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## A SEM APPROACH TOWARDS THE MEASUREMENT OF SERVICE QUALITY, CUSTOMER SATISFACTION AND BEHAVIOURAL INTENTIONS AMONG THE HYPERMARKETS OF SOUTHERN TAMIL NADU

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**Abstract:-** Achieving Higher Customer Satisfaction is a major problem among the retailers by offering quality products and services, but at the same time it is not easy to come out with magical Service offerings which in turn will make the customers happy. Each and every customer expectations and preferences towards retail service offerings are quite common all over the world, but at the same time the customer preference and expectations differs with respect to different region and location. Hence Each and Every Retailer has to understand their customers well and in turn they need to offer quality services in order to achieve greater customer satisfaction. Then only the satisfied customers will be loyal towards such retailers. This Descriptive Research Study mainly focuses on measuring the Service Quality, Customer Satisfaction and Behavioural Intention of the Hypermarket customers of southern Tamil Nadu cities. The Researcher used convenient sampling method and collected 350 samples using structured questionnaire method. Also Structural Equation Modelling was performed to assess the Data Model Fit and to test the Hypothesis. Finally the Hypothesis was supported empirically and Outcome of the research gives a view on service quality offerings in achieving customer satisfaction. Also it reveals the Behavioural Intentions and its relationship over customer satisfaction.

**Keywords:** Hypermarkets, Customer Satisfaction, Service Quality, Behavioural Intention etc.

### 1.INTRODUCTION

Indian Retail Industry is one of the most fragmented and challenging in the world. In its nature, Indian Retail market is sharp contrast to the global situations. Retail sales in India amounts to \$450 billion and accounts for 14 to 15 percent of its current GDP. The Indian retail has bright future which has been reflected through the fast changing lifestyle among the Indian household. Over the last few years, India's income range of middle class and high class population has grown at a greater pace of over 10% per year, even as the large low class income based population has started to shrink. The changing identity of Women and family structural changes are demanding for more conveniences.

Now a day's, customers are demanding better store atmosphere, quality assurance and usability, whereas they also looking for best solution providers. The Indian consumers are majorly focusing on core product value, convenience shopping, variety, and a better Buying experience. When there is a huge availability, variety, and quality of products, then automatically results in spending more money for shopping and also attracts the consumers majorly moving towards supermarkets and hypermarkets for their shopping. Hence the consumer shopping experiences has geared up and its now the retailers has to identify their own uniqueness and needs to improve their competitive advantage irrespective of the various retail format.

Now the real challenge for the retailer lies in identifying the key drivers that steers the Indian consumer's perception and Consumer buying behaviour. The reality is that every retailer has to understand his customers more importantly than ever before and need to provide strategic choices to pursue the right customers with the right proposition. In order to attain higher customer satisfaction; the retailer has to deliver quality services and products by which the customer has to attain high customer satisfaction. Then ultimately, a satisfied customer would be a loyal customer at one point of time irrespective of their competition among other retailers.

### 1.1 OBJECTIVES OF THE STUDY

To identify the demographic profile of the Hypermarket customers  
To know the overall customer satisfaction level among the customers of the Hypermarkets.  
To find out the various factors influencing the Buying Behavioural Pattern among the customers of the Hypermarkets.  
To identify the factors influencing the Service Quality and their relationship over Overall Customer Satisfaction and its related behavioural Intention among the Hypermarket customers.

### 1.2 LIMITATIONS OF THE STUDY

This Research study was focused on various hypermarkets in the Coimbatore City of Tamil Nadu State, India; therefore, the samples are gathered from various hypermarkets namely Big Bazaar, Auchan, Spencer's Hyper Hypermarket. Due to the time constraints the researcher collected only 100 samples from the various hypermarkets.

## 2.LITERATURE REVIEW

Danesh, S. N., Nasab, S. A., & Ling, K. C. (2012), performed a descriptive research study with the objective to evaluate relationship of customer satisfaction over customer retention, customer trust over customer retention and switching barriers over customer retention as well as the correlation between satisfaction and trust. This research study was carried out among the Malaysian hypermarkets especially in Kuala Lumpur City. The Researcher used structured questionnaire as the research instrument and collected over 150 samples across various customers of the Malaysian hypermarkets. Finally the outcome and end results of the research confirmed that there is a positive relationship among switching barrier, trust, customer satisfaction with overall retention of the customers.

