AN EMPIRICAL STUDY OF CUSTOMERS EXPECTATIONS AND PERCEPTIONS OF SERVICE QUALITY; A CASE STUDY OF NAKUMATT MEGASTORES IN KENYA.

Puja Malhan

PhD Research Scholar,
Lingayas University, Faridabad, Haryana

Abstract— **The study aims to measure the customers' expectation levels of service quality in the food retail sector against their perceptions levels of the service quality at Nakumatt hypermarkets and to determine the gap between customers' expectations and their perceptions of the service quality.**

A descriptive research design was adopted to carry out the research. Using a SERVQUAL survey instrument based on the Dabholkar RSQS model this study was conducted with customers from Nakumatt stores in Nairobi Kenya. . Through a self reported questionnaire, 150 respondents were approached using a convenience sampling method from the store locations.

Key findings include confirmation that customers have higher expectations for service quality in retail supermarkets than is anticipated. Gap 5, which is a gap between customers' Expected Service and customers' Perceive This study does not differentiate applicability of the RSQS in the different formats of the retail store. Future research should examine the impact of the different retail formats in using the scale for measuring retail service quality. Also the customers were a little reluctant in revealing the information because of the lengthiness of the questionnaire.

This is one of the few studies which attempted to investigate customers' expectations of service quality in retail supermarket in Kenya. d Service, was identified.

Index Terms— **Service Quality, Customers, Expectations, SERVQUAL, Service Quality Model.**

I. INTRODUCTION.

For the past few years, retail sector has been experiencing the highest growth rate in terms of revenues in many countries as well as in Kenya. Despite the ongoing concern about service quality, most of the retailers in kenya focus primarily on expanding their customer base and tend to overlook investing in service quality. In the context of such an intensifying competition in this sector, service quality is imperative to achieve competitive advantage. . In the last decade, many firms have come to realize that understanding, meeting and anticipating customer needs is probably the most important source of sustained competitive advantage (Vilares & Coelho, 2003). In-depth knowledge of how to satisfy customers is particularly important in developing countries such as Kenya, where small convenience stores still have a strong presence in comparison with large supermarkets that are expanding to sub-urban areas and elsewhere. Organisations need to be able to satisfy customers and meet their expectations of service quality in order to gain competitive advantage (Gagliano & Hathcote, 1994) (Lovelock, Christopher, 2007) states that Satisfaction means that a supermarket has just barely met the customer's expectations, not exceeded nor disappointed those expectations. The benefits of taking the customer's response beyond satisfaction at this level by exceeding expectations, is a competitive strategy many retailers aspire to achieve. This in turn also states the fact that customers derive their perceptions of service quality on the levels of satisfaction they experience with a particular retail organisation. Thus marketers need to continually assess customers' expectations of service quality in order to avoid customer dissatisfaction (Zeithaml, Bitner, 1996). a must be investigated through a formal research. To fill this research gap, this study replicates Dabholkar, Thorpe and Rentz's (1996) work and evaluates their retail service quality instruments' validity and reliability.

II. RETAIL SERVICE QUALITY AND THE INSTRUMENT

Dabholkar, Thorpe and Rentz (1996) proposed that retail service quality has a hierarchical factor structure. While different researchers think of retail service quality at different levels. Dabholkar, Thorpe and Rentz (1996) proposed five dimensions — physical aspects, reliability, personal interaction, problem solving, and policy. They

