

ORGANIZED RETAILING: MEASURING THE SERVICE QUALITY

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Abstract:

Modern living is incomplete without the retail stores. These are the major outcome of developments in 21st century. Organized retail stores are increasing day by day and approaching to many cities in India. Today they are not only limited metro but expanding their wings to non metro cities.

For retail stores measuring service quality and delivering maximum customer satisfaction is essential to success and survival. The study highlights key service quality parameters and customer satisfaction measure of the organized retail stores in Bhopal city at different locations. It will also point out major quality gaps and strategies to correct them.

Introduction:

"Change is the only constant" as rightly

One of the important economic changes of 20th century is the booming of service sector. Services have gaining an important role in the economic development of many countries around the globe. Most of the developed and underdeveloped nations are emerging as service economy from their previous façade of industrial or agriculture base economy. Any economy is said to be service based if the GDP of that country is coming more than 50% by the service sector. Indian economy is one of these kinds.

Services are becoming one of the important sources of economic wealth; as they create employment and generate the basis of livelihood. The services have grown in many sector like; education, communication, health care, hospitals, hotels, banking, software, information technology, electricity, food and beverages, consultancy, railways and other transportation, insurance, organized retail and many other.

In earlier times the services are primarily provided by the govt. as it was assumed they should provide the same. Later on government has opened the service sector to the private players and this has lead to the growth of service economy. This open and liberalized policy of the government has laid developments in many sectors and retailing is one of

them.

Today retail industry has become the essential part of our life and the stamina of the nation. The country is enjoying the greatest economic and social progress with the presence of strong retail sector. Today approximately 10% of our country's GDP comes from retail sector.

The journey of organized retail starts in pre-independence era where most of the big business houses mainly textile measures have opened there company owned outlets. Later on it flourished with number of companies entering into this profitable segment. Today this is the most lucrative segment to operate for not only the business conglomerates from India but across the world.

The reasoning behind this tremendous growth is customer satisfaction. In an organized retail store a customer could enjoy a wide variety of products and services under one roof, it also provides value to the money spent by the customer. Even with great benefits the organized retail store are still not able to compete the unorganized retail store which are providing more satisfaction to customer by providing personal touch, credit facility, home delivery and easy accessibility. That's why despite of all the efforts big stores and MNC's are swatting in attracting a huge customer base.

The major efforts done by organized retail is in improving service quality and customer satisfaction which is the key for the profitability. These stores are continuously seeking for improvements in service quality and satisfaction. The study presented here is highlighting the assesses the service quality of retail stores in Bhopal city with special reference on expected and actual service quality.

What is service?

According to American Marketing Association; "activities, benefits or satisfactions which are offered for sale or provided in connection with the sale of goods."

According to William J. Stanton; "separately identifiable, intangible activities which provide want satisfaction when marketed to consumers and /or industrial users and which are necessarily tied to the

sale of a product or another service."

Service characteristics:

Services are different from goods due to their unique characteristics; some of these can be highlighted as;

1. **Intangibility:** Goods are tangible in nature but on the other hand most of the services are intangible; they can not be touched and felt like goods.
2. **Inseparable:** Unlike goods at most of the times services are associated with the consumers they are generally produced and consumed simultaneously. A service provider and the receiver have to present at the same time.
3. **Variability:** Generally human elements involved in production of services so as they varies from person to person.
4. **Perishability:** Good can be stored in warehouses, company inventory houses etc.; but services can not as they perish if not consumed.

The Challenges and Opportunities:

The unique characteristics of services provide challenges and opportunities for service marketers. Some of the major challenges are;

Intangibility, inseparability, variability, perishability, customer participation, no ownership.

Service Quality:

Service quality is a concept that has aroused considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus emerging on either. The service quality focuses on the needs and expectations of customers to improve products and/or services; it is helpful in the measurement of service quality and to measure the gap between the customer's levels of expectation and how well they rated the service(s) or how well they are served.

