AN EMPIRICAL STUDY OF CUSTOMER EXPECTATION AND PERCEPTION IN ORGANIZED RETAIL SECTOR

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ABSTRACT

Contemporary marketing always suggest a marketer to measure customer satisfaction, which helps to enhance the market share. In goods industry various parameters are available to judge the satisfaction of customer towards the product, but in the case of service industry only quality of service derives the level of satisfaction. This paper is an attempt to identify the difference between expectation & perception of organized retail sector customers with the help of renowned model of service quality i.e. Parasuraman's et al (1988) SERVQUAL model.

Keywords: Service Quality, Customer Expectation, Customer Perception, Organized Retail

INTRODUCTION

Retailer is an interface between manufacturer & consumer, who insures the easy flow of goods to the customer. The time has gone when customers were moving only to the shops nearby to their residence; the rapid modernization of Indian society has increased the share of organized retail in total retail industry. The growing speed of this sector has enhanced the neck to neck competition between the retail players so to sustain & enhance the market share they are trying to keep customers more happy & satisfied. A customer will be satisfied only when his/her expectations will be met, so in the year 1988 Parasuraman's et al developed a model to measure the expectation & perception towards any service, which is named as a SERVQUAL model. In the context of retail service the model is based on following five dimensions:-

1. Reliability dimension is concerned with the store's ability to perform the service accurately and dependably.

2. Responsiveness dimension is related with the employees' willingness to help customers and provide prompt services.

3. Assurance dimension includes Employees' knowledge, courtesy and their ability to inspire trust and confidence.

4. Empathy dimension is related with Caring, individualized attention given to customers or the ease of access, approachability and effort taken to understand customers' requirements.

5. Tangibles dimension is all about the appearance of the physical facilities and material relayed at retail outlet.

The negative gap score between the customers' perception & expectation reveals lacunas in service & helps retailer to improve the service which enhances the customers' satisfaction.

LITERATURE REVIEW

Parikh (2006) said that "As organized retailing develops in India, retail stores in India will have to improve the quality of their services significantly in order to compete successfully in the global marketplace. It is, therefore very important to know how customers evaluate service quality and what can be done to measure and improve it."

Azhagan & Nagarajan (2011) analysed that "most of the customers prefer Organized Retail sector because of more Tangibles and Empathy towards its customers. In order to retain and attract new customers, the organized retail sector should improve customer's service level and should provide assurance towards its customer."

Singh (2013) stated that "In retailing perceived service quality is having a significant influence on purchasing and repurchasing decisions, positive word of mouth as well as on complaining behavior in retailing"

William & Prabakar (2012) concluded that "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"

Kumar.R & Barani (2012) said that "service quality has long been accepted as the most basic marketing tool for retailers to differentiate their retail offers, create competitive advantage and to enhance the customers' shopping experience. Nonetheless, maintaining excellent service quality within the stores is no simple task"

U. Dineshkumar, P.Vikkraman (2012) found in their study that "organized retail outlets provide better quality of service, product range as compared to the unorganized retail outlets. Most of the customers are satisfied with the quality of service provided by the organized retail outlets."

Kumar.R & Barani (2012a) identified in their study that "tangibles, reliability, responsiveness, competence, credibility, accessibility and customer knowledge are positively

related to customer satisfaction. However, only four variables have significant effect on customer satisfaction"

OBJECTIVES

The purposes of this research paper are as follow:-

1. To learn and understand the important factors in service quality dimensions applicable to organized retail sector

2. To know the level of customer satisfaction with service quality dimensions.

3. To check the significance of difference between customers' expectations and perceptions in organized retail sector

4. To suggest measures for improving the quality and efficiency in organized retail sector.

SCOPE OF STUDY

Identifying service quality is essential for retailing which ultimately derives the customer satisfaction, so in this view scope of study is wide & valuable. The level of dissatisfaction will lead retailer to take corrective actions.

