# Study of Customer Satisfaction and Loyalty W.R.T. the Service Quality Determinants of Organized Retail Apparel Stores in Ahmadabad

## Dr. Mayank Bhatia[1], Dhruv Shah[2]

[1]Associate Prof., St. Kabir Institute of Professional Studies, Ahmadabad (Gujarat) India.
[2]Shri Chimanbhai Patel Institute of Management and Research, Ahmadabad (Gujarat) India.

**ABSTRACT**

*India has witnessed tremendous increase in the new retail formats in apparel stores sector, in the last decade. Big corporate houses have diversified themselves and have entered retail business in India with introduction of new retail formats such as department stores, discount stores, organized retail stores, and even the whole malls where majority of their product portfolio is apparels. Past research has shown that the retail format that has gained the interest of big corporate is the big shopping complexes, organized retail stores or the shopping malls. Various aspects of these organized retail stores/shopping malls affect the perception of the customers related to the service quality of these stores. The service quality perceived or experienced by the customers is believed to directly affect their satisfaction and loyalty towards the store. It is assumed that more the satisfaction of the customer, higher is the probability of the customer becoming loyal to the store resulting in repeat patronage. This research was aimed to investigate the relationship between various determinants of service quality of the organized retail apparel store and the customer satisfaction& loyalty. The respondents were selected from Ahmadabad city. Data was collected with the help of "Service Quality of Retail Stores" scale, developed by Dabholkar et. al (1996). The statements for constructs of customer satisfaction and loyalty were developed on the basis of the literature review. Structural Equation Modeling was employed to identify the relationship between the service quality dimensions of the store and the satisfaction and loyalty of the customers towards these stores in Ahmadabad city. This study will help the managers of organized retail apparel stores to understand the relationship between the determinants of service quality and the customers' satisfaction and loyalty which will enable them in decision making related to improving the quality of the service in their stores with respect to various determinants of service quality.*

*Keywords:* Organized Retail, Apparel Stores, Service Quality, Satisfaction, Loyalty

## I INTRODUCTION

Retailing is one of the oldest form of making the products and services available for consumption, to the retail customers. Organized retailing is the upgraded version of the old format of retailing. The developing and the developed economies have witnessed major transformations in retailing formats. In the emerging economy, such as India, consumers have various avenues to satisfy their shopping needs. The nearby areas located in their close vicinity were the ideal choice for the consumers for their shopping, in previous decades (Mai et al.2003; Srivastava, 2008).However, big corporate houses have understood the benefits and the potential of the organizaed retailing and have penetrated into Indian retail industry. Unlike, previous decades, now the consumer have various formats available (such as shopping center, malls, super markets etc) to satisfy their needs and wants for the purchase and consumption of the products and/or services. These formats are categorized as organized retail store and are the modern adaptation of the traditional marketplace. The current economic boom in India has given pace for the emergence of the organized retail. India has witnessed tremendous growth in the organized retail segement and it is assumed to grow at a much faster pace in the near future.

Organized retail stores are expected to provide delighted shopping experiences to customers which ultimately may lead to customer satisfaction and loyalty towards the store. Consumers have witnessed various advantages of organized retail stores over traditional ones. These benefits include the comfort, more variety of products, ambience, style and speed. Organized retail format provides consumer more convenience, better services and choice along with enhanced experienced, as compared to that of traditional retailing. Emergence of organized retail stores have given more avenues to the consumers and to decide where to shop from, has become a key decision for them (Nevin & Houston, 1980; Kirkup & Rafiq, 1999). This has resulted for the marketer to take crucial decisions in order to differentiate its retail store from that of competitors. Due to intense competition in organized retail apparel stores, customers have more options for apparel purchase and hence easilty switch retailers. This has resulted in critical situation faced by retailers to retain their customers for longer durations. It has become imperative to provide high quality services within the store to enhace in-store customer satisfaction leading to store loyalty (Koo&Kim, 2013).

Retailers, in order to be successful, must create higher levels of satisfaction leading to sustainable customer loyalty which is one of the measuable outcomes of maintaining profitable relationships with customers. However, customer loyalty is time-specific and may change during the course of time.

Loyalty can be attained for time-periods of indefinite length (Rust & Zahorik, 1993).

The retail store's differentitation strategy's success depends on several factors. However, one of the crucial factors is the abiilty of the retail store to provide the customer an enriched experience while they visit and shop from the store along with the store's ability to fulfill the commitments to the consumers. It results in the long-term and profitable association of the consumer with the store. Store fulfill its commitments to the customer with the help of service quality dimensions. Service quality plays an integral part in terms of deriving satisfaction amongst the consumers. Assessment of the quality of service delivered must conform the consumers' expectations. Customer experience on the dimensions of Service Quality leads to the satisfaction or dissatisfaction amongst them in relation to the store. Satisfaction level derived by the consumers will result in the loyalty towards the store.

This study seeks to investigate the effect of various determinants of service quality of the organized retail apparel store and its relationship with the customer loyalty & satisfaction. This research offers an understanding of the service quality dimensions in relation to the organized retail stores with the help of the conceptual framework. Study addresses the following question: Do the service quality dimensions in organized retail stores linked with customer satisfaction and loyalty? The results of the study provide implications not only for the academicians but also to the marketers for better utilization of organized retail strategies.

## II REVIEW OF LITERATURE

Customer loyalty is always been considered to be of utmost importance for the marketers. This is due to the fact that marketers place lot of efforts to make the customer loyal. Loyal customers are easy to retain and provide major contribution in enhancing the product or service sales, directly or indirectly. Loyal customers play an important role in promoting the organization and its products or services by positive word of mouth publicity and on social media. They also provide references to the organization which leads the marketers to tap the untouched customers in more strategic way.

However, defining loyalty is a complex task (Javalgi & Moberg, 1997). American Marketing Association has defined loyalty as "a situation in which a consumer generally buys the same manufacturer-oriented product or service repeatedly over time rather than buying from multiple suppliers within that category".

