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Determinants of retail service quality – an empirical evidence from Pakistan

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Abstract
The study examines the main determinants of retail service quality in Okara Market. Data collected through questionnaire from 150 respondents by using five point Likert. Correlation and Regression analysis were used as statistical tests. Empirical analysis shows that reliability, personal interaction, policy, problem solving have positive relationship with overall evaluation of retail service quality and physical aspects has negative relation with overall evaluation of retail service quality.

Key Word: Service Quality, Retail Service Quality Scale, Supermarket, Pakistan

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I. Introduction
Service quality can be defined as the customer's satisfaction with the actual performance of the service (Manjunath, 2012). Last few years, service quality has become a major area of awareness to managers and researchers because of its strong impact on business performance, lower costs, customer satisfaction, customer loyalty and profitability (Leonard, 1982). Many industries are paying better attention to customer satisfaction and service quality, for reasons such as increased deregulation and competition (Reichheld, 1990). Academics have also been studying quality and satisfaction to understand determinants and processes of customer evaluations (Hubbert, 1993). Service Quality is defined as a comparative function between customer expectations and actual service performance (Parasuranman, 1985). Many researchers have studied the relationship between service quality and customer satisfaction. Empirical findings showed that service quality is associated to customer satisfaction (Babakus, 2004). Customers who are satisfied with the perceived service quality will have a favorable emotional response, i.e., customer satisfaction. Research in service quality considers customer satisfaction as an affective make (Westbrook, 1983).

Service quality in retailing is different from other product or service environment (Lamb, 1991). For this reason Dabholkar(1996) developed a Retail Service Quality Scale (RSQS) for measuring retail service quality. The need for a measurement instrument that can accurately assess service quality in a retail environment was answered by Dabholkar et al. (1996) who developed and a scale to measure retail service quality. According to Dabholkar et al. (1996), retail service quality has a hierarchical model which comprised of 5 basic dimensions. One physical aspect is based on store design, appearance, and convenience. Second is reliability Keeping promises and performing services correctly (doing it right). Third, Personal interaction is associated with personnel being polite, helpful, and inspiring confidence in customers. Forth, problem solving is consisted with usage of returns and exchanges as well as complaints and finally Policy is belongs to quality of parking, merchandise, credit cards, and operation hours.

Most of researchers have used RSQS scale in many types of retail establishments as well as in different cultural contexts. The findings showed that different cultural people have different backgrounds perceive service quality in different manners. The main objective of this study is to measure retail service quality in Okara Market. In which we are determine five dimensions Physical Aspects, Reliability, Personal Interaction, Problem Solving and Policy. This research article is actually a modification in the research article of (Nhat, 2007).

This research will extend the body of knowledge in respective field. This study will also contribute in retail service quality. Basically this model will be a modification of previous model Determinants of retail service quality - A study of Supermarkets in Vietnam presented by (Nhat, 2007).The future researches will be able to take guidelines if they are to conduct research study in respective area. By improving the performance of employees, supermarkets can increase customer's satisfaction. In this research we includes comprehensive questionnaire, statistical methods like statistical analysis, Correlation etc. And a positive relationship between Retail Service Quality and factors has been found.

II. Literature Review
There are large numbers of studies to investigate the retail service quality for different time, sample and countries. This study try to overview the most recent and relevant literature. Leen (2002) conducted a study analyzed the determinants of retail service quality of apparel specialty stores. He studied a model of five dimensions of physical aspects, reliability, personal interaction, problem-solving and policy are highly suited for measuring retail service quality in clothing stores, also proving that the instrument is applicable in the Malaysian culture. The data was collected through questionnaire and Findings obtained from the confirmatory factor analysis and reliability tests through the correlation analysis, it was shown that retail service quality is furthermore associated with future consumption behavior in terms of the customers' intention to visit, purchase and recommend the stores to others.

