CHAPTER II

REVIEW OF LITERATURE

In this chapter the review of the literature on service quality has been presented into two parts: Conceptual and Empirical studies. The literature review is a critical interpretation and synthesis of published research (Collis and Hussey, 2009). This part of the research study make efforts to explain the nature and importance of service quality, service quality models and so on. The field of service quality is very vast and this study is not exhaustive enough to undertake all the issues or engage in the very vast area of theories, however, some of the most prominent theories deserve some mention and the theories discussed below represent the many opinions held about the subject and attempts made to provide better and more useful understanding of the subject.

There has been a continued research on the definition, modeling, measurement, data collection procedure, data analysis, issues of service quality, leading to development of sound base for the researchers. Before discussing the various theories and models developed by the various authors in the present study, it is important to know what service quality is and that is discussed as follows.

2.1 SERVICE QUALITY

Parasuraman et al., (1985, 1988): Service quality is determined by the differences between customer’s expectations of services provider’s performance and their evaluation of the services they received.
Finn and Lamb (1991): By satisfying customers through high quality service, business firms not only retain their current customers, but also increase their market share.

Asubonteng et al. (1996): Service quality can be defined as “the difference between customers’ expectations for service performance prior to the service encounter and their perceptions of the service received”.

Wisniewski (2001): Service quality is a concept that has aroused considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus emerging on either.

Gefan (2002): Service quality as the subjective comparison that customers make between the quality of the service that they want to receive and what they actually get.

Service quality is a concept that provokes considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus emerging on either. Research has shown that high service quality contributes significantly to profitability.

Service quality is about ensuring customers, both internal and external, get what they want. Customer satisfaction is the feeling or attitude of a customer towards a product or service after it has been used. Satisfaction and service quality are often treated together as functions of customer’s perceptions and expectations. Customer satisfaction is determined by defining customer perceptions of quality, expectations, and preferences. Always there exists an important question: why should service quality be measured? Measurement allows for comparison before and after changes, for the location of quality related problems and for the establishment of clear standards for service delivery. In search of competitive advantage, both practitioners
and academics are keen on accurately measuring service quality in order to better understanding its essential antecedent and consequences, and ultimately establish methods for improving and measuring service quality.

2.2 CRITERIA OF SERVICE QUALITY

A customer will have an expectation of service determined by factors such as recommendations, personal needs and past experiences. The expectation of service and the perceived service result may not be equal, thus leaving a gap. Ten determinants which may influence the appearance of a gap were described by Parasuraman, Zeithaml and Berry (1988)\(^7\).

**Competence** is the possession of the required skills and knowledge to perform the service. For example, there may be competence in the knowledge and skill of contact personnel, knowledge and skill of operational support personnel and research capabilities of the organization.

**Courtesy** refers to factors such as politeness, respect, consideration and friendliness of the contact personnel; consideration for the customer's property and a clean and neat appearance of contact personnel.

**Credibility** refers to factors such as trustworthiness, believability and honesty. It involves having the customer's best interest at heart. It may be influenced by company name, company reputation and the personal characteristics of the contact personnel.

**Security** represents the customer's freedom from danger, risk or doubt including physical safety, financial security and confidentiality.

**Access** refers to approachability and ease of contact. For example, the waiting time is not excessive and there are convenient hours of operation and a convenient location.
Communication means both informing customers in a language they are able to understand and also listening to customers. A company may need to adjust its language for the varying needs of its customers. Information might include for example, explanation of the service and its cost, the relationship between services and costs and assurances as to the way any problems are effectively managed.

Knowing the customer means making an effort to understand the customer's individual needs, providing individualized attention, recognizing the customer when they arrive and so on.

Tangibles are the physical evidence of the service, for instance, the appearance of the physical facilities, tools and equipment used to provide the service; the appearance of personnel and communication materials and the presence of other customers in the service facility.

Reliability is the ability to perform the promised service in a dependable and accurate manner. The service is performed correctly on the first occasion, the accounting is correct, records are up to date and schedules are kept.

Responsiveness refers to the willingness of employees to help customers and to provide a prompt timely service, for example, mailing a transaction slip immediately or setting up appointments quickly.

2.3 SERVICE QUALITY GAPS

If expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs (Lewis and Mitchell, 1990). Always there exists an important question: why should service quality be measured? Measurement allows for comparison before and after changes, for the
location of quality related problems and for the establishment of clear standards for service delivery. Edvardsen et al. (1994)\textsuperscript{9} state that, in their experience, the starting point in developing quality in services is analysis and measurement. The SERVQUAL approach, which is studied in this study, is the most common method for measuring service quality.

2.3.1 Parasuraman Model of Service Quality Gaps (Parasuraman, 1985)\textsuperscript{10}

There are seven major gaps in the service quality concept, which are shown in Figure 2.1. According to the following explanation, the three important gaps, which are more associated with the external customers, are Gap1, Gap5 and Gap6; since they have a direct relationship with customers.

**Gap1: Customers’ expectations versus management perceptions** as a result of the lack of a marketing research orientation, inadequate upward communication and too many layers of management.

**Gap2: Management perceptions versus service specifications** as a result of inadequate commitment to service quality, a perception of impossibility, inadequate task standardization and an absence of goal setting.

**Gap3: Service specifications versus service delivery** as a result of role ambiguity and conflict, poor employee-job fit and poor technology-job fit, inappropriate supervisory control systems, lack of perceived control and lack of teamwork.

**Gap4: Service delivery versus external communication** as a result of inadequate horizontal communications and propensity to over-promise.

**Gap5: The discrepancy between customer expectations and their perceptions of the service delivered** as a result of the influences exerted from the customer side and
the shortfalls (gaps) on the part of the service provider. In this case, customer expectations are influenced by the extent of personal needs, word of mouth recommendation and past service experiences.

**Gap6: The discrepancy between customer expectations and employees’ perceptions** as a result of the differences in the understanding of customer expectations by front-line service providers.

**Gap7: The discrepancy between employee’s perceptions and management perceptions** as a result of the differences in the understanding of customer expectations between managers and service providers.

According to **Brown and Bond (1995)**, "the gap model is one of the best received and most heuristically valuable contributions to the services 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, Gap 3, Gap 4, Gap 6 and Gap 7) are identified as functions of the way in which service is delivered, whereas Gap 5 pertains to the customer and as such is considered to be the true measure of service quality. The Gap on which the SERVQUAL methodology has influence is Gap 5.
Figure No. 2.1. Model of Service Quality Gaps. Source (Parasuraman, Zeithaml and Berry, 1985), "A Conceptual Model of Service Quality and Its Implications for Future Research," *Journal of Marketing*, Fall 1985, pp. 41-50.)
2.3.2 Gronroos Service model Gap (Gronroos, 1984)\textsuperscript{12}

Gronroos proposes a sixth criterion called 'recovery'. It suggests that twelve good customer service episodes are required to nullify the adverse effect of one unsatisfactory episode. Improvement in recovery might include the setting up of a customer complaints centre of hot line. It has the same effect as the junk yard strategy, which is used to support the zero defects strategy. Grönroos also re-defines the determinants which may influence the appearance of a gap in service quality. He states the expectations of the customer depend on five determinants: market communication, image, word of mouth, customer needs and customer learning. Grönroos explains that customer experience depends on the technical quality of service (a 'what' type outcome) and the functional quality of service (a 'how or 'process' type outcome) with these elements being filtered through the company image (the 'who' element').

