



A STUDY ON SERVICE QUALITY IN ROYAL ENFIELD SHOWROOM, CHENNAI

G. Gopalakrishnan¹, R. Rengarajan²

¹Final year MBA, School of Business, PRIST University, Vallam, Thanjavur.

²Assistant Professor, School of Business, PRIST University, Vallam, Thanjavur.

ABSTRACT

This research examines service quality perceptions in the showroom. First, it analyses the theory about service quality conceptualization. Then a modified SERVQUAL instrument is developed, and applied to the showroom using as subject one of the companies. Five service dimensions are identified: READINESS RELIABILITY, TRUST, COMFORT, SECURITY, and ACCESS. They are examined in terms of their impact of customers' overall quality perception and their willingness to recommend the firm to a friend. These variables are found to be affected heavily by two dimensions: trust and comfort. The present investigation's main conclusion is that SERVQUAL is a good starting base to quantify service quality, but it is neither of general nor of direct application. The SERVQUAL instrument would need some adjustments to fit each particular situation. No marketing is needed if it simply means discounting. Sell services through quality.

1. INTRODUCTION

Service quality (SQ), in its contemporary conceptualization, is a comparison of perceived expectations (E) of a service with perceived performance (P), giving rise to the equation $SQ=P-E$. This conceptualization of service quality has its origins in the expectancy-disconfirmation paradigm. A business with high service quality will meet or exceed customer expectations whilst remaining economically competitive. Evidence from empirical studies suggests that improved service quality increases profitability and long term economic competitiveness. Improvements to

service quality may achieved by improving operational processes; identifying problems quickly and systematically; establishing valid and reliable service performance measures and measuring customer satisfaction and other performance outcomes.

Dimensions of service quality

Gronroos (1984b) identified two service quality dimensions the technical aspect that is "what" service is provided and functional aspect and "how" the service is provided. The customers perceive what he/she receives as the outcome of the process in which the resources are used that is the technical quality. But he also and more often importantly, perceives how the process itself functions that is the functions quality.

The SERVQUAL Instrument

The SERVQUAL instrument developed by Parasuraman et al (1991) has proved popular, being used in many studies of service quality. This is because it has a generic application and is a practical approach to any area. A number of researchers have applied the SERVQUAL model to measure service quality in the hospitality industry with modified constructs to suit specific hospitality situations.

Parasuraman et al (1985) developed the gap model and the subsequent SERVQUAL instrument designed to identify and measure the gaps between customers' expectations and perceptions of the service received. Service quality from the consumer's perspective depends on the direction and degree of difference between the expected service and the perceived service. Thus by comparing customer's expected service with customer's perceived service, hotels, for example can determine whether its service standard is appropriate. The gap between

expectations and perceptions of performance determines the level of service quality from a customer's perspective.

The SERVQUAL instrument consists of 22 statements for assessing consumer perceptions and expectations regarding the quality of a service. Respondent are asked to rate their level of agreement or disagreement with the given statements. Consumer's perceptions are based on the actual service they receive while consumer's expectations are based on past experiences and information received. The statements represent the determinants or dimensions of service quality.

1.1. The five dimensions of service quality measured by the SERVQUAL Instrument

The SERVQUAL Instrument measures the five dimensions of Service Quality. These five dimensions are: tangibility, reliability, responsiveness, assurance and empathy.

Tangibility

Since services are tangible, customers derive their perception of service quality by comparing the tangible associated with these services provided. It is the appearance of the physical facilities, equipment, personnel and communication materials. In this survey, on the questionnaire designed, the customers respond to the questions about the physical layout and the facilities that FFR offers to its customers.

Reliability

It is the ability to perform the promised service dependably and accurately. Reliability means that the company delivers on its promises-promises about delivery, service provision, problem resolutions and pricing. Customers want to do business with companies that keep their promises, particularly their promises about the service outcomes and core service attributes. All companies need to be aware of customer expectation of reliability. Firms that do not provide the core service that customers think they are buying fail their customers in the most direct way.

Responsiveness

It is the willingness to help customers and provide prompt service. This dimension emphasizes attentiveness and promptness in dealing with customer's requests, questions, complaints and problems. Responsiveness is communicated to customers by length of time they have to wait for assistance, answers to

questions or attention to problems. Responsiveness also captures the notion of flexibility and ability to customize the service to customer needs.

