Retail Service Quality Dimensions in Food and Grocery Segment: A Review

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Abstract: This paper aims at reviewing the retail service quality dimensions in food and grocery segment. They can be broadly classified into physical (materialistic attributes) and non-physical (non-materialistic attributes). The non-physical aspects can be improvised by scheduling quality training for sales personnel, appropriate complaint handling and customer friendly strategies. The physical aspects can be strengthened by developing infrastructure, provision of basic amenities and comfortable store environment. Marketing mix variables viz. price attributes, product attributes and promotional strategies can also be considered. Review concludes by discussing Managerial implications.

Keywords: Organized Retail, Retail Service Quality, Service Quality Dimensions, Unorganized Retail

1. Introduction

1.1 RSQS: A Service Quality Scale

Dabholkar, Thorpe and Rentz (1996) found out that retail service quality follows a hierarchical factor structure. According to this model, retail service quality can be represented at three levels i.e a dimensional level, a sub-dimensional level and an overall level. The Retail Service Quality Scale (RSQS) proposed by Dabholkar, Thorpe and Rentz (1996) measured retail service quality rendered to the customers and suggested the means to understand the customers level of perceptions on various dimensions of service quality and identified five dimensions of (RSQS)

1) Physical aspects
2) Reliability
3) Personal Interactions
4) Problem Solving
5) Policy

They also segregated each dimension into sub-dimensions to combine related attributes into sub-groups.

- The first dimension — physical aspects — is related with the appearance of the physical facilities and the ease provided to the customer by the layout of these physical facilities.
- The second proposed dimension is reliability which has two sub-dimensions and other variations. Customers view reliability as a combination of keeping promises and doing it right (Dabholkar, Thorpe and Rentz 1996).
- The third proposed dimension is personal interaction which has two sub-dimensions — service employees inspiring confidence and being courteous/helpful. These sub-dimensions are very closely related and interpret as to how the customer is treated by the employee.
- The fourth proposed dimension is problem solving which addresses the problems related with the handling of goods returned and exchanges as well as complaints.
- The fifth proposed dimension is policy pertains to those factors which are directly influenced by store policy.

Thus, concluding all aspects the proposed measurement tool by Dabholkar, Thorpe and Rentz (1996) may be apt for studying retail businesses that offer a mix of services and goods, such as department or specialty stores.

2. Objectives

1) To understand the customer perception of service quality in organized and unorganized retail through review study of the Indian and Foreign researches done in the past to enable retailers adjust their retail settings in accordance with the required service quality dimensions.
2) To identify the bridging variables of the customer perceptions and customer expectations from organized and unorganized retailers with respect to service quality.
3) To add inputs for improvement of the services provided by the organized and unorganised retailers in order to maximise the customer satisfaction.
4) To analyse the common outcomes of the studies to aid the retailers in enhanced understanding of consumer attributes.

3. Research Methodology

Previous literature on Service quality in retail has been thoroughly reviewed from secondary sources like Indian and International Journals of repute, books, reports, company websites etc. The sources are compiled and an in-depth study followed by a thorough analysis was performed. Finally on the basis of review of literature, some innovative factors (Table 1) were found to be considerably significant with regard to service quality of the retail sector.
4. Scope of the Study

1) The study provides suggestions to the organized retailers for the improvement of their service quality.
2) The study helps the researcher to know how the aspects of customer perception are linked with organised retailing
3) The study throws light on various service quality dimensions of organised and unorganised retail.

5. Literature Review

Goldman A(2001) explained that retail format has the ability to make the company to earn return on investments higher than the cost of investments and recognizes the ability of the sellers. It acts as a driver, which attracts the shoppers.

Turley L Wet al. (2002) concluded that the retail environment created by retail managers is a critical strategic variable. The present paper concentrated on the managerial dimensions of store atmosphere by linking retail strategies and atmospheric design with consumer behaviours and events. The emphasis is about the requirement for retail managers to have specific goals for the store atmosphere in mind before creating a store design.

