

ASSESSING THE EFFECTS OF SERVICE QUALITY ON CUSTOMER BUYING INTENTIONS IN BANGALORE'S GROCERY RETAIL SECTOR

¹Mohammed Naveed U, ²Dr. Ritika Sinha
¹Research Scholar, ²Associate Professor,
Canara Bank School of Management Studies,
Bangalore University,
Bangalore, Karnataka, India

Abstract: This study includes the five dimensions of service quality to better understand the factors underlying grocery retail sector's customers to know assess their perceptions and intentions of service quality. Customers perceive the service quality primarily on the basis of parameters which are intangible (reliability, responsiveness, assurance and empathy), along with the tangible factors (Parasuraman et al., 1988). Therefore, to understand the opinion on the each of the services in terms of quality provided by Kirana store and supermarket, the questions were framed accordingly. Sampling has been conducted at the selected retail customers of both the sectors of Organized and Tradition retailing as this study is the part of my Ph.D. research work. A five point Likert Scale has been used for the collection of data. The review of literature was done to find out the research gap. The service quality of Bangalore's Grocery retail stores has been analysed with its effects on customer satisfaction and customer loyalty through a regression analysis.

Keywords: Service Quality, Perception, Tangible, Grocery, Retailing

I. INTRODUCTION

Food & grocery retailing plays a vital role in the present Indian retail scenario. Approximately 8-9 Mn. food & grocery stores (including both local kirana shops and organized retail shops) are functioning in India now. This sector accounts for about 57% of the total retail market, with an estimated market size of US\$ 320 Bn. (Rs. 20,000 Bn.). The food & grocery category is expected to grow around 13-14% per annum over the next decade with the retail share of about 2-2.5%. With this growth food & grocery retail is expected to dominate the retail market with more than 50% share of the overall retail market. It is assumed that by 2025, the food & grocery retail market will touch US\$ 1,150 Bn. (Rs. 71,000 Bn.). This growth will be largely driven by demand growth as a result of increasing population, increasing incomes and thereby higher spend on foods and groceries. Currently, over 95% of the grocery retail market is controlled by unorganized retail shops. The share of organized retailers stands at around 5%. However, this is expected to change drastically as the organized retailers penetrate the markets deeper. According to the analysis, organized retail is expected to capture at least 8-9% of the food & grocery market by 2016 and will touch US\$ 90-100 Bn. (Rs. 5,600-6,200 Bn.) (Naqvi, Malhotra & Chugh, 2016).

Quality of service (QoS) is related to the interactions between the service provider and consumer (Seth et al., 2005) and determines the customer satisfaction towards that provider and hence the very existence of the shop (Gronoos, 2001). Since most of the unorganized retail shops are functioning locally, the retailers are well versed in the needs of the local customers and provide the service accordingly. Their customer circles are restricted and near to the shop, this makes them convenient in providing the home delivery service which will increase the trust among customers. In most cases, the psychological attachment between the customers and shopkeepers are deep and hence the shop owner will give some suggestions regarding the quality of the product which in many times will help the customers to choose a good quality product.

However, the hygiene and the ambience are two key qualities that differentiate organized showrooms from unorganized ones. Organized shops provide big storage houses and adopt modern technologies to keep the groceries fresh. They use modern communication means to take the order from the customers and provide home delivery facility even though the customer is not near to the shop. Most of the retail shops consist of assigned staff who will help customer to choose the right product. The organized shops are more focused on the hygiene and hence provide the items after processing and packaging. Proper billing system, which will help to eliminate the pricing discrepancies is another service that the organized retailers are providing.

II. Review of literature

Sinha and Banerjee (2004) examined the factors which affects the store choice behaviour of Indian retail consumer. The paper correlated the store features with the true motivations of various consumers in patronizing various stores. The study investigates and provides insight to fact that whether the average Indian consumer values the new store dimensions offered by retailers or not. Findings made it clear that, major drivers for choosing a grocery store in India seem to be nearness to place of residence and the comfort level which directly favours the kirana.

