

# Analysis of Customers' Perception towards the Organized Retail Service Quality

## (Study of various elements of organized retail sector of Jaipur city)

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Retailing is a growing service sector of India and customer is a key person of this sector. Customer is an economic agent who purchases goods and services for his or her direct or indirect satisfaction. It is the customer, who determines what a business is; therefore a sound marketing program can be start with a careful analysis of customer behavior. The attitudinal change in Indian customer and the emergence of organized retail formats have change the face and dimensions of retailing in India. The changing customer preferences and social attitudes have contributed immensely to the growth of organized retail sector. Organized retailers actually works as catering to varied needs of customer.

In last decade, the retailing sector in Rajasthan has undergone to tremendous change. A large young population, nuclear families, increasing education level and working women population and new opportunities in the services sector are the key factors of growth of organized retail in Rajasthan especially in Jaipur city. This growing pattern is helping the newer businessmen to enter in retail sector especially in organized. In spite of all such situations customer perception is major element to analyze by a new and growing retailer.

This paper presents an insight about the present structure of organized retail in Rajasthan especially in Jaipur city. The analysis also covers study of customer's perception towards retail aspects. It also tries to express the socio-economic conditions of customers of Jaipur.

**Keywords:** Retailing, Socio-economic, customer's perception.

### Introduction

Retailing is the transaction between the seller and customer for personal and impersonal uses. It does not include the transaction between the manufacture, corporate purchase, government purchase and other wholesale purchase. A retailer stocks the goods from manufacturers and then sells them the end user for a marginal profit. It can also be defined as a distribution system, where an organization, buying from manufacturers and selling these direct to the customers.

The "Retail" word has been derived from the French word retailer which means to cut off a piece or to break bulk. Retailing is the final step in a distribution of products, for consumption by the end user. It does not include the direct interface between the manufacturer and institutional buyers, governments and other bulk buyers.

India retail industry is a promising and growing market and a largest industry. Indian retail industry is ranked as one of the biggest retail market in the whole world and second most attractive market for investment after Vietnam.

Retailing is one of the biggest industries in India and one of the major sources of service provider in the country. The Indian retail market has about 14 million outlets, the biggest retail outlet vocation in the world, (Sinha and Uniyal, 2007). India has been recognized as the third most striking retail destination' globally from among thirty emerging markets, (AT Kearney, 2010)

According to this report Indian retail market is worth about \$410 billion, out of which 5% of sales are through organized retail. Though the sale percentage of organized retail in India is less, but the contemporary retail set-ups are showing very motivating trends due to changing lifestyle of consumers.

The Indian retail industry has strong connection with the monetary growth and development of the economy. Liberalization of the economy, rise in per capita income, enhanced infrastructure, rising consumerism, retail characteristic and effective marketing strategies of the retailers are the major factors for the development of organized retail in India, (Aggarwal, 2008; Arshad and Hisam, 2008 and Mishra, 2008).

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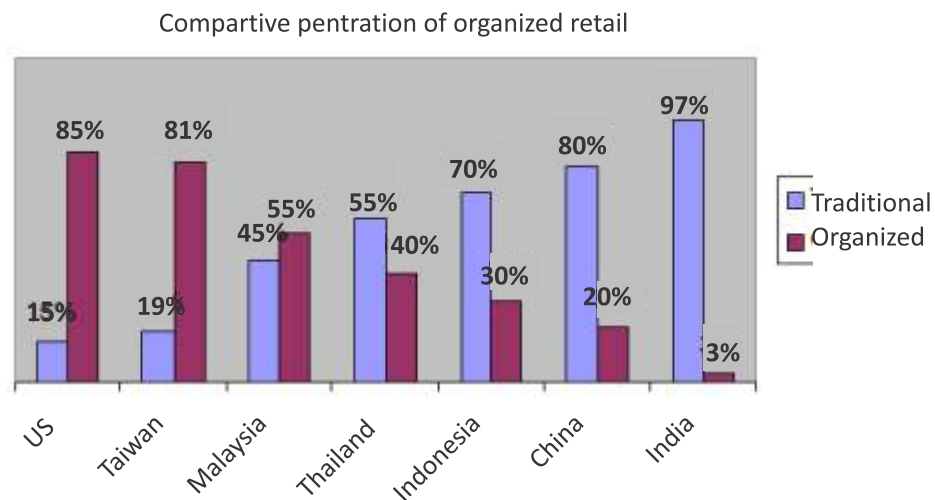
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## Evaluation of Retail in India