**Marketing information gap:** It is termed 'Gap 1', occurs because the provider of a service does not understand what the customer expects. Examples include a lack of marketing research; a lack of communication from lower to high levels of management or too many levels of management.

**Standards gap:** It is termed 'Gap 2', occurs when a provider of a service does not take into account defined standards of service. Examples include a lack of commitment from management to service quality; perceptions that aspects of service quality are unfeasible; the qualities of service tasks are not standardized and goals for service quality are not set.

**Service performance gap:** It is termed 'Gap 3' occurs when the service delivered does not meet certain service quality specifications. Examples include ambiguity or
conflict of employee roles; employees being poorly suited to their role; technological solutions being poorly suited to the employee's role; evaluation and reward systems being inappropriate; employees being disempowered within their service role and a lack of teamwork in service roles.

**Communication gap:** It is termed 'Gap 4' occurs when promises made to customers about service delivery are not kept. Examples include a lack of communication between one employee and another in providing a service or tendencies to promise to the customer service quality which cannot be achieved.

**Customer satisfaction:** It is termed 'Gap 5' occurs as 'Gap 1' to 'Gap 4' increase. In any of these elements, i.e. from one to four, the expectations of the customer may not be equal to their perceptions of the quality of the episode of service they have received.

2.4 **SERVQUAL METHODOLOGY**

Clearly, from a Best Value perspective the measurement of service quality in the service sector should take into account customer expectations of service as well as perceptions of service. However, as Robinson (1999) conclude: "It is apparent that there is little consensus of opinion and much disagreement about how to measure service quality". One service quality measurement model that has been extensively applied is the SERVQUAL model developed by Parasuraman et al. SERVQUAL as the most often used approach for measuring service quality has been to compare customers' expectations before a service encounter and their perceptions of the actual service delivered. The SERVQUAL instrument has been the predominant method used to measure consumers’ perceptions of service quality. It has five generic dimensions or factors and are stated as follows,
(1) **Tangibles** - Physical facilities, equipment and appearance of personnel.

(2) **Reliability** - Ability to perform the promised service dependably and accurately.

(3) **Responsiveness** - Willingness to help customers and provide prompt service.

(4) **Assurance** (including competence, courtesy, credibility and security) - Knowledge and courtesy of employees and their ability to inspire trust and confidence.

(5) **Empathy** (including access, communication, understanding the customer) - Caring and individualized attention that the firm provides to its customers.

### 2.5 SERVICE QUALITY MODELS

**SQ1. Technical and functional quality model (Gronroos, 1984)**

A firm in order to compete successfully must have an understanding of consumer perception of the quality and the way service quality is influenced. Managing perceived service quality means that the firm has to match the expected service and perceived service to each other so that consumer satisfaction is achieved. The author identified three components of service quality, namely: technical quality; functional quality; and image.

(1) Technical quality is the quality of what consumer actually receives as a result of his/her interaction with the service firm and is important to him/her and to his/her evaluation of the quality of service.

(2) Functional quality is how he/she gets the technical outcome. This is important to him and to his/her views of service he/she has received.
(3) Image is very important to service firms and this can be expected to built up mainly by technical and functional quality of service including the other factors (tradition, ideology, word of mouth, pricing and public relations).

**SQ2: GAP model (Parasuraman et al., 1985)**

Parasuraman et al. (1985) proposed that service quality is a function of the differences between expectation and performance along the quality dimensions. They developed a service quality model based on gap analysis. Their exploratory research was refined with subsequent scale named SERVQUAL for measuring customers’ perceptions of service quality. (Parasuraman et al., 1988). At this point the original ten dimensions of service quality summarized in to five dimensions: reliability, responsiveness, tangibles, assurance (communication, competence, credibility, courtesy, and security) and empathy which capture access and understanding/knowing the customers.

**SQ3. Attribute service quality model (Haywood-Farmer, 1988)**

This model states that a service organization has “high quality” if it meets customer preferences and expectations consistently. According to this, the separation of attributes into various groups is the first step towards the development of a service quality model. In general, services have three basic attributes: physical facilities and processes; people’s behavior; and professional judgment. Each attribute consists of several factors. Too much concentration on any one of these elements to the exclusion of other may be appropriate it may lead to disaster for e.g. too much emphasis on procedures may give an impression to the customer that he will be processed as per his sequence. The author tried to map different type of service settings as per degree of contact and interaction, degree of labour intensity and degree of service
customization to this model. For example, services, which are low in terms of customers' contact customization and labor intensity (utilities, transportation of goods), are closer to physical facility and process attribute of the model. Thus, the model suggests that special care at this instant must be taken to make sure that equipment is reliable and easy for customer to use.

SQ4. Synthesised model of service quality (Brogowicz et al., 1990)

A service quality gap may exist even when a customer has not yet experienced the service but learned through word of mouth, advertising or through other media communications. Thus there is a need to incorporate potential customers’ perceptions of service quality offered as well as actual customers’ perceptions of service quality experienced. This model attempts to integrate traditional managerial framework, service design and operations and marketing activities. The purpose of this model is to identify the dimensions associated with service quality in a traditional managerial framework of planning, implementation and control. The synthesized model of service quality considers three factors, viz. company image, external influence and traditional marketing activities as the factors influencing technical and functional quality expectations.

SQ5. Performance only model (Cronin and Taylor, 1992)

The authors investigated the conceptualization and measurement of service quality and its relationship with consumer satisfaction and purchase intentions. They compared computed difference scores with perception to conclude that perceptions only are better predictor of service quality. They argued on the framework of Parasuraman et al. (1985), with respect to conceptualization and measurement of service quality and developed performance only measurement of service quality.
called SERVPERF by illustrating that service quality is a form of consumer attitude and the performance only measure of service quality is an enhanced means of measuring service quality. They argued that SERVQUAL confounds satisfaction and attitude. They stated that service quality can be conceptualized as “similar to an attitude”, and can be operationalize by the adequacy-importance model. In particular, they maintained that Performance instead of “Performance-Expectation” determines service quality.

**SQ6. Ideal value model of service quality (Mattsson, 1992)**

In majority of the studies on service quality “expectation is treated as belief about having desired attributes as the standard for evaluation”. However, this issue needs to be examined in the light of other standards such as experience based, ideal, and minimum tolerable and desirable. The model argues for value approach to service quality, modeling it as an outcome of satisfaction process. This value-based model of service quality suggests the use of a perceived ideal standard against which the experience is compared. This negative non confirmation is the major determinant of consumer satisfaction, more attention should be given to cognitive processes by which consumers’ service concepts are formed and changed.

