3.0 RESEARCH METHODOLOGY
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3.1 IMPORTANCE OF CUSTOMER SATISFACTION

Satisfying customers is one of the main objectives of every business. Businesses recognize that keeping current customers is more profitable than having to win new ones to replace those lost. Management and marketing theorists underscore the importance of customer satisfaction for a business's success (McColl-Kennedy & Schneider, 2000; Reichheld & Sasser, 1990). Accordingly, the prestigious Malcolm Baldrige National Quality Award recognizes the role of customer satisfaction as the central component of the award process (Dutka, 1993).

3.2 LITERATURE REVIEW:

Good customer satisfaction has an effect on the profitability of nearly every business. For example, when customers perceive good service, each will typically tell nine to ten people. It is estimated that nearly one half of American business is built upon this informal, "word-of-mouth" communication (Gitomer, 1998). Improvement in customer retention by even a few percentage points can increase profits by 25 percent or more (Griffin, 1995). The University of Michigan found that for every percentage increase in customer satisfaction, there is an average increase of 2.37% of return on investment (Keiningham & Vavra, 2001). Most people prize the businesses that treat them the way they like to be treated; they'll even pay more for this service.

However, a lack of customer satisfaction has an even larger effect on the bottom line. Customers who receive poor service will typically relate their dissatisfaction to between fifteen and twenty others. The average American company typically loses between 15 and 20 percent of its customers each year (Griffin, 1995). The cost of gaining a new customer is ten times greater than the cost of keeping a satisfied customer (Gitomer, 1998). In addition, if the service is particularly poor, 91% of retail customers will not return to the store (Gitomer, 1998). In fact, if the service incident is so negative, the negative effects can last years through repeated recollection and recounting of the negative experience (Gitomer, 1998; Reck, 1991).

The message is obvious - satisfied customers improve business and dissatisfied customers impair business (Anderson & Zemke, 1998; Leland & Bailey, 1995). Customer satisfaction is an asset that should be monitored and managed just like any physical asset. Therefore, businesses that hope to prosper will realize the importance of this concept, putting together a functional and appropriate operational definition (McColl-Kennedy & Schneider, 2000). This is true for both service-oriented and product-oriented organizations (Sureshchander, Rajendran, & Kamalanabhan, 2001).
The primary issue with developing an operational definition with the specific components of customer satisfaction is to clearly identify the nature of the organization's business. This further extends into the effective collection, analysis, and application of customer satisfaction information. Services and products are the two major orientations of business. Products – also referred to as goods, are the physical output of a business. These are tangible objects that exist in time and space. These are first created, then inventoried and sold. It is after purchase that these are actually consumed (Sureshchander, Rajendran, & Kamalanabhan, 2001; Berry, 1980). Products might include computers, automobiles, or food at a restaurant.

Services, on the other hand, are less materially based. In fact, Bateson (cited in Sureshchander, Rajendran, & Kamalanabhan, 2001) noted that there is one major distinction between a service and a product. This differentiation is the intangible nature of a service – it cannot be touched, held, and so on. Another difference is the issue that consist primarily of social interactions or actions (Berry, 1980). The consumption of a service involves the interaction between the producer and the consumer. Also, services are produced and consumed simultaneously (Carman & Langeard, 1980). Services might include computer repair, automobile sales, or the attendance of a server at a restaurant. Delivering quality service is a business necessity (Cullen, 2001).

3.2.1 Components and Requirements of Customer Satisfaction

The concept of customer satisfaction is composed of several components from distinct sources (McColl-Kennedy & Schneider, 2000). Customer satisfaction begins with clear, operational definitions from both the customer and the organization. Understanding the motivations, expectations, and desires of both gives a foundation in how to best serve the customer. It may even provide information on making improvements in the nature of business. This is the heart of research into customer satisfaction (Naylor & Greco, 2002).

The importance of clearly defining the key concepts and elements of satisfaction provide a template by which information can be gathered about what is, and what is not, working. This includes both the hard measures – those that are more tangible and observable (i.e., number of complaints, average wait time, product returns, etc) and the soft measures – those less tangible aspects (i.e., friendliness, helpfulness, politeness, etc) (Hayes, 1998).

