Empirical Study on Shopper's Satisfaction and Retailers Service Quality in Muscat Governorate, Oman: Using SERVQUAL model

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Abstract: People of the Sultanate of Oman rely on retail hypermarkets to fulfill their basic needs including food products. To retain the customers' loyalty and to retain the customers, it is important to satisfy the customers. The retail and hypermarkets focus on finding out and measuring the elements to offer the customers with good quality products and services. The objective of this study is to use the SERVQUAL model to understand the significance of various elements of customer satisfaction and how to accomplish the expected customer satisfaction by improving the services in Muscat. To achieve the objectives, the questionnaire was floated online and data was collected from the customers who visit the hypermarkets. The collected data was analyzed and the findings of the study show that the hypermarkets are delivering services of high quality which enabled the hypermarkets to keep customers as loyal with higher satisfaction. Regardless of this, the study found out that there is still room for progress in terms of improving the handling of customers by the employees to avoid the adverse effect on the hypermarkets' revenue and operations.

Keywords: Service quality, Shoppers satisfaction, Hypermarkets, perception, expectation

1. Introduction

Measurement of customers' happiness and how satisfied are the customers with the products and services which they consume provided by the companies can be measured with the help of a tool called Customer satisfaction. In any organization, customer satisfaction is the key element that results in accountability and profitability. Customer satisfaction is one of the key tools for creating long term relationships with customers. The survival of any company depends on how far it can satisfy the needs of the customers (Zeithaml, 1996). A satisfied consumer will buy more of the same product which gives them satisfaction and an unsatisfied customer will not buy the product again and also will not refer to anyone to buy the product. A recent survey conducted by Oman's electronic media (MuscatDaily, 2020), the development of the economy is caused by the development of retail hypermarkets in Muscat due to the huge demand from the customers for the products sold by the retail hypermarkets. Customers buy groceries and the products for everyday life and they seemed to be more satisfied with these products (Zeithaml, 1996).

Customers hold an important position in the business as their behavior affects the performance of the business either positively or negatively, thus customer service forms the backbone of any business. A company which provides satisfactory customer service will develop faster than the company which is not providing satisfactory customer service. A recent survey showed the customer service department must be improved for improvement in business output. Further, it added that the hypermarkets must add innovative customer care methods to satisfy the customers. This research article comprises with five sections i.e. literature review on different aspects of consumer behavior, service quality, SERVQUAL Model, etc. next section discussed the research methodology part, third section shows the data analysis and finally discussion and conclusion.

2. Review of Literature

In this section numerable reviews based upon similar studies have been compiled to strongly understand the meaning of the SERVQUAL Model from a perspective of customer satisfaction. As we see that retail business is expanding and constantly looking for the factors that can increase their profitability and stability, retailers have identified the quality of service which can have a strong impact on customer satisfaction. To get clarity on what is the SERVQUAL model, and what are its components with a little background study will help us to understand this topic thoroughly. This section also will try to show the gap that has been found in the previous studies and needs to be focused in the future that can help the entrepreneurs to achieve success in their business.

Quality of customer service and satisfaction play a significant role in the current competitive market which is driven by a well-developed technology-oriented business. Customer service quality and satisfaction have a cause and effect relationship which cannot exist without each other. This relationship of customer satisfaction and quality

of service is mentioned by (Oliver,1980) stating that service quality is the forefather of customer satisfaction regardless of the actual reality whether it is aggregate or specific. But, service quality emphasizes a particular service element. Satisfaction is a broader term that is directly or indirectly affected by the product characteristics, but service quality is a significant element of describing customer satisfaction (Zeithaml et al. 2009). The focus of service quality has been mainly on the appraisal of customers' opinion of empathy, trustworthiness, approachability, and assurance even though satisfaction is all-inclusive and is also influenced by the customers' perception on price, quality of products, circumstances, personal factors and quality of service (Wilson et al. 2008). Customer satisfaction and quality of service are bygone experiences of customers' behavioral intentions because satisfaction is not a lifelong value created for the customer (Appiah-Adu,1999). Influences of service quality on the satisfaction of outpatients. Service quality, satisfaction, and organizational performance are related to each other with a positive linear three-way relationship which means satisfaction could not be reached if there is a lack in the quality of service and ultimately the organization could not succeed (Alghamdi,2014).

