

A Study on the Perception of Customers towards Service Quality Factors for Convenience Stores

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ABSTRACT

Service Quality is an important strategy for every convenience store to survive in the competition in recent era. Because of the inherent nature of the service, customers perceive service quality differs in many ways. Customer perceived service quality helps convenience store to retain and attract new customers, boost productivity and market share, reduce operating cost, and reduce employee turnover through improving staff morale that ultimately enhance financial performance and profitability. Customer satisfaction has been a game changer for all organizations that work on business to consumer model in this highly competitive market where there is cut throat competition with respect to every product no matter what the product is. The organized retail formats is all set to become the next boom industry in the upcoming years. As the per capita income is increasing so as the consumer spending budget which gives a boost to all the companies to remain in the market for the longer time period. The 8% of the retail sector which forms the organized part makes the service quality as their first priority. Service quality is defined as comparison of perceived expectations with the perceived performance. Service quality impacts the customers at different levels depending on the factors like tangibility, reliability, responsiveness, assurance, empathy etc. In this study total 400 customers were selected and their perception towards service quality factors were measured towards convenience stores. The findings disclosed that there is a relationship between age, profession, income and education with service quality factors.

Keyword :- Tangibility, Reliability, Assurance, Empathy, Responsiveness.

1. Introduction

Organized Retail Industry is one of the most growing industries in India and was forecasted to grow by 31% in the year 2018. It is expected to grow to USD 1200 billion by the year 2021. India is ranked as fifth most preferred destination in retail sector which gives an edge to different companies in the retail chain.

The Indian retail industry is divided into organized and unorganized sectors. Organized retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses. Unorganized retailing, on the other hand, refers to the traditional formats of low-cost retailing, such as the local Kirana shops, owner manned general stores, paan/ beedi shops, hand cart and pavement vendors, etc.

In the beginning there were only Kirana stores called Mom and Pop Stores, the Friendly neighbourhood stores selling every day needs. In the 1980s manufacturer's retail chains like DCM, Gwalior Suiting, Bombay Dyeing, Calico, Titan etc started making its appearance in metros and small towns. Multi brand retailers came into the picture in the 1990s. In the food and FMCG sectors retailers like Food world, Nilgiris are some of the examples. In music segment Planet M, Music world and in books Crossword and Fountain head are some others. Shopping

Centres began to be established from 1995 onwards. A unique example was the establishment of margin free markets in Kerala. The 21st century saw the emergence of super markets and hypermarkets. Big players like Birla Group, Walmart, Reliance, Bharti, Tatas, HLL, ITC etc. are entering into the organized retail segment.

According to BCG's latest survey it has been found that from 2009 to 2017 convenience stores captured the large share in the retail market and also grew at exceptionally faster than other type of retail stores. Convenience stores or c-stores are nothing but the medium sized markets having variety of items under one roof. They can easily be found at street corners just like the Kirana stores or by some fuel refilling station or at any busy intersections in the community. They have appreciable range of items that are frequently required by the customers like groceries, confectioneries, snacks, beverages, toiletries etc. They generally remain open for longer time period and in some countries they operate 24/7. Customers prefer to make trip to these type of stores when they are in need of multiple items of different variety and those can't be found at single grocery store. They are good with spending little more on purchasing than wandering to different grocery stores so that they can get at cheaper price.

In India **Hypermarket is another popular format**. Hypermarkets are essentially destination stores catering to the consumers' bulk shopping needs in both food and non-food categories. The key added values for the customer are 'choice' and 'value for money' because products are sold at a discounted price. The hypermarkets model of food retailing is new to India. Spencers (RPG), Big Bazaar (Pantaloons), Star India Bazaar are some examples. **Cash & Carry (C & C) Stores** sell their products to their members only. The typical area of a C & C store is 70,000 to 100,000 sq. ft. and both food and non-food products are stocked. The members are typically retailers and institutions. The key added value is a wide range of products under one roof, available at wholesale prices. Customers (retailers, professional users, caterers, institutional buyers, etc.) settle the invoice on the spot in cash, and carry the goods away themselves. So far, only four (three foreign and one domestic) companies operate in this space: Metro (German), Shoprite (South African), and SPAR (Dutch) are the foreign players while Wal-Mart has recently set up a joint venture with Bharti retail with the first cash and carry store in India under the brand name of "Best Price".

