

Retail Quality Dimensions and Demographics: Challenges for Offline Retailing in Emerging Landscape

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Abstract

The retail scenario is witnessing structural and rapid developments. Retailers are caught amidst the whirl of ferocious competition not only from similar players rather indirect competition unleashed by online firms. Among other tools of to fight a competitive battle, quality is recognized as the most important tool to deal with the onslaught of competition. Competition from marketing perspective implies a fight to attract and retain customers better than the rivals. The need to hold on to current customer base and expand it steadily in the wake of emerging e-tailing scenario is a real challenge for brick and mortar players. In the absence of a nuanced understanding of dynamics of customer retention, the traditional retailers are likely to be meek spectators of dwindling shares and surpluses. The subtle shift towards e-marketing requires the retailers to revisit their marketing strategy and approach, especially customer facing areas. Quality in this background assumes significance as a tool of customer retention and winning over competition. This study was undertaken to explore service quality in physical retail focused on departmental stores and hypermarket. The quality dimensions were explored using SEM techniques with a view finding out the relative importance with selected demographic categories customers. The study concludes how off line retailers could prepare and insulate themselves from the emerging competitive wave created by online retailing firms.

INTRODUCTION

Quality is one of the important tools in the arsenal of marketers to meet customer and competitive challenges. It is therefore, it has attracted lot of attention in goods and services marketing literature. It has been studied and analyzed by the researchers and academicians over decades (Parasuraman et al., 1985; Hummel and Savitt, 1988; Caceres and Paparoidamis, 2007). And research in the area continues till date as it is fluid and evolving with changing times. The productive results derived from a quality orientation enable the service firms achieve high profits, reduce costs, satisfy and retain the present customers as well as attract new prospects (Berry et al., 1989; Boulding et al., 1993; Rust and Oliver, 1994; Siu and Cheung, 2001). A quality focus helps the organizations sustain and win through the stiff competition strategically (Duggal and Verma, 2013b).

Indian retail scenario is evolving as newer forms and format are emerging. With the growth in retail services in India (Ravichandran et al., 2008), the retailers need to go beyond their customary marketing strategies to defend their positions in the wake of descending fierce global as well as domestic competition (Duggal and Verma, 2013a). The retail industry in India is fast moving towards organized and corporatized formats as against unorganized and family oriented systems (Kaul, 2005; Parikh, 2006). Organized retailing in India is growing more than the economic growth rate. The modern retail formats are expanding with the foreign

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investments flowing in and with the growth of organized domestic retail chains. The restrictions on retailing to prevent foreign players from venturing into the country are fast being eased out. The multi-brand and single brand retailing are case in point. Customer –orientation in retail services can help retailers satisfy customers, thereby securing the present as well as the future of these modern retailers (Morgan et al., 2009; Lin, 2012).

Theoretical Background

At the core of customer retention and customer attraction lies the concept of customer satisfaction. Customer satisfaction sits at the intersection point of customer expectations and delivery by the firm. By comprehending the needs and expectations of customers accurately and regularly, service product can easily be created to meet and exceed them. Management's philosophy needs to be redirected towards creation and maintenance of superior service quality system (Sureshchandar et al., 2002; Duggal and Verma, 2014a). Service managers need to ensure that customers are satisfied with both technical and interactional aspects of service. This calls for the adoption of an integrated approach towards service quality. This requires a gamut of things to be attended to including assessing customer expectations, service designing, stabilizing standards, training contact employees, developing appropriate servicescape and coordinating service delivery with the standards. Quality is both a tactical and cultural issue. Therefore, an organization wide approach to developing quality orientation is essential to compete on the basis of quality in the competitive arena.

The area of service quality has been studied by numerous authors and across different service industries. There is no one universal conceptualization and measurement approach to service quality. The study of service quality studies reveals that the construct is context dependent both in terms of dimensions and measurement (Verma and Duggal, 2015) as can be observed in the work of various researchers like Finn and Lamb, 1991; Choudhary et al., 1998; Perumal, 2005; Ma and Neihm, 2006; Leen and Ramayah, 2011. One striking aspect common to these studies is that service quality as a construct is customer defined and customer assessed and it is not a unidimensional construct. Service quality is composed of various components which put together are aggregated as service quality (Lewis and Boon, 1983; Parasuraman et al., 1988; Teas, 1993; Cronin and Taylor, 1994; Roest and Pieters, 1997).

