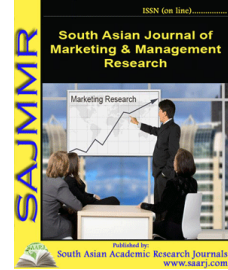




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**SERVICE QUALITY MEASUREMENT FOR RETAILING: BENEFITS,
NEED AND IMPLICATION**

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ABSTRACT

The retailing industry has been present in our country through history. Today, it consists of organized and unorganized retail stores. Post-liberalization, deregulation of many businesses, changing consumer behavior and preferences has sown the seeds of a retail transformation. Organized retail environment in India is changing rapidly and is characterized by intense competition among the domestic players, domestic and foreign players and among foreign players. On the otherside, customer has greater expectations related to his or her consumption experience. With the increase in disposable income there is less leisure time to spend on purchasing. Consumers have become more aware and are seeking more information, better quality of product and service, wider variety, hygiene, good ambience as well as enhanced customer service. Organized retailer in Indian can not compromise with the quality of service as it is perceived as a tool to increase value for the customers, as well as means of positioning in the competitive environment. In the Recent competitive retail environment, delivery of high service quality has long been treated as the basic retailing strategy and retail businesses are also considered as service businesses.

This paper focuses on models of service quality measurement such as SERVQUAL, SERVPERF widely adopted for the evaluation of service quality across different industries. This paper reviews their application in retail sector across countries.

Further, it reviews retail service quality scale (RSQS) specially developed for retail stores. The main objective of this paper is to identify the appropriateness of the above mentioned models in context of service quality evaluation of Indian retail stores.

KEYWORDS: Retail Store, RSQS, Service Quality, SERVQUAL, SERVPERF.

INTRODUCTION

Retail industry in India is playing a very important role in improving the quality of life of consumers by providing a variety of consumer products and services. Therefore, quality of retail store services plays a very significant role in improving quality of life of consumers in India, both, in terms of Product quality as well as service quality (Mehta, 2006). Retailers, by definition, sell their goods or commodities directly to the public where retail service quality is driven by public perception, with customers in the fore front. Most leading retail outlets, researchers and managers do accept the premise that the ultimate consumer of the output, the buyer, is indeed the best judge to evaluate and declare (Rau, 2006). The success of many retailers across the world and the failure of others can be attributed to one of the major areas where Indian organized retail stores need to focus is customer centric retail store services as per the Technopak customer data analysis for the year 2011-2012. Customer in India has greater expectations related to his or her consumption experience. Consumers have become more aware and are seeking more information, better quality of product and service, wider variety, hygiene, good ambience as well as enhanced customer service VenkataRamana V., Gupta N and Sultana N. (2007). Indian retailing is expanding and is expected to reach at US\$637 billion by 2015. Modern/ Organized retail is expected to capturing 22% share in total retail with the expansion of a approximately 12 million outlets and provision of creating 1.5 million jobs in upcoming years. There is an increased and increasing competition among the domestic and international retails in India, on the other side growth of various formats such as Supermarket, Hypermarket, Convenience stores, Specialty store, triggering towards intense competition across formats (Das, 2011). In such highly competitive environment, virtually all companies are forced to be more customer-oriented (Kotler And Keller, 2009) where superior service quality has become a major differentiator in producing customer satisfaction, and successful service quality management is recognized as the most powerful competitive weapon that many leading service organizations possess (Parasuraman, Zeithmal and Berry, 1988).

According to Kim and Jin (2001), as countries become developed, the customers give greater priority to intangible attributes of service quality than the tangible ones. In India, each organized retail outlet handles lakhs of transactions every day and each of these transactions is a potential source for inefficiency and incompetence-related defect. Efforts are essential to reduce such occurrences and to continually improve the organizational Performance by management of retail quality services (Gandhi, 2006).