Bradford Kevin et al.(2004) had written that the retailers desire to connect with networks made of multiple firms so that they can perform business activities such as supply chain management. This research tests a framework showing the effects of conflict in networks and how conflict management can mitigate. A study of 81 simulated networks has been done, which tells that interpersonal and task conflict have a negative effect on network member satisfaction and the desire to be a member of the network.

MorschettD et al. (2006) concluded after a thorough study that build up a system for focused techniques in food retailing. Managers of sustenance retail diverts were overviewed to determine the fundamental measurements of game changers that organizations endeavour to accomplish in this industry segment. In a moment study in light of buyers, the focal measurements of retail location observation were examined. Both studies uncover that three fundamental sorts of game changer appear to win in nourishment retailing: (1) value, (2) quality (with an extensive arrangement of value orientated instruments, including client benefit), (3) comfort. We discover quality leadership and price leadership to be autonomous components which can be accomplished without clashing with each other.

Gentile C et al. (2007) studied that nowadays the experience factor plays an increasingly significant part in defining the success of a company’s offering. This work sheds more or less light on the concept of Customer Experience, and on how the right surroundings and setting for the desired Customer Experience should be produced in such a manner as to conduce to the value creation for customers and the company itself.

Teller C et al. (2008) prepared a report that seeks to lead to a more thorough understanding of the on-site (in vivo) evaluation of retail agglomerations once shoppers have already reached their destination options. To come up with this topic, a modification of more formal concepts of retail attractiveness that considers situational contexts is proposed and empirically examined. The survey contained more than 2,000 on-site interviews of customers of an inner city shopping street and a competing peripheral shopping mall. The results indicate that the tenant mix and the atmosphere exert a major impact on distinct dimensions of perceived attractiveness, unlike parking and accessibility. Furthermore, the findings provide evidence that factors characterizing aspects of the individual shopping situation significantly affect evaluation on-site.

Anand et al. (2009) explained that in spite of the great change in Indian retail format still only 5 percent of the retail market is covered by the organized retail. Unorganized retail formats like open market, Kirana shops and Weekly Bazaars are the major sections of the retail securities industry in India. The priorities and preferences of the customers are also changed according to the retail formats. Therefore, it is hard to predict the attitude of the customers.
For an instance, the customers may visit grocery shop either for mass or small purchase.

Sivaraman (2010) examined the impact of organized retailing on unorganized retailing. Granting to the author there are a few important elements which are valued by customers while shopping from any retail outlet like assortment of the products shop proximity, brand choices, price, store ambience, credit availability, store image, and compliments.

Gupta et al. (2012) concluded that Unorganized vicinity of organized retailers have been adversely affected in terms of their volume of commercial enterprise and earnings. Unorganized retail has maintained employment levels, perhaps as a result of competitive reaction. The adverse unorganized retailers taper off over time. The major components that attract unorganized retailers to consumers are proximity, home delivery, credit sales, loose items, price bargaining, convenient timings and goodwill. Consumers have generally acquired with the emergence of organized outlets through the availability of more dependable quality products, lower prices, one choice of additional marks and products, and new stores. Lower income consumers have saved more from purchases at organized outlets.

Manocha et al. (2012) studied that organized retailing is not a threat to unorganized retail for most of the consumers are loyal towards them and shall never stop to go to conventional Kirana shops. Organized retailing is beneficial for India because it is not alarming to produce conflict with unorganized stores, but restructuring unorganized stores into nascent organized stores. The author has identified the slow pace of development of organized retail in India.

Venkatachalam et al. (2012) highlighted on prices, quality of groceries & availability of exotic species of fruits and vegetables, display of items, hygiene, home delivery & credit facility offered by both the organized and unorganized retailer. Change in customer preference has been discovered while shopping fresh grocery from unorganized or organized retailers. The organized retailing is striving to attain everything, which is indispensable for best survival and evolution.

Tandon et al. (2012) highlighted the preference of consumer towards unorganized and organized retailing. In relationship, study of a researcher majority of the customer of all ages prefer Kirana stores on weekly and monthly basis, but the younger generation has started prefers organized retailers. Thus, it can be read from the paper that age has a significant role towards store preference.

