Original Paper

The Relationship between Customer Satisfaction and Service Quality with Special Reference to the Hypermarkets in Saudi Arabia

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Abstract

In recent years, customer satisfaction has been a subject of great interest in order to maximize the profit levels of the organizations. The quality of service provided by the organizations has become an important aspect of customer satisfaction. It has been a universal fact that service quality is proportionally related to customer satisfaction. It is obvious that customers play an important role in the organizational process (Lee & Ritzman, 2005, p. 92). Building customer relationship means delivering superior value over competitors to the target customers (Kotler et al., 2002, p. 391). Many companies are adopting quality management programs which aim at improving the quality of their products and marketing processes, because it has been proven that “quality has a direct impact on product performance, and thus on customer satisfaction” (Kotler et al., 2002, p. 8).

The primary objective of this study is to examine the relationship between customer satisfaction and service quality in retail sectors with respect to the service quality dimensions with special reference to the hypermarkets in the Kingdom of Saudi Arabia (KSA).

Keywords

retail, hypermarkets, service quality customer satisfaction, organizational process

1. Introduction

The Kingdom of Saudi Arabia (KSA) has a population of more than 28 million with growth rate of 1.45%, with a median age of 27.5 years (CIA World Factbook, 2017). The KSA customer comprises of locals, who are among the most eager consumers in the world, and expatriates (more than 40 percent of
population), who are willing to spend on convenience and shopping products (AT Kearney, 2015; CIA World Factbook, 2017). This growing population with increasing number of buying power is the primary focus of retailers. The most common forms for retail in KSA were traditional markets and convenience stores, until hypermarkets got established during the last decade. The hypermarkets are presently concentrated in big cities, such as Riyadh, Jeddah, and Al-Khobar, but are now expanding to other regions across KSA as well. The increasing population, with a multitude of demands and expectations, makes the retail sector very competitive. A long term relationship is directly proportional with the retailer’s evaluation of customer satisfaction with the quality of service experienced by the customers in the retail store. Retail companies need to create an image of service quality if present customers are to be pleased and new ones created. Dabholkar, Thorpe, and Rentz (1996) proposed a methodology to study service quality in a retail setting through the Retail Service Quality Scale (RSQS). This scale has been tested and validated across various retail formats, regions and countries. In several studies, the results of retail service quality were identified, and customer satisfaction was found to be in a significant relationship. Hence, there is scope for research on this relationship for retail sector across Saudi Arabia.

2. Literature Review

2.1 Service Quality

Since the 1980s, there has been substantial research in the area of service quality (Lam, Yeung, & Chan, 1998; Ladhari, 2009), and it is debated a lot for the reason that no consensus has been reached so far on its definition and measurement (Schneider & White, 2004; Amin & Isa, 2008; Ladhari, 2009). Early researches on service quality defined it as an extent to which a service meets customer needs, and involves a comparison of customer expectations with their perceptions of actual service performance (Parasuraman, Zeithaml, & Berry, 1985, 1988; Lewis & Mitchell, 1990).

Service quality is defined as an extent to which a service meets customer needs and can be measured by comparing the customer expectations with the customer perceptions to the service that is received. Parasuraman et al. developed an instrument to measure service quality from customer perspective that was called SERVQUAL. The SERVQUAL scale originally developed by Parasuraman et al. (1985, 1988) was consequently refined by Parasuraman, Zeithaml, and Berry (1991, 1994). Parasuraman et al. (1988) went on to propose that service quality is a function of five dimensions (tangibility, reliability, responsiveness, assurance, and empathy) tested by the SERVQUAL scale. The scale has been pointed to as being the most extensively and successfully used service quality measurement tool in the twenty-first century (Ladhari, 2009; Kassim & Abdullah, 2010; Amin, Yahya, Ismayatim, Nasharuddin, & Kassim, 2013). Parasuraman et al. (1988) went on to propose that service quality is a function of five dimensions that are as follows:

1) Tangible: physical design of the hypermarkets, employee appearance and cleanliness.
2) Reliability: freshness of the food items, bill accuracy.
3) Responsiveness: the willingness of staffs to help consumers and response of the staff to the needs and demands of customers.

4) Assurance: the customers can trust the staff recommendations, and can give feedback without fear.

5) Empathy: staffs provide individual attention to the customers.