also expanded sub-dimensions of each dimension to combine related attributes into sub-groups.
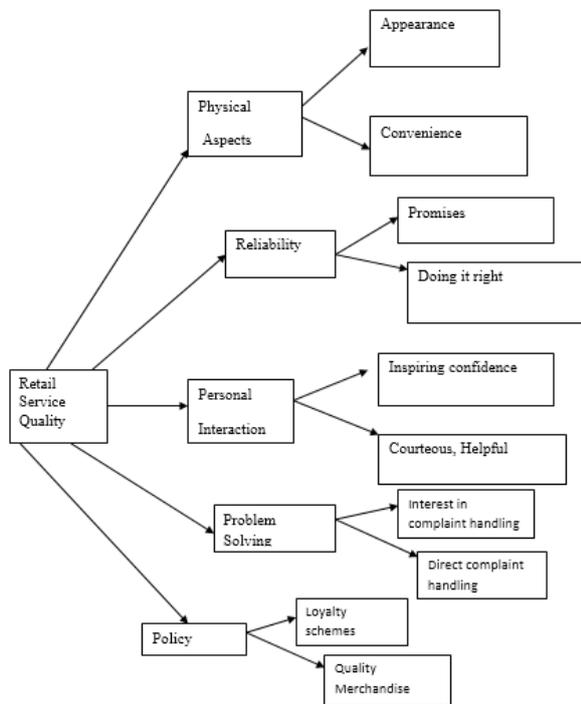

FIG.1

Source: Dabholker, Thorpe and Rentz (1996): A Measure of service Quality for retail stores

Scale development and validation", Journal of the Academy of Marketing Science (24), 1, p.6

The first dimension — physical aspects — envelopes the appearance of the physical facilities and the convenience offered to the customer by the layout of the physical facilities. Retail literature suggests that store appearance is important to retail customers (e.g., Baker ,Dhruv and Parasuraman, 1994). Gutman and Alden, 1985; Hummel and Savitt, 1988; Mazursky and Jacoby, 1985; Oliver, 1981) also proposed that customers value the convenience of shopping that physical aspects such as store layout offer.

The second suggested dimension is reliability. It has two sub-dimensions and other variations. (Dabholkar, Thorpe and Rentz, 1996) found that customers view reliability as a combination of keeping promises .Westbrook (1981) suggested that availability of merchandise is also a measure of reliability. So, the sub-dimensions of reliability are promises and doing it right.

The third proposed dimension is personal interaction. It has two sub-dimensions — service employees inspiring confidence and being courteous/helpful. These sub-dimensions are very closely related and capture how the customer is treated by the employee.

The fourth dimension is problem solving which addresses the issues of handling of goods returned and exchanges as well as complaints. (Hart, Heskett and Sasser, 1990; Kelley and Davis, 1994) identified Service recovery as a critical part of good service Identifying and resolving problems should emerge as a separate factor in customer evaluation. Westbrook (1981) found that customers were quite sensitive to how service providers attend to problems and complaints. Westbrook (1981) and Mazursky and Jacoby (1985) also mention that the comfort of returning and exchanging merchandise is very important to retail customers. This dimension does not have any sub-dimension.

The fifth proposed dimension — policy — talks of aspects of service quality that are directly influenced by store policy. For example, when customers evaluate a store on the basis of convenient hours, it is viewed as whether the store's policy is responsive to customers'needs. Westbrook (1981) and Mazursky and Jacoby (1985) mentioned in their study   that an important criterion on which customers evaluate stores is the credit and charge account policies of the store. Customers also appear to value parking availability for retail shopping (Oliver, 1981).

III. METHODOLOGY

A. Sample Design

A sample of 150 customers was selected from Nakumatt supermarket stores in Nairobi area for the study. The research used Non-Probability sampling in selecting the research participants. Using the Non-Probability, also known   to as convenient sampling, enabled the researcher to locate and distribute questionnaires to people who have were regular visitors with Nakumatt stores that the study focused on. Non-Probability sampling provided convenience and assisted in avoiding high research costs .

B. Survey Instrument Design

The survey instrument that was used to collect primary data was the SERVQUAL questionnaire. The questionnaire consisted of 22 statements of service attributes grouped into five service quality dimensions that were highlighted in the previous section of conceptual framework. Participants were asked to provide the ratings of perceptions on the provided statements related to service quality. The service quality statements used in the survey were rated using a five-point Likert scale, with 1 indicating STRONGLY DISAGREE,2-DISAGREE, 3-NEUTRAL, 4 AGREE, and 5- STRONGLY AGREE. Thus the difference obtained from subtracting the expectation scores from the perception scores revealed the gap between customers' expectations and their perception of the service quality at Nakumatt stores.