OBJECTIVES OF THE STUDY

Service quality is an under researched area in Indian retail context. The changes in the retail landscape of India make service quality an important research issue (Sinha et al., 2011; Tanwar et al., 2012; Verma and Duggal, 2015). The players need to fully understand what quality means and what is contained in different retail formats and across different customer segments. In the absence of such understanding, it is impossible to prioritize investment towards the improvement of quality. The retail market is undergoing fragmentation on the customer end and reorganization on the providers end. The rise of incomes, especially in the urban areas is likely to splinter markets into different groups with unique combination of expectations. This breaking of homogenous mass market into customer groups along income and gender lines makes it imperative on marketers to understand whether these groups differ in terms of their notions of retail service quality and how composition of quality differs across these groups. It is in this background this study has been undertaken. Specifically this study was guided by the objective of exploring retail service quality across different demographic customer groups.

Identification of service quality dimensions and their relative importance across retail format and customer groups is critical first step in implementation of customer focused quality program. In the absence of such understanding, specific retail establishment is likely to adopt a generic approach to managing quality which has a high risk of being off the customer expectations. The retail marketers must orchestrate their marketing mix in accordance with the quality components. This study sought to probe service quality in retail context with demographic perspective through structural equation modelling technique. It is expected that this SEM based analysis would provide glimpse into relative importance of retail service quality dimension across chosen demographic groups which would assist retailers in more precise targeting of customer segments with customer oriented retail service quality.

METHODOLOGY

This study utilises the technique of Structural equation modelling to compare the customers' perceptions with respect to the comprehensive retail quality model. SEM helps in examining the complex relationships (structural and measurement relationships) between variables implied by the propositions of the present study. SEM

is based on cross-sectional variation (variation across the respondents) for modelling the relationships leading to meaningful conclusions in terms of the relative significance of components to the constructs. SEM also known as latent variable analysis is a development from multiple regression to combine a series of multiple regression equations within one structural model (Hair et al., 98). As compared to the traditional approaches of data analysis such as univariate analysis of variance and linear regression which assume the measurement error to be nonexistent, an impracticable assumption in case of indirectly measured constructs (Byrne, 2001); SEM approach works on the principle of imperfect measurement and analyzes measurement errors associated with all variables (Gefen et al., 2000). SEM is a confirmatory approach and is used to test theory rather than to develop theory (Byrne, 2001; Tabachnick and Fidell, 2001). With the help of comprehensive structural model (dimension based), the relative importance of components i.e. dimensions of retail service quality was assessed between different demographic customer groups.

The context of study is department stores and hypermarkets in Delhi and NCR. The data for the study was collected from 400 respondents by using a non-disguised structured questionnaire was administered through the mall-intercept technique. Usable questionnaires were 350. The time period from June-2012 to June-2014 was utilised for conducting survey. For developing the questionnaire (Verma and Duggal, 2015), customers' understanding of retail service quality was explored through depth probe interviews. The customer interviews led to accumulation of total 73 aspects that were content analysed by juxtaposing the frameworks available in literature and a tentative list of various components or aspects of retail service quality was developed. Purification of measure was done by establishing face and content validity. The modified questionnaire was tested on a small sample of five respondents across varying demographics. The redesigned questionnaire was later pilot tested on group of fifty respondents. The data collected through pilot testing was subjected to statistical analyses with an objective of exploring the internal consistency and reliability. The dimensions with low scores were modified and process was repeated again. Out of a total of 150 questionnaires collected, 101 usable questionnaires were subjected to exploratory factor analysis. The final questionnaire consisted of 28 retail service quality items.