**SQ7. Evaluated performance and Normed quality model (Teas, 1993)**

According to the author the conventional non confirmation model has conceptual, theoretical and measurement problems. He pointed out that following issues in the measurement of service quality, i.e. SERVQUAL as: conceptual definition ambiguity; theoretical justification of expectations in the measurement of service quality; the usefulness of the probability specification in the evaluated performance (EP) measurement; and link between service quality and consumer
satisfaction/dissatisfaction. The author proposed the following two frameworks for service quality. Evaluated performance (EP) framework: with the assumption that an individual evaluates object with perceived certainty and that the object has a constant amount of each attribute also with Minkowski space parameter equals to unity. With an assumption that perceived ability of the product to deliver satisfaction can be conceptualized as the product’s relative congruence with the consumer’s ideal product features. Normed quality model: if the object is defined as the excellence norm that is the focus of revised SERVQUAL concept, the above equations can be used to define the perceived quality of excellence.

**SQ8. IT alignment model (Berkley and Gupta, 1994)**

Investments in information technology (IT) sectors are generally aimed at productivity of efficiency gains with a little attention to improve customer service and long-run customer effectiveness. This model links the service and the information strategies of the organization. It describes the use of IT for improving service quality through a number of case studies from variety of sectors (banking, courier, transportation, manufacturing and services industries). This model describes in detail where IT had been used or could be used to improve specific service quality dimensions including reliability, responsiveness, competence, access, communications, security, understanding and knowing the customers. Through some case studies use of IT for quality control (collect customer data, monitor operations and facilitate service) is also demonstrated. The model explains the process of aligning service and aligning strategies.
SQ9. Attribute and overall affect model (Dabholkar, 1996)\textsuperscript{22}

The author proposed two alternative models of service quality for technology-based self-service options. Self-service is becoming popular day by day owing to high cost of labour in service deliveries. The overall affect model is based on the consumers’ feeling towards the use of technology. It is based on an effective approach to decision making where consumers would use overall predispositions to form expectation self-service quality for a technology-based self-service option. In both the models expected service quality would influence intentions to use technology-based self-service option.

SQ10. Model of perceived service quality and satisfaction (Spreng and Mackoy, 1996)\textsuperscript{23}

This model attempts to enhance the understanding of the constructs perceived service quality and consumer satisfaction. The model highlights the effect of expectations, perceived performance desires, desired congruency and expectation non confirmation on overall service quality and customer satisfaction. These are measured through set of ten attributes of advising (convenience in making an appointment, friendliness of the staff, advisor listened to my questions, the advisor provided accurate information, the knowledge of the advisor, the advice was consistent, advisor helped in long-range planning, the advisor helped in choosing the right courses for career, advisor was interested in personal life, and the offices were professional).

SQ11. PCP attribute model (Philip and Hazlett, 1997)\textsuperscript{24}

The authors propose a model that takes the form of a hierarchical structure – based on three main classes of attributes – pivotal, core and peripheral. According to the model, every service consists of three, overlapping, areas where the vast majority
of the dimensions and concepts which have thus far been used to define service quality. These ranked levels are defined as – pivotal (outputs), core and peripheral (jointly representing inputs and processes). The pivotal attributes, located at the core, are considered collectively to be the single most determining influence on why the consumer decided to approach a particular organization and exert the greatest influence on the satisfaction levels. They are defined as the “end product” or “output” from the service encounter; in other words, what the consumer expects to achieve and receive, perhaps even “take away, when the service process is duly completed. Core attributes, centered on the pivotal attributes, can best be described as the amalgamation of the people, processes and the service organizational structure through which consumers must interact and/or negotiate so that they can achieve/receive the pivotal attribute. The third level of model focuses on the peripheral attributes which can be defined as the “incidental extras” or frills designed to add “roundness” to the service encounter and make the whole experience for the consumer a complete delight.

SQ12. Retail service quality and perceived value model (Sweeney et al., 1997)²⁵

The influence of service quality on value and willingness to buy in a specific service encounters through two alternative models. Value can be defined as a comparison between what consumers get and what they give, suggesting that value is a comparison of benefits and sacrifices. Value construct used in this model is “value for money”.

Model 1: this model highlights that in addition to product quality and price perceptions, functional service quality and technical service quality perceptions both directly influence value perceptions.
Model 2: this model highlights that in addition functional service quality perceptions directly influence consumers’ willingness to buy. Functional service quality perceptions also influence technical service quality perceptions, which in turn influence product quality perceptions and neither of the two directly influence value perceptions. On analysis, of modification indices for model 2 (being superior to model 1) it is possible to make significant improvement in this model by allowing technical service quality to influence perceived value directly.

SQ13. Service quality, customer value and customer satisfaction model (Oh, 1999)²⁶

The author proposed an integrative model of service quality, customer value and customer satisfaction. The proposed model focuses mainly on post purchase decision process. Arrows in the model indicate causal directions. The model incorporates key variables such as perceptions, service quality, consumer satisfaction, customer value and intentions to repurchase. Finally word of mouth communication intention is conceptualized as a direct, combined function of perceptions, value, and satisfaction and repurchases intentions. The model provides evidence that customer value has a significant role in customer’s post-purchase decision-making process. It is an immediate antecedent to customer satisfaction and repurchases intentions. Results also indicate that perceived price has a negative influence on perceived customer value and no relationship with perceived service quality.

SQ14. Antecedents and mediator model (Dabholkar et al., 2000)²⁷

A comprehensive model of service quality, which includes an examination of its antecedents, consequences, and mediators to provide a deeper understanding of conceptual issues related to service quality. This model examines some conceptual
issues in service quality as: the relevant factors related to service quality better
conceived as components or antecedents and the relationship of customer satisfaction
with behavioral intentions.

**SQ15. Internal service quality model (Frost and Kumar, 2000)**

The authors have developed an internal service quality model based on the
concept of GAP model. The model evaluated the dimensions, and their relationships,
that determine service quality among internal customers (front-line staff) and internal
suppliers (support staff) within a large service organization. The internal gap 1 shows
the difference in support staff’s perception (internal supplier) of front-line staff’s
expectation (internal customers). Internal gap 2 is the significant difference between
service quality specification and the service actually delivered resulting in an internal
service performance gap. Internal gap 3 is the gap which focuses on the front-line
staff (internal customers). The gap is based on the difference between front-line
staff’s expectations and perceptions of support staff’s (internal supplier) service
quality.

**SQ16. Internal service quality DEA model (Soteriou and Stavrinides, 2000)**

Service quality is an important factor that must be considered when assessing
a bank branch performance. The branch may report high volume of products and
services offered as well as profits, but lose its long-term advantage owing to eroding
service quality. The authors presented a service quality model that can be used to
provide directions to a bank branch for optimal utilization of its resources. The model
does not aim to develop the service quality measures, rather guides how such
measures can be incorporated for service quality improvements. The model points out
resources that are not properly utilized. The input to the model consists of two sets:
consumable resources such as personnel, space, time and the number of accounts in different categories. The output of the model is the level of service quality perceived by the personnel of the branch.