These definitions often start with the most vague and general, and become more to the highly specified and precise examples. The bottom line is that in order to know about customer satisfaction, one needs to know what to look for (Mitchell, 1999). The organization needs to seek this information from both within and without.
The organizational requirements of customer satisfaction are the internally based processes, components, standards, and criteria that a business strives to achieve. These are the performance goals and benchmarks set forth by the business, for the business. These are the elements of corporate culture (Hayes, 1998). Meeting or exceeding these is often an indicator of success or failure. At times, these indigenous components of customer satisfaction may overlap with those set forth by the customer; at others they may be divergent.

Those processes, components, and standards that are deemed important by the customer are another important source of information. In order for a business to meet the needs and desires of the customer, the business must know the needs and desires of the customer. This information is vital not only for successful business, but also for understanding and improving customer satisfaction. This important component helps to set the standards and components of satisfaction from the perspective of the consumer (Hayes, 1998).

Satisfaction dimensions are developed from the previously identified requirements. These are the specific components that make up the requirements. For example, if a customer and organizational requirement is for customer service, the satisfaction dimensions may include interactions, timeliness, and responsiveness. These are the clusters that define the requirements (Hayes, 1998).

Critical incidents are the specific operations that relate to the satisfaction dimensions. These are often the concrete and measurable behaviours and actions of employees, groups, or organization. This may also include policies, procedures, and protocols in place within an organization (Hayes, 1998).

From this continued definition and distillation of various sources of data, the actual development of a customer satisfaction instrument or tool can begin in earnest. As always, the planning of the research is the most important component in a successful information-gathering process. It is further helpful that a model of customer satisfaction that incorporates the organizational and customer requirements exists and is applicable in practice.

3.2.2 A Model of Customer Satisfaction

One model of measuring customer satisfaction that has received considerable attention in the service industry is the Met-Expectations Model. This is also known as the Discrepancy Model, Disconfirmation of Expectations Model, or Gap Model for Managing Quality (Parasuraman, Berry, & Zeithaml, 1985, 1993). The basic premise of the model is that quality can be defined by the differences between the customer and the organization.
in terms of service quality (Parasuraman, Berry, & Zeithaml, 1985). This is true of perceptions, expectations, and actual service delivery from the two perspectives. These differences, or gaps, can be used to identify the relative strengths and weaknesses in service quality of an organization (Grapentine, 1999). Furthermore, this provides a measure of performance quality in an area that has been more difficult to operationalize (Patti, 1987).

Figure 1: GAP Model

![GAP Model Diagram]

Source: Zeithaml et al. (1988)

The Met-Expectations Model of Customer Satisfaction is based upon a framework of five potential service quality gaps (Parasuraman, Berry, & Zeithaml, 1985). The first
four are those on the provider side of service. The fifth relates to the customer side of service. These gaps are -

**Gap 1** is the difference between customer expectations and management perceptions of customer expectations.

Simply, this is the point of knowing what the customer expects. It is important for an organization to being clearly aware of what it is exactly that the customers expect. Failure to do so can lead to poor perceptions of satisfaction with service quality. This is a cornerstone of effective business – knowing one’s customer (Dutka, 1993).

**Gap 2** is the difference between management perceptions of customer expectations and service quality expectations.

This gap relates to the consistency between the organization’s established specifications of service quality and expectations of its customers. The intended service must meet the expected service. The more exact these are the more likely that the organization is measuring the important qualities of service anticipated by its customers. The customer must determine the standards of service delivery for satisfaction to be positive (Shostack, 1990; Takeuchi & Quelch, 1990).

**Gap 3** is the difference between actual service quality specifications and the service actually delivered.

This is referred to as the service performance gap. This is the difference between what an organization stipulates as service standards and practices and what employees actually deliver to customers. These differences could be due to either the inability or the unwillingness of staff to perform as the organization describes. An organization must be closely and carefully monitoring the provision of service. Failure to do so will lead to lower customer satisfaction (Gitomer, 1998).

**Gap 4** is the difference between service delivery and what is communicated to customers.

The consistency between organizational assurances of service delivery and actual service delivery is the issue of this gap. The premise is the follow through on promises made to customers by an organization. Failure to deliver as promised can lead to customer dissatisfaction, not only with the service, but the agency as well. This is identified as a significant reason for customer defection (Reichheld & Sasser, 1990).