RESEARCH METHODOLOGY

Research Design

The primary purpose of this research is to identify the customers' expectation & perception towards organized retail sector and find out the level of customer satisfaction. Therefore descriptive research design is used to serve the purpose.

Area of the Study

The research is conducted at Udaipur among customers of organized retail outlets i.e. Big Bazar, Easy Day, Vishal Mega Mart & Sahara Q-Shop.

Research Approach

To collect Primary data structured questionnaire was designed which was divided under two heads i.e. demographics & service quality. In first part respondents were asked to reveal their personal characteristics i.e. gender, age, education, income & occupation. In second part respondents were asked to evaluate parameters of service quality on a 5 point scale, separately for their expectation & perception.

Sampling

Sample size of this study was 120 & Convenience sampling method was adopted for sampling.

Time Frame of Study

The study was conducted during the period November 2012 to January 2013

Analytical Tools

For analysis and interpretation Arithmetic mean & z-test were applied

ANALYSIS & INTERPRETATIONS

Demographic Profile of Respondents

Table 1.

Particulars	Classification	Frequency	Percentage
Gender	Male	68	57
	Female	52	43
Education	Intermediate	12	10
	Graduate	58	48
	Post Graduate	20	17
	Professional	30	25
Age Group	Below 25	24	20
	25-35	44	37
	36-50	40	33
	51-60	12	10
Monthly Income	Less Than Rs. 10,000	6	5
	Rs. 10,001 - Rs. 20,000	18	15
	Rs. 20,001 - Rs. 30,000	34	28
	Rs. 30,001 - Rs. 40,000	46	38
	More Than Rs. 40,000	16	13
Average Monthly Purchase at Organized Retail Outlet	Less Than Rs. 1,000	16	13
	Rs. 1,001 - Rs. 2,000	24	20
	Rs. 2,001 - Rs. 3,000	52	43
	Rs. 3,001 - Rs. 4,000	20	17
	More Than Rs. 4,000	8	7

Interpretation

As per shown in table demographics of respondents were classified according to their gender, education, age, monthly income & average monthly purchase from organized retail outlet. Out of total respondents 57% are male & rests are female. Majority of respondents are graduate (48%) & 37% respondents belong to the age group of 25 to 35 years. 38% of respondents have their monthly income in the range of Rs. 30,001 to Rs. 40,000 and 28% respondents have their monthly income from Rs. 20,001 to Rs. 30,000. Majority of respondents (43%) spend Rs. 2001 to Rs. 3000 of their monthly budget towards their purchase in organized retail store.

Customers' Expectation & Perception towards Service Quality

This part included analysis on the basis of five factors of service quality i.e. tangibility, reliability, responsiveness, assurance, and empathy based on Parasuraman et al. (1988)

SERVQUAL Model. Data explored customer's expectation and perception levels towards service quality of Organized Retail Outlet.

The degree of expectation & perception towards service quality of organized retail outlet employee was set from 1 to 5 (5 denotes the highest expectation/perception, whereas, 1 is the lowest expectation/perception).

In addition following criteria is used for analysis part:-

The score among 1.00-1.80 mean lowest expectation/perception

The score among 1.81-2.61 mean low expectation/perception

The score among 2.62-3.41 mean average expectation/perception

The score among 3.42-4.21 mean high expectation/perception

The score among 4.22-5.00 mean highest expectation/perception

Customers' Expectation & Perception towards Reliability Dimension

Table 2.

Reliability	Level of Expectation		Level of Perception		Mean Quality Gap Score
	Mean	Level	Mean	Level	
Retail outlet provide you service as promised	4.26	Highest	4.12	High	-0.14
Retail outlet perform the service at right time	4.32	Highest	4.5	Highest	0.18
Retail outlet always has the merchandise available when customer wants it	4.74	Highest	4	High	-0.74
Retail outlet services are error free	4.1	High	4	High	-0.1
Overall Mean Score	**4.355**	**Highest**	**4.155**	**High**	**-0.2**

Interpretation

Table shows that for all the parameters under "Reliability" dimension customers' expectations are at highest level excluding one dimension where expectation is high, but situation is reverse for perception level where only one parameter is at highest level. Overall expectation of customers' concerning "Reliability" dimension is highest (4.355) & perception towards this dimension is at high level (4.155).

