CHAPTER 2 - REVIEW OF LITERATURE

This chapter looks at various studies related to the topic of this research study – Service Quality. It also chronicles the use of various measuring instruments for service quality and especially SERVQUAL. The various refinements to the SERVQUAL instrument have also been recorded. Studies pertaining to demographic variables and retail formats and their moderating effect on service quality have also been recorded.

2.1 Measurement of service quality – tools and methodology

This section throws light on the various tools and methodologies used to measure Service Quality.

Service Quality is manifest through two forms as identified by Gronroos (1983) – Functional Service Quality and Technical Service Quality. Functional Service Quality relates to the nature of interaction between the service provider and customer and the process by which the core service is delivered. Technical Service Quality is defined as the quality of the service output.

Parasuraman, Berry and Zeithaml (1985, 1988) conducted one of the most systematic research programs in services quality. They defined service quality as ‘the degree and direction of discrepancy between consumers’ perceptions and expectations. They (1985) originally identified ten determinants of service quality generic to the service industry. They were tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication and understanding the customer. Later in 1988, these were operationalised into five dimensions and a multiple item scale ‘SERVQUAL’ was
developed to measure service quality. The reliability and validity of the scale with data from four service firms in different industries was very thorough. The authors have proposed that this instrument has been designed to be applicable across a wide spectrum of services. It provides a basic skeleton of an expectations/perceptions format having statements for each of the five dimensions. This skeleton can be adapted to fit the characteristics of any particular organization. SERVQUAL has a 22 item scale to measure customers’ service expectations of companies within a specific sector (e.g. Retail) and a corresponding 22 item scale to measure customers’ perceptions of a particular company within that particular sector (e.g. Spencers Daily). This 22 item scale is spread over the five dimensions:

Reliability – ability to perform the promised service dependably and accurately.

Assurance – knowledge and courtesy of employees and their ability to inspire trust and confidence.

Tangibles – physical facilities, equipment, and appearance of personnel.

Empathy – caring, individualized attention the firm provides its customers.

Responsiveness – willingness to help customers and provide prompt service.

However, in spite of the popularity of this measurement instrument, many shortcomings were listed by researchers that limit its usefulness.

Babakus & Mangold (1989) suggest that all the 22 SERVQUAL items represent only one factor or dimension and do not separate into the five dimensions of Reliability, Responsiveness, Assurance, Empathy and Tangibles.
Carman (1990) argues that the five dimensions of SERVQUAL are not generic in nature and needs to be customized before applying to any service, item-factor relationships are unstable and the expectations measurement was a problem.

Taking into account the various criticisms, Parasuraman, Berry and Zeithaml (1991) focused on the refinement and reassessment of the SERVQUAL. Refinements included changes in wording on some of the expectation scale items, negatively worded scale items were changed into the positive format and two new scale items – one under tangibles and another under assurance were substituted to more fully capture the dimensions. The refined SERVQUAL’s psychometric properties were reassessed and it was found that the tangibles dimension split into two sub-dimensions, the degree of overlap among dimensions was higher in the revised scale but the refined scale still reflected the basic five dimensional structures. Findings for Reliability, trait and construct validity, face and predictive/concurrent validity found consistent support for the refined SERVQUAL. The refined SERVQUAL (1991) formed the basis of further studies.

Bolton & Drew (1991) investigates how consumers with prior experiences and expectations assess service quality and the findings suggest that a key determinant of overall service quality was the gap between performance and expectations (disconfirmation)

Babakus & Mangold (1992), Cronin & Taylor (1992, 1994), Suuroja (2003) found that ‘performance only measures’ based only on the consumers perceptions of service (SERVPERF) performed better than the disconfirmation based SERVQUAL scale.
Babakus & Boller (1992) and Brown, Churchill & Peter (1993) discuss the problems associated with the use of difference scores to measure service quality which include poor reliability, unreliable discriminant validity and variance restriction.

However the objections raised by various researchers about SERVQUAL have not been conclusively established and the available empirical evidence do not support that there were psychometric problems with SERVQUAL and that direct measures were superior. Parasuraman, Berry and Zeithaml, (1993, 1994a).

Parasuraman, Berry and Zeithaml (1993, 1994a, 1994b, 1994); Kim, Lee & Yun, (2004) have found the SERVQUAL to provide richer, more accurate diagnostics for improving service quality.

