8.0 CONCLUSIONS AND SUGGESTIONS
8.0 CONCLUSIONS AND SUGGESTIONS

The present study is based on the Gaps model of Service Quality. The researcher takes the customer gap as the basis of the study.

8.1 The Customer Gap:
The Customer Gap is the difference between customer expectations and perceptions (as shown in figure 8.1)

Figure 8.1: The Customer Gap

The Customer Gap reflects customer expectations or standards or reference points that customers bring into the service experience. Customer perceptions on the other hand are subjective assessments of actual service experiences. Customer expectations often consist of what a customer believes should or will happen. Closing the gap between what customers expect and what they perceive is critical to delivering quality service; it forms the basis for the gaps model.

The researcher also comprehends the importance of customer satisfaction and customer focus for the retail sector, an attempt is made to study the delivery of quality service in retailing. For achieving this objective of delivering quality service, it is imperative that organizations must understand their customers to say competitive.
The sources of customer expectations are marketer controlled factors (such as pricing, advertising, sales promises) as well as factors that the marketer has limited ability to affect (innate personal needs, word of mouth communications, and competitive offerings). These are precisely the areas that the researcher explores; in retailing by constructing a structured questionnaire and administering it to the sample (369) considered for the study. SERVQUAL has been researched a great deal but very little in the retailing context. Further, research in the Indian Scenario is miniscule. These factors influenced the researcher to study SERVQUAL in RETAILING. With customer as the focus, it was obvious that customer expectations and perceptions had to be studied taking the customer Gap as the basis. In a perfect world, expectations and perceptions would be identical. Customers would perceive that they have received what they thought they would and should. However, in practice, these are usually separated by some distance. It is of interest to very marketer, be it in retailing or in any other sector, to bridge this distance.

Further, among the two concepts of

- Customer Expectations and
- Customer Perceptions, the decision had to be taken as to which one of the two would be the basis of this study.

8.2 Customer Expectations:
Customer Expectations are beliefs about service delivery that serve as standards or reference points against which performance is judged. Because customers compare their perceptions of performance with these reference points when evaluating service quality, thorough knowledge about customer expectation is critical to every marketer. Customer expectation of SERVQUAL could be classified on the basis of levels of expectations as shown in Figure 8.2
Desired service is a blend of what the customer believes "can be" and "should be". What is of great interest to marketers is the extent to which customers are willing to accept a variation in service offered by different providers. SERVPERF varies across providers and necessity to understand the zone of tolerance become crucial for marketers (Fig.8.3). If service drops below adequate service - the minimum level considered acceptable - customers will be frustrated and their satisfaction with the company will be undermined. If SERVPERF is higher than the Zone of Tolerance at the top end - where performance exceeds desired service - customers will be very pleased and probably quite surprised as well. One might also consider the zone of tolerance as the range or window in which customers do-not particularly notices service performance (SERVPERF).
When service falls outside this range and is either very low or very high, the service gets the customers’ attention in either a positive or negative way. An example in the retail sector: Consider the service at a checkout line in a grocery store. Most customers hold a range of acceptable time for this service counter – probably somewhere between 5 and 10 minutes. If service consumes that period of time, customers probably do not pay much attention to the wait. If a customer enters the line and finds sufficient checkout personnel to serve her in the first two or three minutes, she may notice the service and judge it as excellent. On the other hand, if a customer has to wait in line for 15 minutes, she may begin to grumble and look at her watch. The longer the wait is below the Zone of Tolerance, the more frustrated she becomes.

What is of further interest to markers is that Zones of Tolerance vary from service dimensions. The more important factor, the narrower the zone of tolerance is likely to be. In general, customers are likely to be less tolerant about unreliable service (broken promises or service errors) than other service deficiencies, which mean that they have higher expectations for this factor. In addition to higher expectations for the most important service dimensions and attributes, customers are likely to be less willing to relax these expectations than those for less important factors, making the
Zone of tolerance for the most important service dimension smaller and the desired and adequate service levels higher. Figure 8.4 portrays the likely difference in tolerance zone for the most important and the least important factors.