FINDINGS AND DISCUSSION

In one of the earlier studies (Duggal and Verma, 2014b), the structural model based on dimension perspective identified the retail service quality as second order construct. The second order construct in SEM is a latent construct on which different measured dimensions load. In this study (Duggal and Verma, 2014b), retail service quality as the second order construct was found to be composed of seven significant quality dimensions. These retail service quality dimensions are: ambience and layout, salespeople, merchandise, convenience, services, prices and customer care (see Figure I). Prior to the structural model, a measurement model for service quality was constructed which was aimed to test whether measured variables adequately captured the latent service quality dimensions. The measurement model was tested for goodness-of-fit indices and was found to have a moderately good fit to the observed data. The normed chi square statistic (CMIN/DF) was found below the threshold limit of 3.0 (Wheaton et al., 77) indicating that based on the magnitude of discrepancy between the sample and fitted covariance matrix, the overall fit of the model is good.

CFI exceeded the recommended level of 0.95 (Hu and Bentler, 99), RMSEA value of 0.054 was below the recommended value of 0.06 (Hu and Bentler, 99) indicating that the measurement model with the selected parameters fitted the population covariance matrix well. SRMR, based on square root of difference of residuals of sample covariance matrix and hypothesised covariance model, was well below the recommended level of 0.10 (Hu and Bentler, 99).

The statistical analysis of the measurement model revealed that the standardized regression weights for the variables ranged from 0.720 to 0.969, all greater than 0.5 (Hair et al., 06). The correlations between the service quality dimensions were all positive and the squared multiple correlations ranged from 0.518 to 0.940, satisfying the threshold limit of 0.25 (Hair et al., 06). The p values indicated statistical significance of all regressions at 0.1% significance level.

Composite reliability estimates were drawn and all the dimensions of retail service quality exceeded 0.7 level (Hair et al., 06), thereby reflecting composite reliability. The average variance extracted for the retail service quality factors ranged from 0.679 to 0.888, satisfying the threshold limit of 0.5 (Hair et al., 06) and thereby reflected convergent validity. The square root of AVE value for

each of the factors was greater than the correlations of that factor with other factors, thereby ensuring discriminant validity (Hair et al., 2006). Criterion related validity was assessed through the correlation estimates of service quality dimensions as well as overall service quality with behavioural intention measures (Saraph et al., 1989), these estimates were found to be significant.

After ascertaining the reliability and validity of service quality components, these components then were tested for their consideration and relative importance

through SEM across chosen customer groups. Service quality positively affects relationship quality (Jarvelin & Lehtinen, 1996; Roberts et al., 2003) and it leads to positive customer behavioural intentions (Zeithaml et al. 1996; Dabholkar et al., 1996; Yang & Peterson, 2004), however, the constructs of behavioural intentions and relationship quality presented in the complete structural model are not discussed in the present paper as it is written with a limited mandate of exploring service quality dimensions across different customer segments.



Figure I: Theoretical framework

Relative Importance of Dimensions between Store Formats

The focus on this study has been two pronged. Firstly, two types of retail store formats were chosen – department stores and hypermarkets. These two store formats set the context for data collection. The quality contours and contents were explored for these formats. The idea was to

establish whether differences exist in terms of construction of service quality from customers' perspective across these two formats. The quality dimensions that are considered important by customers in respect to these stores are shown in table I given below. The results given in the Table I indicate that service quality in both of these formats consists of seven factors.

Table I: Testing relationships for department stores and hypermarkets

Relationship	Department Stores Standardized Estimate(C.R.)	Hypermarkets Standardized Estimate(C.R.)
Service quality → Ambience & Layout	0.667*	0.832*
Service quality → Salespeople	0.814 (6.513)	0.827(10.842)
Service quality → Merchandise	0.746(5.949)	0.753(9.150)
Service quality → Convenience	0.552(4.550)	0.677(7.954)
Service quality → Services	0.597(5.145)	0.696(9.075)
Service quality → Prices	0.630(5.431)	0.579(6.957)
Service quality → Customer Care	0.626(5.156)	0.727(8.615)

*The critical ratio is not available as the regression weight of one of the variable of each variable of each component factor is fixed to 1.