Sinha, Mathew and Kansal (2005) examined the format choice of food and grocery retailers in India. Study analysed the various factors influencing decision making process of customers in choosing a store format. A full-profile procedure was used for the Conjoint Analysis in this study. First phase of the two phase study was exploratory in nature. Store managers of five food and grocery shops in Ahmedabad were interviewed. The second phase was a field study to find utilities that shoppers attached to. The study revealed the fact that format choice is a cognitive process. According to the study, format choice is an information processing behaviour. The study pointed out that the choice of the store is based on the confidence that the customer, which directly depend on the nature and quality of product and service the consumer will receive. Furthermore, In Indian scenario, formats had a great deal of influence on the choice of store, as well as orientation of the shoppers.

Kaul (2007) examined the applicability of Retail Service Quality Scale (RSQS) in India. The study was conducted in the city of Bangalore. RSQS has five dimensions, such as Physical Aspects, Personal Interaction, Reliability, Policy and Problem Solving, which is supposed to capture distinct though correlated aspects of retail service and six sub-dimensions. Each of the first three dimensions has two sub-dimensions. These six sub-dimensions are Appearance, Convenience, Promises, Doing it-Right, Inspiring Confidence, and Helpfulness. The study gathered data using a survey questionnaire from a sample population of 144 adult shoppers at large format apparel stores. This indicated that the RSQS dimensions and sub-dimensions were not clearly identifiable. The study exhibited the fact that the dimension of 'Physical Appearance' is the only one that is relatively clear and all the other dimensions were found to be vague. The dimension of 'Problem-Solving' was appeared to be hazy and all the other dimensions of RSQS encompassed only one factor. The study concluded that RSQS has limited diagnostic application and is inappropriate for application in Indian retail. Pre-test interviews of shoppers indicated that several service aspects mentioned by shoppers during interviews are not included in RSQS.

Choudhary and Sharma (2009) conducted a study in Chandigarh Tricity (Chandigarh Mohali and Panchkula), to understand the operational efficiency of retail and stores and its impact on the consumer's store choice. The study adopted both literature review and empirical analysis to reach in to a comprehensive conclusion. The study gathered the required data from a sample population of 200 retailers within the time frame 2007 to 2008. An extensive literature review revealed the fact that size of retail stores and their location played a significant role in measuring the operational efficiency of retail stores. An empirical analysis was conducted using chi-square test of independence to understand the role and contribution of type of retail formats on operational efficiency and to examine the impact of location on the same. Findings from the data analysis showed that there was significant influence of format of retail stores and location on the operational efficiency. However, the study revealed that the degree of association was found to be low.

Goyal and Aggarwal (2009) examined the relationship of the various products purchased at organized retail outlets and the consumer's choice of format, when purchasing a product. The paper also discussed the future development of organized retail, with a focus the on aspects with potential effects on consumer purchasing behaviour. The study was conducted at the National Capital Region (NCR) Delhi and gathered primary as well as secondary data using a convenience- sampling method. The researchers selected and approached 365 consumers out of which 230 provided appropriate responses. The researchers conducted the survey in the two months of August and September 2008. A five point Likert scale was used in the questionnaire. The data were analyzed using factor analysis and ANOVA. SPSS 11.5 version software was used for analysis. The results indicated that not all items are equally important for retail outlets and various products need specific retail formats.

