

## **Service Quality (Servqual) and its Effect on Customer Satisfaction in Retailing**

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### **Abstract**

Service Quality within retail units is pivotal for satisfying customers, retaining them and creating loyalty amongst customers. This research uses SERVQUAL to analyze the gap between perceptions and expectations of the customer, concerning with the service at retail units in the South Indian state of Andhra Pradesh. Customer Satisfaction level is assessed for the services offered at select retail units in the city of Hyderabad. Five dimensions in service quality (servqual), tangibility, reliability, responsiveness, empathy, and assurance (Parasuraman, Zeithaml, & Berry, 1985) have been considered for this empirical research. General purpose of this research to know some factors that impact customer satisfaction. The purpose are (1) to describe applied of service quality (servqual) dimension in retail Business (2) to know service quality (servqual) dimensions that make customers satisfied, and (3) to know service quality (servqual) dimensions that are dominant in influencing customer satisfaction. The research methodology was carried out in a survey cross-sectional applied to 369 respondents. The data obtained was analyzed by using reliability method, correlation and regression. Result of research showed that services offered by retail units have positive impact and are significant in building customer satisfaction. Findings of this empirical research reiterate the point of view that Service Quality dimensions are crucial for customer satisfaction in retailing – a burgeoning sector with high growth potential and opportunities in fast growing economies like India's.

**Keywords:** Service Quality (Servqual) Dimensions, Customer Satisfaction

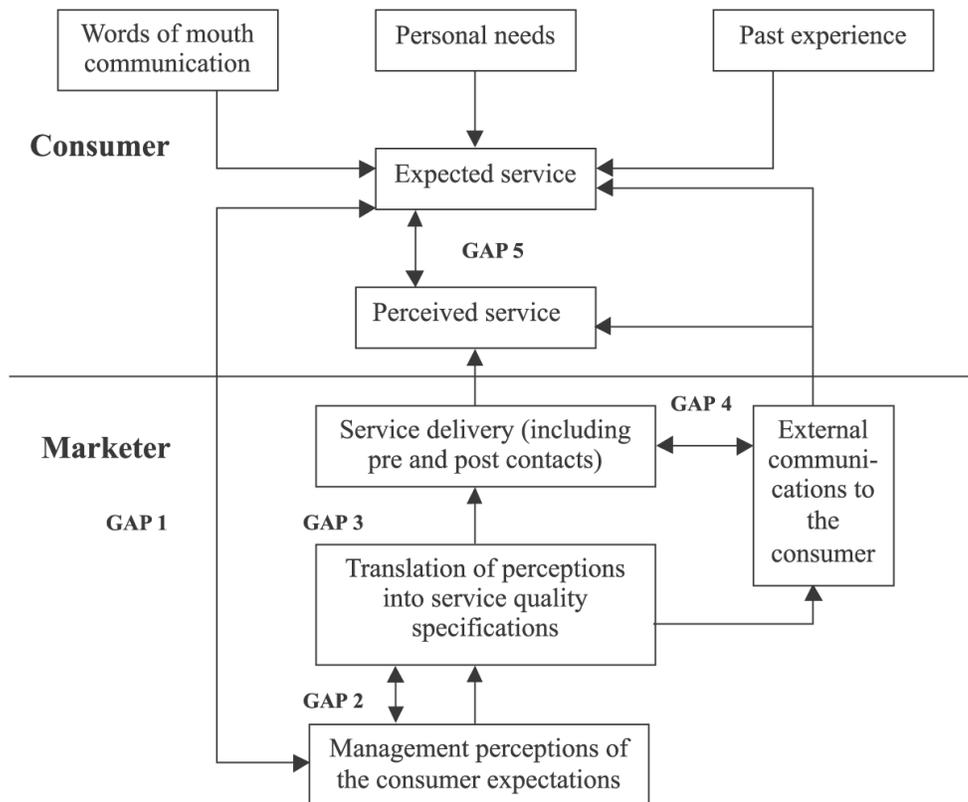
### **Introduction - Measures of Service Quality**

Measuring service quality is difficult due to its unique characteristics: Intangibility, heterogeneity, inseparability and perishability (Bateson, 1995). Service quality is linked to the concepts of perceptions

and expectations (Parasuraman *et al.*, 1985, 1988; Lewis and Mitchell, 1990). Customers' perceptions of service quality result from a comparison of their before-service expectations with their actual-service experience. The service will be considered excellent, if perceptions exceed expectations; it will be regarded as good or adequate, if it only equals the expectations; the service will be classed as bad, poor or deficient, if it does not meet them (Vázquez *et al.*, 2001).