Retailing in India was started as primitive business like barter system also known as the first form of the retail in which people

were doing business with their neighbors. Goods were the medium of transactions. As time passed currency was exchanged with goods and services. Then people called Hawkers carried out the first retailing in push carts to a given neighborhood which provides them a geographical place to do exchange then followed by Kirana stores called 'Mom and pop up' stores to brand stores and brand stores to malls. It shows that manufacturing era necessitated the small stores and specialty stores. It was a seller market still than this point of the time with limited numbers of brands available.

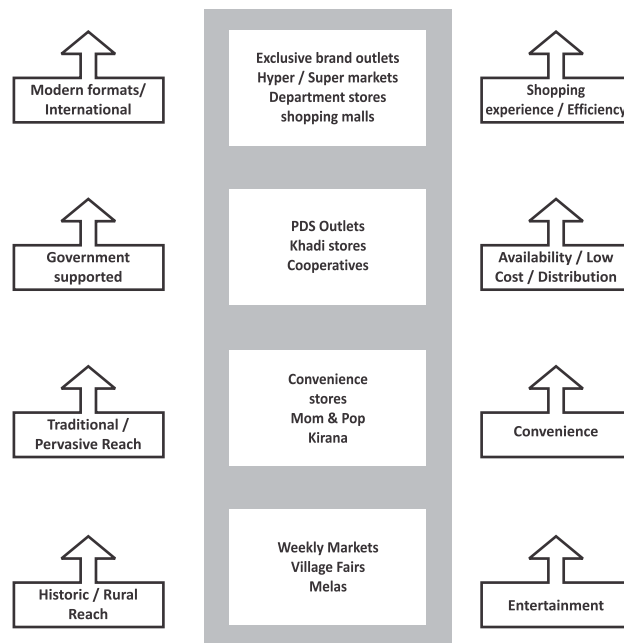


Source : Retail News, Ernst and Young LLP, Spring 2006 (Fig : 1)

Retailing is a growing service sector of India and customer is a key person of this sector. Customer is an economic agent who purchases goods and services for his or her direct or indirect satisfaction.

Customer buying behavior is the buying behavior of the final consumer. Consumer behavior makes one how consumers decide to use their resources such as time money and effort for buying using and disposing goods and services. Consumer behavior is the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society. A consumer is a person or organization that uses economic services or commodities. In economic system consumers are utilities expressed in the decision to trade or not. The definition of a consumer is a person that buys goods and services it is a person who purchases goods and services for personal use.

It is always taken that the behavior of humans as customers is complex. Marketers always keep on trying to understand the key drivers of customers buying behavior and their perceptions that will help them to serve their customer effectively and efficiently and attract new customers. It is very significant and necessary to know customers shopping behavior with regards to retailing this includes decision variables regarding brand selection shopping timing and choice of retail format and store. Traditional demographic variables cannot clearly identify the complete characteristics of an evolutionary retail market, as consumers in the same demographic group have diverse psychographic makeup. Therefore, psychographic factors influencing consumer behavior have to be understood more closely by organized retailers. Further, organized retailing itself has a tremendous influence on consumer behavior. Thus, consumer behavior and organized retailing have reciprocal influences on each other.



## Literature Review

In spite of such a great coat of consumer behavior analysis with regards to organized retail outlets it is strange that so long it could not draw towards as much mindfulness of the researchers in Rajasthan as it desires.