Substantial evidence of empirical work is available in relation to assessment of the customer satisfaction with respecct to their shopping experience with the retail store. Past research posited that positive levels of satisfaction with in-store experience enhances customer satisfaction leading to store loyalty (Terblanche & Boshoff, 2006). A direct relationship was found between attitudes of customers in relation to service quality experienced by them within the store and their satisfaction loyalty towards that store for their shopping requirements (Freymann & Cuffe, 2010). Customer preferences also changes due to presence and increase in the number of organized retail stores (Roslin & Melewar, 2008). It is the need of the hour that the retailer must focus on the buying experience of the consumers, in order to be successful in highly competitive markets (Kamaladevi, 2009). Due to increased competition and rapidly changing marketing environment, it has become extremely importanct for the marketer to create customer loyalty which is considered to be one of the most important intagible asset for any organization to frame and implement their marketing strategy (Moisescu, 2014).

Even after the increase in the availablity of the products and servcies, customer satisfaction has been witnessed downward trend. This is due to the reason, that retailers are not able to manage the dimensions of service quality in order to match the expectation of the customers. It was also found that the satisfaction derived by the customers is not only dependent on the product purchased from the retail store, but also on the quality of interaction a customer has experienced with the employees of the store (Goff et al., 1997)

Ryu & Han, (2010) posited that service quality is pre-requisite condition for consumer satisfaction, i.e. service quality is a predictor of consumer satisfaction. If the service quality dimensions are taken care of, it results in positive experiences and leads to the repurchase intentions amongst consumers. Reserachers also asserted that there is positive relationship between service quality and repurchase intention. Customer satisfaction was also found to have positive and dependent relationship on service quality (Fen & Lian, 2007; Ažman & Gomišček, 2014). It was found that the customer generalized the negative experience with one service centre to all other servcie centres of specific brands in the automotive industry. Experience with the store was found to have direct impact on customers' repurcahse intentions. Previous research also supports service quality as the influencing factor leading to the consumer satisfation, consequently leading to consumer loyalty (Nikou et al., 2016; Khanam, 2017).It was postied that marketers must focus on enhancing customer satisfaction which will lead them to become loyal towards that store (Kim & Stoel, 2004).

Dimensions of service quality and its effect on consumer loyalty were tested in the research done by Molina et al.(2009).Researchers theorizes that service quality dimensions influences customer loyalty towards retails stores.Singh & Prashar (2014) found that variuos factors such as ambience provided in the store, convenience of shopping, customer centric approach of retail store employees, marketing focus, safety and security features employed by stores influences the customers' shopping experience in malls in Mumbai. Another research posited that loyalty is the outcome of satisfaction derived out of the quality of service experienced by the consumers (Orel & Kara, 2014).

It is evident from the past research that consumers place varied importance to different store-attributes (Paul et al., 2016). Saravanakumar & Jayakrishnan (2014) found that only two dimensions of service quality (out of total five dimensions), i.e. reliability and empathy were positively affecting the customer loyatly. Another research in the cab industry in India found that empathy, responsiveness, and tangibles were positively afffecting consumer satisfaction. Other dimensions were found to have no significant impact on consumer satisfaction (Sharma & Das, 2017). Other researchers have also found positive relationship between all the dimensions of service quality and consumer satisfaction (Ali & Raza, 2015; Garga & Bambale, 2016).

## III RATIONALE OF THE STUDY AND RESEARCH OBJECTIVE

Number of organized retail apparel stores in India are in nascent stage and hence not much research work is available in Indian context. Majority of the studies in organized retail stores are being conducted in US and European markets as shopping mall concept in western countries is already in maturity stage. Indian researchers in recent past have checked the attitudes of shoppers towards shopping malls (Swaminathan & Vani, 2008), relationship between service environment and patronage intentions (Tripathi & Siddiqui, 2008). However, studies in relation to service quality dimensions of organized retail apparel stores and its influence on satisfaction and loyalty were not found in Indian context during review of literature. Hence a gap was identified to understand how the service quality dimensions are related to the satisfaction derived by the consumers leading to the loyalty towards the organized retail apparel store in Indian context.

This research thus aimed to investigate the relationship between various determinants of service quality of the organized retail apparel store and the customer satisfaction& loyalty.

## IV RESEARCH METHODOLOGY

The unit of analysis in this study is the individual consumer who purchases apparels from organized retail apparel store. The respondents were selected from Ahmadabad city. To collect data, "Service Quality of Retail Stores" scale, developed by Dabholkar et. al (1996) was employed. The statements for constructs of customer satisfaction and loyalty, were developed on the basis of the literature review. Data was collected on five point Likert Scale ranging from 1 to 5 where score of 1 represents "Strong Disagreement" and score of 5 represents "Strong Agreement" with the given statement. Since the neutral point on the scale was 3, means of the statements having scored more than 3 reflects agreement of consumer towards that particular statement. Demographic information of the respondents was also collected to make sure that sample elements were true representative of the target population. Structural Equation Modeling was employed to identify the relationship between the service quality dimensions of the store and the satisfaction & loyalty of the customers towards these stores in Ahmadabad city.

Population for this research was defined as people who visits organized retail apparel store for purchase and actually carry out shopping. 294 Sample elements were selected as per the convenience of the researcher from the organized retail apparel store in Ahmadabad. Five malls viz., Central, Brand Factory, Pantaloons, Shoppers Stop and Westside were selected from the city of Ahmadabad for the current study. The stores selected were identical in terms of size, age and consumer-mix. Due care was taken while selecting respondent for the study. Only those respondents were selected who had at least one shopping bag while coming out of the store. Mall intercept method was employed to select the respondents from these stores.

