A STUDY ON CUSTOMER PERCEPTION ON RETAIL SERVICE QUALITY
IN SELECT ORGANIZED RETAIL STORES IN COIMBATORE CITY

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ABSTRACT

This study on customer perception on retailer service quality aims to identify the dimensions in which the services provided by the organized retail outlets to the customers and also it revels the dimensional measure and the perception of the customers further this study explores the factors that derive the perception of the customers on retail service quality

KEYWORDS: Retail Service Quality, Customer perception, organized retail

INTRODUCTION

Retail industry plays a significant role in increasing productivity across a wide range of consumer goods and services, and it is a big business in developed countries, and it is in a much more organized format in India, and Most of the retailing in India happens in the un-organized sector with over 12 million retail outlets of various sizes and formats Retailing involves direct interface with the customer and co-ordination of business activities from end-to-end right from the concept or design stage of the product and delivery of service to the customers

Retailing in India – Present

The metros and the tier I cities continue to sustain retail growth, there is a shift from the great cities to lesser known ones, the spending power is no longer limited to metros, every Tire II cities in the country has good market for almost every product and service due to this tire II cities like Chandigarh, Coimbatore, Pune, Kolkata, Ahmadabad, Baroda, Hyderabad, Cochin, Nagpur, Indore, Trivandrum etc. provide a good platform for a brand to enter Indian market

Organized retailing in India

Organized retailing refers to trading activities undertaken by licensed retailers those who are registered for sales tax, Income tax and it includes the retail chains, corporate backed hyper market and directly owned large retail business, Organized retailing comprises of shopping malls, Multi-storey mall, and huge complexes that offers a large variety of products in terms of quantity and value of money
Growth and Contribution of Organized Retail in India

The growth of organized retail is expected to the extent of 637 billion in 2015. According to the survey of associated chamber of commerce and industry in India and the size of the organized retail in India will exceed further and the organized retail industry initially concentrated in metropolitan cities like Bangalore, Mumbai, Delhi, Kolkata and they entered small towns to curb rural population.

As the expansion of organized retail outlets was happening in smaller cities and towns and it became imperative to understand the perception of the customer about the retail service quality in such smaller towns in comparison with metros where organized retail outlet across the cities.

As the Indian council for research and international Economic relations (ICRIER) retail sector is expected to contribute 22 percent of the India’s GDP.

Retailers Association of India (RAI)

The state having one of the best infrastructure in terms of road rail connectivity, water, skilled Labour pool and telecommunication network, many big retail brands have been established their presence in the state, besides, the initiatives taken by the state government to recognize the retail sector as an important thrust area and its pragmatic approach to support the industry too help the growth.

Stumbling Blocks

The state, which is said to be the birthplace of modern retail in India holds great potential for further growth in Retail industry however, unavailability of big land parcels to construct malls or even stand-alone shops at the right location, and financial options are the major stumbling blocks.

Retail service quality

Retail service quality is termed as the customer’s overall impression and satisfaction of the relative inferiority or superiority of the organization of its services and which is more important to retail outlets.

Retail service quality measurement Scale

The retail service quality scale of measurement were able to identify the dimensions were the control of service quality in retail services provided by them to the customers and also creates the pathway to identify the customers where and what they perceive through the services provided by the retail outlets on various dimensions.

Realizing the need for developing a scale to measure retail service quality, Dabholkar et.al (1996) made extensive research to develop the retail service quality scale and he identified five dimensions of (RSQS)

1. Physical aspects
2. Reliability
A Study on Customer Perception on Retail Service Quality in Select Organized Retail Stores in Coimbatore City

3 Personal Interactions

4. Problem Solving

5. Policy

Physical aspect dimension included the appearance of the physical facilities as well as the convenience of the stores layout

Reliability dimension is concerned with the stores ability to keep promises and do things right

Personal Interaction dimension is concerned with whether or not the store has courteous and helpful employees who inspire confidence and trust

Problem solving dimension includes assessing the store’s performance on the basis of its ability to handle potential problems

So the retailers can use this instrument as a diagnostic tool to determine service areas that are weak and need to develop

Retail Industry in Coimbatore

Coimbatore is the Second largest city in Tamil Nadu after Chennai with operational stores like Big Bazar, Mega Mart, Nilgiris, Spencer’s retail and entertainment players like Big Cinemas in the city further the industry experts believe that the city will soon experience the retail development because of the people life style .Disposable income and their entrepreneurial nature

