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Applicability of RSQS at Convenience Stores Perspective in Ongkharak, Thailand

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ABSTRACT

Understanding customer satisfaction in the dimensions of service quality has become a major study in the field of marketing research. The main aim of this study was to analyze the applicability of RSQS at convenience stores in the Ongkharak district of Thailand. Three hundred and fifty structured questionnaire was used to collect data from 3 convenience stores in OngKharak of which two hundred and ninety four valid questionnaires were used for analysis. The significant difference among consumers opinion towards RSQS dimensions for measuring retail service quality has been identified. The one-way ANOVA results prove that there is no significant difference among gender towards all the attributes related to RSQS dimensions except "Courteousness of employees" and "Acceptability of Debit and Credit Cards". It is explored from regression analysis that all the independent variables related to RSQS dimensions has positive impact on dependent variable "Overall Satisfaction of Retail Service Quality" except for two factors personal interaction and policy the hypothesis is rejected, because some attributes "acceptability of debit/credit cards", "The store has its own value card", "safety in transaction", have negative impact on overall satisfaction of retail service quality. Though measuring customer satisfaction under service quality dimensions have been researched, the authors recommend that further research in the same field including customer loyalty should be done to understand the consumer behavior better.

KEYWORDS : *Retail Service Quality Scale, Service Quality, Convenience Stores, Customer Satisfaction.*

INTRODUCTION

The Thailand retail industry has been classified into two divisions' namely traditional retail and modern retail. At first retail business was not established in Thailand until 1955. Until that time 100% of economic activity occurred within an ad hoc market/ trading environment dominated by small traders, and highly inefficient. Next, the modern retail is the term officially given to the organized, scalable and professionally managed retail industry as we know it. By 1998, 35% of the goods sold in Thailand was claimed by modern retail. This growth trajectory has continued with modern retail expected to capture 65% by 2015. The timeline of the development of modern retail has been stated as follows: 1. Development of Department Stores (1964-1982), 2. Expansion of stores to suburbs (1983-1986), 3. Foundations of the Modern retail trade and over-investment (1987-1997) a. 7-Eleven, 1989; Cash n Carry, 1988; Seacon Square, 1994; Office Depot, 1996; Power Buy, 1996, National Expansion. Later in 1997, Asian Financial crisis occurred, which leads to devaluation of baht and insolvency pressures. The Government lifted the normal 49% ceiling for foreign shareholding, allowing investments into Thai retail by Carrefour, Tesco, Casino group, SVH Holdings, Royal Aheld and others. Foreign ownership now dominant in the 'Modern Trade' retail sector which contributes to grow at the expense of the traditional sector/livelihoods/votes. There are seven categories in Modern Retail. 1. Hyper Market, 2. Super Market, 3. Convenience, 4. Cash and Carry, 5. Category Killer, 6. Specialty and 7. Department Store. From 2015, Thailand becomes part of a ASEAN free trade zone with a market of 600 million people-offering both risks and opportunities for the retail sector. Some say Thailand is poised to benefit; others warn this should not be seen as foregone conclusion. Whereas, modern retail will continue to gain market share against traditional. This retail sector will continue to attract interest of the investors. Though the difficulties are recognized, Thailand remains an attractive growth market. CP, the 7-Eleven owners have just announced their intention to go from their present 4000 outlets to 10000 outlets by 2020.

Convenience Sector

A convenience store is small store, often located alongside busy roads in densely-populated areas, that sells items such as snack, ice-cream, beverages, cigarettes, selection of processed food, groceries, newspapers and magazines, toiletries, and hygiene products. Some of these stores also offer services like bill payment, etc. Convenience stores became the new competitive sector in the retail business after CRC took over Family Mart in Thailand. Although 7-Eleven has the biggest share in this sector, there is still room for growth. Many brands are focusing on convenience stores by increasing the number of branches throughout Thailand. There are 15 prominent players in the convenience store sector. This sector is dominated by **7-Eleven** who is expanded very rapidly with 7,816 stores as of 2013, half of which are situated at Bangkok. Thailand has the 3rd largest number of 7-Eleven stores after Japan and United States. Other large players include **V Shop Express**, **Mini Big C**, **Family Mart**, **Tesco Lotus Express, etc.**