Unresolved issues emerging from this debate include the empirical vs. diagnostic value of expectations in service quality measurement, the merits of using difference scores vs. direct scores of the expectation-perception gap and the dimensionality of the instrument’s items and thus a need to examine SERVQUAL and direct measures on psychometric and practical criteria.

Parasuraman, Berry and Zeithaml (1994) compared alternative service quality measurement scales on psychometric and diagnostic criteria and incorporated the expanded conceptualization of expectations. Three alternative service quality measurement formats, one incorporating the difference-score formulation and the other two formats incorporating direct measures of service quality and a revised conceptualization of expectations in each of these formats was used in this study. The
SERVQUAL’s structure was modified to capture the discrepancy between perceived service and desired service – called as measure of service superiority or MSS and the discrepancy between perceived service and minimum (adequate) service – called as measure of service adequacy or MSA. The first format called the Three-column format was designed to generate separate ratings of desired, adequate and perceived service with three identical side by side scales. MSS and MSA were calculated by computing the perceived-desired and perceived-adequate differences respectively. The two column format generates direct ratings of the service-superiority (MSS) and service adequacy gaps (MSA) with two identical side by side scales. The final one column format also generates direct ratings of service-superiority (MSS) and contained one set of scales for MSS. All the three alternative formats use the battery of 22 scale items of the SERVQUAL. A 9 point rating scale instead of the original 7 point rating scale with ‘1’ called ‘strongly disagree’ and ‘9’ called ‘strongly agree’ and the intermediate points not defined was used. A ‘no opinion’ response option was also added for the perceived service ratings. The three alternative formats were tested across four service industries. The study found the Three column format wins hands down in terms of respondent ease in completing the questionnaire, was superior to the other two formats in terms of diagnostic value of information obtained, the difference score measures performed as well as direct measures on all psychometric criteria except predictive power thus able to identify critical service shortfalls. The three column format also provides separate perception ratings for maximizing predictive power. The negatives of the three column format may be the time taken by respondents to fill up the questionnaire as it asks for three separate ratings and the interdimensional overlap of the SERVQUAL items, especially among responsiveness, assurance and empathy.
Jain and Gupta (2004) assessed the diagnostic power of the two service quality scales SERVQUAL and SERVPERF. This study found the SERVPERF scale to be providing a more convergent and discriminant - valid explanation of service quality construct. However, the scale was found deficient in its diagnostic power. The SERVQUAL scale was found to outperform the SERVPERF scale by virtue of possessing higher diagnostic power to pinpoint areas for managerial interventions in the event of service quality shortfalls.

The use of SERVQUAL has been widely cited not only in the marketing and retailing literatures, but its use in the industry has also been widespread. Researchers and managers across the world have been using SERVQUAL and its adaptations over the last 20 years.

According to Lehtinen & Lehtinen (1991), Service Quality is three dimensional comprising of physical quality, interactive quality and corporate quality. Physical quality looks at the physical evidence like the physical environment, equipment, ambience, uniforms etc; interactive quality looks at the interaction between the front line employee and the customer and corporate quality is the evaluation of corporate image.

Dabholkar, Thorpe and Rentz (1996) proposed an instrument based on SERVQUAL to measure service quality in a retail environment. Five dimensions were proposed – physical aspects, reliability, personal interaction, problem solving and policy. Physical aspects comprises of the appearance of physical facilities and the convenience offered to the customer by the layout of the physical facilities. The second dimension, reliability has two sub-dimensions – keeping promises and doing-it-right. The third dimension, Personal
Interaction has two sub-dimensions – service employees’ inspiring confidence and being courteous or helpful. The fourth dimension, problem solving looks into handling of returns and exchanges and complaints. The fifth dimension, policy comprises aspects of service quality that are directly influenced by store policy. However, not many studies have used this instrument to evaluate service quality except for a handful – Boshoff (1997) has evaluated the reliability of the instrument in the African retail environment and Parikh (2005) deals with the application of Dabholkar’s 1996 retail service quality instrument in measuring the gap between the customers’ expectations and their perceptions about service quality of retail stores in India and found that there were significant reliability problems in using the instrument to measure service quality.

