However with passage of time, there came the modern grocery or the mom and pop shops which has been predominant in the Indian retail front that even today exists as the major unorganised business sector. Finally with growing urbanisation and consequent socio-economic changes, the modern organised retail concept came into existence **(Nair, 2012)**. However, at present this sector forms a minor pie in the Indian Retail map.

2. Literature Review

Kumar and Ahmad (2007) in their study tried to find out to what extent the so called "Mall" Culture is gaining popularity and what are the reasons behind it. The study had been conducted across different shopping malls in Kolkata region. They opined that the trend has caught up well and its growing at a huge pace. Their study revealed that consumers basically visit malls for eating at food-courts, window shopping and entertainment in the form of movies at multiplexes or video game parlours. In malls, consumers are preferring the comfort of air-conditioned environment, availability of several product categories under one roof, good quality of service, car parking facilities, and convenience of shopping. **Jain (2010)** in his study emphasised

that to understand the changing trends of retail the retailer must primarily focus on the consumer needs by understanding the reasons for a consumer to choose a store and how he makes his purchase decisions. A perceptual mapping of the customer in this regard can provide vital information to retailer to make the store policies. The study also showed that for a retailer its extremely important to take care of the - motivational, social, psychological and economic aspects of the customer which consequently influences their decision making process. **Pataskar (2011)** through her dissertation tried to explore the reasons behind the changing trends of shopping preference from modern retail across four prime cities in western Maharashtra. It revealed that the consumers both male and female are attuned to this culture with almost equal proportionality due to factors like – shopping convenience, comfort, more variety, attractive deals, promotional offers and better ambience. **Gupta, Kim and Sharma (2011)** in their study tried to focus on the reasons for which consumers are shifting to organised from unorganised retail in the semi-urban cities of India. The study showed the familiar atmosphere with the existing retailer sometimes do prevent the customer to switch over to a new retailer. However this bond can be broken by the organised retailer by focussing on the value propositions and nurturing of customer relationships. In the same year **Jhamb and Kiran (2011)** made an analysis of the driving factors behind the growth of organised retail in India. According to this study, the infrastructural and economic growth apart from the changing consumer demographics are the main reason for growth of organised retail. Here, the retail store location, management flair and proper human resource policies for the store personnel can enhance the retail business and are important determinants of retailers' success. The study also mentioned that the strengths and opportunities of organised retail in India heavily banks on the factors like preference of younger generation to shop from modern retail formats along with their increasing awareness and knowledge of new products. However factors like - demographic changes, fluctuation in market sizes, high real-estate cost and ever increasing competition among retailers are some of the threats of the current Indian retail Industry. **Sikri and Wadhwa (2012)** made a study to find out the reasons behind growth of organised retail along with the challenges that the industry faces today. Some of the vital points of challenge that had been focussed in the study were – inefficient supply chain, dearth of retail space, high real estate cost, cultural gaps, lack of proper manpower and infrastructure and logistic problems. The paper also hinted on the active role that the Government needs to take for promoting the growth in this sector. **Singh and**

Agarwal (2012) conducted a study in Noida to focus on the shifting of customer preferences to shop from organised retail. This research had predicted a bright future of the Indian Retail arena for the domestic players as well as the new entrants which consequently had propelled more corporate houses to come up with major investments in this sector. On the consumers' perspective - increase in literacy, more exposure to different media vehicles and easy availability of a variety of consumer products all across the country have literally narrowed down the differences between the choice and preference of consumers from larger metros and smaller towns. **Kusuma, Prasad and Rao (2013)** highlighted that in the ever changing retail scenario of India, the ideal situation will be a peaceful co-existence between traditional and modern retail stores and the traditional ones should not consider the entry of organised retail to be a threat to their existence at all. According to **Ghoshal (2014)** the allowance of FDI in the Indian Retail sector will help it to integrate itself with the global standards bringing better employment opportunities. It will also bring considerable amount of improvement in – Supply Chain, Technology, Industry specific Skill Development, Backward Integration, Agricultural up gradation and more sourcing from within the country. Apart from that, he also opined that the Government must first try to create an investment friendly atmosphere for the off shore investors who aspire to enter the Indian retail market. In addition the educational bodies must also try to design industry oriented retail courses so that the retail players can get a pool of ready professionals for immediate employment. The study made by **Chowdhury (2016)** revealed that FDI in retail will help to import better skills and expertise amongst the retail professionals. It will also help to bring in considerable amount of foreign exchange into the Indian economy and thus give an overall economic boost to the country. **Prasad (2016)** also highlighted on the challenges that are hindering the growth or organised retail in India. According to him – dearth of skilled workforce, lack on industry status, policies and barriers, climate of investment and consumers' adherence to the unorganised retailers or 'local kiranas' are the major bottlenecks of growth of retail sector in the country. It showed that retail sector under proper guidance from the industry experts along with Government support has tremendous potential to create around 2-3 million direct jobs for the youth. The study also revealed the role that the government should take in the form of providing 'Industry status' by implementation and continuous reformation of industry specific norms and establishment of a single apex body for handling country wide retail issues and decisions to give a boost to this sector.