# V DATA ANALYSIS AND STRUCTUAL MODEL

Demographic details of consumers is given in the Table No. 1:

**Table 1**
**Demographic details of Consumers**

| | | Frequency | Percent |
|---|---|---|---|
| Gender | Male | 160 | 54.4 |
| | Female | 134 | 45.6 |
| Age Group | 15 years to 25 years | 84 | 28.6 |
| | 26 years to 30 years | 40 | 13.6 |
| | 31 years to 35 years | 33 | 11.2 |
| | 36 years to 40 years | 39 | 13.3 |
| | 41 years to 45 years | 37 | 12.6 |
| | 46 years to 50 years | 25 | 8.5 |
| | 51 years to 55 years | 15 | 5.1 |
| | 56 years to 60 years | 10 | 3.4 |
| | 61 years and above | 11 | 3.7 |
| Educational Qualification | Under-Graduate | 50 | 17.0 |
| | Graduate | 141 | 48.0 |
| | Post-Graduate | 77 | 26.2 |
| | Professional | 26 | 8.8 |
| Occupation | Student | 78 | 26.5 |
| | Housewife (Homemaker) | 59 | 20.1 |
| | Service | 84 | 28.6 |
| | Self-Employed | 22 | 7.5 |
| | Business | 20 | 6.8 |
| | Professional | 31 | 10.5 |
| Yearly Income (Rs.) | < Rs. 2 Lacs | 141 | 48.0 |
| | Rs.2 Lacs < Rs.5 Lacs | 55 | 18.7 |
| | Rs.5 Lacs < Rs.8 Lacs | 48 | 16.3 |
| | Rs. ≥ 8 Lacs | 50 | 17.0 |

Initially, service quality of retail stores scale had total 28 statements and the satisfaction & loyalty dimension has 8 and 5 statements respectively. Hence the total number of items considered was 41. The reliability of these 41 statements were checked with the help of coefficient alpha (Cronbach, 1951) in accordance with recommendations given by Churchill Jr. (1979).Cronbach's (1951) alpha value forinitial 41 statements was found to be 0.960 (as shown in Table 2) indicating high reliability.

**Table 2**
**Reliability Statistics of initial 41 items**

| Cronbach's Alpha | N of Items |
|---|---|
| .960 | 41 |

Observed KMO value of MSA (0.944) is greater than 0.8 (as shown in Table 3 below), as recommended by Hair et al., (2009), indicating meritorious according to the researchers. Field (2009) also suggested that KMO value of MSA greater than 0.9 is considered to be 'superb'. Also Bartlett's test of sphericity was found to be significant indicating good factor structure for the items under study.

**Table 3**
**KMO and Bartlett's Test**

| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .944 |
|---|---|---|
| Bartlett's Test of Sphericity | Approx. Chi-Square | 9100.297 |
| | df | 820 |
| | Sig. | .000 |

All items were found to have the communalities to be greater than recommended value of 0.5 (as shown in Table 2 below) indicating good factor structure, according to recommendations given by Hair et al., (2009). The mean and standard deviation for the items are also shown below in Table 4.

**Table 4**
**Communalities, Mean and Standard Deviation**

| | Communalities | | | |
| | Initial | Extraction | Mean | Std. Deviation |
|---|---|---|---|---|
| PA1. The store has modern-looking fixtures for placement of apparels. | 1.000 | .709 | 4.25 | .994 |
| PA2. Store's physical facilities are visually appealing. | 1.000 | .662 | 4.18 | .905 |
| PA3. The resources related with the store's service (catalogs, POP displays, billing counters or shopping bags) are visually appealing. | 1.000 | .562 | 3.74 | .928 |
| PA4. The public areas in the store (restrooms, trial rooms, fitting rooms) are clean, attractive, and easy to access. | 1.000 | .742 | 3.45 | 1.251 |
| PA5. Layout of the store makes it easy for the customers to locate what they need. | 1.000 | .663 | 3.90 | .879 |
| PA6. Layout of the store provides sufficient convenience for the customers to move around in the store. | 1.000 | .548 | 3.88 | .864 |
| REL1. Store is reliable in fulfilling its promises to do something in stipulated time period. | 1.000 | .533 | 3.84 | .886 |
| REL2. Store is reliable in providing services in expected time duration. | 1.000 | .557 | 3.94 | .836 |
| REL3. Store performs the service right the first time. | 1.000 | .622 | 3.83 | .945 |
| REL4. Store's merchandise is sufficient to satisfy what customer is looking for. | 1.000 | .616 | 4.08 | .942 |
| REL5. Store's sales transactions and records are free of error. | 1.000 | .611 | 4.18 | .982 |
| PI1. Employees in the store possess sufficient knowledge to answer the questions raised by customers. | 1.000 | .558 | 3.77 | .934 |
| PI2. Employees' behavior helps in boosting the confidence of customer. | 1.000 | .592 | 3.40 | 1.053 |
| PI3. The transaction in this store are safe and trust worthy from the customers' point of view. | 1.000 | .629 | 4.12 | .866 |
| PI4. Prompt services are provided by the employees to the customer. | 1.000 | .594 | 3.92 | .878 |
| PI5. Employees provide exact information to the customers, regarding the time required for performance of the services in the store. | 1.000 | .615 | 3.88 | .801 |
| PI6. Customers' requests are promptly addressed/responded by the employees of the store. | 1.000 | .631 | 3.84 | .859 |
| PI7. Individual attention is provided by the employees of the store. | 1.000 | .619 | 3.25 | 1.138 |
| PI8. Employees' behavior is courteous with the customers. | 1.000 | .560 | 3.67 | .860 |
| PI9. Customers are well treated by the employees over the phone call. | 1.000 | .571 | 3.53 | .933 |
| PS1. Returns and exchanges are willingly handled by the store. | 1.000 | .719 | 3.92 | .863 |
| PS2. The store shows a sincere attention in solving the customer problem. | 1.000 | .665 | 3.94 | .855 |