A.R. Azhar, M. Z. Mohd Salehuddin, Mohd Faez B. Saiful Bakhtiar and Mohd Syaquif Yasin B. Kamaruddin (2012), performed a quantitative research on customers' satisfaction with fresh food attributes in hypermarkets. The Researcher used a self reported questionnaire and collected over 387 samples by adopting convenience sampling method. The Results reveals that the majority respondents are highly satisfied with the quality of the products offered overall and very few of the respondents are satisfied with the availability and price of fresh foods in the hypermarket. Finally the researcher comes to an conclusion that it is very difficult to understand the importance of fresh food attributes and also it's impacts with overall customer's satisfaction.

Wu Jinfeng, Tian Zhilong (2009), carried out a research study on the selected store image dimensions and its impact over retailer equity among the major hypermarkets of china. Here the researcher focuses and proposed a conceptual framework related to store image dimensions in relationships with 3 dimensions of retailer equity (awareness, associations, perceived quality). Whereas these 3 dimensions of retailer equity is highly correlated with retailers loyalty. In addition to this the researcher performed an empirical test using a (SEM) Structural Equation Model which supports the hypotheses of the research. The Outcome of the study reveals a positive effect on Retailer convenience, Retailer perceived price, Retail stores tangible facilities, services of the employees, and other major factors on retailer equity dimensions as a major sub factor of retailer equity.

## 3.RESEARCH METHODOLOGY

This Descriptive Research Study was carried out mainly on the various hypermarkets of the selected Cities of southern Tamil Nadu; The Major Hypermarkets are Big Bazaar, Auchan, SPAR, Star Bazaar, Spencer's Hypermarket and others etc. Also the researcher adapted convenience sampling method and collected over 350 samples from the major hypermarkets of southern Tamil Nadu cities (Chennai, Coimbatore, Madurai). Researcher used a Structural Equation Model for Data Model Fit and Finally the Hypothesis of the research study was supported empirically with a proven result. The researcher used factor analysis and SEM Model for data analysis using SPSS and AMOS Software packages and results are interpreted accordingly.

## 4.PROPOSED CONCEPTUAL MODEL AND HYPOTHESIS OF THE STUDY

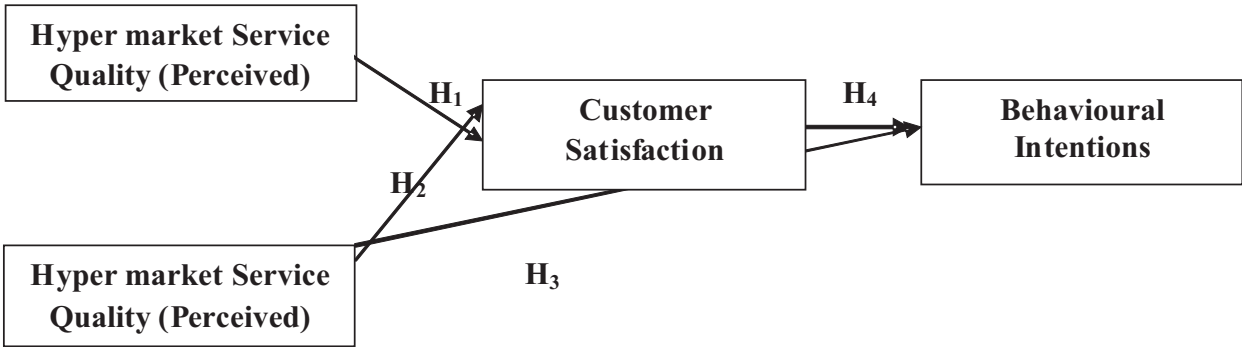


Figure 1: Proposed conceptual model and Hypothesis of the study

5.HYPOTHESIS TESTING

- H1: Expected service quality of the hyper markets has a significant and positive effect on Customer's Satisfaction.
- H2: Perceived service quality of the hyper markets has a significant and positive effect on Customer's Satisfaction.
- H3: Perceived service quality of the hyper markets has a significant and positive effect on Customer's behavioural intentions.
- H4: Customer's satisfaction has a significant and positive effect on customer's behavioural Intentions.

6.DATA ANALYSIS AND INTERPRETATION

6.1.Factor Analysis

Data analysis accomplished by inferential statistics techniques like exploratory factor analysis (Table 6.1). In this 27 variables related to hyper markets service quality, 13 variables related to customer behavioural intentions and 2 variables related to customer satisfaction are factored through factor analysis.