3. Research Objective

The study makes an endeavour to highlight on the dimensions of service quality as perceived by the customers in the organised retail sector where the area of research is primarily concentrated to the context of certain prominent retail outlets belonging to a couple of retail chains within the city of Kolkata only. Primarily the main objective of the proposed research work can be mentioned as per the following:

To identify the dimensions of service quality as perceived by customers and finding its impact on customer satisfaction.

4. Research Methodology

For the proposed study, every 5th customer leaving the retail outlet had been selected for interaction and the technique used for the customer interaction was by "Mall Intercept Model". In this kind of quantitative research technique, the researcher had intercepted every fifth customer leaving the outlet and thereafter interacted with him or her in the retail premises to gather the requisite data needed for conducting the study.

Out of the 400 questionnaires distributed among the 400 individuals selected to be a part of the sample, it was observed that only 127 respondents from the Big Bazaar outlets had provided complete information according to set of questions. Among the customers selected from Spencer's only 113 individuals had finished the complete exercise of the given questionnaire. Thus a total sample of $\{(127) + (113)\} = 240$ respondents had been attained whose views and responses had been instrumental in gaining vital information for this research work.

After the framing of questionnaire the same had been pretested by conducting a pilot survey on 25 respondents who had provided a first-hand impression about the efficacy of the framed set of questions. The obtained responses not only provided a trend about the response pattern of the individuals but it also helped to examine various important aspects of the questionnaire like – its content, the sequence of questions, the structure, layout etc. Basically on a broader sense it provided an idea if the questions asked had been systematic and comprehensive. Based on the responses the questions had been fine-tuned and refined further

with the help of academic experts which ultimately assisted to create the reframed set of questions for the final pool respondents.

After the collection of data from the filled up questionnaires received from the respondents, the entire information had been processed through SPSS statistical software package (Version 21) to go through a detailed analysis of the obtained data.

Identification of the dimensions of service quality as per customers' perception had been executed by *Factor Analytic approach*,

5. Findings

5.1 Demographic Profile

According to the framework of this proposed study the researcher has worked on some key demographic attributes only like – (1) Gender, (2) Age, (3) Marital Status, (4) Occupation, (5) Education, (6) Monthly Income and (7) Family Size or the total number of members in the family. The detailed information on the demographic aspect of the respondents had been gathered during the data collection by the help of structured questionnaire. In this case a separate section had been incorporated within the questionnaire where the respondents were supposed to fill up the details on their demographic profiles.

5.2 Findings of Factor Analysis

The below table indicates that, in the present test the Kaiser-Meyer-Olkin (KMO) measure was 0.729. Bartlett's sphericity test also found highly significant; with a p-value of .000, that rejected the null hypothesis of identity matrix. It provides support for validity of the factor analysis of the data set and indicates that, factor analysis is appropriate.

