ASSESSING SERVICE QUALITY AND CUSTOMER SATISFACTION: AN EMPIRICAL STUDY AT LAN CHI SUPERMARKET, THAI NGUYEN CITY

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SUMMARY

Service quality and customer satisfaction are very important concepts that companies must understand in order to remain competitive in business and hence grow. It is very important for companies to know how to measure these constructs from the consumers' perspective in order to better understand their needs and hence satisfy them. Service quality is considered very important because it leads to higher customer satisfaction, profitability, reduced cost, customer loyalty and retention. The main purpose of this study is to find out how consumers perceive service quality and whether they are satisfied with the services offered by Lan Chi Supermarket in Thai Nguyen City using SERVQUAL model. Overall service quality perceived by consumers was not satisfactory meaning expectations exceeded perceptions and all the dimensions showed higher expectations than perceptions of services.

Keywords: *SERVQUAL, Service quality, customer satisfaction, expectation, perception, Lan Chi Supermarket.*

INTRODUCTION

In service marketing literature, service quality is generally defined as the overall assessment of a service by the customers [1], or the extent to which a service meets customer's needs or expectations. due to intense competition and the hostility of environmental factors, service quality has become a cornerstone marketing strategy for companies. This highlights how important improving service quality is to organisations for their survival and growth since it could help them tackle these challenges they face in the competitive markets. This means that service-based companies are compelled to provide excellent services to their customers in order to have a sustainable competitive advantage.

In addition, service quality is mainly focused on meeting the customer's needs and also how good the service offered meets the customer's expectation of it. It is however difficult according to previous studies to measure service quality because of its intangible nature and also because it deals with expectations and perceptions of consumers which is difficult as well to determine due to the complexity of human behaviour.

Thai Nguyen City is the center city of Thai Nguyen Province-the central of the Northern mountainous and midland region of Vietnam in terms of politics and economy. Thai Nguyen City has a population of more than 363 thousand with variety of ethnic groups and abundant and diverse natural resources. In recent years, there have been positive changes in the socio-economy of the province in general and the city on particular. Thanks to the growth in production in all sectors, the average income of the city has been increasing over the years, hence, consumption especially for normal product has been witnessing an upward trend.

Established in 1995, started as a small and medium enterprise, distributing consumer goods in the west and south of Hanoi. In 2007, Lan Chi expanded its market network and built up a retail supermarket system in suburban areas to supply goods to consumers through a supermarket called Lan Chi Mart. Over the past 20 years, Lan Chi has become the distributor with the most professional distribution network in the North and is the strategic partner of the company. Currently, Lan Chi is supplying goods to more than 700 large and small agents for districts and neighboring provinces.

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Naturally, the supermarket is market driven and market responsive, its top concern is increasing or at least maintaining the market share in heightened competition with other supermarket system in the city like Minh Cau, Thanh Do, Ton Mui, etc. With the entry of new players and multiple channels, customers have become more discerning and less "loyal" [2]. This makes it imperative that Lan Chi provide best possible products and services to ensure,customer satisfaction. Therefore, customer satisfaction has become one of the most significant factors for the overall profitability of retail banking, hence, the significant of this research.

LITERATURE REVIEW

This section presents the general discussion of the literatures and studies on service quality and service delivery with the focus on the retail industry. Customers perceive the relative inferiority or superiority of services by comparing a firm's actual performance with their Service Quality and Customer Satisfaction expectations. The retail industry, like many other service industries, is facing demanding customers, fierce competition, new technologies, and other changing economic variables [3]. Therefore, it is imperative for Lan Chi Supermarket to achieve customer satisfaction through service excellence. In summary, the study revolves around customer satisfaction and its related factors as follow

Service quality: Service quality is considered an important tool for a firm's struggle to differentiate itself from its competitors [4]. The relevance of service quality to companies is emphasized here especially the fact that it offers a competitive advantage to companies that strive to improve it and hence bring customer satisfaction. Service quality has received a great deal of attention from both academician and practitioners [5] and services marketing literature service quality is defined as the overall assessment of a service by the customer.

Tangibles: Tangibles are the appearance of the physical facilities, equipment, personnel and communications materials [6]. Since services are intangible, customers derive their perception of service quality by comparing the tangible associated with these services provided. It is the appearance of the physical facilities, equipment, personnel and communication materials (uniforms, equipment, and work areas on-site, etc).