| | | | | |
|---|---|---|---|---|
| PS3. Employees handle the customer complaints directly and on priority. | 1.000 | .653 | 3.84 | .957 |
| PO1. High quality merchandise are offered by the store. | 1.000 | .734 | 4.46 | .873 |
| PO2. Convenient parking space, for the customers has been arranged by the store | 1.000 | .734 | 4.35 | 1.146 |
| PO3. Operating hours of the stores are convenient to their customers. | 1.000 | .751 | 4.48 | .955 |
| PO4. Store accepts electronic modes of payment (credit/debit cards, e-wallets etc.). | 1.000 | .736 | 4.62 | .900 |
| PO5. Store has tied up with banks for its own credit card. | 1.000 | .640 | 4.22 | 1.047 |
| SA1. You were welcomed when you enter the store. | 1.000 | .721 | 3.10 | 1.328 |
| SA2. The outfitted mannequins were helpful in harmonizing the effect of the store | 1.000 | .641 | 3.51 | .948 |
| SA3. The wait time at the Billing counter was reasonable | 1.000 | .576 | 3.57 | .946 |
| SA4. Store has reasonable return/exchange policy | 1.000 | .640 | 3.82 | .901 |
| SA5. I could get so involved that I forgot everything else. | 1.000 | .572 | 3.11 | 1.144 |
| SA6. I am very satisfied with the shopping experience at the store. | 1.000 | .684 | 4.07 | .891 |
| SA7. Sufficient product range was available at store that matched with my requirement. | 1.000 | .701 | 4.23 | .965 |
| SA8. I am overall satisfied with the store | 1.000 | .703 | 4.22 | .877 |
| LOY1. Based on my shopping experience, I would purchase again from the same store. | 1.000 | .810 | 4.27 | .952 |
| LOY2. I would recommend others to purchase from this store | 1.000 | .817 | 4.17 | .964 |
| LOY3. I feel more attached to this store as compared to other stores | 1.000 | .815 | 4.08 | .941 |
| LOY4. I say positive things about the store to others | 1.000 | .802 | 4.19 | .946 |
| LOY5. I will prefer this store when I want to purchase apparels | 1.000 | .755 | 4.26 | .953 |

The statements shown in above table were tested for the overall fit, validity and reliability of the model with the help of Structural Equation Modelling (SEM). Following model was proposed to be tested. Hypotheses to be tested are as mentioned below:

(i) $H1_0$: Physical Aspects (PA) of the store does not significantly affect the Satisfaction (SA) of consumers towards the store.

(ii) $H2_0$: Reliability (REL) of the store does not significantly affect the Satisfaction (SA) of consumers towards the store.

(iii) $H_03$: Personal Interaction (PI) with the employees of the store does not significantly affect the Satisfaction (SA) of consumers towards the store.

(iv) $H_04$: Problem Solving (PS) of the store does not significantly affect the Satisfaction (SA) of consumers towards the store.

(v) $H_05$: Policy (PO) of the store does not significantly affect the Satisfaction (SA) of consumers towards the store.

(vi) $H_06$: Satisfaction (SA) of consumers from the store does not significantly affect the Loyalty (LOY) of consumers towards the store.
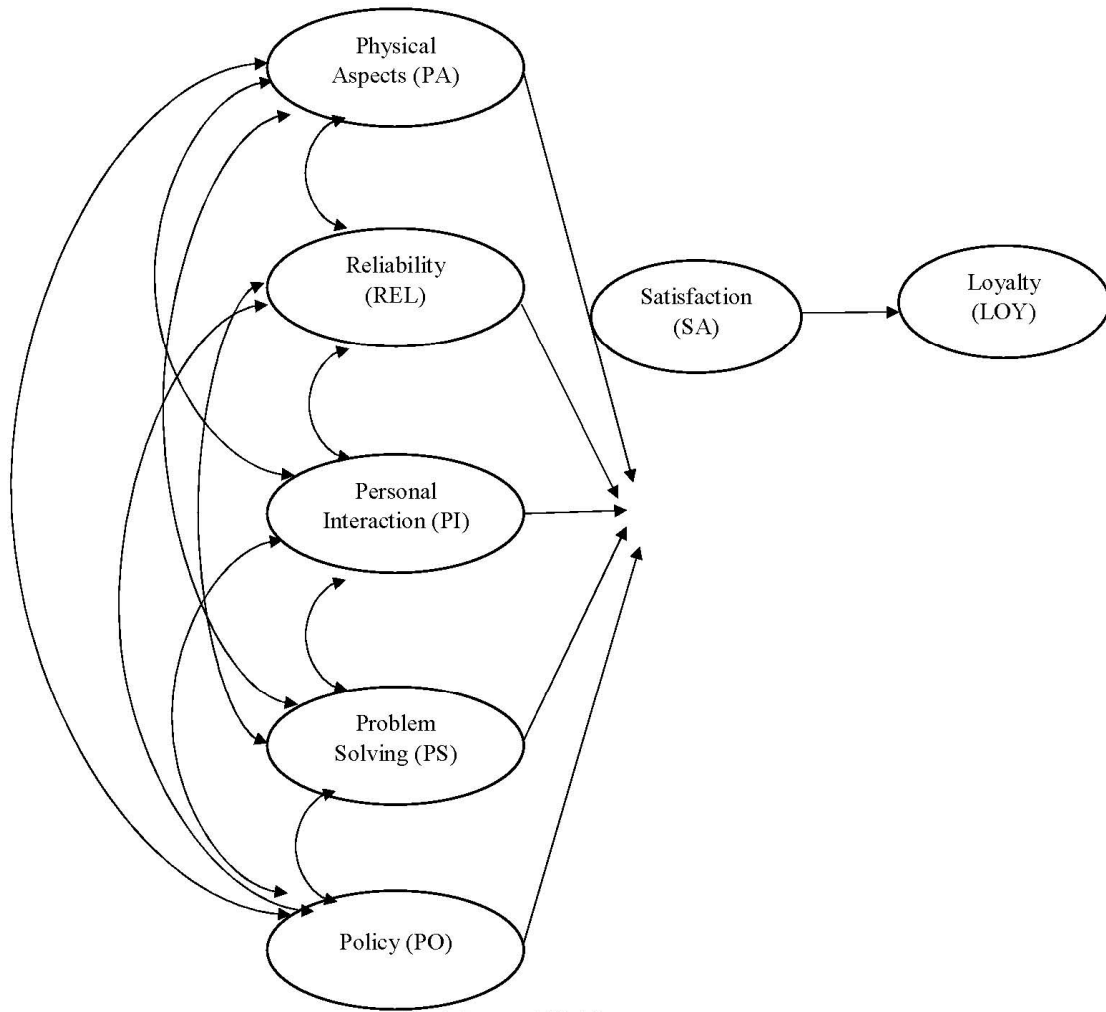
**Fig. 1: Proposed Model**

SEM was conducted in accordance with the recommendation given by Anderson & Gerbing (1988) Bagozzi & Youjae (1988), and Hair et al., (2009). Initial result of SEM revealed some of the statements having standardized regression weights of less than 0.5. Those statements were removed and SEM was re-run till all the statements loadings (standardized regression weights) were greater than 0.5. The number of final statements retained in the service quality of retail store scale and their reliability statistics are given in below Table No. 5.

