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Retail Service Feature on Purchaser Behaviour

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Introduction

The long term success of organizations depends on many factors. The service sector organizations need to strive through service quality. These organizations try to satisfy customers by providing best quality services. Quality is considered to be main determinant of customers' satisfaction in both manufacturing and service quality. As this research is restricted to service sector and further to retail industry, only those variables are taken that proved to be dimensions of service quality. The five dimensions identified as part of the construct service quality are; tangibles, empathy, reliability, responsiveness, and assurance found satisfied customers of retail sector have high extent of usage and intentions to repurchase in future. Those firms expecting to create and sustain advantages over competitors in this market should be seeking to deliver a superior and service quality.

Need for the study

Any company would like to know how to satisfy its customers to the maximum so as to turn them into loyal customers. The need for the study is to know the impact of the service quality dimensions on customer satisfaction from the Cuppa customers' point of view and which service quality has a major impact on their satisfaction.

Objective of the study

The objective of this study is to assess the influence of service quality on customer satisfaction. In accordance with this objective, the empirical survey encompasses the following objectives:

1. To find out the relationship between the SERQUAL dimensions with the overall customer satisfaction.
2. To find out if the demographic variables influence customer satisfaction.
3. To find out which SERVQUAL dimension influences the customer satisfaction to the maximum.

Scope of the study

This study focuses on the effect of customer service on customer satisfaction. The respondents in respect of this study are the customers and individuals that patronize at different Cuppa outlets.

Limitations of the study

1 This study is restricted to the customers of Cuppa cafetaria.
2 Some of the customers were reluctant to fill the questionnaires.

Research Methodology

Descriptive research design was adopted for this study. Convenient sampling is used and the Sample size used is 191. The sample unit is customers of Cuppa outlets in Bangalore. The statistical tools used are ANOVA test, chi-square test, regression & correlation.

Source of Data collection

In this study primary data are collected through questionnaire method and secondary data is collected from journals and research database ebsco.

Literature Review

Service Quality

1. **Service Quality dimensions**
   Yasir Shafiq(2013) The main purpose of this paper is to evaluate the hotels' service quality through customer satisfaction. Theory tells us that if the customers are satisfied then the hotels are providing higher service quality. And also check that which dimensions of SERVPREF is need to be focused more in Pakistan. For this purpose SERVPERF tool was adopted and administrative to customers who stayed in the hotels of Faisalabad, Pakistan. The results indicates that in Pakistan among the five dimensions of SERFPERF the dimension tangible and empathy needed to be focused **more.Mark Munoz{2006)** his study examines small/medium enterprises (SMEs) management and employee perceptions of customer service on a number of dimensions. As the Philippine market becomes more involved with global business, the importance of service quality increases. The results can be valuable in the formulation of training, sales and marketing, business development, human resources management, and strategic planning. Implications for practice are discussed. **Ishfaq Ahmed(2010)** the study examines the service quality of the mobile service providers and satisfaction of the customers with this quality. The study focuses only the SMS service provided by telecom organizations. Service quality is measured using 5 dimensions and its relationship is determined with customer satisfaction. The data was collected from 331 youngsters who use the SMS service of any company. Correlation and regression analysis are used to analyze the data. The scores indicate that customers are slightly satisfied from the service quality of SMS service providers where tangibles and assurance score more than other dimensions and empathy has the lowest score. **Dr. Abdelmo'ti Suleiman Abu Alroub(2012)** The research aims to identify the impact of service quality on customers satisfaction in the tourist restaurants in the city of Amman. the researcher developed a questionnaire and distributed them to customers on a sample of tourist restaurants in the city of Amman, amounted to (120) Single statistically. The results revealed that there is a significant relation between tangibility, assertion, empathy and customer satisfaction in the tourist restaurants in the city of Amman.

2. **G.S. Sureshchandar(2002)** The present study adopts a different approach and views customer satisfaction as a multi dimensional construct just as service quality, but argues that customer satisfaction should be operationalized along the same factors (and the corresponding items) on which service quality is operationalized. Based on this approach, the link between service quality and customer satisfaction has been investigated. The results have indicated that the two constructs are indeed independent but are closely related, implying that an increase in one is likely to lead to an increase in another.

