An Integrated Approach Using Interpretive Structural Modeling and Quality Function Deployment for Improving Indian Retail Service Quality

Sreekumar, Rourkela Institute of Management Studies, Rourkela, India
Rema Gopalan, IFIM Business School, Bangalore, India
Biswajit Satpathy, Sambalpur University, Sambalpur, India

ABSTRACT

This article attempts to develop a model by integrating interpretive structural modeling (ISM) and quality function deployment (QFD) methodology by establishing the relationship between the Indian retail service quality dimensions and service quality enablers. The integrated approach is employed to translate customers’ requirements/needs into specific service design factors/requirements in the Indian retail context. The retail service quality dimensions are identified using factor analysis and are considered as the customer demands in QFD process. Thirteen retail enablers were identified through an extensive literature survey and expert opinions. The enablers identified for the study were treated as design requirement for employing quality function deployment (QFD) in order to prioritize the design requirements. The results found showed that retail enablers ‘Image of the Store’ and ‘Value Conscious Consumers’ can be emphasized more in a priority basis by the Indian retailers followed by retail enablers ‘Location of store’ and ‘Globalization/Competition’.

KEYWORDS

India, Interpretive Structural Modeling, Quality Function Deployment, Retail Service Quality

1. INTRODUCTION

The Indian retail sector has witnessed an unprecedented growth over the last decade, driven by robust economic growth, rapid urbanization and changing lifestyles and aspirations of the Indian retail consumer. According to a PricewaterhouseCooper report (2016), the Indian retail market is expected to grow by 10 percent to become USD1.3 trillion by 2020. This sector is the second largest employer after agriculture, employing more than 35 million people with wholesale trade generating an additional employment to 5.50 million more. The growing disposable income in the country is resulting in increasing consumer spending habits. The sector is also an important contributor towards the socioeconomic wellbeing of the economy as it employs close to 9.4 per cent of India’s labour

DOI: 10.4018/IJBAN.2019040101

Copyright © 2019, IGI Global. Copying or distributing in print or electronic forms without written permission of IGI Global is prohibited.
force, as per the leading research institution ASSOCHAM. In its current form, the retail sector in India is mostly unorganized in its structure, with the organized retail contributing a small 12 per cent to the total sector as of financial year 2016. However, this industry is witnessing a fast transition and it is estimated that the organized sector will record a growth rate of close to 24 per cent CAGR (Compound Annual Growth Rate) to increase its share to 20 per cent of the total sector by 2020, as per research institution ASSOCHAM. Online retail business is the next generation format which has high potential for growth in the near future. After conquering physical stores, retailers are now foraying into the domain of e-retailing. E-commerce is expected to be the next major area supporting retail growth in India. The industry is projected to touch USD100 billion by 2020 growing from USD30 billion in 2016.

Retailing in India is exciting and challenging. Reports on Indian retail reveal that India’s robust macro- and microeconomic fundamentals, such as robust GDP growth, higher incomes, increasing personal consumption, favourable demographics and supportive government policies, will accelerate the growth of the retail sector. With the given retail industry’s ever-changing landscape and the emerging challenges, the focus of industry players too is changing; with a strong emphasis on profitable growth in the current scenario. Hence, the retail companies while continuing to innovate are increasingly concentrating on strengthening existing operations and assessing options for growth. The review of literature indicates the absence of extensive research studies on the challenges and driver factors in Indian retail industry. There is also a dearth of studies in Indian context to identify, classify and analyse the enabling factors of retail industry.

Retail operations operate in uncertain and turbulent conditions. Focusing exclusively on acquiring new customers is risky, since the acquisition of new customer costs more than retaining the existing ones. Hence, retailers need to continuously focus on areas under their control that might give them an edge over their competitors. An area that receives foremost attention in this regard is delivering high levels of service quality. Today customers do not make purchase decisions merely on the basis of product characteristics, brand name or price; rather it is made mostly on customer’s perception of quality attached to a product (Sudhahar, 2005).

As service quality can be the cornerstone to retailing success, retailers need to constantly evaluate their service quality through the use of a reliable measuring instrument. Such an evaluation can serve as a diagnostic tool that helps the company monitor, detect any imperfections and most importantly improve their service (Ramayah and Jasmine, 2003). In service industries, the service quality serves as both a customer retention tool and a business differentiator in local and global competition. Service quality has drawn the attention of researchers and managers because it is known to reduce costs and increase customer satisfaction, which are usually associated with customer loyalty which leads to increased economic returns for the company (Buttle, 1996; McAdam, McLean & Henderson, 2003; Seth, Deshmukh and Vrat, 2005; Edvardsson, 2005; Bontis and Booker, 2007). Also, service quality was found to have a relationship with repeat purchase intention (Perez et al., 2007; Chen, 2008) and consumption behavior (Dabhokar, Thorpe & Rentz, 1996). Therefore, service quality is a measure of the performance of an organization, which makes it important for both academics and practitioners to consider (Karatepe, Yavas and Babakus, 2005).

The popular scale SERVQUAL was the first pioneering work towards the measure of service quality undertaken by Parasuraman et al. (1988). SERVQUAL has been employed to measure service quality across different countries and various cultural backgrounds (Ladhari, 2008). Despite of its usefulness in different ‘pure service’ settings, the generalisability of SERVQUAL scale dimensions across different business settings has been in question. The applicability of SERVQUAL across different cultures is also an issue as SERVQUAL was developed in a Western environment and, due to cultural differences; it is likely that cultural factors will influence its applicability (Parikh, 2006). Dabhokar et al. (1996) proposed retail service quality scale (RSQS) to overcome some of the limitations of SERVQUAL to be fully adapted and validated in a retail store that offers a mixture of
A Comparison of Simultaneous Confidence Intervals to Identify Handwritten Digits
www.igi-global.com/article/a-comparison-of-simultaneous-confidence-intervals-to-identify-handwritten-digits/122450?camid=4v1a

Time Series Data Mining: A Retail Application
www.igi-global.com/article/time-series-data-mining/119497?camid=4v1a