A recent report by the state government of Tamil nadu ,Coimbatore the tier III city has everything in shape, including telecom, power, a highly skilled workforce, a rapid pace of infrastructure development and a pro-active government that is aggressively promoting the city .As a result ,a number of top multi-national companies are migrating into the city and the manner in which the organized retail, hospitality, entertainment and residential sectors are growing, the study says

LITERATURE REVIEW

R.Tamilarasan (2007) in his Study “A study on retail store service quality dimensions in select retail stores of Chennai city”, This research which suitably modified the “ SERQUAL’ scale to suit the requirements of the retail stores by retaining the dimensions such as triangles(4 attributes),reliability(7 attributes),responsiveness(5 attributes),assurance(5 attributes) and empathy(9 attributes) with a total attributes of thirty in number

Sin and chow (2003), by using the adapted version of sin and cheung (2001),examined the service quality of a Japanese supermarket in Hong kong. The original dimension of the problem solving areas integrated with personal interaction and a new factor emerged in the study.

Dr.M.N.Malliswari (2007) in his study “Emerging trends & strategies in Indian retailing”, he found that the customers are influenced by the west due to media & there is a clear shift from savings to spending on life style.
Prof Sudhansu Sekhar & Dr. Sarat Kumar Sahoo (2009) in the study “Organized retailing in India: issues & challenges” identified mainly the challenging factors like technology, supply chain, human resources, store positioning.

Dr. L. Manivannan & V. Rama Devi (2011) in the study “A study on the impact of situational factors on shoppers purchasing outcomes in the selected shopping mall” they found the hedonic value is mainly influenced on the purchasing outcomes.

RESEARCH METHODOLOGY

Objectives of the study

1. To understand the factors influencing the shoppers buying at the organized retailers
2. To study the customer perceptions on organized retailers
3. To study the promotional activities taken by the organized retailers
4. To provide suggestions to improve the services provided by the organized retailers

Scope of the study

1. The study provides suggestions to the organized retailers about their service quality
2. The study helps the researcher to know how the customer perception works on organized retailers
3. This study provides suggestions on improving the standard and the quality of the organized retailers

Sources of data

The primary data were collected using a structured questionnaire and the consumer who visited the organized retail shop during the month of May 2012 were the population. The secondary data was collected from various sources like magazines, journals.

Sample selection & Research design

A descriptive research design was adopted for the study. The data is obtained from the consumer survey. The survey is carried out in the organized retail outlets in Coimbatore in the month of May 2012 and a sample of 20 each from five retail outlets and totally of 100 respondents from the population selected randomly.

The samples are taken from the following outlet

<table>
<thead>
<tr>
<th>Name of the Store</th>
<th>Place</th>
<th>No of samples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mega Mart</td>
<td>Sungam</td>
<td>20</td>
</tr>
<tr>
<td>Big Bazar</td>
<td>Oppankara Street</td>
<td>20</td>
</tr>
<tr>
<td>More</td>
<td>Peelamedu</td>
<td>20</td>
</tr>
<tr>
<td>Nilgiris</td>
<td>Ramanathapuram</td>
<td>20</td>
</tr>
<tr>
<td>Spencer’s Retail</td>
<td>R.S Puram</td>
<td>20</td>
</tr>
</tbody>
</table>
The contribution of retail industry in customer service quality rating for the year 2010-2011

Data Analysis & Interpretation

Chi-Square

The $X^2$ Statistics is defined as 
$$X^2 = \sum_{i=1}^{t} \frac{(O_i - e_i)^2}{e_i}$$

where $t$ is the number of degrees of freedom.