But in this study convenience store is selected where customers get all the products in an organized way and where customers are satisfied with all the services provided by them in form of tangibility, reliability, responsiveness, assurance and empathy. Convenience store provides customers with a good service and comfort place to shop and this motivates consumers for repeatedly purchasing. Management Science Associates stated that people choose convenience store over traditional market segment for service quality products with low price, clear and transparent exchange policy and fresh products such as vegetables, fruits etc. Quality service is an essential element impacting customers' satisfaction level. It is also argued that customer value is a more viable element than customer satisfaction because it includes not only the usual benefits that most stores focus on but also a consideration of the price that the customer pays. Customer satisfaction is merely a response to the value proposition offered in specific products/markets.

2. Rationale of the Study

This study focuses on the service quality factors such as tangibility, responsiveness, reliability, assurance and empathy which are helpful in selecting the products and easy to differentiate between fresh and stale products. In the developing countries like India customers are more conscious about quality and price also. They give value for money. Satisfaction is affected by many factors which include friendly employees, courteous employees, knowledgeable employees, and helpful employees, accuracy of billing, competitive pricing, service quality, good value and quick service. This study has concentrated on various dimensions of service quality with selected convenience stores.

3. Literature Review

Plooy et. al. (2012) mentioned that drivers of service quality do differ to some extent across demographic groups. The study found differences between organized convenience stores and unorganized retail formats in terms of customer satisfaction. The authors also found that dimensions such as 'empathy', 'tangibility', 'reliability' and 'assurance' are considered to be the main drivers of perceived levels of service quality among shoppers at organized retail outlets. The study found that if customers are satisfied with the convenience retail formats so that their frequency of switching towards other stores is very less and they would like to retain with same stores.

Zuroni Md Jusoh Goh Hai Ling (2016) determined the factors influencing consumers' satisfaction towards e-commerce purchases through online shopping. Online shopping is the process who sell online for buying goods and services from manufacturers.. Shoppers can visit web stores from the comfort of their homes and shop as they sit in front of the computer. The study also investigated how socio-demographic (age, income and occupation), pattern of online buying (types of goods, e-commerce experience and hours use on internet) and purchase perception (product perception, customers' service and consumers' risk) affect consumers' satisfaction towards online shopping.

Dholakia and Uusitalo (2017) had conducted a comprehensive study to understand the influence of consumer characteristics (such as age, household income and family composition) on perception of shopping benefits associated with electronic and physical shopping towards customer satisfaction. The study revealed three dimensions such as hedonic benefits (such as fun, enjoyable, rewarding and satisfying), utilitarian benefits (convenient, easy, and efficient) and perceived stress (stressful, intimidating, and difficult) as underlying consumer perceptions of shopping methods. It was found that the socio-demographic variables such as age, household income and family composition had a significant effect on the perception of benefits for both computer and store shopping. It was identified that hedonic and utilitarian benefits were negatively related to age of the respondent for computer shopping; only the utilitarian benefit was significant for store shopping and it was positively related to age.

Rastogi(2017) studied the key factors that influence buying behavior of consumers and their level of satisfaction with purchasing of apparels from organized retail formats. Based on his study involving survey on 200 respondents, the author found out that customers perceive shopping from organized retail formats to be convenient, more economic and offers more variety than shopping unorganized retail formats. The author also reported that male customers have more positive perception of shopping of apparels from organized retail formats.

4. Research Gap

The literature review is a significant step in each and every research process. Review of earlier studies discloses the works and studies done by individual researchers and institutions help to establish further the need for the study. From the analysis of the review of literature, it is found that all the studies have attempted to examine the customer satisfaction with the service quality provided by the convenience stores categorised into various dimensions such as empathy, physical appearance, assurance, reliability and tangibility. But no attempts have been made to study the examine the dimensions of service quality and also the factors associated with the service quality and effect of customer demographics on all those factors with respect to convenience stores. This is the reason and logic that this topic has been selected to identify its effect in terms of service quality factors in selected convenience stores.

5. Objectives of the Study

1. To assess the effect of customer's demographic characteristics on the service quality factors for convenience factors.

6. Research Methodology

Research Design: In this study the research design is descriptive as those variables are studied which have an existence in the environment.

Sample Size: Total 400 consumers are selected from various demographics.

Sample Area:The Convenience Stores: Ondoor, reliance, Supermarket situated in Indore is selected as a sample area.

Sampling Method:Random stratified sampling is chosen as those consumers are selected who have purchased from the selected convenience stores.