Purpose of the Study

The main aim of the study is to analyze the applicability of RSQS at convenience stores in Ongkharak, Thailand. RSQS is Retail Service Quality Scale developed by Dabholkar, etal (1996) for measuring Retail Service Quality. In this study, the same RSQS scale was used to measure the retail service quality at convenience stores with some additions and deletions according to Thailand Retail context. The purpose of the study is to identify the significant difference among consumers opinion towards RSQS dimensions for measuring retail service quality. Also, it attempts to identify the prime dimensions, which influence consumers. And it measures the impact of retail service quality dimensions towards overall satisfaction level of consumers towards retail service quality.

REVIEW OF LITERATURE

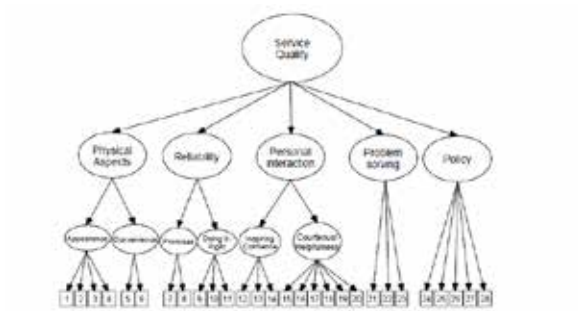
Service Quality Dimensions-

"SERVQUAL method is a technique that can be used for performing a gap analysis of an organization's service quality performance against customer service quality needs". (Parasuraman et al. 1988)" The Service Quality Model and its Dimensions are: 1. Tangibility, 2. Reliability, 3. Responsiveness, 4. Assurance, 5. Empathy.

Retail Service Quality

The term retail service quality is difficult to measure and it can't be approached in the same as in the product/service environment. And it is necessary to look at quality from the perspective of services as well as goods and derive a set of items that accurately measure different construct (Mehta et al 2000). Measuring service quality, can be rather complicated and difficult especially in multiple specialties retailing where it combines the selling of goods and services to the customers as well as the customers' expectations of knowledgeable, helpful staff to assist them during their shopping experience (Gag-

liano & Hathcote, 1994). Despite the fact that SERVQUAL has been empirically tested in various studies involving "pure" service settings, it has not been proven to be successfully applied in a retail setting (Dabholkar at al., 1996; Mehta et al., 2000) and also more specifically, in apparel specialty stores. Service quality in "pure" service settings and retail settings differ in the sense that quality is seen from the perspective of not only services but goods as well. Realizing the need for investigating the dimensions of service quality in retail stores and developing a scale to measure retail service quality, Dabholkar et al. (1996) conducted phenomenological interviews, exploratory depth interviews, and used qualitative study techniques for tracking the thought processes of customers during an actual shopping experience at a store. Five new dimensions are concluded, which are Physical aspects, Reliability, Personal interaction, Problem solving and Policy. As an improvement over SERVQUAL the Physical aspects dimension as proposed in RSQS had a broader meaning as compared to the Tangibles dimension of SERVQUAL. Dabholkar et al. (1996) believed that retail service quality had a hierarchical factor structure, where overall service quality be viewed as a higher or second order-factor. RSQS included 28 items, 17 of which came from the existing SERVQUAL scale and the remaining 11 items from the literatures and qualitative research, 5 items of SERVQUAL were deemed inappropriate and dropped. Dabholkar et al. (1996) tested the RSQS with US department store customers. The scale was found to possess strong validity and reliability, the scale was suited for studying retail businesses that offer a mix of services and goods. The instrument could serve as a diagnostic tool that would allow retailers to determine service areas that were weak and needed attention. According to Dabholkar et al. (1996), retail service quality had a hierarchical factor structure which comprised of five basic dimensions. The five dimensions proposed are: Physical Aspects, Reliability, Personal Interaction, Problem Solving and Policy.



