

A STUDY ON FACTOR PATTERNS OF RETAIL STORES INFLUENCING THE BUYING BEHAVIOUR IN COIMBATORE CITY

M. VENKATESH PRABU MBA MSC(UK)¹ AND DR. D. JUBLEE²

¹Assistant Professor, GRG School of Management Studies, Coimbatore, India, ² Professor, Sardar Vallabhbhai Patel International School of Textiles and Management, Coimbatore. Email: prabu@grgsms.com

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ABSTRACT

The surfacing of retail market structure has observed a significant change in the recent days in India. Both the evolving demand of customers and the intensified competition among the domestic and foreign companies have created a pressure for the need of innovations in rendering services in the emerging market. Measuring service quality has thus come in a way to examine the areas in which one has to improve and compete successfully. This study evaluates applicability of a widely accepted scale, Retail Service Quality Scale (RSQS) in India. Factor analyses of the component structures indicate good fit of the RSQS dimensions and the items. The present study aims at identifying the factors patterns of supermarkets influencing the buying behavior.

The study is based upon a response of 200 respondents with convenience sampling. The research data were collected by using questionnaire and validated to the present study. Factor analysis was employed to identify factor loadings. As per factor analysis the loadings were grouped into 6 categories from 24 factors. The study revealed the factor patterns of retail services in Indian retail stores with special reference to Supermarkets and Hypermarkets in Coimbatore City.

Keywords: : *Buying Behaviour, Factor Patterns, RSQS, Retail Store, Store Influence.*

INTRODUCTION

India is one of the largest emerging markets, with a population of over one billion according to Indian statistical report. It is one of the largest economies in the world in terms of purchasing power. Retailing in India is at a nascent stage of its evolution, but within a short period of time certain trends are clearly emerging due to global experiences. Store atmospheric attributes (including color, lighting, sales personnel, music, and so on) form the overall context within which shoppers make decisions of store selection and patronage. Store attributes are presented by retailers according to their specific functional strategies. They are offered based on the expectations of the targeted customer over a period of time.

Retail industry in India has become one of the key contributors to the growth of the nation. The retail industry in India is facing intense competition as there are larger number of potential exists. Every individual retailer is intended to offer better service to meet the expectations of the customers in the market. Retailing services have become very important today in many economies. Retailers have positioned themselves for all kind of customer needs and income levels especially the growing young working population. Many retailers have been upgrading themselves by re-locating to upcoming modern malls and shopping centers, providing superior shopping atmosphere and experience especially in the urban and semi urban centers.

However, it is not clear whether these retailers have fully embraced the retail concept which emphasis on proper communication, total retail experience, customer service, relationship retailing and consistent strategy. In addition, the retail sector in Kenya should embrace the marketing orientation perspective basically applicable to any retailer. In this, the marketing decisions revolving around the target market, product assortment, services and store atmosphere, store activities and experience, procurement, price decisions, communications and location decisions which are very critical to a retailer's success should be emphasized (Kotler & Keller 2006). The challenge to retailers is to determine the patterns in which store attributes are relatively more important to the targeted consumer.

Maintaining the quality of these attributes is the hardest task and critical to survival in the competitive nature of retailing. Past researches on retail environment suggests that such attributes affect the image of the store attributes are important to consumers when they make the decision where to shop. In this study the authors have attempted to identify the different patterns in the store atmosphere that influences the buying behaviour in the modern retail outlets emerging in the tier II cities like Coimbatore.

SERVICE QUALITY

Services are characterized into different forms such as intangibility, heterogeneity, inseparability and perishability (Bateson, 1995). The nature of its quality is linked to perceptions and expectations of the customers (Parasuraman et al 1985, 1988, 1993; Lewis et al 1990). Often the customers' perceptions are result their expectations with their actual experience that they perceive. Many a time they regard it in terms of their satisfaction in meeting the actual (Vázquez et al 2001). Parasuraman et al (1988, 1991) developed a scale for measuring service quality (popularly known as SERVQUAL) based on the above perspective. They developed this scale so as to measure the service quality by identifying the gap between expectations and perceptions, evaluating both in relation to the 22 items that represent five service quality dimensions known as 'tangibles', 'reliability', 'responsiveness', 'assurance' and 'empathy' (popularly known as RATER).

