



Measurement of Pharmacy Retail Service Quality An Empirical Study in Indian Context

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ABSTRACT

Service quality is considered as important determinant of consumer satisfaction. Very little research has carried out on service quality perception in India. Retail sector is witnessing dramatic changes in India and so as expected in pharmacy retail. Given the relatively mature markets where the service quality scales have been developed, it seems unlikely that these measures would be applicable in the Indian context without adaptation. The study is conducted in two phases. In first phase, exploratory research is carried out in order to generate ideas and understand the current practices in pharmaceutical retailing and purchase of medicine by customers. The second phase is descriptive in nature, in this stage of research tool to measure service quality expectation in retail pharmacy context is developed.

Keywords : Service, Quality, Retail, Pharmacy

Introduction

Service quality is perceived as a tool to increase value for the consumer; as a means of positioning in a competitive environment (Mehta, Lalwani and Han, 2000) and to ensure consumer satisfaction (Sivadas and Baker-Prewitt, 2000), retention and patronage (Yavas, Bilgin and Shemwell, 1997). With greater choice and increasing awareness, Indian consumers are more demanding of quality service (Angur, Natarajan and Jahera, 1999) and players can no longer afford to neglect customer service issues (Firoz and Maghrabi, 1994, Kassem, 1989).

Little is known about service quality perceptions in India (Jain and Gupta, 2004) because research focus has primarily been in developed countries (Herbig and Genestre, 1996). We have seen remarkable changes in grocery retailing. In similar fashion, we are going to experience changes in pharmacy trade (Rao 2006). In this context, it becomes more relevant to study pharmacy retail service quality expectations and perceptions of customers. This study aims to measure expectations and perceptions of medicine shoppers with respect to retail pharmacy.

Literature Review

Given the relatively mature markets where the service quality scales have been developed, it seems unlikely that these measures would be applicable in the Indian context without adaptation. Angur, Natarajan and Jahera (1999) examined the SERVQUAL (Service Quality In Banking Industry, Angur, Natarajan and Jahera, 1999) scale/model in the retail banking industry and reported a poor fit of the scale to the empirical data. Despite this, several researchers (Sharma and Mehta, 2004; Bhat, 2005) have used the SERVQUAL scale in similar settings with no assessment of the psychometric soundness of the scale.

Service quality in retailing is different from any other product/service environment (Finn and Lamb, 1991; Gagliano and Hathcote, 1994). For this reason, Dabholkar, Thorpe and Rentz (1996) developed the Retail Service Quality Scale (RSQS) for measuring retail service quality.

SERVQUAL Instrument: A Concept

Parasuraman et al. (1985) proposed that service quality is a function of the difference between expectation and performance along the quality dimensions. They built up a service quality model on gap analysis.

The exploratory research was refined with their subsequent scale named 'SERVQUAL' for measuring customers' perceptions of service quality (Sessor, Olsen and Wyckoff 1982). At this instant, the original ten dimensions of service quality amalgamated into five dimensions namely reliability, responsiveness, tangibles, assurance and empathy.

Dabholkar, Thorpe and Rentz (1996) proposed an instrument based on SERVQUAL which measures service quality in a retailing environment. This instrument also captures, apart from the common dimensions that are likely to be shared by pure service environments and retail environments, additional dimensions of retail service quality relevant to the retail environment service quality has a hierarchical factor structure. While consumers think of retail service quality at three levels, a dimensional level, an overall level, and a sub-dimensional level, Dabholkar et al. (1996) proposed five dimensions physical aspects, reliability, personal interaction, problem solving, and policy. They also gave sub-dimensions of each dimension to combine related attributes into sub-groups.

Objective of the research

1. To Develop and Validate a tool to Measure Pharmacy Retail Service Quality Scale

Research Design

The research is conducted in two phases. In first phase, exploratory research is carried out in order to generate ideas and understand the current practices in pharmaceutical retailing and purchase of medicine by customers. (Cooper, 1999). The second phase is descriptive in nature, in this stage of research tool to measure service quality expectation in retail pharmacy context is developed.