In the study of marketing, as mentioned by Gronroos, (1988) and Kotler and Armstrong (2007) and many theories specify the importance of business development and service management and estimating the customer requirements and the way they look beyond quality products, the quality of services customers receive from the firms holds a prominent fact in marketing. According to Brady & Cronin, (2001), service quality is given more importance and focus has been diverted from product and since then literature related to this concept is known as 'product quality literature' and since then many kinds of research have framed many models based upon service quality specifically designed for some industries. Till 1980s products and product development captivated a notorious place in the sales industry. However, after 80s focus got diverted to tactics related to marketing and soon 'marketing mix theories' flooded everywhere and every firm seemed to adopt such strategies that will help them to position their firm at a competitive level which was the biggest goal of every firm. Many models and theories were framed since then SERVQUAL Model was introduced in 1985 with 10 dimensions to measure service quality and once again dimensions were improvised in 1988 and were kept to just five of them that can be used to measure service quality to provide customer service excellence and attain high market share.

In a study, Ghotbabadi et al. (2015) mentioned that every firm to increase its profit along with productivity targets to acquire new customers who increase their sales automatically. The firms are always engaged in planning and forming strategies that would boost their sales and increasing profits. Ghotbabadi et al. (2015) also revealed, that not only increasing the number of customers is important, to retain existing customers is the biggest task, and to achieve this there has to be a unique approach. There are two ways of approach that can benefit firms. The first benefit is, it reduces marketing costs as old or existing customers are satisfied with customer service and become loyal to the firms does not require advertising and marketing activities which saves publicity expenses which would have incurred otherwise. Secondly, a higher retention rate of existing customers increases sales that contribute to increased profits which brings more success in the growth of the firm (Kotler & Armstrong, 2007).

The term SERVQUAL gets its name from Service Quality which was designed by the American team who were leading in marketing ideas and the three most famous names in this comprises Valarie Zeithaml, A. Parasuraman and Leonard Berry in the year 1988. The study revolved around measuring the level of service quality that was offered to the satisfaction of customers in every industry. It has been observed that despite the quality of products offered for sales is very important in marketing which can increase profits, however with rapid transformation in marketing and sales the need to excel in service quality was identified as the organizations those who worked on providing their customers best service quality had a higher competitive edge.

Initially, Parasuraman et al., (1985) formed the SERVQUAL MODEL which listed important dimensions that were ten in number that were considered necessary to measure the quality of services to attain customer satisfaction. According to Parasuraman et al., (1985) the list of dimensions was 'tangibles, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding the customer, and access.' Very soon the same dimensions appeared as overlapping with each other or seemingly repeated and were reduced to just five as mentioned by Daniel, C.N, and Berinyuy, L.P, (2010) such that tangibles, reliability, responsiveness, assurance, empathy were considered the type of the SERVQUAL Model.

Mulder (2018) says, some of them call these five dimensions as 'smaller version' of SERVQUAL Model and also referred to RATER Model were letter R stands for Reliability, A stands for Assurance, T represents Tangibles, E stands for Empathy and lastly, R stands for Responsiveness. According to Parasuraman et al., (1988) each dimension has a remarkable significance which goes as follows: 1- Tangibles - refers to amenities that are physically present, availability of tools and physical appearance of working staff, for example, the ambiance of the establishment and visibility of staff (work clothes/uniform), 2 - Reliability refers to the extent of the capability of firms that can fulfill the promises made to customers who are depending upon them for products and services, 3 –

Responsiveness is referred in the context to know how willing are the firms when it comes to supporting their customers or clients, attending to their queries and deliver prompt services they need. 4 – Assurance addresses to the employees who play a vital role in establishing trust and gradually develop confidence in the mind of customers by providing good service quality and 5 – Empathy refers to care for the customer's feelings and extend personalized support when required, as mentioned by Shahin (2005) and Mulder (2018).