McMellon (2004) also exploring the determinants of retail service quality for Internet. A multidimensional measure of perceived online service quality was developed based on consumers' comments about their experiences with online retailers. These comments were organized and compared to the RSQS scale. The data collection through internet influences a sample of 500 respondents. A survey was administered to adults who had made online purchases or role-played the experience. The new measures became less reliant on interpersonal interactions and more technologically relevant. A new dimension also emerged that reflects consumers' concerns for the geographic distance and facelessness of their experience. The study points to areas of improvement for online service quality.

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Parikh (2006) conducted a study to measure retail service quality. The sample size were 102 through questionnaire and In order to test the reliability of the overall instrument, Cronbach's coefficient α was computed using data on the perceptions, the expectations, and the differences between the perceptions and the expectations. The results shows overall reliability of instruments in three cases is satisfy but in physical aspects and problem solving have less value 0.6. So these are confusing.

The study done by Nhat (2007), the aim of the study is to identifying components of retail service quality in Vietnamese Supermarkets. A survey of 440 shoppers in a variety of supermarkets in (HCMC) Ho Chi Minh City has resulted that service quality of supermarket composes of 4 factors namely Service personnel, Physical aspects, Policy and Reliability. Between which Service personnel has the strongest impact and Physical Aspects has the weakest one, although the role of Reliability is not complete by the data.

Bougoure (2008) analyzed the service quality: a study of retail service encounters in Hong Kong. This research uses five dimensions: Reliability, Responsiveness, Tangibles and Personalization. Data was collected through 300 questionnaires where 164 were female and 136 were male. The data analysis for this study was conducted in 2 steps. First exploratory factor analysis and reliability testing via Cronbach's Alpha. This study provides practical information for the food retailing industry in Hong Kong. And more listening to customers can help to fill up the gaps between perceptions and expectations.

Sellappan (2009) investigated the retail services detainments and use 170 sample were used. For the purpose of analysis and drawing inferences the statistical tools used are Cronbach's Alpha, percentage analysis, Factor analysis, ANOVA, inter correlation and regression. The six factors namely, reliability, matching customer needs and products, customer handling, customer convenience, tangibles and quality of staff were identified with the use of factor Analysis. The results are, if the customer perception is higher on service quality at retail stores it will be result in higher customer loyalty.

Kumar (2012) analyzed the retail service quality for organized retailing and use five dimensions such as physical aspects, problem solving, personal interaction, reliability and policy. The data was collected on these dimensions by using five point likert scales from 150 respondents on the basis of random sampling. The results showed that physical aspect, personal interaction and problem solving were positively related to overall customer satisfaction at retail stores.

Kimani (2012) conducted a study to investigated shoppers perception of retail service quality of supermarkets for Kenya. The purpose of this paper was to determine shoppers perceptions of service quality offered in Kenyan supermarkets and very small convenience shops. For this purpose data collected from semi-structured questionnaire was analyzed using factor analyses and Pearson correlation analysis. The researcher worked on four factors reliability, responsiveness, empathy and tangibles. Pearson correlation analysis is used to analyze data. This study is a useful guide for research in service quality in retail sector and it identified important factors that shoppers considered important in their perception.

Aluregowda (2013) conducted a study to analyze the impact of retail service quality and its effect on customer perception for Mangalore. Retail service quality was measured by using five dimensions like reliability, personal interaction, physical aspects, problem solving and policy. The research used (RSQS) scale at big bazaar supermarket in Mangalore city. The data was collected from 200 respondents using Likert a scale. The result revealed that all the five dimensions were positively significant to customer perception.