Unnisa (2013) explained that consumer psychology towards supermarkets has focused how people’s thoughts, beliefs and perception influence consumer behaviour. The use of consumer psychology is discussed in this paper that how it affects a consumer towards buying from any issue.

Seema et al. (2013) explained that India as a business opportunity for global retailers. The growth of Indian retail has been talked about in the report. The organized sector current situation has been also concluded as growing at a frenetic rate. From a mere activity of selling in small markets to a more sophisticated task of bidding online, retailing has displayed several successful forms and aspects. India has been discussed as a young nation having 60% population within 35 years and a huge market.

Narayana et al. (2013) studied that unorganized retailers who are located nearby organized retailers are adversely affected with respect to profit margin and volume of sales. Some of the factors like location convenience, bargaining of price, relationship & goodwill, credit facility, loose items, convenient timings, and home delivery are some factors, which are luring the customers towards unorganized retailers.

Talreja et al. (2013) found that as organized and unorganized retailers have their own competitive advantages, they should coexist in the long future of the Indian Retail market. As The Kirana stores have a low investment, location advantage, and customer understanding, whereas organized retail with a broad product width and depth also provide a good shopping experience and a healthier environment. Organized retailing is becoming a destination store for purchasing fresh fruit and veg.

Kanetkar (2013) found that the most energizing aspects of the new computerized world is that buyers can associate immediately with other individuals who stay around the square or around the individuals. Advantages of composed retailing to shopper and society can be abridged as lovely insides with excitement office extremely satisfying atmosphere, Mall offers considerably more than simply shopping. Huge gaming zone where children can use the time at the ideal, Malls are continually being built at prime area and in prominent ranges.

Mohd Rumzi Taushif et al. (2013) attempted to investigate the relationship of various factors, with the impulse buying tendency of consumers in the Delhi region. There is an empirical evaluation of the perception of the customers towards various in-store stimuli like price, merchandise, packaging, displays and ambience across stores located in Delhi. The study concludes that atmospheric cues in the retail format act as an important stimulus that generates a desire to buy impulsively.

Shweta et al. (2014) studied that Indian customers are most of the time emotionally driven to any product & it has paved the way for retailers to conduct on various promotional tactics for drawing in general mass & converting them into clients. Impulsive buying can be cited as a deeply rooted phenomenon in the individual trait of the consumers.

Ihsan-ur-Rehman et al. (2014) found that the global retailers considering the Asian market are a most attractive play area for making profit. It has been concluded after applying suitable statistical tools that Product assortment is strongly correlated with store atmosphere, location and purchase intention. Besides the storage atmosphere is strongly correlated with product variety, location and purchase intention.

Kumar (2014) found out that customers like to purchase natural products & vegetable from cooled stores on account

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of its quality items, however, because of the high costs; regardless they feel traditional to purchase these sorts of items either from the neighbourhood versatile vegetable dealer or from the closest vegetable business. The study further uncovered that proximity was a most essential relative favourable position of disorderly outlets. From the review it was built up that when contrasted with the sloppy retail design the vast majority of the respondents possessed a decent picture about the organised retailers.

Ubeja(2014) performed a survey whose objective were to investigate the client satisfaction with respect to sales promotion mix in shopping malls and to contemplate variations in the customer satisfaction with respect to sales promotion mix across different demographic variables. The authors have selected 18 factors of sales promotion mix and tried to assess the customer satisfaction in shopping malls. With the help of factor analysis, it was found that five new agents were lucky and bumping, frequent and warranty, monetary and quantity benefit, gift and exchange, and finally discount offers.

Somasekhar et al.(2014) studies majorly shopper preferences and issues towards organized and unorganized marketing in Chittoor district of the province. The survey reveals that Quality, one purpose buying all customers’ desires and value (value for money) as a reason to go to in organized retail format, whereas Proximity, dialogue Advantage and long run association as a reason to go to in unorganized marketing by shoppers.