Figure 8.4: Zone of Tolerance for Different Service Dimensions


The researcher in this study presumes that retailers in the Indian Scenario comprehend these expectations and have designed their service offerings accordingly. Therefore, this research work does not explore customer expectations component of the customer Gap. The researcher explored the second component – Customer Perceptions – in retail sector for this empirical research.

8.3 Customer Perceptions:
How customers perceive service, how they assess whether they have experienced quality service and whether they are satisfied is what the researcher is interested in. Customers perceive services in terms of the quality of the service and how satisfied
they are overall with their experiences. Companies today recognize that they can compete more effectively by distinguishing themselves with respect to service quality and improved customer satisfaction.

The present study focuses on the following in the retail sector

- SERVQUAL and
- Customer Satisfaction

Practitioners and writers in the popular press tend to use the terms satisfaction and quality interchangeably, but research indicates more precise meaning and measurement of the two concepts. Although they have certain things in common, satisfaction is generally viewed as a broader concept, whereas service quality focuses specifically on dimensions of service. Based on this view, Perceived Service Quality is a component of customer satisfaction. Figure 8.5 illustrates the relationships between the two concepts used for this empirical work.

Figure 8.5: Customers Perception of Quality and Customer Satisfaction
8.4 Customer Satisfaction:
Satisfaction is the consumers' fulfilment response. It is a judgment that a product or service feature, or the product of service itself, provides a pleasurable level of consumption related fulfilment. Satisfaction could be:

Fulfilment – is that one's needs have been met
Contentment – more of a passive response that consumers may associate with services they do not think a lot about or services that they receive routinely over time.

Pleasure: for services that make consumers feel good or are associated with a sense of happiness.

Delight: for those services that really surprise the consumer in a positive way.

Ambivalence: feelings that are a mix of positive and negative experiences associated with the product or service.

Customer Satisfaction is influenced by

- Service Quality
- Product Quality
- Price
- Customers’ Perception
- Situational factors

Customer satisfaction in turn influences Repurchase intentions and customer loyalty. This model forms the basis for the present study. The researcher proposed the following model and tests the hypothesis as shown schematically in figure 8.6.
Perceived Product Quality in each retail segment has been studied along with the Price dimension. The researcher has also incorporated the concept of customer loyalty by studying

- Repurchase intention and
- Positive Word of Mouth.

### 8.5 SERVQUAL:

The following dimensions have been considered for the research model to assess Service Quality in each of the three retail formats considered for this study.

#### 8.5.1 Reliability: Delivering on Promises

Probably the most important dimension, 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.
8.5.2 **Responsiveness**: it 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 customer by the length of time they have to wait for assistance, answers to questions, or attention to problem. Responsiveness also captures the notion of flexibility and ability to customize the service to customer needs.

8.5.3 **Assurance**: It is defined as employees' knowledge and courtesy and the ability of the firms and its employees to inspire trust and confidence.

8.5.4 **Empathy**: Treating customers as Individuals. Empathy is defined as the caring, individualized attention that the firm provides its customers. The essence of empathy is conveying, through personalized or customized service, that customers are unique and special and that their needs are understood.

8.5.5 **Tangibles**: Tangibles are defined as the physical products, facilities, equipment, and personal and communication material.

8.6 **CONCLUSIONS:**

The research confirms the model considered for this study (figure 8.6)

- It is evident that Perceived Quality of Tangibles influences Customer Satisfaction. Results of chi-square tests confirm the influence of Perceived Quality of Tangibles on customers' repurchase intention. The view that Servqual has an influence on overall customer satisfaction has been proved in the retail sector. Organizations operating in the retail sector must focus on improving Quality of Tangibles to ensure higher levels of customer satisfaction.