Recentally Singh (2013) developed new quality measurement scale for grocery retail stores. This study modified service quality measure with new dimensions of grocery store service quality scale have no association with overall service quality and positive with overall service quality. Research methodology included 3 phases. In first reliability and validity of RSQS, a survey was conducted. The data was collected from grocery stores in Delhi. Sample was 300 responses. Factor analysis through validity of RSQS. And for testing reliability of data, Cronbach's alpha was performed. In second phase top of mind survey was conducted for the identification of new variables and attributes. The responders are 200 through questionnaire. The third phase extended instrument was used for development of grocery store service quality scale. The sample was 900. The reliability of the scale was tested using coefficient alpha. The validity of the scale was tested using 3 types of validity. Face validity, criterion validity and construct validity. And the hypotheses were tested.

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And there is no significant difference in grocery store service quality scale dimensions by demographic variables, and a significant difference in grocery store service quality scale dimensions by demographic variables.

III. Theoretical Framework and Research Method

This study adopts the original model of Dabholkar (1996). The structure for retail service quality consists of five dimensions. Physical aspects, Reliability, Personal interaction, Problem solving and Policy. These five dimensions of service quality are tested with overall evaluation of shoppers on the retail service quality.

Research Model
Independent Variables   **Dependent Variable**
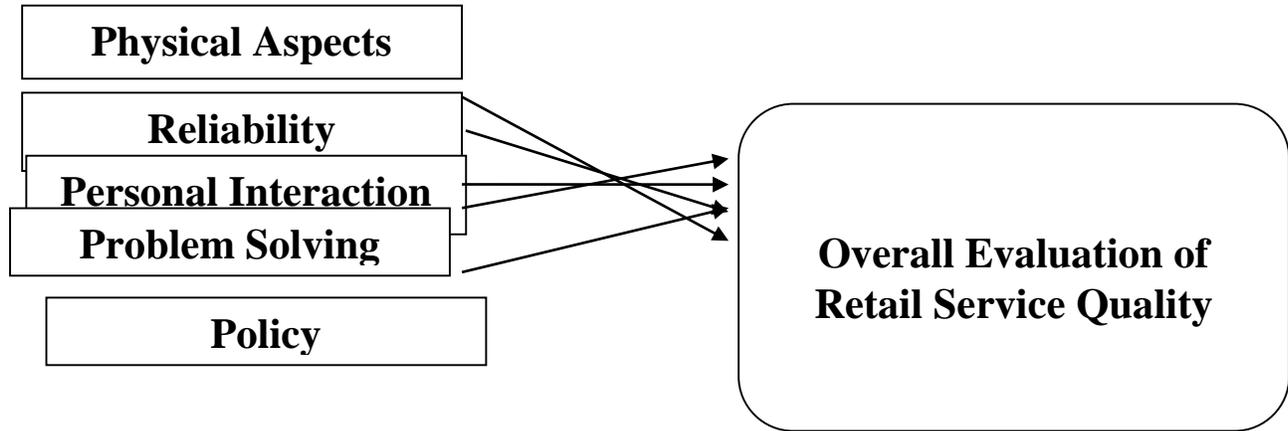
IV. Indication of Independent Variable and Dependent Variable:

In this Theoretical framework Physical Aspects, Reliability, Personal Interaction, Problem solving and Policy are the independent Variables and Overall Evaluation of Retail service Quality is dependent variable (Nhat, 2007).

V. Methodology

For Data Collection we use Nhat (2007) and Dabholkar et al.,(1996) Determinants Of Retail Service Quality He used quantitative research through questionnaire by using RSQS (which was in the form of 5 dimensions (Physical Aspects, Reliability, Personal interaction, Problem solving and policy). And the methods used for data analysis are regression and correlation analysis. Since the current research is a modification in his research model, so data were collected via a large sample survey through questionnaire by using RSQS (Dabholkar et al., 1996) dimensions (Physical Aspects, Reliability, Personal interaction, Problem solving and policy). It based on a quantitative research and sample size of 150 questionnaires was taken due to shortage of time. Respondents of the survey were Okara Market shoppers and customers. SPSS used for descriptive statistics and coefficient the personal information of the respondents

VI. Empirical Findings

Reliability analysis was performed of the dimensions of Retail Service Quality. It is necessary to check the reliability before analysis. Results of reliability analysis are shown in the table.

