“The customer is the most important person on our premises.
He is not dependent on us, we are dependent on him.
He is not an interruption of our work, he is the purpose of it.
He is not an outsider on our business, he is part of it.
We are not doing him a favour by serving him;
He is doing us a favour by giving us the opportunity to do so”.

- Mahatma Gandhi

II.1 INTRODUCTION

This chapter gives an overview of literature and models that are related to the research presented. It introduces the concepts of service quality, SERVQUAL model, customer satisfaction, traditional service quality dimensions, retailing business and the various channels that are used in retail business in order to give a clear idea about the research area.

Today, people are poised at a threshold in the business world, fraught with peril, yet, full of possibilities. It is a time filled with challenges and uncertainties. Business has already passed through a fundamental, paradigm shift. The global marketing strategists have been called on to become the pioneers of new thought processes, insights and problem solving in the creation of new business development opportunities.
The key to business development in today’s world lies in the profound understanding that there are neither time zones nor national boundaries. Marketing is now being done on a global scale with the aid of technology.

Retail marketing is a part of business life. India’s retailing boom has acquired momentum, dynamism and vibrancy with international players experimenting in the Indian market and the country’s existing giants taking bold innovative steps to woo the consumers. The next few years are likely to witness rapid growth in the organized retailing sector with several leading international players establishing their presence in India by adjusting their formats to suit local tastes and buying behaviour. At the same time, the domestic players have stepped up their defenses and are striving to gain an edge over the global players by using their knowledge of local markets. According to Technopak, $12bn (Rs. 54,000 cr) is likely to be invested in India in the organized retail over the next five years. Clearly, the next wave of the retail boom is fast approaching.

Retailing, the biggest private sector industry in the world, is one of the prime movers of an economy. One of the significant drivers for formal real estate and urban development, it accounts for 10% of the Gross Domestic Product (GDP) of most developed countries\(^1\).

---

The Indian retail industry is divided into organized and unorganized sectors. Organized retailing refers to corporate-backed retail chains and hypermarkets, and also the privately owned large retail businesses. Whereas, unorganized retailing is the traditional format of low-cost retailing, for example, the local kirana shops, owner-manned general stores, paan shops, convenience stores, handcart and pavement vendors, etc. The following table compares the penetration of organized retail sectors in various countries.

**Table II.1**

**Comparative Penetration of Organized Retail**

<table>
<thead>
<tr>
<th>Country</th>
<th>Organizes Retail (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>85</td>
</tr>
<tr>
<td>Taiwan</td>
<td>81</td>
</tr>
<tr>
<td>Malaysia</td>
<td>55</td>
</tr>
<tr>
<td>Thailand</td>
<td>40</td>
</tr>
<tr>
<td>Brazil</td>
<td>35</td>
</tr>
<tr>
<td>Russia</td>
<td>33</td>
</tr>
<tr>
<td>Indonesia</td>
<td>30</td>
</tr>
<tr>
<td>Poland</td>
<td>20</td>
</tr>
<tr>
<td>China</td>
<td>20</td>
</tr>
<tr>
<td>South Korea</td>
<td>15</td>
</tr>
<tr>
<td>India</td>
<td>3</td>
</tr>
</tbody>
</table>

India’s retail sector is largely unorganized, with about 12 million tiny outlets. The Indian retail industry is thus highly fragmented and India has the highest retail density in the world.

Changing life styles, increasing ratio of women in employment and rising disposal income are driving the growth of Indian retail industry, particularly in the organized sector. According to industry experts, organized retail currently constitutes around 6 per cent of overall retail sales. It is expected to grow 25 – 30 per cent per annum and is projected to touch $23 bn by 2010 and $64 bn by the year 2015. Globally, retailing is big business – worth a staggering $6.6tn according to a recent report published by McKinsey & Co – and much of it is accounted for by organized retailing.²

² Ibid., pp. 12-23.
Chart II.1
Comparative Penetration of Organized Retail

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
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<td>Thailand</td>
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<tr>
<td>Brazil</td>
<td>35</td>
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<td>Russia</td>
<td>33</td>
</tr>
<tr>
<td>Indonesia</td>
<td>30</td>
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<tr>
<td>Poland</td>
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<td>South Korea</td>
<td>15</td>
</tr>
<tr>
<td>India</td>
<td>3</td>
</tr>
</tbody>
</table>
Organized retailing is also growing due to the change in the profile of FMCG’s such as packaged fruit juices, hair creams, fabric bleaches, shower gels and convenience health foods, which cannot be easily found in the local store. Leading FMCG’s companies such as PepsiCo, Dabur Foods, Marico and Reckitt Benckiser are creating their marketing plans tailored around larger retail chains like Spencer’s and Big Bazaar.

In the US, the organized sector’s contribution is more than 80% of the retail sales, while the corresponding figure for Western Europe is around 70%. In India, the organized sector accounts for barely 5%, but this is expected to be more than double over by 2013. The retail industry is also the major employer in most economies – up to 16% in the US, 15% in Brazil, 12% in Poland and 7% in China. In India too, the retail sector is the second largest source of employment after agriculture. There are some 12 million retail outlets in India and over 8% of India’s population is engaged in retailing³.

Retailing is the last link that connects the individual consumer with the manufacturing and the distribution chain.

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II.2 CHANNELS OF DISTRIBUTION

Channels of distribution refer to a set of interdependent organizations involved in the process of making a product or service available for use or consumption by the ultimate consumer or business user. The channel of distribution is to satisfy the end-users in the market or the final business buyers. Their goal is the use or consumption of the product or service being sold. A manufacturer who sells through distributors to retailers, who serve final consumers, may be tempted to think that it has generated “sales” and developed “happy customers” when its sales force successfully places a product in the distributors’ warehouses. “A marketing channel is a set of interdependent organizations involved in the process of making a product or service available for use or consumption”

II.3 FEATURES OF CHANNELS OF DISTRIBUTION

II.3.1. The retail trade

Retail trade is mainly confined to the sale of goods in small quantities to the ultimate consumers. Retailing therefore may be regarded as the last link in the chain of distribution of goods to the consumers. A person who carries on his trade on a small scale and connects the manufacturer and consumer is called a retailer. He is the middle man between a wholesaler and a consumer. The retailer, with whatever capital he has at his disposal, generally smaller than

---

that of a wholesaler, gets his supplies from the wholesaler. He places an order with the latter for a definite quantity of goods, taking into consideration the probable requirements of different consumers. He carries on his trade on a cash basis, although some of his customers may be granted credit. Therefore, that the retailer serves all the three parties, viz., the manufacturer, wholesaler and consumer, but since he has direct contacts with the consumer his services to the consumer are more valuable than those to the other parties.