III. Research methodology

A) Research Design	Descriptive Research
B) Sampling Design	
✓ Sampling Frame	Consumers who buy from both Organized and Traditional Grocery Retail Stores at Bangalore.
✓ Sampling Unit	Consumers from different age groups, gender, locations, income levels and educational backgrounds
✓ Sampling Size	425 customers
✓ Sampling Methods	Purposive Sampling
C) Data Collection Methods	
✓ Primary Data	Survey Method (the whole schedule was standardised)
✓ Secondary Data	Data were collected from previous studies, journals related to the retail sector.
✓ Type of Schedule	Structured Questionnaire with suitable scaling

✓ Type of Questionnaire	Likert Scale with multiple choice questions
✓ Statistical Tool Used	ANOVA, Multiple Regression Analysis, Tukey Post Hoc test

IV. Hypothesis

Ho1: The quality of service rendered in terms of tangible factors are influenced significantly by the organized grocery retailer vis-a-vis traditional grocery retailers.

Ha1: The quality of service rendered in terms of tangible factors is influenced significantly by the organized grocery retailer vis-a-vis traditional grocery retailers.

Ho2: The quality of service rendered in terms of reliable factors are not influenced significantly by the organized grocery retailer vis-a-vis traditional grocery retailers.

Ha2: The quality of service rendered in terms of reliable factors is influenced significantly by the organized grocery retailer vis-a-vis traditional grocery retailers.

Ho3: The quality of service rendered in terms of responsive factors are not influenced significantly by the organized grocery retailer vis-a-vis traditional grocery retailers.

Ha3: The quality of service rendered in terms of responsive factors is influenced significantly by the organized grocery retailer vis-a-vis traditional grocery retailers.

Ho4: The quality of service rendered in terms of assurance are not influenced significantly by the organized grocery retailer vis-a-vis traditional grocery retailers.

Ha4: The quality of service rendered in terms of assurance is influenced significantly by the organized grocery retailer vis-a-vis traditional grocery retailers.

Ho5: The quality of service rendered in terms of empathy are not influenced significantly by the organized grocery retailer vis-a-vis traditional grocery retailers.

Ha5: The quality of service rendered in terms of empathy is influenced significantly by the organized grocery retailer vis-a-vis traditional grocery retailers.

Data Findings

A) Tangible Factors

Ho1: The quality of service rendered in terms of tangible factors are not influenced significantly by the organized grocery retailer vis-a-vis traditional grocery retailers.

A Mann-Whitney test indicated that the aspects on parking convenience and visual appeal of the materials provided by the stores was statistically significant and greater for supermarket than in the Kirana store ($U_4 = 9255.500$, $p = 0.000$) and ($U_5 = 12635.500$, $p = 0.000$).

Table 1: Rank table of the tangible factors in the service quality of the grocery stores

Tangible factors	Mann-Whitney U	Sig.
1. Physical facilities at the grocery stores are visually appealing.	19436.500	0.008
2. The grocery stores maintain clean, attractive and convenient public areas.	20355.500	0.065
3. The layout of grocery store makes it easy for customers to find what they need.	17593.500	0.000
4. The stores provide plenty of convenient parking for customers.	9255.500	0.000
5. Materials associated with this stores' service are visually appealing.	12635.500	0.000

Table 2: Model summary of the tangible factors as a part of quality service influencing grocery shopping preferences

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.621 ^a	.386	.379	.394	.386	52.647	5	419	.000

Interpretation: The above study shows that the quality of service rendered in terms of tangible factors is influenced significantly by the organized grocery retailer vis-a-vis traditional grocery retailers and hence the alternate hypothesis is accepted by rejecting null hypothesis.

B) Reliable Factors

Ho2: *The quality of service rendered in terms of reliable factors are not influenced significantly by the organized grocery retailer vis-a-vis traditional grocery retailers.*

The results of the Mann-Whitney U-test for similarity (Table 17) show statistically significant differences (p at 0.05 levels) in all the parameters tested under reliable factors. This implies that the shops differ within reliable factors. The mean rank for the supermarket users with respect to the following constructs such as the provision of high quality commodities, favourable shopping environment and error free sales and record keeping was higher than the Kirana shop users ($U_2 = 15084.500$, $p=0.000$; $U_3 = 13283.500$, $p=0.000$ and $U_5 = 13621.500$, $p=0.000$). Despite of this, the reverse was true for the other two constructs, viz., the provision of free home delivery services and the availability of every product under one roof, where the mean rank was higher than the supermarket users ($U_1 = 17893.000$, $p=0.000$ and $U_4 = 18837.500$, $p=0.002$).