**SQ17. Internet banking model (Broderick and Vachirapornpuk, 2002)**

One of the key challenges of the internet as a service delivery channel is how service firms can manage service quality as these remote formats bring significant change in customer interaction and behavior. This study proposes and tests a service quality model of internet banking. The research uses participant observation and narrative analysis of UK internet web site community to explore how internet banking customers perceive and elements of this model. In the context of internet, five key elements are treated as central influences on perceived service quality: They are: customer expectations of the service; the image and reputation of the service organization; aspects of the service setting; the actual service encounter; and customer participation.

**SQ18. IT-based model (Zhu et al., 2002)**

This model highlights the importance of information technology (IT)-based service options. Service providers are using IT to reduce costs and create value-added services for their customers. It proposes a service quality model that links customer perceived IT-based service options to traditional service dimensions. The model attempts to investigate the relationship between IT-based services and customers’ perceptions of service quality. The IT-based service construct is linked to service quality as measured by SERVQUAL. The model focuses on the linkages among the service dimensions as measured by SERVQUAL, the constructs representing the IT-based service quality, preferences towards traditional services, experiences in using
IT-based services, and perceived IT policies. The impacts of these constructs on perceived service quality and customer satisfaction are also specified.

**SQ19. Model of e-service quality (Santos, 2003)**

Service quality is one of the key factors in determining the success or failure of electronic commerce. E-service can be defined as the role of service in cyberspace. This study proposes a conceptual model of e-service quality with its determinants. It is proposed that e-service quality have incubative (proper design of a web site, how technology is used to provide consumers with easy access, understanding and attractions of a web site) and active dimensions (good support, fast speed, and attentive maintenance that a web site can provide to its customers) for increasing hit rates, stickiness, and customer retention.

**2.6 MEASURING RETAIL SERVICE QUALITY**

Retailers today must differentiate themselves by meeting the needs of their customers better than their competitors. There is general agreement that a basic retailing strategy for creating competitive advantage is the delivery of high service quality. Since services are intangible, heterogeneous, and inseparable, it is difficult to measure service quality objectively. Over the years, many researchers have proposed and evaluated alternative service quality models and instruments for measuring service quality. Good service quality means that the customers’ perceptions of service performance meet or exceed their expectations of what the service firm should provide.

Through in-depth interviews and focus group discussions with firms in four different service industries, Parasuraman, Zeithaml and Berry (1985) identified five determinants of service quality which include tangibles, reliability, responsiveness,
assurance, and empathy. The SERVQUAL scale has been widely used to measure service quality in different service contexts, such as professional services (Freeman and Dart, 1993), health care (Lam, 1997), tourism (Tribe and Snaith, 1988), business school (Pariseau and McDaniel, 1997) and information systems (Kettinger and Lee, 1994). It has also been widely tested for its validity and reliability (Babakus and Boller, 1992). Although the SERVQUAL instrument has been applied in the study of service quality for many different types of services, it has been the subject of a number of criticisms. For example, Reeves and Bednar (1994) considered the strengths and weaknesses of SERVQUAL and related instruments.

The generalizability of SERVQUAL in different service industries has also been questioned. Babakus and Boller (1992) used the SERVQUAL scale to measure service quality in an electric and gas utility company. They found that the proposed five-factor structure of SERVQUAL is problematic and doubted the suitability of the SERVQUAL scale for measuring quality across a wide range of services. The applicability of SERVQUAL across different cultures is also an issue as SERVQUAL was developed in a Western environment and, due to cultural differences, it is likely that cultural factors will influence its applicability.

Mattila (1999) also examined the impact of culture but on customer evaluations of complex services. She evaluated the trade-offs that Western and Asian customers were willing to make between personalized service and pleasant physical environment in the context of luxury hotels. She found that customers with a Western cultural background might be more likely to rely on tangible cues than their Asian counterparts and their hedonistic consumption experience might be more important for Western consumers than for Asians. An interesting feature of the empirical studies
which have analyzed SERVQUAL is the wide variety of empirical factor structures obtained.

2.7 IMPORTANCE OF SERVQUAL

Managers in the service sector are under increasing pressure to demonstrate that their services are customer-focused and that continuous performance improvement is being delivered. Given the financial and resource constraints under which service organizations must manage it is essential that customer expectations are properly understood and measured and that, from the customers’ perspective, any gaps in service quality are identified. This information then assists a manager in identifying cost-effective ways of closing service quality gaps and of prioritizing which gaps to focus on – a critical decision given scarce resources.

2.8 LITERATURE ON SERVICE QUALITY

During the past few decades service quality has become a major area of attention to practitioners, managers and researchers owing to its strong impact on business performance, lower costs, customer satisfaction, customer loyalty and profitability. There has been a continued research on the definition, modeling, measurement, data collection procedure, data analysis, issues of service quality, leading to development of sound base for the researchers. Of all services marketing topics, service quality has gained much research prominence in recent years. Existing research indicates that consumers satisfied with service quality are most likely to remain loyal. Service quality is perceived as a tool to increase value for the consumer; as a means of positioning in a competitive environment and to ensure consumer satisfaction, retention and patronage. With greater choice and increasing awareness, Indian consumers are more demanding of quality service and players can no longer
afford to neglect customer service issues. The last few years have witnessed a growing number of retail service quality measurement studies, albeit in various cultures and different settings.

Based on their review of the literature, Parasuraman, Zeithaml, and Berry (1985) developed the SERVQUAL scale. The scale was designed to uncover broad areas of good or bad service quality and can be used to show service quality trends over time, especially when used with other service quality techniques. The SERVQUAL scale is based on a difference score between customer expectations of service and their perceptions after receiving the service. Initially they focused on the ten determinants of service quality.

It should be noted that according to some authors, perceived service quality has been accepted as an antecedent of customer satisfaction. Many Authors argued that perceived service quality is an attitude related to, but not the same, as satisfaction. It is evident that the relationship between these two concepts is complex and that they have a causal ordering.

Even though the fact that SERVQUAL has been empirically tested in various studies involving “pure” service settings, it has not been proven to be successfully applied in a retail setting (Dabholkar at al., 1996); (Mehta et al., 2000) and also more specifically, in apparel specialty stores. Service quality in “pure” service settings and retail settings differ in the sense that quality is seen from the perspective of not only services but goods as well. Measuring service quality, therefore, can be rather complicated and difficult especially in apparel specialty retailing where it combines the selling of goods and services to the customers as well as the customers’
expectations of knowledgeable, helpful staff to assist them during their shopping experience.

Since all the studies in this reference were done in their respective formats of retail and their countries, the results which have been found and referred, again have been criticized that they are not valid in the other countries and other retail formats. The scope of research is there to explore the perception of service quality dimensions for different retail sectors.

**Carman (1990)**\(^{46}\) tested SERVQUAL to tyre retailers (a retail setting, offering a mix of merchandise and services). He identified nine factors of service quality, using principal axis factor analysis followed by oblique rotation. On the basis of his findings he concluded that the five dimensions of SERVQUAL were not generic, and suggested that the instrument can be adapted by adding new items or factors according to different situations.

**Finn and Lamb (1991)**\(^{47}\) tested SERVQUAL in different types of retail stores (department stores and discount stores). Their confirmatory factor analysis was unable to provide a good fit to the proposed five-factor structure of SERVQUAL for either of these commercial formats making them conclude that the instrument could not be used as a valid measure of service quality in retail companies without modifications, although they were unable to provide an acceptable alternative measure.

