Impact of Service Quality Dimensions on Customer Satisfaction - An Empirical Study Using RSQS in Shopping Mall

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Abstract

Retailing in the largeest private industry in India and second largest employer after agriculture. The sector contributes about 14% of GDP and 7% of total work force in the country. With over 15 million retail outlets, India has the highest retail outlet density in the world i.e., 11 retail shop for every 1000 persons. However the retailing sector in India in highly fragmented and consists of predominantly of small, independent and owner managed shop. Strong income growth, changing lifestyles and favourable demographics patterns, reported that the modern retail industry in India will be worth of 175 – 200 billion dollar by 2016. This study was considering three shopping malls to evaluate the impact of retail service quality on customer satisfaction.

Keywords: Retail Service Quality, Customer Satisfaction, Shopping Malls.

Introduction

Retail is currently one of the booming sectors of the Indian economy and this trend is expected to continue for coming next two-three decades, attracting huge attention from all quarters of the economy i.e. small and med size entrepreneurs, big corporate, investors as well as real estate owners and builders. Retail sector is also expected to create huge employment as it will expand across the country at a massive scale. The reasons for this expansion of retail is evidently related to the liberalization and opening up of the Indian economy which had immense effects on the consumer demand, tastes and preferences as well as the buying capacities of the Indians (specially the growing middle class) over the past few years. Organized retail represents a large untapped market in India that is likely to see tremendous growth in the coming years. New entrants are bound to see large returns. However, they must adapt themselves to the unique state of retail in India where infrastructure and regulations provide little support. They must also understand the tastes of the Indian consumer who has only recently started treating retail as a form of leisure.

Meanwhile organized retail will continue to displace many unorganized retailers who are no competition for the large-scale corporations. , it is spreading in the entire tier – I, II, III cities of India. Every year the organised retail outlets and malls are opening up in good numbers in all the cities of India. As per the study conducted by knight & Frank India shows that by the year 2012, the total mall space available in India is approximately 75 million sq. ft. According to industry estimates, the industry is set to grow from $ 330 bn in 2007 to $ 427 bn by 2015 and further to $ 637 bn by 2020. The share of modern retail in the total retail market is expected to increase to 22% by 2015. It has been observed that with the ongoing retail boom, retail malls are growing at a blistering pace, malls space that was 2 million sq.ft. in 2002, was further estimated 90 million square feet by the end of 2015. The number of malls in India, which is presently 300, is expected to be 500 by 2015. It is expected that several malls will be coming up is the Tier II and Tier III Cities of the country along with the metro cities. There are a lot of malls in India that are metamorphosing into providing not just wholesome shopping experience but also accommodating offices and hotels. Simultaneously, many new malls are being developed around this concept by some of the leading mall developers of the country. They are also coming up with another idea called open mall that are supposed to provide value added high street shopping experience to customers. These developments are expected to alter the shopping experience at malls and make customer visits at malls lot more pleasurable and substantial.

Customer Satisfaction

In a competitive market place where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. "Satisfaction is the customer evaluation of a product or service in terms of whether that product or service has met the customer's needs and expectations" (Wilson et al 2008, p.80).If the product or services do not accomplish what customers expect, they become dissatisfied and in turn search for better offering from competitors.

Retail service quality

Retail service quality is termed as the customer's overall impression and satisfaction of the relative inferiority or superiority of the organization of its services and which is more important to retail outlets. The retail service quality scale of measurement were able the identify the dimensions were the control of service quality in retail services provided by them to the customers and also creates the pathway to identify the customers where and what they perceive through the services provided by the retail outlets on various dimensions Realizing the need for developing a scale to measure retail service quality, Dabholkar et.al (1996) made extensive research to develop the retail service quality scale and he identified five dimensions of (RSQS)

Physical aspect dimension included the appearance of the physical facilities as well as the convenience of the stores layout.

Reliability dimension is concerned with the stores ability to keep promises and do things right.

Personal Interaction dimension is concerned with whether or not the store has courteous and helpful employees who inspire confidence and trust.

Problem solving dimension includes assessing the store's performance on the basis of its ability to handle potential problems.

Policy dimension includes retail stores policy on merchandise, quality, parking, operation hours and credit cards

The researchers intended to evaluate five dimensions of Retail Service Quality according to Dabholkar et.al (1996) model. Early researchers show that perceived service quality is an essential component which leads to customer satisfaction. Service quality and customer satisfaction has a positive relation in retail sector which is important for the study.