II.3.2 Services to consumers

The ultimate consumers cannot approach the manufacturers for the small quantities of goods they require, nor will it be convenient for them to purchase their requirements from wholesalers. For them, the retailers are easily accessible. The valuable services rendered by a retailer to a consumer is now taken into consideration.

i. Supply of goods in any quantity

The retailer supplies goods to the consumer in any quantity he likes to purchase. When the latter requires something worth, say twenty-five paise, he cannot approach the wholesaler or the producer. Even if he tries to do so, no attention will be paid to him because the order is far too petty for them to execute. In such cases, it is the retailer who comes to the rescue of the consumers by supplying the goods in any quantity desired by them.
ii. Keeps a Variety of Goods

The retailer keeps a large variety of goods manufactured by different manufacturers. As a result, the consumer can make a good selection of goods. The retailer thus offers a choice of selection.

iii. Customer relieved from holding stocks

As the retailer holds sufficient stocks from wholesaler, the consumer is relieved of the need for purchasing goods in a bigger lot with a view to store them for future needs. Generally, it may not be convenient for any consumer to hold goods in stock for his financial position may not permit him to do so. Without putting himself to any inconvenience, he purchases goods from the retailer as and when required. The retailer may therefore be regarded as a stockiest of different types of goods required by the consumers.

iv. Attracts customers by keeping new goods

In order to attract his customers, the retailer keeps his premises in an up-to-date condition. Every attempt is made to have in his shop the necessary window-dressing, show rooms and advertising, which will educate the public regarding the new type of goods manufactured by different corners. In this way, the retailers brings new and a variety of goods to the notice of his customers.

v. Offers expert advice

The retailer offers to his customer’s expert advice on the quality and durability of the goods that they handle. His customers also look upon him as their guide in getting the necessary supplies.
Due to his experience in the line and his close contacts with his customers, the retailer always offers a proper advice. To promote the sale of his goods as well as to maintain cordial relations with his customers, the retailer offers proper advice on all matters concerning his trade. He also renders after-sales services to his customers.

vi. Credit facilities

The customers of the retailer often get the advantage of purchasing goods on credit. This is feasible as the retailer comes in close contact with the customer and because they generally live in his own locality. He knows them personally, and does not hesitate to grant credit to them. This facility is of great advantage to an ordinary consumer whose financial position is not very strong and who cannot expect this facility from either the wholesaler or the manufacturers.

vii. Personal visit

In addition to the above services, the retailer also personally visits his customers and collects order from them and makes inquiries about the goods he has supplied to them. If the customers complain either about the quality or the quantity of the goods they have received, he sees to it that their complaints are satisfactorily dealt with. If necessary, the retailer, to satisfy his customers, may take back the goods at his own cost and supply them with the goods which meet their approval.
viii. Door delivery of goods

Finally, the retailer gives home delivery of goods and does not charge extra for this service. The main objective behind this is to satisfy the customer so that he may have a large turnover and a higher profit in the long run. This practice is also bound to increase the number of his customers.

II.4 RETAILING

David Gilbert has defined retail as “any business that directs its marketing efforts towards satisfying the final consumer based upon the organization of selling goods and services as a means of distribution”.

Retailing is defined as a conclusive set of activities or steps used to sell a product or a service to consumer for their personal or family use.

In commerce, a "retailer" buys goods or products in large quantities from manufacturers or importers, either directly or through a wholesaler, and then sells in smaller quantities to the end-user. Retail establishments are often called shops or stores. Retailers are at the end of the supply chain. Manufacturing marketers see the process of retailing as a necessary part of their overall distribution strategy. The term "retailer" is also applied where a service provider serves the needs of a large number of individuals, such as a public utility, like electric power⁵.

Retail comes from the French word *retaillier*, which refers to "cutting off, clip and divide" in terms of tailoring (1365). It was first recorded as a noun with the meaning of a "sale in small quantities" in 1433 (French). Its literal meaning for *retail* was to "cut off, shred, paring"\(^6\). Like the French, the word retail in both Dutch and German (*detailhandel* and *Einzehandel* respectively), also refers to the sale of small quantities of items.

In Western countries, retail prices are often called psychological prices or odd prices. Often prices are fixed and displayed on signs or labels. Alternatively, when prices are not clearly displayed, there can be price discrimination, where the sale price is dependent upon which the customer is. For example, a customer may have to pay more if the seller determines that he or she is willing and/or able to. Another example would be the practice of discounting for youths or students.

**II.4.1. Significance of Retail Business**

Consumer money drives the economy, and retail is where consumers spend that money. Boutiques, restaurants, discount superstores, mail-order companies, and e-tailers these establishments are where consumers spend their hard-earned money. When goods are put in the hands, or shopping bags of consumers, retailers realize revenue – and so do the wholesalers, distributors,

and manufacturers that make up the rest of the consumer goods distribution chain. In addition, retail transactions serve as a means for collecting sales taxes, which support public services of all kinds.

Retail goods are traditionally divided into durable goods, such as furniture, cars, and large appliances, which are expected to last at least five years, and non-durable goods, which include food, clothing, and other categories far too numerous to mention. Retail business provides immense opportunities to entrepreneurs and workforce as salespeople and clerks, the industry also has opportunities for people interested in determining what goods will be sold, getting these goods to the right place at the right time, and managing the operations, finances, and administration of retail companies.

II.4.2 Retail Business in India

In India, the retail sector is the second largest employer after agriculture. The retailing sector in India is highly fragmented and consists predominantly of small, independent, and owner-managed shops. The table below summarizes the India’s total retail market size - A T Kearney & Technopak.
Table II.2

India’s total retail market size and Growth of organized retail

<table>
<thead>
<tr>
<th>Year</th>
<th>AT Kearney</th>
<th>Technopak</th>
<th>US$bn</th>
<th>Penetration %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>278</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>321</td>
<td>336</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>2008</td>
<td>368</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>421</td>
<td>590</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>590</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>1,011</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Kavaldeep Dixit, Marketing Mastermind, 2008, p.15.