Source: (S.Kaul, 2007)

Research Gap

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. 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 in the original study by Dabholkar et al. in the USA. The same RSQS has been applied in retail-store settings in Hong Kong, Vietnam, Estonia, Korea, and India. The present study is in the setting of ongkharak, Nakhon Nayok province a sub-urban area will help to bridge a gap in the literature. It is rarely found in the literature. On the basis of the above discussion, the following hypotheses are proposed for the present study to measure retail service quality in convenience stores at Ongkharak, Nakhon Nayok Province:

HYPOTHESIS FORMULATION

H1: There is a positive impact of physical aspects on overall satisfaction towards retail service quality.

H2: There is a positive impact of reliability on overall satisfaction towards retail service quality.

H3: There is a positive impact of personal interaction towards overall satisfaction of retail service quality.

H4: There is a positive impact of problem solving on overall satisfaction towards retail service quality.

H5: Policy has positive impact on overall satisfaction towards retail service quality.

RESEARCH METHODOLOGY AND DATA COLLECTION

Research is basically to find out the consumers opinion towards retail service quality at convenience stores and it does not focus on any causal analysis, hence the total research is basically a descriptive research design. 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 and non-probability convenience sampling method was adopted for this study. Primary Data were collected from consumers of all popular convenience stores at Ongkharak. 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. The validated Retail Service Quality Scale (RSQS) which was developed by Dabholkar et al. (1996) was utilized in this study. There were altogether 28 items in the RSQS whereby 17 items originated from the SERVQUAL scale while the remaining 11 items, which were believed to be related to retailing, were added in by Dabholkar et al. (1996). Responses to all the statements in the questionnaire were measured on a five-point Likert Scale, ranging from 1 = strongly disagree to 5 = strongly agree. A pilot study was conducted with a sample of 30 respondents, which revealed that one item (.employees treat customers courteously on the telephone') within the third dimension (personal interaction') was somewhat inappropriate because customers of convenience stores at Ongkharak prefer to visit stores personally for their purchases and related services and as it is a convenience stores telephone facility is not necessary. So the item has been deleted from the questionnaire. Also, one item from physical aspects also been deleted, as convenience store don't have physical facilities like rest rooms for customers and one item "The store handles returns and exchanges" from problem solving, as the convenience stores don't have exchange and returns, because already they maintain best. The questionnaire was administered before the respondents' shopping experience in accordance with the recommendation of Rust and Oliver, 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 350 respondents. Of these, 294 valid questionnaires were found to be appropriate for analysis.

ANALYSIS AND DISCUSSION

In this research, the gender of the respondents is composed of 178 male (61%) and 116 female (59%).The majority group of respondents' are in the age group of 46-55 & 36-45, which consists of 251 respondents and contributed 85.0% of sample size and rest of the respondents are distributed to 15% in all other age categories. The majority group of respondents' education level is Bachelors Degree consists of 191 respondents and high school level consists of 81 respondents, together it accounted for 272 respondents and contributed 92.5% of the sample respondents. Following with the designation of the respondents, 180 respondents are engaged with their own business ie.61 %, 25 % of the respondents are working in Non-Government Sector and 15% of the respondents fall in students and other category of occupation. Hence Majority of the respondents are doing Business. And major proportionate of the consumers visit the store weekly thrice i.e. 65 %, 20 % of the consumers visit the store occasionally and remaining 15% has been distributed equally to all other categories. (Daily, weekly twice, once a week). None of the consumers leave long gap to visit the stores i.e. monthly. Hence most of the consumers visit the store in short gap. And 88% of the consumers do not hold value card of the convenience stores and 12% of the consumers hold value card. Major proportionate of the consumers purchase cool drinks/soft drinks, frozen food and snack food, which accounts for 93% and remaining 8 % buy fresh food and FMCG.