**Gap 5** is the difference between customer expectations and perceptions.

Another key difference that affects satisfaction is between customer expectations and perception. The service delivery that is perceived must meet or exceed anticipations. Failure to do so can lead to customer dissatisfaction – outrage in the extreme - while meeting or exceeding these can lead to satisfaction – or delight in the extreme.
(Keiningham & Vavra, 2001). Obviously, happy customers help and angry customers harm business.

The model is appealing both in its simplicity and intuitive logic. Customer expectations of service that are closely matched with perceived actual services will be satisfied customers. If expectations exceed actual services, the client is dissatisfied (or worse). Conversely, if the actual services surpass expectations, the customer is very satisfied.

The Met-Expectations Model of customer satisfaction has been applied in a wide variety of service settings. These have included library usage (Cullen, 2001), tourist services (Swan & Bowers, 1998), public health services (Bustillo-Hernandez, 1998), medical and dental services (Taylor & Cronin, 1994), and human services (Selber & Streeter, 2000).

3.2.3. Methods of Collecting Customer Satisfaction Information

There are several methodologies of research that can be utilized to collect information regarding customer satisfaction. Factors such as information need, resources, accessibility to customers, sample to be used, time, and so forth must be considered prior to selection of a methodology. As would be expected, each has its own strengths and weaknesses in relation to one another (Dutka, 1993; Leland & Bailey, 1995). The following is a brief overview of the more commonly selected methods.

**Written Surveys:** Using this common method, customers are asked to complete a document that poses a series of specific questions regarding specific dimensions and items of satisfaction. These are tailored to fit the identified needs of both the organization and the customer base. Questions or statements may be closed-ended or open-ended, and often involve Likert-type scales. These can be completed in person, through the postal system, or online.

Advantages include a lower cost per completed survey and the lack of pressure on customers to provide quick answers. Disadvantages include poor response rates (average returns of 30 to 50%) (Leland & Bailey, 1995), incomplete surveys, poor quality control due to lack of monitoring, bias due to non-response, and respondents need to be reasonably literate to comprehend the survey (Dutka, 1998).

**Telephone Surveys:** This method involves the utilization of interviews via telephone of customers that either follows a planned, specific series of questions, or involves the discussion of information based upon the responses given. Sometimes geographic distances or time constraints direct the adoption of this methodology.

Advantages include monitoring of interviews for improved quality control, higher response rates, less bias due to non-response, shorter time requirements for completion, reasonably low cost. Disadvantages include sampling bias (telephone ownership),
difficulty reaching respondents, and the quick responses to telephone surveys do not always allow for adequate thought. (Dutka, 1993; Leland & Bailey, 1995).

**Focus Groups:** This method involves bringing together eight or more customers by invitation to answer prepared specific questions presented by a moderator. The average group lasts about one to one and a half-hours and the dynamics often provide a wealth of feedback in a short time. All comments are usually recorded and transcribed, and techniques such as content analysis may be used to identify themes.

Advantages include the possibility to ask complex questions, more in-depth responses, and group interactions providing otherwise unavailable data. Disadvantages include the often qualitative nature of data and the inability at times to generalize to larger populations. (Dutka, 1993; Leland & Bailey, 1995).

**In-Depth Interviews:** This method is utilized when the most anecdotal information is required regarding customer satisfaction. This often provides a more personal format in a one-on-one setting that can encourage a customer to discuss possible controversial or difficult issues. This includes customers who have stopped using an organization, use competitors, or employees discussing issues about the organization. This is a requisite for customized or individual client gap analyses – identifying the break between expectation and actual performance.

Advantages include the possibility to ask complex questions, more in-depth responses, responses that may be viewed more negatively by a group are obtained, and a longer interview is often possible. Disadvantages include a greater cost that other methods, a greater time needed for completion, and the number of completed interviews is usually much less than other methods. (Dutka, 1993; Leland & Bailey, 1995).

### 3.2.4 Methods Using the Met-Expectations Model

The Met-Expectations Model of customer satisfaction has been applied in the development of an instrument to measure service quality. Known as SERVQUAL, this instrument was developed and refined by Parasuraman, Berry, and Zeithaml in particular response to the fifth gap – that of expected versus perceived service (Parasuraman, Berry, & Zeithaml, 1988). SERVQUAL is composed of 22-items describing service quality, along five dimensions (Selber & Streeter, 2000), as follows:

**Tangibles:** This quality dimension involves the appearance of physical facilities, equipment, materials, and personnel of the organization. This is the only dimension related specifically to the palpable and readily discernible of service provision.
Reliability: This quality dimension involves the consistent, dependable, and accurate delivery of promised services. The actual provision of service is the element in this case.