The CII-A T Kearney Report “Retail in India: Getting organized to drive growth” estimates the total Indian retail market size at $278 bn in 2004 and $321 bn in 2006; and projects the same to $368 billion in 2008 and $421 in 2010, considering an annual growth rate of 7 per cent. Category wise retail market shares are food and grocery (75%), clothing and textile (7%), consumer durables (4.1%), home furnishings (2.9%) and beauty care (2.1%).
Table II.3
Composition of India’s Total Retail Market

<table>
<thead>
<tr>
<th></th>
<th>AT Kearney</th>
<th>%</th>
<th>TecnoPack</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food and grocery</td>
<td>75</td>
<td></td>
<td>Food, beverages and tobacco</td>
<td>63</td>
</tr>
<tr>
<td>Clothing and textiles</td>
<td>7</td>
<td></td>
<td>Medical and health Services</td>
<td>11</td>
</tr>
<tr>
<td>Consumer durables</td>
<td>4</td>
<td></td>
<td>Apparel</td>
<td>8</td>
</tr>
<tr>
<td>Jewelery and watches</td>
<td>4</td>
<td></td>
<td>Consumer durables and IT</td>
<td>5</td>
</tr>
<tr>
<td>Home decor and furnishings</td>
<td>3</td>
<td></td>
<td>Jewelery and watches</td>
<td>4</td>
</tr>
<tr>
<td>Beauty care</td>
<td>2</td>
<td></td>
<td>Personal care</td>
<td>5</td>
</tr>
<tr>
<td>Others</td>
<td>5</td>
<td></td>
<td>Others</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td></td>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Kavaldeep Dixit, Marketing Mastermind, 2008, p.15.

The report estimates the overall penetration of the organized sector at 6 per cent ($19 bn in 2006). Organized retail is expected to grow at a rate of approximately 35 per cent per annum till 2010. Further, AT Kearney’s Global Retail Development Index estimates have ranked India as the first among 30 most attractive destinations in the world for retail business, during the two most recent years -
2005 and 2006. In 2001, organized retail trade in India was worth Rs. 11228.7 billion\textsuperscript{7}.

There has been a boom in the retail trade in India owing to a gradual increase in the disposable income of the middle-class households. More and more players are venturing into the retail business in India to introduce new attractive retail formats like malls, supermarkets, discount stores, department stores and even changing the traditional look of the bookstores, chemist shops and furnishing stores. Food sales constitute a high proportion of the total retail sales. The share was 62.7 percent in 2001, worth approximately Rs. 7039.2 billion, while non food sales were worth Rs. 4189.5 billion\textsuperscript{8}.

**II.4.3 Retail Business and Economy**

Retail business is the largest private industry, ahead even of finance and engineering, contributing over 8 percent to the GDP in the West. Over 50 of the Fortune 500 and about 25 of the Asian Top 200 companies are retailers. Thailand and Indonesia, which were affected by the currency turn moil, pepped up the deregulatory measures to attract more FDI in retail business. Japan, under a prolonged recession and protracted downfall in domestic investment, abolished its large scale retail store law to attract FDI.

\textsuperscript{7} Kavaldeep Dixit, “Retail marketing in India: Key issues and challenges, op.cit., pp. 12-23.
Today, in some developed countries, retail business houses have shares as large as 40 percent of the market. For instance, in Thailand and Brazil the organized retail business has been growing rapidly. In contrast, the organized retail business in India is very small. This is despite the fact that India is one of the biggest markets in the world. Retail business contributes around 10-11 percent to the country’s GDP. It amounts to about $180 billion market and is six times bigger than that of Thailand and four to five times bigger than that of South Korea and Taiwan. India also has the largest number of retailers, about 12 million, though they are mostly small.

The significance of the retail business has increased with the fast growth in the service sector. There has been a dramatic change in the economy’s structure post-liberalization. While agriculture continues to be the main springboard for the economy, the manufacturing sector has slumped due to demand recession and liberalized imports. Much of the rapid growth in organized retail business in the developing countries is due to the entry of global retailers. In Thailand, seven of the world’s top 10 retailers have made significant investments Carefour, Casino, Makro, Royal Ahold, Jusco have set up shop in Thailand. In China, three of the top 10 global retailers have made investments such as Carrefour,
Wal Mart, 7-eleven; and in Brazil, the top three global retailers share about 30% of the retail market.9

II.5 RETAIL ORGANISATION

There are many retail stores independently owned, an increasing number are banding together under some form of corporate or contractual organization.

II.5.1 Types of Retail Organization

- **Chain stores**: Two or more outlets that are owned and controlled in common, have central buying and merchandising, and sell similar lines of merchandise.
  Examples: Tower Records, CVS Pharmacy, Pottery Barn (dinnerware and home furnishings).

- **Voluntary chains**: Wholesaler-sponsored groups of independent retailers engaged in bulk buying and common merchandising.
  Examples: Independent Grocers Alliance (IGA), Sentry Hardware’s, Western Auto, True Value.

- **Retail cooperatives**: Groups of independent retailers who set up a central buying organization and conduct joint promotion efforts.
  Examples: Associated Grocers (groceries), ACE (hardware).

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9 Ibid., pp. 12-23.
• **Franchise organizations:** These types of organizations are normally based on some unique product, service, or method of doing business.

Examples: McDonald’s, Subway, Pizza Hut, Jiffy Lube.

• **Merchandising conglomerates:** A free-form corporation that combines several diversified retailing lines and forms under central ownership, along with some integration of their distribution and management functions.

Examples: Dayton-Hudson, the Venator Group.
II.5.2 Six Global Formats of Retailing

The major formats of retailing currently being employed are

<table>
<thead>
<tr>
<th>Format</th>
<th>Characteristics</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supermarket</td>
<td>20% of the grocery market, 4000-20,000 square feet in size, strong focus on food and personal care</td>
<td>Food World</td>
</tr>
<tr>
<td>Hypermarket</td>
<td>40,000 square feet plus, out of the town store that stocks grocery (typically 50% of sales and space), apparel, electronics and consumables</td>
<td>Supercenter-Wal-Mart</td>
</tr>
<tr>
<td>Warehouse Club</td>
<td>Targets large institutional buyers and household looking to buy large quantities, captures 10% of the grocery market.</td>
<td>Sam’s club</td>
</tr>
<tr>
<td>Discount Stores</td>
<td>This format’s proposition is that it offers no frills such as spacious, offering a basic range of grocery products at great discounts.</td>
<td>South’s Subhiksha</td>
</tr>
<tr>
<td>Convenience Store</td>
<td>400-2000 square feet, self service format, account for the 10% of the grocery market</td>
<td>Nilgiri’s</td>
</tr>
<tr>
<td>Departmental Store</td>
<td>This format carries various “departments” such as apparel, houseware, furniture and appliances.</td>
<td>Shoppers’ Stop, Westside and Lifestyle</td>
</tr>
</tbody>
</table>