Majority of mean quality gap scores are negative which reveals the inefficiency of retail outlets towards reliability dimension but positive gap (0.18) shows that retail outlet performs the service within the expected time.

The overall mean quality gap score is negative (-0.2) which shows that Retail outlet is not completely able to perform the promised services accurately.

Customers' Expectation & Perception towards Responsiveness Dimension

Table 3.

Responsiveness	Level of Expectation		Level of Perception		Mean Quality Gap Score
	Mean	Level	Mean	Level	
Employees of Retail outlet tell exactly when services will be provided	4.38	Highest	4.2	Highest	-0.18
Employees of Retail outlet are willing to help you every time	4.2	Highest	4.42	Highest	0.22
Employees of Retail outlet give you prompt service	4.53	Highest	4.6	Highest	0.07
Employees of Retail outlet are able to handle customer complaints directly and immediately	4.4	Highest	4.23	Highest	-0.17
Overall Mean Score	**4.3775**	**Highest**	**4.363**	**Highest**	**-0.015**

Interpretation

From the above table it is clear that for all the parameters under "Responsiveness" dimension customers' expectations & perceptions are at highest level. Overall expectation & perception of customers' concerning "Responsiveness" dimension is also highest i.e. 4.377 & 4.363 respectively.

Two parameters under this dimension i.e. employees' willingness to help & employees' promptness have positive mean quality gap score which shows that there is a willingness in staff to help customers & provide prompt services but because of two negative gapes the overall mean quality gap score is negative (-0.015) which shows that some improvements are required towards this dimension.

Customers' Expectation & Perception towards Assurance Dimension

Table 4

Assurance	Level of Expectation		Level of Perception		Mean Quality Gap Score
	Mean	Level	Mean	Level	
The behavior of employees in Retail outlet instill confidence in customers	4	High	3.86	High	-0.14
Employees of Retail outlet are courteous with customers	4.1	High	3.92	High	-0.18
Employees of Retail outlet are well qualified and perform the jobs accurately	3.75	High	4.1	High	0.35
Employees of Retail outlet are trustworthy	4	High	4	High	0
Employees of Retail outlet has sufficient product knowledge	4.7	Highest	4.26	Highest	-0.44
Overall Mean Score	**4.11**	**High**	**4.028**	**High**	**-0.082**

Interpretation

It can be seen from the above table that four parameters under "Assurance" dimension customers' expectations & perceptions are at high level while highest for one parameter. Overall expectation & perception of customers' concerning this dimension is high i.e. 4.11 & 4.028 respectively.

Every customer expects that dealing employee at organized retail outlet must has sufficient knowledge about products but the negative mean quality gap of this parameter projects that customers' expectation are not being fulfilled. In the case of trustworthiness of employees customers' expectation are matching with their perceptions.

The overall mean quality gap score is negative (-0.082) which shows that staff don't have enough knowledge & courtesy to inspire trust & confidence among customers.

Customers' Expectation & Perception towards Empathy Dimension

Table 5

Empathy	Level of Expectation		Level of Perception		Mean Quality Gap Score
	Mean	Level	Mean	Level	
Retail outlet has operating hours convenient to all their customers.	4.1	High	4	High	-0.1
Employees of Retail outlet give personal attention to customers	4.21	Highest	4.32	Highest	0.11
Employees of Retail outlet understand needs of customers	4.5	Highest	4.3	Highest	-0.2
Overall Mean Score	**4.27**	**Highest**	**4.207**	**High**	**-0.063**

Interpretation

Table shows that level of expectation & perception for all parameters concerning "Empathy" dimension are equal. Overall mean score of perception towards "Empathy" is at high level (4.207), but expectations are a highest level (4.27) which has produced negative mean quality gap score (-0.063) & it shows deficiency in efforts taken by employees in understanding customers' requirements.

