

A study on the influence of service quality on retail store image with reference to organized retail sector, Trichy

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Abstract

Retail industry is one of the fastest growing sectors in India. Given the factor of urgency to survive in this environment of fast paced development, retailers are on the looking for ways to sustain and expand their position in the market. Exploring deeper into the need to do so, various researchers, have come up with various methods and suggestions. This paper aims to study how the service quality influences the retail store image that is created in minds of the organized retail customers of Trichy city. The five antecedents of service quality such as the reliability, assurance, tangibility, empathy and responsiveness are taken and the impact of these on retail store image is studied.

Keywords: service quality, store image, retailing

1. Introduction

As Kotler suggested, retailing is something that covers all the functions that take part in the sales of the products or services to the customers for their personal or non-personal use. Retail store is undoubtedly the first place that motivates a customer towards consumerism. This retail sector is majorly split up as organized and unorganized. Organized retail sector varies from the unorganized sector by the fact that former can be supported by a well-structured supply chain. This in turn results in better pricing of products due to reduction of middlemen, bottlenecks, thus providing added efficiency. Retail store image is commonly seen as how the customer perceives or sees the retail store in his or her mind. It can also be defined as an intricate set of factors that results in how the customers feel about the store. It is built through the experience of the customers that was obtained while shopping in a retail store. This image motivates the customers to buy or even make them enter a store. Of the various literature reviews regarding retail store image, this paper has considered the five most common variables that help in forming a store image. They are store atmosphere, visual merchandise, convenience, service and promotion. A strong store image benefits retailers in many ways. This can act as a store differentiator, that will motivate the customer to choose a store or not. Patronage behavior will cause a customer to go and seek the same the store over and over again thus improving the sales. Not only that, the customer with that kind of attitude is very much likely to recommend that store to others and thereby possibly help to create of the image of a store image in the minds of potential customers.

The RATER model or the SERVQUAL model is a service quality model that was created by Valarie Zeithaml, A. Parasuraman, and Leonard Berry. This model showcases five areas that customers are most likely to consider important when they use a service. RATER stands for those five factors namely reliability, assurance, tangibility, empathy and responsiveness.

Reliability means whether or not the retail store has provided the promised service consistently, accurately and on a timely basis. Assurance deals with of fact that the knowledge, skills and credibility of the employees help in inducing trust in the retail shopper's mind.

The non-abstract aspect of the service such as the equipment and employees are efficient or not comes under the tangibility. Empathy sees to the question of whether or not there is a healthy and understanding relationship between employees and customers. Finally responsiveness could mean if the store provides fast, high-quality service to customers.

Studies have shown that an increase or the existence of good service quality have positively affected the retail store. This paper aims to see how the service quality affects the store image.

2. Justification of the Study

This Competition in organised retail industry is tough and customers are trying to adapt various strategies to maintain existing customers and attract new ones. This intense competition has opened the options to customers to switch from one retailer to another costing the retailers a lot. By studying how the service quality impacts the store image in minds of the organised Trichy customers, we will be able to infer which dimensions heavily influence the store image. Thus we can provide this information to retailers and ask them to focus specially on those dimensions of service quality and thus improving the store image which in turn will help the growth of the retail stores via increase in sales, customer retention, acquiring customers and thus survive in the competition.

3. Review of Literature

Martineau (1958) ^[5]. The idea of store image was first used this author. Here the store image is something which is defined in the buyer's mind which is partially based on functional attributes and partially based on psychological attributes. He

also stated that store image includes its characteristic attributes and it makes the customers feel that the store is different from others.

Thang and Tan (2003) [1]. They have found that promotions has a prominent impact on consumer preference. Consumers have to be constantly attracted by advertising in order to stimulate interest and create the awareness of the store. Also they mentioned merchandise as the most vital factor contributing to customer store preference. They also proposed that stores that provide good service will leave shoppers with a more favourable perception.

Abdullah Ramdhani *et al.*, (2010) [9]. This paper discusses how the service quality and store image build customer loyalty as well as how the customer assesses the service quality and retail store image. Here the service quality is taken as the exogenous variable and under the endogenous variables there exist the store image and customer loyalty.