Source: Gibson G. Vedamani, Retail management, 2004, p.11.
II.5.3 Second hand Retail

Some shops sell second-hand goods. In the case of a nonprofit shop, the public donates goods to the shop to be sold. In give-away shops goods can be taken for free. Another form is the pawnshop, in which goods are sold that was used as collateral for loans. There are also "consignment" shops, which are where a person can place an item in a store and if it sells, the person gives the shop owner a percentage of the sale price. The advantage of selling an item this way is that the established shop gives the item exposure to more potential buyers.

II.5.4 Sales Techniques

Behind the scenes at retail, there is another factor at work. Corporations and independent store owners alike are always trying to get the edge on their competitors. One way to do this is to hire a merchandising solutions company to design custom store displays that will attract more customers in a certain demographic. The nation's largest retailers spend millions every year on in-store marketing programs that correspond to seasonal and promotional changes. As products change, so will a retail landscape. Retailers may also use facing techniques to create the look of a perfectly-stocked store, even when it is not.

A destination store is one that customers will initiate a trip specifically to visit, sometimes over a large area. These stores are
often used to "anchor" a shopping mall or plaza, generating foot traffic, which is capitalized upon by smaller retailers.

II.6 DEPARTMENTAL STORES

A department store is a retail establishment which specializes in satisfying a wide range of the consumer's personal and residential durable goods, product needs; and at the same time offering the consumer a choice multiple merchandise lines, at variable price points, in all product categories. Department stores usually sell products including apparel, furniture, home appliances, electronics, and additionally select other lines of products such as paint, hardware, toiletries, cosmetics, photographic equipment, jewellery, toys, and sporting goods. Certain department stores are further classified as discount department stores. Discount department stores commonly have central customer checkout areas, generally in the front area of the store. Department stores are usually part of a retail chain of many stores situated around a country or several countries.

II.6.1 Definition

Generally a large retail store offering a variety of merchandise and services and organized in separate departments.

1. A Department Store is defined in Business Dictionary as: “A large retail store having a wide variety of merchandise organized into customer-based departments. A department store usually sells dry goods, household items, wearing
apparel, furniture, furnishings, appliances, radios, and televisions, with combined sales exceeding $10 million”.

2. Britannica Concise Encyclopedia defines it as a “Retail establishment that sells a wide variety of goods. These usually include ready-to-wear apparel and accessories, yard goods and household textiles, house-wares, furniture, electrical appliances, and accessories. In addition to departments (supervised by managers and buyers) for the various categories of goods, there are departmental divisions to handle, for example, merchandising, advertising, service, accounting, and financial strategy”.

II.6.2 Evolution of the Departmental Stores

In 1838 Aristide Boucicaut started the Bon Marche store in Paris that evolved into the first department store by 1852, displaying a wide variety of goods in “department” under one roof at a fixed price, no haggling or bargaining, with a “money-back guarantee” allowing exchanges and refunds, employing up to 4000 with daily sales of $300,000. 1848 – Alexander Stwart built his Marble Palace at Broadway and Chambers Street in New York City, a much larger version of his try goods store at 283 Broadway that he started in 1823. In 1862 Stewart built a true department store at Broadway with 8 floors on 2.5 acres, up to 2000 employees. The 19 departments included “silks” and “dress goods” and toys and sports.
II.6.3 Department Stores – Indian Perspective

India has sometimes been called a nation of shopkeepers. The epithet has its roots in the huge number of retail enterprises in India, which totaled over 12 million in 2003. India’s retail sector appears underdeveloped not only by the standards of industrialised countries but also in comparison with several other emerging markets in Asia and elsewhere. There are only 14 companies that run department stores and two with hypermarkets. While the number of business operating supermarkets is higher (385 in 2003), most of these had only one outlet. The number of companies with supermarket chains was less than ten. Sales through supermarkets and department stores are small compared with overall retail sales. However, their sales grew much more rapidly (about 30 per cent per year during the review period). As a result, their sales almost tripled during this time. This high acceleration in sales through modern retail formats is expected to continue during the next few years with the rapid growth in number of such outlets in response to consumer demand and business potential.\textsuperscript{10}

Indian retail is expanding at a rapid pace driven by changing lifestyles, strong income growth and favourable demographic patterns. According to At Kearney’s annual Global Retail Development Index (GRDI), the country may have 600 new

shopping centres by 2010. Mall space is expected to touch an estimated 60 million square feet by end-2008.  

II.7. CUSTOMER SATISFACTION

Customer is a critical issue in the success of any business system, traditional (or) online. In a turbulent commerce environment, in order to sustain the growth and market share, companies need to understand how to satisfy customers, since customer satisfaction is critical for establishing long-term client relationships. It is evidenced by the fact that over the last five years, customer satisfaction surveys have become common in many financial institutions. Thus a fundamental understanding of factors impacting customer satisfaction is of great importance to commerce. To understand satisfaction, we need to have a clear understanding of what is meant by customer satisfaction. Customer satisfaction is defined as a result of a cognitive and affective evaluation, where some comparison standard is compared to the actually perceived performance. If the perceived performance is less than expected, customers will be dissatisfied. On the other hand, if the perceived performance exceeds expectations, customer will be satisfied. 

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Relationship between satisfaction and service quality is the key to measure user satisfaction. Few scholarly studies, to date, have been undertaken to identify quality dimensions and detailed aspects of services and their relationships with customer satisfaction. One of the more widely used instruments for assessing customer satisfaction is SERVQUAL developed by Zeithmal et al., (1988). Researchers have paid much attention to the close relationship between service quality and customer satisfaction. SERVQUAL is widely recognized and used, and it is regarded as applicable to a number of industries, including the electrical industry\textsuperscript{14}.

Early concepts of satisfaction research have typically defined satisfaction as a post choice evaluate judgment concerning a specific purchase decision. Most researchers agree that satisfaction is an attitude (or) evaluation that is formed by the customer comparing their pre-purchase expectations of what they would receive from the product to their subjective perceptions of the performance they actually did receive\textsuperscript{15}.