Based on this perspective, Parasuraman *et al.* developed a scale for measuring service quality, which is mostly popular known as SERVQUAL. This scale operationalizes service quality by calculating the difference between expectations and perceptions, evaluating both in relation to the 22 items that represent five service quality dimensions known as 'tangibles', 'reliability', 'responsiveness', 'assurance' and 'empathy'.

**Figure 1: GAP model**



**Source:** Parasuraman *et al.* (1985)

The SERVQUAL scale has been tested and/or adapted in a great number of studies conducted in various service settings, cultural contexts and geographic locations like the quality of service offered by a hospital (Babakus and Mangold, 1989), a CPA firm (Bojanic, 1991), a dental school patient clinic, business school placement center, tire store, and acute care hospital (Carman, 1990), pest control, dry cleaning, and fast food (Cronin and Taylor, 1992), banking (Cronin and Taylor, 1992; Spreng and Singh, 1993; Sharma and Mehta, 2004) and discount and departmental stores (Finn and Lamb, 1991). All these studies do not support the factor structure proposed by Parasuraman *et al.* (1988). The universality of the scale and its dimensions has also been the subject of criticisms (Lapierre *et al.*, 1996) and it is suggested that they require customization to the specific service sector in which they are applied. The five dimensions are elaborated in Table 1.

**Table 1:** Five Broad Dimensions of Service Quality

Dimension	Definition
Tangibles	Appearance of physical facilities, equipment, personnel and written materials
Reliability	Ability to perform the promised service dependably and accurately
Responsiveness	Willingness to help customers and provide prompt service
Assurance	Employees' knowledge and courtesy and their ability to inspire trust and confidence
Empathy	Caring, easy access, good /communication, customer understanding and individualized attention given to cutomers

**Source:** Adapted from Zeithaml et al. (1990)

In SERVQUAL, both - store service performance and consumer expectations of the store service, are explicitly measured to assess the 'gap'. Several researchers find the performance perceptions to be sufficient in assessing service quality as compared to the gap (Carman, 1990).

### Measures of Retail Service Quality

Service quality in retailing is different from any other product/service environment (Finn, 2004). Because of the unique nature of retail service, improvements and measurements of quality in retailing cannot be approached in the same way as that of the services perspective. In retail service, it is necessary to look at quality from the perspective of services as well as goods and derive a set of items that accurately measure this construct (Mehta *et al.*, 2000). For this reason, Dabholkar *et al.* (1996) developed and empirically validated the Retail Service Quality Scale (RSQS) to capture dimensions important to retail customers based on the triangulation qualitative research technique. They conducted qualitative research using three different methodologies - phenomenological interviews, exploratory depth interviews, and tracking the customer through the store. Combining these qualitative findings with the existing literature and SERVQUAL, Dabholkar *et al.* (1996) proposed that retail service quality has a hierarchical factor structure comprising five basic dimensions, namely 'physical aspects', 'reliability', 'personal interaction', 'problem solving', and 'policy', with first three basic dimensions having two sub-dimensions each and overall service quality as a second order factor.

The sub-dimensions of the basic dimension 'physical aspects' are: 'appearance' and 'convenience'; the sub-dimensions of the basic dimension 'reliability' are: 'promises' and 'doing it right'; and the sub-dimensions of the basic dimension 'personal interaction' are: 'inspiring confidence' and 'courteousness/helpful'.

