ABSTRACT

INTRODUCTION TO RETAILING

The title of this thesis is “Dimensions of Service Quality: An Empirical Study of Grocery Retailing”. The word retailing is derived from the French word ‘retailer’, meaning ‘to cut a piece off’ or ‘to break a bulk’. In simple terms, it implies a first-hand transaction with the customer. Retailing involves a direct interface with the customer and the coordination of business activities from end to end- right from the concept or design stage of a product or offering, to its delivery and post-delivery service to the customer. The retailing industry has contributed to the economic growth of many countries & is undoubtedly one of the fastest changing & dynamic industries in the world today.

The global retailing scenario has come a long way from a small beginning to an industry that has posted world wide retail sales of $7 trillion. However, the economic turbulence in the past year, the continuing recession and the troubled forecasts for the future make for a tougher operating environment. Transformation and change are the buzzwords for retailers as economic turbulence continued in 2009 and the future unpredictable.

Retailers in developed economies despite suffering setbacks in their own countries like the US and Europe had ventured into developing nations like India, China and Russia where GDP growth was projected to grow 5.2% in 2009. AT Kearney’s Global Retail Development Index (GRDI) 2009 ranks the top 30 emerging countries on a 100 point scale for retail development. It analyses 25 macro-economic and retail-specific variables that will be useful to retailers worldwide to decide on their global strategy. The GRDI
scores were based on four variables – country and business risk, market attractiveness, market saturation and time pressure for entry into the market. The index identifies India followed by Russia and China as having the most exciting opportunities for retail. India has seen unparallel growth in the organised retail segment by 25% with the top five stores in the grocery category alone growing by more than 50%. It was one of the fastest growing economies with a 67% GDP growth between 2003 and 2007. In addition to this, the other positives for India are the three fiscal stimulus packages to revive the economy along with the lowest inflation in a decade, the highest market potential among all the GRDI countries, a growing educated aspirational middle class and correction of real estate prices. In spite of organised retailing slowing down, India is still poised to continue its growth.

The total Indian retail market for Food & Grocery stood first at Rs. 7,92,000 crore in 2007 followed by Clothing, Textiles & Fashion Accessories. However growth rates for Food & Grocery stands at the lowest at 6.5% as they are necessary goods and will neither grow or decline due to growth/decline in incomes, economy or change in lifestyles. What has to be noted is that the share of organised retailing in the Food & Grocery sector grew at an unprecedented 55.2% which is next only to Health & Beauty care services. This reflects a major shift in buying habits of consumers who are expecting more and more services from this sector. The heavy investments made during the boom period is going to give organised retail an additional edge over unorganised retail once this economy recovers. The Food & Grocery sector is still highly unorganised in spite of it being the largest sector in terms of market size.
The second quarter in the financial year (2009-2010) has reported a GDP of 7.9% which has beaten all estimates. The Prime Minister had announced a growth rate of 6.5%, the Planning Commission 6.3% and the Reserve Bank of India (RBI) 6.1%. The first quarter had reported a GDP of 6.1%. This suggests that the worst of the economic slowdown is over for Asia’s third largest economy. A strong showing by the services and manufacturing sectors indicates that the economy has beaten all pessimistic estimates and will grow in a robust manner. A mere 7.9% against the 9% that India was doing prior to the global financial crisis is a growth rate that most countries would aspire to achieve in the current global scenario. All this augur well for the industry and for retailing in particular. A major challenge lies in retaining existing and loyal customers when the economy brightens and there is more disposable income with the consumers. The only route to tackle this challenge would be improving Service Quality.

The concept of quality is very important to marketers because quality drives the development of all marketing strategies and is a major differentiator when there is little or no perceived difference among brands. Another reason why Service Quality is important is that it provides long term sustainable competitive advantage for firms.

Service quality represents an important and particularly relevant construct in virtually all service firms, especially those offering what Chase (1978) referred to as ‘high customer contact’ services. Customers are more likely to generate favourable evaluations of service encounters, experience higher satisfaction, and increase their purchases and the frequency of their future visits when high quality service is delivered (Borucki & Burke, 1999). As
services expand globally, understanding the way that service quality affects customer satisfaction in different countries is increasingly important. Research by Voss et al (2004) shows significant cultural differences even between the US and UK, despite language similarities. Service Quality has become essential for the survival of service companies in the emerging world without borders (Kundu & Vora, 2004). Quality in India has become an issue of concern to most organizations in the post liberalization period due to increasing competition (Shanker, 2003).

**REVIEW OF LITERATURE - SERVICE QUALITY**

A detailed study of the various definitions for Service Quality shows many similarities. Service Quality has been mostly defined as a function of customers’ perceptions; and expectations of the customer about the service he is going to receive will affect his perceptions of the service received, which in turn will affect further expectations. Service Quality is also defined in terms of components – functional or soft skills and technical component or technical skills which are again a part of perceptions and expectations. The review of literature traces the origin and evolution of service marketing in general and service quality in particular by listing the various research studies undertaken and published in research journals between the years 1953 to 2009. Service quality as a research area gathered importance in 1985. Parasuraman, Berry and Zeithaml produced the Gaps Model and defined service quality as ‘the degree and direction of discrepancy between consumers’ perceptions and expectations. Later in 1988, service quality was operationalised into five dimensions and a multiple item scale ‘SERVQUAL’ was developed to measure service quality. 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 (eg. Retail) and a corresponding 22 item scale to measure customers’ perceptions of a particular company within that particular sector (eg. 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.

This study uses this basic but revised framework of PZB (1994) – the SERVQUAL+ to define and measure service quality of grocery outlets. 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 literature also states that differing store formats or environments and demographic variables have an influence on evaluations of service quality.