**Mr. Sunil Atulkar (2015)** observed that due to the changing demographics, urbanization, and awareness due to electronic media especially internet the consumers have multiple options to choose from modern retail outlets.

**Shyamala Devi B (2011)** expressed her view about consumer behavior in organized retail business with reference to FMCG sector' She worked to analyze the factor affecting of buyers decision. She mentioned the requiems of organized retail store.

**Kshitiz yadav (2010)** studied brand loyalty of consumers of rural area of Ram Nagar, Nainital towards FMCG products. In this study he worked to know the level of brand loyalty, he found that organized retail companies should work in rural area to improve their market.

**KPMG India (2009)** identified the changing form of retail industry in India and highlighted the key elements which are likely to have impact across retail categories. The report marked several significant developments for the Indian retail industry, including the entry of many global players, growing acceptance of the modern formats, the success of many specialty retail formats, and the growing competition in the regional markets beyond the metros and Tier I cities. According to report on 'Grocery Retailing in Asia Pacific' by KPMG (2009), the outlook of retail industry in Asia had never been more promising. According to this report world's largest retailers are pushing not only to gain but to preserve market share in the competitive landscape. The report found that there are significant opportunities for the retailers, and whether this growth is achieved organically, or by acquisition, joint venture or strategic alliance, thorough commercial and market analysis will be critical to help ensure that the strategy fits the business objectives and customer needs.

**Sengupta (2008)** detained the history of the evolution of modern Food and Grocery retail in India. He focused on the time period from 1971 to 2001. The research was mainly exploratory in nature. Primary research included depth interviews, focus groups and survey through questionnaire with organized retailers, unorganized retailers, consumers, FMCG manufacturers, channel members, and opinion-leaders. The study established that emergence of modern retail in India is not just a result of increasing consumer buying power but manufacturers and unorganized retailers also have an significant role to play in this procedure at the macro-level.

While going through some other literature related to proposed research work, it came to notice that no reached work has been done on organized retail outlets in area of selected Districts of the Rajasthan. Therefore proposed study is in new field.

## **Objective of Study**

1. To study the customers perceptions towards the retail sector in Jaipur city.
2. To study various factors which plays a major role in buying decision.

## **Research Methodology**

### **Population of Study -**

A total of 300 consumers from 4 parts of Jaipur city were surveyed for this research study. The survey is based on interviewing various malls and grocery store consumers at various catchment areas in Jaipur city.

### **Primary Data**

Tools Used Questionnaire and personal Interview method used for primary data collection

### **Sample Method**

Simple random sampling was chosen to collect the data of Sample Size 300; the data was collected using a random sample of consumers. Consumers walking in the malls were identified and selected at random for questioning.

### **Questionnaire**

Keeping in mind the objectives of the study a two page, Questionnaire was designed to analyze the consumer buying behavior of organized retailing on unorganized retail the literature survey and pre study consultation with industry experts were taken into account. The questionnaire consisted of few open ended questions, some questions were either using ranking scale or Likert scale, and dicotomes type of questions and open ended question.

As per questionnaire, interviews were held face to face so as to capture the attitude and experience of young consumers who had just purchased grocery items from organized retail outlets. Both qualitative and quantitative data analysis is done in order to get deeper insights into the young consumer behavior.

Larger the sample size greater is the precision or reliability when research is replicated.

### **Secondary Data**

Secondary data was collected through research papers, Newspapers, journals, websites, books, project reports and so on. Limitations of the Study Constraints on time, manpower and costs have influenced decisions on the study sample size.

