

Role of service quality and store image in customers' store choice

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Abstract

Retail industry is one of the most lucrative sectors in India and is flourishing at a fast pace. Given the sense of urgency to survive in this atmosphere of competitiveness, retailers are seeking ways to positively sway the customer's store choice of the retail customers. This paper focuses on how the service quality and store image play a role in the customer's store choice of the retail customer. A good service quality means the overall satisfaction of the customer which in turn positively builds the customer's store choice. Meanwhile a strong store image can attract a customer and influence the customer's store choice constructively. Thus customer's store choice of a retail customer is strongly impacted by the service quality and the store image of a retail store. This study will help the retailers to pay attention on the service quality and store image in order to sustain in the competitive environment.

Keywords: store image, service quality, customers' choice

1. Introduction

As rightly described by Philip Kotler, retailing covers all the functions that take part in selling the products or services to the end customers for their personal or non-personal use. Retail stores act a main traction point to keep a business alive. It is undoubtedly first place that customer is motivated towards consumerism. This retail sector is majorly divided into organized and unorganized. Organized retail sector differs from the unorganized by its ability to be supported by a well-defined supply chain which in turn results in better pricing of products due to cutting down of middlemen, reduction of bottleneck, improved efficiency etc. Organized retail store are usually chain stores that are all owned or franchised by a central entity, or a single store.

Retail store image is commonly inferred as the perception of a retail store in his/her mind. It can also be defined as an intricate set of attributes that the customers feel about the store. It is created through experience of the customers obtained while shopping in a retail outlet. This image urges the customers to buy or even merely enter a store. Various studies on retail image and its impact on varied aspects have discussed the possible variables that construct the retail store image.

Of the various literature reviews done I have chosen five most common variables that seem to play a key a role in constructing a store image. They are store atmosphere, visual merchandise, convenience, service and promotion. A strong store image will act as a store differentiator, something that will be in a customer's mind to choose one store among many others. Based how he/she perceives the store to be, a customer can choose or avoid a store. Patronage behaviour will make a customer to go and seek the same the store over and over again. Not only that, the customer with that kind of behaviour is very much inclined to recommend that store to others and possibly contribute to creation of the image of a store image in the minds of fellow customers. As more and more customers choose a certain store based on the image

created on their minds, simultaneously the sales of the retail store will increase. In a nutshell a strong store image means an increased possibility to stabilize and improve the growth of the retail store.

Given the competitive nature of the market, there is a requirement for a retailing strategy that sets one retail store apart from another. This can be obtained through the delivery of good or a high service quality. Therefore the efforts of service managers and researchers are dedicated towards attempting to understand how customers perceive the quality of service. The service quality is measured using the most measuring scale called SERVQUAL which has five dimensions such as reliability, assurance, tangibility, empathy and responsiveness. These dimensions act as an umbrella under which the various constructs of store image fall. This paper aims to find how the service quality influences the store image constructs. After which suggestions can be offered based on which dimension requires more attention and improvement by the retailers thereby improving the store image in turn positively impacting the retail store.

2. Literature Review

Various papers were considered for literature review to gain information about customer behaviour, customer preference, store choice, service quality and store image. Of them five papers were worth mentioning.

Abdullah Ramdhani *et al.*, (2010) ^[11]: This paper examines how the service quality and store image create customer loyalty as well as the way in which the customer assesses the service quality as well as the retail store image. The service quality acts as the exogenous variable and under the endogenous variables there exists the store image and customer loyalty. Store image is further split into external impressions and internal impressions. This paper describes store image as a perception that was formed from past experiences based on customer's interaction thereby encouraging repetitive purchase. Customer satisfaction

reinforces customer loyalty, hence an increase in satisfaction is possible by improving service quality. This builds strong relationships contributing to creation of positive image of the store in customer's mind.

Robaka Shamsher *et al.*, (2016) ^[4]: The retailers feel the need to strategize themselves in such a way that they survive the market competition. In order to do so the development of distinct image in minds of customers is need. This paper aims to understand the customer's perception which will impact the customer store choice, store satisfaction, purchase intention and loyalty toward their preferred store. A study has been done to examine the theoretical framework of store image and its overall influence on customer behaviour.

Meena Mathur *et al.*, (2015) ^[3]: This paper examines the how the store image impacts the purchase intention of private label brands amongst the retail store buyers. The store image constructs such as sales personnel & store association; promotion & institutional and merchandise were found to have a strong impact on PLB intention. The constructs such as atmosphere, service and Convenience were found to have a not a strong impact on PLB intention. This study helps to frame better PLB strategies for the retailers.

