Service Quality in Retail - a Literature Review

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Abstract

This paper is thus an attempt to bring together all such research instruments, scales, tools & techniques, so as to help future researchers in comparing the same and selecting the one which is more close to their usage. The paper also tries to summaries the dimensions and attributes used by authors for different service businesses. The methodology used is simple comparison method between various studies conducted on service quality issue, using published research papers from different sources like online databases example- Ebsco & Emerald, and journals from libraries.

Key Words: *Service Quality, Scales and Instruments, SERVQUAL, SERVPREF, RSQS*

Introduction

The retail industry has contributed to the economic growth of many countries and is undoubtedly one of the fastest changing and dynamic industries in the world. This is slowly giving way to international formats of retailing. The performance of the retailing sector for the past few years is outstanding and witnesses a huge revamping exercise, significantly contributed by the growth of the organized retailing. Rapid urbanization, exposure to large number of foreign brands and changing lifestyle and preferences has contributed to the growth of retailing in India.

Service quality has drawn attention of researchers and managers in recent decades. It has become a significant subject because of its impact on customer satisfaction. Service quality is a critical component of customer perceptions about the service. Customers perceive services in terms of its quality and how satisfied they are overall with their Experiences. By satisfying customers through high quality service, business firms not only retain their current customers, but also increase their market share. In retail setting, especially retail stores where there is a mix of product and service, retailers are likely to have impact on service quality more than on product quality. As thus, service quality is defined as customers' perception of how well a service meets or exceeds their expectations. In the retail context, perceptions of service encounters accumulate over time and a customer's relationship with an organization are a continuation of exchanges or interactions both past and present. When customers evaluate retail service, they compare their perceptions of the service they receive with their expectations. Customers are satisfied when the perceived service meets or exceeds their expectations.

Service quality and customer satisfaction are very important concepts that companies must understand in order to remain competitive in business and hence grow. It is very important for companies to know how to measure these constructs from the consumers' perspective in order to better understand their needs and hence satisfy them. Service quality is considered very important because it leads to higher customer satisfaction, profitability, reduced cost, customer loyalty and retention. Service organisations have begun focusing on the customer perceptions of service quality because it helps in developing strategies that lead to customer satisfaction.

Literature Review

SERVQUAL: In 1980s, in the attempt to define service quality and develop a model of service quality, Parasuraman et al. conducted an exploratory investigation. The results showed that regardless of the type of service, consumers used basically the similar criteria in evaluating service quality (Parasuraman et al., 1985). They labeled those 10 criteria "service quality determinants". Since then, service quality was defined through 10 dimensions: access, communication, competence, courtesy, credibility, reliability, responsiveness, security, tangibles and understanding/knowing the customer.

Later, they were simplified into five dimensions including tangibles, reliability, responsiveness, assurance and empathy. This model indicates that consumer perceptions of quality are influenced by five gaps occurring in the internal process of service delivery. The basic premise is that service quality can be defined by the difference between expected service and perceived service (Parasuraman et al, 1985). The first four are those on the service provider side of service. Gap 5 is related to the customer side of service. These gaps are (1) the difference between what customers expected and what management perceived customer expected; (2) the difference between management's perceptions of customer expectations and the translation of those perceptions into service quality specifications; (3) the difference between actual service quality specifications and the delivery of those specifications to customer service actually delivered; (4) the difference between the services delivered to customers and the external communications about the service; and (5) the difference between customer expectations and perceptions. Although SERVQUAL has been applied in the study of different types of service industries, there are certain limitations and criticisms (Goswami,2012). Some of the widespread concerns are the 5 dimension configuration of the scale, the appropriateness of operationalizing service quality as the expectations-performances gap score, and the scale's applicability to a retail setting.

Carman (1990) tested SERVQUAL to tyre retailers (a retail setting, offering a mix of merchandise and services). He identified nine factors of service quality, using principal axis factor analysis followed by oblique rotation. On the basis of his findings he concluded that the five dimensions of SERVQUAL were not generic, and suggested that the instrument can be adapted by adding new items or factors according to different situations. Finn and Lamb (1991) tested SERVQUAL in different types of retail stores (department stores and discount stores)

(Mathur and Goswami, 2012). Their confirmatory factor analysis was unable to provide a good fit to the proposed five-factor structure of SERVQUAL for either of these commercial formats making them conclude that the instrument could not be used as a valid measure of service quality in retail companies without modifications, although they were unable to provide an acceptable alternative measure.