### **Data analysis**

#### **1. Customer Perception towards Retail aspects**

Excellent customer service and high customer satisfaction must start with understanding customer expectations. We need to know who your customers are and what they want. When measuring customer satisfaction, companies generally ask customers whether their product or service has met or exceeded expectations. This is an important question to ask and is a key factor behind satisfaction. Customer satisfaction reflects the expectations and experiences that the customer has with a product or service. Expectations reflect both past and current product evaluation and use experiences. Some researchers define customer expectation as Explicit expectations that are mental targets for product performance, such as well-identified performance standards. Implicit expectations reflect established norms of performance. Implicit expectations are established by business in general, other companies, industries, and even cultures. Static performance expectations address how performance and quality are defined for a specific application. Performance measures related to quality of outcome may include the evaluation of accessibility, customization, dependability, timeliness, accuracy, and user friendly interfaces. Interpersonal expectations reflect the relationship between the customer and the product or service provider. Person to person relationships are increasingly important, especially where products require support for proper use and functioning. Support expectations include interpersonal sharing of technical knowledge, ability to solve a problem, ability to communicate, reduced time to problem resolution, courtesy, patience, enthusiasm, helpfulness, assurance that they understood my problem and my situation,



communication skills, and customer perceptions regarding professionalism of conduct, often including image and appearance.

Service quality in retail is an important area to academicians because of its relevancy to service companies and therefore many researchers have tried to develop various models to measure it, even though some claim it is hard to measure because of its intangibility which is hard to quantify. This is why as services are intangible in nature, evaluating the customer's expectation of quality can be done through the interaction with the personnel offering services. From their suggestion, interaction between consumer and service provider is very important when measuring service quality because through that interaction, the service provider could easily understand the consumer better and identify what he/she exactly wants.

Customer satisfaction is a result of the service level you deliver compared to what your customer expects to receive. Here are the four benefits you can get from understanding customer expectations:

- It lets you know what service levels are expected to keep customers happy and achieve high customer satisfaction
- It enables employees to focus on fulfilling customers' expectations
- It gives you the opportunity to exceed expectations and create raving advocates
- It can help you resolve customer complaints. Since complaints are a result of failing to meeting expectations, you have the ability to quickly fix the problems and retain the business

Critical component of service quality identified are; consumer's expectation which is seen as what they feel service provider should offer and this is influenced by his/her personal needs, past experience, word-of-mouth and service provider's communications, Parasuraman et al. (1985). However, this meaning of expectation is that of service quality literature which is different from expectation in the customer satisfaction literature which defines expectation as predictions made by consumer about what is likely to happen during an impending transaction. Consumers' perception of performance is what he/she experiences, **(Parasuraman et al., 1988)**.

Generally, it is interesting to study expectations and experiences of consumers in many different contexts. It is of particular interest to study these concepts in the context of grocery stores because grocery stores play an instrumental role in the lives of people and it is primordial for firms to know what consumers expect and perceive from these stores. Therefore, in this study, we will define consumer's expectation as what consumers think should be offered by the ideal grocery stores while consumer's perception will be defined as what they experienced in the grocery stores and this is assessed after the performance. In addition, service quality is mainly focused on meeting the customer's needs and also how good the service offered meets the customer's expectation of it. It is however difficult according to previous studies to measure service quality because of its intangible nature and also because it deals with expectations and perceptions of consumers which is difficult as well to determine due to the complexity of human behaviour.

Gronroos, (1982); Parasuraman et al., (1985) have proposed that customer's perception of service quality is based on the comparison of their expectations (what they feel service providers should offer) with their perceptions of the performance of the service provider. Parasuraman et al., (1988, p.17) point out that expectation is viewed differently in both satisfaction literature and service quality literature. In satisfaction literature, expectations are considered as 'predictions' by customers about what is likely to happen during a particular transaction while in service quality literature, they are viewed as desires or wants of consumers, that is, what they feels a service provider 'should' offer rather than 'would' offer. For our study, we will define expectations as desires or wants of customers because this allows us to know exactly what service providers show offer and this is based on based past experience and information received (Douglas & Connor, 2003, p.167). It is important to understand and measure customer's expectations in order to identify any gaps in delivering services with quality that could ensure satisfaction, Negi, (2009). Perceptions of customers are based solely on what they receive from the service encounter (Douglas & Connor, 2003, p.167). The present research captured hypermarket/retail customer perception in accordance with SERVQUAL using following scale items, measured in a 5-point Likert scale.