Table- 1
Cronbach's Alpha

No	Dimensions	Items	Cronbach's Alpha
1	Physical Aspects	3	.177
2	Reliability	3	.127
3	Personal Interaction	3	.161

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4	Problem Solving	3	.189
5	Policy	3	-.311
6	Overall Evaluation of Retail Service Quality	3	.634

The acceptable value of Cronbach's alpha is 0.7. Values that are less than 0.7 indicate they are less reliable and blow 0.5 is unacceptable. So our all dimensions are highly acceptable. Table 2 shows that the correlation among all variable. All variable are shows less correlation means less chance of correlation of independent variables. The demographic aspect of respondent are given in appendix A such gender, age and income with complete information.

VI. Results of correlation
Results of correlation are shown in the form of table.

Table -2
Correlation

		Physical Aspects	Reliability	Personal Interaction	Policy	RSQ	Problem Solving
Physical Aspects	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	150					
Reliability	Pearson Correlation	-.264**	1				
	Sig. (2-tailed)	.001					
	N	150	150				
Personal Interaction	Pearson Correlation	.547**	.199*	1			
	Sig. (2-tailed)	.000	.014				
	N	150	150	150			
Policy	Pearson Correlation	.208*	.173*	.252**	1		
	Sig. (2-tailed)	.011	.034	.002			
	N	150	150	150	150		
RSQ	Pearson Correlation	.455**	-.142	.557**	.311**	1	
	Sig. (2-tailed)	.000	.083	.000	.000		
	N	150	150	150	150	150	
Problem Solving	Pearson Correlation	.282**	-.015	.246**	.006	.428**	1
	Sig. (2-tailed)	.000	.851	.002	.941	.000	
	N	150	150	150	150	150	150

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

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Table-3
Regression result

	Un standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.177	.451		2.611	.010
Physical Aspects	-.030	.090	-.027	-.333	.740
Reliability	-.298	.071	-.284	-4.164	.000
Personal Interaction	.571	.090	.492	6.336	.000
Policy	.250	.064	.240	3.881	.000
Problem Solving	.270	.054	.309	5.024	.000

Retail service quality as dependent variable

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.714[a]	.509	.492	.50120

a. Predictors: (Constant), Problem Solving, Policy, Reliability, Personal Interaction, Physical Aspects

The long run results of the study are presented in the table 3. The results show that physical quality of retailer has negative and insignificant relationship with retail service quality. The results highlight that physical aspects which is key indicator of retail service quality of a nation has negative and insignificant relationship in Okara supermarket. For reliability, the results show it has also negatively and significant impact on retail service quality the results show that 1 percent increase in reliability decrease the retail service quality by -.030 percent and this relationship is significant at 5 percent. On the other hand, personal interaction has positive and significant impact on retail service quality in supermarket Okara. The result show that 1 percent increase in personal interaction retail service by 0.571 percent and this relationship has 1 percent level of significance. As we see the result of policy and policy solving strategy both have positive and significant impact on retail service quality. The results show that 1 percent increase in policy and policy solving cause to increase by 0.250 and 0.270 respectably and this relationship has 1 percent level of significance.

VII. Conclusion

This study has verified the actual measurement of retail service quality in Okara market and considered the impact of retail service quality on customer's overall evaluation of retail service quality. On the basis of results it is concluded that all variables such as reliability, personal interaction, policy, problem solving have positive relationship with overall evaluation of retail service quality and physical aspects has negative relation with overall evaluation of retail service quality. For future policy implication we improve the physical structure and also improve the level of reliability to improve the retail services quality in Pakistan. There are some limitations and further research directions are followings, this study conducted on small sample for Okara Market. It can be include extended market or supermarket of any other country or city. Future, this research should consider factors such as merchandise, display, safety, promotion policy, loyalty policy, etc. while, in future this work should take into account of other types of retailers.