Brady & Cronin (2001) considered service quality as having three components – Gronroos’ two dimensions – technical quality and functional quality and a third component – service environment. Customers aggregate their evaluations on each of the three dimensions to form overall perceptions of an organization’s performance on service quality.

Suuroja (2003) says that the concept of service quality is not a sum of dimensions but is a hierarchy where all the dimensions are antecedents to overall evaluations of service quality.

2.1.1 Concluding Remarks

A comparison of the various conceptualizations of service quality reveal many similarities. The various dimensions of service quality as given by different authors derive their differences only in the phrasing of factors or in the different generalization of
factors. For example, Gronroos and Lehtinen et al. have general dimensions whereas other authors have very specific and detailed dimensions (Suuroja, 2003). The SERVQUAL as a measurement tool for service quality have adequate support in the Review of Literature. The various objections raised by researchers over SERVQUAL have been answered by Parasuraman, Berry & Zeithaml (1994). The following section looks at each of the five dimensions of SERVQUAL and their relevance to service quality and the support they have from the research literature.

2.2 DIMENSIONS OF SERVICE

Parasuraman, Berry & Zeithaml (1985) originally identified ten determinants of service quality generic to the service industry. They were tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication and understanding the customer. Later in 1988, these were operationalised into five dimensions and a multiple item scale ‘SERVQUAL’ was developed to measure service quality.

The five dimensions are Reliability, Responsiveness, Assurance, Empathy and Tangibles. The items scales that constitute each of these dimensions are given in Table 4. There are 22 items scales representing the 5 dimensions of service quality as given by Parasuraman, Berry & Zeithaml (1994).
<table>
<thead>
<tr>
<th>Reliability</th>
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<tbody>
<tr>
<td>1.</td>
<td>Providing services as promised.</td>
</tr>
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<td>2.</td>
<td>Dependability in handling customers’ service problems.</td>
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<tr>
<td>3.</td>
<td>Performing services right the first time.</td>
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<td>4.</td>
<td>Providing services at the promised time.</td>
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<td>5.</td>
<td>Maintaining error-free records.</td>
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<th>Responsiveness</th>
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<tr>
<td>6.</td>
<td>Keeping customers informed about when services will be performed.</td>
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<tr>
<td>7.</td>
<td>Prompt service to customers.</td>
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<td>8.</td>
<td>Willingness to help customers.</td>
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<td>9.</td>
<td>Readiness to respond to customers’ requests.</td>
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<th>Assurance</th>
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<tr>
<td>10.</td>
<td>Employees who instill confidence in customers.</td>
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<td>11.</td>
<td>Making customers feel safe in their transactions.</td>
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<td>12.</td>
<td>Employees who are consistently courteous.</td>
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<td>13.</td>
<td>Employees who have the knowledge to answer customer questions.</td>
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<th>Empathy</th>
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<td>14.</td>
<td>Giving customers individual attention.</td>
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<td>15.</td>
<td>Employees who deal with customers in a caring fashion.</td>
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<td>16.</td>
<td>Having the customer’s best interest at heart.</td>
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<td>17.</td>
<td>Employees who understand the needs of their customers.</td>
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<td>18.</td>
<td>Convenient business hours.</td>
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<th>Tangibles</th>
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<tr>
<td>19.</td>
<td>Modern Equipment.</td>
</tr>
<tr>
<td>20.</td>
<td>Visually appealing facilities.</td>
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<tr>
<td>21.</td>
<td>Employees who have a neat, professional appearance.</td>
</tr>
<tr>
<td>22.</td>
<td>Visually appealing materials associated with the service.</td>
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Baker, Grewal & Parasuraman (1994) examines how retail store environment influence consumers inferences about service quality. Results show that ambience and social elements in the store environment or in other tangibles provide cues that consumers use for service quality evaluations.

Carvalho & Leite (1999) tested the Parasuraman–Berry–Zeithaml conjecture that the greater the importance of a given quality dimension, the thinner the corresponding tolerance zone would be. The three column format referred to as SERVQUAL+ by Kettinger & Lee (1997) was employed to permit the computation of importance weights and tolerance widths for each attribute item. A large variety of firms were used for the study. The findings suggest that simply ordering the computed width of attributes’ Zones of Tolerance will yield the most important attributes without having to ask respondents to distributes 100 points among the five SERVQUAL dimensions to assign importance weights.

