ABSTRACT

In the highly competitive retail sector, the provision and measurement of superior retail service quality is crucial for gaining a sustainable competitive advantage. Service gap is an important strategic weapon in retail contexts, particularly in developing defensive marketing strategies. The measurement of service gap in a retail setting is somewhat different from the measurement of service gap in other pure service settings. The most widely known and discussed scale for measuring service quality – SERVQUAL - has not been successfully adapted and validated in a retail outlet environment. The Retail Service Competencies (RSC) and the service gap exist in service sectors have been validated in the USA, Hong Kong, and Korea, but not in the other cultural settings. Only a limited number of studies have attempted to measure service gap in retail service sectors.

The present study was conducted with a total 900 respondents comprising 306 retail outlets and 594 customers of retail petroleum distribution outlets selected in and around Chennai. The study also proposed and tested 13 hypotheses regarding the association, relationship and differences between retail services and customers’ satisfaction and their behavioral intentions.
Entire analysis was made covering both retail petroleum distribution outlets (Outlet analysis) and their customers (Customer analysis). Customer analysis discussed the demographic profiles of retail petroleum distribution outlet customers, their expectations of retail services, five dimensions of retail services and customers satisfaction with regard to the retail services. Outlet analysis discussed the demographic profiles of retail petroleum distribution outlets, various retail services/facilities offered to the customers, gap measurement scales to identify the service gap, pre-dominant factors affecting service gap, retail service competences (RSC), classification of retailers based on RSC, pre-dominant factors causing discrimination among retail service competencies, perception of retailers about the retail service competencies, relationship among the major factors of RSC, association among the clusters of RSC and designing of effective retail service policy.

The research framework for this study is based on some important service gap practices as identified in various past researches namely, expectations of the customers, matching performance to promise, etc.

Based on the results of current study, four important key elements, namely retail service quality standards, retail service employees performance standards, retail service organizational commitments and retail service customer orientation are found to be correlated with the business performances. The results indicate that
these factors will definitely influence the overall business performance in the Indian petroleum manufacturing and distribution industries.

In conclusion, it is said that all service gap analysis help to improve industries business performance including customer satisfaction, service quality and retailers flexibility. From this result, it can be concluded that this study has achieved its main objective which is to study the gap analysis in the selected retail outlets of petroleum product distribution in and around Chennai. Furthermore, the analysis indicates that in general the gap analysis has definitely effect towards business performance, even though some of the factors of service gap did not show any support.

About 90% of the expected services are actually offered to the customers. About 55% of the petroleum retail outlets in and around Chennai are operating their business upto the satisfaction level of their customers’ expectations. Also majority of the customers (mean score is more than 2) strongly agreed and were satisfied with the retail services like right quantity, right price, attractive physical aspects, clean environment, ultra-modern electronic vending machine, free air filling, accepting credit cards, availability of different oils, adequate service people, speed and prompt service and convenient location/area of outlets.
The management should take care of all those services wherein the customers are yet to be satisfied so that they can attract and retain all their customers which will result in really the growth of petroleum retail outlets and also the gap between the customer’s expectation and customer’s perception can be eliminated/minimized. Also the service gap between services offered by the outlets and services expected by the customers can get matched without any gap to the maximum possible extend. Therefore, it is suggested that the management of retail outlets should develop various retail service quality strategies to create more customers and retain all the existing customers.

This is possible only when the top management of each petroleum company goes for Customer Relationship Management (CRM) as an important business strategic approach. The results, managerial implications and suggestions for the present study and directions for the future research are also discussed in this study.