RETAIL SERVICE QUALITY AND BEHAVIOURAL INTENTIONS: AN EMPIRICAL APPLICATION OF THE RETAIL SERVICE QUALITY SCALE IN NORTHERN CYPRUS

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Introduction

In today's highly competitive environment, virtually all companies are forced to be more customer-oriented [32]. It is generally agreed that the level of customer satisfaction determines repeat sales, word-of-mouth recommendations, and customer loyalty [5]. Superior service quality has become a major differentiator in producing customer satisfaction, and successful quality management is recognised as the most powerful competitive weapon that many leading service organisations possess [30] [9].

Service quality and customer satisfaction are thus the two core concepts of contemporary marketing theory and practice in service industries [46]. As Shemwell et al. [42] have observed, the key to sustainable competitive advantage lies in delivering high-quality service that results in satisfied customers. The link between service quality and customer satisfaction is now firmly established [11] [12], and it has been shown that this link subsequently produces higher revenues, increased cross-sell ratios, higher customer retention [7], repeat purchasing behaviour [49], and expanded market share [14].

All of these arguments are especially applicable to the contemporary retail service sector, which is characterised by intense competition, mergers and acquisitions, and more sophisticated and demanding customers with higher expectations [45] [41]. In these circumstances, it is generally agreed that the delivery of superior service quality is essential if retailers are to satisfy their customers and thus establish a sustainable competitive advantage, loyal customers, and repeat purchases [8] [28] [39].

In view of the benefits that are associated with superior service quality (and consequent customer satisfaction), there has been significant interest in the nature and measurement of service quality in all service industries, including retail services. One of the best-known measuring instruments has been the ‚SERVQUAL' instrument [35]. Despite doubts about the general applicability of this instrument [17], ‚SERVQUAL' has been generally accepted as a valid instrument for the measurement of service quality in a wide range of contexts [15] [16] [22] [23] [13].

The ‚SERVQUAL' scale has also been the basis for development of new scales to measure service quality in specific service settings-including retail services. Although the ‚SERVQUAL' scale has not been validated in the retail store environment, it has been used as a basis for developing the so--called ‚retail service quality scale' (RSQS) [19]. This scale, which is a multi-item scale measuring five dimensions of retail service quality (‚physical aspects', ‚reliability', ‚personal interaction', ‚problem solving', and ‚policy'), includes 28 items-17 of which came from the existing SERVQUAL scale and 11 from the researchers' qualitative work. The RSQS has been tested in the United States of America, Hong Kong, and Korea, but has not been tested elsewhere.

The present study therefore applies and tests the RSQS in Northern Cyprus, which is a cultural setting in which the scale has not been previously used. The aims of the study are: (i) to assess the applicability of the original five dimensions of the RSQS in a different cultural setting; (ii) to analyse how customers perceive retail service quality in this setting; and (iii) to ascertain whether perceptions of retail service quality influence consumers' behavioural intentions (intention to repurchase and intention to recommend).

The remainder of this paper is organised as follows. Following this introduction, the next section presents a review of the relevant literature on: (i) the measurement of service quality in general; (ii) the measurement of retail service quality in particular; and (ii) the influence of service quality

on consumers' behavioural intentions. The paper then describes the methodology of the empirical study in Northern Cyprus. The analysis and results are then described. The paper concludes with a summary of the major findings, managerial implications, and suggestions for future research.

1. Literature Review and Conceptual Framework

1.1 Measuring Service Quality

Grönroos [25] defined service quality as a perceived judgment whereby customers compare their prior expectations of a service with their perceptions of the service that they actually received. Parasuraman et al. (p.42) [36] agreed with this general conception of service quality in defining service quality as „... a measure of how well the service level which is delivered matches customer expectations".

Based on this disconfirmation model (or so-called ‚gap' model) of service quality, Parasuraman et al. [36] developed the well-known ‚SERVQUAL' model to measure how consumers assess service quality in terms of ten original dimensions, which were later reduced to five (‚tangibles', ‚reliability', ‚responsiveness', ‚assurance', and ‚empathy') [35]. The ‚SERVQUAL' instrument was subsequently revised to a final version in 1991 [37].