Review of literature

Nhat (2007) in his research paper titled as 'Determinants of Retail Service Quality - A Study of Supermarkets in Vietnam' examined that service personnel, physical aspect and policy have positive impact on the overall evaluation of service quality. Whereas reliability has a positive but does not have on impact on service quality. **Nilawan (2008)** in his research article titled as 'Customers Satisfaction with Metro Mall at Sukhumvit Subway Station' revealed that food and beverage shops, reasonable compared with the product quality, modern decoration and location of mall, word of mouth; availability of discounts coupons and prompt and attentive services of sales persons were the main factors influencing customers on visiting Metro Mall at Sukhumvit Station. **Deepak and Kaur (2010)** in their study on 'Shopping Malls in India: Factors Affecting Indian Customers' Perceptions' concluded that six important factors (value for money, customer delight, information security, credibility store charisma and product excellence) determine customer perception towards shopping malls in India. **Jeevananda. S (2011)** in his research paper titled as "Study on Customer Satisfaction Level at Hypermarkets in Indian Retail Industry" revealed that Gaining high levels of customer satisfaction is very important to a business because satisfied customers are most likely to be loyal and to make repeat orders and to use a wide range of services offered by a business. Customer satisfaction is an asset that should be monitored and managed just like any physical asset. This is true for both service-oriented and product-oriented organizations. **Ramakrishnan and Dr. Sudharani Ravindran (2012)** in their research paper titled as 'Applicability of Retail Service Quality

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Scale (RSQS) in India' suggested that on Retail Service Quality focuses that service quality helps the retailers to detect most needed areas within the store and its resources for improving the service quality. They developed multi-dimensional service quality scale and used internationally to south Indian retail settings. It was viewed that since the organized retail stores are growing in India, the focus should also be on finding the customer preferences towards store, products, employee involvement, stores perceived image in the minds of the customer. **Manish Madan and Sima Kumari (2012)** in their study paper entitled 'Determinants of retail customer satisfaction - A study of organized retail outlets in Delhi' found that the preferences of customers visiting the retail outlet are variety of products, reasonable price, and convenient location. The quality of products, good value for money, trendy products, and also they are satisfied with the prices in comparison of the quality of products. But they are dissatisfied in terms of credit facility, free gifts, discounts and coupons. **Andukuri Raj Shravanthi and Ann Pauline.D (2013)** in their research paper entitled as 'Analysis of Retail Service Quality at a hypermarket in Coimbatore' concluded that personal interaction and physical and policy attributes are the factors majorly influencing the service quality of the store, therefore these are some of the areas where the store needs to concentrate to improve the service quality and thereby sales. Since majority of the customers of organized retail stores are well educated, proper employee interaction is necessary to instill confidence and loyalty for the store. **Chanaka Ushantha .R.A. et al (2014)** in their research article entitled as 'An Assessment of Retail Service Quality: An Empirical Study of the RSQS in Sri Lankan Supermarkets' stated that the retail service quality has a positive correlation with customer satisfaction. Further, customer satisfaction in the retail super market is determined or influenced by the retail service quality. Therefore, service quality is viewed as strategic formula in the marketing practices among retail outlets to enhance the customer satisfaction in both developed and developing countries. **Amresh Kumar and Pallab Sikdar (2014)** in their study paper entitled as 'Retail service quality assessment – A scale validation study in Indian perspective' suggested that the measurement of service quality is a paramount significance in the retail context. Establishment of valid and reliable RSQS will serve as a strategic tool for retailers operating across diverse formats. Further they stated that Retail managers can be significantly benefited by a reliable and valid RSQS as it will enable them to measure customer's overall perception and feelings towards retail store service quality. It can serve as an instant feedback on retailing service efforts in terms of reliability, physical aspects, problem solving and personal interaction.

Statement of the problem

Retailing is gradually inching its way towards becoming the next boom industry. Consumers are the major beneficiaries of the retail boom. The Indian consumer is changing rapidly. They now have a choice of wide range of products, quality and prices. Shopping today is much more than just buying it is an experience itself. Shopping has become a pleasurable experience itself. Consumers now value convenience and choice on a par with getting value for their hard-earned money. Consumers are now showing preferences for shopping malls, which enable them to shop a variety of products under one roof and offer shopping experience in terms of ambience and entertainment. Trichy is now second largest Tier III city, next to Madurai with operational stores like Spencer's Hyper, Femina Shopping Mall, Reliance Mart, Mega Mart and entertainment players like Multiplex cinemas in the city. Further the industry experts predict that the city will soon experience the retail development due to the increase in double income household, more working women, people life style, high disposable income and accumulation of educated residence. As a result there is increasing stress among the consumer due to little time available for leisure and entertainment. So the people prefer the convenience of one stop shopping. This in turn the numbers of organized retailers are migrating into the city. In this context it would be ideal to establish the drivers of customer satisfaction, through a consideration of Retail Service Quality dimension. This should empower the retailers to make necessary trade-off to ensure that their businesses are geared towards capitalizing on the attributes of consumer preferences which will lead to choose the retail outlets.

Objectives of the Study

The Objective of this study is to find out the impact of perceived Retail Service Quality (RSQS) on customer satisfaction in selected shopping malls.