- Results from the empirical study also prove the influence of Perceived Reliability dimension of SERVQUAL on overall customer satisfaction in the three retail formats. Reliability is also proved to influence Repurchase intentions of customers. Higher the perceived reliability, greater is the possibility of repurchase from the same retail outlet.
Perceived responsiveness of staff at the retail outlets was found to positively influence overall customer satisfaction and customers' repurchase intentions.

Perceived assurance has been found to positively influence customers overall satisfaction with the retail outlet and also their repurchase intentions.

Empathy and customized service at retail outlets had a clear impact on customers overall satisfaction and repurchase intentions.

The empirical work carried out by the researcher also confirmed the influence of customer satisfaction levels on customers' repurchase intentions.

The study reiterates the influence of positive experiences of customers of outlets is related to Positive Word of Mouth communications.

The influence of Repurchase intentions on Positive Word of Mouth communications has been proved from the study.

Using the Research instrument, the researcher found that the overall Perceived Quality of Tangibles for Pantaloons' outlets was low at -0.16 (Using a five point likert's scale SA- +2, A - +1, UD - 0, DA - -1, SDA - -2)

Overall Perceived reliability for Pantaloons' was + 0.03.

Pantaloons' retail outlets were rated low on Overall perceived responsiveness at -0.11.

On the Servqual dimension of Perceived assurance, Pantaloons' retail outlets scored at +0.14.

On the servqual dimension of empathy of its staff, Pantaloons' retail outlets were rated at -0.14.

Having done poorly on major servqual dimensions and with the relationship between SERVQUAL and Customer Satisfaction established, one would expect Pantaloons' retail to be rated low on overall customer satisfaction levels. In accordance with expectations, Pantaloons' retail scored at +0.03 on overall customer satisfaction.

The model described under Fig. 8.5 relates customer satisfaction with customer loyalty. The researcher hypothesized that customer satisfaction influence repurchase intentions. True to this hypothesis, low customer satisfaction levels have resulted in negative repurchase intentions (-0.01).

The research model proposed by researcher under fig. 8.6 hypothesizes the relationship between customer satisfaction and Positive Word of Mouth Communications. With the alternate hypothesis accepted, the researcher
expected negative word of mouth communication for low customer satisfaction levels. Reiterating the hypothesis and confirming these expectations, low customer satisfactions levels (0.03) has resulted in negative word of mouth communications (-0.43)

- Negative Repurchase intentions: (-0.01) have influenced word of mouth communications ((-0.43)). Infact, the researcher opines that low customer satisfaction levels, negative repurchase intentions magnify their effect when it precipitates in the form of negative word of mouth communications.

- In the comparative analysis (Format I – Department Store) Pantaloons’ Big Bazaar does well in Price, Range, Variety and assortments, Product Quality, Staff Empathy, Service Quality (deliver) and location. It needs to make improvements in Layout and Ambience (Atmospherics).

- In the Format II (Clothing and Fashion Accessories) Brand Factory does well on price and location, Central does well in Range, assortment, layout, service delivery and Ambience. Pantaloons’ ‘Pantaloon’ does will on Product Quality.

- In the Format III – Food Section, Food Bazaar of Pantaloons’ is way behind competitors Spencers’ does well in Range, assortment, Product Quality, Layout and Ambience. Reliance outperforms other retailers on Price, Staff Empathy, Service Quality and Location dimensions. Honors are even shared by Spencers’ and Reliance whereas Pantaloons’ Food Bazaar is a poor follower.

8.7 SUGGESTIONS:

Pantaloons’ retail needs to look into the following to ensure positive perception of tangibles of its outlets.

8.7.1 Store Design: For its price driver outlet Big Bazaar, it may have a store designed with high ceilings, metal racks and concrete floors – design elements that signal low costs and reinforce a brand image of low prices. Shelving could be stainless steel for its Big Bazaar outlet. Pantaloons’ could use wooden shelves at its Central, Brand Factory and Pantaloons’ outlets to create an element of elegance and ensure visual appeal.
8.7.2 Layout: Pantaloons’ must address its layout at Big Bazaar, Food Bazaar and Brand Factory. Wider aisles could create a visual appeal and facilitate better visibility of shelves and displayed merchandise.