3. **Customer Satisfaction**
   Krishna (2010) Result of research showed that services offered by retail units have positive impact and are significant in building customer satisfaction. Findings of this empirical research reiterate the point of view that Service Quality dimensions are crucial for customer satisfaction in retailing – a burgeoning sector with high growth potential and opportunities in fast growing economies like India's. Panchapakesan(2010) Patients and attendants treat the interpersonal aspect of care as the most important one, as they cannot fully evaluate the technical quality of healthcare services. The study also revealed that the hospital service providers have to understand the needs of both patients and attendants in

order to gather a holistic view of their services. Hamad Saleem(2014) This study is to look at the association between services quality of Pakistani hotel and to scrutinize cause on customer satisfaction, brand image and customer loyalty. The primary data was collected from 5 and 8 star hotels of Pakistan. The findings suggested that high quality of services boost up the customer satisfaction and then afterward this satisfaction will strengthen the customer loyalty, Ram Mohan(2013) This study aims to identify the main factors that lead to customer satisfaction in food retail supermarkets. The main factors are extracted from the independent variables using factor analysis. Then regression analysis is done taking the extracted factors as independent variables and customer satisfaction as dependent variable. Likert scale and multiple choice questions are used in the questionnaire. There are 17 independent variables which by factor analysis are reduced to 5 main factors which are found to significantly impact customer satisfaction in food retail supermarkets.

Retailing Industry

India is the 5th largest retail market in the world. The country ranks fourth among the surveyed 30 countries in terms of global retail development. The current market size of Indian retail industry is about US$ 500 bn (Source: IBEF) and is expected to grow at the rate of 15- 20% p.a. The retail industry is expected to increase to US$ 750-850 bn by 2015 (according to a report by Deloitte). Retailing has played a major role the world over in increasing productivity across a wide range of consumer goods and services. In the developed countries, the organised retail industry accounts for almost 80% of the total retail trade. In contrast, in India organized retail trade accounts for merely 8-10% of the total retail trade. This highlights a lot of scope for further penetration of organized retail in India. The sector can be broadly divided into two segments: Value retailing, which is typically a low margin-high volume business (primarily food and groceries) and Lifestyle retailing, a high margin-low volume business (apparel, footwear, etc). The sector is further divided into various categories, depending on the types of products offered. Food dominates market consumption with 60% share followed by fashion.

The relatively low contribution of other categories indicates opportunity for organized retail growth in these segments, especially with India being one of the world's youngest markets. Transition from traditional retail to organized retail is taking place due to changing consumer expectations, growing middle class, higher disposable income, preference for luxury goods, and change in the demographic mix, etc. The convenience of shopping with multiplicity of choice under one roof (Shop-in-Shop), and the increase of mall culture etc. are factors appreciated by the new generation. These factors are expected to drive organized retail growth in India over the longrun. After a challenging FY12, the retail sector recorded increase in sales volumes on y-o-y basis in FY13. It also pared some losses through efficient cost and supply management. Despite best efforts, operating margin of the retailers failed to improve during FY13, primarily due to increase in input cost. Also, high interest rates and scarcity of funds proved to be a major constraint to the growth of the sector. During FY13, the Indian government provided some impetus to the sector by announcing Foreign Direct Investment (FDI) in retail. It allowed 100% FDI in single brands and 51% in multi-brand. However, it continues to face strong opposition from farmers, kirana shop owners and SMEs (small to medium enterprises) as entry of foreign players will increase competition and may impact their businesses. The government has now left the decision to the respective states to decide if and when they would like to allow FDI in the sector.

Indian food retailing sector

Estimates of the dollar value of India's retail sector vary significantly. A survey of 10 private estimates indicates that the total (food and non-food) retail sector was valued at somewhere between $ 320 billion and $ 550 billion in 2011. Retail food sales are estimated at $270 billion, which equates to 60 percent of total retail sales. Estimates indicate that modern grocery retailers managed to carve out an estimated one percent share of food retail sales in 2005 and that share has increased to two percent in 2011 or $ 5.4 billion.

Consumer food preferences

An estimated 20-30 percent of the Indian population is strictly vegetarian in accordance with the tenets of Hinduism. Those Hindus who eat meat tend to do so sparingly and beef consumption is taboo among Hindus, Jains and Sikhs who comprise over 80 percent of India's population. Furthermore, non- vegetarian food is not consumed during special days or religious observances. India's large Muslim population (estimated at 160 million) does not consume pork and eats Halal animal products that are sourced from livestock that were slaughtered according to the tenets of Islam.

Indians tend to take pride in the many regional and varied foods that comprise Indian cuisine. In general, Indians have a strong preference for fresh products, traditional spices and ingredients, which has generally slowed the penetration of American and other foreign foods. However, the acceptance of packaged, convenience and ready-to-eat food products is increasing, especially among younger consumers and the urban middle class. Many Indians are quite willing to try new foods while eating out, but often return to traditional fare at home. Italian, Thai and Mexican foods are reportedly the fastest growing new cuisines in India and consumers are slowly diversifying their consumption patterns.Typical imported food items that can be spotted in retail stores in major cities include dry fruits and nuts, cakes and cake mixes, pastries, chocolates and chocolate syrups, seasonings, biscuits, canned fruit juices, canned soups, pastas, noodles, popcorn, potato chips, canned fish and vegetables, ketchup, breakfast cereals, and fresh fruits such as apples, pears, grapes and kiwis.

