

Validating Service Convenience Scale and Profiling Customers: A Study in the Indian Retail Context

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Executive Summary

Customer retention has become very important in the heightened competitive environment unleashed in India, post liberalization. Recently, some researchers have made attempts to evolve and link the service convenience construct to customer satisfaction and repeat purchase from a service organization. Service convenience – a multidimensional construct with five dimensions, involves aspects beyond locational nearness or convenient operating hours. The present study aims at validating the service convenience (ServCon) scale originally developed in the West, in the Indian organized food and grocery retail context, and develop linkage between service convenience on one side, and satisfaction/behavioural intentions on the other.

Convenience samples, comprising of respondents from SEC A and SEC B with experience of shopping from organized retail food and grocery outlets, were drawn from various parts of Ahmedabad city. Through the scale validation process, five dimensions emerged, as in the original 17 items *ServCon* scale, though with 15 items (Seiders *et al*, 2007). Scale validity was evaluated using correlation and confirmatory factor analysis while neural networks were used for nomological model testing. Subsequently, using cluster analysis, an attempt was made to segment respondents based on their service convenience scores which resulted in four customer segments being identified:

- Aspirers
- Fatalists
- Balance-oriented
- Pre-purchase convenience seekers.

Statistically insignificant differences were observed amongst these clusters based on demographics.

In the Indian context, it is found that access, benefit, and decision convenience dimensions have more importance whereas dimensions like transaction and post-benefit convenience are less relevant. Hence, retail mall managers should focus on providing better access, benefit, and decision convenience rather than transaction and post-benefit convenience. In the same vein, shopping enjoyment appears to be having a major effect on service convenience as compared to customer involvement in product category implying that shoppers experiencing higher levels of shopping enjoyment should be accorded more importance by mall managers.

On the other hand, it is found that higher the perceived service convenience level, the greater the impact on shopper's behavioural intentions as compared to satisfaction. This implies that organized retail mall managers should focus on shoppers who perceive higher levels of service convenience from malls, as they are more likely to patronize such malls by way of either positive word of mouth or increasing their visit/purchase frequency.

KEY WORDS

Service Convenience

Validation

Confirmatory Factor Analysis

Cluster Analysis

Artificial Neural Networks

Post-liberalization, i.e., from 1991 onwards, India has been on a consistent growth trajectory due to economic reforms from the socialist-inspired economy of post-independence India. Economic reforms brought in foreign competition, led to privatization of majority of public sector industries, opened up sectors hitherto reserved for the public sector, and led to an expansion in the production of fast-moving consumer goods. It fuelled the unshackling of, opening up, and growth and intense competition in many a service sector, viz., banking services, insurance, airlines, financial services, telecom, and organized retail, leading to more than 50 per cent contribution of the service sector to the GDP.

In the current milieu of dynamic service environments, intense competition, plethora of players, and general global slowdown, providing satisfactory value to customers and customer retention becomes critically important. Various socio-economic trends and rapid technological advances prompt the consumers to desire and demand more convenience in acquiring and consuming products and services.

Berry, Seiders and Grewal (2002) articulated the service convenience construct and subsequently a Service Convenience (*ServCon*) scale to measure the second order service convenience construct and its five first order dimensions were developed in the Western context. *ServCon* was tested and validated by researchers in the context of a national specialty retail chain, internet services, and personal cellular phone service respectively. Service convenience has been hypothesized as having an impact on customer satisfaction and repeat purchase from a service organization (Seiders, et al, 2007; Colwell, et al, 2008).

Establishing the reliability and validity, both internal and external, of any empirically sound measurement scale to measure unobservable theoretical constructs is of critical importance to theory building and its refinement and in general advancement of knowledge (Brahma, 2009). Internal validation means, "A set of surrogate measures or scale measures, what it is supposed to measure, for which a proper methodology has been laid down" (Churchill, 1979; Bagozzi and Phillips, 1982; Gerbing and Anderson, 1988; Hinkin, 1995, etc). External Validity refers to the generalizability of a study's findings in one population to other well-specified populations or

generalizability of findings across subpopulation that may not be specifiable (Cook and Campbell, 1979). Thus an empirical study done in one context amongst one population being replicated amongst other populations and studying it over time establishes external validity which is important for generalizing the findings. In general, measures that have undergone extensive development and scrutiny are judged to be more valid than those that are proposed in a haphazard manner (Peter and Churchill, 1986).

A replication study is defined as "a duplication of a previously published empirical study that is concerned with assessing whether similar findings can be obtained upon repeating the study" (Hubbard and Armstrong, 1994; Evanschitzky, et al, 2007). The role of replication in marketing research has been fragile. There has been a perceived bias against replication research. At different times reminders for increased emphasis for replication research have appeared in literature.

The present study is aimed at replicating and validating the *ServCon* scale in the Indian organized food and grocery retail context in Ahmedabad city of Gujarat, India, similar to a replication study undertaken by Kaul, (2007) to validate the retail service quality scale in the Indian Context. The rationale for selecting organized food and grocery retail outlets was that in the retail arena, the frequency of visits to food and grocery outlets are more compared to apparel retailing or other forms of organized retailing.

Once *ServCon* scale is validated in the Indian organized retail format context, we can draw inference on generalizability of the *ServCon* dimensions in the organized retail context. Based on this study, one can infer whether the dimensions of *ServCon* scale can be generalized to a different kind of retail setup in a different culture (in India) with different socio-economic conditions as compared to the Western culture (USA and Canada), where it was developed. The replication study proposed is Type II replication as suggested by Easley, Madden and Dunn (2000).

On validating the *ServCon* scale, an attempt has been made to meaningfully segment the respondents based on their service convenience scores. Moreover, an endeavour at nomological model testing based on neural network has also been made.

Research outcomes of Service Convenience can help companies offering various services in improving satisfaction levels of customers. A better fit would result if customers are grouped based on their service convenience scores, thereby improving satisfaction and customer retention. By delivering high on perceived service convenience, organized retail can differentiate their offerings by increasing satisfaction levels for their customers.

time caused by changes in life styles and life cycles drives the demand for convenience (Berry, 1979; Voss and Blackwell, 1979; Berry and Cooper, 1992). Taking a broader view, researchers have proposed that instead of factors such as work status or role overload, consumer values would produce an orientation towards, or away from, convenience (Vinson, Scott and Lamont, 1977; Stampfl, 1982; Morganosky, 1986). They proposed three classes of values: global, domain-specific, and evaluative beliefs