Josee Bloemer *et al.*, (1997) ^[12]: This paper aims to differentiate between different types of store loyalty and store satisfaction. In addition to it the paper offers a brief outline of the construct of store image. It also focuses on studying the relationship among store image, store satisfaction and store loyalty. The paper addresses the issue whether there is a direct connection between store image and store loyalty or whether there is an indirect connection via store satisfaction

3. Service Quality Framework

The RATER model or the SERVQUAL model is a service quality framework which was created by Valarie Zeithaml, A. Parasuraman, and Leonard Berry. They introduced this framework in a book called *Delivering Quality Service* (1990). This model showcases five areas that customers are most likely to consider important when they use a service and it focuses on differentiating between customer experience and expectation. RATER stands for those five areas which are reliability, assurance, tangibility, empathy and responsiveness.

Reliability means whether or not the retail store provided the promised service accurately, consistently and on a timely basis. Assurance deals with the question of whether the knowledge, skills and credibility of the employees instil trust and confidence in the retail shopper's mind.

The physical aspect of the service such as the store, equipment, or employees is appealing or not comes under the tangibles. Empathy addresses the question of whether or not there is a good relationship between employees and customers. Finally responsiveness could mean if the company provides fast, high-quality service to customers or not?

3.1 Gap Analysis

Gap Analysis can be applied to each of the areas in the RATER model. Gap Analysis is a tool that helps retail stores to compare their actual performance with the possible potential performance. The following five gaps that organizations should seek to measure manage and minimize.

Gap 1: This is known as the management perception gap. Here the difference between the service that the

customers expect and the management's perception of customer expectations is portrayed. Often it happens that the management thinks customers expect a certain level of service while actually they expect something else. This clearly shows that management has not fully understood the market.

Gap 2: This is known as the quality specification gap. Here the difference between management perception and the company's actual specification of customer experience is portrayed.

Gap 3: This is known as the service delivery gap. Here the difference between customer-driven service design and standards and service delivery is shown.

Gap 4: This is known as the market communication gap. Here the gap between the experience that customers are promised and the experience they actually have is represented.

Gap 5: This is known as the perceived service quality gap. Here the gap between a customer's expectation of a service and their perception of the service that they have received is shown.

Taking steps that are needed to reduce these gaps is the ultimate aim of this process because the deviation between customer expectations and perceived quality is where process improvements are likely to take place.

4. Retail Store Image

The idea of store image was first used by Martineau (1958) ^[13]. According to him as the store image is something that is defined in the customers' mind which is partly based on functional attributes and partly based on psychological attributes. He further told that the store image includes its characteristic attributes and it makes the customers feel that the store is different from others.

Functional attributes are assortment of merchandise, location, layout, price value relation and service that customers can compare with other stores. Attractiveness and luxuriousness which are the psychological attributes are that represent special attributes of that store. Arons (1961) ^[14] defined store image a relation that will make customers differentiate one store from others.

Kunkel and Berry (1968) ^[15] stated that store image is built up through experience and that urges customers to purchase at the specified store.

Oxenfeldt (1974) ^[16] defined that store image is a complex of attributes that will make the consumer feel about the store in a certain way and it is more than a simple sum of objective individual attributes as parts of attributes interact in the mind of the customers.

Zimmer and Golden (1988) ^[17] have stated that store image means a complex in total dimensions of store attributes that consumer would feel and a complex means that store image has various attributes. There are various different definitions of store image according to scholars. But it could be said that store image is an overall attitude of a consumer towards the store, its attributes could mean various things and each store has a relative place in the consumer's mind.

4.1 Constructs of store image

Store image is formed using certain dimensions or variables. Since these variables construct the image so they are also

known as store image constructs. Now the various and the most common used constructs are discussed.

4.1.1 Promotions

The promotions dimension is a significant tool in the integrated marketing communication process because of its proximity to consumers and its direct influence on customer behaviour. Promotion is seen as a positive stimulus by management, a study of patronage motives and product purchase. Thang and Tan (2003) [18] have found that promotions have a prominent impact on consumer preference. Consumers have to be constantly attracted by advertising in order to stimulate interest and create the awareness of the store. But consumers are exposed to a large amount of information. A strong communication strategy is essential in competing in the market and in managing the corporate identity, while promotions provide the key in conveying information to consumers which help in creating that identity. (Markwick & Fill, 1997) [22].