Data Collection

Sources of Data

Secondary data:

Secondary data are collected from government publications, trade publications, trade association's publications, annual reports of the pharmacy retail organizations and syndicated research data available through AC-Nielsen etc.

Primary data:

Primary data is collected through talk with experts and using structured questionnaire through survey of medicine shoppers.

- Sampling Design
- Sample Universe: Retail shoppers of medicine
- Sample Population: Shoppers: 20,0000
- Sample Unit: Retail shopper of medicine
- Sample Size: Retail shopper of medicine: 600
- Sampling Method: Non-probability convenience judgmental sampling

Development of Instrument

Instrument

The adapted Pharmacy Retail SERVQUAL questionnaire was used as the main data-gathering instrument for this study. The questionnaire was divided into two main sections: A. survey proper B. Profile. The profile contains socio-demographic characteristics of the respondents such as age, gender, education, income, and purchase habits. The survey proper explored the perceptions and expectations with respect to service quality parameters. The questions were structured using the Likert format. In this survey type, seven choices are provided for every question or statement. The choices represent the degree of agreement each respondent has on the given question.

Methodical study of consumers' choice of pharmacy began in the late 1960s and early 1970s with the examination of pharmacy patronage reasons. The findings revealed that convenient location, liking the pharmacist; price, parking availability, and a short waiting time were among the top criteria for choosing a pharmacy (Gagnon 1977).

In the 1980s, the top-five list of pharmacy characteristics

customers looked for were: prompt and caring service, friendliness and reliability of the pharmacist, convenient location, and convenient hours. (Smith & Coons, What factors affect patronage loyalty? Pharmacy Times 1991;57:89-9, 1991).

Service quality in retailing is different from any other product/service environment (Finn & Lamb, 1991) (Gagliano & Hathkote, 1994). For this reason, Dabholkar, Thorpe and Rentz (1996) developed the Retail Service Quality Scale (RSQS) for measuring retail service quality. The RSQS has a five dimensional structure of which three dimensions comprise of two sub-dimensions each. Studies assessing the applicability of the RSQS have reported encouraging results. Dabholkar, Thorpe & Rentz (1996) replicated their own study and found all the RSQS dimensions and sub-dimensions to be valid in the U.S.

However, applicability of RSQS in Indian context is yet to be evaluated further. Researcher has developed a modified RSQS in context of pharmacy retail in Indian context after an exploratory discussion with experts, medicine shoppers and literature review and proposed a following scale.

Data Analysis

A series of unstructured interview were conducted with customers, pharmacist and expert on pharmaceutical retailers to understand and identify factors related to purchase of medicine. Based on the findings a Pharmaceutical Retail Service Quality tool with thirty-eight items was developed and exploratory factor analysis was carried out for data reduction and dimensions were identified. The develop tool and each dimensions were tested for reliability using Cronbach's alpha.

Conclusion

The findings suggest that the overall reliability of the PHARMA SERVQUAL scale is Cronbach's alpha is 0.755 which is close to 0.8-1 criterion (Bryman and Carmer (2005). However when the dimensions were assessed individually, Cronbach's alpha is in range of 0.676 to 0.507, however keeping in mind that this is an exploratory factor analysis and face validity of content, the results are acceptable. The value of Kaiser-Meyer-Olkin(KMO), which is a measure of sampling adequacy, is found to be 0.653 suggesting that the factor analysis test has proceeded properly and the same is used as the minimum acceptable value of KMO is 0.5 (Othman and Owen 2001). Therefore, it can be concluded that the matrix did not suffer from multi collinearity or singularity. The results of Bartlett test of Sphericity shows that it is highly significant (sig. =0.000), which suggest that the factor analysis is appropriate and suitable for testing multidimensionality (Othman and Owen 2001). Hence, The statistical and factor analysis tests for the responses has resulted that the proposed items of the instrument are sound enough to measure the service quality in retail pharmacy context.

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