Assurance

It means to inspire trust and confidence. Assurance is defined as employees' knowledge of courtesy and the ability of the firm and its employees to inspire trust and confidence. This dimension is likely to be particularly important for the services that the customers perceives as involving high rising and/or about which they feel uncertain about the ability to evaluate. Trust and confidence may be embodied in the person who links the customer to the company, for example, the marketing department. Thus, employees are aware of the importance to create trust and confidence from the customers to gain competitive advantage and for customers' loyalty.

Empathy

It means to provide caring individualized attention the firm provide its customers. In some countries, it is essential to provide individual attention to show to the customer that the company does best to satisfy his needs. Empathy is an additional plus that the trust and confidence of the customers and at the same time increase the loyalty. In this competitive world, the customer's requirements are rising day after day and it is the companies' duties to their maximum to meet the demands of customers, else customers who do not receive individual attention will search elsewhere.

2. COMPANY PROFILE

Royal Enfield is a well-known automobile company that primarily deals in manufacturing of motor cycles and cycles. Apart from that, it produces lawnmowers, stationery engines and rifles. The company's motto, "Made Like A Gun", reflects its weapon making legacy. Royal Enfield is a company based in India with its headquarters in Chennai. The company was founded as Enfield Manufacturing Company Limited in 1890. It produced its first ever bike under the brand name of 'Royal Enfield' in the same year in Redditch, Worcestershire, England. Albert Eadie and Robert Walker Smith were the founders of Enfield Manufacturing Company Limited that ceased to exist after 1971.

About Royal Enfield Ltd India

Although Enfield sold its first bike in India in 1949, it was not before 1955 that India's own Royal Enfield manufacturing establishment came into existence. In 1955, Redditch Company and Madras Motors became partners and formed Enfield India, which is currently based in Chennai. The present day Royal Enfield company is a subsidiary of the Indian automobile stalwart Eicher Motors Limited. Dr. Venki Padmanabhan is the CEO of Royal Enfield India. Royal Enfield has been the most trusted high capacity bike and the most favourite of the Indian government for the past six decades. The Government of India had a requirement of a powerful, high capacity, strong and reliable vehicle for the Indian Army and Indian Police for patrolling purposes. Royal Enfield was the name the Indian government counted on. In 1965, 800 350cc Royal Enfield Bullet model units were ordered by the Government of India. The original Enfield Manufacturing Company Limited went defunct in 1971; however, Enfield India just kept on growing in stature and repute.

Royal Enfield Plants

Royal Enfield has one manufacturing and assembly facility in Chennai, Tamil Nadu. This manufacturing plant has been functional since 1955 and still produces the Royal Enfield Bullet 350cc and 500cc models.

List of models produced at the plant:

- Thunderbird 500
- Thunderbird 300
- Classic Desert Storm
- Classic Battle Green
- Classic Chrome

Royal Enfield sales	March			April - March		
	2016	2015	Growth	2015-16	2014-15	Growth
Domestic	50,059	32,854	52.00%	4,98,791	3,24,055	53.92%
Exports	1,261	825	53.00%	9,363	7,115	31.60%
TOTAL	51,320	33,679	52.00%	6,00,998	3,31,170	81.48%

Royal Enfield, which has been following calendar years as its financial years and is now converting into the conventional financial year format of April-March starting today (1 April 2016 – 31 March 2017), has also clocked impressive YoY growth for the last 15 months (January 2015 – March 2016).

According to the company, it sold a total of 589,293 units during the said 15-month period

- Classic 500
- Classic 350
- Bullet 500
- Bullet 350
- Bullet Electra
- Bullet Machismo
- Continental GT

BIGGEST MILESTONE

Royal Enfield reported total domestic sales of 50,059 units during March 2016 as against sales of 32,854 units in March 2015, thereby registering a year-on-year (YoY) growth of 52.37 percent in the domestic market. It can be noted that the company had sold of close to 50,000 units for the 12-month period of 2010, which underlines the surge in the demand of the Royal Enfield motorcycles over the last half a decade.

It has also recorded growth in its exports, which stood at 1,261 units last month, up by 52.85 percent. It had exported 825 units in March 2015. The company's total sales including exports stood at a healthy 51,321 units during March 2016 – its highest-ever sales in a month.