REVIEW OF LITERATURE

SERVICE QUALITY

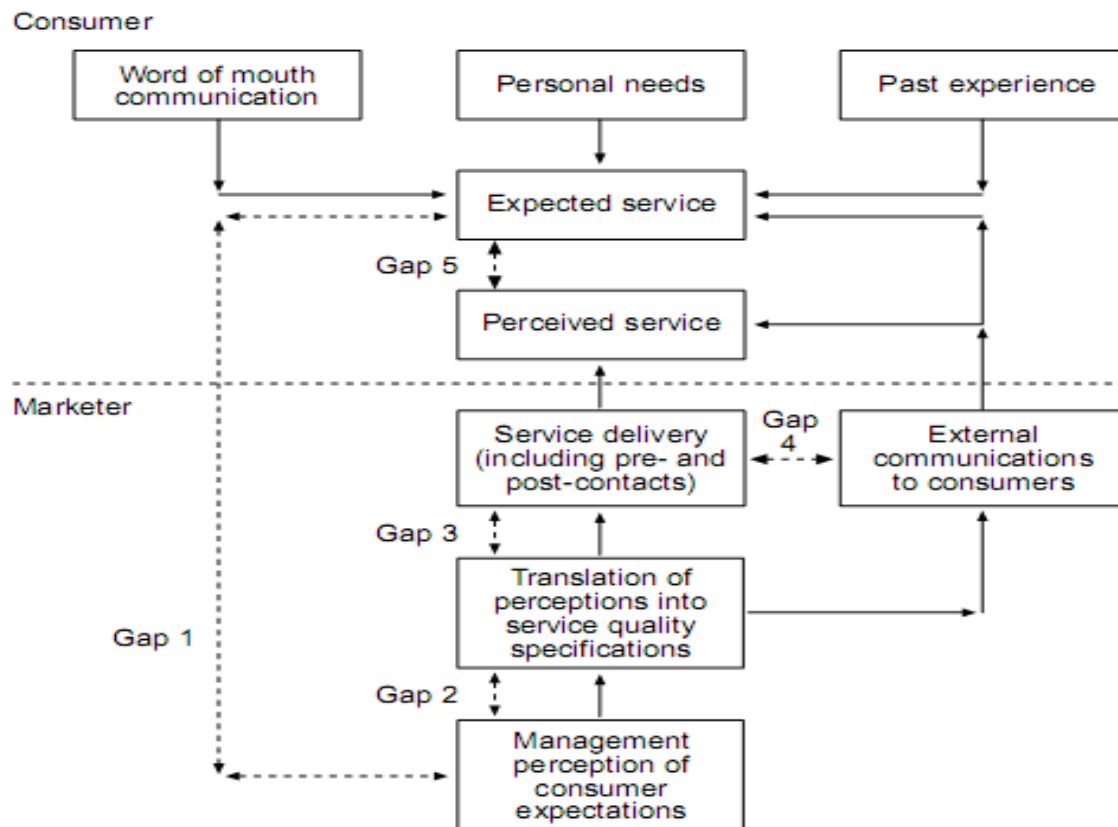
Gronroos (1984) defined service quality as a perceived judgment whereby customers compare their prior expectations of a service with their perceptions of the service that they actually received. According to Parasuraman, Zeithmal and Berry (1985, 1988) service quality is defined as the extent to which a service meets customers' needs or expectations and it involves a comparison of customer expectations with customer perceptions of actual service performance. There are multiple benefits service quality delivers such as increase value for the consumer and ensure consumer satisfaction (Sivadas and Baker-Prewitt, 2000), helps positioning in a competitive environment (Mehta et al., 2000), retention and patronage (Yavas, et al., 1997), customer loyalty (Wong and Sohal, 2003). Due to intangibility nature of services, it is difficult to measure service quality as there are fewer tangible cues available when consumers purchase services (Parasuraman, Zeithmal, and Berry, 1985) as compared to goods. Service also requires higher consumer involvement in the consumption process (Gronroos, 1984) which makes it more complicated to measure.

MEASURES OF SERVICE QUALITY

SERVQUAL SCALE

Parasuraman, Leonard L Berry, Valarie A. Zeithmal (in short, PBZ) (1985) proposed gaps-model and the 10 factors that affect the service quality, which in details are responsiveness, competence, accessibility, courtesy, communication, credibility, security, understanding, the physical evidence, containing 97 test items totally. At the same time they said that further empirical research is needed about these factors and project. In 1988, through two stages of empirical research, PBZ condensed the scales pool from 97 items to 54 items, and later reduced to 34 items, finally resulted in 22 items (22 items for expectation of service quality and 22 items for performance of service quality) 5 dimensions, formed a widely used SERVQUAL scale as mentioned below;

1. **TANGIBLES**- Physical facilities, equipment and appearance of personnel.
2. **RELIABILITY**- Ability to perform the promised service dependably and accurately.
3. **RESPONSIVENESS**- Willingness to help customers and provide prompt service.
4. **ASSURANCE** -including competence, courtesy, credibility and security, Knowledge and courtesy of employees and their ability to inspire trust and confidence.
5. **EMPATHY** -including access, communication, understanding the customer, Caring and individualized attention that the firm provides to its customers.