The theoretical framework in this study looks at the five dimensions of the SERVQUAL – Reliability, Responsiveness, Assurance, Empathy and Tangibles which 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 $P \sim DE$ (Desired Expectations). The difference between Perceived service and Minimum or Adequate service is called the Measure of Service Adequacy (MSA) and is operationized as $P \sim AE$ (Adequate Expectations). 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.
OBJECTIVES
As retailing is a sunrise industry for the next decade and grocery being the biggest opportunity, this service sector is going to witness tough competition and will see major changes in the structure of the industry. Growth rates for Food & Grocery stands at the lowest at 6.5% as they are necessary goods and will neither grow or decline due to growth/decline in incomes, economy or change in lifestyles. What has to be noted is that the share of organised retailing in the Food & Grocery sector grew at an unprecedented 55.2%. This reflects a major shift in buying habits of consumers who are expecting more and more services from this sector. The heavy investments made during the boom period is going to give organised retail an additional edge over unorganised retail once this economy recovers. Major challenges of the grocery retailing sector lies in retaining existing and loyal customers when the economy brightens and there is more disposable income with the consumers. One route to tackle these challenges would be improving Service Quality. The SERVQUAL+ could be an ideal instrument to help grocery retailers’ measure and diagnose existing levels of service quality and make improvements to attract and retain customers. This study uses the SERVQUAL+ in the Grocery Retail setting to measure and diagnose shortfalls in service quality and help grocery retailers design strategies that fit their customer segments and retail service environments.
Thus these were the research objectives of this study.
1. To identify the factors that influence consumers when shopping at a grocery retail store or Store Patronage Criteria (SPC)
2. To ascertain the perceptions of consumers regarding the Service Quality of Grocery Retailers
To analyze and compare the perception of consumers among different grocery retail formats
- To analyze and compare the perception of consumers in different cities
- To examine the impact of demographic characteristics of consumers on Service Quality perceptions

3. To ascertain the Zone of Tolerance of consumers regarding service quality of grocery retailers
- To analyze and compare the perceptions of consumers relative to the Zone of Tolerance among different grocery retail formats
- To analyze and compare the perceptions of consumers relative to the Zone of Tolerance in different cities
- To examine the impact of demographic characteristics of consumers on the Zone of Tolerance of consumers

The scope of this study was limited to outlets that sell groceries as their main product. The study was done in two cities – Chennai and Coimbatore and two formats were used in this study – kiranas and combination stores. The study was limited to empirical testing of the SERVQUAL+ instrument (PZB, 1994) to measure Service Quality in grocery retail outlets and no instrument comparisons were made.

RESEARCH METHODOLOGY

The research design used in the study was a descriptive design. Here in this study, the service quality perceptions and expectations of consumers were described for grocery
retail outlets. They were described for independent variables like age, gender, marital status, income and volume of monthly purchases of the respondents. The data collected for this research study is primary data collected through a survey where the SERVQUAL + instrument was used to collect data on expectations and perceptions of consumers about grocery retail outlets. Respondents were required to give their separate ratings of minimum, desired and perceived service on identical, side-by-side 5 point rating scales with ‘1’ called ‘strongly disagree’ and ‘5’ called ‘strongly agree’ and the mid-points not defined. The respondents were required to give their ratings on two different levels of expectations – the minimum level of service performance that the respondent would consider adequate and the desired level of expectations which is the level of service performance the respondent believes that an excellent grocery store can and should deliver. The respondents were also asked to rate their grocery store based on their perceptions of its service performance. The perceived scale had a ‘No Opinion’ column also for respondents who did not want to give a response on an item scale. The questionnaire also asked respondents to allocate 100 points among the five store patronage criteria (Gagliano & Hathcote, 1994) – merchandise, price, service, location and advertising according to the importance it had for them when shopping for grocery items. This was to determine the factors most important to customers while shopping at a grocery retail store. Personal details on age, gender, marital status, monthly family income and monthly volume of purchase of groceries were also collected from the respondents. A piloted version of the questionnaire was given to 40 shoppers at various grocery outlets and 10 faculty members. Based on the feedback obtained, the SERVQUAL+ was modified to include a 5 point rating scale. Reliability coefficients
(alphas) were computed for the Perceived, MSS and MSA scores for each of the five dimensions – reliability, responsiveness, assurance, empathy and tangibles. All the reliability coefficients (alphas) were above 0.7 and hence indicate high internal consistency among items within each SERVQUAL dimension (Nunnally, 1978). The reliability of the difference scores ($r_{D}$) MSS and MSA were calculated by using a formula specially recommended for calculation of reliability of difference scores (Peter et al, 1993).

Two cities from the state of Tamilnadu – Coimbatore and Chennai were targeted for the purpose of this study. They are the two largest cities of Tamilnadu and are cosmopolitan in nature. The target population consists of all consumers who buy their bulk monthly grocery provisions from either a ‘kirana’/convenience store (otherwise called a ‘mom and pop’ store) or a combination store. The definitions for a ‘kirana’ and a combination store for the purpose of this study are given below:

Kirana/Convenience Store – stores which were less than 300 sq.ft. and where the owner along with family members or 1 or 2 employees were the only salespeople

Combination Store – large stores where grocery, food and related product lines make up about 75% and general merchandise around 25%. It is a combination of supermarket and general merchandise.

The sampling technique used to select a customer as a respondent was Stratified Random Sampling. The cities were divided into zones/strata as given by the zone map of the respective city corporation website. A fixed number of respondents were chosen from
each zone or strata. Every fifth kirana store was chosen. The number of combination stores in each zone were limited and were chosen till the target sample size was reached for that zone. Every 5th customer that walked into a retail outlet was selected after confirming if they were regular customers of the store as they came to shop for groceries at the retail outlets. They were also asked if they were willing to spend some time with the researcher in filling up a questionnaire. The city of Chennai was divided into 10 zones. From each zone 50 respondents who shopped at ‘kiranas’ and 50 respondents who shopped at combination stores were selected and the questionnaire was administered. The city of Coimbatore was divided into 4 zones. From each zone 75 respondents who shopped at ‘kiranas’ and 75 respondents who shopped at combination stores were randomly selected and the questionnaire was administered. Since the number of zones in Coimbatore was smaller than Chennai, a larger sample size was collected from each zone. After checking the filled up questionnaires for discrepancies and rejecting wrongly filled or incomplete ones, the final sample size was Chennai kiranas – 384, Chennai combination stores – 388, Coimbatore kiranas – 253 and Coimbatore combination stores – 183. The total sample size was 1208 with 436 respondents from Coimbatore and 772 from Chennai. The data was collected from September 2007 to February 2008 in both Coimbatore and Chennai for a total period of 6 months.