Dimensions	Items	Loadings	Cronbach alpha
Service Quality (Physical Aspects)	Physical Aspects 1	0.772	0.923
	Physical Aspects 2	0.776	
	Physical Aspects 3	0.792	
	Physical Aspects 4	0.628	
	Physical Aspects 5	0.776	
	Physical Aspects 6	0.646	
Service Quality (Reliability)	Reliability 1	0.716	0.926
	Reliability 2	0.602	
	Reliability 3	0.684	
	Reliability 4	0.655	
	Reliability 5	0.697	
Service Quality (Personal interaction)	Personal Interaction 1	0.692	0.951
	Personal Interaction 2	0.618	
	Personal Interaction 3	0.735	
	Personal Interaction 4	0.728	
	Personal Interaction 5	0.794	
	Personal Interaction 6	0.553	
	Personal Interaction 7	0.641	
	Personal Interaction 8	0.708	
	Personal Interaction 9	0.702	
Service Quality (Problem solving)	Problem solving 1	0.712	0.892
	Problem solving 2	0.625	
	Problem solving 3	0.631	

<b>Service Quality (Policy)</b>	Policy 1	0.628	0.909
	Policy 2	0.580	
	Policy 3	0.688	
	Policy 4	0.718	
<b>Behavioral Intentions (Loyalty)</b>	Loyalty 1	0.580	0.880
	Loyalty 2	0.659	
	Loyalty 3	0.672	
	Loyalty 4	0.579	
	Loyalty 5	0.674	
<b>Behavioral Intentions (Switch to competitor)</b>	Switch to competitor 1	0.584	0.831
	Switch to competitor 2	0.658	
<b>Behavioral Intentions (Willing to pay more)</b>	Willing to Pay more 1	0.556	0.908
	Willing to Pay more 2	0.601	
<b>Behavioral Intentions (Response)</b>	External Responses 1	0.454	0.881
	External Responses 2	0.800	
	External Responses 3	0.810	
	Internal Responses	0.710	
<b>Customer Satisfaction</b>	Product	0.636	0.710
	Service	0.698	

Table 6.1- Result of Exploratory Factor Analysis

**Inference:**

Reliability is defined as the degree to which a measurements that producing the same results on repeated examinations (Babbie, 2004). Reliability coefficient for the different service quality dimensions, behavioural intention dimensions and customer satisfaction factors were figured using reliability procedure. Reliabilities of all dimensions were greater than expected standard which is 0.7 (Nunnally, 1978). Cronbach alpha shows the reliability coefficient for the different service quality and behavioural intention dimensions ranges from 0.951 to 0.710 which specify that the questionnaires are internally consistent with the samples.

The proposed model is used and shown in figure 6.1 is to explain the relationship between the hyper markets customer perceived and expected service quality, customer satisfaction based on hyper markets products & services and behavioural intentions of the customers. To analysis the relationship between these factors SEM approach (AMOS 21) has been used. SEM approach allows concurrent estimations of multiple regression analysis in one single frame work. (Browne & Cudeck, 1992) study indicates the model fit can be checked by RMSEA which is less than 0.08 has a good fit and less than 0.05 has a closer fit. (Chin and Todd, 1995) study proposed that for goodness of model fit GFI (Goodness of Fit Index) and NFI (Normed Fit Index) should be above 0.9 and AGFI (Adjusted good-of-fit Index) should be above 0.8. (Bentler, 1990) study suggest for good model fit CFI (Comparative Fit Index) should be greater than 0.9. The goodness of final model fit has been shown in table 2. As per the various model fit statistics indicates that figure 2 (final model) was good fit with proposed conceptual model (figure 1).

**6.2.Model Fit Statistics**



Goodness of Fit Statistics	Value	Values for good fit
Chi Square Value (CMIN)	8.124	
Degree of Freedom (Df)	4	= 0
P Value	0.105	> 0.05
Chi Square / Df (CMIN/Df)	2.031	2 to 5
Goodness of Fit Index (GFI)	0.978	> 0.9
Root Mean Square Error of Approximation (RMSEr)	0.079	< 0.08
Adjusted Good of Fit Index (AGFI)	0.923	> 0.9
Comparative Fit Index (CFI)	0.967	> 0.9
Normed Fit Index (NFI)	0.976	> 0.9