Supply : players are now moving to tier-2 and tier-3 cities to increase penetration and explore untapped markets as tier-1 cities have been explored enough and have reached a saturation level.

Demand : healthy economic growth, changing demographic profile, increasing disposable incomes, changing consumer tastes and preferences are some of the key factors driving the organized retail sector in India.

Future prospects of the industry:

Retail industry has been on a growth trajectory over the past few years. The industry is expected to be worth US$ 1.3 bn by 2020. Of this, organized retail is expected to grow at a rate of 25% p.a. A significant new trend emerging in retail sector is the increase in sales during discount seasons. It has been observed over the past few months, that sales numbers in discount seasons are significantly higher than at other times. This is prompting retailers to start discounts earlier and have longer than usual sale season. Also, concepts such as online retailing and direct selling are becoming increasingly popular in India thereby boosting growth of retail sector.

Another crucial structural change is expected to come in the form of implementation of FDI in multi-brand retail. The industry players are strongly in favor of entry of foreign retailers into the country. This will help them in funding their operations and expansion plans. The expertise brought in by the foreign retailers will also improve the way the Indian retailers operate. It is expected to bring in more efficiency in the supply chain functions of retailers. However, fear of loss of business for kiranawalas is still a cause of concern and is posing hurdles in FDI implementation across country. Ironically, it has been more than a year since the government opened the door for FDI in multi-brand retail. But no international retailer has shown interest in coming to India yet. Hurdles such as requirement of clearance from individual states, mandate of 30% local outsourcing of materials from micro and small enterprises are keeping the investors away from India.Retail is mainly a volume game, (especially value retailing). Going forward, with the competition intensifying and the costs scaling up, the players who are able to cater to the needs of the consumers and grow volumes by ensuring footfalls will have a competitive advantage. At the same time competition, high real estate cost, scarcity of skilled manpower and lack of infrastructure are some of the hurdles yet to be tackled fully by retailers.

Rural retailing is another area of prime focus for many retailers. Rural India accounts for 2/5th of the total consumption in India. Thus, the industry players do not want to be left out and are devising strategies especially for the rural consumer. However, players should be ready to face some imminent challenges in rural area. For instance, competition from local mom and pop stores as they sell on credit, logistics hurdles due to bad infrastructure in rural areas, higher inventory expenses and different buying preferences amongst rural population.

Service quality is determined by the differences between customers' expectations of service provider's performance and their evaluation of the services they received. SERVQUAL is a multi-item scale developed to assess customer perceptions of service quality in service and retail businesses (Parasuraman et. al., 1988). There is an impact of the basic dimensions of the (SERVQUAL model) on the level of customer satisfaction at different levels. As service industry is growing very quickly, they have to give careful attention regarding discussed service quality dimensions in order to minimize the expectation-perception gap as well as to ensure better and quality service. This model can be guideline for the top level managers to understand the different aspects of service quality dimensions so that they can be able to choose the right dimensions and instruments to offer competitive service for the sake of holding sustainable growth and profitability of the organizations. In order to fulfill the objectives, a survey was conducted to collect information to relevant to the study. For the purpose of conducting the survey, a questionnaire was prepared and handed out to employees creating a sample size of 191 respondents. On the basis of the information provided by the respondents the following presented tables, charts and graph were prepared and the analysis was arrived at.

Findings

Most of the respondents belong to female category. They prefer coming to Cuppa more than males. The customers of Cuppa mostly belong to the age group of 20-30yrs. The appearance of the employee is the most important factor among the tangible factors following by the visual appearance of the service materials. The problem solving tendency of the employees is the most important among their liability factors. The prompt services given by the employees to the customers show the good responsiveness at the café. The employees are never too busy to respond to customer's request. The employees at the café are consistently courteous to the customers and their requests. The customers feel safe & secure in their credit card or debit card transactions. The café empathize the customers by operating at convenient hours. The services at the café are better than the customers' expectation. All SERVQUAL dimensions contribute almost equally to the customer satisfaction level. Among the SERVQUAL dimensions the responsiveness dimension contributes maximum to the overall satisfaction of the customer with assurance dimension following it.

Conclusion

This research paper has provided results regarding the impact of the retail service quality on the customers' satisfaction of CUPPA. The customers are highly satisfied with the cafes' responsiveness to them. This acts as a major factor in the satisfaction of the customers.

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