

SERVICE GAP ANALYSIS OF FOOTWEAR RETAIL OUTLETS: A STUDY

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ABSTRACT

The scope of the Indian retail market is immense for this sector is poised for the highest growth in the next 5 years. The India retail industry contributes 10% of the country's GDP and its current growth rate is 8.5%. In the Indian retail market the scope for growth can be seen from the fact that it is expected to rise to US\$ 608.9 billion in 2009 from US\$ 394 billion in 2005. The organized retailing sector in India is only 3% and is expected to rise to 25- 30% by the year 2015. There are under construction at present around 325 departmental stores, 300 new malls, and 1500 supermarkets. This proves that there is a tremendous scope for growth in the Indian retail market. The growth of scope in the Indian retail market is mainly due to the change in the consumer's behavior. For the new generation have preference towards luxury commodities which have been due to the strong increase in income, changing lifestyle, and demographic patterns which are favorable.

The primary objective is to study the service gap between the customer and outlets. The data used for the study is primary in nature. Sampling technique used in the study is convenience sampling. The sample size is 100 is evenly distributed among all the individuals. The study has also used statistical tools to support its findings and suggestions. The used statistical tools are ANOVAs method and percentage analysis. However, the study has its own constraints and so the result drawn out of this study may not be universal in nature.

Keywords: Service, Gap, Customers, Outlets, Quality

1.0 INTRODUCTION

The scope of the Indian retail market is immense for this sector is poised for the highest growth in the next 5 years. The **India retail industry** contributes 10% of the country's GDP and its current growth rate is 8.5%. In the Indian retail market the scope for growth can be seen from the fact that it is expected to rise to US\$ 608.9 billion in 2009 from

US\$394 billion in 2005. The organized **retailing sector in India** is only 3% and is expected to rise to 25- 30% by the year 2015. There are under construction at present around 325 departmental stores, 300 new malls, and 1500 supermarkets. This proves that there is a tremendous scope for growth in the Indian retail market.

The growth of scope in the Indian retail market is mainly due to the change in the consumer's behavior. For the new generation have preference towards luxury commodities which have been due to the strong increase in income, changing lifestyle, and demographic patterns which are favorable. The scope of the Indian retail market have been seen by many retail giants and that's the reason that many new players are entering the India retail industry. The major **Indian retailers** are:

- Pantaloons Retail India Ltd
- Shoppers Stop
- Bata India Ltd
- Music World Entertainment Ltd

Judging the scope for growth in the India retail industry many global retail giants are also entering the Indian retail market. They are:

- Tesco
- Metro AG
- Wal- Mart

The **scope for growth in the Indian retail market** is seen mainly in the following cities:

- Mumbai
- Delhi
- Pune
- Ahmedabad
- Bangalore
- Hyderabad
- Kolkata
- Chennai

The scope of the Indian retail market is very vast. And for it to reach its full potential the government and the Indian retailers will have to make a determined effort.

- Even though India has well over 5 million retail outlets of all sizes and styles (or non-styles), the country sorely lacks anything that can resemble a retailing industry in the modern sense of the term. This presents international retailing specialists with a great opportunity.
- Just over 8 per cent of India's population is engaged in retailing (compared to 20 per cent in the United States). There is no data on this sector's contribution to the GDP.
- Given the size, and the geographical, cultural and socio-economic diversity of India, there is no role model for Indian suppliers and retailers to adapt or expand in the Indian context.
- Local companies and local-foreign joint ventures are expected to more advantageously positioned than the purely foreign ones in the fledgling organised India's retailing industry