Table 6.2: Model Fit Statistics

6.3. Structural Equation Modeling For Proposed Model

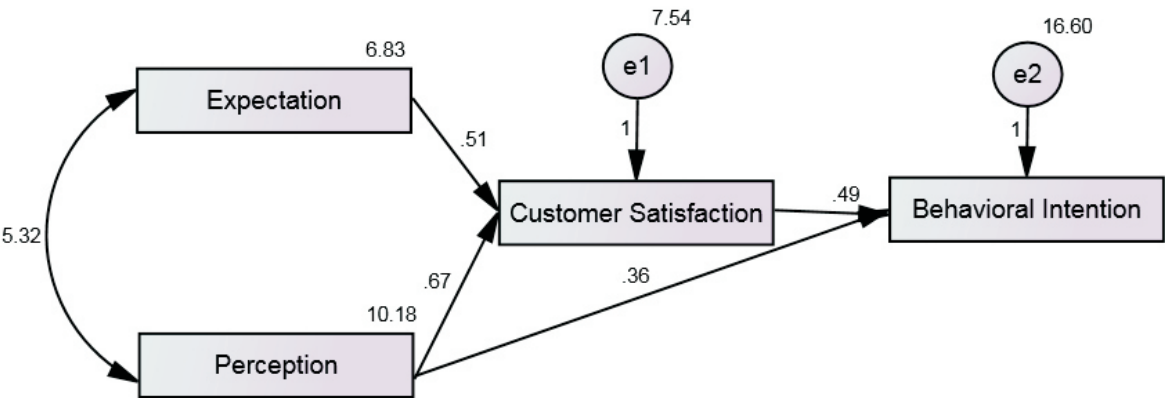


Figure 2: Structural Equation Modeling For Proposed Model

Inference:

In accordance with the parameter that shown in figure 2, Expected service quality of the hyper markets has a significant and positive effect on customer's satisfaction (Coefficient=0.317), Perceived service quality of the hyper markets has a significant and positive effect on customer's satisfaction (Coefficient=0.509), Perceived service quality of the hyper markets has a significant and positive effect on customer's behavioural intentions (Coefficient=0.404) and Customer's satisfaction has a significant and positive effect on customer's behavioural intentions (Coefficient=0.228).

6.4 Hypothesis Testing Summary

Path	Estimate ( $\beta$ )	S.E.	C.R.	P
Customer satisfaction $\leq$ Expectation	0.506**	0.054	9.452	0.000
Customer satisfaction $\leq$ Perception	0.665**	0.044	15.174	0.000
Behavioral intention $\leq$ Customer satisfaction	0.489**	0.055	8.946	0.000
Behavioral intention $\leq$ Perception	0.360**	0.071	5.043	0.000

$\beta$ =Standardized beta coefficient; S.E=Standard error; C.R= Critical ratio; P<0.01  
Table 6.4 - Hypothesis testing summary

#### Inference:

From the above table 6.4.Hypothesis Testing Summary indicates that regression weight of expected service quality to customer satisfaction ( $t=9.452$ ), perceived service quality to customer satisfaction ( $t=15.174$ ) were significant. This indicates that service quality have significant and positive effect on customer satisfaction (Hypothesis 1 & 2). Regression weight of customer satisfaction to behavioural intention ( $t=8.946$ ) and customer perceived service quality to behavioural intention ( $t=5.043$ ) were significant at 1 per cent level. This indicates customer perceived service and customer satisfaction have significant and positive effect on behavioural intention (Hypothesis 3 & 4). Table 6.4 (figure 2) concludes that four hypothesis are strongly supported with standardized path coefficients of 0.506, 0.665, 0.489 and 0.360. Hyper markets perceived service quality and customer satisfaction are had direct effect on behavioural intention. The indirect path from perceived service quality to behavioural intention mediating through customer satisfaction is 0.325 ( $0.665*0.489$ ).

#### DISCUSSION AND CONCLUSION

The findings of the research study reveal a significant positive effect on service quality of the hyper markets to customer behavioural intention. This result has similar to (Cronin, Brady and Hult, 2000), and (Choi et al, 2004) study. Service quality highly influences customer behavioural intention and purchase preference. When a customer chooses a hyper market that provides highest service quality that meets customer's expectations, then they used to choose a same hyper market again and again. Many studies available to support the relationship between the customer satisfaction and behavioural intentions (Hellier et al., 2003), and present study result (Hypothesis 4) also supports same results. Customer satisfaction is the strong predictors of the behavioural intention. Satisfaction of the customers is more important for all hyper markets, because it is usually believed to be significant predictor of increased sales, willing to pay more and loyalty. (Ranaweera & Prabhu, 2003) investigation also supports the above mentioned hypothesis 4. It is found that effect on customer satisfaction to behavioural intention is positive and significant. The present study findings are straightly reliable with the results of (Parasuraman et al., 1994; Dabholkar, 1995; Ravald & Gronroos, 1996) study are evidenced that customer satisfaction is more likely to reach a high level of significance as perceived service quality of the retail stores and satisfaction have a significant and positive effect on behavioural intentions of the customers towards the hyper markets.

Measuring the service quality and customer satisfaction of the hyper market is an important marketing tool. To develop the competitive advantage, hyper markets should learn about the expectations of the customers and consumer patterns confirming the execution of the hyper market service quality and by providing proof of how hyper markers service quality directs to satisfaction and intentions of the customers in current business setting. More over customer expectation on hyper market service quality are keeping on changing. It is advised to hyper markets to assess the customers' expectations and their satisfaction frequently and customer complaints should handled effectively and timely.

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