Reliability: Reliability is the ability to perform the promised service in a dependable and accurate manner. The service is performed correctly on the first occasion, the accounting is correct, records are up to date and schedules are kept [7]. Reliability is consistency in rendering the service promised reliably and carefully [6]. The term includes correct technical functioning (accessibility and availability) and accuracy of service promises.

Responsiveness: Responsiveness is the readiness and willingness of employees to help customers by providing prompt timely services, for example, mailing a transaction slip immediately or setting up appointments quickly [7]. This dimension emphasizes attentiveness and promptness in dealing with customer's requests, questions, complaints and problems. Responsiveness is communicated to customers by length of time they have to wait for assistance, answers to questions or attention to problems.

Assuarance: Assuarance is the information that service providers have sufficient knowledge and ability to do a good job. Assurance is the knowledge, the attention and skills shown by the employees that inspire credibility and trust [6].

Empathy: Empathy means making an effort to understand the customer's individual needs, providing individualized attention, recognizing the customer when they arrive and so on. This helps to delight the customers by rising above their expectations [7]. Providers' service delivery can be as important as how it was done. Provider

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employees should be trained how to interact with customers and their end-users.

Demographic backgrounds: Arezou in 2008 reports finding from a survey which looked into the impact of service quality and customer demographic characteristics on its satisfaction which are two retention relevant elements that influence customers' decisions to stay with or leave their bank [8].

RESEARCH METHODOLOGY

Research design

The conceptual framework explains the underlying process, which is applied to guide this study. As discussed above, the SERVQUAL model is suitable for measuring service quality and customer satisfaction in Lan Chi Supermarket offering retailing services using the service quality dimensions which are modified with the addition of products. The same dimensions to measure both service quality and customer satisfaction were used because it is assumed that both are related [7] and customer satisfaction is an antecedent of service quality [5]. Customers who received services from Lan Chi supermarket were interviewed to determine their expectation and perception. The results were then analyzed to findout the gap between expectation and perception and perceived service quality of the supermatket.

Data collection

Primary data were collected by utilizing questionnaire surveys on natural customers of Lan Chi Supermarket. The questionnaire for the survey will comprise of three parts; The first and the second part of the questions are the main parts of the questionnaire that comprises of 24 questions each aimed at finding the respondents' opinions pertaining to the expectations and perceptions of service quality of Lan Chi Supermarket; the third part aims to clarify the profiles of respondents.

Statistical treatment

In order to analyze primary data, the following statistical treatments were utilized:

Frequency, percentage distribution will be used to identify and determine the profile of the respondents in terms of naute, size and location of business.

SPSS is used for the analysis of the data. Descriptive statistics mainly involving the mean, standard deviation, skewness and kurtosis in the data analysis.

Standard deviation seeks to measure the average amount of variability in a set of scores between values and measures.

To interpret the result, weighted means and the 7-point Likert scale were utilized.

FINDINGS

Descriptive Analysis

The demographic profile of the respondents is described as follows; males were 26.4% while females were 73.6% much higher than males. A majority of the respondents were married forming 63.6%, followed by single, 33.1% and other levels formed 3.3%. Most of the respondents 52.3% claimed they spend between 3,000,000VND to 5,000,000VND of their income on consumer goods, followed by 25.8% who spend upto 3,000,000VND, 17.2% spend 5,000,000VND to 7,000,000VND and 4.7% spend above 7,000,000VND on consumer goods.

Reliability test

The internal consistency of the modified SERVQUAL items was assessed by computing the total reliability scale in Table 1.

The total reliability scale for the study is 0.91, indicating an overall reliability value for the study is substantial considering the fact that the highest reliability that can be obtained is 1.0 and this is an indication that the items of the six dimensions of SERVQUAL model are accepted for analysis.

Table 1 above shows the reliability scale for all six dimensions and also, the reliability scale for each dimension calculated when each item is deleted from the dimension in order to see if the deleted item is genuine or not. In case cronbach's alpha for a dimension

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increases when an item is deleted it shows that item is not genuine in that dimension. Looking at the reliability coefficients of all six dimensions on table, some dimensions have coefficients slightly below 0.7, tangibles (0.636) and responsiveness (0.694). This could as a result that some items under each dimension seemed too similar. The dimension, Product had a very low reliability coefficient, 0.434 and this could have been because of the small number of items (2) used in that dimension. Other dimensions, reliability, assurance and empathy showed coefficients higher than 0.7, meaning these dimensions comprising of various items show a true measure of service quality.