Commenting on his company's achievement, Rudratej Singh, president, Royal Enfield said: "Reaching sales of over 50,000 motorcycles in a single month is a significant milestone for Royal Enfield. Royal Enfield's simple yet evocative motorcycles have been aspirational yet accessible that provides a pure motorcycling experience to our customers. This experience has created strong demand for our motorcycles that continues to grow our order books."

as against 386,872 units sold between January 2014-March 2015. This outlines the company's handsome growth pattern of 52.32 percent YoY.

The company, which has its 346cc models (Classic 350, Bullet 350 Twinspark and Bullet Electra Twinspark – in that order) as its top sellers in the domestic market through the year, is clearly seen to be on a dream run with its linear month-on-month growth pattern.

On the export front, Royal Enfield's top sellers for the last 15-month period were Bullet Classic 500, Classic 500, Continental GT and the Classic 350, among other models.

The company is estimated to garner decent returns (via bookings) on its recently launched adventure motorcycle, single-cylinder, 411cc Himalayan. While with the new purpose-built model, it has opened an all-new category in the Indian motorcycle market, the company is also reported to be working upon an upcoming range of high-performance, highway-worthy motorcycles for export markets.

3. REVIEW OF LITERATURE

According to Zeithmal & Bitner (2003) the success of work using SERVQUAL in Understanding customer satisfaction, dissatisfaction and loyalty in a range of business arenas Suggests that these dimensions illuminate bank switching. SERVQUAL measures service Quality in five dimensions. The dimensions are reliability – the ability to perform the promised service as dependably and accurate, responsiveness – the willing to help customers and provide prompt service, assurance – the knowledge and courtesy of employees and their ability to inspire trust and confidence, empathy – the caring individualized attention the firm provides its customers, tangibles – the physical facilities, equipments and appearance of persons.

Nantel (2000) proposed an alternative measures of perceive service quality in retail banking that comprise 31 item with 6 underline key dimensions; effectiveness, assurance, access, price, tangibles and service portfolio.

Further Ravichandran et al. (2010) emphasized that the financial liberalization has led to intense competitive pressure and private banks dealing in retail banking are consequently directing their strategies towards increasing service quality level which fosters customer satisfactions and loyalty through improved service quality.

According to Sureschandar et al. (2002) the relationship between service quality and customer satisfaction has received considerable academic attention in the past few years. But the nature of the exact relationship between service quality and customer satisfaction (especially in the way the two constructs have been operationalized) is still shrouded with uncertainty. Many researchers have

operationalized customer satisfaction by using a single item scale and many others have used multiple item scales. Further researchers have adopted a different approach and views customer satisfaction as a multi dimensional construct just as service quality, but argues that customer satisfaction should be operationalized along the same factors (and the corresponding items) on which service quality is operationalized. Based on this approach, the link between service quality and customer satisfaction has been investigated. Further he found that the two constructs are indeed independent but are closely related, implying that an increase in one is likely to lead to an increase in another.

Madhukar et al. (1999) examined the applicability of alternative measures of service quality in the developing economy of India and assesses related issues in that context. Based on data gathered from customers of two major banks, overall results support a multidimensional construct of service quality and suggest that the SERVQUAL scale provides greater diagnostic information than the SERVPERF scale. However, the five-factor conceptualization of SERVQUAL applied by this research does not seem to be totally applicable, and no significant difference was found in the predictive ability of the two measures. Although SERVQUAL and SERVPERF have identical convergent validity, SERVPERF appears to have higher discriminate validity than SERVQUAL.

Mohammad & Alhamadani (2011) examined the level of service quality as perceived by customers of commercial bank working in Jordan and its effect on customer satisfaction. In their research service quality measure is based on modified version of SERVQUAL as proposed by Parasuraman et al. (1988).

Customer satisfaction was measured by a nine item adapted from Walfried et al. (2000), researchers have used the multiple regression analysis to test the impact of service quality on customer satisfaction. The results indicated that service quality is an important antecedent of customer satisfaction.

Parasuraman A, Valarie A. Zeithaml and Leonard L. Berry (1994) responded to the concerns raised by Cronin and Taylor (1992) and Teas (1993) about the SERVQUAL instrument and the perceptions – expectations specification invoked by it to operationalize service quality.