From the dimensions seen under the SERVQUAL Model, we understand that every aspect of human-related to service delivery such as responsiveness, assurance, and empathy along with tangible services (visibility and appearance). And in a similar study by Ladhari (2009), it is found that this model is an important scale useful to measure service quality in different industries and it helps them to choose a particular dimension that suits their requirement and the outcome of the result is found to be accurate and reliable. When we mention reliability and accuracy Shahin (2005), in earlier research stated, that SERVQUAL Model can be very well useful for service sectors where customer expectations and perceptions are considered highly important and valued over anything else.

Eshghi et al. (2008) pointed that the customers always assess the firms by matching the services rendered by the firms with customers expectations, in other words, customers try to analyze their expectations are met or not with the services that they receive from the retailers. Ghotbabadi et al. (2015) have strongly emphasized in retaining the customers who have been loyal to the business, rather than keep acquiring more and more new customers. This is because, old customers reduce costs incurred on publicity and these existing customers who are already satisfied with the services they received in their experience also spread good information about the firm, and act as a medium who channelize in lining up new customers in a huge number, that can increase the volume of sales and profits.

Despite serving as an important tool for measuring the quality parameters, it is not free from criticisms. Until any other model is framed, SERVQUAL will act as a bridge for measuring service from a quality perspective (Buttle, 1996; Asubonteng et al. 1996). In most cases it may not be as useful to estimate wants, expectations exactly meeting perceptions (Ausbonteng et al.1996). Gaster (1995) critically acknowledges that measuring what customers want, what they expect, and perceive? are so much complicated. It is on the other hand a huge responsibility of service organizations that they do justice with their clients by providing the quality in their services which these firms acclaim openly. In this context measuring quality, parameters become too wide and problematic.

3. Methodology

The questionnaire has two broad sections and in the first sections, covered the respondent's demographic profile, and the second sections consist of various statements related to customer's expectations on service quality offered by hypermarkets in Oman. Original SEQUAL dimensions were developed by Parasuraman et al., (1988) and the researcher has applied to the context of hypermarkets in Oman.

In this study, the researcher applied a random sampling method and the sample size was determined using powerful software based on a pilot study with a 95% confidence level, 5% marginal error, 80% estimated response. The questionnaire was distributed through online and relevant statistical tools applied to test the hypothesis.

SERVQUAL Dimension Analysis

The following table no. 1 shows the customers' opinion on SERVQUAL dimensions between customers' expectations and service quality perception on hypermarkets in Oman.

Table no. 1 Customers' opinion on SERVQUAL dimensions

Dimensions	Expected mean score	Perception mean score	Gap score
Tangible			
Hypermarkets should have modern equipment.	4.56	3.51	-1.05
Hypermarkets should have physical facilities such as adequate space, shelves, an adequate number of bill counters, and lighting.	4.48	3.62	-0.86
The physical environment of hypermarkets should be clean.	4.43	3.67	-0.76
Employees of Hypermarkets should be well dressed and neat.	4.68	3.81	-0.86
The tangible total mean score	4.54	3.65	-0.89
Reliability			

Hypermarkets are following their commitment as they stated in advertisement or word of mouth.	4.62	2.93	-1.69
Hypermarkets resolving customer's problems effectively.	4.56	3.20	-1.32
Hypermarkets perform the service right the first time.	4.51	2.99	-1.52
Hypermarkets provide services on time as they promised.	4.61	3.00	-1.61
Hypermarkets keep their records accurately	4.53	3.39	-1.14
Reliability total mean score	4.57	3.10	-1.47
Response			
Customers getting reliable and adequate information from hypermarket employees related to the products.	4.48	3.25	-1.23
Prompt customer services offered by Hypermarkets.	4.53	3.30	-1.23
Hypermarket employees ready to help customers.	4.55	3.53	-1.02
Employees are too committed to responding to customer's queries or services.	4.33	3.20	-1.13
Response total mean score	4.47	3.32	-1.15
Assurance			
Employees behavior in Hypermarkets create confidence among customers while selecting the product	4.41	3.36	-1.05
Customers feel safe with employees interactions	4.38	3.39	-0.99
Employees are polite and humble in dealing with customers	4.56	3.83	-0.73
Employees have accurate knowledge of the product information	4.39	3.22	-1.17
Assurance total mean score	4.44	3.45	-0.99
Empathy			
Hypermarkets provide individual customer attention on service.	4.23	3.32	-0.93
Hypermarkets are working as per customer's convenient time and day.	4.33	3.37	-0.96
Employees give customers personal service.	4.06	3.21	-0.83
Hypermarkets focus on its customers' interests.	4.24	3.30	-0.94
Hypermarkets employees well recognize the customer's specific needs.	4.32	3.11	-1.21
Empathy total mean score	4.24	3.26	-0.98