II.7.1 Definition of Customer Satisfaction

Several authors have defined satisfaction in a different way. Following table will present some definition of customer satisfaction that will give us clear idea about satisfaction concept.


S.No | Definition | Author
---|------------|--------
1. | Satisfaction is a person’s feelings of pleasure or disappointment resulting from comparing a product’s perceived performance (or outcome), in relation to his or her expectation”. | Kotler 2008; p.36. |
2 | Satisfaction is a function of consumer’s belief that he or she was treated fairly. | V.S. Ramasamy 2004; p.110. |

All marketing starts with the consumer. The consumer may be referred to anyone engaged in evaluating, acquiring, using or disposing of goods and services, which he expects, will satisfy his needs. Many salesmen extend cordial treatment and service only to those customers who buy enough from them. But small customers may prove to be the major purchasers in the course of time.

**II.7.2 Service Quality and Customer Satisfaction**

Service quality has been the subject of considerable interest by both practitioners and researchers. An important reason for the interest in service quality by practitioners results from the belief that this has a beneficial effect on bottom-line performance for the firm. However, practitioners often tend to use the terms service quality and customer satisfaction inter changeably. Among academics the satisfaction construct is recognized as being distinct and has developed along fairly independent lines from service
quality\textsuperscript{16}. Most experts agree that customer satisfaction is a short term, transaction specific measure whereas service quality is an attitude formed by a long-term over all evaluation of a performance.

As a process in time, service quality takes place before, and leads to overall customer satisfaction. Service quality has been found to be an important input to customer satisfaction\textsuperscript{17}. Cronin and Taylor (1992)\textsuperscript{18} originally hypothesized that satisfaction is an antecedent of service quality, their research with multi industry sample showed in a LISREL analysis, an opposite relationship. Service quality appears to be only one of the service factors contributing to customers’ satisfaction judgments.

A number of academics such as Parsuraman, Zeithmal and Berry (1985, 1988, 1994); Gronroos (1984)\textsuperscript{19} and others have tried to identify key determinants by which a customer assess service quality and consequently results in satisfaction or not. Jayawardhena and Foley (2000)\textsuperscript{20} suggested that service quality futures in internet banking websites are critical to enhance customer satisfaction. In internet banking unlimited access to

\textsuperscript{16}Ibid.


\textsuperscript{19}Gronroos, C. “A service quality model and its marketing implications”, European Journal of Marketing, 1984, Vol.18, No.4, pp.36-44.

variety of financial transaction and quality levels of bank products are becoming a key driving force in attracting new customers and enhancing customer satisfaction. Retention is a major challenge, particularly in internet-based services as customers can easily switch from one service provider to another at low cost.21

Lassar W., Manolls C., and Winsor R. D. (2000)22 examined the effects of service quality on customer satisfaction in private banking by using two well known measures, the SERQUAL and the technical/functional quality. They compared and contrasted empirically the SERQUAL and the technical or functional quality model. They tried to compare the various dimensions of the two service quality models and their effects on satisfaction. In their study they mentioned customer satisfaction is a multi dimensional construct, and that these dimension will be differentially impacted by the various components of service quality.

II.7.3 The Benefits of Customer Satisfaction

Overall customer satisfaction should be a more fundamental indicator of the firm’s performance due to its links to behavioural and economic consequences beneficial to the firm. Internally, improving quality and customer satisfaction reduces costs associated with defective goods and services.

In most markets, the quality of service and customer satisfaction is an important consideration in a purchase decision. Studies have shown that customers place considerable value on the quality and responsiveness of an organization’s service component, as well as product quality and availability, in making purchase decisions.

Bebko, C.P. (2000)\textsuperscript{23} points out that providing good service, enhances a company’s image and its ability to attract new customers, makes it easier to do business with existing customers, and promotes cross-selling opportunities. He cites studies, which show that companies rated highly on service and customer satisfaction can charge up to a ten per cent premium over their competitors who are rated poorly.

\textbf{II.8 SERVICE QUALITY}

\textbf{II.8.1 What is Service?}

It is important to distinguish between a service and goods. Goods are most tangible (an object while services are more of an act (a deed, performance or an effort). There is many definitions of service in the literature may depend on the author and fours of the research (Gronroos, 1984)\textsuperscript{24}. However, one of the most important and unique characteristics of services is that service are processes, not things, which means that a service firm has no product, only


\textsuperscript{24} Gronroos, C, “A service quality model and its marketing implications, op.cit., pp.36-44.
interactive processes. He offers a comprehensive definition of services where service is “an activity (or) series of activities of a more or less intangible nature them normal, but not necessarily, take place in the interaction between the customer and service employee and / or physical resources or goods and / or systems of the service provider, which are provided as solutions to customers problems.

II.8.2 What is Quality?

Needs wants, requirements and expectations are something that every one has furthermore it is essential for services and products to fulfill the purpose for which they have been acquired and for life to have needs. Everyone has basic physiological needs. Food, water, clothing and shelter are needs that are necessary to sustain life. After those needs are fulfilled, safety emerges followed by social needs and finally self actualization or the need to realize one’s full potential. The following figure shows the hierarchy of needs Hoyle, (2001).
Individual needs are fulfilled by purchasing renting or leasing products (or) services and corporate needs are not too dissimilar. An organization requires the physiological needs to sustain survival. Profit becomes first where the product or service must succeed its intentions, regardless if it is being obtained cheaply. Corporate safety concerns the safety of employees and the safety and security of assets. Social needs come next in terms of environmental issues as well as forming links with other organizations and developing contacts. Corporate esteem is represented in an organisation as award winnings, superior offices, and infrastructure and factors that possess power in the market.
place and government. Self actualization is represented in a corporation by an organization’s pre-occupation with growth. This involves factors such as bigger rather than better, taking risks and seeking challenges. An important notice is that it is not the specific product or service that is needed but the benefits that possession brings. This concept of benefits is the key to achievement of quality and most importance.

II.2.8.3 Why “do” Service Quality?

Today, it is taken for granted that quality goods must be delivered. None would accept to buy deliberately poor quality goods. Decisions are regularly and readily taken on the purchases of goods on the basis of relative quality, as well as price and other attributes. Yet, despite this conventional wisdom, many managers still have little understanding of the basis for accepting this proposition with regard to services.

