Class I Town Retail Supermarket Customers' Perception of Service Quality

(With Reference to towns with 1,00,000 to 2,00,000 population)

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ABSTRACT

The primary purpose of this paper is to study the impact of five retail service quality dimensions; namely physical aspects, reliability, personal interaction, problem solving and policy, on customers' perception of overall service quality of supermarkets especially in the class I towns with population ranging 1,00,000-2,00,000. For the purpose of this study perception of Panchajanya supermarket, Hindupur (Andhra Pradesh) is considered. The primary data is collected from the customers with sample size of 136 using questionnaire – data instrument. The collected data is analysed using statistical tool multiple linear regression. The results exhibits that all five dimensions of retail service quality are significantly together have impact on customers' overall perceived service quality of supermarket, though in individual basis personal interaction is not significantly impacting perceived service quality. The study provides managerially relevant results that may help supermarket retailers to execute service quality improvement strategies that lead to positive customers' perception of service quality and in turn contribute for customer retention and higher customer profitability.

Keywords: Customer Perception, Town, Perceived service quality, Retail sector, Supermarkets.

1. INTRODUCTION

The retail environment is reforming more swiftly than ever before. It is characterized by intensifying competition from both domestic and foreign companies. The culture of supermarket is now growing in class I cities with at least 1,00,000 population, which were earlier limited to million plus/metro/mega cities. Retailers today must differentiate themselves by meeting the needs of their customers better than their competitors. There is general agreement that a basic retailing strategy for creating competitive advantage is the delivery of high service quality.

The threats of globalization and entry of new players in the market is compelling firms to initiate proactive strategies by breaking from the traditional customer satisfaction thinking, that helps to build competitive advantage over their rivals through acquisition and retention loyal customers 2]. Simultaneously, customer demand for quality goods and services has been continuously increasing and as a result competing businesses must find paths for meeting these demands better than their rivals.

The survival of any business in a competitive industry largely depends on its efficiency to provide better service quality to its customers. As a result, managers in service sectors are under continual pressure to improve service quality provided by their business firms. Service quality is appraised very significant because it leads to higher customer satisfaction, reduced cost, profitability, customer loyalty and there by customer retention. Research has also shown that quality improvements result in fewer defects, less service errors and loyal customers who keep pumping revenues to the business.

Intense competition forcing supermarkets to not only expand their range of products and services offered but also pay special attention to quality of service and customer loyalty. The traditional shops (Kiranas) still pose a major threat to supermarkets especially in the rural areas and urban semi-formal settlements due to close proximity to customers and small size packaging. The aim of this study is to investigate the relationship between various dimensions of service quality as well as explore the significance of each dimension in predicting overall perceived service quality among customers' of panchajanya supermarket in Hindupur.
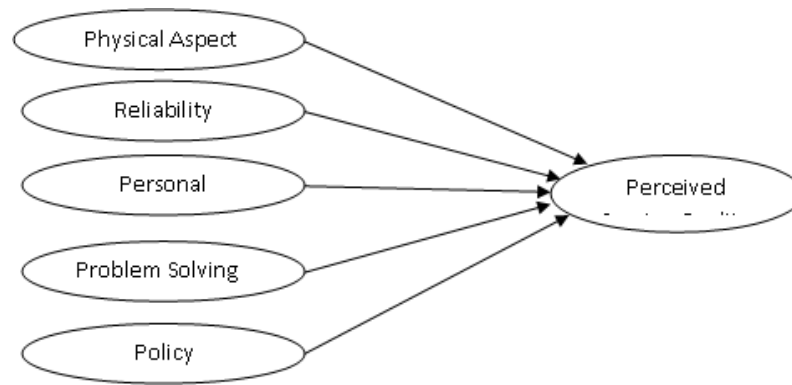
2.   LITERATURE REVIEW