Methodology

Descriptive research design was carried out on three shopping mall at the convenience of the researchers for this study. The study is based on primary data collected from 100 retail shoppers from Trichy city during the May – June 2014 with the help of pretested and structured questionnaire. The researchers used multiple regression analysis using SPSS software and interpret the results accordingly.

Sample Descriptions

The demographic characteristics of the respondents are that majority of the respondents (30%) belong to age group of 31- 40. This reveals young persons are more visitors to shopping mall. The data further reveled that both males and females have equally been distributed. More than one-third (37%) of the respondents are post – graduates, followed by graduates (18%). This signifies the educational level also plays a significant role in visiting the shopping malls. Most of the respondents (27%) are Government employee followed by private employee (20%). As far as the income level is concerned, most of the respondents (33%) belong to the income group of rupees 15001 to 30000.

Data Analysis

Impact of retail service quality on customer satisfaction

Customer satisfaction and services offered by the marketers are inter-related. The higher the service quality, the higher the customer satisfaction. The retail service quality factors such as physical aspects, reliability, interpersonal relation, problem solving and policy are used as inputs in regression analysis to identify predictors of customer satisfaction. The method used to predict customer satisfaction is multiple regression analysis. In this study, customer satisfaction (Y) is dependent variable; Physical aspects (X1), Reliability(X2), Inter personal relation (X3), Problem solving (X4) and Policy (X5) are predictor variables.

The table shows that the combination of five variables together contributed to 74.6% effect on customer satisfaction. The R^2 for the overall study on the above five factors suggests that there is a strong effect of this independent variables on customer satisfaction. However, base on the adjusted R square value of 0.472 these elements contribute 47.2% to dependent variable.

Independent variables	Unstandardized Coefficients		Standardized Coefficients			Statistical Inference	
	B	Std. Error	Beta	t	Sig		F value
Constant	-68.86	35.19		-1.96	.061	R = 0.746 R^2 = 0.557 Adjusted R^2 = 0.472	6.534**
X1	-1.74	1.24	0.37	-1.4	0.173		
X2	15.58	3.46	3.5	4.51	0.001**		
X3	9.19	2.15	3.07	4.27	0.001**		
X4	-5.25	3.44	0.43	-1.52	-1.524		
X5	3.31	3.67	0.33	0.326	0.900		

**Significant at 1% level

The F value (6.534) is significant which implies that the model is fit. From the table it is found that reliability and inter personal relations give significant impact to customer satisfaction. It is clear that in dependent variable with higher level of β has higher impact on dependent variable. In this study result reveal that the variable X2 (β =3.5, p<0.01) is

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the most influential factor and X3 (β =3.07, p<0.01) also show a significant contribution. The standardized coefficients Beta column, gives the coefficients of independent variables in the regression equation. Physical aspect, Reliability, Inter personal relation, problem solving and Policy have positive relationship with customer satisfaction

$$Y = 0.37 X_1 + 3.5 X_2 + 3.07 X_3 + 0.43 X_4 + 0.33 X_5$$

Physical Aspects

The study result shows that it has positive relationship and no significant effect on customer satisfaction. This suggests that the physical environment needs to be clean, well-structured and properly maintained. Further, the mall design needs to be modernized and optimized so as to maximize the convenience.

Reliability

Reliability is found to be the most important prediction of customer satisfaction. Based on the findings it is inferred that the reliability has positive relationship and is highly significant with customer satisfaction. This indicates retailers have to fulfilled their promised services to the customers on time and also ensure that transparency in the transaction. They should ensure the availability of variety of products whenever the customer wants.

Inter Personal Relations

Inter personal relations is also found to be important predictor. The analysis shows that inter personal relations have positive relationship and are highly significant with customer satisfaction. This factor relates to the way in which the customers perceive the staff. Proper training should be given to the floor personnel about the product knowledge, courtesy and ability to covey to the customers.

Problem solving

The result indicates that problem solving has positive relationship and no significant effect on customer satisfaction. This suggests that employees of the retail store should be careful in handling the customer complaints and solve them immediately this will lead to increase the satisfaction level of the customers.

Policy

The response shows that policy has positive relationship but not a significant predictor of customer. Policy relation to issues such as parking facilities, hours of operation, availability of payment facilities and return norms are not highlighted as an importance but retailers have to keep those things in mind before formulating and implanting the policies.

Conclusion

The main aim of the study was to assess the retail service quality of shopping malls and its impact on customer satisfaction. The findings of the study state that service quality is an important part of customer satisfaction. This study found a positive relationship between all retail service quality dimensions and customer satisfaction. The study also shows that reliability and inter personal relations are the significant predictors of customer satisfaction. Hence the retailers need to understand these dimensions carefully and to deliver a better service quality. By understanding these dimensions they should develop their strategies in the market for attaining the maximum customer satisfaction.

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