**Table 5**
**Reliability Statistics**

| Dimension | Cronbach's Alpha | No. of Items |
|---|---|---|
| Physical Aspects (PA) | .842 | 4 |
| Reliability (REL) | .832 | 5 |
| Personal Interaction (PI) | .850 | 6 |
| Problem Solving (PS) | .845 | 3 |
| Policy (PO) | .887 | 5 |
| Satisfaction (SA) | .868 | 4 |
| Loyalty (LOY) | .940 | 5 |

The high reliability of scale items gave strong justification for the strength of the scale items. Strong motivation was provided, due to high reliability of scale items, to assess the measurement properties for the proposed model. The measuement properties were assessed in accordance with the recommendations given by Anderson & Gerbing (1988) and Bagozzi & Youjae (1988). The measurement model yielded a Chi-square value of 1359.825 with 448 degrees of freedom (p=0.000 < 0.05). The ratio of Chi-square to the degrees of freedom was found to be 3.035 which is smaller than

the recommended value of 5 (Bagozzi & Youjae, 1988). In addition, the other fit indices (GFI = 0.866, AGFI = 0.824, NFI = 0.824, CFI = 0.874, and RMSEA = 0.083) satisfied the recommended values according to Hooper et al.(2008); Hair et al.(2009).

The convergent validity of the model is tested in accordance with the recommendations given by Hair et al.(2009). Researchers specified for evaluating the convergent validity of the measurement model:

(i) Factor loading for each statement must be greater than 0.5, for them to be statistically significant.
(ii) t-values must be higher than 1.96 or lower than -1.96 at 95% significance level.
(iii) Value of composite reliability (CR) must be greater than 0.7
(iv) Values of average varaince extracted (AVE) must be greater than 0.5.

**Table 6**
**Convergent Validity Outcome**

| Construct | Items | Item Loadings | t-values | Composite Reliability (CR) | AVE |
|---|---|---|---|---|---|
| Physical Aspects (PA) | PA1 | 0.857 | - | 0.846 | 0.581 |
| | PA2 | 0.829 | 17.052 | | |
| | PA5 | 0.700 | 13.735 | | |
| | PA6 | 0.641 | 11.898 | | |
| Reliability (REL) | R1 | 0.674 | 10.482 | 0.833 | 0.500 |
| | R2 | 0.713 | 11.022 | | |
| | R3 | 0.704 | 10.904 | | |
| | R4 | 0.755 | 11.594 | | |
| | R5 | 0.684 | - | | |
| Personal Interaction (PI) | PI1 | 0.687 | 11.063 | 0.863 | 0.512 |
| | PI3 | 0.694 | - | | |
| | PI4 | 0.741 | 11.884 | | |
| | PI5 | 0.700 | 11.265 | | |
| | PI6 | 0.739 | 11.849 | | |
| | PI8 | 0.732 | 10.207 | | |
| Problem Solving (PS) | PS1 | 0.801 | - | 0.849 | 0.653 |
| | PS2 | 0.841 | 15.429 | | |
| | PS3 | 0.781 | 14.178 | | |
| Policy (PO) | PO1 | 0.843 | - | 0.898 | 0.640 |
| | PO2 | 0.792 | 16.313 | | |
| | PO3 | 0.862 | 18.694 | | |
| | PO4 | 0.843 | 18.015 | | |
| | PO5 | 0.640 | 12.081 | | |
| Satisfaction (SA) | SA4 | 0.692 | 13.250 | 0.877 | 0.642 |
| | SA6 | 0.837 | 17.463 | | |
| | SA7 | 0.830 | 17.252 | | |
| | SA8 | 0.836 | - | | |
| Loyalty (LOY) | LOY1 | 0.879 | - | 0.939 | 0.755 |
| | LOY2 | 0.881 | 21.461 | | |
| | LOY3 | 0.861 | 20.784 | | |
| | LOY4 | 0.879 | 21.379 | | |
| | LOY5 | 0.844 | 19.704 | | |

Table 6 above shows that all factor loadings are greater than 0.5 and are statistically significant (t-values are greater than 1.96) indicating half or more of the variance in all the indicators are explained by their respective latent constructs. All factors were found to have AVE values greater than recommended value of 0.5 indicating strong relatedness of the construct to their respective indicators. Composite Reliability (CR) values were also found to have values greater than the recommended value of 0.7 indicating adequate convergent validity.

Once the convergent validity is established, the model was tested for discriminant validity in accordance with the recommendations given by Bove et al.(2009). To satisfy the discriminant validity, it is recommended that the average AVE of two constructs must exceed the square of their correlation. Discriminant validity test outcome is shown in Table 7 below.

## Table 7
## Discriminant Validity Outcome

| Pair of Construct | Average AVE of two constructs | Square Correlation |
|---|---|---|
| Physical Aspects (PA) - Reliability (REL) | 0.541 | 0.526 |
| Physical Aspects (PA) - Personal Interaction (PI) | 0.547 | 0.479 |
| Physical Aspects (PA) - Problem Solving (PS) | 0.617 | 0.404 |
| Physical Aspects (PA) - Policy (PO) | 0.611 | 0.596 |
| Reliability (REL) - Personal Interaction (PI) | 0.506 | 0.501 |
| Reliability (REL) - Problem Solving (PS) | 0.577 | 0.536 |
| Reliability (REL) - Policy (PO) | 0.570 | 0.513 |
| Personal Interaction (PI) - Problem Solving (PS) | 0.583 | 0.542 |
| Personal Interaction (PI) - Policy (PO) | 0.576 | 0.497 |
| Problem Solving (PS) - Policy (PO) | 0.647 | 0.561 |

Above table shows that for all the pair of constructs, the average AVE values are greater than their squared correlations, indicating discriminant validity of the model.