They have offered a set of research directions for understanding of service quality assessment. Parasuraman A, Valarie A.

4. EXECUTION OF RESEARCH

4.1 RESEARCH METHODOLOGY

Research methodology is the systematic, theoretical analysis of the procedures applied to a field of study (Kothari, 2004). **Methodology** involves procedures of describing, explaining and predicting phenomena so as to solve a problem; it is the 'how'; the process, or techniques of conducting research.

4.2 Research Design

Research design adopted for this research is "Descriptive Research". It includes surveys and fact-finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present.

4.3 Sampling Framework

The population is finite and "Simple random sampling method" will be adopted for selecting samples from the finite one.

4.4 OBJECTIVES

- To study the due importance given to each attribute in accessing the service quality by the customers.
- To analyze the relationship between service quality and customer satisfaction
- To gain a better understanding of the service quality dimensions that affects customer satisfaction from customer perspective.
- To find the problems regarding service quality
- To suggest a good service quality model to overcome the issues and improve it

4.5 STATEMENT OF PROBLEM

- The service features offered don't meet customer needs
- The service specifications defined do not meet management's perceptions of customer expectations
- Specifications for service meet customer needs but service delivery is not consistent with those specifications
- The service does not meet customer expectations, which have been influenced by external communication
- Customer judgments of high/low quality based on expectations vs. actual service

- Lack of marketing research; inadequate upward communication; too many levels between contact personnel and management
- Employee performance is not standardized; customer perceptions are not uniform
- Marketing message is not consistent with actual service offering; promising more than can be delivered
- A function of the magnitude and direction of the gap between expected service and perceived service

4.6 DATA COLLECTION METHODS

1. Primary Sources:

Tool used: Structured Questionnaire
Conducting QWL study required the preparation of a detailed questionnaire which could capture all possible areas of their agreed levels. Prior to preparation of questionnaire I circulated a questionnaire to all employees regarding the objectives of my study. The questionnaire included twenty two questions. There were questions on a 5 point scale, where 1 is the least agreed level and 5 is the most agreed level.

2. Secondary sources:

The major sources of secondary data were the documents and records of the organization, the annual reports and the literature review.

3. Data collection

Data collection done through interactions with customers

4.7. Research Instrument

A questionnaire is a research instrument consisting of a series of questions (or other types of prompts) for the purpose of gathering information from respondents. The questionnaire was invented by the Statistical Society of London in 1838.

Although questionnaires are often designed for statistical analysis of the responses, this is not always the case. Questionnaires have advantages over some other types of surveys in that they are cheap, do not require as much effort from the questioner as verbal or telephone surveys, and often have standardized answers that make it simple to compile data. However, such standardized answers may frustrate users. Questionnaires are also sharply limited by the fact that respondents must be able to read the questions and respond to them. Thus, for

some demographic groups conducting a survey by questionnaire may not be concrete.

5. DATA ANALYSIS AND INTERPRETATION

Table 5.1

Gender	Frequenc y	Percent	Valid Percent	Cumulative Percent
Valid male	100	100.0	100.0	100.0

INTERPRETATION

According to the analysis all the customers for the showroom are male customers.

