

AN EMPIRICAL ASSESSMENT OF THE RELATIONSHIP BETWEEN SERVICE QUALITY AND CUSTOMER SATISFACTION IN FASHION HOUSE.

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Abstract

The study investigated the dimensions and their levels of service quality that have significant effect on customer satisfaction in Fashion house or brand shop. The findings showed that the dimensions of service quality such as tangible, reliability, responsiveness, competence, credibility, accessibility, and customer knowledge were positively correlated to customer satisfaction in Fashion house or brand shop. However, by using Statistic software “SPSS10.0.1”, only four factors, namely, reliability, customer knowledge, credibility and tangible have significant effect on customer satisfaction that indicated to improve customer satisfaction. Therefore, the management of fashion house organization should focus on reliability, customer knowledge, credibility and tangible to ahead of its competitors. Eventually customers would remain loyal to an organization and this brings continued profitability and success in business in future.

Keyword: Service quality, Customer satisfaction.

1. Introduction

Customer satisfaction has received considerable attention in the marketing literature and practice in recent years. It affects several desirable outcomes like customer loyalty, worth-of-mouth promotion, and purchases. As such, increasing attention is given to customer satisfaction as a corporate goal, in addition to traditional financial measures of success. The concept of customer satisfaction has relevance to both single, discrete encounters and to relationships. Often, in retail firms, the contact employee is the primary contact point for the customer before, during, and after the purchase. By having close contact to the customer, employees strongly influence the customer’s experience and create encounter and relationship satisfaction, concepts which appear to be quite distinct from the customer’s point of view.

1.1 Objective of Study

The objective of this study was to examine whether the dimensions of service quality significantly drive customer satisfaction in fashion house or brand shop and to sort out the dimensions and their levels.

2. Literature review

2.1. Service quality

The study on service quality suggests that, quality of services is determined by customers [1-2]. These services have been defined as a service encounter where customers directly interact with services [3], the usage of this service encounters in service organizations [4], “world class customer service” [5,6], and it is a commitment to match services with expectations. It is the result of effective delivery and its outcome against expectations [7]. It is a strategic component for surviving in a competitive environment [8]. According to Sasser, Olsen and Wyckoff (1978), service quality is a measure of how well the services (as received) match expectations (as preconceived). The notion of service quality involves more than the outcome quality; the methods and manner by which the service is delivered are of great importance. The quest for service quality has been an essential strategic component for firms attempting to succeed or survive in today’s competitive environment. Everyone recognizes good service when they see or experience it. What stands out in the customer’s mind is excellent service that exceeds their expectations. The real quality revolution has come to services.

2.2. Customer satisfaction

Satisfaction is the state felt by a person who has experienced a performance or outcome that has fulfilled his or her expectations. Satisfaction is thus a function of relative levels of expectation and perceived performance. Expectations are formed on the basis of past experiences with the same or similar situations, statements made by friends and other associates, and statements made by the supplying organization [9]. Customer satisfaction can be defined as when the customer’s expectation of the service provided matches his perception of the actual service received. Customers judge the services provided or the product delivered by making a very subjective value judgment which many times do not reflect reality. The current stiff competition and sophisticated marketing environment has urged service organizations to shift focus from profitability to customer satisfaction. Better service will assure customer satisfaction. Delighted customers will stay loyal and in return it will increase revenue. Thus, the service quality impacts customer satisfaction in many organizations [10,11] and maintaining customer satisfaction is the key to retaining customers and profitability. The UK banks have been reported to deliver high customer satisfaction to their clients [12]. Therefore, the study on customer satisfaction has become a paramount aspect [13, 14]. Customer satisfaction is found to be an important tool to create and maintain loyal customers. These loyal customers contribute towards high repeated purchases. There were numerous studies on customer satisfaction measurement.

2.3. Models for customer satisfaction

The customer satisfaction is measured by SERVQUAL Model [3], Expectancy-Disconfirmation Model [15], Performance Only Model (SERVPERF) [15], Attribute Importance Model [15], Attribution Model [15], Affective Model [15], Multiple Process Model [15], Equity Model [15], European Customer Satisfaction Index [15] and Customer Loyalty Model [15]. Among all these models, the SERVQUAL Model is still the most robust in measuring customer satisfaction in many organizations [15].