The model exhibits good fit with thte data (ratio of Chi-square to d.f. = 3.035, GFI = 0.866, AGFI = 0.824, NFI = 0.824, CFI = 0.874, and RMSEA = 0.083. Standardized path coefficients for each of the path are provided in below Table 8.

## Table 8
## Output of SEM

| Path | Standardized Coefficient | t-value |
|---|---|---|
| Physical Aspects (PA) → Satisfaction (SA) | 0.433 | 3.230 |
| Reliability (REL) → Satisfaction (SA) | 0.023 | 0.160 |
| Personal Interaction (PI) → Satisfaction (SA) | 0.254 | 2.103 |
| Problem Solving → Satisfaction (SA) | 0.134 | 1.174 |
| Policy (PO) → Satisfaction (SA) | 0.623 | 5.852 |
| Satisfaction (SA) → Loyalty (LOY) | 0.866 | 15.616 |

From the above table, it can be concluded that:
  (i) Physical Aspects (PA) of the store significantly affects the Satisfaction (SA) of consumers (t=3.230, p<0.05), hypothesis $H_01$ supported.
  (ii) Personal Interaction (PI) with the employees of the store significantly affects the Satisfaction (SA) of consumers (t=2.103, p<0.05), hypothesis $H_03$ supported.
  (iii) Policy (PO) of the store significantly affects the Satisfaction (SA) of consumers (t=5.852, p<0.05), hypothesis $H_05$ supported.

  (iv) Satisfaction (SA) of consumers significantly affects the Loyalty (LOY) of consumers towards the store (t=15.616, p<0.05), hypothesis $H_06$ supported.

However, Reliability (REL) and Problem Solving (PS) were found to have no significant effect on Satisfaction (SA) of consumers from the store, with t=0.160, p>0.05 and t=1.174, p>0.05 respectively for Reliability and Problem Solving. Hence hypothesis $H_02$ and $H_04$ are not supported.
The model fit indexes are shown in below table.

## Table 9
## Model fit indexes

| Fit Indexes | |
|---|---|
| Ratio of Chi-square to d.f. | 3.035 |
| Goodness-of-fit index (GFI) | 0.866 |
| Adjusted GFI (AGFI) | 0.824 |
| Normed Fit Index (NFI) | 0.824 |
| Comparative Fit Index (CFI) | 0.874 |
| Root Mean Square of Error Approximation (RMSEA) | 0.083 |

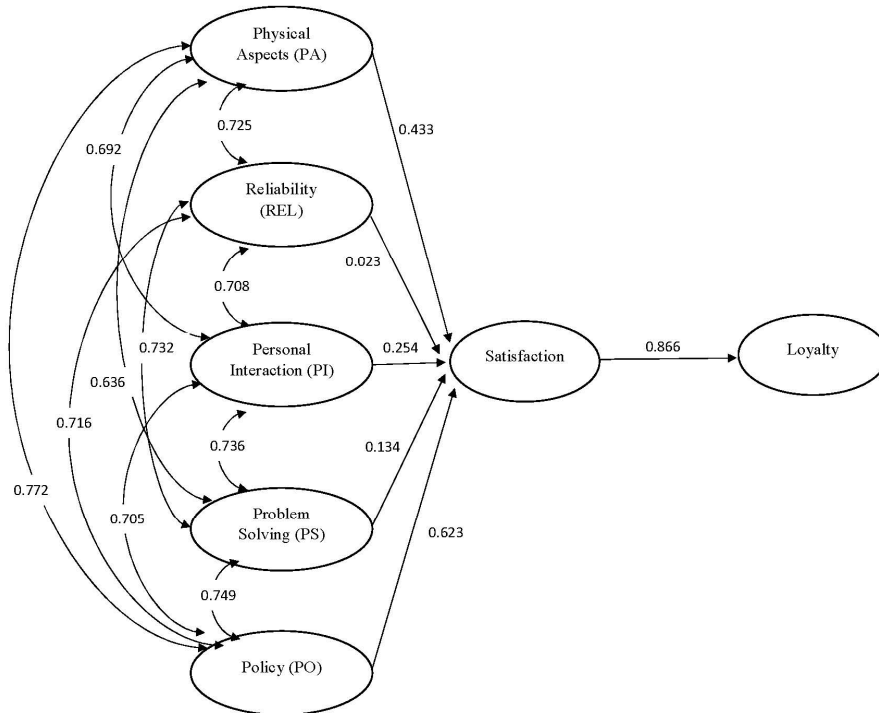The final structural model (output of SEM) is shown at fig.2

**Fig.2: Structural Equation Model**

# VI DISCUSSION AND IMPLICATION OF THE STUDY

This study was undertaken to identify the effect of constructs of service quality of retail store scales on the satisfaction derived by consumers from the organized retail apparel store. It was also tested how the satisfaction derived by consumers is related to the loyalty towards the store.