Mehta, Lalwani & Han (2000) explores the usefulness of SERVPERF and the RSQS (Dabholkar’s) in measuring service quality of different product-service retail environments. It investigates the relative performance of two scales measuring the service quality of a supermarket and an electronics goods retailer. Results showed that both the scales had a better fit with the data for electronic goods retailer as compared to their performance within the supermarket context.

Kim & Jin (2002) studied whether the Retail Service Quality Scale (RSQS) of Dabholkar’s could be validated in a discount retail setting in the US and Korea. College Students were chosen as respondents. Among the five dimensions of the RSQS, problem
solving and policy were the two new dimensions proposed by Dabholkar et al (1996) while all the other three dimensions were slightly modified from the SERVQUAL scales to capture specifically service quality of retail stores. The findings of this suggest that neither of the two new dimensions problem solving and policy was present in the mind of customers when evaluating service quality of discount stores. The problem solving dimension combined with the personal interaction dimension, whereas policy appeared to be an unreliable measure in assessing service quality of discount stores. The factor loadings for the Korean sample were found consistently lower than those for the US sample. This observation, along with a better fit of a measurement model for the US sample suggested that the RSQS items measure US consumers' perceptions of service quality better than those of Korean consumers. The study concludes that the RSQS cannot be viewed as a reliable and valid measure for cross cultural comparisons.

Shainesh & Sharma (2003) explored the linkage between service climate and service quality in retail banking in India. One part of the study measured service quality of public, private and foreign banks in India using the SERVQUAL. The results suggest that there was no significant difference between service quality of private and foreign banks but significant differences existed with public sector banks. Service quality of public sector banks was much poorer than their private or foreign counterparts.

Gani & Bhat (2003) studied the service quality of Indian and foreign banks using the SERVQUAL model. The results showed that service quality of foreign banks were better than Indian banks. Tangibility dimensions did poorly for Indian banks when compared to foreign banks suggesting the need to improve physical surroundings and also introduce technology.
Ellis, Williams & Zuo (2003) investigated cross cultural influences on service quality in Chinese retailing. The study investigates similarities and differences in customer-perceived service quality between indigenous 'Local' (Linhua and Suguo) and European-owned and managed (Carrefour and Metro) 'International' supermarkets. Based on extensive data collection in China of four sample groups - namely, management of European supermarkets (European citizens), management of Chinese supermarkets (Chinese citizens), Chinese customers of European supermarkets, and Chinese customers of Chinese supermarkets - this study seeks to raise fundamental questions about the extent to which cross-cultural expectations and perceptions abound between provider and customer in the service sector. The findings suggest that there was significant statistical difference of customers' service quality perceptions between the European supermarkets and their Chinese counterparts.

Hong & Goo (2004) assessed the service quality of professional accounting firms using an adapted version of SERVQUAL with the 5 dimensions. The reliability of the five dimensions of SERVQUAL was checked and found to be above 0.70. The findings suggest that better service quality leads to better customer satisfaction and therefore higher customer loyalty. Customer satisfaction alone did not lead to higher customer loyalty and therefore service quality needs more attention from service providers.

Palihawadana & Barnes (2004) assessed the service quality in dental healthcare practices, one public and the other private using a modified SERVQUAL. The findings support the SERVQUAL as a management tool for measuring service quality and highlighting areas where improvements could be made.
Venetis & Ghauri (2004) studied the effect of service quality on customer retention among advertising agencies. The findings indicate that service quality is the most important factor in establishing long-term customer relationships and therefore customer retention. It was also found that service quality is more important than trust and social bonds and once such a relationship is developed, switching costs are considered to be high which increases the customers’ desire to stay in the relationship. The study also found that formal long-term contracts has no positive influence on establishing long-term relationships and creating relationship commitment through service quality is more important than binding customers in long-term contracts.

Raven & Welsh (2004) examines the influence of culture, nationalities and religion on retail service quality between Kuwaiti and Lebanese people. The effect of gender on perceptions of service quality was also studied. The SERVQUAL was used to measure service quality. The reliability of the SERVQUAL was found to be satisfactory. It was found that significant differences existed between the cultures on service expectations and perceptions. There were also significant differences in the perception of SERVQUAL dimensions between the genders in the same country and also significant difference between genders of the two countries.