The generic dimensions that customers use to evaluate service quality are tangibles, reliability, responsiveness, competence, credibility, accessibility and customer knowledge [3,16]. Tangibles are the appearance of physical facilities, equipment, personnel and communication materials used [16]. Reliability is the ability to perform the proposed service dependably and accurately. This includes such qualities as dependability, consistency, accuracy, and “right first time” [16]. Responsiveness meant the willingness to help customers and provide prompt service. This includes helpfulness, friendliness, warmth, willingness, and openness [16]. Competence means knowledgeable and confident staffs who are able to handle questions and requests accurately. Credibility is the reputation for top quality services, price, and company name. Accessibility is the availability of public transportation, availability of contact person in an organization. Lastly, the customer knowledge is the understanding customers’ needs and product knowledge of employees.

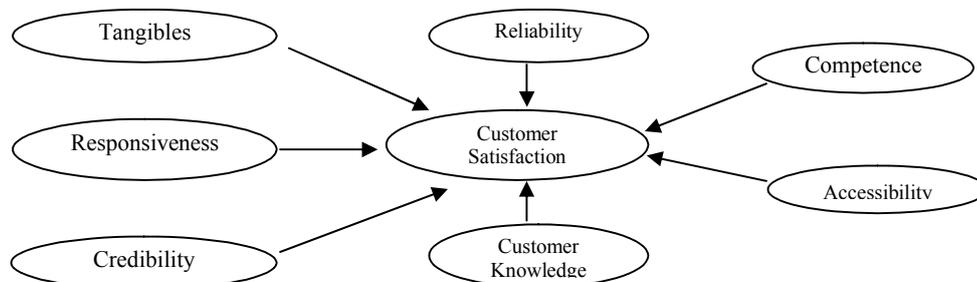


Figure 01: Theoretical Framework

3. Research methodology

The seven dimensions of service quality used in the SERVQUAL Model which was developed by Parasuraman et al. (1988) for measurement of service quality were adapted to measure customer satisfaction at Fashion house / Brand shop. The theoretical framework is shown in Figure – 01 above and followed by the relevant hypotheses.

3.1. Hypotheses development

Given the research framework above, a number of hypotheses have been developed and to be tested in the analysis section.

Tangibles and its impact on customer satisfaction

Past literatures in the services industry suggest that there is a significant positive relationship between tangibles and customer satisfaction [17,18]. Tangibles are the appearance of physical facilities, equipment, personnel and communication materials used [16]. Therefore, customers in the fashion house would look for tangible physical evidence such as Physical position, decoration, and transaction method. Thus, the following hypothesis is developed for the purpose of testing later:

H – 1: The tangibles have significant positive influence on customer satisfaction.

Reliability and its impact on customer satisfaction

Previous literatures in the services industry suggest that reliability has significant positive impact on customer satisfaction [17,18]. Reliability is the ability to perform the proposed service dependably and accurately. This includes such qualities as dependability, consistency, accuracy, and “right first time” [16]. Therefore, customers in the fashion house would look for accurate delivery of services the first time and delivery of promised services. Thus, the following hypothesis is developed for the purpose of testing later:

H – 2: Reliability has significant positive impact on customer satisfaction.

Responsiveness and its impact on customer satisfaction

Previous literature in the services industry suggest that responsiveness has significant positive impact on customer satisfaction [17,18]. Responsiveness includes helpfulness, friendliness, warmth, willingness, and openness [16]. Therefore, customers in fashion house would look for speed in resolving problems, speed in handling complaints. Thus, the following hypothesis is developed for the purpose of testing later:

H – 3: Responsiveness has significant positive effect on customer satisfaction

Competence and its impact on customer satisfaction

Many researchers in service quality have revealed that competence has strong positive relationship with customer satisfaction [19]. Competence means knowledgeable and confident staff who are able to handle questions and requests accurately [16]. Therefore, customers in the fashion house would look for the self- confidence of staff when serving customers, accuracy of answers provided by employees. Thus, the following hypothesis is developed for the purpose of testing:

H – 4: Competence has significant positive link with customer satisfaction

Credibility and its impact on customer satisfaction

Recent researchers in service quality have pointed out that credibility has strong positive impact on customer satisfaction [18,20]. Credibility is the reputation for top quality services, well-qualified employees and well-researched procedures [16]. Therefore, customers in the fashion house would look for the reputation of a fashion house provider for its name, price, quality service (durability, comfortability, aesthetic view). Thus, the following hypothesis is developed for the purpose of testing:

H – 5: Credibility has significant positive relationship with customer satisfaction

Accessibility and its impact on customer satisfaction

Past studies in service quality have suggested that accessibility has significant positive relationship with customer satisfaction [18,20]. Accessibility is the availability of public transportation, parking spaces, availability of contact person in an organization [16]. Therefore, customers in the fashion house would look for availability of public transportation, availability of contact person in an organization. Thus, the following hypothesis is developed for the purpose of testing:

H – 6: Accessibility has significant positive impact on customer satisfaction

Customer knowledge and its impact on customer satisfaction

Past literature in the service industry have suggested that customer knowledge has significant positive relationship with customer satisfaction [18,20]. Customer knowledge is the process of understanding customers’ needs adequately by establishing customer database [16]. Therefore, customers in the fashion house would look their ability to understand customer needs, product knowledge of the service provider. Thus, the following hypothesis is developed for the purpose of testing:

H – 7: Customer knowledge has significant positive link with customer satisfaction

4. Data collection and analysis

Data is collected from the general customers of two renown fashion house namely, ‘S’ Shop and ‘R’ Shop, located in Sylhet, Bangladesh.. The customers of these shops are well-known about fashionable products. I have collected data out of 210 people and put here 202 data. A number of variables have been included in the questionnaires in order to describe the sample characteristics. The respondents consisted of 34.16% women and 65.84% men. Their average age was between 20 and 25 years. The composition of the sample is representative for the overall population of customers of fashion house.

Dependent variable: Customer satisfaction was measured by the following dimensions: Communication system, Customer loyalty, Employee behavior, Customer service process / sales process, Product availability, Advertisement, after sales service.

Independent variables: Service quality was measured by the following dimensions:

Tangibles: Position of shop, Decoration of shop, Transaction method of shop. Credibility: Company name / Brand name, Price of the products, Durability of the products, Comportability of the products, Aesthetic view of products.

Customer knowledge: Mutual understanding, Product knowledge of employees. Reliability: accurate delivery of services the first time and delivery of promised services. Competence: able to handle questions and requests accurately, Self confidence of employees. Responsiveness: speed in resolving problems, speed in handling complaints. Accessibility: availability of public transportation, availability of contact person in a company.

In order to measure the differences between customer expectations and perceived feature performance the response form at was a five-point scale ranging from very low to very high.

Table – 1 Factor Analysis and Scale Reliabilities – Dependent variable

| Item | Factor loading |
|---|----------------|
| 1. Communication system | 0.719 |
| 2. Customer loyalty | 0.627 |
| 3. Employee behavior | 0.709 |
| 4. Customer service process / Sales process | 0.729 |
| 5. Product availability | 0.681 |
| 6. Advertisement | 0.628 |
| 7. After sale service | 0.675 |

(Extraction method: Principle Component Analysis)

The results of factor analysis showed that the Eigenvalue is greater than 1.00 and total variance explained is 46%. The Kaiser-Meyer-Olkin measure of sampling adequacy was 0.837. This indicates sufficient inter-correlations while the Bartlett’s Test of Sphericity was significant (Chi-square = 366.664, $p < 0.01$). The same criteria were used to identify and interpret the components. Table – 1 above shows the results of the factor-analysis for the dependent variable. The homogeneity of the items was established by computing the internal consistency reliability coefficient (Croabach’s alpha). The Croabach’s coefficient alpha is 0.8062 and this indicates that the measures used are moderately good. The dependent variable had seven items with factor loading for more than 0.60.

Table – 2 Factor Analysis and scale reliabilities – Independent Variables

| Variables | Dimensions | Factor loading | alpha |
|--------------------|---------------------------------------|----------------|-------|
| | Shop position | 0.793 | |
| Tangible | Decoration | 0.812 | 0.733 |
| | Transaction method | 0.818 | |
| | Brand name | 0.693 | |
| | Product price | 0.718 | |
| Credibility | Durability | 0.843 | 0.811 |
| | Comportability | 0.808 | |
| | Aesthetic view | 0.717 | |
| Customer knowledge | Mutual understanding | 0.910 | 0.798 |
| | Product knowledge of employees | 0.910 | |
| Reliability | Quickly delivery | 0.863 | 0.657 |
| | Delivery of promised service | 0.863 | |
| Competence | Self confidence of employee | 0.868 | 0.672 |
| | Right answer | 0.868 | |
| Responsiveness | Handling complaints | 0.878 | 0.693 |
| | Speed of resolving problems | 0.878 | |
| Accessibility | Availability of public transportation | 0.852 | 0.614 |
| | Easily collect information | 0.852 | |

The results of factor analysis for the independent variables were summarized in Table – 2. The reliability coefficients of all the seven variables as measured by Cronbach’s coefficient alpha were above 0.60, it is observed that the Cronbach’s Alpha for all variables is acceptable as they are more than 0.6. Thus, the overall internal consistency reliability of the measure used in this study can be considered good. In selecting the items for each scale, two criteria were used. First an item should have a loading of 0.60 or more on a single factor in the factor analysis. Second, in an attempt to enhance the scale’s reliability, items with less than 0.60 item-to-total correlation were deleted from the scales.