Table 3: Rank table of the reliable factors in the service quality of the grocery stores

Reliable factors	Mann-Whitney U	Sig.
1. The grocery stores provide free home delivery services.	17893.000	0.000
2. The stores provide high quality merchandise	15084.500	0.000
3. They have a good shopping environment	13283.500	0.000
4. They provide everything under one roof	18837.500	0.002
5. The store insists on error-free sales transactions and records.	13621.500	0.000

Table 4: Model summary of the reliable factors as a part of quality service influencing grocery shopping preferences

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.547 ^a	.299	.291	.421	.299	35.731	5	419	.000

Interpretation: The above study shows that the quality of service rendered in terms of reliable factors is influenced significantly by the organized grocery retailer vis-a-vis traditional grocery retailers and hence the alternate hypothesis is accepted by rejecting null hypothesis.

C) Responsive Factors

Ho3: *The quality of service rendered in terms of responsive factors are not influenced significantly by the organized grocery retailer vis-a-vis traditional grocery retailers.*

The results of the Mann-Whitney U test suggest that the distributions in the two store groups differed significantly for all the aspects studied in responsive factors (Table 19). Thus, respondents were heterogeneous with respect to all items with regard to responsive factors. The mean rank for the consumers of the kirana stores with respect to promptness of services, user friendly operating hours, nearness to customer home and the direct and immediate treatment of the customer complaint was higher than the supermarket users ($U_1= 20134.000$, $p=0.044$; $U_2= 16527.500$, $p=0.000$; $U_3= 16479.500$, $p=0.000$ and $U_5= 13849.000$, $p=0.000$). Only in the speedy address of customer complaint, the mean rank of supermarket users was more than the mean rank of the Kirana store user ($U_4= 18550.500$, $p=0.001$).

Table 5: Rank table of the responsive factors in the service quality of the grocery stores

Responsive factors	Mann-Whitney U	Sig.
1. The grocery stores performs the services promptly.	20134.000	0.044
2. The stores provide high quality merchandise.	16527.500	0.000
3. They have immediate proximity to the residential areas.	16479.500	0.000
4. They provide a speedy process in dealing with customer complaints.	18550.500	0.001
5. Employees of the stores are able to handle customer complaints directly and immediately.	13849.000	0.000

Table 6: Model summary of the responsive factors as a part of quality service influencing grocery shopping preferences

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.426 ^a	.182	.172	.455	.182	18.612	5	419	.000

Interpretation: The above study shows that the quality of service rendered in terms of responsive factors is influenced significantly by the organized grocery retailer vis-a-vis traditional grocery retailers and hence the alternate hypothesis is accepted by rejecting null hypothesis.

D) Assurance

Ho4: The quality of service rendered in terms of assurance are not influenced significantly by the organized grocery retailer vis-a-vis traditional grocery retailers.

The results of the Mann-Whitney U test did not demonstrate any statistically significant differences with regard to the assurance parameters such as understanding of the grocery store employees about the specific needs of the customers, providing facilities like home delivery and the interest shown by employees on customer requests (Table 21). These results suggest that opinion on these three assurance parameters from users of both the shops are very similar to one another.

In the other two tested parameters of assurance where statistical significance was observed, viz., maintenance of a pleasant ambience in the store and sending of any greetings by the store to the customers, supermarket users had a higher mean rank than the Kirana shop customers ($U_2= 13389.000$, $p=0.000$ and $U_5= 8023.500$, $p=0.000$), implying there is dissimilarity within the opinions of the kirana and supermarket users.