Since its introduction and modification, the ‚SERVQUAL' instrument has been applied and validated in a variety of service settings. However, the appropriateness of the five dimensions of ‚SERVQUAL' in certain service contexts has been questioned [38]. The instrument has also been criticised because it necessary to measure expectations and perceptions separately (as a ‚gap score'), which is regarded by some critics as inappropriate in terms of scale reliability and questionnaire length [15]. As a result of these criticisms, Cronin and Taylor [18] proposed a ‚perception-only' measure of service quality (known as ‚SERVPERF').

1.2 Measuring Retail Service Quality

According to Fisk et al. [23], service quality is an important strategic weapon in retail contexts, particularly in developing defensive marketing strategies. Several authors have agreed that intense competition in the retail sector makes service quality an important determinant of customer satisfaction and overall business performance in the sector [21] [6] [29].

However, the measurement of service quality in a retail setting is somewhat different from the measurement of service quality in other (‚pure') service settings (such as banking, telecommunications, and so on). Retail offerings are a mix of merchandise and service, and the experience of customers in retail stores thus involves such activities as negotiating their way through the store, finding the merchandise, interacting with a variety of store personnel, and returning unsatisfactory merchandise-all of which have a direct influence on the customers' evaluations of service quality Although measures of service quality in ‚pure' service environments and retail environments are likely to share some common dimensions, it has been argued that measures of retail service quality must take additional dimensions into consideration [19].

Only a limited number of studies have attempted to measure service quality in retail settings, so there is a significant gap in the literature regarding this area of research. Among those who have made the attempt, Finn and Lamb [22] tested the ‚SERVQUAL' instrument in four different retail store settings, but because they were unable to find a good fit between their data and the five-factor structure of the instrument, the authors concluded that ‚SERVQUAL', without modification, could not be used as a valid measure of service quality in a retail setting.

Dabholkar et al. [19] subsequently used both quantitative and qualitative methods to develop the ‚retail service quality scale' (RSQS), which is a multi-item scale for measuring retail service quality in terms of five dimensions. The scale includes 28 items, 17 of which came from the ‚SERVQUAL' scale and 11 of which were derived from the researchers' qualitative work. These items are grouped into the following five dimensions:

- *physical aspects:* store appearance and convenience of store layout;
- *reliability*: retailer keeps promises and does things right;
- *personal interaction*: associates are courteous, helpful, and inspire confidence and trust from the customer;

- *problem solving*: associates are trained to handle potential problems; and
- *policy*: operating hours, payment options, parking areas, and so on.

The instrument uses performance-only measures (rather than the ‚gap' between perceptions and expectations) because evidence exists that perception measures have a stronger predictive power than the ‚gap' score [32] [33]. When tested with customers of department stores in the USA, the scale was found to possess strong validity and reliability as a measure of retail service quality [19].

Including the original study by Dabholkar et al. [19] in the USA, the RSQS has been applied in retail-store settings in Hong Kong [43] and in Korea [31]. In view of the fact that the scale has not been applied in other cultural settings, the present study in the setting of Northern Cyprus will help to bridge a gap in the literature.

1.3 Service Quality and Behavioural Intentions

One of the aims of the present study is to identify the effects of retail service quality on the future behaviour of customers in the cultural setting of Northern Cyprus. Identifying the determinants of consumer satisfaction and behavioural intentions is of great importance to managers who are interested in improving their performance [4] [40] [1] [2]. In this regard, service quality has been shown to be a significant predictor of behavioural intentions-such as repurchase, word of mouth, and switching and/or complaining [10] [24]. In particular, a favourable assessment of service quality is associated with positive behavioural intentions and a preference for the focal company over other companies [44]. Other studies have demonstrated a significant association between service quality and repurchase [51] [12] [19] and between service quality and recommendation intentions [12] [20] [19].

On the basis of the above discussion, the following hypotheses are proposed for the present study of retail service quality in Northern Cyprus:

- *Hypothesis H1*: Retail service quality has a positive effect on intention to repurchase.
- *Hypothesis H2*: Retail service quality has a positive effect on intention to recommend.