DATA ANALYSIS

Data analysis was performed in five parts. Excel 2003 and SPSS version 11.0 was used for analysis. The first part presents the profiles of the sample respondents. Independent variables like the demographic variables of age, gender, marital status, monthly family
income and monthly volume of purchases were tabulated for the overall sample data. Cross tabulations between the two cities and demographic variables and between retail formats and demographic variables were done to get an overall picture of respondent profiles. The second part presents the descriptive statistics – mean and standard deviation for all the independent and dependent variables under study - cities, retail formats, age groups, gender and marital status, income and volume of monthly purchases. The third section presents the ranking of the five factors of store patronage – merchandise, price, location, service and advertising. Friedman’s test was used to test if the mean ranks given to the five factors of store patronage: merchandise, price, location, service and advertising were the same. Significance testing using ANOVA for mean scores of Store Patronage criteria was also done. The fourth section presents the tests of significance using one way analysis of variance for the five dimensions of service quality and overall service quality. This will highlight differences in the various sub-samples of the respondents thus helping firms to develop strategies that fit their respondent profiles. The fifth section presents the Zone of Tolerance (ZOT) analysis which provides precise information about the perceived service levels across dimensions relative to the adequate/minimum and desired service levels. It also provides information on different dimensions that offer insight into the emphasis a firm should place on different dimensions in initiating quality improvement programmes. The ZOT analysis was done for data across all the respondent groups – between cities, retail formats, age groups, gender, marital status, income, volume of monthly purchases and within cities, retail formats, gender and marital status.
FINDINGS

Profile of respondents

The overall respondents profile for each of the two cities - Chennai and Coimbatore and for each of the two retail formats – kiranas and combination stores were tabulated. Each cell in the table had more than 30 respondents. Nearly two thirds of the respondents in the age group 36 to 45 years shopped at a kirana store. Around 58% of the respondents in the 46 to 55 years age group also shopped at a kirana. However this trend is reversed in all other age groups with more number of respondents shopping at a combination store than a kirana. The distribution of males among kiranas and combination stores were almost equal but 57% of the female respondents shopped at a kirana. A majority of Single respondents (65%) preferred to shop at a combination store while 57% of married respondents shopped at a kirana. There was an increase in the number of shoppers at kiranas with a decrease in income and shift to combination stores with an increase in incomes. The same trend was seen with ‘monthly purchase volumes’. Respondents with lesser monthly purchase volumes (less than Rs. 2000) preferred to shop at a kirana but higher the purchase volumes, more the shift to combination stores.

A majority of Chennai respondents between the ages 36 to 55 years shopped at kiranas while a majority of all other age groups shopped at a combination store. However, in Coimbatore, a higher percentage of respondents from all age groups shopped at a kirana. In Chennai, majority of males (63%) shopped at a combination store while 58% of the females shopped at a kirana. In Coimbatore, majority of both males and females shopped at a kirana. An overwhelming majority of single respondents (94%) and 55% of the
married sample in Chennai shop for their monthly groceries at a combination store. In Coimbatore, single respondents were more or less equally distributed among kiranas and combination stores where as 60% of the married respondents shopped at kiranas. In Chennai, majority of the respondents with incomes ranging from Rs. 10001 to Rs. 30000 shopped at a kirana. In Coimbatore, a majority of the respondents with incomes up to Rs. 20000 shopped at a kirana but with increasing incomes, there was a shift from kirana to combination store. At lower purchase volumes up to Rs. 2000, a majority of respondents shopped at a kirana, but with increasing purchase volumes, there was a shift seen from kiranas to combination stores irrespective of which city they belonged to.

**Descriptive Statistics**

Univariate summary statistics like the mean, standard deviation, measure of service adequacy (MSA) and measure of service superiority (MSS) for the five dimensions of Service Quality – Reliability, Responsiveness, Assurance, Empathy and Tangibles were calculated for overall sample data. The mean values for all perception variables for the overall sample were greater than 3 on a five point scale. This implied a more than average level in Overall Perceived Service Quality and in the five dimensions of service quality among the sample respondents. Responsiveness Dimension of Service Quality exhibited the highest mean reflecting a higher level of satisfaction. Empathy and Tangibles dimensions scored the lowest reflecting a lower level of satisfaction with these dimensions. The mean values for all MSA (Measure of Service Adequacy) and MSS (Measure of Service Superiority) variables were all below 1.
The univariate summary or descriptive statistics of the two cities Chennai and Coimbatore for the five dimensions of Service Quality were tabulated. The mean values for all perception variables for both Chennai and Coimbatore were greater than 3 on a five point scale. This implied a more than average level in Overall Perceived Service Quality and in the five dimensions of service quality among the sample respondents. The mean values for MSA for Chennai respondents were between 1.0 and 1.4 and for Coimbatore respondents were below 1. Thus Chennai respondents had a larger Perceived – Adequate gap than Coimbatore respondents. The mean values for MSS for Chennai respondents were between -0.7 and -1.1. The reliability, assurance and empathy dimensions had a higher MSS gap than responsiveness, tangibility and overall service quality. All MSS scores for Coimbatore were above -1.0. Chennai respondents also had a larger Perceived – Desired gap than Coimbatore residents.

The mean values for all perception variables for both Kiranas and Combination Stores were greater than 3 on a five point scale. This implied a more than average level in Overall Perceived Service Quality and in the five dimensions of service quality among the sample respondents. The mean values for MSA for Kirana respondents were between 1.1 and 1.6 and for Combination respondents were below 1. Thus Kirana respondents had a larger Perceived – Adequate gap than Combination store respondents. The mean values for MSS for Kirana respondents were between -0.6 and -1.1. The smallest Perceived – Desired gap was for the responsiveness dimension and highest was for Empathy among Kirana respondents. All MSS scores for Combination stores were above -1.0.
Combination stores had a larger Perceived – Desired gap on two dimensions – responsiveness and assurance than Kiranas

The mean values for all perception variables for all the age groups were greater than 3 on a five point scale. This implied a more than average level in Overall Perceived Service Quality and in the five dimensions of service quality among the sample respondents. The MSA mean values for the age group < 25 years was the lowest among all the age groups and ranged from 0.4 to 0.62; thus the ‘< 25 yrs’ age group had the smallest Perceived – Adequate gap compared to all other age groups. The MSA mean value for the ‘36 - 55 yrs’ age groups was all above 1 and has the largest Perceived – Adequate gap. The MSS mean values for all the age groups were negative for all the dimensions. The MSS mean values for the younger age groups were slightly lesser than the ‘36 – 55 yrs’ group.

