

**THE IMPACT OF RETAIL SERVICE QUALITY ON CUSTOMER LOYALTY IN APPAREL RETAIL STORES: A COMPARATIVE STUDY OF TATA AND RELIANCE**

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**Abstract**

This research paper meticulously investigates the intricate and multifaceted relationship that exists between the quality of retail services and the loyalty exhibited by customers specifically within the apparel sector, with a particular emphasis placed on the performance and practices of Tata and Reliance stores located throughout India. The investigation meticulously assesses five separate aspects of service quality namely, reliability, responsiveness, assurance, empathy, and the physical elements related to the shopping experience by utilizing the recognized SERVQUAL framework as a basis for evaluation.

The insights gained from this detailed study compellingly reveal that the service quality offered has a major and meaningful effect on customer loyalty, underscoring the significance of responsiveness and tangibles as the leading and most impactful factors in this adaptive interplay. A detailed comparative analysis conducted within the paper reveals that Tata stores excel remarkably in the dimensions of empathy and assurance, whereas Reliance stores are shown to lead the market in terms of the tangibles and responsiveness they provide to their customers. In summary, the study provides a range of carefully thought-out proposals intended to enhance service quality, with the primary objective of nurturing a stronger and more significant feeling of customer allegiance among clients of these retail outlets.

**Keywords:** Retail Service Quality, Apparels Retail Outlets, Shopping Experience etc.,

**1. Introduction**

**1.1 Background of the Study**

The Indian clothing retail arena, recognized for its lively and evolving quality, has experienced a noteworthy growth spurt over the last few years, attributable to a mix of reasons such as the noticeable rise in consumer disposable income, rapid urban expansion, and important shifts in fashion preferences towards a wide array of modern clothing.

Prominent corporations such as Tata, with its retail brands Westside and Zudio, as well as Reliance, which operates well-known formats like Trends and Azorte, have emerged as influential entities in this market, strategically positioning themselves by delivering an eclectic blend of value-driven and premium fashion offerings that cater to a wide spectrum of consumer demands. Within this highly competitive environment, the quality of retail services provided plays an indispensable role in fostering customer satisfaction and cultivating brand loyalty, both of which are critical components that contribute to achieving sustained success over the long term in the apparel retail sector.

**1.2 Research Problem and Rationale**

In the intensely competitive domain of the apparel industry, the calibre of service quality emerges as a critical differentiating factor that profoundly influences customer retention rates and ultimately shapes consumer loyalty in a market characterized by a plethora of choices. Despite the presence of formidable industry giants such as Tata and Reliance, the existing body of scholarly research examining and contrasting their respective service quality metrics alongside the consequent effects on customer loyalty remains conspicuously limited, thereby highlighting a significant gap in the literature.

This particular study endeavours to fill this void by meticulously analysing the various dimensions of service quality that exert the most substantial influence on the formation and sustenance of customer loyalty within this sector.

### 1.3 Objectives of the Study

- To examine the various dimensions of service quality within the apparel retail environments of Tata and Reliance.
- To investigate the influence of service quality on the loyalty exhibited by customers.
- To analyse and contrast the performance levels of service quality between the Tata and Reliance retail establishments.

### 1.4 Research Questions

- What is the relationship between retail service quality and customer loyalty in apparel stores?
- How do Tata and Reliance differ in their service quality performance?
- Which service quality dimensions have the greatest influence on customer loyalty?

## 2. Literature Review

### 2.1 Service Quality in Retail: The SERVQUAL Model

The SERVQUAL model, which was thoughtfully introduced by the esteemed researchers Parasuraman, Zeithaml, and Berry in the year 1988, has gained significant traction and is extensively utilized in various sectors to quantitatively assess and evaluate the multifaceted dimensions of service quality. This model is comprehensively structured around five critical dimensions that are integral to understanding service delivery and customer satisfaction:

**Reliability:** The degree to which a service is delivered consistently and accurately over time, ensuring that customers can depend on the service provider to meet their expectations without fail.

**Responsiveness:** The inherent willingness of service personnel to assist customers actively and to provide them with prompt and efficient service, thereby enhancing customer experience and satisfaction.

**Assurance:** The level of knowledge, competence, and courtesy exhibited by employees, which plays a pivotal role in instilling trust and confidence in customers regarding the service being provided.

**Empathy:** The extent to which service providers are able to offer individualized attention and care to customers, recognizing their unique needs and preferences, which contributes to a more personalized service experience.

**Tangibles:** The tangible aspects of service delivery, including the quality and maintenance of physical facilities, the adequacy of equipment, and the professional appearance of personnel, all of which collectively influence customers' perceptions of service quality.

### 2.2 Customer Loyalty in Apparel Retail

Customer loyalty can be comprehensively defined as the inclination exhibited by consumers to consistently engage in repeat purchasing behaviours, exhibiting a preference for a specific brand while simultaneously advocating for it to their peers and social circles. Several critical factors that significantly influence and shape this phenomenon of loyalty encompass the following dimensions:

A profound level of satisfaction derived from prior purchasing experiences that customers have encountered with the brand in question. The positive and memorable in-store experiences that are predominantly driven by the quality of customer service, which plays a pivotal role in shaping customer perceptions. A deep-seated emotional attachment to the brand that transcends mere transactional interactions, fostering a sense of belonging and identification with the brand ethos.