2. Methodology

2.1 Research Setting

The study was carried out in Northern Cyprus during 2007. Cyprus as a whole is a member of the European Union (EU), and since April 2003 there has been free movement of people between Southern and Northern Cyprus. The economy of the island is heavily dependent on services, and Northern Cyprus in particular has a multicultural consumer market as a result of the large number of students who attend the six universities in this part of the island. The rapid growth enjoyed by the Northern Cyprus economy after 2003 had a particularly big impact on imports, trade volume, production, employment, and consumption. In tourism sector, for example, the average growth rate during 2003-2008 period was 4.2% [47]. Consequently, the retail sector has expanded rapidly, doubling its employment from 8% to 16% of the total local labour force during the 2005-2008 period [47]. Thus, it is clear that retailing is economically crucial sector to the Northern Cyprus economy.

The study was conducted in the stores of the largest retail chain in Northern Cyprus. This chain, which covers most of Northern Cyprus, offers a variety of products and services of a similar nature to those of other well-known international retail chains. One of the prominent items in the mission statement of this chain of stores is to offer the highest-possible service quality.

2.2 Questionnaire

The original RSQ scale [19], which was in English, was back-translated into Turkish [3] for application in the largely Turkish Cypriot cultural setting of Northern Cyprus. A pilot study was then conducted with a sample of 40 respondents, which revealed that one item (‚employees treat customers courteously on the telephone') within the third dimension (‚personal interaction') was inappropriate because customers in Northern Cyprus prefer to visit stores personally for their purchases and related services.

The final questionnaire thus included 27 statements (rather than the original 28) to measure retail service quality. To identify future consumption behaviour (‚intention to repurchase' and ‚intention to recommend'), appropriate questions were

added to the questionnaire. Finally, the questionnaire also included questions regarding certain demographic characteristics of the respondents (gender, marital status, age, and average monthly income).

Respondents were asked to use a seven point Likert-type scale to record their perceptions. Such a scale is said to provide a better normal spread of observations [43] [50].

2.3 Data Collection

Data were collected from customers distributed among all stores of the chain according to a non-probabilistic convenience sampling method. An appropriate sample size for each store in the chain was determined in proportion to the total population in the region in which the store was situated.

The interviews were conducted by trained interviewers who applied the questionnaire to chosen respondents in the main entrances of the stores before the respondents' shopping experience. Being in the store environment was assumed to be more conducive to respondents' focusing on the dimensions that were important to them for evaluating retail service quality [19] The questionnaire was administered before the respondents' shopping experience in accordance with the recommendation of Rust and Oliver [40], who contended that interviewing just after a shopping experience is likely to reflect *satisfaction*, rather than *service quality*.

For inclusion in the survey, all respondents must have purchased items from this retail chain on at least two prior occasions. Using this criterion, the original sample consisted of 770 respondents. Of these, 648 completed questionnaires were found to be appropriate for analysis.

3. Analysis and Findings

3.1 Factor Analysis

The perceived retail service quality of the chain of stores was tested using principal component factor analysis with varimax rotation. The results of the statistical tests (KMO = 0.914; Bartlett test of sphericity = 4027.74, significance = 0.000) indicated that the factor analysis method was appropriate. According to the test results, the 27 items of service quality were reduced to five factors with eigenvalues greater than 1.0. The resulting factor structure explained 59.41% of the item variance (which was an acceptable figure).

The five factors and the loadings are listed in Table 1. With a sample size of 648 respondents, ±0.40 factor loadings are accepted as significant [48] [27]. The overall reliability of the scale used in this study was satisfactory (Cronbach's alpha coefficient = 0.914) [34]. The reliability coefficients for the five individual factors ranged from 0.777 to 0.892, indicating a fair to good internal consistency among the items of each dimension. The factor analysis findings showed that the five retail service quality dimensions in the present study factored out in accordance with the dimensions of the original scale [19].

As shown in Table 1, Factor 1 (labelled ‚personal interaction', composed of eight items) accounted for 33.068% of the variance. In the original scale, this factor had been composed of nine items (including the item deleted from this study). Factor 2 (‚physical aspects', which was composed of six items, as in the original scale) accounted for 9.098% of variance. Factor 3 (‚reliability', which was composed of five items, as in the original scale) accounted for 7.765% of variance. Factor 4 (‚policy', which was composed of five items, as in the original scale) accounted for 5% of variance. Factor 5 (‚problem solving', which was composed of three items, as in the original scale) accounted for 4.480% of variance.