Ten - Dimensions of Service Quality

The quality in the retail stores can be summarized on the basis of following dimensions;

1. **Access** - the ease and convenience of accessing the service(s).
2. **Communication** - keeping your users informed; listening to your users.
3. **Competence** - having the skills and knowledge to provide the service(s).
4. **Courtesy** - politeness, respect, consideration, and friendliness of staff at all levels.
5. **Credibility** - trustworthiness, reputation and image.

6. **Reliability** - providing consistent, accurate and dependable service(s); delivering the service that was promised.
7. **Responsiveness** - being willing and ready to provide service(s) when needed.
8. **Security** - physical safety; financial security; confidentiality.
9. **Tangibles** - the physical aspects of the service such as equipment, facilities, resources.
10. **Understanding the customer** - knowing individual customer needs.

Research Methodology:

The purpose of the study is to assess the gap between expected and actual service quality of organized retail stores in the city of Bhopal; i.e., Bhopal. The research study may be classified under the following grounds;

- a) **Research Design:** Exploratory and descriptive.
- b) **Sampling Techniques:** Mostly simple random convenience sampling is used to collect the data from various customers of organized retail stores of Bhopal city.
- c) **Sample Size:** The sample includes 100 respondents of different age, sex, backgrounds and income.
- d) **Sample Area:** The major areas chosen for study is MP Nagar, New Market, 10 No. Stop and other near by areas due to availability of number of organized retail stores and range of customers.
- e) **Data Collection:** The data is collected from primary sources and with the help of a well structured questionnaire; which includes multiple set of questions. The secondary data is collected from books, magazines, journals and websites.
- f) **Statistical tools used:** Mainly data is analyzed with help of statistical techniques on 3 point scale by Lickert scale method.
- g) **Hypothesis of the study:** The current study presumes that customers are satisfied with the present service delivery by retail stores in the Bhopal city. It is presumed at the time of making the hypothesis that there is significant difference between the expected and actual service quality of retail stores in Bhopal city. The dimensions of various service quality are also does not show any significant difference.
- h) **Objectives of the study:**
 1. To understand the major dimensions of service quality in relation to the retail store in Bhopal

city.

2. To identify the customer expectations and also point out the weak points at the retail stores where they fail to deliver services.

Dimensions

The following sub-dimensions were included in the questionnaire:

Access:-

- ❖ This store has clean, attractive, and convenient public areas (restrooms, fitting rooms).
- ❖ The store layout at this store makes it easy for customers to find what they need and makes it easy for customers to move around the store.

Communication:-

- ❖ Employees in this store have the knowledge to answer customers' questions.
- ❖ The behavior of employees in this store encourages customers to purchase.

Competence

- ❖ Employees in this store give prompt service to customers.
- ❖ Employees in this store are never too busy to respond to customer's requests.
- ❖ This store gives customers individual attention.

Courtesy

- ❖ Employees in this store are consistently courteous with customers.
- ❖ Employees of this store treat customers courteously on the telephone

Credibility

- ❖ This store offers high quality merchandise.
- ❖ Customers feel safe in their transactions with this store.

Reliability

- ❖ This store provides its services at the time it promises to do so.
- ❖ This store performs the service right the first time.

Responsiveness -

- ❖ This store has merchandise available when the customers want it.
- ❖ This store insists on error-free sales transactions and records.
- ❖ This store willingly handles returns and exchanges.

Security -

- ❖ Customers feel safe in their transactions with this store.

Tangibles -

- ❖ Is the store has modern looking fittings, equipment and facilities.
- ❖ Materials associated with this store's service

(such as shopping bags, catalogs, or statements)

are visually appealing.

Understanding the customer -

- ❖ When a customer has a problem, this store shows a sincere interest in solving it.
- ❖ Employees of this store are able to handle customer complaints directly and immediately.
- ❖ This store accepts most major credit cards.
- ❖ This store offers its own credit card.
- ❖ This store provides plenty of convenient parking for customers
- ❖ This store has operating hours convenient to all their customers.

Data Analysis:

The demographic profile of the population including the Gender, Age and Profession is observed as majority of men although they are shopping along with their spouse. The major age group is observed is 20-30 years and the profession observed is service class.

The questionnaire is throne in order to collect information about the respondents and the quality dimensions were checked accordingly.