The mean values for all perception variables for both male and female respondents were greater than 3 on a five point scale. This implied a more than average level in Overall Perceived Service Quality and in the five dimensions of service quality among the sample respondents. The mean values for MSA for male respondents were less than 1 and for female respondents were above 1. The female respondents had a larger Perceived – Adequate gap than male respondents. The MSS mean values for both male and female respondents were similar. All MSS scores for both male and female respondents were above -1.0.

The mean values for all perception variables for both single and married respondents
were greater than 3 on a five point scale. This implied a more than average level in Overall Perceived Service Quality and in the five dimensions of service quality among the sample respondents. The mean values for MSA for single respondents were less than 0.8 and for married respondents were above 1. The married respondents had a larger Perceived – Adequate gap than single respondents. The MSS mean values for married respondents were greater than single respondents. All MSS scores for both single and married respondents were above -1.0.

The mean values of all perception variables for all the income groups were found to be greater than 3 on a five point scale except for one variable i.e. tangibility dimension for the < 10000 income level. This implied a more than average level in Overall Perceived Service Quality and in the five dimensions of service quality among the sample respondents. The MSA mean values for income levels < 10000 and > 30000 were less than 1. Income groups with income between 10001 and 30000 had mean MSA values nearer to 1 or greater than 1. The > 30000 income group had the smallest Perceived – Adequate gap while the < 10000 has the largest Perceived – Adequate gap.

The mean values for all perception variables for all purchase volumes were greater than 3 on a five point scale. This implied a more than average level in Overall Perceived Service Quality and in the five dimensions of service quality among the sample respondents. The MSA mean values for monthly purchase volumes of up to Rs. 2000 were above 1 and larger purchase volumes of greater than Rs. 2000 has mean values less than one. The
smallest Perceived – Adequate gap was observed in the group with monthly purchases > Rs. 3500 while the largest Perceived – Adequate gap was seen for the < Rs. 2000 groups.

However all MSS scores were negative which implied that the Desired level of Service Quality Expectations were greater than the perceptions of Service Quality. The positive scores of MSA implied that the Adequate level of Service Quality Expectations were lesser than the Perceptions of Service Quality. This implied that the Perceived level of Service Quality lies between the Adequate and Desired levels of Service Quality

**Factors that influence shopping at a retail grocery store - Ranking of Store Patronage Criteria (SPC)**

The mean scores and ranks for the five store patronage criteria reflect the importance customers attach to these factors in selecting a grocery store. The overall data (OD) reflects the ranking of all the respondents. Variety and quality of merchandise (F1) has been ranked the most important factor in selection of a grocery store, followed by prices of goods (F2), Location of the store (F4) and Services offered by the store (F3). Advertising of the store (F5) was the least important factor when selecting a grocery store. Coimbatore customers ranked variety and quality of goods first and prices of goods second. They also ranked service offered by the store as more important than location of the store. For Kirana customers and for customers in the age group 36 – 45 years, price of goods was the most important factor followed by variety and quality of goods. Single customers ranked service offered by the store as more important than location of the store. Customers with monthly incomes less than Rs. 10000 and between Rs. 10001 and Rs. 20000 ranked prices of goods as the most important factor followed by
variety and quality of goods in selection of a grocery store. However, customers with income between Rs. 20001 and Rs. 30000 have ranked both variety and quality of goods and prices of goods equally thus giving both these factors equal importance while selecting a grocery store. Customers with monthly incomes greater than Rs. 30000 have ranked variety and quality of goods as the most important factor followed by the price of goods. The same trend is seen with customers with lower volume of purchases who have ranked prices of goods as the most important factor whereas customers with higher volume of purchases have ranked variety and quality of goods as the most important factor in the selection of a grocery store. The five SPC - Variety and quality of merchandise, Price, Service, Location and Advertising did not have the same mean ranks and there was a significant difference in the mean ranks of factors that influence shopping at a retail grocery store for overall data (H01) and also between the sub-samples – cities (H01a), retail formats (H01b), age (H01c), gender (H01d), marital status (H01e), incomes (H01f) and purchase volumes (H01g).

Mean scores of Store Patronage Criteria - Overall sample

The mean scores for SPC were subjected to significance testing using hypothesis H02a to H02g between sub-samples i.e. between cities, retail formats, age groups, gender, marital states, incomes and purchase volumes. Chennai and Coimbatore perceived prices of goods and location of the store in the same way; however they differed in their perception in the case of variety and quality of merchandise, location of the store and advertising of the store. Coimbatore considered variety and quality of merchandise and advertising of the store more important and location of the store less important than Chennai. Variety
and quality of merchandise and location of the store are two factors that respondents consider equally important for both kiranas and combination stores. Respondents expect kiranas to be price competitive and expect better service at a combination store. Advertising for a kirana store was more important than for a combination store. Variety and quality of merchandise, prices of goods and service of the store were equally important for all grocery shoppers irrespective of age. Location of the store was more important for the 36 to 55 years age group and the least important for respondents less than 25 years. Advertising of the store was more important for the 26 to 45 years age group and the least important for respondents older than 55 years. Both male and female respondents gave equal importance for variety and quality of merchandise, prices of goods, service of the store and advertising of the store and females considered location of the store more important than males. Both single and married respondents did not differ in their perception of the importance of variety and quality of merchandise, prices of goods and advertising of the store. Single respondents however considered service of the store more important while married respondents considered location of the store more important. Variety and quality of merchandise was equally important to all respondents irrespective of income. Lower income groups were very price sensitive than higher income groups. Higher income groups gave more importance to location of the store, services offered by the store and advertising of the store than lower income groups. Respondents irrespective of their monthly purchase volume of groceries considered variety and quality of merchandise and location of the store equally important. Respondents with lower purchase volumes gave more importance to price of goods. Respondents with higher purchase volumes gave more importance to service and location.
of the store than lower purchase volumes. Advertising of the store was more important for respondents with purchase volumes between Rs. 801 and Rs. 3500 and the least important for purchase volumes less than Rs. 800.