Time and again service marketing research studies have been proving that customers' preference to continue with the existing service provider is based their satisfaction towards perceived service quality. The term service quality signifies different things based on the context it is used. Service quality in terms of satisfaction means perceived service quality, which is specific to confirmation or disconfirmation of consumers' expectations with service performance. In contrast to expectation and confirmation conceptualization of Perceived service quality, there is a performance only conceptualization. Service quality is an attitude and it is perceived based on performance of service process and out come without considering consumers expectations. On these lines of disconfirmation paradigm and performance only paradigm, in the retail sector perceived service quality has been conceptualized and operationalised by various authors. Quality of product in retail general stores reference not only quality of core merchandise they sell, it also includes the periphery services provided by them. Initially Westbrook classified retailer-related customer experience in to two broad dimensions, as in-store experiences and experiences related to the merchandise. In later years Pratibha Dabholkar came up with retail service quality scale (RSQS). She proposed retail service quality as a second order factor formed by dimensions and sub-dimensions. Five dimensions identified to measure retail stores service quality are physical aspects, reliability, personal interaction, problem solving and policy. Physical aspects help to measure not only merchandise quality, but as physical evidences they influence the evaluation of intangible aspects of In retail store like supermarket context physical aspect encompasses the convenience offered the customer by the layout of the physical facilities in addition to the appearance of the physical facilities.

3.   RESEARCH METHODOLOGY

Causal research design is adopted to investigate how the customers' perception of service quality's five dimensions; physical aspects, reliability, personal interaction, problem solving and policy influences their perception of overall service quality regarding services of supermarket. Statements used to measure service quality dimensions were adopted from the works of Dabholkar et al. The scale was exclusively developed to measure the service quality for retail stores. Each statement was rated on a 5-point scale, with high scores indicating strong positive perception for that particular aspect of supermarket's service quality.

For the purpose of this study Class – I towns population range between 1,00,000 - 2,00,000 are considered. The customers of the Panchajanya Super Market, Hindupur, are considered for this study. Hindupur is a class I town with 1,51,677 of population as per 2011 census. Customers whose age is 18 or more are targeted for this study as population. Convenience sampling technique was used to select the units for study. This method is followed as there is no customers' data base available and also considering the willingness of customers to respond. Sample size for the study is 135. The research made use of primary data, which was collected using structured questionnaire distributed to the 150 respondents sampled from super market, found at bill counter. The administered questionnaires for 50 were collected after completion by the respondents on the same day. For Physical Aspect, Reliability, Personal Interaction, Problem Solving, Policy Perceived Service Quality the rest 100, questionnaires were administered through mail and 85 were filled and returned. These 135 responses are used for analysis. To achieve the content validity, the questionnaire is prepared under the guidance of subject and industrial experts. The most popular test of consistency reliability, the Cronbach's coefficient alpha is used. The reliability score of overall items in the instrument was 0.913, which was above the threshold score 0.70. Thus the instrument was valid and reliable. Multiple Linear Regression was applied to analyze the impact of five dimensions of service quality and over all service quality perception.

Table 1. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.873ª	.763	.753	.312	1.906

a. Predictors: (Constant), Policy, Physical Appearance, Problem Solving, Reliability, Personal Interest
b. Dependent Variable: Service Quality

4.   TESTING THE HYPOTHESIS

The status of relationship between each predictor and service quality variables can be drawn from coefficient table 4.5, the *p*-value for beta coefficient of physical aspects is 0.001, the same for Reliability, Personal Interest, Problem Solving, and Policy are 0.003, 0.359, 0.000, 0.000. All these values except Personal Interest are significant at 5% significance level. Thus we can claim that the service quality of panchajanya super market is positively related to its physical aspects, reliability, problem solving, and policy, where as there is no relationship between service quality and personal interest with respect to the services of Panchajanya super market.

However in the context of overall service quality model, to test the null hypothesis of no linear relationship between the predictor and dependent variables, i.e R-square = 0, the Analysis of Variance (ANOVA) is used. Here null hypothesis of the study is tested and the results from this test are presented in the ANOVA table (see Table 2). The computed F statistic is 82.863, with an observed significance level of less than 0.05 i.e. p-value = 0. Thus, the hypothesis that there is no linear relationship between the service quality and five predictor variables, Physical Appearance, Reliability, Personal Interaction, Problem Solving and Policy is rejected. It can be claimed that the service quality perception of customers and their perception on five aspects of service quality i.e. physical aspects, reliability, personal interaction, problem solving and policy are related.