More surprising is the contention that “when pressed beyond platitudes about the desirability of good customer service, most managers will admit a fundamental belief that customer satisfaction comes at the expense of profitability”. So, while in many firms there may be superficial support for service quality initiatives, “the vast majority of service organizations do not manage in a way that reflects belief in the positive correlation between employee loyalty, customer loyalty and profitability”25.

25 Loveman GW, Employee satisfaction customer loyalty and financial performance, Journal of service
II.8.4 Service Quality Definitions

<table>
<thead>
<tr>
<th>S.No</th>
<th>Definition</th>
<th>Author</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Outcome of an evaluation process, where the consumer compares his/her expectations with the service he/she perceives he/she has received</td>
<td>Gronroos (1984)</td>
</tr>
<tr>
<td>2</td>
<td>Comparison between customer expectations and perceptions of service</td>
<td>Parasuraman et al (1988)</td>
</tr>
</tbody>
</table>

The attempt to define quality meets many various opinions as the term is rather unclear and subjective. In fact quality is similar to beauty which is in the eyes of a spectator. For Deming quality comprises lack of defect or reduction of variations. Juran defines quality as a product or service potential to be utilized, and he points the following most popular quality definitions:

1. Quality is matching specifications.
2. Quality is a stage where consumer/user specifications are met.
3. Quality is a fair exchange of a value at a price
4. Quality is potential for utilization.

Service quality has defined as the difference between customer expectations of a service and his/her perception of the service performance. When expectations are not met, customers are

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dissatisfied with service quality. When expectations match perception, the customer is satisfied with the quality of the service. Finally, when expectations are exceeded, the quality of the service is perceived to be exceptional and moreover, a pleasant surprise. Parasuraman et al., (1985)\(^{28}\) have stated that SERVQUAL is considered as a common approach for measuring service quality which compares customers’ expectations before a service encounter and their perceptions of the actual service delivered.

II.8.5 Service versus Goods

Although many approaches to quality improvement apply equally to goods and services, there are conceptual differences between the two. Some of the more important differences can be noted as follows:

- Services are not as tangible as goods, and it can therefore be difficult to explain, specify, and measure the contents of a service
- As services are more abstract than goods, services are perceived and evaluated more subjectively
- The customer often plays an active role in creating a service
- A service is often consumed at the same time as it is created; it cannot therefore be stored or transported
- The customer doesn’t become the owner of the tangible property of a delivery of a service

Service often consist of a series of consequential activities; this makes it difficult (or impossible) for the consumer to test them before the purchase.

Services often consist of a system of sub – services, but the customer usually evaluates the whole and not the separate parts.²⁹

A related issue that complicates the quality of services is their heterogeneous character. This means that the experience of a particular service can differ from time to time. Services are heterogeneous because both the consumer and the service provider have a significant influence on the production and delivery process. It is thus especially important that service be properly designed from the beginning, because they cannot be stored, exchanged or redone.

II.8.6 Various Dimensions of Service Quality

Research suggests that customers do not perceive quality in an undimensional way, rather judge quality based on multiple factors relevant to the context. For example quality of automobiles is judged by such factors as reliability, serviceability, prestige, durability, functionality, and ease of use, whereas quality of food products might be assessed on other dimensions (favor, freshness, aroma and so on). Similarly, specific dimensions of service quality have been identified through the pioneering research Parasuraman,

Zeithaml, and Berry. Their research identified five specific dimensions of service quality that apply across a variety of service contexts. The five dimension defined here are shown in the following figure.

<table>
<thead>
<tr>
<th><strong>Reliability</strong></th>
<th>The ability to perform the promised service dependably and accurately.</th>
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<tbody>
<tr>
<td><strong>Responsiveness</strong></td>
<td>The willingness to help customers and provide prompt service.</td>
</tr>
<tr>
<td><strong>Assurance</strong></td>
<td>The employees’ knowledge and courtesy and their ability to inspire trust confidence.</td>
</tr>
<tr>
<td><strong>Tangibles</strong></td>
<td>The appearance of physical facilities, equipment, personnel and written trials.</td>
</tr>
<tr>
<td><strong>Empathy</strong></td>
<td>The caring, individualized attention given to customers.</td>
</tr>
</tbody>
</table>


**Tangibles**

Representing the Service, Physically Tangibles is defined as the appearance of physical facilities, equipment, personnel and communication materials. All of those provide physical representations or images of the service that customers, particularly new customers, will use to evaluate quality. Service industries that emphasize tangibles in their strategies include hospitality services where the customer visits the establishment to receive the service, such as restaurants and hostels, retail stores, and
entertainment companies. Although tangibles are often used by service companies to enhance their image, provide community and signal quality to customers, most companies combine tangibles with another dimension to create a service quality strategy for the firm (for example, Jiffy Lube emphasizes both responsiveness and tangibles – providing fast, efficient service and a comfortable, clean waiting area). In contrast, firms that don’t pay attention to the tangibles dimension of the service strategy can confuse and even destroy an otherwise good strategy.

**Reliability: Delivering on Promises**

Of the five dimensions, reliability has been consistently shown in the most important determinant of perceptions of service quality among U.S customers. Reliability is defined as the ability to perform the promised service dependably and accurately. In its broadest sense, reliability means that the company delivers on its promises—promises about delivery, service provision, problem resolution and pricing. Customers want to do business with companies that keep their promises, particularly their promises about the service outcomes and core service attributes. One company that effectively communicates and delivers on the reliability dimensions is Federal Express (FedEx). The reliability message of FeEx—when it “absolutely, positively has to get there”—reflects the company’s service positioning. But even when firms do not choose to position themselves explicitly on reliability as FedEx has, this dimension is extremely important to consumers.
All firms need to be aware of customer expectations of reliability. Firms that do not provide the core service that customers think they are buying fail their customers in the most direct way.