Table 7: Rank table of assurance in the service quality of the grocery stores

Assurance	Mann-Whitney U	Sig.
1. The employees of grocery stores will understand the specific needs of their customers.	20463.000	0.084
2. They maintain a pleasant ambience in the stores	13389.000	0.000
3. They provide facilities like home delivery	20824.000	0.151
4. Employees in the stores are never too busy to respond to customers' requests.	21977.000	0.665
5. The grocery stores send festival greeting, anniversary/ birthday greeting cards to the customers.	8023.500	0.000

Table 8: Model summary of assurance as a part of quality service influencing grocery shopping preferences

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.667	.444	.438	.375	.444	67.021	5	419	.000

Interpretation: The above study shows that the quality of service rendered in terms of assurance is influenced significantly by the organized grocery retailer vis-a-vis traditional grocery retailers and hence the alternate hypothesis is accepted by rejecting null hypothesis.

E) Empathy

Ho5: *The quality of service rendered in terms of empathy are not influenced significantly by the organized grocery retailer vis-a-vis traditional grocery retailers.*

Table 23 presents the ranks of the various modules of the empathy as a factor for testing service quality within the grocery stores. For almost all the parameters such as financial safety of customers, freedom of choice of customers, formation of long interrelationships, systematic exchange policies, the hypothesis that there is no significant difference between Kirana and supermarket stores in Bangalore with respect to the empathy, was rejected as the significant value $p < 0.05$. Therefore, it can be implied that both the stores differ in these aspects. The mean rank was higher in all the four cases for supermarket users ($U_1 = 20218.500$, $p = 0.044$; $U_2 = 10538.500$, $p = 0.000$; $U_3 = 15967.000$, $p = 0.000$ and $U_4 = 19550.000$, $p = 0.011$).

The distributions in both the groups showed a statistical insignificant difference in the aspect of regularity in terms of checking the manufacturing and expiry dates of the products (Mann-Whitney $U_5 = 20233.000$, $P < 0.05$ two-tailed). Therefore, in this case null hypothesis is accepted implying there is no difference between both data sets, i.e., both data sets from supermarket and kirana stores are equal.

Table 9: Rank table of empathy in the service quality of the grocery stores

Empathy	Mann-Whitney U	Sig.
1. Customers feel safe in their transactions with the grocery stores.	20218.500	0.044
2. They provide freedom of choice in the form of self-service.	10538.500	0.000
3. They put efforts to create long lasting relationships.	15967.000	0.000

4. The stores follow a systematic exchange policy.	19550.000	0.011
5. The stores regularly update with the manufacturing and expiry date.	20233.000	0.060

Table 10: Model summary of empathy as a part of quality service influencing grocery shopping preferences

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.559 ^a	.312	.304	.417	.312	38.046	5	419	.000

Interpretation: The above study shows that the quality of service rendered in terms of empathy is influenced significantly by the organized grocery retailer vis-a-vis traditional grocery retailers and hence the alternate hypothesis is accepted by rejecting null hypothesis.

V. Conclusion

The study investigated the effect of retail service quality dimensions on consumer buying intentions at grocery retail stores. Of the dimensions, all the five namely (tangibles, reliability, responsiveness, assurance and empathy) were found to be significantly influencing the customer buying intentions.

The reliable and assurance factors were the strongest to influence customer buying behaviour in terms of service quality and hence the practitioners in the retail business therefore need to prove reliable in their offerings and meet the customer expectations.

Further responsive and empathy factors has a high influence on customer buying intentions and hence the retail stores from both the sectors (Organized and Traditional) have to be high in providing convenience, promptness and proximity in the location in terms of responsive. The empathy factors were also perceived to be high in influencing the customers as the retailers must provide a value for the money spent by the customers and giving high importance for meeting their needs and meeting their expectations.

Finally, the tangibles exerted a high influence as the visual merchandise and other tangible cues has a significant influence on customer buying intentions.