The standardised estimates (Table 1) for the service quality dimensions for the two stores lead us to following conclusions:

- In case of department store retail format the most important aspect of service quality is related to frontline 'sales people'. This dimension is the most significant (highest standardized coefficient). What stands opposite of the sales people in our analysis is aspect related to 'convenience'. It scores lowest in terms of significance (lowest standardized coefficient). The department stores are large retailing formats which are visited by customer not only to procure things. The customer-provider or frontline sales staff interaction is a critical determinant of perceived service quality. This implies that for department store customers the functional aspect of service or 'the way service is provided' with special emphasis of behavior of sales staff is significant contributor to forging relationships. Department stores therefore need to look at their service staff as an important asset which can make a difference in terms of making or breaking service encounter. Therefore, the people must be trained and provided interpersonal skills which include communication, friendliness, understanding, service orientation and anticipation. The above analysis also points at the fact that technical service quality aspects related to accessibility of store and displays appear lower in the hierarchy of things that matter in retail service quality perception. The comparison between the factors that rank high and low indicates that for department store customers human aspect of service quality is more important.
- Hypermarkets in comparison to department store are larger formats which combine both of the supermarket and department store elements. The offer to their customers a wide range of merchandise which typically include groceries with other general items including electronics and apparels. Their position is generally one stop destination for meeting all customer requirements. It is hypothesized that hypermarket format seeks to compete on technical or non-human aspects of service because customer patronize them for shopping convenience of everything available under one roof. The findings reported in the table I report that 'ambience and layout' is the most important aspect. That is they attach the most importance to shopping convenience as reflected in store layout design and ambient conditions. The shopping environment in terms of lighting, temperature, and smells must not violate big basket shopping as customer tends to stay in the store for longer periods of time. Hypermarket shopping is not one item-express checkout shopping. The variety or range typically likely to cause to cluttering which must be carefully sorted out by thoughtful store layout. The decisions regarding displays, entrances and walkways are often motivated by considerations of maximizing returns by square foot which conflicts with customer preference for convenience. This study points out that for hypermarket ambience and layout are important for customer and therefore must be designed in customer oriented manner. The hypermarket attract customers on the proposition of convenience of shopping under one roof, the study also finds that prices are not an important consideration in this format unlike dis

Relative Importance of Dimensions Between Gender Groups

The most important aspect of marketing strategy is the concept of segmentation, targeting and positioning. A strategy in the absence of right segmentation and targeting is nothing short of shooting in the dark. The marketer must develop its offer in response to targeted segment. The question therefore arises is whether customers of these store formats are segmented demographically. That is are they meaningfully different from one another or the differences between them are insignificant. The presence of inter-group differences between segments implies two segments of customers cannot be satisfied with one offer. The next analysis in this study was guided by these considerations.

Gender is the most evident differentiating aspect of customer population. However, the difference based on gender may not be a valid basis of segmentation if gender fails to explain difference in their buying behaviour. The most obvious difference need not imply most valid basis of discrimination between two customer groups. In order to test whether gender is a valid discriminator between two markets, the structural model was tested. This was governed by the idea whether the retail service quality construct differ between two segments based on gender. Accordingly the sample was divided into two categories and the relative importance of service quality construct was explored using structure model. The results of this analysis are presented in table II (given below).

Table II: Testing relationships for male and female respondents

Relationship	Male Respondents Standardized Estimate (C.R.)	Female Respondents Standardized Estimate (C.R.)
Service quality → Ambience & Layout	0.805*	0.750*
Service quality → Salespeople	0.824 (9.30)	0.821 (8.290)
Service quality → Merchandise	0.750(8.393)	0.745(7.323)
Service quality → Convenience	0.763(8.180)	0.486(4.795)
Service quality → Services	0.623(6.992)	0.667(7.200)
Service quality → Prices	0.647(7.318)	0.510(5.283)
Service quality → Customer Care	0.725(8.001)	0.672(6.455)

*The critical ratio is not available as the regression weight of one of the variable of each variable of each component factor is fixed to 1

It is discernable that out of all the service quality dimensions, two components of 'sales people' and 'Ambience and layout' have obtained the highest standardized coefficients in both the gender categories. This implies that both segments of men and women consider customer-service provider interaction and place where service is actually provided are important. This probably hints at the significance of the human side of service encounter and servicescape. The retail service provision above all in not entirely about mechanical availability and dispensation of merchandise. The people to people encounter adds a socio-psychological angle to the entire process of service exchange. As discussed earlier, customers expect the store staff to interact with them in a manner encompassing aspects such as respect, care, courtesy and understanding. The absence of the difference between two gender groups on this service quality aspect reinforces that the fact that men and women above all human beings and expect to be treated likewise. The importance attach to this component also

provides a hint to offline stores as how they can compete against online emerging retail. This human aspect may hold promise of creating a motivator factor for customers across genders to have relationships with off line stores despite merchandise availability through online retail formats.

