

Do High- quality of service and Luxurious physical environment go hand in hand- A Review

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ABSTRACT

Value for customer in general means the difference between the perceived benefits and the price that they paid for the service or a product. Understanding this concept of value is core in setting the marketing strategy and other aspects of revenue generation. The companies which are customer centric consistently try to close the gap by changing several attributes and creating superior customer values & aligning value according to customer's expectations. The marketing team of a company normally create customer values to drive their customer satisfactions and loyalty.

Why a company should create value and match customer expectations? The 'Value' has direct relationship with the customer satisfaction. Higher the value perceived by the customer, higher the customer satisfaction. Higher customer satisfaction often leads to, (i) Better retention rates (ii) Higher customer lifetime value (iii) Lower customer acquisition and (iv) Positive word of mouth.

The concept of value goes beyond service attributes, reliability, consistency, speed in a service company. and the costs of the service & quality are greatly affected by service scape or the physical environment which forms the part of service. However, there is a general tendency amongst the customers that the luxurious service often means high quality of service. But it's not the same at all occasions.

Servicescape is the organization of the physical atmosphere involved in creating and delivering the service. The definition given by Bitner for service scape is "The totality of physical setting and ambient conditions designed and managed by service firms in which the service is assembled, seller and customer interact, and service delivery takes place".

As given by the definition, everything that is physical which the customer is exposed to and interacts with. A well-designed service scape can help in smoother flow of service delivery from the employee to the customer or at the Moment of Truth.

A unique service scape will help in achieving a point of differentiation amongst the customer and a Luxurious service scape will help in creating a perception of high service quality

Keywords

physical environment, high-quality, Service

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Purpose of the Study

The study is performed to explore relationships between the service tangibles and intangibles and the impact it would have on the service quality, also study service quality dimensions.

The major Objectives of the study are:

- To study the correlation between luxurious service environment and service quality
- To determine the dimensions of service quality and their effect on the perceived service quality
- To study which factors brands has to be focusing on to improve the customer perceived quality

Hypothesis of the Study:

Hypothesis 1:

H0: There is a significant correlation between service quality and service scape rating

H1: There is no significant correlation between service quality and service scape rating

Hypothesis 2:

H0: There is no significant difference in level of importance in different dimensions of service quality amongst different spenders

H1: There is a significant difference in level of importance in different dimensions of service quality amongst different spenders

Literature Review

Luxury physical environment plays a very essential role in creating a perfect perception for the consumers. It is a very dominant factor which may create a strong brand loyalty among the consumers. The second most important factor is the high service quality. Both the luxury environment and high service quality of a place, be it a hotel chain, a retail store, a salon or spa service or an airline service help in providing the best experience to the customers. The aesthetics, design and ambience of a physical surrounding helps in building a strong positive perception in the minds of the customers. Several studies have been conducted to establish a correlation between the two important factors as discussed above. (Lee, 2011).

The individuals who have considered coffee shop's conduct, discover the effect of eatery's exhibition dependent on new and experienced clients. The examination demonstrates how seen execution (drinks, offices, administration, sustenance and atmospherics) distinctively impacts existing and new client's expectations to come again and vouch for the café to new customers. For new individuals, nourishment, offices, and refreshments are pivotal variables that influences their observation to return to and recommend it. Existing clients,

be that as it may, will suggest and return to it, in the event that they are happy with its administration execution. (Chen, 2015).

Physical environment is defined as a man-made environment. Ellen and Zhang stated that internal response is based on emotional, cognitive and satisfaction, and the external response was to repurchase, and to remain there. Based on all this, effects of the designed physical environment on people has become a new research topic for study. In specific, the effects of the physical environment in the retail sector have been studied, and the focus is on quality, price, perception, emotional and psychological impacts on people. (Serap, 2018).

An alternate report centers around wellbeing and health the travel industry, especially the involvement in Spa and Salons condition. Present at numerous spots, these consolidate the tasteful treatment with different unwinding strategies and items with components that pursue. The examination demonstrated that climatic prompts and inclusion are vital components of unwinding and joy. The sentiment of unwinding prompts fulfillment than joy. Also, for this nature of treatment the more expensive rate of administrations is adequate and they match up with one another. (Sandra, Marta, 2013).

(Ryu,2010) studies the individual atmospherics that influences customer experience in upscale restaurants. They consider factors such as aesthetics, ambience, interior décor, lighting, social factors and their impact on loyalty and customer satisfaction. The paper shows that aesthetics is the most important factor in physical environment of a restaurant.

Research Gap:

From the literature review we know that there have been multiple studies that have studied the various scopes of service quality and their impact. There are also multiple studies which researches about the service scape and its impact. But there is scarce of studies which deeps dive into impact of luxurious environment on service quality. This study will also touch upon various case-based scenarios where the type of sector requires a luxurious environment compulsorily and the sectors which does not requires such setup.