Three SERVQUAL tangible items are used for measures of appearance. Studies assessing the applicability of the RSQS have reported encouraging results. Dabholkar *et al.* (1996) replicated their own study and found all the RSQS dimensions and sub-dimensions to be valid in the U.S. Mehta *et al.* (2000) found the RSQS scale was superior within the context of a 'more goods and less services' environment, i.e. a supermarket, while SERVPERF was better for a retailing context where the service element becomes more important, i.e. an electronic goods retailer. Kim and Jin (2002) report the RSQS a useful scale for measuring service quality of discount stores across two different cultural contexts of U.S. and South Korea, though they did not find distinct personal interaction and problem solving dimensions or support for a distinct policy dimension. Boshoff and Terblanche (1997), in a replication of the Dabholkar *et al.*, (1996) study, report highly encouraging results for the RSQS applicability in the context of department stores, specialty stores and hypermarkets in South Africa. However, the applicability of the RSQS or other scales has never been tested in the context of transition economies.

During the past few decades service quality has become a major area of attention to practitioners, managers and researchers owing to its strong impact on business performance, lower costs, customer satisfaction, customer loyalty and profitability (Leonard and Sasser, 1982; Cronin and Taylor, 1992; Gammie, 1992; Hallowell, 1996; Chang and Chen, 1998; Gummesson, 1998; Lasser et al., 2000; Silvestro and Cross, 2000; Newman, 2001; Sureshchander et al., 2002; Guru, 2003 etc.).

There has been a continued research on the definition, modelling, measurement, data collection procedure, data analysis etc., issues of service quality, leading to development of sound base for the researcher.

### **Importance of Customer Satisfaction**

Satisfying customers is one of the main objectives of every business. Businesses recognize that keeping current customers is more profitable than having to win new ones to replace those lost. Management and marketing theorists underscore the importance of customer satisfaction for a business's success (McCull-Kennedy & Schneider, 2000; Reichheld & Sasser, 1990).

Accordingly, the prestigious Malcolm Baldrige National Quality Award recognizes the role of customer satisfaction as the central component of the award process (Dutka, 1993).

### **Literature Review**

Good customer satisfaction has an effect on the profitability of nearly every business. For example, when customers perceive good service, each will typically tell nine to ten people. It is estimated that nearly one half of American business is built upon this informal, "word-of-mouth" communication (Gitomer, 1998). Improvement in customer retention by even a few percentage points can increase profits by 25 percent or more (Griffin, 1995). The University of Michigan found that for every percentage increase in customer satisfaction, there is an average increase of 2.37% of return on investment (Keiningham & Vavra, 2001). Most people prize the businesses that treat them the way they like to be treated; they'll even pay more for this service.

However, a lack of customer satisfaction has an even larger effect on the bottom line. Customers who receive poor service will typically relate their dissatisfaction to between fifteen and twenty others. The average American company typically loses between 15 and 20 percent of its customers each year (Griffin, 1995). The cost of gaining a new customer is ten times greater than the cost of keeping a satisfied customer (Gitomer, 1998). In addition, if the service is particularly poor, 91% of retail customers will not return to the store (Gitomer, 1998). In fact, if the service incident is so negative, the negative effects can last years through repeated recollection and recounting of the negative experience (Gitomer, 1998; Reck, 1991).

The message is obvious - satisfied customers improve business and dissatisfied customers impair business (Anderson & Zemke, 1998; Leland & Bailey, 1995). Customer satisfaction is an asset that should be monitored and managed just like any physical asset. Therefore, businesses that hope to prosper will realize the importance of this concept, putting together a functional and appropriate operational definition (McCull-Kennedy & Schneider, 2000). This is true for both service-oriented and product-oriented organizations (Sureshchander, Rajendran, & Kamalanabhan, 2001).

The primary issue with developing an operational definition with the specific components of customer satisfaction is to clearly identify the nature of the organization's business. This further extends into the effective collection, analysis, and application of customer satisfaction information.

Services and products are the two major orientations of business. Products – also referred to as goods, are the physical output of a business. These are tangible objects that exist in time and space. These are first created, then inventoried and sold. It is after purchase that these are actually consumed (Sureshchander, Rajendran, & Kamalanabhan, 2001; Berry, 1980). Products might include computers, automobiles, or food at a restaurant.