C. Thirumal Azagan (2013) [2]. This paper focuses to measure the satisfaction level of the customers towards various services provided by the service provider in organized and unorganized retailing with regard to food and grocery sector. It also tries figure out the core factors that influence the choice of organized or unorganized retail store. It analyses the customer's expectations regarding the service delivered and the customer's actual service experience in organized and unorganized retail sectors.

4. Research Methodology

4.1 Objectives of the Study

- To find out how the five dimensions of service quality impacts the retail store image.
- To make recommendations for problems encountered by retailers with regard to retail store image.

4.2 Research Hypothesis

H₀: Service quality has no significant impact on retail store image in organized retail sector, Trichy.

H₁: Service quality has significant impact on retail store image in organized retail sector, Trichy.

4.3 Research Procedure

Data was collected via both primary and secondary methods. The primary data was collected using a questionnaire which was framed with a total of 26 questions asked under each of the dimensions of the service quality, 5 questions were asked under the store image and 7 questions under the demographic characteristics. A sample of 170 members and the population of adult population of Trichy city was taken for this study. Data was collected using the convenience sampling method. Secondary data was collected from journal, thesis and research papers.

The questionnaire's reliability was tested using the Cronbach's alpha test and a value of .885 was got proving that the questionnaire is valid.

Reliability Statistics	
Cronbach's Alpha	N of Items
.885	31

4.4 Data Analysis and Interpretation

Chi square test and multiple regression analysis is applied

using SPSS ver.20 in this paper.

4.4.1 Chi square test

Chi square was done to find out the existence of significant association between certain demographic variables and the service quality variables.

Hypothesis 1

H₀ (Null Hypothesis): There is no significant association between the marital status and the membership benefits

H₁ (Alternate Hypothesis): There is significant association between the marital status and the membership benefits.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.311 ^a	10	.068
Likelihood Ratio	22.343	10	.013
Linear-by-Linear Association	.323	1	.570
N of Valid Cases	173		

The calculated value (17.311) is lesser than tabulated value (18.307) hence H₁ is rejected and H₀ is accepted so there is no significant association between the marital status and the membership benefits.

Hypothesis 2

H₀ (Null Hypothesis): There is no significant association between gender and parking facilities.

H₁ (Alternate Hypothesis): There is significant association between gender and parking facilities.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.646 ^a	4	.009
Likelihood Ratio	14.052	4	.007
Linear-by-Linear Association	4.361	1	.037
N of Valid Cases	173		

The calculated value (13.646) is greater than tabulated value (9.488) hence H₀ is rejected and H₁ is accepted so there is significant association between gender and parking facilities.

Hypothesis 3

H₀ (Null Hypothesis): There is no significant association between age and quality.

H₁ (Alternate Hypothesis): There is significant association between age and quality.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	27.484 ^a	16	.036
Likelihood Ratio	35.034	16	.004
Linear-by-Linear Association	7.094	1	.008
N of Valid Cases	173		

The calculated value (27.484) is greater than tabulated value (26.296) hence H0 is rejected and H1 is accepted so there is significant association quality and age.

Hypothesis 4

H₀ (Null Hypothesis): There is no significant association between annual income and promotional offers.

H₁ (Alternate Hypothesis): There is significant association between annual income and promotional offers.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	65.659 ^a	16	.000
Likelihood Ratio	66.477	16	.000
Linear-by-Linear Association	9.554	1	.002
N of Valid Cases	173		

The calculated value (65.659) is greater than tabulated value (26.296) hence H0 is rejected and H1 is accepted so there is significant association between the annual income and promotional offers.

Hypothesis 5

H₀ (Null Hypothesis): There is no significant association between education and employee knowledge

H₁ (Alternate Hypothesis): There is significant association between education and employee knowledge

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.324 ^a	12	.106
Likelihood Ratio	20.595	12	.057
Linear-by-Linear Association	.054	1	.816
N of Valid Cases	173		

The calculated value (18.324) is lesser than tabulated value (21.026) hence H1 is rejected and H0 is accepted so there is no significant association between education and employee knowledge

4.4.2 Multiple Regression Test

Multiple regression model was done to find out impact of the service quality dimensions over the retail store image. Only those variables of retail store image which showed maximum variation due to service quality dimensions (reliability, assurance, tangibility, empathy, responsiveness) were taken into consideration for this paper.