**Responsiveness: Willing to Help**

Responsiveness is the willingness to help customers and to provide prompt service. This dimension emphasizes attentiveness and promptness in dealing with customer requests, questions, complaints and problems, responsiveness is communicated to customers by the length of time they have to wait for assistance, answers to questions, or attention to problems. Responsiveness also captures the notion of flexibility and ability to customize the service to customer needs. To excel on the dimension of responsiveness, a company must be certain to view the process of service delivery and the handling of requests from the customer’s point of view rather than from the company’s point of view. Standards for speed and promptness that reflect the company’s view of internal process requirements may be very different from the customer’s requirements for speed and promptness. To truly distinguish themselves on responsiveness, companies need well-staffed customer service departments as well as responsive front-line people in all contact positions. Responsiveness perceptions diminish when customers wait to get through a company by telephone, are put on hold, are put through to a phone mail system, or have trouble accessing the firm’s website.
Assurance: Inspiring Trust and Confidence

Assurance is defined as employees’ knowledge and courtesy and the ability of the firm and its employees to inspire trust and confidence. The dimension is likely to be particularly important for services that the customer perceives as involving high risk and / or about which they feel uncertain about their ability to evaluate outcomes – for example, banking, insurance, brokerage, medical and legal service. Trust and confidence may be embodied in the person who links the customer to the company, such as securities brokers, insurance agents, lawyers, or counselors. In such service contexts the company seeks to build trust and loyalty between key contact people and individual customers. The ‘personal banker’ concept captures this idea customers are assigned to a banker who will get to know them individually and who will coordinate all of their banking services. In other situations, trust and confidence are embodied in the organization itself. Insurance companies such as Allstate (“You are in good hands with Allstate”) and Prudential (“Own a piece of the rock”) illustrate efforts to create trusting relationships between customers and the company as a whole. In the early stages of relationship, the customer may use tangible evidence to assess the assurance dimension, visible evidence of degrees, honors and awards and special certifications may give a new customer confidence in a professional service provider.
Empathy: Treating Customers as Individuals

Empathy is defined as the caring, individualized attention the firm provides its customers. The essence of empathy is conveying, through personalized or customized service, that customers are unique and special. Customers want to feel understood by and important to firms that provide service to them. Personnel at small service firms often know customers by name and build relationships that reflect their personal knowledge of customer requirements and preferences. When such a small firm competes with a larger firm, the ability to be empathetic may give the small firm a clear advantage? In business-to-business services, customers want supplier firms to understand their industries and issues. Many small computer consulting firms successfully compete with large vendors by positioning themselves as specialists in particular industries. Even though larger firms have superior resources, the small firms are perceived as more knowledgeable about customers issue and needs and are able to offer more customized services.

II.9 SERVQUAL - CONCEPTUAL MODEL OF SERVICE QUALITY

The gap model is one of the best received and most heuristically valuable contributions to the service literature. The model identifies seven key discrepancies or gaps relating to managerial perceptions of service quality and tasks associated with service delivery to customers. The first six gaps (Gap 1, Gap 2, Gap3, Gap4, Gap6 and Gap 7) are recognized as functions of the
way in which service is delivered, whereas, Gap 5 relates to the customer and as such is considered to be the exact measure of service quality. The Gap on which the SERVQUAL methodology has influence is Gap 5. In the following, the SERVQUAL approach is demonstrated. The model is an extension of Parasuraman et al. (1985). Gap 1, Gap 5, Gap 6 and Gap 7 are the important gaps as they have direct relationship with customers and are identified as external gaps. Gap 2, Gap 3 and Gap 4 are identified as internal gaps occurring between different functions and departments within the organization. All the seven gaps caution the service provider that the relationship of the provider with the customers may be damaged if any one of the gap is allowed to arise. The following seven gaps are explained with their causes and the way by which they can be filled in by the service provider.

**Gap 1:** Knowledge gap is the result of inadequate marketing research, poor upward communication due to too many levels of management. This can be bridged by way of formal and informal customer surveys, reading the industry reports and conversing with industrial peers.

**Gap 2:** Standards gap is due to inadequate standardization of the service process, inadequate dedication to the quality of service and a wrong perception of feasibility of the goals already set or

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absence of goals itself. This can be filled through innovation of the standards by way of Benchmarking.

*Gap 3: Delivery gap* is due to inappropriate supervisory controls; improper team works, improper matching of technology, employee and jobs/positions. Enforcing service standards, empowering, training and rewarding service personnel can fill this gap.

*Gap 4: Internal communications Gap* is because of lack of horizontal communications and tendency to over-promise. This can be filled by training all personnel to think in terms of customer service as the top most priority.

*Gap 5: Perceptions gap* is because of the changes in expectations of the customers may differ from time to time and from service to service. It is also influenced by their friends, relatives and previous experiences. The perceptions of the customers about the services are influenced by the efficiency of the service provider in delivering the service. This can be filled by managing customer expectations and measuring customer service performance.

*Gap 6: Interpretation gap* is due to improper understanding of the expectations of the customers by the front-line service providers. Communication specialists can fill this by way of pre-testing all external communications before they reach the customers.
**Gap 7: Service gap** is due to improper understanding of the expectations of the customers between the front-line service providers and management. This gap is considered as most important and narrowing or closing of this gap is advisable and it is possible only through improving service quality.

The Knowledge gap and Standards gap can be closed by way of designing and improving right service quality standards through the emphasize on the tangibles. The first step is to understand the expectations of the customers through market research and complaint handling mechanisms. The next step is to increase the direct relationship between the organization and the customers by reducing the level of the management. The third step is to establish the service quality standards. The service quality standards can be established by ensuring top management’s commitment to establish elaborate service quality goals to meet customer expectations, inducing the middle level management to set, communicate and emphasize service standards for customers, training the employees to be receptive to modern ways of overcoming the barriers of service delivery, standardizing the service delivery process to ensure consistency and reliability, clarifying the employees regarding the priorities of the tasks to be performed through the understanding and accepting of goals to be achieved and rewarding the middle level management and employees for attaining the goals.
Delivery gap and internal communications gap can be closed by emphasizing the reliability dimension by ensuring the top management to attain the standardized service delivery process, ensuring the employees to understand that how well they are going to contribute to customer satisfaction, matching the employees with the jobs, providing technical training, enhancing the employee performance through accurate reward systems and developing methods to retain employees and build loyalty among them, training the employees in interpersonal skills, particularly for dealing with customers under complaint situations and ensuring that advertising content accurately reflects the most important service characteristics a customer considers in their service encounters with the organization.

The perceptions gap can be closed emphasizing the responsiveness dimension by ensuring the exact performance of the promises already made, providing prompt service to the customers and assuring the willingness of the employees to help the customers in all situations and at all times.