Customers' Expectation & Perception towards Tangibles Dimension

Table 6.

Tangibles	Level of Expectation		Level of Perception		Mean Quality Gap Score
	Mean	Level	Mean	Level	
Retail outlet has modern equipment & fixtures	4.1	High	4.32	Highest	0.22
Physical facilities (rest rooms, trial rooms) are sufficient	4.13	High	4.11	High	-0.02
Retail outlet has convenient parking for customers	4.4	Highest	4.67	Highest	0.27
Retail outlet has sufficient moving space	4.24	Highest	4.52	Highest	0.28
Retail outlet is neat & clean	4.43	Highest	4.6	Highest	0.17
Location of Retail outlet is convenient	4.6	Highest	4.3	Highest	-0.3
Employees of Retail outlet has attractive appearance	4.4	Highest	4.5	Highest	0.1
Overall Mean Score	**4.329**	**Highest**	**4.431**	**Highest**	**0.1029**

It can be seen from the above table that all parameters under "Tangibles" dimension customers' expectations & perceptions are at same level. Overall expectation & perception of customers' concerning this dimension is highest i.e. 4.329 & 4.431 respectively.

This is the only dimension where majority of parameters are having positive mean quality gap score including overall mean quality gap score (0.1029). So it can be stated that organized retail outlets are meeting with the expectations of customers for this dimension or customers are satisfied with tangibles associated with organized retail outlets.

HYPOTHESIS TESTING

Although that there is a negative difference between customer expectation & perception for 4 parameters which leads to the customer dissatisfaction, still the significance of difference between mean scores should be identified.

So Let us take the hypothesis that

H_0: There is no significant difference between the mean scores of Expectation & Perception for any dimension.

H_1: There is a significant difference between the mean scores of Expectation & Perception for any dimension

Table 7.

Attributes		Mean	S.D.	z-values	P-value	Result
Reliability	Expectation	4.355	0.94	1.738	0.0835	**NS**
	Perception	4.155	0.84			
Responsiveness	Expectation	4.3775	0.94	0.113	0.9104	**NS**
	Perception	4.363	1.05			
Assurance	Expectation	4.11	0.97	0.668	0.5045	**NS**
	Perception	4.028	0.93			
Empathy	Expectation	4.27	0.97	0.514	0.608	**NS**
	Perception	4.207	0.93			
Tangibles	Expectation	4.329	0.96	0.814	0.4162	**NS**
	Perception	4.431	0.98			

Note: Level of significance is 5%, S- Significant, NS- Not Significant, Tabulated Value: -1.96

Table shows that all the calculated vales of z-test are less than tabulated value, which proves that there is no significant difference between the mean scores or the difference is negligible which can be removed by putting little efforts.

CONCLUSION

Service quality is an important aspect for retailers to know about customers' satisfaction & SERVQUAL model is the root way to measure the effectiveness of service quality. In this

paper gap has been identified between expectation & perception of customers towards the organized retail outlets of Udaipur, which revealed dissatisfaction among customers. Z-test results projected the insignificance of differences it means gaps can be easily removed by improving the level of service quality.

SUGGESTIONS

Organized retail outlets of Udaipur can take following actions to reduce the mean quality gap score:-

1. Retail outlets should adopt the efficient inventory management system so that customers can find the merchandise available at the time of requirement.

2. Employees of retail outlets should be trained to handle the customers' complaints effectively.

3. Employees of retail outlets should have sufficient knowledge about products available in store.

4. Availability of physical facilities should be improved

5. Retail outlets should try to perform error free services.

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