Instrument Scale: The scale is taken from the instrument developed by Parasuraman et al (1988) on service quality consisted of 22 items.

Data Statistical Tools: One Way ANOVA was applied in order to determine the effect of customer's demographics customers towards service quality factors for convenience stores.

7. Findings & Discussions

Reliability Test on Service Quality

Table 1: Reliability Statistics on Service Quality

Cronbach's Alpha	N of Items
.957	22

The above table shows the reliability of service quality in convenience stores is .957 for 22 items so it means that 95.7 per cent scale is reliable.

Hypothesis of the Study

H₀₁: Age wise there is no significant difference in the perception of customers towards service quality factors for convenience stores.

H₀₂: Profession wise there is no significant difference in the perception of customers towards service quality factors for convenience stores.

H₀₃: Income wise there is no significant difference in the perception of customers towards service quality factors for convenience stores.

H₀₄: Education wise there is no significant difference in the perception of customers towards service quality factors for convenience stores.

Table 2: Results on Hypotheses

Age	Category	N	Mean	SD	F	Sig.
	18-30	126	20.26	2.58	12.714	.000
	31-40	135	17.39	5.02		
	41-50	85	17.78	4.64		
	Above 50	54	17.42	3.90		
Profession	Student	123	20.35	2.51	8.337	.000
	Professional	48	16.87	3.58		
	Service	105	17.70	5.36		
	Business	52	17.85	4.63		
	Housewife	26	17.24	5.28		
	Retired	46	17.50	3.21		
Income	<25000	91	21.17	1.54	18.755	.000
	25001-50000	114	17.74	3.69		
	50001-1 lac	118	17.65	5.29		
	Above 1 lac	77	17.16	4.47		
Education	H.Sc or Below	37	21.19	1.37	5.945	.001
	Graduates	203	18.07	4.54		
	PG	136	18.17	4.41		
	Others	24	17.88	3.60		

The above table shows the result on four null hypotheses which state that no effect of customer's demographics in terms of age, profession, income and education for service quality factors of convenience stores. The first demographic factor age which denotes that the highest mean of those customers who were between 18-30 years followed by 41-50 years, above 50 years and 31-40 years. The value of F is 12.714 at .000<0.05 which is significant at 5% level so it is concluded that null hypothesis namely 'Age wise there is no significant difference in the perception of customers towards service quality factors for convenience stores' is rejected and found that age wise there is significant difference in the perception of customers towards service quality factors for convenience stores.

For the second demographic factor profession which presents the highest mean of those customers who were students followed by business class, service class, retired customers and housewife. The value of F is 8.337 at $.000 < 0.05$ which is significant at 5% level so it is concluded that null hypothesis namely 'Profession wise there is no significant difference in the perception of customers towards service quality factors for convenience stores' is rejected and found that profession wise there is significant difference in the perception of customers towards service quality factors for convenience stores.

For the third demographic factor monthly income which presents the highest mean of those customers who have less than 25,000 as a monthly income followed by 25001-50000, 50001-1 lac and above 1 lac. The value of F is 18.775 at $.000 < 0.05$ which is significant at 5% level so it is concluded that null hypothesis namely 'Income wise there is no significant difference in the perception of customers towards service quality factors for convenience stores' is rejected and found that income wise there is significant difference in the perception of customers towards service quality factors for convenience stores.

For the fourth demographic factor education which presents the highest mean of those customers who were having Higher Secondary or below qualification followed by PG, Graduates and others. The value of F is 5.945 at $.001 < 0.05$ which is significant at 5% level so it is concluded that null hypothesis namely 'Education wise there is no significant difference in the perception of customers towards service quality factors for convenience stores' is rejected and found that education wise there is significant difference in the perception of customers towards service quality factors for convenience stores.

8. Conclusion

The study found that demographic characteristics have an effect on perceived service quality factors in convenience stores. It is concluded that those customers were at young age, they perceived service quality factors as they were more conscious and also aware about the service quality factors so difference exists among the age groups of customers. Regarding profession of customers, it is discussed that students gave more consideration on service quality factors compared to other groups of profession. It is also found that those customers have less than 25,000 as a monthly income, they purchase the products from the convenience stores carefully as they have limited money so they require value for money. In the same way those customers who were qualified with Higher Secondary or below they perceived service quality factors to a great extent compared to other groups of education. Hence, it is said that demographic attributes have an importance while examining the service quality factors. In this way all the four null hypotheses are rejected.

9. References

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