Reliability analysis of constructs revealed high reliability of the constructs. The model was also found to have good fit. It was found that three constructs of Service Quality of Retail Stores scale, viz. Physical Aspects (PA), Personal Interaction (PI), and Policy (PO), significantly affect the satisfaction of consumers towards retail store. It was also found that satisfaction derived by the consumers from the store significantly affects their loyalty towards the store. The findings are in consonance with earlier studies (Terblanche & Boshoff, 2006; Freymann & Cuffe, 2010; (Goff eta l., 1997; Ryu & Han, 2010). However, previous studies were silent on which dimensions of service quality significantly affects the satisfaction and how satisfaction derived by consumers lead them to become loyal towards the store. Current study has revealed that not all dimensions of service quality of the retail store is significantly affecting the satisfaction derived by the consumers while shopping from these organized retail store, adding to the body of knowledge. This has implications for the marketers to focus more on the dimensions which are found to have significant impact on the satisfaction. Also, earlier studies were focussed on identification of factors affecting the

satisfaction of consumer from the retail store. However, the studies were limited to general retail store and shopping malls. The current study was focussed to identify the dimensions of service quality affecting the satisfaction derived out the shopping experience of consumers from the organized retail apparel store, while earlier studies have discussed the findings related to shopping malls and not focussed for one type of particular organized reails store (such as organized retail apparel store taken in the current study). The current study also developed and tested the structural equation model and has revealed that satisfaction derived by consumers due to the dimensionsion of service quality of retail stores has strong significant impact on their loyalty towards the store, which can be utilized the marketer to formulate their strategy in more efficient manner by focusing more on the factors having significant impact on satisfaction ultimately leading to their loyalty towards the store.

# VII CONCLUSION

Organized retail apparel store invests heavily towards making them more ornate. To achieve this objective, they become more competition-centric than customer-centric. Due to huge investment, marketers strive hard to generate revenue over and above the break-even. Research in past has already suggested that if the customers can be made loyal for longer duration, it's very easy for the marketer to generate revenue as compared to that of finding new customers and converting them into their portfolio. Past research suggest that marketer must strive to enhance the customer loyalty by focusing on factors

which are adding to the satisfaction, ultimately making the customer loyal towards the store. Hence it is imperative for the marketer to understand the factors affecting the consumer satisfaction for organized retail apparel stores.

The research gained an understanding of the factors affecting the satisfaction of consumers shopping from organized retail apparel store in Ahmadabad. Study attempts to measure the impact of these factors on the satisfaction derived and how satisfaction derived from the store affects the loyalty of consumers towards the store. Marketers may be interested in a model that can make use of such information in evaluating the satisfaction level and the factor influencing the satisfaction of consumers. This study also has marketing implication in terms of the impact of satisfaction on the loyalty of consumers. Study revealed that the loyalty towards the store is highly related to the satisfaction derived by the consumers in terms of constructs of service quality of the store. The constructs found to have significant impact on the satisfaction may interest the marketers to focus on these factors and develop their strategy to enhance the consumer satisfaction which ultimately lead to the consumers' loyalty towards the store. It will help the marketers to develop deep relationships with the consumers and will result in repeat purchase by their consumers. Consumer getting satisfaction out of the store may become loyal and will help the store to get more consumers in their portfolio by positive word-of-mouth publicity.

This model tested in the research will serve as a useful tool for the marketers to devise their strategy to enhance consumer satisfaction leading to loyalty. The findings also suggest that physical aspects of the store, personal interaction of consumers with the employees of the store and the policy of store in resolving consumer issues are to be taken care of to enhance satisfaction to the higher levels. Once the consumers derive satisfaction from the store in relation to the mentioned factors, it may develop strong loyalty of consumers towards the store, ultimately enhancing the store revenues. Store developer or the marketers may consider the integrated view of the factors affecting satisfaction and loyalty, as suggested by the model developed in this research, and work on the strategies to improve the satisfaction of consumers leading to their loyalty towards the store.

## VIII LIMITATIONS AND SCOPE FOR FUTURE STUDIES

This study focuses on satisfaction and loyalty of consumer (in relation to constructs of Service Quality of Retail Store Scale) towards organized retail apparel stores in Ahmadabad. However, for future research, other factors of the store, past experience of consumers, effect of psychological factors and promotional schemes of the store on the satisfaction derived by consumers can be incorporated.

The data in this study was collected from the residents of Ahmadabad city only. As India has vast diversity in culture and socio-economic factors, further studies with examination of more diverse factors can be undertaken to verify the regional differences and to enhance the generalizability of the findings. The model tested in this research can be extrapolated in other parts of the country. Further studies may focus on collecting data (at different point of time and for different segment of consumers) from organized retails stores across major cities of India where organized retail store concept is considered to be old enough for such studies to be undertaken. Researchers may get interesting results in relation to the understanding of whether the satisfaction and loyalty towards the store varies with place, time and consumer demographics.

## REFERENCES

[1] Ali, M., & Raza, S. A. (2015). Service Quality Perception and Customer Satisfaction in Islamic Banks of Pakistan: The Modified SERVQUAL Model. Total Quality Management & Business Excellence, 28(5-6), 1-19.

[2] Anderson, J., & Gerbing, W. (1988). Structural Equation Modelling in Practice: A Review and Recommended Two Stage Approach. Psychological Bulletin, 27(1), 5-24.

[3] Ažman, S., & Gomišček, B. (2014). Functional Form of Connections between Perceived Service Quality, Customer Satisfaction and Customer Loyalty in the Automotive Servicing Industry. Total Quality Management and Business Excellence, 26(7-8), 888-904.

[4] Bagozzi, R. P., & Youjae, Y. (1988). On the Evaluation of Structural Equation Models. Journal of the Academy of Marketing Science, 16(1), 74-94.

[5] Bove, L. L., Pervan, S. J., Beatty, S. E., & Shiu, E. (2009). Service Worker Role in Encouraging Customer Organizational Citizenship Behaviors. Journal of Business Research, 62(7), 698-705.

[6] Churchill Jr., G. A. (1979). A Paradigm for Developing Better Measures of Marketing Constructs'. Journal of Marketing Research, 16(1), 64-73.

[7] Cronbach, L. J. (1951). Coefficient Alpha and the Internal Structure of Tests. Psychometrika, 16(3), 297-333.

[8] Fen, Y. S., & Lian, K. M. (2007). Service Quality and Customer Satisfaction: Antecedents of Customer's Re-Patronage Intentions. Sunway Academic Journal, 4, 59-73.

[9] Field, A. (2009). Discovering Statistics Using SPSS, 3rd ed. New Delhi: Sage Publications India Pvt. Ltd.