**Table1 : Customer perception scale items**

<b>Dimension</b>	<b>Scale Items</b>	<b>Variable Name</b>
<b>Tangibles</b>	Modern Look equipment and fixtures	P_ModEupt
	There is availability of parking spaces in the store	P_Parking
	There is availability of food courts in the store	P_Food Crt
	The environment inside the store is clean	P_ClnEnv
	Each facility is well maintained inside the store	P_Facility
	Store has trial rooms	P_TrialRm
	Products are classified and arranged accordingly in the store	P_PrdClass
	Store layout makes it easier for customers to move around in the store	P_Layout
	Store offers range of products	P_PrdRange
<b>Reliability</b>	Employees in the store have the knowledge to answer customers' questions	P_KnwQry
	This store willingly handles returns and exchanges	P_RntExchg
	Employees of this store shows a sincere interest in solving customer's problem	P_EmpComm
	Communication of employees is firm and understandable	P.EmpUndrst
<b>Responsiveness</b>	The employees in this store give prompt service to customers	P.PrmtSrv
	Speed of Response to Complaints is adequate	P.CompResp
<b>Assurance</b>	Store promises to do repairs, alterations in the given time	P_Repair
	This store offers high quality merchandise/ product	P_PrdMerch
	The transactions are Safe and accurate in this store	P_SafeTrans
<b>Empathy</b>	This store gives customers individual attention	P_IndAtten
	Employees in this store are consistently courteous with customers	P_EmpCourt
	Employees shows patience in answering customers queries	P_EmpPatien

We assume that the customer perceive good about modern format retail stores in every dimension of service quality. To test this assumption one sample 't' test is applied. The one-sample t-test is used to determine whether a sample comes from a population with a specific mean. By default, SPSS uses 95% confidence intervals (labeled as the Confidence Interval Percentage in SPSS). This equates to declaring statistical significance at the  $p < .05$  level. If you wish to change this you can enter any value from 1 to 99. For example, entering "99" into this box would result in a 99% confidence interval and equate to declaring statistical significance at the  $p < .01$  level. For this research, keep the default 95% confidence intervals.

**Table 2: One sample 't' test result for perception**

	<b>One-Sample Statistics</b>			
	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Std. Error Mean</b>
P_ModEupt	300	3.7167	.71980	.04156
P_Parking	300	3.7000	.81581	.04710
P_FoodCrt	300	3.6067	.88008	.05081
P_ClnEnv	300	3.7333	.82735	.04777
P_Facility	300	3.6933	.82151	.04743
P_TrialRm	300	3.8700	.74495	.04301
P_PrdClass	300	3.7633	.66493	.03839
P_Layout	300	3.7533	.75789	.04376
P_PrdRange	300	3.6900	.78055	.04507
P_KnwQry	300	3.5033	.87131	.05031
P_RntExchg	300	3.4867	1.01978	.05888
P_EmpComm	300	3.6633	.70592	.04076
P_EmpUndrst	300	3.9133	.89918	.05191
P_PrmtSrv	300	3.7100	.78397	.04526
P_CompResp	300	3.6900	.80585	.04653
P_Repair	300	3.7100	.75795	.04376
P_PrdMerch	300	3.7100	.85733	.04950
P_SafeTrans	300	3.5433	1.16876	.06748
P_IndAtten	300	3.4900	1.08034	.06237
P_EmpCourt	300	3.6633	.72462	.04184
P_EmpPatien	300	3.6033	.69349	.04004