Multiple regression was done considering the multiple variables under the reliability dimension of the service quality as independent variable and the store atmosphere under retail store image as dependent variable.

The coefficient table is taken and each predictor under reliability is tested at alpha =.05

From the below table it is seen that range of merchandise, level of service and timely delivery has significant impact on store atmosphere. Product availability and transactions has no significant impact on store atmosphere.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.338	.205		1.650	.101
Range of merchandise	.301	.113	.230	2.664	.008
Product availability	.102	.067	.101	1.517	.131
Transactions	-.005	.084	-.004	-.059	.953
Level of service	.204	.088	.192	2.326	.021
Time delivery	.264	.065	.287	4.087	.000

Multiple regression was done considering the multiple variables under the assurance dimension of the service quality as independent variable and the promotion under retail store image as dependent variable.

The coefficient table is taken and each predictor under

assurance is tested at alpha =.05

From the below table it is seen that employee knowledge, staff availability, quality and display of products has significant impact on promotional offers. Membership benefits have no significant impact on promotional offers.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.808	.214		3.782	.000
Emp.Knowledge	-.184	.083	-.149	-2.225	.027
staff_availability	.326	.071	.316	4.593	.000
quality	.396	.064	.396	6.148	.000
display	.273	.083	.223	3.296	.001
membership_benefits	-.063	.050	-.078	-1.251	.213

Multiple regression was done considering the multiple variables under the tangibility dimension of the service quality as independent variable and the store layout under retail store image as dependent variable. The coefficient table is taken and each predictor under

tangibility is tested at alpha =.05. From the below table it is seen that range of tools, environment and product labels has significant impact on store layout. Price tags and staff appearance has no significant impact on layout.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.999	.186		5.360	.000
staff_appearance	.049	.065	.059	.753	.453
price_tags	.033	.068	.042	.481	.631
tools	-.271	.067	-.303	-4.050	.000
environment	.164	.052	.226	3.171	.002
modern_equipment	.058	.067	.070	.860	.391
product_labels	.385	.075	.438	5.143	.000
location	-.021	.072	-.024	-.286	.775

Multiple regression was done considering the multiple variables under the empathy dimension of the service quality as independent variable and the store atmosphere under retail store image as dependent variable. The coefficient table is taken and each predictor under

empathy is tested at alpha =.05. From the below table it is seen that kind treatment by staffs, and opening hours has significant impact on store atmosphere. Customer attention, sign boards and parking has no significant impact on store atmosphere.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.697	.238		2.930	.004
<u>kind.treatment.by.staffs</u>	.326	.075	.318	4.354	.000
<u>sign.boards</u>	.037	.070	.038	.523	.602
<u>customer.attention</u>	.012	.025	.035	.505	.614
<u>opening.hours</u>	.216	.059	.259	3.627	.000
<u>parking</u>	.054	.060	.064	.903	.368

Multiple regression was done considering the multiple variables under the responsiveness dimension of the service quality as independent variable and the convenience under retail store image as dependent variable. The coefficient table is taken and each predictor under

responsiveness is tested at alpha =.05 From the below table it is seen that employee willingness, complain handling, staff not rude and service points has significant impact on convenience.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.084	.212		.398	.691
<u>emp.willingness</u>	.355	.071	.326	4.958	.000
<u>complaints.handling</u>	.255	.062	.287	4.088	.000
<u>staff.not.rude</u>	.181	.070	.175	2.590	.010
<u>service.points</u>	.141	.071	.128	2.003	.047

5. Suggestions and Conclusion

The study focused on trying to get information as to whether there is any significant association or not among the demographic profile and the influence of service quality on store image constructs. Thus H1 is accepted, there is significant impact of service quality over the store image. It is concluded that empathy has the maximum variation over the store image followed by tangibility, assurance, responsiveness and reliability. Customers suggested that frequent promotional offers, good quality and spacious layout should be focused to improve service quality and in turn impact store image. This study can be extended by increasing sample size, varying the location or taking a different set of variables to represent store image.

6. References

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