2007 rank	Country	Region	Country risk	Market attractiveness	Market saturation	Time pressure	GRDI score
		Weight	25%	25%	30%	20%	
1	India	Asia	67	42	80	74	92
2	Russia	Eastern Europe	62	52	53	90	89
3	China	Asia	75	48	48	84	86
4	Vietnam	Asia	57	34	78	59	74
5	Ukraine	Eastern Europe	41	43	44	88	69
6	Chile	Americas	80	51	42	43	69
7	Latvia	Eastern Europe	77	32	21	86	68
8	Malaysia	Asia	70	44	48	54	68
9	Mexico	Americas	83	58	33	33	64
10	Saudi Arabia	Mid. East/N. Africa	85	40	68	35	64
11	Tunisia	Mid. East/N. Africa	60	33	77	37	64
12	Bulgaria	Eastern Europe	62	32	42	68	63
13	Turkey	Mid. East/N. Africa	52	50	57	43	62
14	Egypt	Mid. East/N. Africa	43	37	85	35	61
15	Morocco	Mid. East/N. Africa	59	33	70	37	60
16	Thailand	Asia	71	39	30	55	59
17	Slovenia	Eastern Europe	100	33	13	47	58
18	United Arab Emirates	Mid. East/N. Africa	100	35	33	24	57
19	Croatia	Eastern Europe	73	38	10	70	56
20	Brazil	Americas	53	61	59	18	56
21	Uruguay	Americas	35	41	65	49	56
22	Peru	Americas	42	34	79	34	55
23	Philippines	Asia	41	48	63	37	54
24	Indonesia	Asia	36	40	70	37	52
25	Algeria	Mid. East/N. Africa	25	30	90	35	51
26	Hungary	Eastern Europe	96	38	2	46	51
27	Romania	Eastern Europe	60	31	22	66	50
28	Lithuania	Eastern Europe	75	33	17	54	50
29	Argentina	Americas	31	50	43	54	50
30	Colombia	Americas	44	50	52	26	47

Key	<input type="checkbox"/> On the radar screen	<input type="checkbox"/> Lower priority	Legend	0 = high risk	0 = low attractiveness	0 = saturated	0 = no time pressure
	<input type="checkbox"/> To consider			100 = low risk	100 = high attractiveness	100 = not saturated	100 = urgency to enter

Sources: Euromoney, World Bank, Global Competitiveness Report 2005-2006, A.T. Kearney analysts

2.0 OBJECTIVES OF THE RESEARCH

- To study the Gap between the customer expectation and company service in retail store.
- To know the service and product expectation towards the store.
- To study the expectation of loyal customers.
- To study the factors influencing consumer towards expectation and purchase of product.
- To study which category of people (depending on job and annual income) are more comfortable with product.
- To study where the company fail to fulfill the expectation gap.

2.1 SCOPE OF THE STUDY

The main purpose of the study is to focus on the customer's expectation which increase the service to customers.

The study can be used in identifying the expectation gap while purchasing.

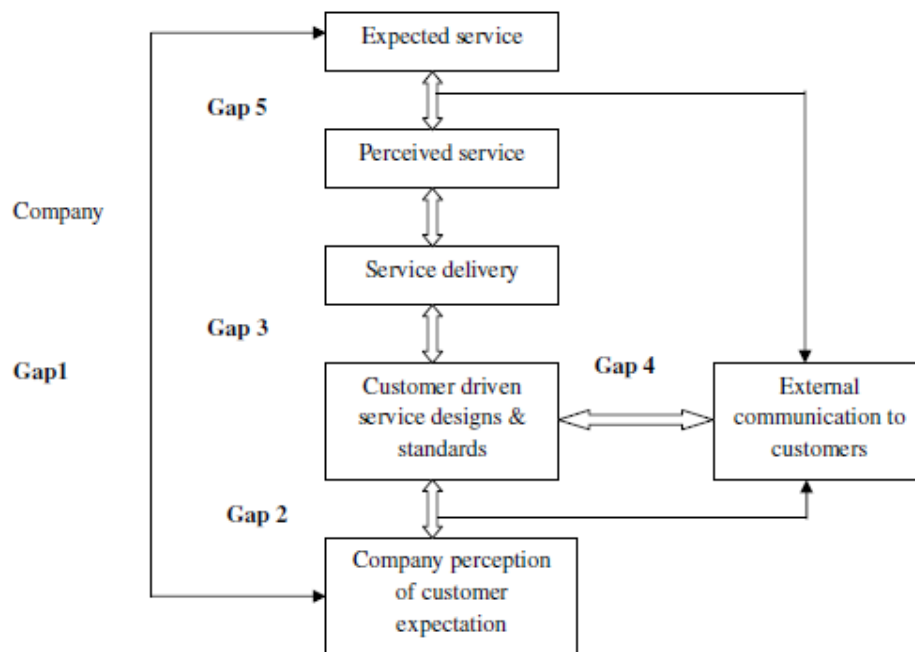
To influence the customer by introducing various expected products.