**TEST THE RESPONDENT'S OPINION REGARDING ORGANIZED RETAIL OUTLETS**

Level of significance  
$\alpha = 0.05$ level of significance

**Test statistics**

<table>
<thead>
<tr>
<th>Change (from Usual Format)</th>
<th>Observed N</th>
<th>Expected N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience</td>
<td>35</td>
<td>25</td>
</tr>
<tr>
<td>Competitive Cost</td>
<td>33</td>
<td>25</td>
</tr>
<tr>
<td>Customer Service</td>
<td>12</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

$x^2_o = 44.440$

$x^2_e = 7.815$ for 3 d.f at 5% level

Inference

$x^2_o > X^2_e$
The null hypothesis is rejected for the table it is understood that convenience & Competitive cost takes the organized retailing to the customers

TEST THE SHOPPERS’ PERCEPTION ON PHYSICAL ASPECTS OF ORGANIZED RETAIL OUTLETS

Ho = There is no relationship between Appearance of the physical facilities and convenience of shopping layout
H1: There is a relationship between Appearance of the physical facilities and convenience of shopping layout

Level of significance
α = 0.05 level of significance

Test statistics

<table>
<thead>
<tr>
<th>Physical Aspects</th>
<th>Mega Mart</th>
<th>Big Bazar</th>
<th>More</th>
<th>Nilgiris</th>
<th>Spencer’s Retail</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appearance of the physical facilities</td>
<td>15</td>
<td>4</td>
<td>15</td>
<td>1</td>
<td>32</td>
<td>67</td>
</tr>
<tr>
<td>Convenience of shopping layout</td>
<td>15</td>
<td>5</td>
<td>5</td>
<td>1</td>
<td>7</td>
<td>33</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>9</td>
<td>20</td>
<td>2</td>
<td>39</td>
<td>100</td>
</tr>
</tbody>
</table>

Inference
Degrees of freedom = (Rows-1)(columns-1)=(2-1)(5-1) =1 * 4 =4
Table value of Chi-square at 0.05 level of significance with 4 degree of freedom=9.49
Calculated Chi-square Value is 10.83
Since the Calculated Chi-Square value is greater than the table value, null hypothesis is rejected

TEST THE SHOPPERS’ PERCEPTION ON RELIABILITY OF ORGANIZED RETAIL OUTLETS

Ho = There is no relationship between Store promises and doing things right
H1: There is a relationship between Store promises and doing things right

Level of significance
α = 0.05 level of significance
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Test statistics

<table>
<thead>
<tr>
<th>Reliability</th>
<th>Mega Mart</th>
<th>Big Bazar</th>
<th>More</th>
<th>Nilgiris</th>
<th>Spencer’s Retail</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store Promises</td>
<td>7</td>
<td>11</td>
<td>13</td>
<td>9</td>
<td>18</td>
<td>58</td>
</tr>
<tr>
<td>Doing things right</td>
<td>5</td>
<td>11</td>
<td>11</td>
<td>3</td>
<td>12</td>
<td>42</td>
</tr>
<tr>
<td>Total</td>
<td>12</td>
<td>22</td>
<td>24</td>
<td>12</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Inference

Degrees of freedom = (Rows-1)(columns-1)=(2-1)(5-1) =1 * 4 =4
Table value of Chi-square at 0.05 level of significance with 4 degree of freedom=9.488
Calculated Chi-square Value is 2.19
Since the Calculated Chi-Square value is less than the table value, null hypothesis is accepted

Test the shoppers’ perception on personal interaction in organized retail outlets

Ho: There is no relationship between Employee greeting and customer willingness
H1: There is a relationship between Employee greeting and customer willingness

<table>
<thead>
<tr>
<th>Personal interaction</th>
<th>Mega Mart</th>
<th>Big Bazar</th>
<th>More</th>
<th>Nilgiris</th>
<th>Spencer’s Retail</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee greeting</td>
<td>10</td>
<td>13</td>
<td>9</td>
<td>10</td>
<td>12</td>
<td>54</td>
</tr>
<tr>
<td>Customer willingness</td>
<td>10</td>
<td>11</td>
<td>7</td>
<td>10</td>
<td>8</td>
<td>46</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>24</td>
<td>16</td>
<td>20</td>
<td>20</td>
<td>100</td>
</tr>
</tbody>
</table>

Inference

Degrees of freedom = (Rows-1)(columns-1)=(2-1)(5-1) =1 * 4 =4
Table value of Chi-square at 0.05 level of significance with 4 degree of freedom=9.488
Calculated Chi-square Value is 10.11
Since the Calculated Chi-Square value is greater than the table value, null hypothesis is rejected

Test the shoppers’ perception on problem solving in organized retail outlets

Ho =There is no relationship between Stores performance and Ability to handle potential problems
H1: There is a relationship between Stores performance and Ability to handle potential problems
Level of significance
\[ \alpha = 0.05 \text{ level of significance} \]