Responsiveness: This dimension of service quality encompasses those aspects of personnel that demonstrate a willingness of an organization's personnel to help customers and provide prompt service. The service-orientation of the staff members is the characteristic.

Assurance: This dimension includes the knowledge, skill, and ability of personnel, as well as the level of courtesy and ability to inspire trust and confidence from customers. This relates to the expected and perceived aptitude and abilities of personnel.

Empathy: This dimension of service quality relates to the level of caring, and individualized attention that personnel provides to customers. The "person-to-person" or "people skills" of staff is the question.

The researcher has adapted items from the original instrument and customized it for the retailing sector in particular. The items are arranged as a pair of structured statements related to specific elements of service quality. The customer is asked to rate each statement in terms of expected levels of service and in perceived levels of actual service. Each statement is rated along a five-point Likert scale that is anchored by "strongly disagree" to "strongly agree" (Parasuraman, Berry, & Zeithaml, 1988).

However, not all research has supported the five dimensions of service quality as forwarded by SERVQUAL. There has been considerable research critical of the efficacy of SERVQUAL (Cronin & Taylor, 1994; Babakus & Boller, 1992; Carman, 1990). In fact, research conducted by Sureshchander, Rajendran, and Kamalanabhan (2001) on the items of SERVQUAL have found that the service quality dimensions were better represented by a different set altogether, as below:

Core service: This dimension is essentially the content of a service. It encompasses the actual service, over and above how it is delivered. These are the appreciable features of the service being delivered.

Systematization of Service Delivery: This dimension of quality refers to the processes, procedures, systems, and technology that make service efficient and effective. The issue is the smooth delivery of consistent service without undue snags or extreme variation.

Social Responsibility: This dimension relates to ethical behaviour and actions by the corporation in business and other dealings. The authors contend that this contributes to customer perceptions of a quality organization.
**Tangibles of Service**: This service dimension, also known as service scapes, is similar to the tangibles of SERVQUAL.

**Human Element of Service Delivery**: This service dimension is the conglomeration of the human-related dimensions of SERVQUAL - namely reliability, responsiveness, assurance, and empathy. However, several items were modified.

### 3.2.5 Uses of Customer Satisfaction Information

Regardless of the method selected, there are several possible uses of information about customer satisfaction (Dutka, 1993). Some include -

1. Customer satisfaction results can help to present the current standing of customer satisfaction.

   This utilization often goes beyond reporting statistical data such as mean, range, and standard deviation. These descriptive data can assist in identifying specific strengths and weaknesses in satisfaction dimensions, the specific items under each, as well as information about overall scores. However, different types of data analysis can be used to identify not only aggregate but also individual information. From here emerge the distinct patterns or gaps between different individuals, groups, or among particular items.

2. Customer satisfaction results can help to identify important customer requirements.

   Identification of the specific customer requirements for achieving satisfaction is useful at a very fundamental level. An organization is able to clearly focus efforts in those areas that are most important to the customer. Distinguishing those requirements most valued by customers allows for pinpointing efforts for service modifications as well as further data collection. Comparisons of specific items to the satisfaction dimension or overall score can assist in determination of those items that are more closely linked with satisfaction.

3. Customer satisfaction results can help to monitor customer satisfaction results over time.

   Quite simply, the same information gathered at different points in time can assist in identification of trends and patterns that develop as an organization evolves and changes. Furthermore, this can be helpful in demonstrating the levels of effectiveness of interventions, services and so forth at particular points in history. What may work during a certain point in time may not at another? This temporal collection and comparison of information allows for an organization to adapt and modify services and products to meet the changing requirements of its customers.
4. Customer satisfaction results can help to provide comparisons to other organizations.

Comparisons either within an organization by department or sub-group as well as with outside agencies can provide a wealth of information. This includes not only structural and organizational strengths and weaknesses, but also effectiveness of service components and service delivery. This can assist in coordination of planned changes specific to each area, as opposed to general, “blanket” approaches. Also, this can give a perspective of how one organization is performing in relation to others, namely one’s competition. This gives the customer the information necessary to make informed choices and selections.