**Guiry, Hutchinson and Weitz (1992)**\(^{48}\) modified the original 22 item SERVQUAL to a 51 item instrument by dropping 7 items and adding 36 new items designed to measure service attributes at the retail store level. The exploratory factor analysis carried out by them revealed seven dimensions- Personal service during interaction with employees, Merchandise assortment, and store transaction procedure
reliability, Employee availability in the store before interaction, Tangibles, Store service policy reliability and Price. The authors concluded that the number as well as the composition of the dimensions needed to be modified while studying service quality of retail stores.

**Gagliano and Hathcote (1994)**\(^{49}\) extracted four factors- Personal attention, Reliability, Tangibles and Convenience while investigating service quality in retail-clothing sector. Two of these- Personal attention and Convenience have no correspondence to SERVQUAL. The five determinants did not factor out as expected. The authors concluded that the original SERVQUAL scale was not an effective tool for measuring service quality in apparel specialty stores.

**Vazquez, Rodriguez and Ruiz (1995)**\(^{50}\), identified five dimensions of service quality- Product presentation and shopping convenience, Awareness of promotions, Quality of assortment and of personal interaction, Pricing policy, and Retailers recognition of prestige; using principal component factor analysis. A total of 24 items were identified of which 12 were from SERVQUAL while 12 new items were added by the authors.

**Boshoff and Terblanche (1997)**\(^{51}\) investigated the reliability and validity of the RSQS in South African retail environment. Analysis of the data revealed that the instrument was a valid and reliable (Cronbach alpha values ranged from 0.68 to 0.90 for the five dimensions) measure of retail service quality in South Africa. The instrument was found to be suitable for studying the service quality of South African retail industry comprising of department stores, specialty stores and hypermarkets that offered a mix of goods and services.
According to Subhash C. Mehta, Soon-Li Han, Ashok K Lalwani, and Sanjay S. Mehta (1999), current measures of service quality do not adequately capture customers' perceptions of service quality for highly service oriented technical products. Improvements in measurements of service quality in all retail environments cannot be approached in the same way as that of the 'pure services' perspective. The uniqueness of the services offered by a retailer makes the use of scales developed for other service categories somewhat suspect. In this respect, care must be taken when applying the SERVQUAL instrument to retail sectors, which have little elements in common with those already investigated. There is therefore a need to look at quality from the perspective of services as well as goods and derive a set of items that accurately measure this construct and come up with scales that measure the service quality of retailers with varying degrees of service component.

Subhash C. Mehta, Ashok K. Lalwani, Soon Li Han (2000) explored the usefulness of RSQS as a tool for measuring the service quality of different retail environments in Singapore. The authors tested the reliability of the scale and found the Cronbach’s alpha values to be ranging from 0.52 to 0.86 and 0.75 to 0.92 for the five dimensions of RSQS in the context of supermarket and electronic goods retailers, respectively. However, strong inter-correlation existed between the various dimensions of the RSQS for both supermarket and electronic goods retailers. For supermarkets, Physical aspects and Personal interaction were significant in explaining the variance of the RSQS scale under stepwise regression, while the dimension of Personal interaction alone was significant in contributing to the overall variance for the RSQS scale for an electronic goods retailer. On the basis of these findings, the authors finally concluded that the RSQS scale was a better measure of service quality for a supermarket retailer than for an electronic goods retailer.
Siu and Cheung (2001) used RSQS for studying a well known departmental store chain in Hong Kong. Principal component factor analysis with varimax rotation performed on 25 items of RSQS (3 items were deleted in a pretest) failed to identify the five dimensions of - Physical aspects, Reliability, Personal interaction, Problem solving and Policy. Instead six service quality dimensions emerged from their study. These were – Personal interaction, Physical appearance, Promises, Policy, Convenience and Problem solving.

Sureshchander, Rajendran and Kamalnaban (2001) raised the question of whether service quality scales such as SERVQUAL address the ‘critical aspects apart from an examination of the face validity of the items. Pre-test interviews were conducted solely for the purpose of assessing wording of items. However, shoppers mentioned several service aspects, such as ‘mailers sent by store’ and ‘loyalty programs’ as being ‘missing’ from the scale. The RSQS is possibly not just inaccurate but also ‘incomplete’ in the Indian context. Future research needs to examine not just the factor structure of service quality but also develop a scale that captures the entire store service construct.

Kim and Jin (2002) similarly, tried to determine whether RSQS could be validated in the context of discount stores for US and Korean customers. The authors found the five items designed to measure Policy to be unreliable in both countries. This could have been on account of the fact that the Policy dimension was simply not present in customers’ perception of service quality for discount stores. By using only three dimensions of retail service quality - Physical aspects, Reliability and Personal attention, RSQS appeared to provide a good fit to the data for both the US and Korean samples. However, measurement equivalence did not exist across the two samples.
even though the factor structure remained the same. The authors therefore concluded that RSQS could not be viewed as a reliable and valid measure for cross-cultural comparisons.

*Siu and Chow (2003)*\(^{57}\) used RSQS to examine the service quality of a Japanese supermarket in Hong Kong and its impact on customer satisfaction and future consumption behavior. Few items were deleted as the Cronbach’s alpha showed that they were inconsistent with other items in the same dimension. The remaining 23 items were reduced into five dimensions of Personal Interaction, Trustworthiness, Physical Aspect, Policy and Reliability. The original dimension of Problem Solving as given in the retail service quality scale was integrated into the Personal Interaction construct while a new factor emerged in this study, which was labeled as Trustworthiness.

According to *Wang Shucui (2003)*\(^{58}\), as is evident from the above discussion neither SERVQUAL nor RSQS provide a reliable and valid measure of retail service quality. There are problems regarding the factor structure and sub-dimensions of the two scales. Service quality researchers have suggested scale adaptation to take care of contextual variations both in terms of the industry setting and the country of study, given a difference in cultural and environmental factors. Depending on the context, adaptation of the service quality scale may not be simple and the specific application should be examined in considerable detail. Continued refinement of the SERVQUAL and RSQS on the basis of qualitative research and an extensive review of literature would help in identifying items that need to be considered for inclusion or deletion in both scales. The modified scales could then be subjected to further testing by applying them across retail formats using cross-cultural samples.
In the study of service quality models by Nitin Seth, S.G. Deshmukh and
Prem Vrat (2005), a review of 19 service quality models highlighted various issues,
debates, strengths and weaknesses pertaining to the models. It is noted that the models
have a focus on only one link (i.e. either marketer to consumer or front-line staff to
supporting staff). On other side, researchers have continuously pointed out the
positive correlation of internal service quality (considering all the processes and
operations associated in delivery of product or service) with business performance
and the service quality delivered to the customer (including the distribution,
marketing and other support functions). From the study of these models, it appears
that the key ingredients to service quality improvements are: Clear market and
customer focus, motivated staff clears understanding of concepts of service quality
and factors affecting the same, Effective measurement and feedback system, Effective
implementation system, efficient customer care system.