Among the five factors, Factor 4 (‚policy') had the highest mean score of 5.508, followed by Factor 2 (‚physical aspects') with a mean score of 44.997, Factor 3 (‚reliability') with a mean score of 4.988, Factor 1 (‚personal interaction') with a mean score of 4.881, and Factor 5 (‚problem solving') with a mean score of 4.327. The highest mean score for the dimension of ‚policy' indicated that respondents appreciated such policies as ample parking for customers, convenient opening hours, acceptance of most major credit cards (including its own credit card), and offering high-quality merchandise. The lowest mean score for the dimension of ‚problem solving' indicated that respondents had less favourable perceptions of the retailer's willingness to accept returns and exchange, interest in solving customers' problems, and ability of employees to handle customers' complaints promptly.

Tab. 1: Factor analysis of retail service quality scale

Factor Analysis	Factor Loading
Factor 1: Personal Interaction	
This store gives customers individual attention.	0,746
Employees in this store tell customers exactly when services will be performed.	0,741
Employees in this store are never too busy to respond to customer's requests.	0,720
Employees in this store give prompt service to customers.	0,717
Employees in this store are consistently courteous with customers.	0,703
The behavior of employees in this store instill confidence in customers.	0,675
Employees in this store have the knowledge to answer customers' questions.	0,668
Customers feel safe in their transactions with this store.	0,636
Reliability Cronbach's Alpha = 0,892	
Eigenvalue = 8,928	
% of Variance = %33,068; Rotated % of Variance = %18,150	
Cumulative % of Variance = %33,068; Rotated C. % V.* = %18,150	
Factor 2: Physical Aspects	
The physical facilities at this store are visually appealing.	0,751
This store has modern-looking equipment and fixtures.	0,721
The store layout at this store makes it easy for customers to find what they need.	0,708
The store layout at this store makes it easy for customers to move around in the store.	0,688
This store has clean, attractive, and convenient public areas (restrooms, fitting rooms).	0,654
Materials associated with this store's service (such as shopping bags, catalogs, or statements) are visually appealing.	0,580
Reliability Cronbach's Alpha = 0,822	
Eigenvalue = 2,457	
% of Variance = %9,098; Rotated % of Variance =%12,562	
Cumulative % of Variance = %42,166; Rotated C. % V.* = %30,712	
Factor 3: Reliability	
This store performs the service right the first time.	0,683
This store provides its services at the time it promises to do so.	0,670
This store has merchandise available when the customers want it.	0,632
When this store promises to do something by a certain time, it will do so.	0,617
This store insists on error-free sales transactions and records.	0,607
Reliability Cronbach's Alpha = 0,784	
Eigenvalue = 2,097	
% of Variance = %7,765; Rotated % of Variance =%10,461	
Cumulative % of Variance = %49,931; Rotated C.% of V.* = %41,172	
Factor 4: Policy	
This store offers its own credit card.	0,901
This store accepts most major credit cards.	0,868
This store has operating hours convenient to all their customers.	0,663
This store offers high quality merchandise.	0,580
This store provides plenty of convenient parking for customers.	0,485
Reliability Cronbach's Alpha = 0,777	
Eigenvalue = 1,350	
% of Variance = %5,000; Rotated % of Variance =%9,930	
Cumulative % of Variance = %54,931; Rotated C.% of V.* = %51,102	
Factor 5: Problem Solving	
When a customer has a problem, this store shows a sincere interest in solving it.	0,711
This store willingly handles returns and exchanges.	0,691
Employees of this store are able to handle customer complaints directly and immediately.	0,666
Reliability Cronbach's Alpha = 0,866	
Eigenvalue = 1,210	
% of Variance = %4,480; Rotated % of Variance =%8,309	
Cumulative % of Variance = %59,411; Rotated C. % of V.* = %59,411	

* Rotated Cumulative % of Variance

Source: Authors' analysis results

3.2 Demographic Characteristics and Service Quality Dimensions

Table 2 shows the effect of demographic characteristics on perceptions of the various dimensions of retail service quality. Using t-test and ANOVA analysis, four significant associations (at the 0.05 level) were detected:(i) between age and the dimension of 'policy' (significance: 0.046); (ii) between monthly income and the dimension of 'physical aspects' (0.013); (iii) between marital status and the dimension of 'physical aspects' (0.017); and (iv) between marital status and the dimension of 'reliability' (0.001).