The second most important factor is found to be related to physical characteristics of stores. The store ambience and layout is second constituent of retail service quality across gender. The offline stores are physical places of where customer and providers interact to create service. How physical space is constructed can act both as a motivator or de-motivator. The significance attached to this aspect of store by customers indicates that store layout and environment must be created keeping in mind customer interest supreme. Often stores are designed by people like architects and engineers who may not be oriented to think in customer oriented fashion and place goals of efficiency above customer considerations. This

may sow seeds of customer disenchantment with offline stores. The tradeoff between efficiency and effectiveness must be carefully negotiated. After the top two factors, the other dimensions have different order of importance in the two gender categories (male- convenience, merchandise, customer care, prices and lastly services; female- merchandise, customer care, services, prices and lastly convenience).

Relative Importance of Dimensions Between Age Groups

Another important and commonly practiced basis

of demographic segmentation is age. This basis of segmentation derives its significance from the assumption that consumer needs and wants undergo a change with age. Therefore, market can be divided on the basis of age to achieve precise targeting of marketing offer. This is particularly true in cases like life insurance, healthcare and banking products. For this purpose, the total sample was divided in two age groups: young respondents (upto 35 years of age) and middle-old respondents (35-45 years and above). The purpose was to find out whether differences exist between these groups in terms of retail service quality expectation. The table III (given below) reports the findings for these age based customer groups.

Table III: Testing relationships for young and middle-old respondents

Relationship	Young Respondents Standardized Estimate(C.R.)	Middle-Old age Respondents Standardized Estimate(C.R.)
Service quality → Ambience & Layout	0.840*	0.713*
Service quality → Salespeople	0.782(9.298)	0.842 (8.178)
Service quality → Merchandise	0.748(8.145)	0.768(7.674)
Service quality → Convenience	0.716(6.989)	0.565(5.840)
Service quality → Services	0.676(7.892)	0.616(6.542)
Service quality → Prices	0.626(6.951)	0.556(5.890)
Service quality → Customer Care	0.749(8.363)	0.676(6.319)

* The critical ratio is not available as the regression weight of one of the variable of each variable of each component factor is fixed to 1.

A comparison on the basis of age reveals the following:

- In case of young respondents, the dimension 'Ambience and Layout' has the highest standardized coefficient, explaining that out of the seven dimensions of service quality, ambience and layout has the strongest link with retail service quality. This indicates that young customers are more concerned with the physical structure and the look of the retail store. What lessons does it hold for off line retailers? The significance attached to ambience and layout suggests that people in the younger age groups hold sensory aspects dear. They are more concerned with the experiential aspects. It is important for offline retailers to view their service facility as one of the 'hang out' places and not merely outlets of retailing. The overemphasis on technical side of retail that is merchandise assortment and availability and undermining the experiential side of service can potentially alienate younger target audience.
- For the older customer group the most important aspect of retail service quality emerged to be concerned with frontline staff. The dimension of 'Salespeople' exceeded all other dimensions. This means that middle aged to older customers attach more

importance to sales people behavior; it reflects their expectations from the salespeople to be helpful and courteous. One of the possible explanations for this is that with age the people mature and the notion of self evolves and people get used to be treated in a certain way. Therefore people element of service counts for them above everything. The stores targeting upper age group customers must invest in interactional skills and customer focused thinking in order to meet and surpass their expectations.

- Common to the both age groups was found to be the concern attached to price or value aspect of the quality. Both the age categories perceive 'Prices' as the least significant dimension, which has the lowest standardized coefficient in both the cases. This indicates that the customers of both age categories attach relatively lower importance to price in comparison to other retail service quality dimensions.