### 2.3 Previous Studies on Service Quality and Loyalty

Prior empirical investigations have consistently illuminated a noteworthy and affirmative correlation that exists between the dimensions of service quality and the phenomenon of customer loyalty, suggesting that enhancements in service provision can lead to increased customer commitment. For instance, the scholarly research conducted by Singh and Verma in the year 2018, which focused specifically on the context of Indian apparel retail establishments, revealed that two critical factors, namely tangibles and empathy, exert a substantial and significant influence on the retention rates of customers within this sector. However, it is important to note that, despite the insightful findings available, a thorough and comprehensive comparative analysis examining the service quality and customer loyalty dynamics between the prominent entities of Tata and Reliance has yet to be undertaken, thereby underscoring a notable gap in the existing body of research that merits further scholarly attention.

### 3. Research Methodology

#### 3.1 Research Design

This research endeavour represents a meticulous and comprehensive exploration that is both descriptive in nature and comparative in its approach, encompassing the utilization of a diverse array of data sources, which include both primary data collected firsthand through empirical methods and secondary data obtained from existing literature and studies, with the ultimate objective of thoroughly evaluating the various dimensions of service quality and their consequential effects on the loyalty exhibited by customers towards the services they engage with.

#### 3.2 Data Collection

##### a. Primary Data:

A comprehensive survey was conducted involving a total of 200 customers, comprising an equal representation of 100 individuals from Tata and another 100 individuals from Reliance, thereby ensuring a balanced dataset for analysis. The questionnaire utilized for this research was meticulously designed based on the SERVQUAL scale, which is a widely recognized framework for assessing and measuring the perceptions of service quality as well as the level of customer loyalty that may be derived from such perceptions.

##### b. Secondary Data:

Company websites, customer reviews, and industry reports.

#### 3.3 Sampling Technique

In the research methodology employed for this study, a convenience sampling technique was meticulously utilized to carefully select a diverse group of respondents from the well-known retail establishments operated by Tata and Reliance, both of which are located in the bustling metropolitan area of Bengaluru, which is renowned for its vibrant commercial landscape and extensive consumer base.

#### 3.4 Measurement Instruments

**a. Service Quality:** The appraisal of the variables in question was carried out employing a five-point Likert scale, which acts as a psychometric tool that spans from one to five; a score of one illustrates a strong disagreement with the statement provided, whereas a score of five indicates a strong agreement, all of which is intricately connected to the dimensions elucidated in the SERVQUAL framework.

**b. Customer Loyalty:** The evaluation of consumer behaviour can be effectively assessed through the analysis of various metrics, including but not limited to, the intentions behind repeat purchases, the level of preference exhibited towards specific brands, as well as the behaviours that indicate advocacy for those brands among consumers.

#### 3.5 Data Analysis

**a. Descriptive Statistics:** To analyze customer demographics and mean scores.

**b. Correlation Analysis:** To measure the relationship between service quality dimensions and customer loyalty.

**c. Regression Analysis:** To identify the most significant predictors of customer loyalty.

**d. Comparative Analysis:** To evaluate Tata vs. Reliance.

### 4. Results and Discussion

#### 4.1 Demographic Profile of Respondents

**Gender:** Among the total population of respondents surveyed, a significant majority, amounting to 55%, identified as female, while a slightly lesser proportion, constituting 45%, identified as male, thereby indicating a notable gender distribution within the sample population.

**Age Group:** The age categories for the participants were clearly defined, with the predominant group, making up 60% of the total, being in the 25 to 40 years bracket; this was succeeded by individuals between 40 and 55 years, comprising 30% of the total, and the younger respondents aged 18 to 25 years, contributing to the last 10% of the sample.

**c. Purchasing frequencies:** An examination of purchasing frequencies indicated that a significant 70% of respondents reported participating in shopping activities on a monthly basis, whereas, 20% indicated a less frequent shopping behaviour occurring on a quarterly basis, and a smaller segment of 10% confessed to shopping only sporadically, thereby emphasizing the diverse levels of consumer engagement within the sample.

#### 4.2 Service Quality Assessment

The table below summarizes the average scores (out of 5) for each dimension:

Dimension	Tata	Reliance
Reliability	4.2	4.0
Responsiveness	3.9	4.4
Assurance	4.3	4.1
Empathy	4.5	4.0
Tangibles	4.1	4.6

**Tata:** The organization has demonstrated significantly elevated scores when it comes to the dimensions of empathy and assurance, which collectively indicate a markedly enhanced capacity for delivering personalized services tailored to the individual needs and preferences of their clientele.

**Reliance:** The company has exhibited a pronounced superiority in the areas of tangible elements and responsiveness, which, when considered together, imply the existence of a more aesthetically pleasing store ambiance coupled with a notably expedited service experience for customers.