Subhashini Kaul (2005) tested the applicability of RSQS in the Indian
specialty apparel store context. Confirmatory factor analysis of the component
structures using AMOS 4.0 indicated that the RSQS dimensions were not valid in
India. According to her “none of component models of the RSQS dimensions fit the
data, indicating that the RSQS factor structure is not applicable to the Indian retail
setting”. Analysis of the data indicated that the Indian consumer did not distinguish
between service attributes related to Reliability and Policy. Findings of the study
indicate that RSQS has a four dimensions structure in Indian retailing. Authors found
that the attribute - ‘store gives customers individual attention’ (a Personal Interaction
item) and the attribute - ‘store has clean physical facilities’ (related to Physical
Aspects), were perceived as policy related matters by the Indian consumers.
In the study by Chin-Hung Liu and Wei-Shih Tsai (2010), SERVQUAL is one of the most commonly used measures of service quality. However, many scholars have cast doubt on its applicability and validity when it is applied to the retail industry, saying that it cannot be extensively applied across a variety of service industries. Therefore, service quality for the retail industry and defined retail service quality as composed of multiple levels and multiple dimensions. They divided retail service quality into three levels. The first level is consumer perception and judgment of the overall service quality.

In the study of measuring retail quality by Jing Xiao and Julia Chernetskaya (2010), he concluded that the retail environment is changing very rapidly in our days. It is characterized by intensifying competition from both domestic and foreign companies, a spate of mergers and acquisitions, and more sophisticated and demanding customers who have greater expectations related to their consumption experiences. Thus, service quality is perceived as a tool to increase value for the consumer; as a means of positioning in a competitive environment and to ensure consumer satisfaction.

According to Mishra and Raja Shekhar (2010), consumers’ preference is also changing and the retailers need to take note of this and prepare for new and innovative strategies to tackle the situation. On the other hand there is rapid growth of retailing in recent years and upcoming many new firms in India has necessitated for benchmarking. So retail firms are very much concern about the available resources and their optimum utilization with respect to consumers’ need and preference. The paper deals with study of benchmarking in retailing and compares the performance of some selected retail stores. Retailers must be aware about good customer service, so
that they not only enhance, attract and retail customer but also customer delight can be achieved which is an asset to the company.

In the study of Olu Ojo (2010), the service quality has effect on customer satisfaction and that there is a positive relationship between service quality and customer satisfaction. Organizations should focus more attention on service quality, because of its effects on customer satisfaction. To ensure that customer satisfaction level is high, organization must first of all know the expectations of the customers and how they can meet such expectations. Customer satisfaction helps in customer loyalty and retention.

According to Pijush Kanti Bhattacharjee (2010), the service businesses sectors e.g. institution, banking, hotel, logistic, hospital, medical, retail, tourism, entertainment are encountering tremendous competition to meet profitable ways due to privatization and globalization. For that reason, the driving force towards success in service businesses is the delivery of high quality service. Hence, service quality measurement and improvement is one of the most significant strategic tools for enhancing efficiency and business growth. SERVQUAL and SERVPERF are being the two most widely used methods for determining the service quality scales at present.

In the study of Ravichandran, Prabhakaran and Arun Kumar (2010), one of the primary causes of service quality design failure is the lack of understanding of the evolving need and preferences of targeted customers. Also, important characteristics of a successful service firm are its ability to ascertain its competitive position within a target market and satisfy the customers better than the competitor. Dimensions of SERVQUAL items such as solving the customer problems, service
delivery on time, quick response to customer request, safe transactions, personal attention and understanding the needs of the customer appear to be fertile areas for future inquiry.

According to Robert Johnston, Xiangyu Kong (2011)\(^67\), SERVQUAL is not capturing a universal set of service quality dimensions and that the dimensions reported in previous studies are largely the product of presentation order effects. To validate this argument, randomized and non-randomized versions of SERVQUAL were administered in multiple organizations.

According to Sanjeev Kr. Sing and Nripendra Singh (2011)\(^68\), a retail store experience significantly differs from a non retail store experience in terms of customers negotiating their way through the store, finding the merchandise they want, interacting with several store personnel along the way, and returning the merchandise, all of which influence customer’s perceptions of service quality. The uniqueness of the services offered by a retailer makes it mandatory that care be taken while selecting and using scales for measuring service quality in retail store context.

According to Shishma Kushwaha and Mohender Kumar Gupta (2011)\(^69\), the Retail service is a comprehensive term that includes all those activities which contribute to the satisfaction of a customer so as to establish a long term relationship with the customer. The quality of the retail services by the retailer influence the customer’s judgment about the retailer so retailer should pay special attention to the retail services provided to the customer. The retailer provide the various services to the customers like wise accessibility of location, convenience of timing, choice of products, information about the products, convenience of size, credit facilities, home
delivery, parking facility, complaint redressal, goods return facility, special facility to senior citizen.

In a competitive environment, service quality is critical for service firms to maintain a stronghold position as it is an indicator of business performance. Based on superior service, smaller stores could compete with larger and more powerful stores as they could not compete on price. In addition, focusing on service quality is important in markets where product offerings are similar, as typically found across grocery retail stores.

Improvement of the quality of services requires identification of the service quality dimensions that are important to retail customers. Although the research into the dimensions used by consumers to measure service quality in the service sector is extensive, there is lack of empirical studies on factors of quality improvement strategies, especially the service quality dimensions for the retail sector.

2.9 LITERATURE ON SERVQUAL MEASUREMENT

Churchill, Brown and Peter (1993)\textsuperscript{70} argue that because the SERVQUAL scales "scores" are really difference scores (perception scores minus expectation scores); problems of reliability, discriminant validity, and variance restrictions exist. They showed that while SERVQUAL had high reliability, a non-difference score rated higher in reliability. Their findings also showed that the scale "failed to achieve discriminant validity from its components", and the distribution of the SERVQUAL scores were non-normal.

Dabholkar et al. (1996)\textsuperscript{71} developed the Retail Service Quality Scale (RSQS), a multilevel structure with three different levels: an overall perception of service level, a dimension level, and a sub dimension level. The multilevel idea was triggered
by other findings that claim the existence of high correlations among SERVQUAL items across factors and the evaluations form by customers at different levels (Dabholkar et al.). As a result, the researchers claimed that customers evaluate retail service quality at a dimension level, a sub dimension level, and at an overall level. The researchers adopt 17 items from SERVQUAL and added 11 items based on their research. The five dimensions are named physical aspects, reliability, personal interaction, problem solving, and policy.

According to Cristina (1999), the customer expectations are built by the consumers’ personal needs, their past experience, and are affected by other consumers’ comments – word-of-mouth. Perceptions are created after experiencing the service, however dissatisfaction may occur if expectations are high but the service is not perceived to be the same. Perceptions can be low due to problems created by the service provider when they misinterpret customer expectations; raise customer expectations too high; are unable to control service quality; cause communication breakdowns with customers; and create faults in the service delivery. All these may cause gaps where the service offered does not meet customer expectations. They perceive the service to be poorer than they had expected.