Ugboma, Ibe & Ogwude (2004) measures the service quality of Nigerian ports using the SERVQUAL. The findings suggest significant differences in both perceptions and expectations of service quality between the two ports. The ports had strong ratings on the responsiveness and tangibles dimensions and poor ratings on the empathy dimension.
Ting (2004) focuses on the relationship between service quality and customer satisfaction among banking customers in Malaysia. Findings suggest that service quality precedes satisfaction and the relationship between the two are positive.

Antony, Antony & Ghosh (2004) evaluated service quality in a UK hotel chain and also studied the relationship between service quality and business performance. An adapted version of the SERVQUAL was used for the study. The reliability of the five dimensions of SERVQUAL was checked and found adequate. It was found that there exist significant differences in the reliability, responsiveness, assurance and empathy dimensions across the hotels and no significant differences existed in the tangibility dimension. Responsiveness was considered the most important dimension and empathy the least important. The service quality gaps of each individual hotel were also identified.

Bodla (2004-2005) measured the service quality of private and public sector banks in urban India. The results indicated that both public and private sector banks falls short of their customer expectations but private sector banks did better than public sector bank on all the dimensions. The SERVQUAL was used to measure service quality.

Bhat (2005) investigates service quality in Indian and foreign banks using the SERVQUAL scale. The effect of demographic variables like income, age, geographic location, profession, and level of education were studied. Results indicated poor service quality of Indian banks on all the five dimensions of SERVQUAL compared to the foreign banks. However, the foreign banks’ perception scores were much nearer their expectation scores. Higher the income, better was the service quality perception for Indian banks. However, no such relationship could be deduced with respect to foreign
banks. All age groups except those over 50 years of age felt foreign banks had better service quality than Indian banks. Service quality of banks in different geographical regions seem to differ from region to region. There was no effect of profession on service quality. Level of education did not affect service quality evaluations of foreign banks but varied in their evaluation of Indian banks.

Choi, Lee, Kim & Lee (2005) investigates structural relationships between out-patient satisfaction and service quality dimensions under a South Korean care system. Effect of two demographic variables – age and gender has also been studied. The SERVQUAL dimensions were modified to suit the health care system and used to elicit responses from the respondents on service quality. Four dimensions instead of the original five were used. The four dimensions used were Physician's concern, Staff concern, Convenience of the care process and Tangibles. Physicians concern and Staff concern each had 5 scale items which reflected the Assurance, Empathy and Reliability dimensions of SERVQUAL. Convenience of the care process had 5 scale items and reflected the scale items of both Reliability and Responsiveness and Tangibles had 4 scale items from both Reliability and Tangibles of the SERVQUAL. The researchers felt the need to modify the SERVQUAL due to vast differences in the medical care system between the US and South Korea where this study was carried. The local language was used in the questionnaire instead of English. The findings of the study indicated that three of the four dimensions used – Physicians concern, staff concern and convenience of the care process were significant in their contribution to patient satisfaction whereas tangibles did not make a significant impact. Demographic variables did not have any significant impact on the evaluations of the respondents. However, older respondents were more favourable towards the service than younger respondents. Another important finding was that how
the service was delivered by the staff and physicians were more important than the core service itself.

**Laroche, Teng, Michon & Chebat (2005)** investigates whether English and French Canadian consumers’ perception of service quality influence purchase intentions at a shopping mall and whether the mall shopping environment and product quality influences consumers’ perception of service quality. The findings suggest that mall shopping environment and product quality – both tangible elements of the service affect positively the consumers’ perceptions of service quality which in turn affect purchase intentions. There were no significant differences between English and French Canadian consumers which may be essentially due to many cultural similarities.

