IMPACT OF SERVICE QUALITY ON CUSTOMER LOYALTY: A STUDY WITH SPECIAL REFERENCE TO PVR KOCHI

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Abstract

The objective of this paper is to identify the impact of service quality on Customer loyalty in Multiplex Film Industry. PVR has been selected randomly from among five multiplex functioning in Kochi city. Service quality has been considered as independent variable whereas customer loyalty was considered as dependent variable. Chi-Square Test was used to determine the causal relationship between both the independent & dependent variables. Results depicted that the service quality has significant and positive impact on customer loyalty. The study suggests that the service providers should reduce the ticket price since the ticket price seems to be high. Besides, the number of advertisement at the time of interval should be reduced and necessary steps should be taken to reduce the cost of food and beverages.

Keywords: Service Quality, Customer Loyalty, PVR, Multiplex, Impact Analysis.

I. Introduction

Over the last few decades, Service quality has become not only the rhetoric of every business enterprise, but also an important concept in service research. Success of a service provider depends on the high quality relationship with customers (Panda, 2003) which determines customer satisfaction and loyalty (Jones, 2002). For service marketing, service quality is an essential plank. (Kushwah , 2014). Building long term relationship becomes a necessity today due to tough competition in the market and hence customer loyalty is a growing concern of today. It is virtually impossible for a business organization to survive without building customer loyalty. Customer loyalty has two dimensions: long-term and short-term loyalty.

Customers with long-term loyalty do not easily switch to other service providers, while customers with short-term loyalty change more easily when offered a perceived better alternative.

The present study aims to assess the service quality and customer loyalty of PVR multiplex Cinemas. PVR (Priya Village Roadshow) Cinemas is the largest multiplex chain in India. The company, which began as a joint venture agreement between Priya Exhibitors Private Limited and Village Roadshow Limited, began its commercial operations in June 1997 with the launch of PVR Anupam in Saket, India's first multiplex. By introducing the multiplex concept in India, PVR Cinemas brought in a new paradigm shift to the cinema viewing experience: high class seating, state-of-the-art screens and audio-visual systems.

Indian Cinema industry has undergone a transformation change in past decade especially after the introduction of multiplex and strongly felt the need of customer loyalty. This need was felt due to availability of enormous number of market players in India. This stiff competition has compelled the service provider to compete in the market and to differentiate themselves on the basis of a factor other than price. Hence, this very concept of service quality has arises and gained attention. Better service quality provides competitive advantage to the organization. Any service organization can differentiate itself by providing high quality service. Hence, this study is an attempt to analyze the impact of service quality on customer loyalty and attract the attention of practitioners towards betterment of service quality to reduce the customer attrition, and to give suggestions to improve the service

quality. This may also help to formulate strategies to retain the loyal customers.

II. Literature Review

II.1. Service quality

Service quality has been defined as customers' overall impressions of an organisation's services in terms of relative superiority or inferiority (Johnston, 1995). From the viewpoint of business administration, service quality is an achievement in customer service. It reflects at each service encounter. Customers form service expectations from past experiences, word of mouth and advertisement. In general, Customers compare perceived service with expected service in which if the former falls short of the latter the customers are disappointed (Johnston, 1995).

The measurement of subjective aspects of customer service depends on the conformity of the expected benefit with the perceived result. This in turns depends upon the customer's expectation in terms of service, they might receive and the service provider's ability and talent to present this expected service. Successful Companies add benefits to their offering that not only satisfy the customers but also surprise and delight them. Delighting customers is a matter of exceeding their expectations (Johnston, 1995).

Berry (1985) and Bitner (1996) indicated that service quality consisted of five dimensions. The definition for each is explained as follows: 1. Tangibles: appearance of physical facilities, equipment, personnel and written materials. 2. Reliability: ability to perform the promised service dependably and accurately. 3. Responsiveness: willingness to help customers and provide prompt service. 4. Assurance: knowledge and courtesy of employee and their ability to inspire trust and confidence. 5. Empathy: caring, individualised attention the firm provides its customers. In the study by Berry et al. (1994) with more than 1,900 customers of five large famous US corporations, they found that thirty-two out of 100 placed emphasis on reliability, followed by responsiveness (22%), assurance (19%), empathy (16%) and tangibles (11%). Thus, reliability is considered the essential core of service quality.

Many scholars agree that service quality can be decomposed into two major dimensions (Grönroos, 1983; Lehtinen and Lehtinen, 1982). The first dimension is concerned with what the service delivers and is referred to by PZB (1985) as "outcome quality" and by Grönroos (1984) as "technical quality". The second dimension is concerned with how the service is delivered: the process that the customer went through to get to the outcome of the service. PZB (1985) refer to this as "process quality" while Grönroos (1984) calls it "functional quality".

II.2. Customer Loyalty

Customer loyalty is the practice of finding, attracting, and retaining your customers who regularly purchase from you. According to the approach based on behaviour, loyalty is the behavioural reaction based on prejudice as the function of psychological processes by the decision maker in the existence of one or more alternative in time (Jacoby and Keyner, 1973). Behavioural approach explained loyalty basing on the criteria including the share in consumption, consumption probability, probability to consume the product again, repeated consumption behaviour, multidirectional consumption behaviours (Kumar and Shah, 2008).