According to Simon Nyeck, Miguel Morales, Riadh Ladhari and Frank Pons (2002), the popularity of SERVQUAL with researchers can be explained mainly by its ease of use and by its adaptability to diverse service sectors. Even if certain researchers have only retained the concept of gap analysis as operationalization of perceived service quality, it appears that the SERVQUAL model remains the most complete attempt to conceptualize and measure service quality. The criticisms indicate that there is still a need for fundamental research.
A study by **Alycia Fogle Holmes (2007)**, the service quality instrument uses performance-only measures (rather than the gap between perceptions and expectations) because evidence exists that perception measures have a stronger predictive power than the gap ‘score. When tested with customers of department stores in the USA, the scale was found to possess strong validity and reliability as a measure of retail service quality.

According to **Han, X., Kwortnik, R., and Wang, C. (2008)**, the current measures of service quality do not effectively capture customers’ perceptions of service quality for different types of retail stores. He explores the usefulness of SERVPERF, the perceptions component of SERVQUAL and a retail service quality scale in measuring the service quality of different product-service retail environments.

The results of the study of **Arpita Khare, Ceeba Parveen and Reena Rai (2010)** indicate that customers gave importance to retailers’ clarity over company policies as an important determinant of service quality. For Indian customers’ flexibility in credit, discount and refund policies are considered an integral part of the long-term relationship they share with the retailers. They expect to be provided with these concessions and benefits, as they are part of service package. Personal attention to customers and socialization in the service encounter plays an important role in the development and management of relationships between service personnel and customers.

According to **Priyam Mehta and Umesh Lukhi (2010)**, Organized & Unorganized retail outlet both are preferable. But generally consumers see the preference of the product & as per the product & the schemes, it differs. Purchase pattern of the consumers are differ from the product to product & store to store.
Generally sales India & croma is the most preferable organized outlet. The study states that how frequently the consumers buy the products, which are generally less than a year, or more than that. So generally, by product wise it differs.

Although research studies in retail service quality have been paid much more attention over the past decade, the amount of studies in the field of retail service quality is very limited and only few studies relate retail service quality with customer satisfaction and customer loyalty. Negligible studies are found on retail service quality in unorganized retailing in India. This study thus fills the research gap by studying the retail service quality in unorganized retail settings in Tamilnadu in India.

2.10 LITERATURE ON ORGANIZED AND UNORGANIZED RETAILING

To date, many studies on service quality relied on service quality construct and scale by Parasuraman et al. (1988). However, this application to the retail industry may not be appropriate for service quality in retailing industry. It seems to be different from other services. In retail setting, especially retail stores, where there is a mix of product and service, retailers are likely to have impact on service quality more than on product quality. As retailers can create such effects, service quality plays a significant strategic role in creating quality perceptions. Whether it is in North America, Europe or Australia, the scenario faced by most of the free market economies of the world is the same.

A major goal of this paper is to examine how effective Indian retailers have been in satisfying the quality expectations of their customers. Insight from this investigation can aid retailing entrepreneurs who either aim to start a retail operation or wish to develop a more effective retailing mix for their existing business. With the rapid development of modern retailers in India in terms of number of stores and value,
understanding of retail service quality and identifying determinants of retail service quality. However, there have been very few studies on retail service quality in India related to organized and unorganized retailing.

In the study of Joy Mukhopadhyay (2007), it is revealed that, organized retailing is spreading and making its presence felt in different parts of the country. The trend in grocery retailing has been slightly different with a growth concentration in the South. He also states that the retail revolution happened with various major business houses foraying into the starting of chains of food retail outlets in South India with focus on Chennai, Hyderabad and Bangalore markets, preliminarily. He concluded that in the Indian context, a countrywide chain in food retailing is yet to be established and as lots of Supply Chain issues need to be answered due to the vast expanse of the country and also diverse cultures that are present.

The study of Hemashree (2008) listed that the factors that are required by a consumer while doing retail shopping are Convenient location of the supermarket, Range of products available, Convenient for purchase, Availability of quality products, Reasonable prices, Parking facility, Payment methods (Cash, Cheques or Credit cards), Shopping is seen as enjoyable, Attractive packing, Schemes & Offers, Better service to customers, Home delivery, Save time of shopping, Working women and convenience, Attractive Advertising, Store image, Behavior of the employees, Freshness of the products, Labeling, Product warranty, Good quality products, Frequency of visits, Amount spare and so on are discussed in this study.

A study on changing consumer preferences towards organized retailing from unorganized retailing by Praba Devi and Sellappan (2009), attempts to rigorously analyze the factors which influence the consumers to move towards the organized
retailing from unorganized retailing. The study also helps the retailers by revealing the facts regarding the most prioritized attributes of the retail stores which attract the consumers towards them. She concluded that the organized retailers must give importance to all the attributes like variety, service, discount, mode of payment with special attention to variety of products; the organized retailers must focus on additional facilities like Kids Park, restaurant.

The study of Krishna Naik, Swapna Bhargavi Gantasala and Gantasala V. Prabhakar (2010)\textsuperscript{82} states that customers have highest expectations on the promptness of service, accuracy of transactions, security issues and concerns; the customer’s lowest expectations are cleanliness, and ambience. It must however be noted here that this rating is a comparative assessment and therefore this dimension of service quality scores lower in comparison to promptness, security and other security related issues. In their study, they explained that the customers reported highest satisfaction for promptness and speed of service along with accuracy of transactions at cash counters. They were also satisfied with the processing of transactions and efforts to expedite processing whenever the traffic at the counters increased. The lowest satisfaction levels were reported at the willingness of staff to assist customers in accessing facilities, assortments, information on products and stock positions.

A Study on the Strategies of Unorganized Retailers With Reference To Consumer Durables by Sai Kumar (2010)\textsuperscript{83} has been designed to analyze the strategies that are responsible for influencing the perceptions of unorganized retailers with respect to consumer durables. A sample of 100 retailers at different locations has been selected and studied with reference to various strategies. Factor analysis technique has been applied for the analysis of perceptions of the sample retailers. The
results of factor analysis show that product strategies is the most important factor followed by price, distribution and promotion strategies. The study also focused on whether the importance given to different factors vary across location of retailers. The t-test has been employed to analyze the data. The study reveals that there is no difference between the strategies of the retailers and location but found a slight difference with distribution strategies.

A study by Alkha Munjal (2011) on the sustainability of modern retail via comparative analysis of organized and the unorganized sector showed that the Indian retail sector in today’s scenario is very different from other countries. It is one of the sectors which is very new to our culture and has already seen a lot of happening for itself the development, Fast Growth Great potential, Innovations, Differentiating Formats, Wrong forecasting, Economic slowdown, huge investments, and the consumer keenness for the sector. He concluded that the biggest challenge in the modern retail is to generate footfalls and to have high revenues to cover high costs.

A study on organized retail in India – Drivers facilitator and SWOT analysis by Deepika Jhamb and Ravi Kiran (2011), showed that the Indian retail sector is witnessing tremendous growth with the changing demographics and an increase in the quality of life of urban people. Retail Sector is the most booming sector in the Indian economy. With a growing economy, improving income dynamics, rising awareness, and a youth-heavy customer base, India is well on its way to become one of the most prospective markets for the domestic and global retailers.