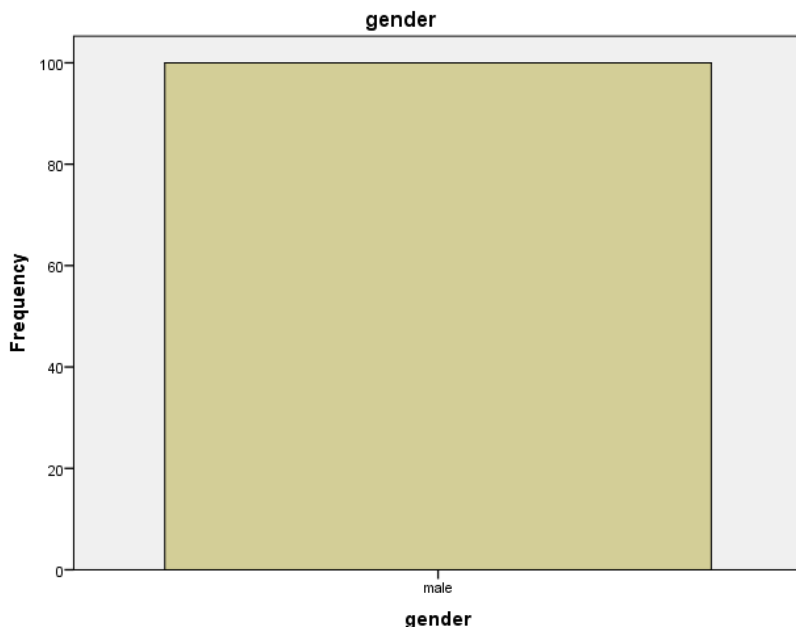
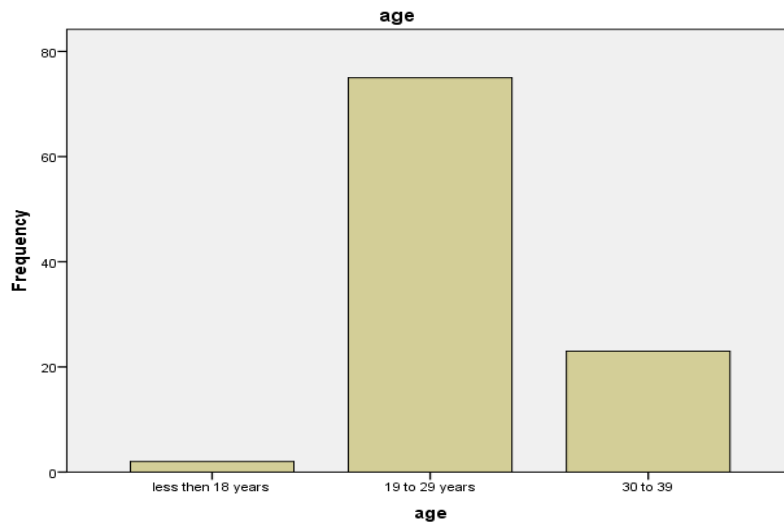


Table 5.2

Age	Frequenc y	Percent	Valid Percent	Cumulative Percent
Valid less than 18 years	2	2.0	2.0	2.0
Valid 19 to 29 years	75	75.0	75.0	77.0
Valid 30 to 39	23	23.0	23.0	100.0
Valid Total	100	100.0	100.0	

INTERPRETATION

In the above table 2% respondents are less than 18 years of age, 75% respondents are come under 19 to 29 years of age, 23% respondents are come under 30 to 39 years of age. According to the analysis most of customers come under 19 to 29 years of age.



6. CONCLUSION

It could be concluded that Royal Enfield has to close the gap between customers' expectation and perceptions of services. It should not exaggerate its quality of services in order to prevent higher customer expectations of service. Otherwise, customers' expectations do not match their perceptions and service quality is considered low. Finally, in order to enhance service quality, customer attraction should be retained, and competitive advantage should be gained, people-based companies have to increase employees' attitude, training and improve their knowledge of services. Royal Enfield should also introduce new vehicles with the latest technology. The study considered only the customers' point of view from service quality of bike service agencies. Hence, future studies are recommended to conduct surveys of managers and employees because their understanding of customers' expectations as well as their communication with customers is important to the final perceived service quality of bike agencies.

REFERENCES

- Child, J and Faulkner, D., (1988), "Strategies of Corporation: Managing Alliances, Net Works and Joint Ventures, Oxford University Press, Oxford. University Press, Oxford.
- Bearden, W.O. and Teel, J.E., (1983), "Selected Determinants of Consumer satisfaction and complaint reports", Journal of Marketing Research
- Dick, S.A., and Basu, K. (1994), "Customer Loyalty: Toward and

Integrated Conceptual framework", Journal of the Academy of Marketing Science

- Gulati, R., (1998), "Alliances and Networks", Strategic Management Journal
- Lee, J. Lee, and Feick, L. (2001), "The impact of switching costs on the customer satisfaction – loyalty link: Mobile phone service in France", Journal of services marketing
- Oliver, R.L. (1999), "When customer loyalty?", Journal of Marketing,
- Parasuraman, A., Zathanl, V.A and beny, L.L. (1988), "SERVQUAL: A Multiple Item Scale for Measuring Consumer Receptions of Service Quality", Journal of Retailing.