Table 4.16 : KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.729
Bartlett's Test of Sphericity	Approx. Chi-Square	2409.229
	df	78
	Sig.	.000

The next item from the output is the table of communalities which shows how much variance (i.e. the communality value which should be more than 0.5 to be considered for further analysis. Otherwise those variables with values less than 0.5 need to be involved from further steps of factor analysis) in the variables has been accounted for by the extracted factors. The initial table of Communalities displayed the values of V4, V13 and V15 as 0.296, 0.473, and 0.301 which are less than 0.5. So these variables are removed from the analysis to proceed further.
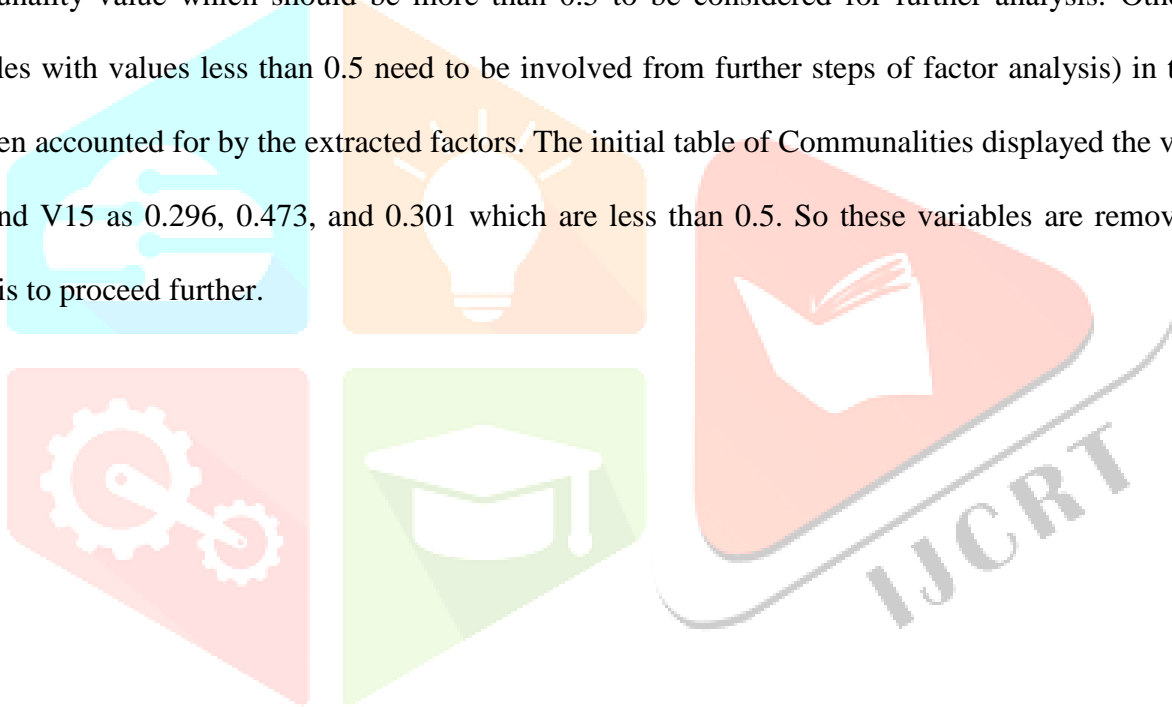
Table 4.17 : Communalities		
Variables	Initial	Extraction
V1	1.000	.843
V2	1.000	.952
V3	1.000	.902
V4	1.000	**.296**
V5	1.000	.913
V6	1.000	.822
V7	1.000	.737
V8	1.000	.807
V9	1.000	.897
V10	1.000	.793
V11	1.000	.719
V12	1.000	.734
V13	1.000	**.473**
V14	1.000	.776
V15	1.000	**.301**
V16	1.000	.760
Extraction Method: Principal Component Analysis.		

The Eigen value table has been divided into three sub-sections, i.e. Initial Eigen Values, Extracted Sums of Squared Loadings and Rotation of Sums of Squared Loadings. For analysis and interpretation purpose we are only concerned with Extracted Sums of Squared Loadings. Here the first factor accounts for 25.634% of the variance, the second 24.013%, the third 20.976%, and the fourth factor as 11.361%. All the remaining factors are not significant (Table 4.18). Overall the factors explained about 82% of the total variance.

| Table 4.18 : Total Variance Explained | | | | | | | | |
| Component | Initial Eigen Values | | | Extraction Sums of Squared Loadings | | | Rotation Sums of Squared Loadings | | |
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.332	25.634	25.634	3.332	25.634	25.634	3.273	25.175	25.175
2	3.122	24.013	49.647	3.122	24.013	49.647	3.133	24.096	49.272
3	2.727	20.976	70.623	2.727	20.976	70.623	2.725	20.959	70.231
4	1.477	11.361	81.984	1.477	11.361	81.984	1.528	11.753	81.984
5	.522	4.019	86.003						
6	.413	3.176	89.179						
7	.367	2.827	92.006						
8	.305	2.343	94.349						
9	.229	1.764	96.113						
10	.215	1.651	97.764						
11	.131	1.010	98.774						
12	.111	.856	99.629						
13	.048	.371	100.000						
Extraction Method: Principal Component Analysis.								