[10] Freymann, J. W., & Cuffe, B. (2010). Consumer Service Quality Assessments and Future Revenues in Small Businesses: A Case Study. Services Marketing Quaterly, 31(4), 381-419.

[11] Garga, E., & Bambale, A. J. (2016). The Impact of Service Quality on Customer Patronage: Mediating Effects of Switching Cost and Customer Satisfaction. International Journal of Global Business, 9(1), 39-58.

[12] Goff, B. G., Boles, J. S., Bellenger, D. N., & Stojack, C. (1997). The influence of Salesperson Selling Behaviors on Customer Satisfaction with Products. Journal of Retailing, 73(2), 171-183.

[13] Hair, J. F., Black, W. C., Babin, B. J., Anderson, R. E., & Tatham, R. L. (2009). Multivariate Data Analysis. New Delhi: Pearson Education, Inc.

[14] Hooper, D., Coughlan, J., & Mullen, M. R. (2008). Structural Equation Modelling: Guidelines for Determining Model Fit. The Electornic Journal of Business Research Methods, 6(1), 53-60.

[15] Javalgi, R. (., & Moberg, C. R. (1997). Service Loyalty: Implications for Service Providers. The Journal of Services Marketing, 11(3), 165-179.

[16] Kamaladevi, B. (2009). Customer Experience Management in Retailing. The Romanian Economic Journal, 34(4), 31-59.

[17] Khanam, T. (2017). An Experimental Analysis of Customers' Loyalty Towards Online Shopping. ELK Asia Pacific Journal of Marketing and Retail Management, 8(1), 1-16.

[18] Kim, S., & Stoel, L. (2004). Apparel Retailers: Website Quality Dimensions and Satisfaction. Journal of Retailing and Consumer Services, 11(2), 109-117.

[19] Kirkup, M. H., & Rafiq, M. (1999). Marketing Shopping Centres: Challenges in the UK Context. Journal of Marketing Practice: Applied Marketing Science, 5(5), 119-133.

[20] Koo, W., & Kim, Y.-K. (2013). Impacts of Service Environmental Cues on Store Love and Loyalty: Single-Brand Apparel Retailers. Journal of International Consumer Marketing, 25(2), 94-106.

[21] Mai, N. T., Jung, K., Lantz, G., & Loeb, S. G. (2003). An Exploratory Investigation into Impulse Buying Behavior in a Transitional Economy; A Study of Urban Consumers in Vietnam. Journal of International Marketing, 11(2), 13-35.

[22] Moisescu, O. I. (2014). Assessing Customer Loyalty: A Literature Review. Multidisciplinary Academic Conference on Economics, Management and Marketing (pp. 1-9). Multidisciplinary Academic Conference on Economics, Management and Marketing: Munich Personal RePEc Archive. Retrieved from http://mpra.ub.uni-muenchen.de/65287/

[23] Molina, A., Martin, V. J., Santos, J., & Aranda, E. (2009). Consumer Service and Loyalty in Spanish Grocery Store: An Empirical Study. International Journal of Consumer Studies, 33(4), 477-485.

[24] Nevin, J. R., & Houston, M. J. (1980). Image as a Component of Attraction to Intraurban Shopping Areas. Journal of Retailing, 56(1), 77-93.

[25] Nikou, S., Selamat, H. B., Yusoff, R. C., & Khiabani, M. M. (2016). Service Quality, Customer Satisfaction, and Customer Loyalty: A Comprehensive Literature Review (1993-2016). International Journal of Advanced Scientific and Technical Research, 6(6), 29-46.

[26] Orel, F. D., & Kara, A. (2014). Supermarket Self-Checkout Service Quality, Customer Satisfaction, and Loyalty: Empirical Evidence From an Emerging Market. Journal of Retailing and Consumer Services, 21(2), 118-129.

[27] Paul, J., Sankaranarayanan, K. G., & Mekoth, N. (2016). Consumer Satisfaction in Retail Stores: Theory and Implications. International Journal of Consumer Studies, 40(6), 635-642.

[28] Roslin, R. M., & Melewar, T. C. (2008). Hypermarkets and the Small Retailers in Malaysia: Exploring Retailers' Competitive Abilities. Journal of Asia-Pacific Business, 9(4), 329-343.

[29] Rust, R. T., & Zahorik, A. J. (1993). Customer Satisfaction, Customer Retention, and Market Share. Journal of Retailing, 69(2), 193-215.

[30] Ryu, K., & Han, H. (2010). Influence of the Quality of Food, Service, and Physical Environment on Customer Satisfaction and Behavioral Intention in Quick-Casual Restaurants: Moderating Role of Perceived Price. Journal of Hospitality & Tourism Research, 34(3), 310-329.

[31] Saravanakumar, G., & Jayakrishnan, J. (2014). Effect of Service Quality on Customer Loyalty: Empirical Evidence from Co-Operative Bank. International Journal of Business and Administration Research Review, 2(4), 87-94.

[32] Sharma, K., & Das, S. (2017). Service Quality and Customer Satisfaction - With Special Focus on the Online Cab Industry in India. International Journal of Business and Management, 12(7), 192-200.

[33] Singh, H., & Prashar, S. (2014). Anatomy of Shopping Experience for Malls in Mumbai: A Confirmatory Factor Analysis Approach. Journal of Retailing and Consumer Services, 21(2), 220-228.

[34] Srivastava, R. K. (2008). Changing Retail Scene in India. International Journal of Retail & Distribution Management, 36(9), 714-723.

[35] Swaminathan, F. J., & Vani, V. (2008). Consumer Attitude Colour Growthof Malls: Delhi NCR. Abhigyan, 26(2), 44-51.

[36] Terblanche, N. S., & Boshoff, C. (2006). The Relationship between a Satisfactory In-Store Shopping Experience and Store Loyalty. South African Journal of Business Management, 37(2), 33-43.

[37] Tripathi, S. N., & Siddiqui, M. H. (2008). Services cape of a Shopping Mall: A Hierarchical Framework. AIMS International Journal of Management, 2, 215-235.