Kumar (2015)explained that the arrival of private brands is generating demand and sourcing tie-ups with manufacturers across products. Since the organized retail sector is experiencing the fear of price rise and competition from unorganized retail formats, so it is imperative upon organized and unorganized retail to coexist in the current competitive scenario. The modern retail sector enjoys the opportunity of more dependable product quality, product options and employment generation, thus attracting investors. The phenomenal development of organized and modern retail has a favourable multiplier effect on the Indian economy.

Bansal et al. (2015) indicated that service quality and satisfaction are indeed distinct constructs and that quality is an antecedent to satisfaction. In addition, quality was found to be the key driver of switching intentions. No evidence of an interaction between quality and satisfaction in their influence on switching intentions were found.

Singh et al. (2015)studied that the percentage of organized retail has gone up from 3.5% in 2005 through 5% in 2008 to 10% in 2013. This is majorly attributed to increased facilities and options under one roof for the customers. Infrastructure development has cut travel times and good parking facilities, entertainment options and parks attract people to places of organized retail.

Lusch et al. (2015) presented a partial model of selected elements of retail store conduct and their impact on performance. It was hypothesized that each variable positively impacts store performance. The model was empirically tested with data from one retail organization comprising 211 stores. Results shed light on the similarities and differences between predictors of customer patronage and store performance and raises questions concerning the relationships of the marketing effectiveness variables.

Bansal et al.(2015) investigated whether other variables besides service quality and satisfaction play a role in determining customer switching intentions. A sample size of 191 customers of three different services was used to assess the relative importance of the following variables: service quality, satisfaction, value, alternative attractiveness and perceived switching costs, propensity to seek variety. For all three services, service quality and satisfaction were super ceded by other variables as influencers of switching intentions.

6. Discussion

The literature review shows studies conducted for retail service quality dimensions. The paper provides insights into the various dependent variables of perceived service quality. The retail service quality research sensitizes marketers to the fact that consumers are drawing satisfaction not only from the service quality provided by the retailer at the retail format but also product attributes, price attributes and promotional and retention strategies. Thus, the consumer comes to the retail store with a set of expectations that extend till the type of promotions (buy one get one free, price off etc.), good product quality and reasonable product price. During their stay in the store, they are analysing the nature of the services provided by the retailer, the store ambience, management of the entire, POP displays, effectiveness of announcements, behaviour of the staff and complaint handling. On the one hand, they are deriving satisfaction from the sales due to their expectations, perceived quality and value for money derived from the sales. However, on the other hand, there is a marked gap between the customer expectations and perceptions. Hence it is impending on retailers not only to provide the expected service quality but also offer best price with best product quality along with the customer friendly Promotional and Retention Policies (Fig.1). Thus, broadly stating, service quality dimensions can be divided into physical and non-physical. The Physical aspect dimensions includes service attributes like trained sales personnel, merchandise arrangement and set up, packaging, displays and ambience, vehicle parking facility, location of the retail format, restroom facility, waiting lounge facility, drinking water facility, entertainment and recreation means, cleanliness and security, payment options like credit card, debit card, cash on delivery, error free billing, finance facility, exchange and return facility, home delivery. The non-physical aspect dimensions include convenient store hours, proximity and healthy store environment, including fragrance, lighting, temperature and humidity, behaviour of sales personnel, query and complaint handling.
7. Managerial Implications

The customer perception of retail service quality is an important section of the emerging and the existing retailers in the marketplace. As the review study reveals that perception of service quality is influenced by the various parameters among different categories of customers, even some of the general factors like personal interaction, the physical aspects are the dimensions on which customer perception remains constant and common to the entire customer on a majority basis. So the retail outlets have to frame their own strategies in order to attract the customers on a long basis. The non-physical aspects of service quality can be improvised by scheduling quality training for store sales personnel at a regular interval of time, skill development modules and appropriate complaint handling policies for customers and incorporating customer friendly strategies. On the contrary, the physical aspects can be strengthened by developing retail infrastructure, remodelling of retail facilities, provision of basic amenities for the customers, healthy and comfortable store environment. Hence, the retailers are supposed to upgrade their service quality dimensions so that the gap between expected and perceived service quality dimensions are minimized to the extent so as to satisfy the customers for long term existence and survival of organized retail formats.

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Books


Conferences / Conference Proceedings


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