5. Customer satisfaction results can help to determine the effectiveness of business practices.

Data gathered from customer satisfaction studies can provide valuable and accurate information that can assist in evaluation of service components and delivery. Services can be altered to become more effective, and business practices can be altered to meet the standards of excellence within a certain business. In essence this is the comparison of a particular item against a standard predetermined by the customer. Those scores above the standard are positive, while those below are in need of improvement. This enables more thoughtful and considered prioritization of any possible plans of action.

The message is clear: customer satisfaction is essential for the success – and continued success – of any business. Not only does positive customer satisfaction help business, but also a lack of satisfaction takes an even bigger toll on the bottom line. For an organization to remain solvent, information regarding customer satisfaction must be adequately collected and analyzed.

3.3 METHODOLOGY OF THE STUDY.

3.3.1 STATEMENT OF THE PROBLEM:
Research has always been concentrated in measuring Customer Satisfaction or SERVQUAL for customer services. What most researchers agree and have a consensus on is that SERVQUAL being a crucial element in Customer Satisfaction even when the offering involved a combination of a product and service. The current study aims at measuring the influences of SERVQUAL in Retailing with Customer Satisfaction taken as the effective outcome measure. Every marketing effort is directed to be customer focussed and hence it is imperative that retailing strategy or SERVQUAL initiatives result in higher customer satisfaction levels. Figure 2 schematically shows the basis of this study.
The researcher hypothesized major assumptions of influences of SERVQUAL dimensions on Customer Satisfaction and Customer Repurchase Intentions, and the influence of Customer Satisfaction on Repurchase Intention, and the influences of Customer Satisfaction and Repurchase Intentions on Positive word of mouth. The assumptions are graphically represented in Figure 3. It is important for retailers and marketers in general to ascertain important factors that influence levels of customer satisfaction and then take up initiatives to improve those that have a bearing on satisfaction levels. Retailers today are confronted with stiff competition, aggressive entry of new players, and to stay competitive, they need to go all out to assess their current retail effort and look forward to innovate on a continuous basis. The current study is aimed at assessing these influences of SERVQUAL dimensions and other important dimensions such as product quality, price and customer perceptions on customer satisfaction in the retail scenario.
3.3.2 NEED FOR THE STUDY:
Organizations today have focused on satisfying customers like never before and they have more reasons to do so than not. Competition, globalization and increase in customer churn with a plethora of substitutes available at their doorstep make it imperative for marketers, academia and researchers to explore possibilities at improving customer satisfaction. Also, customer retention to a large extent is dependent on how satisfied customers are with service offerings. With the retail sector growing and expanding in the Indian scenario, Service Quality is pivotal in achieving greater customer satisfaction. Many studies have proven the impact of customer satisfaction on the bottom line. Service quality has been researched and so has been customer satisfaction. However, the impact of SERVQUAL in Retailing in India and its impact on Customer Satisfaction have not been widely researched. As more and more players fight for the retail pie, this research aims at assessing the SERVQUAL dimensions that contribute to Customer Satisfaction in Retailing. There is little research done with these variables in Retailing in the Indian scenario. Hence, this empirical study has been undertaken.

3.3.3 SCOPE OF THE STUDY:
SERVQUAL has two components to it:

- Customer Expectations
- Customer Perceptions
Customer Expectations are those that the customer expects as "should be" and "can be" type of services. Service offered varies with providers and the amount of variation that customers can tolerate is known as Tolerance. The gap between what is thought to be adequate service and desired service is known as Zone of Tolerance. The more important the SERVQUAL dimension, the higher is the desired service level and narrower the zone of tolerance. For the less important SERVQUAL dimension, the desired level of service is much lower and the zone of tolerance is broader too. What the researcher presumes here is that retailers do study customer expectations and then design service offerings. Therefore, the first component — customer expectations are not researched in this current study. The present study concentrates on Customer perceptions of the following SERVQUAL dimensions, price and product quality.

- Tangibles
- Reliability
- Responsiveness
- Assurance
- Empathy

The study is also confined to three retailing formats.