**Bell, Auh & Smalley (2005)** investigates whether the relationships between customer investment expertise and perceived switching costs on relationships between Technical and Functional Service quality (Gronroos, 1983) and customer loyalty in a retail financial services firm whose core service is stockbroking services. The findings suggest that both Technical and Functional service quality were significantly related to customer loyalty. Effect of Technical service quality on customer loyalty was much more significant than Functional service quality and increases with customer expertise. Therefore for highly technical services like stockbroking advisory services, technical service quality corresponding to the Reliability, Responsiveness and assurance dimensions of SERVQUAL are more important than Functional service quality identified more with empathy and some Responsiveness items.
Parikh (2005) measures retail service quality in Gujarat, India using Dabholkar's (1993) retail service quality instrument among small grocery stores to hypermarkets across industries like food, clothing, consumer durables, books and music, etc and measures its reliability. The findings suggest that overall there were some significant reliability problems in using the instrument to measure service quality. The overall reliability of the perception, expectation and gap scores were satisfactory but reliability of the individual five dimensions - physical aspects, reliability, personal interaction, problem solving and policy faced considerable problems. For perception scores, two dimensions – physical aspects and problem solving got reliability scores of less than 0.60; for expectation scores – physical aspects and policy got reliability scores of less than 0.60 and for the gap P–E scores – physical aspects, problem solving and policy got scores below 0.60. Reliability was considered the most important dimension by the consumers when evaluating retail service quality followed by personal interaction and physical aspects. Problem solving and policy of the store were considered least important when evaluating service quality for a retail environment. On the overall, it was also found that service quality of retail stores were much below customer expectations.

Dhabholkar & Overby (2005) investigated how service process and service outcomes are related to service quality evaluations in real estate agents service in the US. The findings of study suggest that process factors that are related to the responsiveness, assurance and empathy dimensions of SERVQUAL were more closely linked with evaluations of service quality. If an image of high service quality was to be maintained, then service providers need to focus on the service process and ensure customers’ expectations were being met.
Jabnoun & Rasasi (2005) investigated the level of satisfaction of patients in UAE hospitals with the level of service quality they received. An adapted SERVQUAL was used to measure service quality. It was found that UAE patients were satisfied with overall service quality and also on each of the five dimensions of SERVQUAL of their hospitals. The reliability of the SERVQUAL instrument was checked and found to be reliable with reliability scores of more than 0.70 being obtained on all the five dimensions and also on overall service quality.

Arasli, Smadi & Katircioglu (2005) measured the service quality perceptions of Greek Cypriot bank customers using the SERVQUAL and examined the relationship between service quality, customer satisfaction and positive word of mouth. The study found that the assurance dimension of the SERVQUAL was not relevant for Greek Cypriot bank customers and responsiveness and empathy loaded as one dimension. Reliability dimension had the highest impact on overall customer satisfaction. The largest discrepancy found among the perception-expectation scores was for the responsiveness-empathy dimension which points to high expectations on the part of customers to prompt service, shorter delays, higher degree of interaction with employees and personalised care.

Islam & Ahmed (2005) measures customer service quality of banks in Dhaka city of Bangladesh. The SERVQUAL has been used to measure service quality and the reliability of the overall scale was found to be 0.95. The study also looks into the relationship of various demographic factors like age, educational background and profession and service quality. It was found that the most important elements of service quality in Dhaka banks were personal attention to clients, followed by error free records, safety in transactions and tangible physical facilities of the bank. There were also
significant differences between expected and perceived service quality of public and private sector banks.

**Wisniewski & Wisniewski (2005)** adapted the SERVQUAL instrument to measure service quality in a Scottish hospital colposcopy clinic. Findings indicate overall satisfaction with the service of the clinic was high. Larger gap scores were seen for responsiveness and reliability dimensions.

**Nadiri & Hussain (2005)** describes the Zone of Tolerance for customer service expectations in Northern Cyprus hotels. The findings demonstrate that evaluation of services can be scaled according to different types of expectations – desired and adequate – and that customers use these two types of expectations as a comparison standard in evaluating hotel services. It was found that the customers visiting Northern Cyprus hotels have a narrow Zone of Tolerance in services provided by the hotels. The gap analysis revealed that there was a shortfall in the service quality provided by the hotels with the largest gap being found in intangibles.

**Malhotra, Ulgado, Agarwak, Shainesh & Wu (2005)** examines the differences in perception of service quality dimensions between developed and developing economies. Extensive survey data were collected in the context of banking services from three countries – USA, India and Philippines. The results supported the premise that there were significant differences in the perception of service quality between USA, India and the Philippines.
Lau, Akbar & Fie (2005) assessed the expectations and perceptions of service quality in Malaysia’s four and five star hotels by applying a modified version of the SERVQUAL model. The findings indicated, as a whole that the hotel customers’ perception of service quality were lower than their expectations and the gaps between customers’ expectations and perceptions were different. The tangibility dimensions was of utmost importance for both four star and five star hotels. The others dimensions that were found important for four star hotels were empathy and assurance and Responsiveness and reliability dimensions were not significant. For five star hotels, tangibility, reliability and assurance were significant in contributing to overall satisfaction and empathy and responsiveness were not significant.