It is observed from the above analysis that organized retail stores are adopting and understanding the importance of proper service deliver, except on few points they are following competent practices. One major area of concern emerges as the offer of credit to customer. This means that the customer's wants that the retail store should concentrate upon the credit policy which is a missing feature as compared to unorganized retail stores.

Conclusion and suggestions

To conclude it can be said that the people at Bhopal are satisfied with the service quality at retails stores; but they also pointed out some suggestions like improvement in credit policy of the store which is a prominent point to discover the difference between organized and unorganized retail store. May be this could be a leading edge for the organized store if they could device some strategy in there offering which includes the credit dimension.

References:

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**Tables and Figures;
Service characteristics, challenges and opportunities;**

Characteristics	Challenges	Opportunities
Intangibility	Difficulty in communication	A satisfied customer may result into greater sales. Strong relationship marketing will help in long term customer relations.
Inseparability	Market expansion, service quality, customer presence, limited production capacity etc.	Use of technology can crate millions of customers, multiple branches means more market coverage.
Variability	Difficulty in standardization	Employees training, internal marketing could result into satisfied employees and customer.
Perishability	Storage not possible	Demand and capacity management could result into more profit options. Competition can be managed.
Customer participation	Service quality depends upon customer knowledge and participation.	Effective external marketing and customer education may result into happy customer.
No ownership	Nothing left; less time for the customer to evaluate.	A strong brand image may be developed which converts to goodwill.

Demographic profile of the respondents;

Gender	No. of respondents	Profession	No. of respondents
Male	80	Student	28
Female	20	Service/ Professionals	54
		Businessmen	18
Grand Total	100	Grand Total	100
Age	No. of respondents	Income	No. of respondents
20-30 Years	39	Less than 1,00,000	25
31-40 Years	24	1,00,000- 3,00,000	48
41- 50 Years	11	3,00,000- 5,00,000	12
51 & Above	26	More than 5,00,000	15
Grand Total	100	Grand Total	100

Responses:

S. N.	Dimensions	% of respondents saying yes (Out of 100)	Corrective Service Strategies/ Remarks
1	Access;		
1.1	This retail store has clean, attractive, and convenient public areas	80	-
1.2	The store has planned layout which makes it easy for customers	78	-
2	Communication		
2.1	The employees of the store have the knowledge to answer customers' questions.	65	Training to the staff is essential ; continuous orientation programs should be designed.
2.2	The behavior of employees in the store encourages customers to purchase	55	Focus required on developing interpersonal skills.
3	Competence		
3.1	Employees in the store give on time service to customers.	85	-
3.2	Employees in the store are never too busy to respond to customer's queries.	65	Reduce customer response time.
3.3	This store gives customers individual attention.	72	Could take the help of technology.
4	Courtesy		
4.1	Employees in the store are consistently courteous with customers.	88	-
4.2	Employees of the store treat customers courteously on the telephone	62	Practice of tele-calling ethics should be enforced.
5	Credibility		
5.1	The store offers quality merchandise to the customers	94	Mantra of success
6	Reliability		
6.1	The store provides its services on time; as promised.	82	-
6.2	The store performs the service right the first time.	89	-
7	Responsiveness		
7.1	The store has merchandise available when the customers want it.	92	-
7.2	The store insists on error-free sales transactions and records.	85	-
7.3	The store willingly handles returns and exchanges.	49	As a part of business not restricted to few hours only. Should be easier.
8	Security		
8.1	Customers feel safe in their transactions with this store.	92	-
9	Tangibles		
9.1	The store has modern looking fittings, equipment and facilities.	87	-
9.2	The materials associated with the store's service are visually appealing.	85	-
9.3	The store provides plenty of convenient parking for customers	79	-
9.4	The store has operating hours convenient to all their customers.	98	-
10	Understanding the customers		
10.1	The employees of the store shows interest in solving customers problems.	69	Required employee counseling.
10.2	Employees of the store handle customer complaints directly and immediately.	64	Required employee counseling.
10.3	The store accepts most major credit cards.	39	Should encourage more; as more number of people are using this.
10.4	The store offers its own credit to the customers.	11	Could design individual credit policy for customers. May tie up with financial institutions.