**Format I:** Department Stores with broad variety, deep assortments, high service, low to high prices, located as regional malls with an average of more than 30,000 SKUs.

**Format II:** Specialty Stores with narrow variety, very deep assortment, high service, high prices, located as standalone malls with an average of 15000 SKUs.

**Format III:** This format is confined to the food products, pulses and other grocery items. It also has its offerings vegetables, fruits, and bakery items.

The researcher selected a retailer operating successfully in all the three formats to assess the influence of SERVQUAL dimensions on Customer Satisfaction and Repurchase Intention. Also covered under this study was the assessment of the impact of Customer Satisfaction and Repurchase Intention on positive word of mouth communication. The organization selected was Pantaloon's retail. Further, the researcher selected competitors to Pantaloon's in each format to carry out a comparative study. Pantaloons' and Competitor brands of retailers chosen under each format are

**Format I:** *Big Bazar*, Vishal Mega Mart and Wah Magna

**Format II:** *Pantaloons, Brand Factory, Central, Shoppers' Stop, Life Style*
The researcher found that Pantaloons' had its highest number of outlets in all the three formats operational in the South Indian city of Hyderabad. For carrying out a study of SERVQUAL in Retailing for Pantaloon’s, it is obvious that Hyderabad is the right choice to conduct the survey for determining the influences of SERVQUAL dimensions on Customer Satisfaction and Repurchase Intention, and the influence of Customer Satisfaction and Repurchase Intention on Positive word of mouth. The researcher divided the geographical region of Hyderabad and selected a stratified random sample as shown in Table 2.

3.3.4 HYPOTHESIS:

H1a: A high level of perceived quality in tangibles has a positive impact on satisfaction.

H1b: A high level of perceived quality in tangibles has a positive impact on repurchase intention.

H2a: A high level of perceived reliability has a positive impact on customer satisfaction.

H2b: A high level of perceived reliability has a positive impact on repurchase intention.

H3a: A high level of perceived responsiveness has a positive impact on customer satisfaction.

H3b: A high level of perceived responsiveness has a positive impact on repurchase intention.

H4a: A high level of perceived assurance has a positive impact on satisfaction.

H4b: A high level of perceived assurance has a positive impact on repurchase intention.
H5a: A high level of perceived empathy has a positive impact on satisfaction.

H5b: A high level of perceived empathy has a positive impact on repurchase intention.

H6: A high level of customer satisfaction has a positive impact on repurchase intention.

H7: A high level of customer satisfaction has a positive impact on word of mouth.

H8: A high level of repurchase intention has a positive impact on word of mouth.

3.3.5 OBJECTIVES:

1. To assess Perceived Quality of tangibles, perceived reliability, perceived responsiveness, perceived assurance and perceived empathy.
2. To assess Customer satisfaction and Customer Repurchase Intention for retail offerings.
3. To assess Positive word of mouth communication for retail outlets.
4. To examine the influence of SERVQUAL dimensions on Customer Satisfaction and Repurchase Intention.
5. To examine the influence of Customer Satisfaction and Customer Repurchase Intention on Positive word of mouth communication.
6. To compare Pantaloons' retail outlets in different formats with its competitors.
7. To suggest measures for improving SERVQUAL dimensions, Customer Satisfaction, strengthen repurchase intentions and positive word of mouth of communication.

3.3.6 DATA SOURCES:

Secondary Sources: Information has been gathered from various journals like Academy of Management Journal, Journal of Marketing, Journal of Retailing, Vikalpa, Management Review, and Journal of Marketing Research. Secondary information has also been gathered from Business magazines like 4P’s, The Retailer, Business India and Business Today. The researcher has also referred to various websites that have previous research studies and empirical investigations. Research
carried out by Ernst and Young, and by Morgan Stanley along with Pantaloon’s annual reports forms the basis of secondary data.

**Primary Sources:** A structured questionnaire was constructed taking into account SERVQUAL dimensions such as Tangibles, Reliability, Responsiveness, Assurance, Empathy, other dimensions like Price, Product Quality and Customers perceptions of outlets to assess Customer Satisfaction, Repurchase Intention and Positive word of Mouth. The method employed was personal interviews conducted for the respondents.

The research instrument is attached in Annexure I for itemized statements and scales.