**Chennai respondents**

Variety and quality of merchandise and prices of goods were two factors that were considered equally important for both retail formats. However, Chennai Combination store respondents considered service of the store very important compared to kirana respondents. Location of the store and advertising of the store were more important for kirana respondents. Chennai respondents irrespective of age perceived location of the store similarly. Variety and quality of goods was more important for the 26-35 years age group when compared to other age groups. Price of goods was more important for respondents less than 25 years and least important for the 26 to 35 years age group. Service of the store was more important for the youngest (< 25 yrs) and the oldest respondents (> 55 yrs) and the least important among age groups for respondents 36 to 45 years. 36 to 45 year old respondents considered advertising more important and the youngest the least important among all age groups. Male and female respondents of Chennai had narrow differences in perceiving service and advertising of the store. All other factors were perceived similarly. Married people perceived location and advertising as more important and service of the store less important than single respondents. Respondents with incomes less than Rs. 10000 considered variety and quality of merchandise less important when compared to other respondents. Price of goods was the most important factor for the lower income group and decreased with importance with increase in incomes. Service of the store was almost equally important for respondents of
all incomes. Location of store was less important for the lower income group and progressively increased in importance with increase in incomes. Advertising of the store was more important for middle income groups and least important for the lower income group. Price of goods was more important for lower purchase volumes and progressively less important with increasing purchase volumes. Service of the store was less important for lower purchase volumes and progressively more important with increasing purchase volumes. Advertising of the store was more important for medium purchase volumes.

**Coimbatore respondents**

Kirana and Combination store respondents gave equal importance to location of the store. Variety and quality of merchandise and price of goods were more important for kirana consumers and service and advertising of the store were important for combination store consumers. Respondents irrespective of age, gender and marital status perceived the five store patronage criteria similarly. Price of goods was more important for lower income and purchase volumes and became increasingly less important with increasing incomes and purchase volumes. Service of the store was less important for lower income and purchase volumes and became increasingly important with increase in incomes and purchase volumes. Advertising of the store was more important for respondents with incomes between Rs. 20001 to Rs.30000 and less important for incomes less than Rs. 10000. It was also more important for purchase volumes greater than Rs. 3500 and progressively decreased in importance with decrease in purchase volumes.
Kirana respondents

Chennai and Coimbatore kirana consumers differ very significantly in their evaluation of the five Store Patronage Criteria. Coimbatore consumers consider variety and quality of merchandise, price of goods and service of the store relatively more important than Chennai consumers. Chennai consumers consider location and advertising of the store more important. Kirana consumers less than 35 years of age and more than 55 years consider variety and quality of merchandise relatively more important than other age groups. Respondents between the ages 36 to 55 years consider location and advertising of the store relatively more important and those less than 25 years consider these two factors the least important. Men have relatively given more importance for variety and quality of merchandise while women have given more importance to location and advertising of the store. Single respondents expected a larger variety and better quality of products than married respondents. Married respondents expected convenient locations and better advertising of the store relative to single respondents. Respondents with incomes less than Rs. 10000 expected greater variety and quality of goods at competitive prices from their kirana store and this expectation decreased with increasing incomes. Respondents with higher incomes expected convenient and better location and advertising from their kirana store and this expectation decreased with decreasing incomes. Respondents irrespective of purchase volumes had similar expectations on all the five store patronage criteria.
Combination Store respondents

Chennai combination store consumers expect competitive prices and convenient locations than Coimbatore consumers; however, Coimbatore consumers expect better advertising from their combination store. The youngest and the oldest consumers expect competitive prices from their combination stores. With decreasing age, respondents expected more advertising of the store. Male, female, single and married consumers of combination stores viewed all five factors similarly. Higher income groups expected larger variety and better quality products, convenient locations and better advertising of the store while lower income groups expected competitive prices for goods. Respondents with higher purchase volumes expected better variety and quality of goods and superior service while respondents with lower purchase volume expected competitive prices.

Male respondents

Coimbatore men preferred better variety and quality of merchandise and advertising of the store whereas Chennai men preferred more convenient locations. Kirana male consumers expected better variety and quality of merchandise and competitive prices while combination store male consumers expect superior service from their stores. Men older than 55 years and between 36 to 45 years were very price sensitive and men between 46 to 55 years the least price sensitive. Men between 36 to 55 years preferred more convenient location of the store. Married male respondents preferred more convenient locations. Male Respondents with incomes less than Rs. 20000 and greater than Rs. 30000 preferred better variety and quality of products. Men with incomes less than Rs. 10000 preferred competitive prices of goods and this preference decreased with increasing incomes. Men with incomes greater than Rs. 30000 preferred superior service.
and this decreased with decreasing incomes. Men with incomes greater than Rs. 20000 preferred convenient location and better advertising of the store. Competitive prices for goods were more important for small purchase volumes and decreased with increasing purchase volumes. Superior service was more important for larger purchase volumes and decreased with decrease in purchase volume.

**Female respondents**

Coimbatore female respondents gave more importance to service and advertising of the store while their Chennai counterparts gave more importance to location of the store. Kirana consumers gave more importance for prices of goods, location and advertising of the store whereas their combination store counterparts gave more importance to service of the store. Respondents irrespective of age perceived almost all the store patronage criteria similarly. Single females expected superior service of the store. Women with lesser incomes gave more importance to price of goods and this decreased with increase in incomes. With increase in incomes, women preferred superior service and better location of the store. With decrease in purchase volumes, women gave more importance to price of goods and less importance to services offered by the store.

**Single respondents**

Coimbatore single respondents preferred more variety and better quality goods and better advertising of the store. Chennai single respondents preferred better services and convenient location of the store. Single kirana consumers preferred more variety and better quality goods, while combination store consumers preferred superior service and advertising of the store. Older single consumers gave very little importance to advertising of the store. Single women prefer a more convenient location of the store. Single
respondents with lesser incomes prefer competitive prices for goods; with increase in incomes, they prefer superior services and convenient location of the store. Respondents with lower purchase volumes preferred competitive prices of goods.