Tukey statistical tests were conducted to analyse these relationships in greater detail. With regard to the association between age and the dimension of 'policy', respondents whose ages were 65 years and above had lower perceptions for items about convenient parking areas and high-quality merchandise than did other age groups.

With regard to the relationship between income and the dimension of 'physical aspects', respondents with a monthly income of US$1500 and above had lower perceptions of the dimension of 'physical aspects' than did respondents with a monthly income less than US$1500. It would seem that there was a negative relationship between income level of respondents and their perceptions of the physical aspects of retail service quality (that is, higher incomes were associated with lower perceptions).

Tab. 2: Effects of demographic characteristics on perceptions of retail service quality

	(n)	Physical Aspects	Reliability	Personal Interaction	Problem Solving	Policy
Sex						
Male	280	4.998	4.941	4.888	4.431	5.580
Female	368	4.995	5.019	4.876	4.246	5.453
t-value		0.032	-0.902	0.156	0.993	1.940
(t-sig.)		0.975	0.368	0.876	0.322	0.053
Age						
18-24	152	5.026	4.900	4.883	4.189	5.537
25-34	208	5.090	5.052	4.837	4.279	5.481
35-44	138	5.029	5.061	4.992	4.633	5.516
45-54	74	4.923	5.097	4.953	4.703	5.611
55-64	46	4.783	4.791	4.734	3.710	5.635
65 and over	30	4.567	4.640	4.725	3.956	5.067
F-value		1.144	1.531	0.895	1.783	2.282
Sig.		0.337	0.180	0.484	0.116	**0.046**[**]
Marital Status						
Married	430	5.098	5.088	4.934	4.478	5.528
Single	158	4.867	4.767	4.772	4.080	5.519
Divorced	44	4.720	5.009	4.886	4.121	5.391
Other	16	4.313	4.325	4.547	3.250	5.175
		0.017[**]	0.001[**]	0.163	0.064	0.289
Monthly Average Salary(USD)						
950<=	154	4.996	4.912	4.797	4.095	5.538
951-1,500	246	5.096	5.070	4.956	4.488	5.502
1,501-1,900	140	5.071	5.063	4.911	4.443	5.489
1,901-2,500	62	4.763	4.884	4.919	4.505	5.374
2,501>=	42	4.389	4.619	4.643	3.619	5.657
F-value.		3.219	2.056	1.340	1.812	0.820
Sig.		0.013[**]	0.086	0.255	0.126	0.513

* Variances assumed to be equal; **: significant at 0.05.

Source: Authors' analysis results

With regard to the relationship between the marital status of respondents and the dimension of ‚physical aspects‘, married respondents were found to have higher perceptions of this dimension than respondents who were single or divorced.

With regard to the relationship between marital status and the dimension of ‚reliability‘, married and divorced respondents had higher perceptions than single respondents for two items (‚store provides its services at the time it promises to do so‘; and ‚store performs the service right the first time‘).

3.3 Service Quality and Behavioural Intentions

Regression analysis was conducted to test the hypotheses regarding retail service quality and behavioural intentions. The results are presented in Table 3.

Multiple regression analyses were also conducted with ‚repurchase intention‘ and ‚intention to recommend‘ as dependent variables and the five dimensions of retail service quality as independent variables. The results of the multiple regression analyses are presented in Table 4. The variables were checked for multicollinearity. The VIF scores reported in the table show that the VIFs are well below 10 indicating that there is no cause for concern about the multicolliniearity.

In terms of the relationship between the five dimensions of retail service quality and overall perception of retail service quality, the adjusted R^2 (0.859) was statistically significant. The retail service quality dimensions thus explained approximately 86% of the variance in the respondents‘ overall perception of service quality. All dimensions were statistically significant, which indicated that all dimensions influenced the respondents‘ overall perceptions of service quality.