3.3.7 **SAMPLE SIZE DETERMINATION**

A pilot study was carried out on a random basis for 30 respondents and the characteristic taken in the pilot study was whether the respondents visited Pantaloon’s retail outlets or not.

**Table 1: Pilot Study**

<table>
<thead>
<tr>
<th></th>
<th>Visited atleast once</th>
<th>Never visited</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondents</td>
<td>18</td>
<td>12</td>
<td>30</td>
</tr>
</tbody>
</table>

P = Percentage of population who have visited Pantaloon’s outlets as one of their choice

P = Visited atleast once/Total pilot study respondents = 18/30 = 0.60 = 60%

Sample size determination ( For Infinite Population )

\[
n = \frac{Z^2 \cdot P \cdot (1-P)}{C^2}
\]

Z = 1.96 (For 95% confidence levels)

P = Percentage of population with a particular choice

C = Confidence levels expressed as a decimal

Taking 95% confidence levels and P = 0.6 (based on the pilot study)

\[
n = \frac{1.96^2 \cdot 0.6 \cdot (1-0.6)}{0.05^2}
\]

\[
= \frac{3.8416 \cdot 0.6 \cdot 0.4}{0.0025}
\]

\[
= 0.921984/0.0025
\]

\[
= 368.79
\]

n = 369

83
As Pantaloons has 4 major formats in retailing, the researcher has divided the sample as indicated below.

**Table 2: Sample Strata**

<table>
<thead>
<tr>
<th>Types of outlet</th>
<th>Geographical Location</th>
<th>No. Of. Respondents</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Big Bazar</td>
<td>a.) Abids</td>
<td>31</td>
<td>93</td>
</tr>
<tr>
<td></td>
<td>b.) Ameerpet</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c.) L B Nagar</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>2. Brand Factory</td>
<td>a.) Abids</td>
<td>46</td>
<td>92</td>
</tr>
<tr>
<td></td>
<td>b.) Banjara Hills</td>
<td>46</td>
<td></td>
</tr>
<tr>
<td>3. Central</td>
<td>a.) Panjagutta X Roads</td>
<td>92</td>
<td>92</td>
</tr>
<tr>
<td>4. Pantaloons</td>
<td>a.) Himayat Nagar</td>
<td>92</td>
<td>92</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>369</td>
</tr>
</tbody>
</table>

**3.3.8 Statistical Tools used**

The primary and secondary data is gathered for the purpose of the research and a series of statistical tools such as chi-square, weighted scores, correlations, multivariate analyses of variance, hierarchical regression analysis, Cronback Alpha Coefficient, Reliability Scores, Rotated Factor Matrix, Factor Analysis and ranking have been used.

**3.3.9 Limitations:**

1. Customer expectations and Customer Perceptions are subjective and are in a state of constant flux and change. The findings therefore can be generalized to a given period, a pre-defined market, and economic scenarios. A longitudinal study could probably overcome or alleviate this limitation.

2. The study also is confined to the Indian scenario and with Hyderabad as the focal point. Geo-demographic could have a great deal of influence on the customer expectations and perceptions.

3. It is also not amiss to mention here that the zone of tolerance could vary from one customer to another. This variation has not been assessed in the current study.
4. The study also confines itself to three defined formats and does not cover various other formats that exist in the retail sector.

3.4 Presentation of the Study

Chapter I: Introduces the concept SERVQUAL and important models that explain Service Quality is presented.

Chapter II: Brings out the emergence of Retailing in India and the phenomenal growth of this sector.

Chapter III: Deals with literature review, statement of the problem, objectives of the study, hypotheses, scope of the study, research methodology adopted and limitations of the study.

Chapter IV: Profiles Pantaloon’s retail, the company selected for this study and the growth it has been able to achieve.

Chapter V: Presents tabulation and analysis of SERVQUAL in Retailing taking Customer Satisfaction as a definitive outcome measure for Pantaloons’ retail. Hypotheses are tested and relationships are established and presented.

Chapter VI: Deals with the analysis for Customer Satisfaction for Pantaloons’ Retail.

Chapter VII: Compares Pantaloons’ Retail outlets with its competitor brands in the three different formats selected for this study.

Chapter VIII: Summarizes the conclusions and brings forth contributions and suggestions by the researcher based on the empirical study and present the scope for future research.
REFERENCES