Services, on the other hand, are less materially based. In fact, Bateson (cited in Sureshchander, Rajendran, & Kamalanabhan, 2001) noted that there is one major distinction between a service and a product. This differentiation is the intangible nature of a service – it cannot be touched, held, and so on. Another difference is the issue that consist primarily of social interactions or actions (Berry, 1980). The consumption of a service involves the interaction between the producer and the consumer. Also, services are produced and consumed simultaneously (Carman & Langeard, 1980). Services might

include computer repair, automobile sales, or the attendance of a server at a restaurant. Delivering quality service is a business necessity (Cullen, 2001).

### **Components and Requirements of Customer Satisfaction**

The concept of customer satisfaction is composed of several components from distinct sources (McColl-Kennedy & Schneider, 2006). Customer satisfaction begins with clear, operational definitions from both the customer and the organization.

Understanding the motivations, expectations, and desires of both gives a foundation in how to best serve the customer. It may even provide information on making improvements in the nature of business. This is the heart of research into customer satisfaction (Naylor & Greco, 2002). The importance of clearly defining the key concepts and elements of satisfaction provide a template by which information can be gathered about what is, and what is not, working. This includes both the hard measures – those that are more tangible and observable (i.e., number of complaints, average wait time, product returns, etc) and the soft measures – those less tangible aspects (i.e., friendliness, helpfulness, politeness, etc) (Hayes, 1998). These definitions often start with the most vague and general, and become more to the highly specified and precise examples. The bottom line is that in order to know about customer satisfaction, one needs to know what to look for (Mitchell, 1999). The organization needs to seek this information from both within and without.

The organizational requirements of customer satisfaction are the internally based processes, components, standards, and criteria that a business strives to achieve. These are the performance goals and benchmarks set forth by the business, for the business. These are the elements of corporate culture (Hayes, 1998).

Meeting or exceeding these is often an indicator of success or failure. At times, these indigenous components of customer satisfaction may overlap with those set forth by the customer; at others they may be divergent.

Those processes, components, and standards that are deemed important by the customer are another important source of information. In order for a business to meet the needs and desires of the customer, the business must know the needs and desires of the customer. This information is vital not only for successful business, but also for understanding and improving customer satisfaction. This important component helps to set the standards and components of satisfaction from the perspective of the consumer (Hayes, 1998).

Satisfaction dimensions are developed from the previously identified requirements. These are the specific components that make up the requirements. For example, if a customer and organizational requirement is for customer service, the satisfaction dimensions may include interactions, timeliness, and responsiveness. These are the clusters that define the requirements (Hayes, 1998).

Critical incidents are the specific operations that relate to the satisfaction dimensions. These are often the concrete and measurable behaviours and actions of employees, groups, or organization. This may also include policies, procedures, and protocols in place within an organization (Hayes, 2008).

From this continued definition and distillation of various sources of data, the actual development of a customer satisfaction instrument or tool can begin in earnest. As always, the planning of the research is the most important component in a successful information-gathering process. It is further helpful that a model of customer satisfaction that incorporates the organizational and customer requirements exists and is applicable in practice.

### **Statement of the Problem**

Research has always been concentrated in measuring Customer Satisfaction or SERVQUAL for customer services. What most researchers agree and have a consensus on is that SERVQUAL being a crucial element in Customer Satisfaction even when the offering involved a combination of a product and service. The current study aims at measuring the influences of SERVQUAL in Retailing with

Customer Satisfaction taken as the effective outcome measure. Every marketing effort is directed to be customer focussed and hence it is imperative that retailing strategy or SERVQUAL initiatives result in higher customer satisfaction levels.1.

## Scope of the Study

SERVQUAL has two components to it:

Customer Expectations

Customer Perceptions

Customer Expectations are those that the customer expects as “should be” and “can be” type of services. Service offered varies with providers and the amount of variation that customers can tolerate is known as Tolerance.

The gap between what is thought to be adequate service and desired service is known as Zone of Tolerance. The more important the SERVQUAL dimension, the higher is the desired service level and narrower the zone of tolerance. For the less important SERVQUAL dimension, the desired level of service is much lower and the zone of tolerance is broader too. What the researcher presumes here is that retailers do study customer expectations and then design service offerings. Therefore, the first component – customer expectations are not researched in this current study. The present study concentrates on Customer perceptions of the following SERVQUAL dimensions, price and product quality.