Table 1. *Reliability Coefficient*

Dimension	Cronbach alpha for dimension and if item deleted
Tangibles (TA)	0.636
TA 1	0.603
TA 2	0.544
TA 3	0.513
TA 4	0.509
Reliability (RL)	0.831
RL1	0.783
RL2	0.805
RL3	0.802
RL4	0.778
RL5	0.815
Responsiveness	0.694
RN1	0.705
RN2	0.573
RN3	0.587
RN4	0.638
Assurance (AS)	0.76
AS1	0.678
AS2	0.717
AS3	0.674
AS4	0.738
Empathy (EM)	0.755
EM1	0.688
EM2	0.808
EM3	0.661
EM4	0.734
EM5	0.648
Product (PR)	0.434
PR1	-
PR2	-

Gap Analysis

Overall, the items with the highest expectation scores were clean physical environment (6.6225), good quality products (6.4768), sincere interest in solving customer's problem (6.3576) and customer feels safe in transactions with employees (6.3046). However, these scores are not very different from scores of other items and this implies generally, consumers expect very high from the office.

The items rated highest for actual service perceived were, good quality products (5.7616), enough variety of products (5.7364), customer feels safe in transactions with employees (5.6556) and possession of modern equipments (5.2318). There is no so much difference between the scores of perceptions but are generally lower than expectations.

The gap scores are the difference between the perception and expectation scores with a range of values from -6 to +6 and these gap scores measure service quality and hence customer satisfaction. The more perceptions are close to expectations, the higher the perceived level of quality. The largest gaps scores were, clean physical environment (1.3973), sincere interest in solving customer's problem (-1.3907), fulfilling their promise they make to consumers (-1.2715) and employees never too busy to respond to customers' requests (-1.1656).

CONCLUSION AND RECOMMENDATIONS

Based on the findings of the study, the authors found that the quality of service in Lan Chi Supermarket was generally good, but still did not meet the expectation of consumers. In the criteria to be evaluated, the most prominent aspect that needs to be addressed is the cleanliness of the supermarket system and the attitude and behavior of the sales staff. The volume and density of customers is high, the staff always work in the high pressure state; at the same time, the catering service in the lobby outside the supermarket may be the direct cause leading to the situation above.

To overcome this situation, Lan Chi Supermarket should take measures such as the placement of trash bins at convenient places, rearranging the shelves in a scientific way to ensure light and air circulation. Use more trees to create a healthy environment and enhance cleaning in the dining area. For employees, supermarkets need to arrange reasonable shift work, increase staff at peak time to reduce work pressure. Moreover, the constant education, training staff on the way and the service attitude is extremely necessary.

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TÓM TẮT

ĐÁNH GIÁ CHẤT LƯỢNG DỊCH VỤ VÀ SỰ HÀI LÒNG CỦA KHÁCH HÀNG: NGHIÊN CỨU THỰC NGHIỆM TẠI SIÊU THỊ LAN CHI, THÁI NGUYÊN

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Chất lượng dịch vụ và sự hài lòng của khách hàng là những khái niệm rất quan trọng mà các doanh nghiệp phải hiểu để duy trì tính cạnh tranh trong kinh doanh và do đó phát triển. Điều rất quan trọng đối với các doanh nghiệp là biết cách đo lường các khái niệm này từ quan điểm của người tiêu dùng để hiểu rõ hơn nhu cầu của họ và đáp ứng chúng. Mục đích chính của nghiên cứu này là để tìm hiểu cách người tiêu dùng cảm nhận chất lượng dịch vụ và liệu họ có hài lòng với các dịch vụ được cung cấp bởi Siêu thị Lan Chi tại thành phố Thái Nguyên hay không sử dụng mô hình SERVQUAL. Kết quả nghiên cứu cho thấy, nhìn chung, chất lượng dịch vụ của siêu thị được người tiêu dùng cảm nhận là chưa đạt được kỳ vọng.

Từ khóa: *SERVQUAL, Chất lượng dịch vụ, sự hài lòng của khách hàng, kỳ vọng, cảm nhận, Siêu thị Lan Chi*

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