SERVPREF: With an argument that Parasurman et al.'s gap theory of service quality was supported by little empirical or theoretical evidence, Cronin and Taylor (1992) developed a "performance-based" service quality measurement scale called SERVPERF. The major difference between these two scales is that SERVQUAL operationalises service quality by comparing the perceptions of the service received with expectations, while SERVPERF maintains only the perceptions of service quality. The SERVPERF scale consists of 22 perception items excluding any consideration of expectations. The superiority of SERVPERF over SERVQUAL has been demonstrated in numerous studies including those by Avkiran (1999), Lee *et al.* (2000) and Brady *et al.* (2002). However, the continued use of and reference to SERVQUAL in marketing literature suggest that "consensus has not yet been reached relative to the superiority of performance-only measures of service quality" (Brady *et al.* 2002, p. 18).
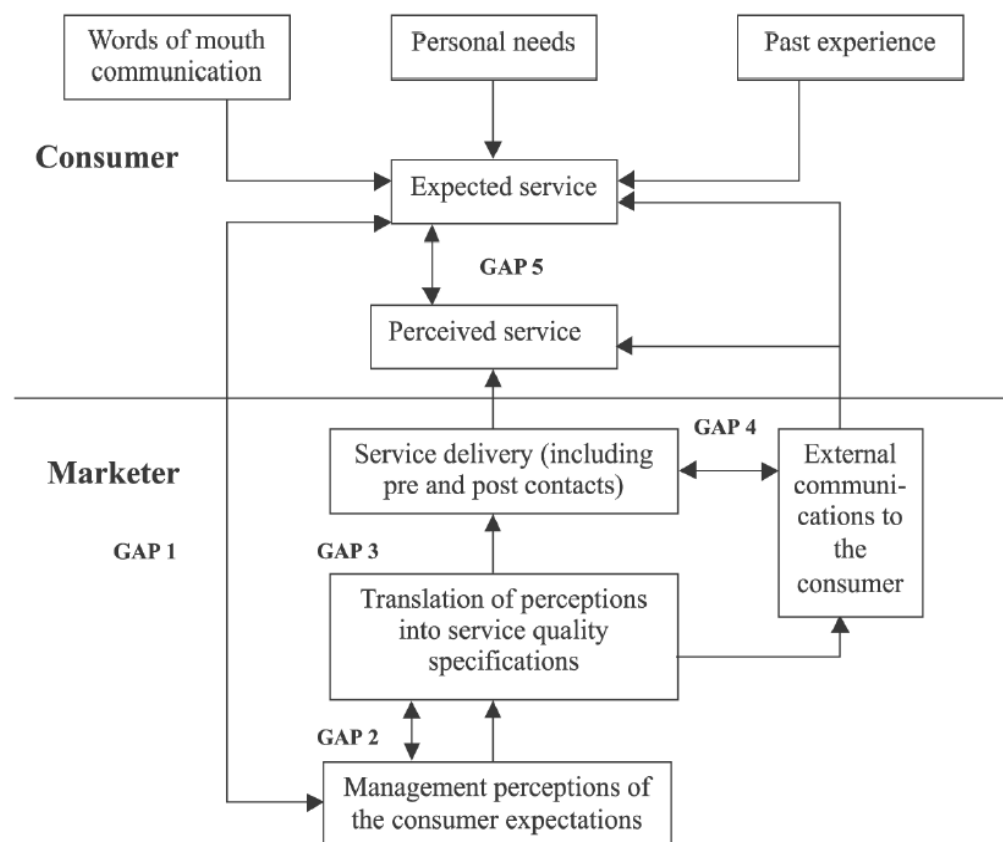
Source: Parasuraman *et al.* (1985)

RSQS*:* To contextually fit the retail industry, Dabholkar et al. (1996) developed Retail Service Quality Model (RSQS). Based on SERVPERF, RSQS includes 28-item scale, of which 17 items are from SERVPERF and 11 items are developed by qualitative research. It composes of 5 dimensions, namely (1) Physical aspects – Retail store appearance and store layout; (2) Reliability – Retailers keep their promises and do the right things; (3) Personal interaction – Retail store personnel are courteous, helpful, and inspire confidence in customers; (4) Problem solving – Retail store personnel are capable to handle returns and exchanges, customers' problems and complaints; and (5) Policy – Retail store's policy on merchandise quality, parking, operation hours, and credit cards.

Mehta, Lalwani and Han (2000) explored the usefulness of RSQS as a tool for measuring the service quality of different retail environments in Singapore. The authors tested the reliability of the scale and found the Cronbach alpha values to be ranging from 0.52 to 0.86 and 0.75 to 0.92 for the five dimensions of RSQS in the context of supermarket and electronic goods retailers, respectively. However, strong inter-correlation existed between the various dimensions of the RSQS for both supermarket and electronic goods retailers.