8.7.3 Visible Signage: Pantaloons’ outlets must improve signage to enable customer’s identity and locate merchandise with ease. It would save time for customers and present an orderly view of the outlet. Further, prices of merchandise need to be conspicuously displayed. Retailers across the globe are researching on the consumers’ “first moment of truth”, the three to seven seconds when a customer notices an item on a store shelf. It is therefore important to hold customers’ attention quickly.

8.7.4 Flexibility: Store design for Pantaloons’ outlets should take into consideration the factor ‘flexibility’. It is the ability to physically move and store components and the ease with which components can be modified. This would help Pantaloons’ accommodate the seasonal products better.

8.7.5 Fresh Stocks: Big Bazaar, Brand Factory and Central need to display Fresh Stocks to hold customers’ interest in shopping and contribute to sales volumes. Stocks nearing expiration in Food Bazaar need to be promptly replaced. Damaged, old stocks, obsolete products should be taken off shelves.

8.7.6 Atmospherics: Exhaust facility at Food Bazaar and Big Bazaar could be improved along with air-conditioning quality. Scent and aroma in these outlets must be better managed to facilitate longer shopping hours.

8.7.7 Retailers’ own brand: To drive home the outlets quality principle, Food Bazaar could stock its own brand of food products.

8.7.8 Variety: Pantaloons’ outlets need to be characterized by broad variety especially so with Big Bazaar. Big Bazaar has currently only narrow variety in Household and kitchen appliances. Central and Brand Factory are doing well on breadth of variety. However, very narrow variety at “Pantaloons” seems to contribute to poor customer traffic.

8.7.9 Depth of assortments: Pantaloons’ must ensure depth in assortment for clothing at Big Bazaar, in Household & kitchenware at Big Bazaar, in food grains, pulses, bakery products at Food Bazaar, in clothing and fashion accessories at Pantaloons.

8.7.10 Technology: Better technology should be brought in for processing transactions and reducing queue waiting time.
8.7.11 Lighting and physical appearance: Lighting, use of colour and music should be improved at Big Bazaar, Food Bazaar and Brand Factory. Inadequate lighting and poor usage of colour has contributed to negative customer perception.

If Pantaloons' could take initiatives in the above described areas, it would immensely help their outlets improve on the SERVQUAL dimension Perceived Quality of Tangibles. In turn, Pantaloons' can positively influence overall customer satisfaction levels.

8.8 Reliability:

Pantaloons' retail should ensure

Adequate number of Packers at cash counters to expedite billing and reduce waiting time. Staff must be trained to reduce errors in billing. Informative labels, price displays that are consistent, and technology to support error-free transactions can communicate Reliability to customers. Positive perceived reliability could influence customers' satisfaction levels and retain customers over extended periods.

Retail outlet of Pantaloons' may follow these service recovery suggestions to improve Perceived responsiveness amongst customers

**Figure 8.7: Service Recovery Initiatives**
8.8.1 **Act Quickly:** Staff who confronts complaints must be able to solve the problems. Employees must feel equipped with skills to “own” up a problem till it is resolved. Training could go a long way in making this possible.

8.8.2 **Encourage and Track Complaints:** Customer research akin to the present study specifically for this purpose, satisfaction survey, critical incidents studies and lost customer research could help in comprehending customer concerns and problems.

8.8.3 **Make the Service Fail-safe:** Do it Right the First time! Probably the best strategy that Pantaloons’ retail could follow is to design the service delivery strategy in way that it would not fail in the first instance.

8.8.4 **Provide Adequate Explanation:** In many instances, customers look to try to understand why an error or failure occurred. When the firm's ability to provide an adequate outcome is not successful, further dissatisfaction can reduce if an adequate explanation is provided to the customer. Content of the explanation must be appropriate, pertinent information must help customers understand what occurred.