4.1.2 Service

The service at a firm builds the customer relationships and leads to positive word-of-mouth and increased customer loyalty (Newman & Patel, 2004) [20]. The way the customers perceive the social cues, one of them being service, improves their perception of merchandise (Hu & Jasper, 2006; Newman & Patel, 2004) [21, 20]. Teller, Kotzab and Grant (2006) [26] stated that sales personnel’s service greatly affect store choice, more than modern services such as home delivery. Good service contributes towards forming a positive store image. Thang and Tan (2003) [18] proposed that stores that provide good service will leave shoppers with a more favourable perception. This will promote repeat visits and has a positive impact on consumer purchase behaviour this leading to creation of positive store image.

4.1.3 Atmosphere

Store atmosphere plays an important role in the customer’s experience. Atmospheric involves the conscious designing of retail space to affect customers’ sensory experience. Atmospheric has ability to impact the retail image is because of the ‘spatial aesthetic’ features of the store and the silent communication that it makes to consumers (Kotler, 1973) [9]. These sensory experiences affect the emotional state of a person and therefore the way in which product information will be examined. A positive store experience enhances satisfaction and which in turn will increase shopping frequency and thus increase the sales (Koo, 2003). Thus a good store atmosphere helps in creating a good image of the store.

4.1.4 Store facilities

Facilities refer to the provisions that make the shopping process easy and the infrastructure that enhances the comfort level of the customer while shopping (Nevin & Houston, 1980) [19]. Thang and Tan (2003) [18] have stated that consumers tend to view a store with good facilities in a favourable light, leading to creation of a store image. Consumers’ shopping orientations define their preference what kind of facilities they want (Moye & Kincade (2002) [23], therefore facilities contribute to set apart the retailer from its competition. Example of certain features which could differentiate a store by easing the shopping process is the

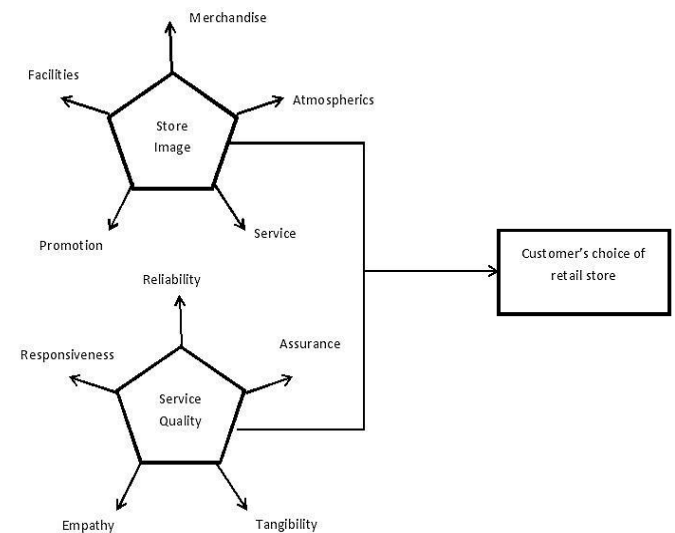
availability of fast checkout facilities, changing rooms, and layout (Newman & Patel, 2004) [20]. These authors proposed that customers’ perceptions and behaviour could be changed through any small alteration made in store image.

4.1.5 Merchandise

The most common attributes of merchandise that have been known to create store image are merchandise assortment, merchandise quality, merchandise price and merchandise style. According to Collins-Dodd & Lindley (2002) [24] and Thang & Tan (2003) [18], merchandise is considered the most vital factor contributing to customer store preference. This view is also supported by Birtwistle and Shearer (2001) [25] and other authors have found that merchandise has a vital influence on the way the brand is look at and influences store choice across consumer segments product and brand assortment are part of the assortment strategies which are followed to satisfy consumer requirements and affect the brand perception. Thus merchandise factor is essential in creating the store image.

These dimension or so called constructs of a store image are essential to understand and study as they will give the insights into intricate points of success and failure of a retail store. By doing a detailed study on each of these construct we can attempt to understand how exactly these constructs play an key role making a decision regarding choice of retail. For each geographical area it might differ as the perception of people in different places changes. So by studying these constructs in a specific area we can make an approximate estimate of how and which construct influences the store choice of the retail customer.

4. Conceptual Model



5. Discussion and Conclusion

The model proposed shows that the two entities service quality and store image play a key role in influencing the customers’ choice of retail store. Service quality’s various dimensions act as the key areas which the customer uses to examine which store would be a better option. The aspects of reliability, tangibility, assurance, empathy and responsiveness

are translated as various questions that a customer would ask oneself in order to make a smart and enjoyable purchase. Having stated enjoyable these days the experience that is involved while retail shopping is an essential factor apart from just quality purchase. Therefore we have another vital criterion that is used by the customers to make retail choice called the store image. The store image is something that is created in the customer's mind and this image subconsciously is brought before the customer every time he/she has to choose one of the many retail stores to make a purchase.

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