Retail Quality in the Emerging Scenario

The question arises what significance this study has for offline retail organizations in the background of massive

disruption caused by e-retailing formats. The online retailing has gained solid ground on Indian soil and has become multibillion dollar industry. There are many who believe that offline retail organizations would suffer as market would shift to online retail. The shift of market from offline to online retail is likely to happen if both are perceived to be a close substitute and offline retailing provide better solution to customer retail expectations. This raises several questions including whether retail customers are one single homogeneous group or there are different segments. Are offline and online retailing formats are bound by their unique structural boundaries which prevent them from offering all universal retail service? The offline and online retailing being virtual and physical systems are endowed with their unique capabilities and potentialities. The physical system uniquely endows off line retail firms advantage which could be built and leveraged stemming from physical system and what could happen therein to in order to compete against online retailers which do not have physical presence.

In order to understand what service quality means in virtual space, several studies were reviewed. Like physical retailers, service quality is important for retailers in the online market space to attract and retain customers. Maintaining an online presence requires e-retailers to decipher service quality in terms of constituent components. Several researchers have proposed online retail service quality scales (Wolfenbarger and Gilly, 2002, 2003; Zeithaml et al., 2000, 2002; Collier and Beinstock, 2006; Rossiter, 2009). Wolfenbarger and Gilly (2002) proposed .comQ, an e-service quality scale; the scale was restructured as a global online service quality scale named eTailQ (Wolfenbarger and Gilly, 2003), formed with four dimensions: website design, reliability/fulfilment, privacy/security, and customer service. Janda et al. (2002) contributed to the literature by providing internet retail service quality scale IRSQ made up of five dimensions: performance, access, security, sensation and information. Zeithaml et al. (2000, 2002) advanced e-SERVQUAL for assessing e-service quality; the scale comprised of seven dimensions: efficiency, reliability,

fulfillment, privacy, responsiveness, compensation, and contact. The scale e-SERVQUAL was later divided into two scales: the first scale E-S-QUAL consists of core dimensions: efficiency, system availability, fulfillment, and privacy and the second scale assesses the recovery aspect of online service quality, named as E-Recs-QUAL consisting of responsiveness, compensation, and contact. Jun et al. (2004) derived six factors: Reliable/prompt responses, access, ease of use, attentiveness, security and credibility as the dimensions of e-retail service quality.

Based on the literature on service quality and e-service quality, a comparative picture is presented in Figure V. The figure highlights the difference in service quality dimensions in offline retail (Verma and Duggal, 2015) and online retail (derived from studies on online retail service quality scale). The quality aspects in both of the retail formats do not converge. These formats are bound and constrained by their own unique factor compulsions. This implies that a high degree of substitution between the two is prevented and given the differences in the customer segments, offline retail marketers can build and excel on those aspects of service quality which cannot be offered by online firms. Figure V shows that offline retailers can cultivate advantage based on two factors of ambience and salespeople. Whereas service quality in online retail is technology oriented, the offline retail service quality shows divergence with respect to its experiential nature. Physical and social interaction enabled through 'store ambience and layout' and 'sales staff' in case of offline retail is analogous to a theatre (physical environment) where actors (salespeople) play their roles and strive for the satisfaction and happiness of the audience (customers). These interactional factors cannot be replicated by offline retailers and therefore can build up strategic competitive advantage for the firm. Hence, the offline retail institutions which are able to transform themselves in to experiential entities in which customers visit to 'spend time', 'hangout' and 'respected and pampered' along with a shopping agenda are likely to withstand the competition unleashed by online retail firms.

Figure V: Service Quality Dimensions: Offline and Online Retailing

Service Quality Dimensions: A Comparison	
Offline Retail	Online Retail
Ambience & layout	Access
Salespeople	Security
Convenience	Reliability/promp response
Merchandise	Credibility
Services	Ease of Use
Prices	Fulfillment
Customer Care	