**Married respondents**

Married Coimbatore consumers preferred more variety and better quality merchandise at competitive prices, superior service and better advertising of the store. Chennai married consumers’ preferred convenient location of the store. Kirana consumers expect competitive prices and better advertising of the store whereas combination store consumers prefer better service from the store. Married consumers less than 25 years and greater than 55 years of age do not expect much advertising of the store compared to consumers 36 to 45 years old who expect much more advertising of the store. Married male and female consumers did not differ in their expectations on the five store patronage criteria. Married consumers with incomes less than Rs. 10000 expected competitive prices and this decreased with increase in income. Those with incomes greater than Rs. 30000 expected superior service from the store. Convenient location of the store was more important for consumers of higher income groups compared to lower income groups. Advertising of the store was relatively more important for consumers with incomes greater than Rs. 10001. Prices of goods were relatively more important for smaller purchase volumes and service of the store relatively more important for larger purchase volumes.

**Perception of consumers towards service quality of grocery retailers – Overall data**

The mean scores for perceived service quality were subjected to significance testing using hypothesis H0\textsubscript{11a} to H0\textsubscript{11g} between sub-samples i.e. between cities, retail formats,
age groups, gender, marital states, incomes and purchase volumes. Coimbatore respondents perceived better reliability, assurance, empathy and overall service quality than Chennai respondents. Kirana consumers perceived better responsiveness, assurance and overall service quality than combination store consumers. Grocery retailers were found more responsive to older consumers than younger consumers. Male respondents were less satisfied with the tangible elements in a grocery store than females. Perceptions of service quality were similar for single and married respondents. Grocery retailers were more responsive to respondents from higher income groups. Higher income groups perceived tangible elements in the grocery store more favourably than lower income respondents. Grocery retailers are the most responsive to respondents whose purchase volumes are less than Rs. 2000.

Chennai respondents

Empathy of employees irrespective of whether it was a kirana or a combination store was perceived equal by Chennai respondents. On all other dimensions of service quality and overall service quality, kiranas were perceived to be better than combination stores in Chennai. Younger respondents found grocery retailers less responsive than older respondents. They also perceived much lesser overall service quality than older respondents. Chennai female respondents found grocery retailers more responsive. They also perceived better tangibles and overall service quality than their male counterparts. Married respondents perceived better responsiveness, assurance and overall service quality in their grocers. Respondents with incomes between Rs. 10001 to Rs. 20000 found their grocers more reliable whereas respondents with incomes less than Rs. 10000 and between Rs. 20001 and Rs. 30000 found them the least reliable. Grocers were more
responsive to respondents with incomes between Rs. 10001 to Rs. 30000 and the least responsive to lower income groups.

**Coimbatore respondents**

Combination stores scored high on all dimensions of service quality except tangibles and was perceived to offer better overall service quality than kiranas. Kiranas were perceived to have better tangibles. Age, gender and marital status did not affect perceptions of service quality of Coimbatore respondents across grocery retail outlets. Higher income groups perceived better quality of service than lower income groups. Respondents with larger purchase volumes also perceived better quality of service however it was significant only for the tangibles dimension.

**Kirana respondents**

Chennai kiranas were perceived to be more responsive, had better tangibles and overall service quality than Coimbatore kiranas. Older respondents perceived better responsiveness, tangibles and overall service quality and this decreased with decrease in age. Females perceived better tangibles than males. Married respondents perceived responsiveness and tangibility of kiranas to be superior to single respondents. Respondents with higher incomes have perceived kiranas to be responsive, have better tangibility and overall service quality. Purchase volumes did not affect perception pattern of kirana respondents.

**Combination store respondents**

Coimbatore respondents have more favourably perceived the service quality of combination stores than Chennai respondents. Age, gender, income and purchase volume
did not affect perception of service quality of combination stores. Single respondents felt that tangibles were superior in a combination store than married respondents.

**Male respondents**

Coimbatore male respondents perceived better reliability, assurance, empathy and overall service quality in their grocery retailers than Chennai respondents. Kirana consumers found their stores to be very responsive to their needs than combination stores. Age and purchase volumes did not affect male perceptions of service quality of a grocery store. Single male respondents perceived superior tangibles at their grocery store than married respondents. Respondents with the lowest and highest incomes perceived greater reliability. Higher income respondents perceived superior tangibles.

**Female respondents**

Coimbatore female respondents perceived better reliability whereas Chennai females perceived better responsiveness and tangibles in their grocery retailers. Kiranas were perceived to be more responsive, gave better assurance and overall service quality. Responsiveness and overall service quality perceptions increased with increase in age of female respondents. Generally, married female respondents perceived better dimensional service quality except empathy but they significantly differed from their single counterparts in their evaluation of overall service quality; also higher the income better was their perception of responsiveness and tangibility. Females with large purchase volumes perceived lesser responsiveness on the part of grocery retailers.
Single respondents

Coimbatore single respondents perceived better dimensions of service quality and overall service quality except for tangibles. Single respondents found tangibles much superior for combination stores than kiranas. Age, gender, income and purchase volumes did not affect perceptions of service quality of single respondents.

Married respondents

Chennai married respondents perceived better responsiveness and tangibles in their grocery stores while Coimbatore respondents perceived better reliability, assurance and empathy. Kiranas were perceived more responsive, had better assurance and tangibles and overall service quality. Older respondents perceived their grocery retailers to be more responsive. Females perceived better tangibles and overall service quality. Perception of responsiveness and tangibles increased with rising incomes. Perception of responsiveness decreased with increasing purchase volumes.