Tab. 3: Testing of hypotheses

Hypothesis 1: Intention to re-buy – Overall Service Quality Perception				
	R (correlation)	**R^2**	**ANOVA (F)**	**Beta**
Value	0.725	0.526	356.986	0.0725
p-value	0.000		0.000	0.000
Hypothesis 2: Intention to recommend – Overall Service Quality Perception				
	r (correlation)	**R^2**	**ANOVA (F)**	**Beta**
Value	0.753	0.567	422.088	0.0753
p-value	0.000		0.000	0.000

Source: Authors' analysis results

The results show that retail service quality had a positive effect on customers‘ future buying decisions. Correlation analysis indicated that there was a strong correlation of 0.725 between the two variables [51]. Hypothesis H1 (which proposed that retail service quality has a positive effect on intention to repurchase) was therefore confirmed.

There was also a positive correlation between retail service quality and intention to recommend. Correlation analysis between two dependent variables again showed a strong correlation of 0.753. Hypothesis H2 (which proposed that retail service quality has a positive effect on intention to recommend) was therefore confirmed.

The relationship between the five dimensions of retail service quality and repurchase intention was relatively weak. However, the adjusted R2 (0.460) was statistically significant. The five retail service quality dimensions thus explained 46% of the variance in repurchase intention. In terms of individual dimensions, only ‚physical aspects‘, ‚reliability‘, and ‚problem solving‘ were shown to be statistically significant in their effect on repurchase intention (with the ‚reliability‘ dimension being relatively weaker than the other two dimensions).

In terms of the relationship between the five dimensions of retail service quality and intention to recommend, the adjusted R2 (0.478) was

Tab. 4: Multiple regression analyses of five dimensions of retail service quality and behavioural intentions

Dimensions	B	β	Signifi-cance	VIF
Relation between "Five Service Quality Dimensions" with "Overall Service Quality"				
Physical Aspects	0,403	0,339	0,000*	1,431
Reliability	0,320	0,221	0,000*	1,829
Personal Interaction	0,242	0,149	0,000*	2,020
Problem Solving	0,271	0,402	0,000*	1,949
Policy	0,153	0,080	0,001*	1,168
Adjusted R^2 = 0.859, *p<0.05				
Relation between "Five Service Quality Dimensions" with "Intention to Buy"				
Physical Aspects	0,298	0,284	0,000*	1,431
Reliability	0,156	0,121	0,030*	1,829
Personal Interaction	0,006	0,004	0,944	2,020
Problem Solving	0,238	0,398	0,000*	1,949
Policy	0,056	0,033	0,458	1,168
Adjusted R^2 = 0.460, *p<0.05				
Relation between "Five Service Quality Dimensions" and "Intention to recommend"				
Physical Aspects	0,328	0,304	0,000*	1,431
Reliability	0,188	0,143	0,010*	1,829
Personal Interaction	0,114	0,077	0,182	2,020
Problem Solving	0,178	0,290	0,000*	1,949
Policy	0,142	0,082	0,063	1,168
Adjusted R^2 = 0.478, *p<0.05				

Source: Authors' analysis results

statistically significant. The retail service quality dimensions thus explained approximately 48% of the variance in the respondents' intention to recommend. Of the individual dimensions, only ,physical aspects', ,reliability', and ,problem solving' were shown to be statistically significant in their effect on intention to recommend (with ,physical aspects' and ,problem solving' being stronger than ,reliability').

4. Conclusions and Managerial Implications

The measurement of service quality has become a significant marketing tool for retail stores that wish to develop a competitive advantage by learning about their customers' consumption experiences. The present study has contributed to the research literature on retail service quality in at least three ways: (i) by adding to the relatively scant research literature on retail service quality in general; (ii) by validating the implementation of the ,retail service quality scale' (RSQS) [1] in a cultural setting (Northern Cyprus) in which it has not previously been applied; and (iii) by providing empirical evidence of how retail service quality dimensions influence the behavioural intentions of customers (repurchase intention and intention to recommend) in this setting.

The results of the study have demonstrated that the five dimensions of the original RSQS of Dabholkar et al. [19] did factor out in the retail setting

of Northern Cyprus, and that the individual items (with one relatively minor exception) were located on the same dimensions as in the original study. Moreover, multiple regression analyses of the five dimensions showed that all had a significant effect on the respondents' perceptions of overall retail service quality. It is thus apparent that managers of retail stores in this cultural setting should pay attention to all services (categorised under the five dimensions) if they wish to enhance their customers' perceptions of retail service quality.