C. Data Collection

Primary data was collected primarily through **survey method** using a **structured questionnaire** which was designed to obtain the factors affecting customer satisfaction across Nakumatt supermarkets. **Secondary data** was collected through magazines, journals and articles.

IV. FINDINGS

GAP SCRORE= PERCEPTIONS-EXPECTATIONS(assuming scale of 5 for expectations)

Construct	Scale items	Gap score	Mean Gap score
Physical Dimensions	This store has modern-looking equipment and fixtures	-0.47	
	The physical facilities at this store are visually appealing	-0.46	
	Materials associated with this store's service (such as shopping bags, catalogs, or statements) are visually appealing	-0.73	
	This store has clean, attractive, and convenient public areas (restrooms, fitting rooms)	-0.9	
	The store layout at this store makes it easy for customers to find what they need and move around in the store	-0.55	-0.622
Reliability	This store provides its services at the time it promises to do so	-0.65	
	This store has merchandise available when the customers want it	-0.59	
	When this store promises to do something by a certain time, it will do so	-0.89	
	This store insists on error-free sales transactions and record	-0.78	-0.7275
Personal Interaction	Employee in this store have the knowledge to answer customers' questions	-0.58	
	The behaviour of employees in this store instill confidence in customers	-0.7	
	: Customers feel safe in their transactions with this store	-0.49	
	Employees in this store give prompt service to customers	-0.74	
	Employees in this store are never too busy to respond to customer's requests	-0.79	
	This store gives customers individual attention	-1.16	
	Employees in this store are consistently courteous	-0.91	-0.78444

	with customers		
Problem Solving	When a customer has a problem, this store shows a sincere interest in solving it	-0.81	
	: Employees of this store are able to handle customer complaints directly and immediately	-0.88	-0.845
Policy	This store offers high quality merchandise	-0.37	
	This store provides plenty of convenient parking for customers	-0.5	
	This store has operating hours convenient to all their customers	-0.26	
	This store accepts most major credit cards	-0.27	
	This store willingly handles returns and exchanges	-1.11	
	The store offer customer loyalty cards to its customers	-0.47	
	Does the store offer online shopping services	-2.88	
	Which is the supermarket which offers the most prompt service online?	-3.02	
	Which store offers different modes of payment for your shopping ?	-0.78	
	In terms of advertising campaigns, which supermarket catches your attention the most?	-0.61	-1.027

A. Results and Interpretations

Physical Dimensions

The dimension with the lowest gap between expectations and perceptions was found to be the Physical dimension. Physical dimension encompasses of those things that a customer can see or touch (Kurtz and Clow, 1998). These includes the appearance of physical facilities, the furniture, the equipment uses to perform services, cleanliness, store layout. The results in this dimension showed that customers always have high expectations for an excellent supermarket. However, when their perceptions of Nakumatt for modern looking equipment were compared to their expectation levels a gap of -0.47 was found. This means that customers perception of Nakumatt stores as actually having modern looking equipment were marginal low than what they expected .Furthurmore physical facilities at Nakumatt also resulted in a -0.46 gap score. An overall Gap Score for the Physical Dimension was (-0.622), which In turn justifies the fact that Customers are nearly satisfied and there is minimal gap vis a vis physical dimensions offered by Nakumatt stores , and Nakumatt should make little changes to bridge the gap.