Research Methodology:

An exploratory research study is being conducted to study the objectives of the research and is supported by hybrid of extensive quantitative research and qualitative research techniques to test the hypothesis, to create insights and to draw the recommendations based on the study findings.

Sampling Design:

Target Populations:

All the people who have availed luxurious service from the different spheres of influence of the team members formed the target populations.

Sample Unit/ Sampling Frame:

Theoretically the target population is huge, we decided to reduce the scope of the sampling population to 6 sectors namely,

- 1) Restaurants
- 2) Spas
- 3) Airlines
- 4) Hotels
- 5) Retail stores
- 6) Hospitals

Sampling method:

The samples were selected by the systematic random sampling method – a Probabilistic technique where each of the member in the target population had equal chance of getting selected.

Execution of the sampling process:

Sampling process is been conducted by survey by floating the questionnaire through the social media.

Survey instruments:

A self-administered questionnaire was created with few questions on demographic details were asked. Based on the literature review some major scopes of high perceived service quality (Both intangibles and tangibles) were determined. Then the we asked the sample population to rate the factors on a 5 point Likert scale on all the factors.

Theoretical framework:

To study the impact of the type of sector on the research problem, along with the primary data, the team also has done case-based analysis. We have taken the following two cases and discussed in brief with the help of secondary research articles,

CASE 1:

Scenario - 1

In Military departments most of the countries tries to develop their arsenal with the latest weapons not to use them or participate in war but to instill a sense of safety inside the minds of people. Several studies (Arthur Dominic Vissanta, 2016) have shown that the people and the soldiers doesn't feel safe when the Weapons are of average type. This hypothesis also strengthened by certain actions which came into limelight like Mr.Abhinandan Varthaman used a 50 year old MiG21 Bison Plane and crashed. Which questioned the level of safety.

Scenario – 2

Tirupati Balaji temple is well known for its luxurious physical environment. Owing to several other factors the overwhelming feedback from Tripadvisor (more than 92% have given very good or excellent as feedback). However, recently at Varadharaja Temple at Kanchipuram there was a fest surrounding the Darshan of Lord Athi varadhar who is up for public worshipping after 40 years. However, owing to poor infrastructure, the quality of darshan wildly differed from person to person which is well documented on all 40 days by channels like News7, ThanthiTV and Puthiya thalaimurai TV

CASE 2:

The restaurants are well known to have a deceptive or subpar servicescape, but the service in itself is of very high quality to the pleasant surprise of people. One of such restaurants is “Sundari Akka kadai” in Chennai which is a small restaurant Marina beach selling fish-based foods on a truck. However due to high service quality and the food quality, the word of mouth got stronger. Now its service quality is been captured by major national media.

Empirical or theoretical results:

The sample data collected is reliable as given by the Cronbach’s Alpha Value of 0.717. The KMO value of 0.774 suggests that there is adequate number of samples to conduct the factor analysis

The significance value of Bartlett’s Test of sphericity is <0.05, therefore there is enough amount of correlation to conduct the factor analysis. The Eigen value of the factors are greater than 1 for four factors

The rotated component matrix gives 4 factors, which are

- i) Intangible service dimensions
- ii) Tangible service dimensions
- iii) Physical (Immovable) objects and price
- iv) Ratings

The 4 factors combine together to explain about 54% of variance of the questionnaire.

There is a substantial correlation among service scape and service quality and it is positive & significant which proves our hypothesis. Based on the ANOVA test the following results were made:

There is a significant difference in importance shown on high price.

There is a significant difference in importance shown on rank of the service equipment’s

Ratings of the service quality and quality of physical environment (Servicescape) is same across different spending group.

There is no significant difference when it comes to Temperature, Aroma, Staff uniform and props, Communication materials, Cleanliness, Architecture and interior design, responsiveness, reliability, credibility, ease of contact etc.

Managerial implications for theory and practice and Conclusion:

Some of the recommendation that can be drawn from the analysis are,

High emphasis must be given to the pricing of the service as people tend to associate high service quality with high pricing. Suitable Targeting and segmentation methods must be applied to find out the spending pattern of the customers. Since high spenders expect luxurious environment as proved by Factor analysis and ANOVA. The type of sector also plays an important role in deciding to set up an luxurious servicescape, therefore it is not necessary for all the sectors to convince the customers to high perceived service quality From the analysis and the literature review it is identified that perceived service quality and luxurious service scape have a positive correlation among each other. However, when we take case by case scenario of different sectors and

check for the hypothesis with the secondary literature study, it comes out for certain sectors like, Military service, Temple, Hi – speed Internet service, Security solutions the luxurious service environment and the high service quality go hand in hand. But the services like Hotels, Restaurants and hair salons/spa, the luxurious service environment does not necessarily mean high service quality as people expect more intangible dimensions. In conclusion, the luxurious service environment does not always mean high service quality always

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