Zone of tolerance for service quality of grocery retailers – Overall data

The highest expectations were for the Responsiveness dimension for both Desired and adequate levels of Expectations followed by Reliability, Empathy, Assurance and Tangibles. The perception of consumers of the Responsiveness dimension was also the highest among all the dimensions followed by Reliability and Assurance with Empathy and Tangibles sharing the lowest score. The largest Zone Of Tolerance is for the Responsiveness dimension followed by Empathy and Tangibles. Reliability and Assurance have the smallest Zone Of Tolerance. The Desired Expectations of service quality for all 5 five dimensions were higher in Chennai than Coimbatore. Desired
expectations of service quality were the highest for the Responsiveness dimension followed by Empathy, third place shared by Reliability and Tangibles and the lowest score for Assurance in Chennai. The adequate expectations of Service Quality for all the five dimensions were higher in Coimbatore than Chennai. Adequate Expectations of service quality in Coimbatore were the highest for the Responsiveness dimension followed by Reliability, Assurance Empathy and lastly Tangibles. The perception of consumers of the Responsiveness dimension in Chennai is the highest among all the dimensions followed by Responsiveness dimension in Coimbatore. The perception of consumers of the Reliability, Assurance and Empathy dimensions were higher in Coimbatore than Chennai. The Zone of Tolerance for Chennai consumers was larger than Coimbatore consumers. The desired levels on all variables were similar for both Chennai and Coimbatore but the adequate levels on all variables were higher for Coimbatore consumers than Chennai consumers. The Desired Expectations of service quality for all 5 five dimensions were marginally higher for Kiranas than Combination Stores. Adequate Expectations of Service Quality for all 5 dimensions were significantly higher for Combination Stores than Kiranas. The perception of consumers of the Responsiveness dimension for both Kiranas and Combination Stores were the highest among all the dimensions followed by Assurance for Kiranas with Assurance for Combination Store having the lowest score. Kiranas uniformly exhibited larger Zone Of Tolerance than Combination Stores. The respondents in the age group of 36 – 55 years had the largest Zone of Tolerance for all the dimensions of Service Quality followed by respondents in the age groups 26 – 35 and greater than 55 years. The younger respondents whose ages were less than 25 years had the smallest Zone of Tolerance for all the dimensions of
Service Quality. All the respondents irrespective of age had more than average perceptions scores on all the dimensions of Service Quality. There seems no significant difference in the Zone of Tolerance irrespective of Gender and Marital Status. The perceived values for all dimensions of service quality irrespective of gender and marital status were above average. There seems no significant difference in the Zone of Tolerance for all dimensions of service quality for all income groups. The perceived values for all dimensions of service quality irrespective of income levels were above average. Respondents with monthly purchases of more than Rs. 3,500 per month had the largest Zone of Tolerance for all the dimensions of Service Quality except for the Tangibles dimensions where it shared the largest Zone of Tolerance along with respondents with purchases less than Rs. 800.

**Chennai respondents**

ZOT for Combination stores were smaller than Kiranas in Chennai and reflected the ZOT obtained for the overall data. Like the overall sample, the Chennai respondents had marginally higher Desired Expectations of service quality for Kiranas than Combination stores. Adequate Expectations were significantly higher for Combination stores than Kiranas. Responsiveness perception scored the highest for both Kiranas and Combination stores. Respondents in the age group 36 – 45 yrs had the greatest ZOT followed by 46 – 55 yrs and > than 55 yrs. Respondents < than 25 yrs of age had the smallest ZOT. Females and Married respondents had larger ZOT than Males and Singles in Chennai. ZOT for Chennai respondents with family monthly incomes between Rs. 10000 and Rs. 30000 were the largest and adequate expectations the lowest. Desired Expectations were almost on the same level for all income groups. The largest ZOT was
for respondents with monthly purchase of groceries between Rs. 801 to Rs. 2000 followed by < Rs. 800. The smallest ZOT was for respondents with purchase volumes > than Rs. 3500.

Coimbatore respondents

ZOT for kiranas and combination stores in Coimbatore were similar; however, desired and minimum expectations were higher for combination stores. ZOT for ages between 26 to 35 yrs was the smallest followed by 36 to 45 yrs. ZOT was largest for Coimbatore respondents less than 25 years. The desired and minimum expectations were higher for older age groups. Males and Singles had larger ZOT than Females and Married respondents. Females and Married respondents had higher levels of desired and minimum expectations. The largest ZOT was for respondents with incomes less than Rs. 10000. The smallest ZOT was for those in the Rs. 10001 to Rs. 20000 bracket. With increasing incomes, the desired and minimum expectations also increased. ZOT was largest for respondents with purchase volumes less than Rs. 800. ZOT was the smallest for purchase volumes between Rs. 801 and Rs. 3500. Respondents with higher purchase volumes had higher desired and minimum expectations.

Kirana respondents

ZOT for Coimbatore were smaller than Chennai with desired expectations almost on the same level for both cities but minimum expectations higher for Coimbatore than Chennai. ZOT was largest for respondents greater than 55 years followed by 36 to 45 years age group. The smallest ZOT was for the under 25 years. Females and married respondents had larger ZOT than males and singles for all the dimensions. ZOT is the largest for respondents with incomes greater than Rs. 30000 followed by the Rs. 20001 to Rs. 30000
income bracket. ZOT for all kirana respondents irrespective of purchase volumes were only marginally different from each other and were similar.

**Combination store respondents**

ZOT for combination stores in both the cities, between age groups, gender, marital states, incomes and purchase volumes were similar.

**Male respondents**

ZOT for males across service quality dimensions for both cities were similar. However Chennai reflected higher values for both desired and minimum expectations than Coimbatore. ZOT for males irrespective of retail formats were similar. Desired and minimum expectations were marginally higher for combination stores. ZOT for males across age groups were similar. Desired and minimum expectations showed a slight tendency to increase with increase in age. ZOT for males irrespective of marital status were similar. ZOT for males with incomes less than Rs. 10000 was the largest. There is a shift upwards in the ZOT with either desired or minimum expectations or both showing slight increase with increase in incomes. ZOT across purchase volumes were similar, however desired and minimum expectations for purchase volumes greater than Rs. 3500 were higher.