Reliability is related to the consistency of performance and dependability, Grönroos (1983). This dimension includes keeping promises, availability of merchandise, error free sales and transactions. Out of four sub-dimensions availability of merchandise has a Gap score of (-.59),which shows that customers at Nakumatt usually are satisfied with the display of merchandise.At the same the sub dimension to get the highest

Gap (-.89) is the promise keeping,the dimension which is the highest contributor to the Gap, that in turn cautions Nakumatt stores to come up with appropriate strategies to minimize the Gap.An overall Gap score (0.-7275) has been accounted for Reliablity The gap implies that customers had higher expectations for an excellent supermarket to keep up to their promises, however they felt that Nakumatt stores could perform much better to their desired levels in this service attribute.

Personal Interaction. Wittink , McLaugh and Gomez(2004),mentioned that differences in the 'shopping experience' between retail outlets (e.g. store ambience, disposition of associates, store service) are often as important to customers as the differences in physical characteristics of the goods offered. The least gap score(-0.4) was noted for sub dimension that Customers feel safe in their transactions with this store. Which means that the customers perceptions are quite close to expectations and they are satisfied in this regard and feel comfortable to transact at any time. Customers' expectations exceeded much above their level of perceptions in all the other service statements under the Personal interaction dimension. "The reason why employees' responsiveness usually lacks is because organizations often focus on hard skills training. This includes training in the areas of product knowledge, technical skills and administrations, while deemphasizing the importance of positive attitude in the way employees deal with customers" (Cook, 2002).According Hoffman and Bateson (2001), employees' willingness to help customers may be affected by a number of factors and may vary greatly from one employee to the next. The unwillingness to perform may be as a result of employee frustration and dissatisfaction with the job (Hoffman

and Bateson, 2001). Customers' expectations for employees to instill confidence , never too busy to respond to them resulted in a gap of -0.7 and -0.79 which means that Nakumatt Stores should emphasize more on Soft skills training in order to bridge the gap.

The highest contributor towards the overall mean Gap score (-0.78444) was the sub-dimension that of the store giving customers individual attention (-1.16).This implies that Nakumatt stores need to improve their internal relations management in order to motivate their employees to perform excellent and meet customers' expectations

Problem Solving is the next identified dimension according to Dabholkar which has resulted in a gap score (-0.845). Both the sub dimensions that when a customer has a problem, this store shows a sincere interest in solving it and Employees of this store are able to handle customer complaints directly and immediately have resulted in a big gap. The problem could be the procedure and the time involved in handling complaint accordingly but this surely an alarm to Nakumatt stores to speed up their complaint handling process and impart better training to its employees to be able to justify on these attributes.

The last identified dimension is Policy which has resulted in the highest negative mean gap score (-1.027).But some sub dimensions like parking facility, convenient operating hours have resulted in a minimum gap score(-0.5 and -0.26) ,In fact. **Nakumatt** is the only supermarket in kenya which has a 24 hr shopping available in its **UKAY NAKUMATT** branch that is a feather in its portfolio. At least customers are very satisfied in this regard. The biggest contributor towards a gap is online shopping(-2.88 and-3.02). A reason identified behind this is the ignorance of customers towards online shopping and the biggest flaw is that Nakumatt has not made the customer well aware of this facility. When the customers were asked most of them were totally unaware of this facility which means it is not dissatisfaction but ignorance. This gap can be filled if Nakumatt emphasizes more on promoting this service.

6.0 Conclusion

From the research results, this article can conclude that the overall gap score summating all the dimensions is(-1.061) which means that customers' expectations of service quality in supermarkets are higher than their perceptions of service quality at Nakumatt. Customers have higher service quality expectations that if not met by Nakumatt can result to customer dissatisfaction and losing customers to competitors. But with consistent research in areas like consumer behavior and Employee training Nakumatt stores can surely bridge the gap and satisfy the consumer completely.

7.0 Recommendations

The results of the study have reflected that there are certain dimensions on which customers are satisfied but certain other dimensions need a lot of improvement to bridge the gap between customers expectations and perceptions of Nakumatt stores. Training of Employees, motivation would help employees to serve the customers better. One very important area that needs a lot of improvement is the awareness of **Online shopping to Nakumatt customers.** This would help the supermarket to match customers' expectations in their service delivery.

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