FIGURE: 1 CONCEPTUAL MODEL OF SERVICE QUALITY GAP ANALYSIS

(Source: Parasuraman, A., Zeithaml, V.A. and Berry, L.L., "A Conceptual Model of Service Quality and its Implications for Future Research", Journal of Marketing, Vol. 49, Autumn 1985.)

This scale has 22 items for to measure customer expectation (E) and the same 22 items are used to measure customer perception (P). It was developed by measuring the service quality in diverse setting, including an appliance repair and maintenance firm, several retail banks, a long distance telephone provider, a security broker, and credit card companies. This scale has been widely adopted by different quality researchers over a period time across industries and different settings such as dental services (Carman, 1990), recreational services (Taylor, 1993) airline catering (Babakus, 1993).

Carman (1990) explained that the use of the SERVQUAL instrument is questionable, as retailing has a greater number of visible indicators of quality (i.e. courtesy, politeness) that the SERVQUAL items did not incorporated in his study for tyre store in U.S.A. in addition to this Finn and Lamb (1991) conducted a study on service quality for discount stores and department stores in U.S.A concluded that Confirmatory factor analysis did not provide a good fit to the proposed five-factor structure of SERVQUAL for either of department stores and discount stores. In the case of apparel specialty store (Gagliano and Hathcote, 1994) where out of five it identified four factors, two of which had no correspondence to SERVQUAL. Naik C.N, Gantasala S, Gantasala V.P (2010) conducted a study for retail outlets in the South Indian City

of Hyderabad where more representative sample was used for respondents visiting Pantaloon retail stores in a second-order confirmatory factor analysis. The researchers find that the dominant dimensions of service quality are four namely Tangibles, Recovery, Responsiveness, and Knowledge instead of five as mentioned in the SERVQUAL scale and concluded that further restructuring was suggested in SERVQUAL as a measure of service quality for Indian retail stores.

The author explained by review of related studies, though the SERVQUAL is widely adapted as a measure of service quality for different industries over a period of time, it fails to provide an exact and efficient measure of service quality in retail settings such as discount stores, and apparel specialty stores that offer a mix of goods and services and particularly in the case of Indian retail industry too. An interesting feature that emerges from the above review is that there is a wide variety of empirical factor structures that can be obtained. According to Dabholkar (1996) though SERVQUAL has widely applied across industries over a period of time it has limited application as a measure of service quality for retail settings.

SERVPERF SCALE

The strong critics of the SERVQUAL model developed a new model in 1992 to fill the deficiencies of the SERVQUAL model (Cronin and Taylor, 1992). They used 22 questions with respondents' perception-only scores to measure service quality instead of SERVQUAL's disconfirmation scores. The SERVPERF instrument is therefore identical to SERVQUAL, with the exception that SERVQUAL has 44 items (22 items for expectation of service quality and 22 items for performance of service quality), while SERVPERF has 22 items addressing only actual performance. Cronin and Taylor (1992) provided empirical evidence across four industries (namely banks, pest control, dry cleaning, and fast food) to confirm the superiority of their 'performance-only' instrument over disconfirmation-based SERVQUAL scale. This model has been criticized for being preoccupied with psychometric and methodological soundness of scales (Jayasundra, 2009). It is used and tested only in developed nations (Mostafa, 2006). SERVPERF model measures are static, in that they do not consider the history of the service, and they fail to capture the dynamics of the changing expectation (Jayasundra, et al., 2009). Mehta, Lalwani and Han (2000) conducted a study in Singapore for service quality through SERVPERF Scale for electronics goods retailers, where SERVPERF was found to be suitable for accessing service quality in the case service elements become more important. It has not been applied in Indian retail store and on the basis very little application it cannot be suggested as appropriate scale for evaluating service quality of retail stores in India.