- Tangibles
- Reliability
- Responsiveness
- Assurance
- Empathy

The study is also confined to three retailing formats.

**Format I:** Department Stores with broad variety, deep assortments, high service, low to high prices, located as regional malls with an average of more than 30,000 SKUs.

**Format II:** Specialty Stores with narrow variety, very deep assortment, high service, high prices, located as standalone malls with an average of 15000 SKUs.

**Format III:** This format is confined to the food products, pulses and other grocery items. It also has its offerings vegetables, fruits, and bakery items.

The researcher selected a retailer operating successfully in all the three formats to assess the influence of SERVQUAL dimensions on Customer Satisfaction and Repurchase Intention. Also covered under this study was the assessment of the impact of Customer Satisfaction and Repurchase Intention on positive word of mouth communication. The organization selected was Pantaloon’s retail. Further, the researcher selected competitors to Pantaloon’s in each format to carry out a comparative study. Pantaloons’ and Competitor brands of retailers chosen under each format are

Format I: ***Big Bazar***, Vishal Mega Mart and Wah Magna

Format II: ***Pantaloons, Brand Factory, Central***, Shoppers’ Stop, Life Style

Format III: ***Food Bazar***, Spencers, Reliance Fresh, More, Magna

(Retail outlets in italicized are Pantaloons’ outlets, and others are competitors)

The researcher found that Pantaloons’ had its highest number of outlets in all the three formats operational in the South Indian city of Hyderabad. For carrying out a study of SERVQUAL in Retailing for Pantaloon’s , it is obvious that Hyderabad is the right choice to conduct the survey for determining the influences of SERVQUAL dimensions on Customer Satisfaction and Repurchase Intention, and the influence of Customer Satisfaction and Repurchase Intention on Positive word of mouth. The researcher divided the geographical region of Hyderabad and selected a stratified random sample as shown in Table 3.

## Data Sources

### Secondary Sources

Information has been gathered from various journals like Academy of Management Journal, Journal of Marketing, Journal of Retailing, Vikalpa, Management Review, and Journal of Marketing Research. Secondary information has also been gathered from Business magazines like 4P's, The Retailer, Business India and Business Today. The researcher has also referred to various websites that have previous research studies and empirical investigations. Research carried out by Ernst and Young, and by Morgan Stanley along with Pantaloon's annual reports forms the basis of secondary data.

### Primary Sources

A structured questionnaire was constructed taking into account SERVQUAL dimensions such as Tangibles, Reliability, Responsiveness, Assurance, Empathy, other dimensions like Price, Product Quality and Customers perceptions of outlets to assess Customer Satisfaction, Repurchase Intention and Positive word of Mouth. The method employed was personal interviews conducted for the respondents. The research instrument is attached in Annexure I for itemized statements and scales.

### Sample Size Determination

A pilot study was carried out on a random basis for 30 respondents and the characteristic taken in the pilot study was whether the respondents visited Pantaloon's retail outlets or not.

**Table 2:** Pilot Study

	Visited atleast once	Never visited	Total
Respondents	18	12	30

P = Percentage of population who have visited Pantaloon's outlets as one of their choice

$P = \text{Visited at least once} / \text{Total pilot study respondents} = 18/30 = 0.60 = 60\%$

Sample size determination (For Infinite Population )

$n = \{Z^2 * (P) * (1-P)\} / C^2$

Z = 1.96 (For 95% confidence levels)

P = Percentage of population with a particular choice

C = Confidence levels expressed as a decimal

Taking 95% confidence levels and P = 0.6 (based on the pilot study)

$n = \{1.96 * 1.96 * (0.6) * (1-0.6)\} / 0.05 * 0.05$

$= \{3.8416 * 0.6 * 0.4\} / 0.0025$

$= 0.921984 / 0.0025$

$= 368.79$

**n ≈ 369**

As Pantaloon's has 4 major formats in retailing, the researcher has divided the sample as indicated below