References

- ✓ Amiri, A.S.F., Faghani, F. (2012), Service quality and customer satisfaction (application of SERVQUAL model). *International Journal of Management and Business Research*, 2(4), 351-361.
- ✓ Upadhyay, Y., Singh, S.K. (2008), Measuring consumer perceived value of different retail formats. *The Indian Journal of Commerce*, 61(4), 49-67.
- ✓ Zeithaml, V.A. (1988), Consumer perception of price, quality, and value: A means-end model and synthesis of evidence. *Journal of Marketing*, 52(3), 2-22.
- ✓ Ms. Monika Talreja, Dr. Dhiraj Jain, (2013) Changing Consumer Perceptions Towards Organized Retailing From Unorganized Retailing – An Empirical Analysis, *International Journal of Marketing, Financial Services & Management Research* ISSN 2277- 3622 Vol.2, No. 6, June Online available at www.indianresearchjournals.com
- ✓ Piyush Kumar Sinha, Arindam Banerjee, (2004) "Store choice behaviour in an evolving market", *International Journal of Retail & Distribution Management*, Vol. 32 Issue: 10, pp.482-494
- ✓ Goswami, P.; Mishra, M.S. (2009): Would Indian consumers move from kirana stores to organized retailers when shopping for groceries? in: *Asia Pacific Journal of Marketing and Logistics*, 21(1), 127-143.
- ✓ Goswami, S. (2012). A Study of Private Labels of Organized Retail Stores in South Rajasthan. *International Journal of Research in IT and Management*, 2(2).
- ✓ A.T.Kearney. (2009) report on "Growth Opportunities for Global Retailers". In *The A.T. Kearney 2009 Global Retail Development Index*. 2.
- ✓ Aaker, Jones, A., David, & Morgan, J. (1971). Modelling Store Choice Behaviour. *Journal of Marketing Research*, VIII, 38 - 42.
- ✓ SRIVASTAVA, P. A. (2012). Customers Perception Regarding Purchase Behaviour Towards Malls: A Study of Noida and Ghaziabad. *Asian Journal of Research in Marketing*, 1 (1).
- ✓ Kaul, S. (2007) „Measuring Retail Service Quality: examining applicability of international research perspectives in India, *VIKALPA*, Vol. 32, No 1, pp. 15-26
- ✓ Arun, K.G., Shivashankar, K.C. and Manjunath, S.J. (2012) „Retail service quality with respect to supermarket in Mysore city, *International Journal of Marketing and Technology*, Vol. 2, No. 9, pp. 112-123.

- ✓ Ghosh, P., Tripathi, V., and Kumar, A. (2010). Customer expectations of store attributes: A study of organized retail outlets in India, *Journal of Retail and Leisure Property*, 9, 75-87.
- ✓ Himanshu Choudhary ^{1*}, Vandana Sharma ^{2 (2009)}, Empirical Study on Operational Efficiency in Retail Stores in Chandigarh Tricity, *Prabandhan: Indian Journal of Management*, Volume 2, Issue 3, May-June 2009
- ✓ BB. Goyal, Meghna Agarwal, (2009), Organized Retailing in India- An Empirical Study of Appropriate Formats and Expected Trends, *Global Journal of Business Research*, Volume 3, Number 2, Pg. 77-8
- ✓ Chakraborty, S. (2010). A Study of Selected Discount Store Retail in Hyderabad for the Purpose of Identifying Factors in Regards to Shopping Motives, Store Attributes, Shopping Outcomes and Perceived Shopping Cost. *International Journal of Global Business*, 3 (1), 1-19.
- ✓ <http://www.indiaretailing.com/india-retail-report-2009-detailed-summary.pdf>
- ✓ http://www.ibef.org/artdispview.aspx?art_id=29841&cat_id=376&in=63 2012
- ✓ <http://www.entrepreneurswebsite.com/2011/02/09/retail-industry-in-india>