4. Results and discussions

Tangible is the first dimension and focuses on the physical environment that customers interact with when seeking services (Pride and Ferrell, 2014). Hence in this research used tangible components used by hypermarkets are modern equipment, physical facilities, the appearance of employees, cleanness of the physical environment, and infrastructure. From the table number 1, it is interpreted that service quality of hypermarket could not meet the expectations of customers related to tangible dimensions because the gap score is -0.89. Out of four tangible elements, cleanness and physical environment of grocery stores scored the least gap score i.e. -0.76 and highest gap score (-1.05) is the modern equipment used in a hypermarket.

From the analysis, it has been identified that the tangible dimension has scored the least gap of -0.89, expected tangible dimension score has 4.54 and the perceived tangible dimension score has 3.65. Based on the total gap score (-0.89) it has recommended hypermarkets need to improve quality of service. The customer service quality in regards to reliability also does not meet customer's expectations from hypermarkets in Oman because the reliability dimension has a scored gap of -1.47, the expected reliability dimension score has 4.57 and the perceived reliability dimension score has 3.10. Hence reliability needs to enhance to meet customer satisfaction on service offered by hypermarkets since "reliability and service quality go hand-in-hand and are complementary for each other" (Mishra & Sandilya, 2009). The responsiveness from hypermarket employees should be quick and prompt against customer's requests or customer's problems (Pride and Ferrell, 2014). The customer service quality in regards to responsiveness does not meet the expectation of customers from hypermarkets in Oman. From the analysis, it has identified that -1.15 gap score on responsiveness. Assurance is building trust and confidence between an organization and customers through the implementation of a professional manner (Pride and Ferrell,

2014). Hence in this study, we analyzed assurance dimensions such as employees' behavior, knowledge on product information, and attitude. The service quality in regards to assurance does not meet the expectation of customers in Hypermarkets because the total gap score on assurance is -0.99. Empathy expected total mean score is 4.24 and the perceived total mean score is 3.26 hence there is a gap of -0.98. As a result, the empathy gap score shows that there is scope for improving service to minimize the gap of customer's expected service and attained service of hyper marks in Oman.

5. Conclusion

In conclusion, as we all know that necessity is the mother of invention, Parasuraman et al. (1985) had coined a Gap Model which realized some important gaps in marketing that stood responsible and laid huge differences between expectation and performance and insisted on eliminating such gaps. With a rapid increase in intense competition levels and hostile environmental factors, providing the best services in terms of quality has become the foundation stone of all companies, and all marketing strategies revolve around service quality as a matter of survival and growth (Asubonteng et al., 1996). This study will enable us to understand the significance of 'service quality' to sustain dynamic marketing scenario to achieve increased sales, profitability as well as good rapport among the customers when expectations are met with what is perceived. On a thought-provoking note, Parasuraman realized that breaking the trust of customers by offering poor quality products and lack of servicing quality is a huge blunder, and when both good quality and best services could act as a take-off for any firm from a market perspective. The dimensions mentioned under the SERVQUAL model may differ for every sector of the market and this model has analyzed the importance of evaluating and measuring the service quality which can lead to consumer satisfaction through keen research through each dimension which is carefully studied. The SERVQUAL model is not only a foundation but also is a road to further research to match the growing dimensions of the marketing sector.

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