To improve the efficiency of the functional areas.

To find why the customer walk out without purchase.

3.0 LITERATURE REVIEW

3.1 INTERGRATED GAP MODEL (Dig1: Gaps model of service quality)



GAP 1: Not knowing what customer expects

2. Not selecting right customer design & standards

3. Not delivering the service standards

4. Not matching performance with promises.

FACTORS LEADING PROVIDER GAP 1:

Co. perception of customer expectation

a) Inadequate Marketing Research Orientation

- Insufficient marketing research
- Research not focused service quality
- Inadequate use of market research

b) Lack of upward communication:

- Lack of interaction between management and customers
- Insufficient communication between contact employees and managers
- Too many layers between contact personnel and top management

c) Insufficient relationship focus:

- Lack of market segmentation
- Focuses on transaction rather than relationships
- Focuses on new customers rather than existing customers

d) Inadequate service recovery:

STRATEGIES TO REDUCE GAP1:

The emphasis on acquiring new customers should be changed in order to retain the old customers.

GAP 2:

Three factors leading to provider gap 2

Customer driven service design and standards.

a) Poor service design:

- ➔ Unsystematic new service development process
- ➔ Undefined service design
- ➔ Failure to connect service design to service positioning

b) Absence of customer defined standards:

- ➔ Absence of process management to focus on customer requirement
- ➔ Absence of formal process for getting service quality goals.

c) Inappropriate physical evidence and service scale:

- ➔ Management perception of customer expectation

HOW TO REDUCE GAP 2:

1. Design clearly without over simplification, incompleteness and subjectivity.
2. Develop effective strategies for new service and use service ability as an implication tool.
3. Develop customer defined service standards
4. Design physical evidence to meet customer expectation.

PROVIDER GAP 3:

This is the discrepancy between development of customer driven standards and actual service performance by company employees.

REASONS LEADING TO PROVIDER GAP 3:

a) Deficiency in HR policies:

- ★ Ambiguity and role conflicts
- ★ Inappropriate evaluation and compensation system
- ★ Lack of empowerment perceived control and team work

b) Failure to match supply and demand:

- ★ Inappropriate customer mix
- ★ Over lies on price

- ★ Failures to smooth peaks and barriers
- c) Customers are not fulfilling:**
 - ★ Customer’s ignorance of responsibilities
 - ★ Customers negatively affect each other
 - ★ Problems with service intermediaries
 - ★ Channel conflict
 - ★ Difficulty in controlling quality and consistency
 - ★ Tension between empowerment and control

STRATEGIES TO REDUCE GAP 3:

Ensure that all the resources is needed to achieve standards are in place

PROVIDER GAP 4:

This is the difference between service delivery and service provider’s external communication

REASONS: service delivery

- a) Lack of integrated service marketing communication:**
 - √ Not including interactive marketing plans
 - √ Absence of strong marketing program
 - √ Tendency to view each external communication as independent
- b) Ineffective management of customer expectation:**
 - √ Not managing the customer expectation in communication
- c) Over promising through advertisements**
- d) Inadequate horizontal communication:**
 - √ Differences in policies and procedures across the branches
 - √ Insufficient communication between advertising and operation

STRATEGIES TO REDUCE GAP 4:

Improved service delivery through communication

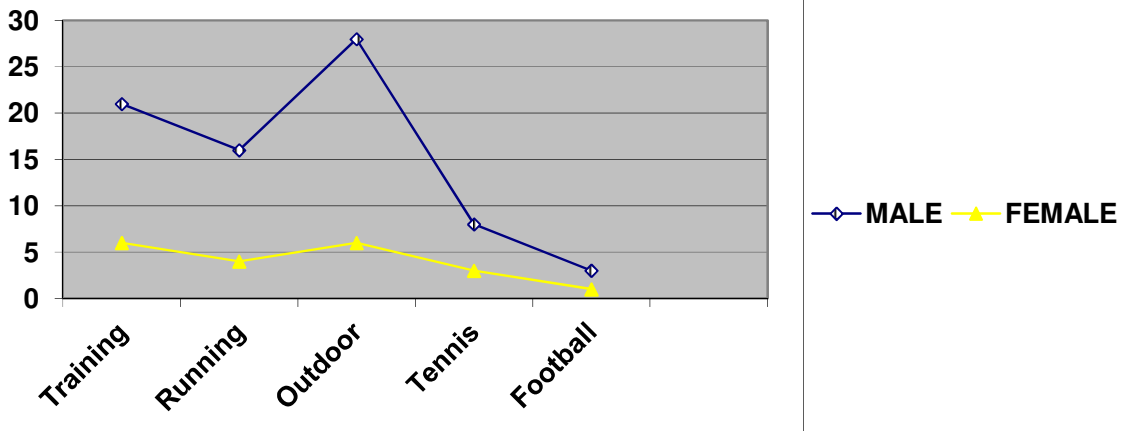
4.0 RESEARCH METHODOLOGY

Research Design:	Descriptive research design
Data:	Primary data and secondary data
Sampling:	Convenience Sampling
Research Instrument:	Questionnaire
Type of Questionnaire:	Structured
Type of Questions:	Close-ended and open-ended questions
Sample Size:	100
Mode of Collecting Data:	An area was chosen at a random and secondary data was collected from various books and through internet.

4.1 Data Analysis

Table 1 Showing the Category of Shoes Preferred by the Customers

CATEGORY	TRAINING	RUNNING	OUTDOOR	TENNIS	FOOTBALL	TOTAL
MALE	21	16	28	08	03	80
FEMALE	06	04	06	03	01	20
TOTAL	27	20	34	11	04	100



Alternative hypothesis (Hi)

There is significance difference in category of shoes preferred by the customers

Null hypothesis (Ho)

There is no significance difference in category of shoes preferred by the customers

TABLE 2 ANALYSIS OF VARIANCE TABLE (ANOVA)

Sources of variation	Sum of square	Difference	Mean sum of square	Variation ratio
Between columns	360	$2 - 1 = 1$	$360/1 = 360$	360
Errors	291	$10 - 2 - 5 + 1 = 4$	$291/4 = 72.75$	$360/72.75 = 4.95$

Inference:

There is no significance difference in category of shoes preferred by the customers

5.0 FINDINGS OF THE STUDY

80% of the customers are loyal customer for Adidas and 20% of the customers are new for Adidas. Huge purchases are made by the 20 – 30 years customers those who are trendy people. Old age customers are seeking technology product which will support their health and youngsters are seeking good in the product due to trendy look. Mostly complaints

are accepted and made compensation for the damage for the product. Mostly loyal customers expecting discount for the product at any time the make purchase. Most of the customers asking exchange for the product which has damage. According to the customer's opinion, retailer should concentrate on ambience of the showroom. Loyal customers are eager to receive new arrivals of products with better technology. Customers are really happy with the staffs while making purchase as well as making complaint.

5.1 SUGGESTION

Offers are allocated only for the loyal customers at anytime and not for the new customers, so it is advised that new customers also should be welcomed equally. High price of the product threatening the customers those who are not affordable to buy and checking out without making any purchase, employee should understand the customer's abilities for the purchase. Sometimes the announcement of the offers are not reaching the customer (both the loyal and new customer), retailer need to concentrate on advertisement effectively. The company has to provide sales promotion tools which benefit the customers such as tour packages, free purchase coupon and free additional product. When the retailer receiving damage product for free service, making must delay to return to the customers which making the customer feel bad. Retailer should complete the task as soon as possible to attract the customers.

5.2 CONCLUSION

In the present situation, there is high competition exist in case of retail services. If the retailer wants to lead the retail services, retailer used to get suggestion from the customer regarding their expectation, taste and preference periodically. Retailer has to provide has to provide information regarding introduction of the new product and the offers declared twice in a year. Personal contact should be maintained with the loyal customers not making to move to rival retailer. As the retailer is going to suggest the technology of the product to the customer, first the retailer has to be studied properly. This study will be helpful for understanding the motivational factors for the retailers to suggest a particular technology of the product.

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