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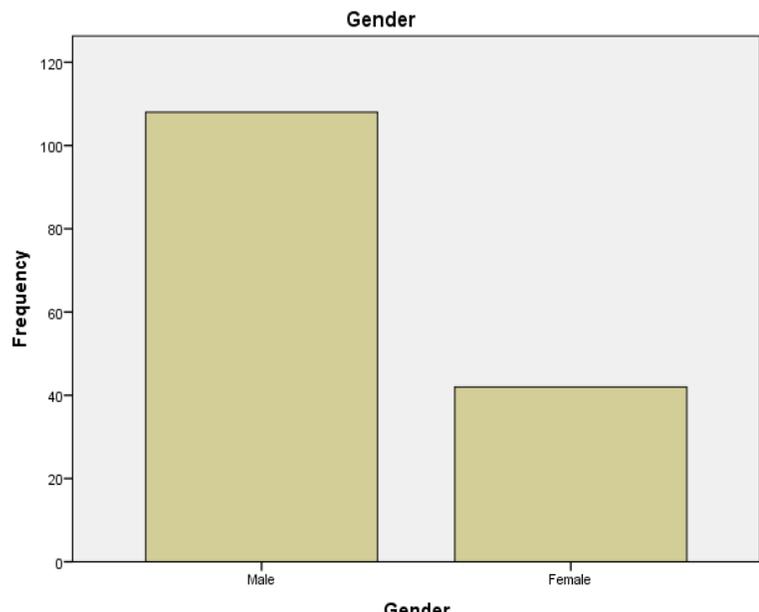
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Appendix A
Results of Descriptive Statistics:

Results of descriptive characteristics of respondents are shown in percentage in the form of table or bar graph.

Gender

Gender	Frequency	Percent
Male	108	72.0
Female	42	28.0
Total	150	100.0

Gender

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Income

Income	Frequency	Percent
below 15000	84	56.0
from 15000 to29000	44	29.3
from 30000 to 44000	7	4.7
50,000+	15	10.0
Total	150	100.0
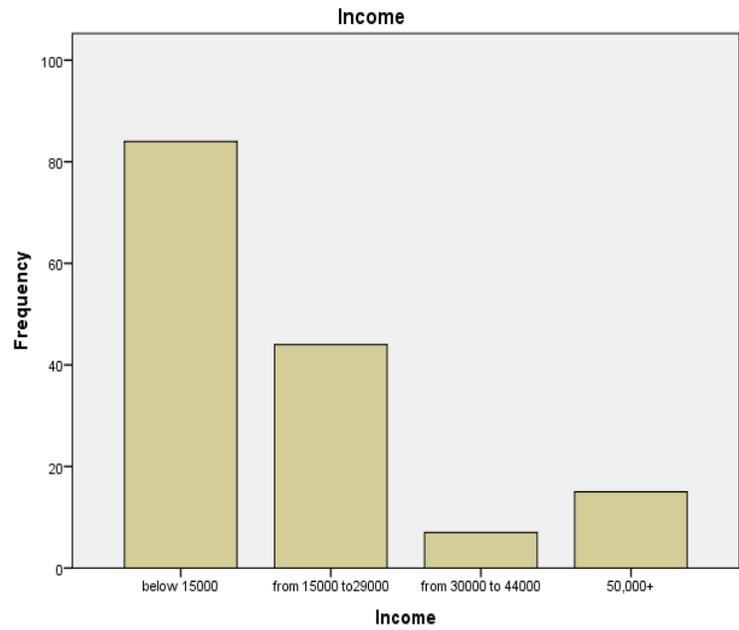
Age

Age	Frequency	Percent
under 20	49	32.7
upto 20 but below 30 year	72	48.0
upto30 to 40 year	16	10.7
45 +	6	4.0
5.00	7	4.7
Total	150	100.0