One-Sample Test						
Test Value = 4						
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
P_ModEupt	-6.818	299	.000	-.28333	-.3651	-.2016
P_Parking	-6.369	.000	.000	-.30000	-.3927	-.2073
P_FoodCrt	-7.741	.000	.000	-.39333	-.4933	-.2933
P_ClnEnv	-5.583	.000	.000	-.26667	-.3607	-.1727
P_Facility	-6.466	.000	.000	-.30667	-.4000	-.2133
P_TrialRm	-3.023	.003	.003	-.13000	-.2146	-.0454
P_PrdClass	-6.165	.000	.000	-.23667	-.3122	-.1611
P_Layout	-5.637	.000	.000	-.24667	-.3328	-.1606
P_PrdRange	-6.879	.000	.000	-.31000	-.3987	-.2213
P_KnwQry	-9.873	.000	.000	-.49667	-.5957	-.3977
P_RntExchg	-8.719	.000	.000	-.51333	-.6292	-.3975
P_EmpComm	-8.261	.000	.000	-.33667	-.4169	-.2565
P_EmpUndrst	-1.669	.096	.096	-.08667	-.1888	.0155
P_PrmtSrv	-6.407	.000	.000	-.29000	-.3791	-.2009
P_CompResp	-6.663	.000	.000	-.31000	-.4016	-.2184
P_Repair	-6.627	.000	.000	-.29000	-.3761	-.2039
P_PrdMerch	-5.859	.000	.000	-.29000	-.3874	-.1926
P_SafeTrans	-6.768	.000	.000	-.45667	-.5895	-.3239
P_IndAtten	-8.177	.000	.000	-.51000	-.6327	-.3873
P_EmpCourt	-8.047	.000	.000	-.33667	-.4190	-.2543
P_EmpPatien	-9.907	.000	.000	-.39667	-.4755	-.3179

Table above presented with the observed t-value ("t" column), the degrees of freedom ("df"), and the statistical significance (p-value) ("Sig. (2-tailed)") of the one-sample t-test. The p value for majority of service dimension are > .05, therefore, it can be concluded that the population means are not statistically significantly.

Perception table presented with the observed t-value ("t" column), the degrees of freedom ("df"), and the statistical significance (p-value) ("Sig. (2-tailed)") of the one-sample t-test. The p value for majority of service dimension are < .05, therefore, it can be concluded that the population means are statistically significantly different. The sign of 't' value and mean value analysis reveals that customer show a low perception towards all service dimensions like modern Look equipment and fixtures, availability of parking spaces in the store, availability of food courts in the store, clean store environment, well maintained facilities, trial rooms, product classification and range of products. Customer score low on store layout to makes it easier for customers to move around in the store.

Customer also perceive low about employees knowledge to answer customers' questions, store willingness to handle returns and exchanges, showing a sincere interest in solving customer's problem. The employee in store does not give prompt service to customers; speed of response to complaints is not adequate and they are not consistently courteous with customers. Stores are not offering high quality merchandise. Customers also felt unsafe regarding transactions in store. Stores also fail to gives customers individual attention.



## Conclusion and suggestions:

The growth of organized retail in India is only due to the change in the consumer's behavior. Due to increased income and changing patterns of demography with the advent of small jobs and pocket money which gives freedom to buyers to shop are main factors behind the change, which are favorable sign of growth. The current era consumer wants to shop under one roof which has given Indian organized retail market a major boost.

But in this research of Jaipur city we found that customers are not fully satisfied with services of malls and stores. Customers have very adverse perceptions about some important matters like reliability, empathy, responsiveness, assurance and tangibles. The above mention results shows that employee in store does not give prompt service to customers; speed of response to complaints is not adequate and they are not consistently courteous with customers. . Customers also felt unsafe regarding transactions in store. Stores also fail to give customers individual attention.

This is suggested to stores to provide better training to employees who can serve the customers with full enthusiasm and try to raise the level of assurance and reliability with proper management. If the stores of Jaipur will work on the above mention results and suggestion for expected results of growth, even not only the existing store new and upcoming stores can also get benefited by this research.

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