The SERVQUAL scale has been tested and/or adapted in a great number of studies conducted in various service settings, cultural contexts and geographic locations like the quality of service offered by a hospital (Babakus and Mangold 1989), a CPA firm (Bojanic 1991), a dental school patient clinic, business school placement center, tire store, and acute care hospital (Carman 1990), pest control, dry cleaning, and fast food (Cronin and Taylor 1992), banking (Cronin and Taylor 1992; Spreng and Singh 1993; Sharma and Mehta 2004) and discount and departmental stores (Finn and Lamb 1991; Teas 1993; Dabholkar et al 1996; Mehta et al 2000; Kim and Byoung-ho 2002; Dong-Mo Koo 2003), grocery stores (Miranda et al 2005; Olsen and Skallerud 2011), retail fashion (Seock and Sauls 2008). All these studies do not support the factor structure

proposed by Parasuraman et al. (1988). The universality of the scale and its dimensions has also been the subject of criticisms (Lapierre et al 1996) and it is suggested that they require customization to the specific service sector in which they are applied (Vázquez et al 2001).

Perez et al. (2007) observed that service quality has become a critical factor in enabling firms to achieve a differential advantage over their competitors and thus, it makes a significant contribution to profitability and productivity. Indeed, service quality has become a key concept in a competitive corporate strategy (Gronroos 2001). Quality creates true customers and it leads to efficiencies. At the same time, excellent service pays off because it creates true customers who are like annuities (Zeithaml, Parasuraman, and Berry 1988). Quality improvements lead to operational efficiencies beyond those associated with scale economies (Sarah et al 2012). In SERVQUAL, both - store service performance and consumer expectations of the store service, are explicitly measured to assess the 'gap'. Several researchers find the performance perceptions to be sufficient in assessing service quality as compared to the gap (Carman 1990; Angur et al 1999). This resulted in the adoption of the SERVPERF (Cronin and Taylor 1992) scale instead of the gap based measure of SERVQUAL.

RETAIL SERVICE QUALITY

Service quality in retailing is different from any other product/service environment (Mehta et al 2000; Vázquez et al 2001; Finn 2004; Gagliano and Hathcote 1994). Because of the unique nature of retail service, improvements and measurements of quality in retailing it cannot be approached in the same way as that of the services are approached. In retail service, it is necessary to look at quality from the perspective of services as well as goods and derive a set of items that accurately measure different construct (Mehta et al 2000). Based on these perspectives, Dabholkar et al (1996) developed and empirically validated the Retail Service Quality Scale (RSQS) to capture dimensions important to retail customers based on the triangulation qualitative research technique.

The earlier studies using RSQS in Vietnam (Nguyen & Le Nguyen 2007) did not meet discriminant validity on two factors such as the personal interaction and problem solving. Further the scale was refined to four component construct consisting of service personnel, physical aspects, policy and reliability. Based on this, Nguyen and Le Nguyen (2007) caution the use of RSQS within the supermarkets and calls for its adaptation. Much before this, Wang (2003) proposed the development of a new, more reliable, culturally bounded and accurate measure of retail service quality which can be applied globally but also helpful to retail managers in more accurate assessment of service quality within retail stores (Subhash C. Mehta, Ashok K. Lalwani, Soon Li Han 2000; Sarah et al 2012).

The findings with the existing literature and SERVQUAL, Dabholkar et al (1996) proposed that retail service quality has a hierarchical factor structure comprising five basic dimensions, namely 'physical aspects', 'reliability', 'personal interaction', 'problem solving', and 'policy', with first three basic dimensions having two sub-dimensions each and overall service quality as a second order factor. Boshoff and Terblanche (1997), in a replication of the Dabholkar et al (1996) study, the researchers have used measures of RSQS to test the retail services in Indian market. The results for the RSQS were

applied in the context of department stores, super markets and hypermarkets in Coimbatore, India.

OBJECTIVE OF THE STUDY

The present study aims at testing the application of the existing RSQS scale in the Indian retail stores with special reference to Coimbatore city in India. The study is intended to identify different factor patterns that will influence the buyer to make decision by the customers.

METHODOLOGY

The present research is of descriptive in nature with the sampling method being Convenience sampling. For this purpose of data collection a sample of 200 respondents were considered from the Coimbatore city. The retail segment used for the study is organized modern retail stores such as supermarkets and hypermarkets in Coimbatore city. The segments were selected on the basis of the retail store for data collection. This research has an applied questionnaire as the research instrument for collecting the data. This questionnaire has 24 factors. These factors were measured along the standard measurement scale (Five-point scale of Likert) ranging from "5" = strongly agree to "1" = strongly disagree. The data were then submitted to the factor analysis with varimax-kaiser normalization method on the various aspects relating to retail staff influence attributes.