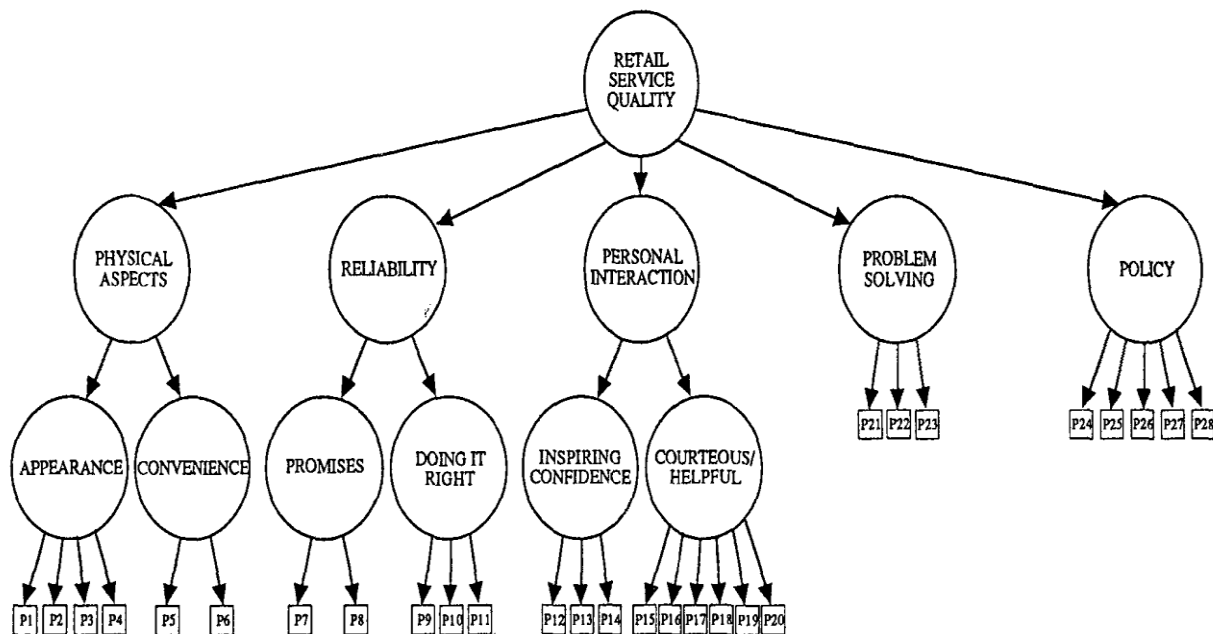
RETAIL SERVICE QUALITY SCALE (RSQS)

Despite the fact that SERVQUAL has been empirically tested in various studies involving "pure" service settings such as banking, long distance telephone service, security brokerage and credit card service, it has not been proven to be successfully applied in a retail setting (Dabholkar et al., 1996; Mehta et al., 2000). Retail settings differ in the sense that quality is seen from the perspective of not only services but goods as well. According to Finn and Lamb (1991) it may well be that consumers use different criteria to evaluate competing goods retailers who sell a mix

of goods and services than they use to evaluate retailers that are primarily or exclusively service firms.

The need for a measurement instrument that can accurately assess service quality in a retail environment was addressed by Dabholkar et al. (1996) who developed an empirically validated scale to measure retail service quality. In developing the instrument, the researcher adopted 17 items from SERVQUAL and added 11 new items are developed by literature review and qualitative research which resulted in Retail Service Quality Scale (RSQS) 28-items scale. According to them, retail service quality had a hierarchical factor structure (Figure-2) which comprised of five basic dimensions among which three main dimensions have two sub dimensions they are namely:

FIGURE: 2: HIERARCHICAL FACTOR STRUCTURE FOR RETAIL SERVICE QUALITY (RSQS).



(Source: Dabholkar, P A; Thorpe, D I and Rentz, J O (1996). "A Measure of Service Quality For Retail Stores: Scale Development and Validation," Journal of the Academy of Marketing Science, 24(1), 3-16.)

1. **PHYSICAL ASPECTS:** store appearance and convenience of store layout.
2. **RELIABILITY:** retailers keeps its promises and "does things right".
3. **PERSONAL INTERACTION:** associates are courteous, helpful and they inspire confidence and trust form the customer

4. **PROBLEM SOLVING:** associates are trained to handle potential problems, such as customer complaints, return and exchanges.