The study of Gurusamy and Prabha (2011) shows that customers are very much anxious towards organized retailing and they expect variety as a primary attribute from retailers. The recent trend had shown that there is a rapid growth in the
organized formats. He also points out that customers expect quality next to variety as the primary factors to shop in the organized formats. Satisfaction level about price in organized formats is comparatively low and so it must be focused.

According to **Manju Smita Dash (2011)**\(^87\), the organized retail which presently account for only 4-6 percent of the total market is likely to increase its share to over 30% by 2013. The Indian retail industry is undergoing a paradigm shift and ‘Next Generation Retailing’ has evolved with new standards and benchmarks set for the sector, with higher and sophisticated technology at one end and increasing customer focus on the other. She concludes that high-end technology, experimenting with innovative formats and enhanced customer centricity for building a loyal clientele in organized retailing.

According to **Mukta Srivastava (2011)**\(^88\), consumers are the end beneficiary of all retail activities. No matter what type of format a retailer is using, whether organized or unorganized, it has to satisfy the consumers’ needs. Keeping this in mind, an attempt has been made to examine the factors influencing the consumers to choose the retail outlet, their satisfaction level and the current loopholes in the Indian retail industry have been highlighted. He concludes that understanding the reasons for consumers choosing or patronizing one store over the other is important for both the organized and unorganized retailer.

**Rathod (2011)**\(^89\) through the study on Retailing in India: An Analytic View of Sunrise Industry aimed at analyzing the various issues pertaining to the sunrise sector “Retail Industry”. It studies the various aspects like its evolution, its emergence, its spread and its salient features. It focuses on various factors like changing demographics and the lifestyle of the Indian consumers which are primarily
responsible for it. Also probable emerging trends too are observed, and strategies the
Indian players need to adopt are suggested.

According to Thenmozhi and Dhanapal (2011), the retail service quality
factors identified by customers in unorganized outlets are Store Merchandise, Access,
Personal Interaction, Problem solving, Policy and Physical aspects. The most
important retail service quality factors are Store merchandise and Access. The present
study reveals that factors like Store Merchandise, Access, Problem solving and
Personal Interaction have a significant impact on customer satisfaction and factors
like Problem solving and Personal Interaction have a significant impact on customer
loyalty in retail outlets.

The study of Deepika Jhamb and Ravi Kiran (2012) on Emerging Trends
of Organized Retailing in India: A Shared Vision of Consumers and Retailers
Perspective is an attempt to understand the relationship between the choice of retail
formats, based on products attributes, store attributes, consumers’ demography and
retail marketing strategies. The outcome of the study reveals that consumers’ choice
for modern retail formats vary as their income level increases. Young consumers’ are
more inclined to shop from modern retail formats as compared to older ones.
Consumers’ prefer modern retail formats due to its significant product attributes like
improved quality, variety of brands and assortment of merchandise and store
attributes like parking facility, trained sales personnel and complete security.

Gangadharaiah, Ramesh and Nagaraju (2012) pointed out that the
customer’s preference is different along with quality as well as variety of products
available in the market, but they always expect new thing to full fill their satisfaction.
Customers are always product seekers and few of the times they have unmet needs.
These needs are to be fulfilled by the retail industry by bridging service gap. However, Indian retail industry offers varieties of products and service, majority of customers living in rural semi-urban areas are not catered with suitable retail mix strategies, they prefer traditional outlet because of nearness, which is more comfortable and convenient to both rural and urban customers. They concluded that the traditional retail outlets should provide better product and service by innovative ways to serve them.

The study on organized retailing in India – challenges and opportunities by Shahid Akthrer and Equbal (2012)\textsuperscript{93}, revealed that Indian Retail Industry is ranked among the ten largest retail markets in the world. The attitudinal shift of the Indian consumer and the emergence of organized retail formats have transformed the face of Retailing in India. The paper includes growth of retail sector in India, strategies, strength and opportunities of retail stores, retail format in India, recent trends, and opportunities and challenges. This paper concludes with the likely impact of the entry of global players into the Indian retailing industry. It also highlights the challenges faced by the retail industry.

In the study of Tazyn (2012)\textsuperscript{94}, on organized retail industry in India – opportunities and challenges, it is found that The Retail bazaar in India is booming beyond everyone’s expectation. He states that India’s retail growth was largely driven by increasing disposable incomes, favorable demographics, changing lifestyles, growth of the middle class segment and a high potential for penetration into urban and rural markets. This study revolves around the opportunities and challenges faced by organized retail players in India. It was found that organized retailers see competition from the unorganized sector as their biggest challenge, followed by competition
between organized retailers and the inefficiency of distribution channels, internal logistical problem and retail shrinkage.

According to Venugopal and Santosh Ranganath (2012)\(^\text{95}\) consumers were conscious of the much-reported downturn in consumer spending. Organized retailing has so far remained confined primarily to the urban markets in the country by relating to the changing paradigm of consumer behaviour in the urban areas, especially, metros and big cities. He concluded that in order to appeal to all classes of society, organized retail stores would have to identify with different lifestyles and socioeconomic strata and respond to their respective requirements and shopping patterns. They also pointed out that this trend is already visible with the emergence of stores with an essentially ‘value for money’ image. Consumer expectations are very high from the organized retail stores and such expectations have also rubbed off on the conventional retailers.

The study on retail sector in India: issues & challenges by Vidhushi Handa and Grover (2012)\(^\text{96}\), provides detailed information about the growth of retailing industry in India. It examines the growing awareness and brand consciousness among people across different socio-economic classes in India and how the urban and semi-urban retail markets are witnessing significant growth. It explores the role of the Government of India in the industries growth and the need for further reforms. The paper includes growth of retail sector in India, strategies, strength and opportunities of retail stores, retail format in India, recent trends, and opportunities and challenges. This paper concludes with the likely impact of the entry of global players into the Indian retailing industry. It also highlights the challenges faced by the industry in near future.
The above studies clearly indicate the fact that the attitude of customers is also gradually changing towards organized market segments mainly due to increased income levels, strong economy, changing life styles and shopping habits of customers. As the unorganized retailers are the small retailers, having no capacity to face the competition offered by the high capacity organized retailers, the gap between the two is widening and forcing the former under financial crisis and threat to the existence. Hence, the unorganized retailers are finding new marketing strategies and other ways to overcome the threat from the organized retailers and to maintain greater sustainability and profitability.

2.11 SUMMARY OF THE CHAPTER

This chapter has dealt with the existing literature on service quality, service quality models by exploring the theories of various authors who have studied about this concept in their earlier studies. In order to link the existing literature to the theme and objective of this research, the role of service quality was explored; this particular area was then narrowed to study of service quality especially in the field of retail industry in this study by comparing the service provided between retailers in organized and unorganized sectors. For the purpose of study the researcher has adopted quantitative research approach. In the following chapter, the researcher shall discuss the methodology of this research study.


45. Mehta, Subhash C., Ashok Lalwani and Soon Li Han (2000). “Service quality in retailing: relative efficiency of alternative measurement scales for different


91