**Test statistics**

<table>
<thead>
<tr>
<th>Problem Solving</th>
<th>Mega Mart</th>
<th>Big Bazar</th>
<th>More</th>
<th>Nilgiris</th>
<th>Spencer’s Retail</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores performance</td>
<td>12</td>
<td>21</td>
<td>10</td>
<td>13</td>
<td>12</td>
<td>68</td>
</tr>
<tr>
<td>Ability to handle potential problems</td>
<td>8</td>
<td>10</td>
<td>2</td>
<td>7</td>
<td>5</td>
<td>32</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20</strong></td>
<td><strong>31</strong></td>
<td><strong>12</strong></td>
<td><strong>20</strong></td>
<td><strong>17</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Inference**

Degrees of freedom = (Rows-1)(columns-1)=(2-1)(5-1) =1 * 4 =4

Table value of Chi-square is 0.05 level of significance with 4 degree of freedom=9.49

Calculated Chi-square Value is 12.71

Since the Calculated Chi-Square value is greater than the table value, null hypothesis is rejected

**TEST THE SHOPPERS’ PERCEPTION ON POLICY IN ORGANIZED RETAIL OUTLETS**

**Ho**: There is no relationship between High quality merchantability and Convenient store hours

**H1**: There is a relationship between High quality merchantability and Convenient store hours

Level of significance
\[ \alpha = 0.05 \text{ level of significance} \]

**Test statistics**

<table>
<thead>
<tr>
<th>Policy</th>
<th>Mega Mart</th>
<th>Big Bazar</th>
<th>More</th>
<th>Nilgiris</th>
<th>Spencer’s Retail</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>High quality merchantability</td>
<td>10</td>
<td>15</td>
<td>10</td>
<td>12</td>
<td>10</td>
<td>57</td>
</tr>
<tr>
<td>Convenient store hours</td>
<td>9</td>
<td>10</td>
<td>6</td>
<td>12</td>
<td>6</td>
<td>43</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>19</strong></td>
<td><strong>25</strong></td>
<td><strong>16</strong></td>
<td><strong>24</strong></td>
<td><strong>16</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Inference**

Degrees of freedom = (Rows-1)(columns-1)=(2-1)(5-1) =1 * 4 =4

Table value of Chi-square is 0.05 level of significance with 4 degree of freedom=9.49

Calculated Chi-square Value is 7.83

Since the Calculated Chi-Square value is less than the table value, null hypothesis is accepted
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TEST THE SHOPPERS’ PERCEPTION ON POLICY IN ORGANIZED RETAIL OUTLETS

**Ho:** There is no relationship between Convenient Packing and Acceptance of major credit cards & Provision of stores credit card

**H1:** There is a relationship between Convenient Packing and Acceptance of major credit cards & Provision of stores credit card

<table>
<thead>
<tr>
<th>Policy</th>
<th>Mega Mart</th>
<th>Big Bazar</th>
<th>More</th>
<th>Nilgiris</th>
<th>Spencer’s Retail</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenient Packing</td>
<td>6</td>
<td>10</td>
<td>2</td>
<td>10</td>
<td>9</td>
<td>37</td>
</tr>
<tr>
<td>Acceptance of major credit cards &amp; Provision of stores credit card</td>
<td>10</td>
<td>15</td>
<td>10</td>
<td>18</td>
<td>10</td>
<td>63</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16</strong></td>
<td><strong>25</strong></td>
<td><strong>12</strong></td>
<td><strong>28</strong></td>
<td><strong>19</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Inference

Degrees of freedom = (Rows-1)(columns-1)=(2-1)(5-1) =1 * 4 =4

Table value of Chi-square is .05 level of significance with 4 degree of freedom=9.49

Calculated Chi-square Value is 11.71

Since the Calculated Chi-Square value is greater than the table value, null hypothesis is rejected

CONCLUSIONS

The customer perception of retail service quality is an important segment to the emerging and the existing retailers in the market as the study reveals that perception of service quality influenced by the various nature with various customers even some of the general factors like Personal interaction, physical aspects are the dimensions on of the customer perception remains constant and common to all the customer on a majority basis so the retail outlets have to frame their own strategies in order to attract the customers on a longer basis

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