5. **POLICY:** Operating hours, payment options, store charge cards, parking etc.

Dabholkar (1996) applied own scale known as Retail Service Quality Scale (RSQS) which they developed to suit the retail environment after making some modifications to SERVQUAL. The author of the scale conducted a study in south eastern USA at department store chains. This study resulted in Hierarchical factor structure, proposed comprising five dimensions, with three out of five dimensions having two sub dimensions each and overall service quality as a second-order factor.

Siu and Cheung (2001) Hong Kong explained through their study at Multinational department store chain where six factors emerged as opposed to the five-factor structure suggested in retail service quality scale developed by Dabholkar (1996). A Study on service quality with the application of Retail service quality scale (RSQS) for retail stores in India was conducted by Darshan Parikh was published in Vikalpa in June 2006, found that five dimensions of service quality need considerable restructuring and may not be directly applicable to the retail sector in India without further restructuring. He suggested further research is necessary to understand retail stores service quality in Indian context. According to Kaul (2007) study at India Large format apparel stores in Bangalore, the RSQS factor structure is not applicable in the Indian retail setting as results demonstrated poor fit and further restructuring was suggested before directly applying the retail service quality scale developed by Dabholkar (1996).

TABLE-1: SUMMARY OF DIFFERENCE BETWEEN SERVQUAL, SERVPERF AND RETAIL SERVICE QUALITY SCALE (RSQS)

Scale	SERVQUAL	SERVPERF	RSQS
Dimensions	Tangibility	Tangibility	Physical aspect
	Reliability	Reliability	Reliability
	Responsiveness	Responsiveness	Personal interaction
	Empathy	Empathy	Problem Solving
	Assurance	Assurance	Policy
Number of items	44	22	28
Measures	Expectations(E) and Perceptions (P)	Perceptions only	Perceptions only
Scale Developed	Parasuraman, Leonard L Berry, Valarie A.	Cronin and	Dabholkar, P., Thorpe, D. &

by	Zeithaml	Taylor	Rents, J
Year	1885, 1988	1992,1994	1996
Application	Across industries	Across industries	Specially developed for retail settings.

OBJECTIVES OF THE STUDY

- This study review prominent service quality measurement namely SERVQUAL and SERVPERF widely adopted for the evaluation of service quality across different industries/Countries over a period time. It specifically looks into SERVQUAL and SERVPERF application in retail industry across countries.
- Further, it reviews Retail Service Quality Scale (RSQS) specially developed by Dabholkar (1996) for retail stores and their application over a period of time in retail industry.
- The main objective of this paper is to identify the appropriateness of the above mentioned models in context of service quality evaluation of Indian retail stores.

CONCLUSION

Since the introduction of SERVQUAL scale by Parasuraman, Leonard L Berry, Valarie A. Zeithmal (1985, 1988) as a measure of service quality, it has been widely used across industries over a period of time such as banking, hospitals, education, recreation activities and retail industry. In the case of retail industry, through the literature review it is found that the scale has limited application as a measure of service quality internationally for retail industry and failed to be an appropriate measure of service quality in Indian context for retail industry. Another measure of service quality namely SERVPERF was proposed by Cronin and Taylor (1992) which measures performance only, found not reliable as the scale as it has very narrow application for retail industry. Dabholkar in 1996 argued that customers may use different service quality evaluation of retail stores. On the basis of this argument Retail service quality scale was proposed as a measure of service quality especially for retail stores. The literature review of the said scale in Indian retail industry concludes that it has failed to be an appropriate measure of retail service quality. The author suggests that above mentioned models of service quality evaluation need further restructuring for Indian retail industry. It is important to consider various country specific environmental factors, culture and the industrial setting before application as they have been developed and applied in advance economies.

SCOPE FOR THE RESEARCH

Review of various service quality measures such as SERVQUAL, SERVPERF and Retail Service Quality Scale (RSQS), it is clear that none of the scale provide a reliable, accurate and valid measure of retail service quality for Indian retail stores. There are problems regarding the

factor structure and sub-dimensions of the various scales. It could not be directly applied for evaluation of service quality of retail stores in India. Service quality researchers have suggested scale adaptation to take care of contextual variations both in terms of the industry setting, country of study and environmental factors. It would help researchers in India for development of more country specific measures of service quality scale for retail stores.

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