The idea of rotation is to reduce the number factors on which the variables under investigation have high loadings. The rotation actually assists to make the interpretation of the analysis much easier. Looking at the table below, the researcher observes that **'overall appearance and impression'**, **'Clean and hassle free environment '**, and **'convenient and safe parking'** are substantially loaded on *Factor 3* while **'correct and adequate information', 'time interval', 'Adequate stocks',** and **'mentioning and visibility of product prices'** are substantially loaded on *Factor 1*. Variables **'queries handling efficiently and professionally'**, **'customer feedback system'**, **'good return and exchange policies'**, **'Staff members are knowledgeable**

Factor 2. All the remaining variables '**wide range of merchandis**e, '**convenient hours of operation'** are substantially loaded on *Factor 4.*

Table : 4.19 : Rotated Component Matrix[a]	Component			
	1	2	3	4
The Store's overall appearance and impression	-.004	.000	.918	.019
Clean and hassle free **shopping environment**	.009	-.026	.975	.038
The Store provides convenient and safe parking **facilities**	-.009	.030	.949	-.025
Provision of correct and adequate information **on promotional activities**	.950	-.078	.067	.017
The time interval **or requirement that you have to wait in the queue**	.906	-.019	.006	-.016
Adequate stocks **of products that you need**	.857	.027	-.034	.018
Clear mentioning and visibility of product prices	.896	.021	-.035	-.047
The store handles all your complaints and queries efficiently and professionally	-.008	.945	.005	.068
The store encourages proper "customer feedback system"	-.042	.889	.010	.020
The store nurtures "good return and exchange policies"	-.034	.843	-.082	-.002
The Staff members are knowledgeable **to address all your queries**	.045	.846	.075	.100
The Store provides a wide range of merchandise **for the customers**	.040	.031	.089	.875
The Store helps you with convenient hours of operation	-.061	.104	-.065	.861

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Table 4.20 : Factors representing Service Delivery Dimensions

Factors	Variables	No of Items	Cronbach's alpha
Store Physical Aspects	V1,V2,V3	3	0.944
Store Reliability	V5,V6,V7,V8	4	0.925
Customer Grievance Handling	V9,V10,V11,V12	4	0.903
Store Policy	V14, V16	2	0.683

The derived factors represent different dimensions of Service delivery that leads to customer satisfaction from the original 16 scale response items given. Referring to Table 4.20, it is evident that people associate the perception of satisfaction to these different factors:

(i) **Store Physical Aspects** (ii) **Store Reliability** (iii) **Customer Grievance Handling** and (iv) **Store Policy.**

6. Conclusion

In this proposed study each of the 16 service variables or components that have been framed in the questionnaire has been assigned codes V1 to V16 for convenience during the statistical exercise of Factor Analysis. However during the course of the study the results in the Communalities table indicate that the values of V4, V13 and V15 come to 0.296, 0.473, and 0.301 which are less than 0.5. These three assigned codes stand for Store Layout (V4), Efficiency Level of Customer Service Desk (V13) and Behaviour of Store Personnel towards Customers (V15) respectively. So these variables are removed from the analysis to proceed further. Hence after removing the above mentioned three components we are left with 13 variables on which factor analysis had been conducted. The test helps to create 4 different service factors which were actually latent constructs initially, but later got revealed as prime Service Quality Dimensions framed according to the inputs as given by the respondents in the provided questionnaire. Service Quality is a multi-dimensional construct and it is explained by the factors like - **Store Physical Aspects**, **Store Reliability**, **Customer Grievance Handling** and **Store Policy.**

7. Limitations of the Study

The Research work being conducted only within the Kolkata urban region, does not properly reflect the retail picture of semi-urban or rural West Bengal. In fact the same study can further be extended to category two towns and interiors of West Bengal also. The sample size can be further increased to more respondents and thus gather further information about various other aspects of the retail market. The same study can be replicated for other categories of retail also.

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