The interpretation gap can be closed emphasizing the assurance dimension by guaranteeing the customers regarding the competency of the employees in delivering the service to them, building confidence in the minds of the customers about the business to be made and assuring the customers about the courteous and modest behavior of the employees.
The service gap can be closed emphasizing the empathy dimension by building an image in the minds of the customers that they are said to be the sovereign of the organization and ensuring that the organization understood the needs of the customers and it is operating at their convenience. Whether a company is in manufacturing or in services, what is increasingly making a competitive difference is the customer service and support that is built into and around the product, rather than just the quality of the product. Many firms have been able to achieve significant competitive advantage by offering superior service quality. To cope with maturing markets, stiffer competition and increasing customer expectations, many service organizations are forced to adopt proactive strategies to become more customer-driven and offer higher service quality.
Diagram II.2
Gap Analysis

Figure: Components determining Quality of Service

Source: Parasuraman et al., 1985
SERVQUAL consists of parallel statements related to expectations (E) and perceptions (P) of the five service quality dimensions. Customers select a response using a Likert scale – ranging from strongly agree to strongly disagree, to indicate their feelings with regard to each statement. This construct enables the computation of difference scores for each dimension.

Table below shows how to compute the service quality.

Perceived - Expectation = Quality

<table>
<thead>
<tr>
<th>Perceived – Experienced = Quality</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>Quality &lt; 0 Service Gap Exist</td>
</tr>
<tr>
<td>Quality</td>
<td>Quality &gt; 0 Customer Satisfaction</td>
</tr>
</tbody>
</table>

The difference score (P – E = Q), is a measure of the customer’s perception of service quality (Q).

1. When Q is a negative number, a service gap exists;
2. When Q is a positive number, customer expectations/satisfactions are being exceeded.

Each service dimension is represented by a group of questions. Once all the individual difference scores have been determined, the average for each dimension is calculated to represent the SERVQUAL score for that dimension. The relative
importance score can then be used to calculate a weighted average score for each dimension.

SERVQUAL was designed to be applicable for a broad range of services. Parasuraman, Zeithaml and Berry (1988) describe the basic expectations/perceptions format of the instrument and its statements for the five dimensions – as a skeleton – which can be adjusted to suit the needs of a particular organization. Some researchers, such as Babakus (1992)\textsuperscript{31}, Akbaba, (2006)\textsuperscript{32}, have extensively adapted SERVQUAL, by changing words and adding new items to fit with their research particularities. The survey responses allow investigation of service quality in a number of ways:

- First, the dimensions of service quality can be ranked in order of importance from the customers’ viewpoint.
- Second, an assessment is obtained of how customers rate each service quality dimension on the basis of their actual experience of the service organization. Conclusions can then be drawn about the focus of the organization. That is, how well it is performing in those factors regarded as most important by its customers.


Third, disentangling customers’ general expectations from their perceptions of a particular organization allows tracking of both features over time.

The impact of management action on service quality can therefore be monitored and assessed. Further, understanding shifts in customer expectations may yield important information influencing the design, specification and development of the service under scrutiny along with other, perhaps related services of the organization. Finally, identifying and quantifying the gaps in meeting customer expectations by service dimension will support better prioritization by the organization in developing future service improvements.

II.9.1 The SERVEQUAL Scale

The SERVQUAL Scale is a survey instrument which claims to measure the service quality in any type of service organization using five dimensions which are physical aspects, Reliability, Personal interaction, Problem solving and policy. The SERVQUAL scale was developed by Parasuraman et al., in 1985, and refined in 1988, 1991 and 1994 as discussed completely before. Realizing the significance of service quality for survival and success of service companies and the need for a generic instrument which would be used to measure service quality across a broad range of service categories. To make a definition of service quality as the discrepancy between customers expectations and perceptions and to
identify the general dimensions that represent, to evaluate criteria customers use and to assess service quality. The researcher has named these dimensions as “tangibles”, and” “reliability” “responsiveness”, “competence”, “courtesy”, “credibility”, “security”, “convenience”, “communication” and “understanding the customer”33.

II.9.2 The Main Element of the SERVQUAL Instrument

As it was mentioned, the main elements of the SERVQUAL instrument are (Parasuraman et al., 1990):

1. Five core dimensions of service quality that are applicable to all service industries/sectors:
   - Tangibles
   - Reliability
   - Responsiveness
   - Assurance
   - Empathy

2. Measurement of these dimensions.

3. Scores are recorded on a seven point Likert scale.

4. Difference between expectations and perceptions scores is called a “gap”.

5. Service quality can be measured by interpreting these gaps.

### II.10 SERVICE QUALITY DIMENSIONS

**Service Dimensions**

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td><strong>Tangibles</strong></td>
<td>Appearance of physical facilities, equipment, personnel and communication materials</td>
</tr>
<tr>
<td><strong>Reliability</strong></td>
<td>Ability to perform the promised service dependably and accurately</td>
</tr>
<tr>
<td><strong>Responsiveness</strong></td>
<td>Willingness to help customers and provide prompt service</td>
</tr>
<tr>
<td><strong>Competence</strong></td>
<td>Possession of the required skills and knowledge to perform the service</td>
</tr>
<tr>
<td><strong>Courteousness</strong></td>
<td>Politeness, respect, consideration and friendliness of contract of personnel</td>
</tr>
<tr>
<td><strong>Credibility</strong></td>
<td>Trustworthiness, believability, honesty of the service provided</td>
</tr>
<tr>
<td><strong>Security</strong></td>
<td>Freedom from danger, risk and doubt</td>
</tr>
<tr>
<td><strong>Access</strong></td>
<td>Approachability and ease of contact</td>
</tr>
<tr>
<td><strong>Communication</strong></td>
<td>Keeping customers informed in the language they can understand and listening to them</td>
</tr>
<tr>
<td><strong>Understanding the Customer</strong></td>
<td>Making the effort to know customers and their needs</td>
</tr>
</tbody>
</table>

**Source:** Parasuraman et al., (1985)

Using the conceptual definition of service quality and the 10 evaluative dimensions from the exploratory research as a base, Parasuraman et al., (1988)\(^34\) embarked on a quantitative research phase to develop an instrument for measuring customers’ perceptions of service quality. The quantitative research phase

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involved customer surveys in five different service sectors: Product repair and maintenance, retail banking, long-distance telephone, securities brokerage and credit cards. In their 1988 work, the researchers describe the development of SERVQUAL instrument and the resultant structure of the instrument. After two stages of refinement, the initial instrument consisted of 10 dimensions refined and condensed to a purified instrument that consisted of five dimensions.