Reimer & Kuehn (2005) examines the impact of servicescape or tangibles on perceived qualityof retail banks used for utilitarian reasons and restaurants as a service mainly used for hedonic reasons. The study was conducted in Switzerland. The findings show that servicescapes play a greater role than was supposed in most previous studies. The servicescape was not only a cue for expected service quality but also influenced customers’ evaluations of other factors determining perceived service quality. The effect of servicescape on service quality was of greater importance in a hedonic service than a utilitarian service.

Markovic (2006) examined the applicability and reliability of the SERVQUAL instrument in higher education quality measurement and determined the relationship between expectations and perceptions of academic service quality in tourism and hospitality management higher education in Croatia. The findings suggested there existed a gap between the expectations and perceptions of students on the academic service
quality. Factor analysis indicated factor structure with relatively high factor coefficients on the corresponding factors confirming that factors overlapped the least and were independently structured. Reliability scores for each of the dimensions were found adequate.

Yu, Chang & Huang (2006) explored the relationship between service quality, customer satisfaction and loyalty in the Taiwanese leisure industry. The effect of demographic variables like age, marital status and occupation of respondents was also studied. The findings suggest that demographic variables have a significant impact on service quality. The three dimensions of tangibility, reliability and assurance were only found relevant for the leisure industry. The other findings were that better service quality led to better customer satisfaction which in turn lead to customer loyalty.

Najjar & Bishu (2006) investigated the importance of improving service quality in the banking industry. Two large banks in Nebraska were selected. A non difference score of SERVQUAL was used to assess the dimensions of service quality. The findings suggest that reliability and responsiveness dimensions are the two most critical dimensions of service quality and they are directly related to overall service quality. Construct reliability was tested and found to be above 0.70. there were also significant differences between the two banks on all the five service dimensions and overall service quality.

Akter, Upal & Hani (2008) investigated service quality perceptions of patients in suburban public hospitals in Bangladesh. An adapted version of the SERVQUAL was used. The results indicate that there were significant differences between perceptions and expectaions on all the five dimensions studied.
Ruiqi & Adrian (2009) used the SERVQUAL scale to investigate the service quality of travel agents in Guangzhou, South China. The reliability of the five dimensions and overall service quality were found to be more than 0.70. The gap scores for all five dimensions were negative indicating that customer perceptions were below expectations. The largest gap scores were for the reliability and assurance dimensions. The smallest gap scores were for the dimension of tangibility. The most important dimension was found to be reliability and the least important was tangibility.

Quader (2009) measured the gap between expectations of patients and managers on service quality of a UK hospital by using the SERVQUAL. The study’s findings were that managers overestimated patients expectations in the dimensions of reliability and responsiveness and underestimated their tangibility expectations. There was no perceived service quality gap in the empathy and assurance dimensions.

2.2.1 Concluding Remarks

The Review of Literature throws light on the fact that the SERVQUAL is the most used instrument for measuring service quality in a variety of contexts across service industries and across cultures.

The SERVQUAL+ is a better instrument than the SERVQUAL in that all the criticisms by various researchers have been addressed by the authors, however it has not been used as widely as the SERVQUAL. The grocery retailing industry has not been widely researched for service quality as shown in the services literature. The SERVQUAL+ has not been used for any study in India and grocery retail has been the subject of study in a
very small way by Parikh (2005) where out of 102 samples of various retailers taken, some of them were small grocers to hypermarkets. Thus there is a gap in the services literature on use of SERVQUAL+ in grocery retailing industry to measure service quality.

The next section looks at the relevance of studying demographic variables and their influence on service quality.

2.3 EFFECT OF DEMOGRAPHIC VARIABLES ON SERVICE QUALITY

This section looks at studies that have looked at the influence of consumer demographic variables on Service Quality which is one of the objectives of this research study.

Factors like age, gender, ethnicity and income shape customer expectations of service quality (Webster, 1989).

Gagliano and Hathcote (1994) in his study on customer expectations and perceptions of service quality have found out that customer demographics like race, marital status and income has a bearing on service quality.