4.1. Multiple regression analysis

Table – 3 Effect on Customer Satisfaction

| Model | R | R | Adjusted R | Std. Error of |
|-------|--------------------|-------|------------|---------------|
| 1 | 0.464 ^a | 0.215 | 0.212 | 0.88795 |
| 2 | 0.565 ^b | 0.319 | 0.312 | 0.82936 |
| 3 | 0.607 ^c | 0.368 | 0.359 | 0.80077 |
| 4 | 0.637 ^d | 0.406 | 0.394 | 0.77861 |

- a. Predictors: (Constant), Reliability
- b. Predictors: (Constant), Reliability, Customer knowledge,
- c. Predictors: (Constant), Reliability, Customer knowledge, Credibility
- d. Predictors: (Constant), Reliability, Credibility, Customer knowledge, Tangibles

The results in Table – 3 shows that Reliability alone has 21% effect on customer satisfaction. The combination of Reliability and customer knowledge together contribute to 30% effect on customer satisfaction. When reliability, customer knowledge and credibility put together, the effect on customer satisfaction increased to 36%. With the addition of the fourth variable “tangible”, the total effect on customer satisfaction rose to 40%. The result for R Square for reliability, customer knowledge, credibility and tangible suggest that there is strong effect of these independent variables on customer satisfaction.

Table – 4 : Coefficients of Independent Variables and Dependent Variables:

| Model | Unstandardized Coefficients | | Standardized Coefficients | t test | Sig. level |
|--|-----------------------------|----------------|----------------------------------|--------|------------|
| | Beta | Standard Error | Beta | | |
| 1. (Constant) Reliability | 3.161E – 16 | 0.062 | 0.464 | 0.000 | 1.000 |
| | 0.464 | 0.063 | | 7.411 | 0.000 |
| 2. (Constant) Reliability Customer knowledge | 3.675E – 16 | 0.058 | 0.326 0.350 | 0.000 | 1.000 |
| | 0.326 | 0.064 | | 5.122 | 0.000 |
| | 0.350 | 0.064 | | 5.501 | 0.000 |
| 3. (Constant) Reliability Customer knowledge Credibility | 3.462E – 16 | 0.056 | 0.251 0.288 0.250 | 0.000 | 1.000 |
| | 0.251 | 0.064 | | 3.903 | 0.000 |
| | 0.288 | 0.063 | | 4.536 | 0.000 |
| | 0.250 | 0.064 | | 3.932 | 0.000 |
| 4. (Constant) Reliability Customer knowledge Credibility Tangibles | 3.638E – 16 | 0.055 | 0.219 0.226 0.179 0.232 | 0.000 | 1.000 |
| | 0.219 | 0.063 | | 3.459 | 0.001 |
| | 0.226 | 0.064 | | 3.524 | 0.001 |
| | 0.179 | 0.065 | | 2.756 | 0.006 |
| | 0.232 | 0.066 | | 3.526 | 0.001 |

Dependent Variable: Customer Satisfaction

The analyses on the impact of customer satisfaction are done with reference to model four in Table – 4 above. Model four shows that competence has significant effect on customer satisfaction at $p < 0.01$. It is concluded that out of the seven independent variables, only four variables (reliability, customer knowledge, credibility, and tangibles) have significant effect on customer satisfaction. The results also showed that the other three independent variables: competence ($p=0.092$), responsiveness ($p=0.133$), accessibility ($p=0.308$) are not significantly associated with customer satisfaction.

5. Discussion and conclusion

This research was designed to test the hypotheses that the seven generic dimensions of service quality in general customers of ‘S’ Shop and ‘R’ Shop have significant effect on customer satisfaction. The findings of the study showed that tangibles, reliability, responsiveness, competence, credibility, accessibility and customer knowledge are positively related to customer satisfaction. However, only four variables have significant effect on customer

satisfaction. The study has shed some light on the importance of focusing efforts on improving service quality in areas of reliability, customer knowledge, credibility, and tangibles in order to continually increase the level of customer satisfaction. Continued improvement in customer satisfaction would mean that an organization of Fashion house would be able to continually stay ahead of its competitors. Customers would remain loyal to an organization and this brings continued profitability and business success.

The present study has limitation. The nature of sampling unit under study cannot be generalized to a larger population as only two fashion houses were examined. In view of the limitations, if the studies hold on many fashion houses or brand shops, after that the findings would be more accurate. The present study has been conducted on particular region as mention earlier; it might be on greater area or several areas.

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