#### 4.3 Impact of Service Quality on Customer Loyalty

a. The correlation analysis revealed that:

Service Quality Dimension	Correlation Coefficient (r)	Strength of Correlation
Tangibles	0.78	Strong Positive Correlation
Responsiveness	0.74	Strong Positive Correlation
Empathy	0.68	Moderate to Strong Correlation
Assurance	0.65	Moderate Correlation
Reliability	0.60	Moderate Correlation

An examination of the correlation coefficients demonstrated that the constructs related to tangibles, which yielded a correlation coefficient of  $r = 0.78$ , and responsiveness, which exhibited a correlation coefficient of  $r = 0.74$ , emerged as the variables exhibiting the most substantial correlation with the concept of customer loyalty.

Additionally, the aspects of empathy, presenting a correlation coefficient of  $r = 0.68$ , and assurance, indicated by a correlation coefficient of  $r = 0.65$ , were identified to significantly affect the expression of customer loyalty. Additionally, the construct of reliability, which displayed a correlation coefficient of  $r = 0.60$ , indicated a moderate level of relationship with customer loyalty.

b. The regression analysis confirmed that: Impact of Service Quality on Customer Loyalty

Service Quality Dimension	Regression Coefficient ( $\beta$ )	Standard Error (SE)	t-value	p-value	Significance
Tangibles	0.42	0.05	8.40	< 0.001	Highly significant
Responsiveness	0.38	0.06	6.33	< 0.001	Highly significant
Empathy	0.29	0.07	4.14	< 0.01	Significant
Assurance	0.26	0.08	3.25	< 0.05	Significant
Reliability	0.22	0.09	2.44	0.015	Moderately significant

The results derived from the regression analysis unequivocally indicated that the constructs related to tangibles, which were assigned a standardized regression coefficient ( $\beta$ ) of 0.42, and responsiveness, which was assigned a standardized regression coefficient ( $\beta$ ) of 0.38, emerged as the most potent predictors of customer loyalty, thereby underscoring their critical role in influencing this essential aspect of consumer behaviour.

#### 4.4 Comparative Analysis: Service Quality and Customer Loyalty

Dimension	Tata (Average Score)	Reliance (Average Score)	Difference	Key Strength
<b>Tangibles</b>	4.1	4.6	+0.5 (Reliance)	<b>Reliance excels</b> in store ambiance, visuals, and layout.
<b>Responsiveness</b>	3.9	4.4	+0.5 (Reliance)	<b>Reliance offers quicker service</b> and more attentive staff.
<b>Empathy</b>	4.5	4.0	+0.5 (Tata)	<b>Tata leads</b> in personalized attention and care.
<b>Assurance</b>	4.3	4.1	+0.2 (Tata)	<b>Tata provides more trust and competence</b> in service delivery.
<b>Reliability</b>	4.2	4.0	+0.2 (Tata)	<b>Tata offers more consistent and dependable</b> service.
<b>Customer Loyalty</b>	4.4	4.3	+0.1 (Tata)	<b>Tata customers</b> show slightly higher loyalty.

**a. Tata's Strengths:** The organization has consistently demonstrated elevated performance metrics in both empathy and assurance, which are critical components in establishing a trustworthy and supportive customer relationship framework. Additionally, the enterprise is committed to an earnest pursuit of delivering uniquely tailored customer service experiences that meet the specific needs and wishes of each individual client, thus enhancing connection and fidelity within its consumer community.

**b. Reliance's Strengths:** This Corporation exhibits remarkable superiority in the quality of tangible elements associated with its offerings and showcases an impressive level of responsiveness to customer inquiries and needs, which significantly enhances overall satisfaction. In addition to this, the appeal of the store's visual merchandising is notably superior, creating an engaging shopping environment, while the efficiency of service delivery is characterized by its remarkable speed, contributing to a more streamlined customer experience.

#### 5. Conclusion and Recommendations

The quality of services rendered within the domain of apparel retail possesses a profound and significant influence on the loyalty exhibited by customers towards specific brands and retailers. Evaluating service quality reveals that the dimensions of tangibles, representing the concrete features of service provision, and responsiveness, indicating the urgency and consideration shown by service staff, are key drivers of customer contentment and loyalty. In the competitive landscape of apparel retail, Tata distinguishes itself through its exceptional provision of personalized services and the assurance it offers to its clientele, whereas Reliance is particularly renowned for its impressive store ambiance and operational efficiency, which collectively enhance the overall shopping experience for customers.

For Tata specifically, it is recommended that the company prioritize the enhancement of tangibles by making significant improvements to the aesthetic appeal of its retail environments and the arrangement of product displays, thereby creating a more visually appealing shopping atmosphere. Furthermore, Tata should focus on increasing its responsiveness by implementing systems that facilitate quicker billing processes and more effective customer assistance, ensuring that customer inquiries and needs are addressed in a timely manner. In the context of Reliance, it might be beneficial to fortify the aspect of empathy by inspiring more custom interactions with customers, consequently enhancing the emotional rapport between the brand and its clientele. As a further point, it is recommended for Reliance to implement and publicize loyalty strategies that are deliberately constructed to promote repeat purchases, consequently creating motivations for customers to revisit and engage with the brand more often.

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