**Table 3:** Sample Strata

	Types of outlet	Geographical Location	No. Of. Respondents	Total
1.	Big Bazar	a.) Abids b.) Ameerpet c.) L B Nagar	31 31 31	93
2.	Brand Factory	a.) Abids b.) Banjara Hills	46 46	92
3.	Central	a.) Panjagutta X Roads	92	92
4.	Pantaloon's	a.) Himayat Nagar	92	92
<b>TOTAL</b>				<b>369</b>

## Research Objectives

The objective of this study is to assess the influence of service quality on customer satisfaction. In accordance with this objective, the empirical survey encompasses the following objectives:

- a. Describe service quality dimensions in retailing business that perhaps influence customer satisfaction
- b. Assessing servqual dimensions that contribute to customer satisfaction, and
- c. Assessing the dominant service quality dimensions that influence customer satisfaction in the retail sector.

## Hypothesis

The statistical hypothesis is:

**H<sub>0</sub>:**  $r_s \leq 0$ , “Service Quality of Retail Units has impact on Customer Satisfaction.

**H<sub>a</sub>:**  $r_s > 0$ , “Service Quality Retail Units has positive impact on Customer Satisfaction.

## Methodology

Research methodologies used in this study are descriptive method and historical method. Descriptive method is a method that describes the study systematically, factually and accurately utilizing facts, behaviors and relationship between the phenomenon being studied (Sumadi Suryabrata, 2003).

Analysis methods used:

1. Pearson Product Moment Correlation Analysis: To calculate the coefficient that shows the degree of proximity between variable service quality (x) and variable customer satisfaction (y). Correlation coefficient calculation (Davis: 2005):
2. Determination Coefficient Analysis: To calculate the influence variable service quality (x) to variable customer satisfaction (y).

**Table 4:** Operational variables used in this research

VARIABLE	CONCEPT	SUB VARIABELE	INDICATOR	SCALE
Service Quality	Conceptualized as the comparison of service expectations with actual performance perceptions	1. Reliability	<ul style="list-style-type: none"> <li>• Speed of Service</li> <li>• Accuracy of Transactions</li> <li>• Speed of Services</li> </ul>	Ordinal
		2. Responsiveness	<ul style="list-style-type: none"> <li>• Speed of Response to Complaints</li> <li>• Concern and Desire for Assisting</li> </ul>	
		3. Assurance	<ul style="list-style-type: none"> <li>• Concern for Customers</li> <li>• Staff attitude</li> <li>• Security for transactions, parking etc</li> </ul>	
		4. Empathy	<ul style="list-style-type: none"> <li>• Ease of Communication</li> <li>• Attention and Patience of the sales staff</li> </ul>	
		5. Tangible	<ul style="list-style-type: none"> <li>• Availability of kids corners, parking spaces, recreational facilities, food courts.</li> <li>• Cleanliness, ambience, maintenance etc.</li> <li>• Range of products, layout, shelves, aisles, display signs, promotional islands, assortments.</li> </ul>	

			• Staff Performance	
Variable Y: Customer Satisfaction	Conformance between the expectations of customers with perceived performance		Expectations of Services Perceived Performance	Ordinal

## Results

Questionnaires distributed to 369 respondent customers and the findings are tabulated hereunder.

**Table 5:** Customer Expectation to the Quality Retail Services

No.	Statement	Average
1	Promptness of service	4.81
2	Accuracy of Transactions	4.83
3	Speed of processing transactions	4.58
4	Speed of Response to Complaints	4.69
5	Concern and Desire for Assisting	4.69
6	Staff concern for customers	4.76
7	Staff attitude to customers	4.79
8	Security in transactions, parking etc	4.22
9	Ease of Communication	4.50
10	Attention and Patience of staff	4.71
11	Availability of kids area, food courts, parking, ATM counters etc	4.53
12	Cleanliness, ambience, etc	
13	Range of products, assortments, etc	3.64
14	Staff Performance	3.62
		<b>4.42</b>

From the table above, on average, customer expectations are at 4.42 level (from the range 1 (not important) to 5 (very important)).