Table 2: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	40.365	5	8.073	82.863	.000ª
	Residual	12.568	129	.097		
	Total	52.933	134			

a. Predictors: (Constant), Policy, Physical Appearance, Problem Solving, Reliability, Personal Interest
b. Dependent Variable: Service Quality

5.   DISCUSSION AND IMPLICATIONS

Regression equation exhibits that among five dimensions of perceived service quality change in 'policy' dimension will have more impact on customers' over all perceived service quality than other dimensions. In proposed service quality regression model, 76.3% of variance in perceived service quality (SQ) is explained by the five predictor variables, Physical Aspects (PA), Reliability (R), Personal Interaction (PI), Problem Solving (PS), and Policy (P). Thus there are some unidentified factors affecting supermarket customers' perception of service quality. However by monitoring these five dimensions and improving the service performance of these attributes will have considerable positive impact on customers' perception on quality and hence it contributes for customer loyalty and their retention. Among the five factors of perceived service quality, physical aspects scored highest mean, 3.73 with standard deviation of 0.56. Customers expressed positive perception especially on store layout; they agreed the store layout made easy for them to move around and find what they need. Supermarket still can bring betterment in physical aspects by hanging catalogs for each row, thereby it will be more convenient and time saving for customers in finding the goods they need. Though customers' rating for clean and attractive of store is positive, it can make in physical settings of fixtures and arrangement of goods for making it look more visually appealing for the customers. It can also consider making its employees more professional by uniforms. Reliability is just as important as a goof first hand impression, because every customer want to know if their supplier is reliable and fulfill the set requirements with satisfaction. Panchajanya super Market can perform and complete their promised service, quality and

accuracy within the given set requirements between them and the customer. This includes giving accurate information, delivering the service as per promise, and inventory management. By making sure availability of high quality merchandise, perform as promised and go beyond the expectations of customers to delight them. The findings highlight that front end employees especially sales persons are less aware about the services provided by the store, and there is a need of improvement in their knowledge about the service and level of courtesy with customers. Responsiveness is communicated to customers by length of time they have to wait for assistance, answers to questions or attention to problems. Thus the authorities of the super market can provide short term training at the initial stage of employee's appointment, emphasizing on attentiveness and promptness in dealing with customer's requests, questions, complaints and problems. In case of this supermarket there is scope for making customer friendly policy. They can give the option of cashless and card-less transaction like digital payment systems like Paytm. As the score for quality of merchandise is 3.53, it shows that customers are expecting much better quality of goods in the stores.

It is ideal to take an integrated approach to improve the customers' perception of service quality. From the result of multiple regression, it can be recommended that 'policy' aspect of supermarket service plays a crucial role in framing perception among customers about service quality of supermarket. It is recommended that by improving the quality of merchandise, being clear and customer friendly return and exchange policy, visually appealing store layout with catalogs, maintaining clean and hygienic atmosphere in the store, inculcating professional & confidence instilling and helpful behavior among staff, Panchajanya supermarket can retain the existing customers and also attract new customers.

6. CONCLUSION

The study demonstrated that customers attach great importance to the policy, the physical appearance, and the reliability of the retailer. For supermarkets to establish or enhance service quality, they have to ensure that staff members are polite and courteous to customers, have the knowledge to answer customer questions and handle complaints effectively and promptly. Policy and problem solving seem to be strong predictors of overall service quality, Managements of supermarkets should place greater emphasis on the policy and problem solving variables in order to enhance service quality perception among consumers. While the physical appearance and reliability of the supermarket seem to be other two strong predictor of overall service quality, though their strength of prediction is less compared to policy and problem solving, the retailer has to consider this and is recommended to invest on creating visually appealing ambience and efforts to be made to deliver the service as promised to the customers. Though the personal interest strength to predict the overall service quality is low, it cannot be underestimated, as it will act as competitive advantage at some point of time. All these can ignite loyalty in the customers towards supermarket and leads to store patronage and recommendation of the supermarket to friends.

7. SCOPE FOR FURTHER STUDIES

The findings of this study relate to a specific sector of the retail industry i.e. the supermarkets and this may limit generalization to other parts of the retail industry. Future research can be undertaken on other service sectors such as oil retailing, electronics and telecommunications retailing etc. A different model such as the SERVQUAL, SERVPERF or Retail Service Quality Scale can be used to carry out the same study and find if results will differ. It is also recommended that future studies can be taken by covering large number of supermarkets operating in Class I towns with population ranging between 1,00,000 – 2,00,000 for better understanding of customers expectations and their perception in these geographical areas.

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