**Female respondents**

ZOT for females were larger in Chennai than Coimbatore. ZOT for females in kiranas were larger than combination stores. ZOT for females was the largest for the age group 36 to 45 years followed by 26 to 35 years. ZOT was the smallest for respondents less than 25 years of age. Desired expectations were similar across age groups but minimum expectations were higher for respondents less than 25 years and more than 55 years. ZOT
for single females were smaller than married females. Desired expectations were similar for all respondents but minimum expectations were higher for single female. Perceived values were much lower placed on the ZOT. ZOT was the largest for the Rs. 20001 to Rs. 30000 income group followed by the Rs. 10001 to Rs. 20000 income group. The smallest ZOT was seen for the less than Rs. 10000 income group. Desired expectations were similar across income groups but minimum expectations were higher for less than Rs. 10000 and more than Rs. 30000 income groups. ZOT for females were the largest for purchase volumes between Rs. 801 to Rs. 2000 followed by Rs. 2001 to Rs. 3500. The smallest ZOT was seen for purchase volumes less than Rs. 800. Desired expectations were similar across purchase volumes but minimum expectations were higher for purchase volumes less than Rs. 800 and for more than Rs. 3500.

Single respondents

ZOT for singles across both the cities were similar. Minimum and desired expectations were slightly higher for Chennai. ZOT was generally smaller for combination stores. Desired expectations were almost similar and minimum expectations for combination stores were slightly higher than kiranas. ZOT was the largest for the age group 46 to 55 years and the smallest for age greater than 55 years. The 46 to 55 age group had the highest score for desired expectations. ZOT for single respondents were generally similar irrespective of gender. ZOT for singles was the largest for the income group of Rs. 20001 – Rs. 30000 and the smallest for incomes between Rs. 10001-Rs. 20000. The perceived value for ‘greater than Rs. 30000’ income group is generally placed lower than other income groups on the ZOT. ZOT for singles was the smallest for purchase volumes
between Rs. 801 to 2000. ZOT for purchase volumes less than Rs. 800 and between Rs.
2001 to Rs. 3500 were similar.

Married respondents

ZOT for married Chennai respondents were larger than married Coimbatore respondents.
ZOT for married respondents of kiranas were smaller than combination stores. ZOT for
married respondents for age groups less than 25 years, 36-45 years and greater than 55
years were similar and larger. ZOT for age groups 26 to 35 years and 46 to 55 years were
similar and smaller. ZOT for married females were greater than males. ZOT for married
respondents was the largest for incomes between Rs. 20001 to Rs. 30000 and smallest for
incomes less than Rs. 10000. ZOT for married respondents was greatest for purchase
volumes of Rs. 2001 to Rs. 3500.

RECOMMENDATIONS

The following suggestions and recommendations have been made.

• Kiranas should focus on the 36 to 55 years age group, married women and those with
incomes less than Rs. 30000 per month.

• Price of goods and location of the store should be an integral and key part of the
Chennai kirana store’s retail strategy while variety and quality of merchandise and
price of goods should be a key part of the Coimbatore kirana store’s retail strategy.

• Coimbatore kiranas need to pay extra special attention to service quality as they are
less tolerant of inferior service.
• Kiranas should devise a low cost promotion campaign to inform their target market about promotional offers, new products, etc. The ideal vehicle for promotion would be billboards, handouts and window displays.

• Combination stores should focus on the younger age group (less than 36 years), the older age group (more than 55 years) and people with a monthly income greater than Rs. 30000. Singles, young couples and retired people form part of the target market for combination stores.

• Variety and quality of merchandise and service of the store should form an integral part of the combination store’s overall retail strategy.

• Grocery retailers/employees have to be sensitized about the various components/dimensions of service quality. They also need to be educated of the importance of service quality to help differentiate their store from the other and overcome competition. The government of India apart from policy decisions like FDI in retail also needs to expand the scope of existing government training institutes to include training for retail employees. This could reduce the cost of training and increase the quality of service.

• Grocery retail employees should be trained to handle customers with care and concern and they should inform consumers about delays.

• Except for the responsiveness dimension where consistent high scores were obtained, all other dimensions of service quality and also responsiveness have a huge scope for improvement by grocery retailers.

• Limited data mining and capturing to be done by kiranas at least to understand who the profitable customers are, to understand what consumers are buying, to better
manage inventory thus reducing/eliminating expired products, stock outs, excess stock and dead stock.

- Technology like barcode readers to be introduced in kiranas to fasten process delivery. Processes like telephone ordering for regular customers to be introduced in order to reduce waiting time for customers and crowding at the store

- Free home delivery for profitable customers can be introduced.

- Special schemes albeit in a limited way to be introduced for profitable customers

- Quality of merchandise to be maintained, identification and removal of expired products to be done.

- A consistent policy for product returns to be developed and communicated to customers

- Clean store surroundings to be maintained, employees to be neatly dressed in order to improve tangibility.

- Purchases can be centralized by joining with grocers in the locality in order to reduce purchase costs due to bulk orders and also individual transportation costs. Such cost benefits can be passed on to consumers thereby reducing prices of goods for consumers.

- Regular feedback to be obtained from profitable and long term customers in order to improve quality of service and to understand the pulse of the target market.

**CONCLUSION**

Groceries are necessary goods that people will buy in spite of a recession or not. However, that does not mean that service is not important in grocery retailing. This study
has proved that for people to choose a store, certain qualifying variables are necessary without which they would never buy at that store. These variables are variety and quality of merchandise, price of goods and location of the store. These are qualifying variables which help bring footfalls into the store, but if there has to repeat customers, then service of the store matters. Therefore, service of the store or service quality plays a vital role in retaining customers and making them loyal customers. Hence, service quality serves as a differentiating variable and helps differentiate one grocery store from the other. Grocery retailers should improve and provide unique service to their customers in order to attract and retain customers on a sustainable basis. Grocery retail is also an industry that needs to pander to local tastes and preferences. Even within a particular city, depending on the target market, there will be differences. For example, during the study one interesting finding was that the Nilgiris store at RS puram, Coimbatore, stocks a lot of Haldiram sweets and savouries (a North Indian brand), but not the store at Vadavalli, Coimbatore. This is because RS Puram is home to a lot of North Indians who prefer Haldirams to the local manufacturers of sweets whereas the store at Vadavalli caters to the native populace and immigrants from Kerala. So the retail strategy of the retail store has to be tailored to meet local preferences and may change depending on which locality it is situated and the target market it caters to. As the market matures, every grocer will be offering similar products and brands at competitive prices; then service quality will be the only differentiator as has happened in other industries. Grocery retailing has come of age in India and improved service quality in grocery retailing will help retain customers and convert them to loyal customers.