Raven & Welsh (2004) found significant differences in the perception of SERVQUAL dimensions between the genders in the same country and also significant difference between genders of the two countries.

Choi, Lee, Kim & Lee (2005) studied the effect of two demographic variables – age and
gender and found that older respondents were favourable towards the service than younger respondents.

The literature states that demographic variables have an influence on evaluations of service quality.

2.4 EFFECT OF RETAIL STORE FORMATS ON SERVICE QUALITY

This section looks at studies that have studied consumer evaluations of service quality in different store formats and retail environments which is another of the objectives of this research study.

Gagliano and Hathcote (1994) in their study on customer expectations and perceptions of service quality in retail apparel speciality stores found customer evaluations different in a speciality store setting than that would have been found in a department store or a discount store.

Specific elements in the retail store environments influence consumers’ inferences about service quality (Baker et al, 1994).

Retail store image was found to have an effect on quality perceived (Devlin et al, 2003).

Different retail environments showed different service quality perceptions (Mehta et al, 2000; Klemz & Boshoff, 2001).
The literature states that differing store formats or environments have an influence on evaluations of service quality.

2.5 SERVICE QUALITY FRAMEWORK

The literature review has thrown up many models and methodologies for measurement of service quality; however the most commonly used is the SERVQUAL. Many studies have either used the SERVQUAL or modified versions of the SERVQUAL. Parasuraman, Zeithaml & Berry have said that the SERVQUAL items may be used with minor modifications depending on the service industry it is applied to. The SERVQUAL battery of 22 items is a very comprehensive mix of interaction/process factors, outcome factors, environment factors and tangible factors. The SERVQUAL possesses higher diagnostic power which will help owners/managers of grocery retail outlets make necessary interventions to improve service quality. The SERVQUAL - Three Column format (1994), henceforth referred to as SERVQUAL+ additionally helps in identifying the Zone of Tolerance (ZOT) and provides precise information about the perceived service levels relative to ZOT across dimensions. This helps in identifying how much of an emphasis could be placed on different dimensions when initiating quality improvement programs.

2.5.1 Theoretical Framework

Figure 2 presents an overview of the elements identified in the literature as contributing to Service Quality and having the potential of influencing service quality in service firms. The five dimensions of the SERVQUAL – Reliability, Responsiveness, Assurance, Empathy and Tangibles helps measure Perceived service quality and Expected service quality. The Expected service quality is measured at two levels – Desired level of
expectations and Minimum or Adequate level of Expectations. The difference between the two expectation levels gives the Zone of Tolerance (ZOT). When the perceived service quality lies within the ZOT, the consumer is satisfied, if the perceived service quality lies below the minimum or adequate level of expectations, then the consumer is dissatisfied and if the perceived service quality lies above the desired level of expectations, then the consumer is delighted. Perceptions of a service affect Expectations of a service and vice versa. The difference between Perceived service and Desired service is called the Measure of Service Superiority (MSS) and is operationized as $P \sim DE(\text{Desired Expectations})$. The difference between Perceived service and Minimum or Adequate service is called the Measure of Service Adequacy (MSA) and is operationized as $P \sim AE(\text{Adequate Expectations})$.

**Figure 2: Model of Service Quality – a Theoretical Framework**

**Dimensions of Service Quality**
- Reliability
- Responsiveness
- Empathy
- Assurance
- Tangibles

**Perceived Service**
- Desired level of Expected Service
- Zone Of Tolerance
- Minimum level of Expected Service

**Perceived Service Quality**

**Measure of Service Superiority (MSS)**

**Measure of Service Adequacy (MSA)**

**Consumer Demographics**
- Age
- Sex
- Marital Status
- Income
- Volume of Purchases

**Retail Store Formats**

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Pointer arrows

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Moderating influence
The demographic variables like age, sex, marital status, income and volume of purchases and store environment variable — retail store formats act as moderating variables influencing the evaluation of Service Quality.

2.6 CONCLUDING REMARKS

Given the importance of Service Quality, investigating differences in perceptions and expectations of service quality and looking at the various dimensions used to evaluate service quality appears warranted. Effect of consumer demographics and various retail store formats on service quality would help grocery retailers define strategies that suit their customer segments and retail service environments.

The next chapter outlines the need for the study, the research questions, and objectives of the research, research design and methodology.