8.8.5 **Treat Customers Fairly:** Even when acting quickly is important in proving to be responsive, it is also critical to treat customers fairly in terms of the outcome they receive.

8.8.6 **Cultivate Relationships with Customers:** Pantaloons’ needs to maintain customer databases and aim to cultivate Relationships with customers. The major benefit of relationship marketing is that even if the outlet fails to deliver, those customers who have a strong relationship with the firm are more forgiving of failures and are more open to recovery efforts.

8.8.7 **Learn from recovery experiences:** Pantaloons’ must maintain a database of problem-resolution situations that are more than just opportunities to fix flawed services. They are valuable – but frequently ignored or underutilized – source of diagnostic, prescriptive information for improving service quality.
8.8.8 Learn from Lost Customers: Having a customer databases would enable Pantaloons’ determine and contact defectors. Pantaloons’ could conduct market research to discover the reasons customers have left. This type of research is difficult and painful. No one really likes to examine their failures. Yet such an examination could help Pantaloons’ assess mistakes and prevent it from committing the same mistakes and losing more customers in the future. These strategies could enable improve the SERVQUAL dimension of responsiveness.

8.9 Assurance:
Employees at Pantaloons’ must be trained and equipped with information to inspire trust and confidence in customers. Displays and signage need to be consistent. ‘Assurance’ could also be strengthened if Pantaloons’ delivered on promises on product quality, promotional offers, discounts, alterations, and other customer services. Prompt action on suggestions and complaints, periodic solicitation of customer feed back could help bolster Perceived assurance.

8.9.1 Digital Signage: Pantaloons’ could use Digital Signage for they are superior in attracting the attention of customers and having them recall the messages displayed. Digital signage also provides the opportunity to enhance the store’s environment by displaying complex graphics and videos and providing an atmosphere that customers find appealing.

8.10 Pantaloons’ should effectively use:

1. Freestanding display: fixtures or mannequins located on aisles designed primarily to attract customers’ attention and bring them into a department.

2. Cash Wraps: Pantaloons’ outlets do not use Cash Wraps effectively. Cash Wraps, also known as Point-of-Purchase counters or checkout areas, places in the store where customers can purchase merchandise. Cash Wraps could be used to display impulse items like batteries, candy, razors, and magazines. Other outlets like Reliance employ Cash Wraps more effectively.
3. **Promotional Aisle or Area:** A promotional aisle is a space used to display merchandise that is being promoted. Big Bazaar, Food Bazaar, Brand Factory, Central and Pantaloons' could use Promotional Aisles' during festive seasons.

These initiatives could enhance customers' shopping experience and create a positive image of the outlet.

8.11 **Empathy:**
Staff training on the following soft skills could go a long way in improving the SERVQUAL dimension of Empathy.

- Courtesy, politeness in dealing with customers
- Providing assistance
- In providing personalized attention

8.12 **Product Quality and Price:** Pantaloons' must ensure good quality merchandise in their outlets and offer them for a price which ensures value for money. Special treatment / variable pricing strategies could be employed for repeat purchases, loyal customers and first-time shoppers at the outlet. Discounts, offers, clearance markdowns at the end of season, promotional markdowns, coupons, price bundling and multiple-unit pricing could be used to great effect in improving customer satisfaction levels and retaining customers.

Pantaloons' could also use the EDLP — **Everyday-low-pricing strategy.** This strategy emphasizes the continuity of retail prices at a level somewhere between the regular non-sale price and the deep-discount sale price of high / low retailers.

On festive occasions when customer traffic peaks, Pantaloons' could employ **Leader Pricing.** It involves a retailer pricing certain items lower than normal to cash in customers' traffic or boost sales of complementary products.

Pantaloons' could also offer products with **Price lining.** Pricing that reflects good, better and best in a product category is Price lining. The customer can choose from products with the low, medium or high price. For the retailer, the merchandising task is simplified. That is, all products within a certain price line are merchandised together.