Table: Literature Review

Author	Sample	Instrument	Result
Gagliano & Hathcote (1994)	Customers of specialty clothing stores	Refined SERVQUAL scale (Parasuraman et al., 1991)	The five-factor structure used in this study was reduced to four factors.
Dabholkar et al. (1996)	Customers of seven selected stores from two department store chains	The authors' own scale known as Retail Service Quality (RSQS) which they developed to suit the retail environment after making some modifications to SERVQUAL	A hierarchical factor structure was proposed comprising of five dimensions, with three of five dimensions having two subdimensions each and overall service quality as a secondorder factor.
Christo & Terblanche (1997)	Hypermarket shoppers	RSQS (Dabholkar et al., 1996)	Hierarchical factor structure. The fivefactor structure of retail service quality dimensions suggested by Dabholkar et al. (1996) resulted in a reasonable fit.
Mehta et al. (2000)	Customers of	RSQS (Dabholkar	RSQS was discovered to be

	supermarkets and electronic goods retailers	et al., 1996) and SERVPERF (Cronin & Taylor, 1992)	more suited in a "more goods, less services" environment, i.e. a supermarket, while SERVPERF was better for a retailing context where the service element is prevalent. A modified scale resulting from a combination of RSQS and SERVPERF was developed. Five new factors were identified from this modified scale.
Leung & To (2001)	Undergraduate students who were shoppers at fashion stores	A 34-item scale developed by Leung & Fung (1996) for measuring service quality specifically in fashion chain stores	The scale, comprising of five factors, possessed high internal consistency but low temporal stability.
Siu & Cheung (2001)	Customers of five stores from a multinational department store chain	RSQS (Dabholkar et al., 1996)	Six factors emerged as opposed to the fivefactor structure suggested in RSQS.
Kim & Jin (2002)	College students who were shoppers of discounts stores	RSQS (Dabholkar et al., 1996)	A three-factor structure was found. The RSQS presented a better fit for the US sample than the Korean consumers.
Kim & Stoel (2004)	Female online apparel Shoppers	Loiacono's WebQual scale which evaluates the website quality	WebQual's 36 items converged into 12 distinct dimensions (first order factors). Findings did not support Loiacono's five-dimensional second-order factor structure or the authors' own proposed sixdimensional secondorder factor structure.
Carman (1990)	Tyre retailing, offering a mix of merchandise and services	Identified nine factors of service quality	Five dimensions of SERVQUAL were not generic, and suggested that the instrument be adapted by adding new items or factors as pertinent to different situations

Finn and Lamb (1991)	Department stores and discount stores	No such dimension were given by the researcher	Confirmatory factor analysis was unable to provide a good fit to the proposed five-factor structure of SERVQUAL
Guiry, Hutchinson and Weitz(1992)	Retail store	Proposed 51 Items instrument by dropping 7 items and adding 36 new items	Number as well as the composition of the dimensions needed to be modified while studying service quality of retail stores.
Gagliano and Hathcote (1994)	Retail-clothing sector	Extracted four factors out of which two have no correspondence to SERVQUAL	Original SERVQUAL scale was not an effective tool for measuring service quality in apparel specialty stores
Vazquez, Rodriguez and Ruiz (1995)	Investment Banker	Proposed a new set of five dimensions	24 items were identified where 12 were from SERVQUAL and researcher added 12 new items
Fogarty, G., Catts, R., & Forlin, C.(2000)	four small retail businesses within provincial cities in South East Queensland.	No suggestion for any such new dimension is given	Analyses suggested that the five factors can be treated as five different stages of service quality, rather than
Sureshchander, Rajendran and Kamalnaban(2001)	Retail stores in India	Some dimension and attributes need to be modified	Shoppers mentioned several service aspects, such as 'mailers sent by store' and 'loyalty programs' as being 'missing' from the scale Without extensive adaptation, RSQS is possibly not just inaccurate but also 'incomplete' in the Indian context
Kim and Jin(2002)	customers' perception of service quality for discount stores Discount stores	Only three dimension-Physical aspects, Reliability and Personal attention were found valid	Found the five items designed to measure service quality to be unreliable.Policy dimension was simply not present in customers' perception of service quality for discount stores.
Larsen and Esbjerg(2006)	Fruit and vegetable departments in retail chain	New set of dimension should be included	The perception of service quality in Fruit and vegetable department is different than the other two departments because of experience and credence

			quality.
Promita Goswami And Mridula S. Mishra(2007) .	Kirana stores supermarkets, and hypermarkets	A separate scale need to be developed for kirana stores	Customer patronage to grocery stores was found to be positively related to location, helpful, trustworthy salespeople, home shopping, cleanliness, offers, quality and negatively related to travel convenience. Kiranas do well on location but poorly on cleanliness, offers, quality, and helpful trustworthy salespeople. The converse is true for organized retailers.

Conclusion

Since all the studies in this reference were done in their respective formats of retail and their countries, the results which have been found and referred, again have been criticized that they are not valid in the other countries and other retail formats. The scope of research is there to explore the perception of service quality dimensions for different retail sectors.

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