The study has also confirmed the proposed hypotheses regarding positive relationships between perceptions of retail service quality and behavioural intentions (intention to repurchase and intention to recommend). The retail service quality dimensions of ‚physical aspects' and ‚problem solving' were the most significant in terms of customers' intention to repurchase and intention to recommend. The dimension of ‚reliability' was also significant in terms of behavioural intentions, but not to the same extent as ‚physical aspects' and ‚problem solving'.

Among the individual retail service quality dimensions, ‚policy' was regarded most favourably by the respondents in the present study. This indicated that such policies as ample parking space, acceptance of credit cards, convenient opening hours, and the offer of quality merchandise satisfied these respondents. In contrast, the dimension of ‚problem solving' was rated as the weakest dimension by the present respondents. This indicated less satisfaction with handling customers' problems, willingness to accept exchanges and returns, and the employees' ability to handle customers' complaints. To improve this dimension of retail service quality, management should: (i) provide ongoing training programs for staff members regarding customer relations; (ii) delegate authority to empowered staff members to handle customers' problems and complaints promptly; and (iii) retain successful employees and minimise staff turnover.

In terms of respondents' demographic characteristics and their perceptions of retail service quality dimensions, two findings were of particular interest: (i) customers with a monthly income of US$1500 and above had lower perceptions of the dimension of ‚physical aspects' than did customers with a lower level of income; and (ii) married customers had higher perceptions

of ‚physical aspects' than did customers who were not married. Management would therefore be well advised to identify the reasons of these lower perceptions of ‚physical aspects' among customers with a higher income and those who are not married. Management should then seek to develop appropriate policies to improve the physical aspects of their retail service quality and thus achieve a better response regarding this important aspect of the retail service quality that they offer.

In conclusion, it is apparent that retail stores need to gain and maintain a competitive advantage if they are to survive in this highly competitive sector. To do so, management must recognise that retail service quality is a crucial marketing tool. Retailers should frequently assess their customers' perceptions of service quality and develop appropriate policies to meet their customers' expectations. In undertaking such measurement, the ‚retail service quality scale' (RSQS) [19], which has been shown to be applicable to the culture of Northern Cyprus, is likely to be useful and valid in a range of other cultures. Nonetheless, it would be interesting to see it formally tested by other researchers in a variety of other cultures to ensure that the scale is adaptable and reliable. It would also be interesting for future studies to assess both expectation measures and perception measures to ascertain whether gaps between expectation and perception represent a significant issue in assessing retail service quality.

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ABSTRACT

RETAIL SERVICE QUALITY AND BEHAVIOURAL INTENTIONS: AN EMPIRICAL APPLICATION OF THE RETAIL SERVICE QUALITY SCALE IN NORTHERN CYPRUS

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In the highly competitive retail sector, the provision and measurement of superior retail service quality is crucial for gaining a sustainable competitive advantage. Service quality is an important strategic weapon in retail contexts, particularly in developing defensive marketing strategies. The measurement of service quality in a retail setting is somewhat different from the measurement of service quality in other pure service settings. The most widely known and discussed scale for measuring service quality -SERVQUAL- has not been successfully adapted to and validated in a retail store environment. The ‚retail service quality scale‘ (RSQS) [1] has been validated in the USA, Hong Kong, and Korea, but not in other cultural settings. Only a limited number of studies have attempted to measure service quality in retail settings, so there is a significant gap in the literature regarding this area of research. The present study addresses this gap by applying the RSQS among 648 customers of a large chain of retail stores in Northern Cyprus. The study also proposes and tests two hypotheses regarding the relationship between retail service and customers‘ behavioural intentions. The results confirm the applicability of the original five dimensions of the RSQS in the setting of Northern Cyprus. Retail service quality is shown to be positively related to behavioural intentions (intention to repurchase and intention to recommend). Multi-regression analyses reveal that the dimensions of ‚physical aspects‘, ‚problem solving‘, and ‚reliability‘ have the greatest impact on customers‘ behavioural intentions. The study also analyses the relationship between certain demographic characteristics and perceptions of service quality. The results, managerial implications, and suggestions for future research are discussed in detail.

Key Words: retailing, service quality, perceptions, Northern Cyprus.

JEL Classification: M31.