ANALYSIS AND DISCUSSIONS

This section presents the analysis of the data collected through the survey.

TABLE 1: DEMOGRAPHIC PROFILE OF THE RESPONDENTS

Demographic Factors	Classification	Frequency	Percent
Age (in Years)	Less than 30	73	36.5
	30-40	55	27.5
	40-50	39	19.5
	Above 50	33	16.5
Gender	Male	108	54.0
	Female	92	46.0
Income (in Years)	Below 10000	33	16.5
	10000-20000	54	27.0
	20000-30000	64	32.0
	Above 30000	49	24.5
Frequency of the visit to the store	Once in week	27	13.3
	Twice in a month	83	41.3
	Once in a month	57	29.3
	No time limit	32	16.0

Source: Primary Data

Table 1 presents results of the frequency test on the demographic profile of the two hundred respondents who has visited the modern organized retail outlets in Coimbatore. Among these respondents, 73 of them belong to less than 30 years age group; 54% respondents were male; 32% of them belong to Rs. 20000 to Rs. 30000 income groups, and 41% of respondents visit the store twice in a month.

TABLE 2: RESULTS OF FACTOR ANALYSIS

Construct Name	Factors	Attributes	Factor Loadings
Personnel Interaction	1	Behaviour of employee instills confidence in customer	0.965
	10	Knowledge of the employee	0.807
	12	Being polite consistently with customer	0.822
	19	Giving quick service by employee	0.948
	23	Never too busy to respond to customers' any request	0.97
	24	Individual attention and quick service	0.978
Policy	4	Tell customer exactly what will be performed	0.947
	8	Safety in transaction	0.96
	18	Accept most of major credit cards	0.945
Physical Appearance	21	High quality products Error-free sales transaction and record	0.97
	2	Modern-looking equipment and fixtures	0.892

	11	Suitable operating hours	0.777
	17	Visually appealing physical facilities	0.9
	20	Visually appealing service material	0.881
Promises	7	Willingly handles returns and exchange	0.935
	9	Promise to something by a certain time	0.965
	15	Performs the service right at the first time	0.815
	16	Providing service at the time it promising to do so	0.882
Problem Solving	5	Handling customers' complaint directly and immediately	0.817
	14	Sincere interest to solve problem	0.892
	22	Clean, attractive, and convenient public areas	0.978
Convenience	3	Store layout makes it easy to find what a customer need	0.954
	6	Store layout makes it easy for customer to move around	0.894
	13	Availability of merchandise	0.748

Source: Primary Data

Personnel interaction and problem solving were considered the most preferred patterns of factors (Table 2). Among the different attributes in the same factor, it is identified that individual attention and quick service expectations score the highest priority followed by the expectation of response to the customers' request without showing the busy. Behaviour of the employees instilled confidence in customers at the next level only. In solving the problem, customers expect that the clean, attractive, and convenient public areas.

From the table 2 it is evident that the convenience factor is a key in meeting the expectation of the customers by keeping the store layout as easy as possible to find out what the customer need. At the same time, they expect the store to facilitate the customers to move around.

The study reveals that the customers expect the retailers to promise something by a certain time. Further competitions in the retail market, challenge the retailers to evaluate their physical appearances to make necessary changes in their outlet to retain existing customers as well as to attract new customers. This study provides the retailers specific knowledge on the expectations of the retailers' policies. This signifies that the perceptions of the factor would lead to specific issue that the store attributes are confined to the needs of customers. It is revealed that customers are identical in evaluating in the policy factors when they shop. Further study to analyze how these attributes influence for customer satisfaction and behavioral intention can bring outcome on the rendering the service by the supermarkets and hypermarkets. However, the study reveals that policy factor and personnel interaction is the most critical in setting the service quality in retail store.

Hence, it can be concluded from the study that the six factor patterns identified in this study broadly intensifies the influence of buyers. There may be significant level of influence on the decision making by the individuals at any point of time during their visit to the store.

LIMITATIONS AND FUTURE RESEARCH

The research is conducted only in supermarkets and hypermarkets hence this cannot be generalized for all retail stores and segments. Moreover, the researchers found it difficult to make the respondents answer for questions as they were in shopping mood and neglect to answer the questions. The practicality in completing the research is time consuming and dependent on human time factor. A possible direction for future research is to conduct a similar study in other districts, or states to discover similarities and differences. Another possible direction for future research is to examine and compare different types of retail formats with different strategic positioning. It would be interesting to find how different positioning in the customer's mind affects their store attributes evaluation and satisfaction.

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