MARKETING IMPLICATIONS AND CONCLUSIONS

Service quality dimensions are important but the utility of a study like stems from its ability to provide guidance in helping marketers prioritize their quality improvement decisions. In the absence of an insight as to which of quality dimensions has more influence on outcome variables like satisfaction or relationship building, the quality improvement investments may be inappropriately spent. The less important areas may get more attention and investment as the compared to area that really matter. Correct identification and interpretation of service aspects is essential for developing right kind of competencies. Any failure to meet customer expectation on important aspect of service experience is likely to create service failure. The above analyses indicate that service quality aspects across two formats differ in terms of what is perceived to be the most important constituent of service quality. Two of the most important aspects relate to salespeople and ambience and layout but for department store the sales people reign on top over others whereas for hypermarket the ambience and layout comes at the top. The following marketing implications can be drawn:

Ambience and Layout: Store ambience and layout includes aspects related to the design and layout of floor space, the overall look and feel of the interiors of a retail store

including the placement of fixtures and products within the store. It comprises of elements such as lighting, color, temperature and noise. The analysis in this study reveals that 'store ambience and layout' is a crucial service quality factor in case of hypermarkets. It is significant for both gender groups, the young aged customers and high-income population group. Indian retail is evolving from unorganised to modern retail. To satisfy the customer in contemporary times, retailers must build up a great shopping experience for the customer, and, in this regard, store ambience and layout is critical. Modern retail formats provide an enticing and enjoyable shopping experience to the customers (Kumar and Karande, 2000; Mohanty and Sikaria, 2011). Store ambience attracts the customer to the store (Bloch et al., 1994) and influences customer buying behaviour.

A conducive and appealing store atmosphere contributes in making a fulfilling shopping experience (Jones, 1999). As customer sophistication progresses, customers get more interested in and attracted towards the modern retail formats. A pleasurable experience involves critical aspects namely convenience, comfort and enjoyment and makes modern retail formats as an appealing destination (Ooi and Sim, 2007). The ambience and layout determines to a great extent store image and store loyalty. Store design is one of the significant business decisions involving huge investment; adequate facilities provided in an aesthetic

environment fulfils the social needs of customers as well as increases retailers' efficiency (Castaldo and Botti, 2001; Hernandez and Jones, 2005). Growing popularity of modern retail formats is attributable to its capability in satisfying utilitarian as well as hedonic needs of customers (Arnold and Reynolds, 2003; Rintamaki et al., 2006).

Salespeople: The most significant aspect of retail service quality for department stores revealed in the study was 'Salespeople'. This dimension was found to be the most important for middle-old aged and middle income group customers. Salesperson dimension includes factors related to staff's training and mannerism involving efficient interactions with customers. Research studies converge on the importance of salesperson behaviour in assisting customer perceive lesser risk in consumption of retail services (Machintosh and Lockshin, 1997; Mitchell and Harris, 2005). Dependability on salesperson is one of the critical factors affecting consumer buying behaviour, but retail salesforce in the contemporary marketplace does not fulfils customers' expectations in this regard (Hawes et al., 1993).

Sales staff in retail stores assists the customers in locating the product, clarify the doubts of the customers, answer customer queries and help customers in making purchase decision (Foxall and Greenley, 1999; Sharma and Stafford, 2000; Harris and Ezech, 2008). A salesperson plays a crucial role towards making a satisfying retail experience for the customer (Punwatkar and Verghese, 2014). Social

interactions constitute a significant element of retail quality (Tombs and McColl-Kennedy, 2003). Ineffective customer-salesperson interaction can lead to customer dissatisfaction (Fitzsimmons and Fitzsimmons, 2004).

CONCLUSIONS

This analysis reveals the critical aspects of service quality that may significantly influence customers' perceptions and consequently their buying behavior. The retail marketers must seek to market and promote their services which are sync with target customer expectations. This calls for excelling on those service aspects which matter to customers rather than distributing precious resources on several dimensions irrespective of their relative contribution.

The offline retailers can differentiate their offerings with the two most significant aspects 'ambience and layout' and 'salespeople' in order to compete effectively with the online retailers. Thus, marketing strategies can be tailored based on the critical dimensions and retailers can be assured of their marketing efforts yielding positive results by prioritising the focus on the core enablers for generating maximum customer value and satisfaction. These aspects of service quality crucial for customers can be leveraged into developing competitive superiority. These customer concerns must be attended to by the retail firms forming an integral part of the quality programme, with standards being established for the quality constructs for continuous assessment improvement.

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