According to the another approach dealt as the combination of attitude and behaviour brand loyalty "is a form of repeat purchasing behaviour reflecting a conscious decision to continue buying the same brand, for brand loyalty to exist, a pattern of repeat purchase must be accompanied by an underlying positive attitude towards the brand (Solomon et al., 2006). This approach does not include only the past purchasing behaviours and tendencies but also customer attitude and value systems (Sudharshan, 1995). Consequently according to this approach which was accepted in time, the customer realizes loyalty in time through repeated consumption of any good or service when the customer has a positive attitude toward the good/service or company providing the good/service (Wong and Zhou, 2006).

Sheth and Park accepted loyalty as three different tendencies (emotive, evaluative and behavioural) (1974). Dick and Basu (1994) discussed loyalty in four dimensions on behaviour and attitude basis. They named the situation of attitude and repurchasing behaviour being high as loyalty, the situation of attitude being high and purchase repeat being low as latent loyalty, the situation of purchase behaviour is being and attitude being low as spurious loyalty and the situation of attitude and repurchasing being low as no loyalty.

According to Oliver (1999) loyalty arises through phases; cognitive, affective, conative and action. In the cognitive phase customer loyalty is based on the assessment of information including the price to be determined for the product/brand, qualities etc. Affective phase is created in the context of positive emotion toward the brand. In the conative phase the tendency toward the brand becomes devotion and there is the tendency to stand distant from other brands. In the action which is the last phase inertia based on the tendency to that brand started. While it is cognitive phase which is the easiest phase to reach for the enterprise the most difficult phase is action. According to Oliver, although those phases explain loyalty it fails to define ultimate loyalty that provides purchasing the same brand in all terms and conditions. Although it has a place in the loyalty literature prior to this study of Oliver, the concept of inertia had a broader place and started to be discussed through this study. Despite the concept of inertia was suggested by Oliver as a result of action loyalty achieved, as it shall be discussed in the later sections of the theoretical framework, since the concept of inertia is not based on consciousness it started to be used as a concept that fails to reflect loyalty, that arises only depending on the conditions and that may change according to conditions.

III. Objectives of the study

The present study has undertaken with the following major objectives.

1. To study the service quality of PVR Cinemas
2. To study the customer loyalty towards PVR Cinemas.

IV. Research Methodology

In this study the researcher has adopted descriptive research design. The research instrument used to collect data is structured questionnaire which is distributed to 120 PVR customers. The questionnaire includes few demographic variables and some questions which focus on customer loyalty and service quality of the service provided by PVR Cinemas. The Sampling technique used is Convenience Sampling.

V. Hypothesis

The researcher has formulated the following hypothesis for the present study.

H0: There is significant relation between service quality and customer loyalty.
H1: There is no relation between service quality and customer loyalty.

VI. Data Analysis

The statistical tool used to measure the significance relationship between the independent variable (Service quality) and dependent variable (Customer loyalty) is the chi-square test (x^2). Chi-square test is designed to test the statistical significance of an experimental outcome. Chi square is statistical test, commonly used to compare observed data with data we would expect to obtain according to a specific hypothesis. The below table depicts the result of the chi-square test conducted with the help of SPSS version 23.

Table 1
Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	119.699[a]	102	.111
Likelihood Ratio	73.504	102	.985
Linear-by-Linear Association	8.044	1	.005
N of Valid Cases	60		

a. 126 cells (100.0%) have expected count less than 5. The minimum expected count is .02.

From the above table, Pearson Chi-square says that P value is .111 is greater than .05. So researcher should accept the null hypothesis and reject the alternative. There is a significant relation between service quality and customer loyalty.

VII.   Findings

The important findings of the present study are listed here,

- Majority of the PVR customers are middle income groups.
- Majority of customers visit PVR only once in a month.
- The online ticket booking facility of PVR cinemas seems to be attractive because of the easy availability of movie tickets.
- The price of tickets is high as compared to the competitors. So majority of customers are dissatisfied.
- The service provided by the staff of PVR is very good as compared to their competitors.
- PVR have a good multiplex ambience because of good infrastructure facility which increases its brand image in the mind of customers.
- The price of food & beverages is very high as compared to the competitors.
- The sound system and projection of PVR is good. PVR use Dolby Atmos sound system, which is best in the industry.
- Customers had given a neutral response towards the offers while booking through PVR app.
- Customers show a neutral response towards the advertisement at the time of interval. Many people feel irritated while seeing advertisement for a long time.

VIII.   Conclusion

This study examined the impact of service quality on customer loyalty in PVR cinemas and found a significant influence of the same. The study immensely helped to understand the quality of different services offered by PVR Cinemas. It provided insights to the marketers for focusing on constructs of service quality in the organization. A proper understanding of requirement of customers will help the marketer to formulate a strategy to maintain a long lasting relationship with the customers which will helps to retain the existing customers and reduce the customer churn and hence attain customer loyalty.

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