Result of One-Way ANOVA

H_0: There is no significant difference between the respondents opinion based on gender towards RSQS dimensions.

H_1: There is significant difference between the respondents opinion

based on gender towards RSQS dimensions.

In one-way ANOVA, all the attributes related to RSQS dimensions towards Retail Service Quality does not differ among gender. Because the significance value for all the variables are greater than 0.05, but for the attributes "Courteousness of employees", "Acceptability of Debit and Credit Cards", is less than 0.05 indicates that there is a difference among gender's opinion towards RSQS dimensions. Hence Ho is rejected.

Results of Regression

Hypothesis Testing

Hypothesis: There is a positive impact of RSQS dimensions on overall satisfaction towards retail service quality.

Model		Unstandardized Coefficients	Sig.	R^2 and Adjusted R^2-Model Fit	Hypothesis Accepted/ Rejected
		B			
Physical Aspects	(Constant)	1.698	.000	37% & 14%	Accepted
	Equipment& fixture	.022	.744		
	Visual attractiveness of physical facilities	.065	.202		
	Visual appeal of associated materials	.197	.000		
	Easiness to find the desire product in the store	.080	.098		
	Enough space in the store to move around	.151	.001		
Reliability	(Constant)	1.750	.000	49% & 24%	Accepted
	Commitment to service	.093	.023		
	Punctuality	.142	.001		
	Performance of Service	.155	.000		
	Enough Merchandise	.074	.057		
	Correctness of Sales transaction and Records	.079	.042		
Personal Interaction	(Constant)	1.268	.000	52% and 27%	Rejected
	Employees Knowledge	.078	.044		
	Employees Behavior	.119	.002		
	Safety in Transaction	-.008	.847		
	Prompt Service	.062	.194		
	Employees and service timing	.092	.033		
	Employees readiness to respond to customer request	.121	.004		
	Individual attention to customers	.096	.028		
	Courteousness of employees	.147	.001		
Problem Solving	(Constant)	1.903	.000	55% & 30%	Accepted
	Sincerity in customer problem solving	.306	.000		
	Employees ability to handle customer complaints	.248	.000		
Policy	(Constant)	2.763	.000	26% & 6%	Rejected
	High Quality Merchandise	.108	.034		
	Convenient Parking	.166	.000		
	Convenient operating hours	.042	.302		
	Acceptability of Debit/Credit Cards	-.021	.732		
	Own Value Card	-.036	.496		

a. Dependent Variable: Overall Satisfaction of Retail service Quality

It is explored from regression analysis, all the independent variables related to RSQS dimensions has positive impact on dependent variable "Overall Satisfaction of Retail Service Quality" except for two factors personal interaction and policy the hypothesis is rejected, because some attributes "safety in transaction", "acceptability of debit/ credit cards", "The store has its own value card" have negative impact on overall satisfaction of retail service quality.

The point to ponder out here is, it is obvious that RSQS dimensions lead to store improvement and consumer satisfaction. But, the managers should understand the consumers buying behavior based on RSQS dimensions in convenient stores perspective for further improvement. And can also have insight into other aspects of retail service quality in convenience stores for enhancing service quality.

CONCLUSION

This research address issues in measuring retail service quality using RSQS at convenience stores. It reveals the applicability of RSQS at convenient stores and answer queries like how consumers perceive retail service quality? Is there is positive and strong association between RSQS dimensions and overall satisfaction? Is there is positive impact of RSQS dimensions towards overall satisfaction of retail service quality? And it provides information related to consumers opinion towards service quality at popular convenience stores, which helps the store managers to improve the store to succeed in competitive pace. Also, this will enhance the overall consumer satisfaction level and satisfaction towards RSQS dimensions. Though measuring customer satisfaction under service quality dimensions have been researched, the authors recommend that further research in the same field including customer loyalty should be done to understand the consumer behavior better.

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