**Table 6:** Customers Perceived Service Quality in the Retail Unit:

No.	Statement	Average
1	Promptness of service	4.15
2	Accuracy of Transactions	4.14
3	Speed of processing transactions	4.04
4	Speed of Response to Complaints	4.10
5	Concern and Desire for Assisting	4.03
6	Staff concern for customers	4.04
7	Staff attitude to customers	4.03
8	Security in transactions, parking etc	4.05
9	Ease of Communication	4.06
10	Attention and Patience of staff	4.05
11	Availability of kids area, food courts, parking, ATM counters etc	4.03
12	Cleanliness, ambience, etc	4.04
13	Range of products, assortments, etc	4.10
14	Staff Performance	4.12
		<b>4.15</b>

From the table above, on average, customers perceived service quality ratings are at 4.07 levels (from the range 1 (not good) to 5 (very good)).

The Influence of Service Quality in Retail Units:

The relation between service quality and customer satisfaction / correlation coefficient

(r) is 0.677 or 67.7% (middle up relation) and has positive relation.

**Table 7:** Correlations

	X	Y
Pearson Correlation X	1.000	0.677
Y	0.677	1.000
Sig. (1-tailed) X		0.21
Y	0.21	
N X	78	78
Y	78	78

Determination Coefficient is used to measure the influence of independent variable x (service quality) to the dependent variable y (customer satisfaction). The result shows that the service quality has influenced of 45.84% on the customer satisfaction, while the remaining 54.16% is influenced by other factors.

**Table 8:** Model Summary

Model	R	R Square	Adjusted R Square	Std Error of Estimate
1	.677a	0.458	0.315	0.22181

Regression Linear equation defined from Table 8 is  $Y = 1.365 + 0.23X$

**Table 9:** Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	5% Confidence Interval	
	B	Std Error	Beta			Lower Bound	Upper Bound
(Constant a)	1.365	0.655		2.011	0.044	-0.055	3.022
X	0.230	0.211	0.545	2.122	0.051	0.021	0.811

a. Dependent Variable: Y

## Conclusions

1. Based on the results obtained by researcher, the following conclusions are:
  - a. Customers have highest expectations on the promptness of service, accuracy of transactions, security issues and concerns; the customer’s lowest expectations are cleanliness, ambience, etc. It must however be noted here that this rating is a comparative assessment and therefore this dimension of service quality scores lower in comparison to promptness, security and other security related issues. The dimension ‘Staff performance’ in our informal interviews was reported to be satisfactory by the respondents and therefore did not expect substantial improvements in their performance.
  - b. Customers reported highest satisfaction for promptness and speed of service along with accuracy of transactions at cash counters. They were also satisfied with the processing of transactions and efforts to expedite processing whenever the traffic at the counters increased. The lowest satisfaction levels were reported at the willingness of staff to assist customers in accessing facilities, assortments, information on products, stock positions etc.
2. It is very obvious from the results that Pantaloons Future Group is doing very well in the retail segment and has been able to deliver quality service in their retail outlets. Dimensions like attention to details, promptness in addressing complaints; initiation of corrective action on faulty transactions and goods is sought by the respondents. These issues could be prioritized as

the most important ones for offering better and improved service quality to customers and to make shopping a pleasurable experience.

3. Improvements that can be done by management are:
  - i. Improving communication amongst staff members, using updated systems to process complaints, and ensuring error-free transactions.
  - ii. Training of staff to enable them in assisting customers and provide them with relevant and timely information. Courtesy, etiquette and communication skills could be honed through continuous training of the staff.
  - iii. Improvements in the ambience of the outlet, better shelves and space management, clear electronic sign posts, clean walkways and aisles, lighting, promotional islands, etc should improve overall shopping experience for customers.
  - iv. Provision for children's area, food courts, adequate parking space, security, and ATM facilities could provide hassle free shopping experience for customers.

## **Limitations**

Customer expectations and Customer Perceptions are subjective and are in a state of constant flux and change. The findings therefore can be generalized to a given period, a pre-defined market, and economic scenarios. A longitudinal study could probably overcome or alleviate this limitation. The study also is confined to the Indian scenario and with Hyderabad as the focal point. Geo-demographic could have a great deal of influence on the customer expectations and perceptions. It is also not amiss to mention here that the zone of tolerance could vary from one customer to another. This variation has not been assessed in the current study. The study also confines itself to three defined formats and does not cover various other formats that exist in the retail sector.

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