2.2 Customer Satisfaction

Wong suggested that customer’s satisfaction is a psychological phenomenon, describing the emotional state resulting from difference between expectation and actual effectiveness of products or services. In other words, customer’s satisfaction is a concept showing customer expectations and feelings prior to purchasing products or services.

Hansemann and Albinson said that satisfaction is the overall customer attitudes toward the service provider, or emotional reaction to the difference between their expectations and what they are accepted. Satisfaction is happy or disappointed feeling from customers by comparing the performance of the product and what they are expected. There are three attributes to measure the customer satisfaction, namely (Dutka, 1995):

- Attribute related to product.
- Attribute related to service, likely guarantee or warranty, delivery, complaint handling, resolution of problem.
- Attributes related to purchase, likely courtesy, communication, easy or convenience, acquisition, company reputation, and company competence.

A. Caruana (2002) and Quddus and Hudrasyah (2014) found that customer satisfaction was a perfect mediator between service quality and customer loyalty. Customer satisfaction is a powerful intangible asset similar to service quality and can be achieved through the fulfillment of customer expectations (Oliver, 1980; Boulding, Kalra, Staelin, & Zeithaml, 1993; Bahia, Paulin, & Perrien, 2000; Homburg, Koschate, & Hoyer, 2006; Jayasankaraprasad & Kumar, 2012). Researches have focused on the significance of relationship between service quality and customer satisfaction (Cronin & Taylor, 1992; Taylor & Baker, 1994), and found satisfaction to be the result of customer experience during service encounter (Anderson & Sullivan, 1993; Caruana, Money, & Berthon, 1998; Brady & Robertson, 2001; Jayasankaraprasad & Kumar, 2012).

Service quality and customer satisfaction are dissimilar constructs (Carman, 1990), and yet related (Brady, Cronin, & Brand, 2002; Ranaweera & Neely, 2003). Researchers have tested the significant relationship between service quality and customer satisfaction, and service quality was proposed to be an antecedent of customer satisfaction (Parasuraman et al., 1985, 1988; Carman, 1990; Cronin & Taylor, 1992, 1994; Anderson & Sullivan, 1993; Caruana et al., 1998; Amin & Isa, 2008; Jayasankaraprasad & Kumar, 2012; Kitapci, Dortyol, Yaman, & Gulmez, 2013). Brady and Robertson (2001) found service quality to be an antecedent of customer satisfaction for cognitively-oriented consumers, and a consequence for emotional consumers. The causal relationship between service quality and customer satisfaction is the subject of great academic debate and no unanimity has yet been reached (Bahia et al., 2012; Caruana & Palvia, 2000; Ranaweera & Neely, 2003).
2000). The researches have also specified customer satisfaction as a function of perceived quality and disconfirmation—the extent to which perceived quality fails to match prepurchase expectations (Olsen, 2002; Gustafsson, Johnson, & Roos, 2005; Rigopoulou, Chaniotakis, Lymeropoulos, & Siomkos, 2008; Cerri, 2012; Kitapci et al., 2013). It has also been found that their purchase intention is more affected by quality which falls short of expectations, rather than the one which exceeds expectations (Anderson & Sullivan, 1993).

3. Proposed Research Model

On the basis of the research and theory mentioned above, theoretical research model which shows the relationship between elements of service quality and customer’s satisfaction has been shown in Figure 1 below.

As can be seen from the above model showing in the Figure, 5 elements of the service quality component, including physical aspects, reliability, personal interaction, problem solving and policy, could impact customer’s satisfaction variable.

Previous studies have found that service quality is an antecedent of customer satisfaction (Anderson & Sullivan, 1993; Cronin et al., 2000; Brady & Robertson, 2001). Researchers have also found a significant relationship between physical environment and customer satisfaction (Babin & Attaway, 2000; Yuen & Chan, 2010; Kearney, Coughlan, & Kennedy, 2012; Kitapci et al., 2013). In this context, physical aspects have a strong influence on customer satisfaction and revisit to the service provider (Jamal & Anastasiadou, 2009; Das et al., 2010).

4. Methodology

A convenience sampling technique was used for this study. The survey was done in the city of Hail, in KSA. The respondents were customers of three different hypermarkets having a majority market share in KSA. These are Hyper Panda, Al Othaim and Lulu. Data was collected during different time schedules to get most accurate responses of the shoppers. Out of 150 questionnaires distributed, 120...
were obtained with responses for all items (86 percent response rate), and were considered valid for data analysis.
The Retail Service Quality Scale (RSQS) proposed by Dabholkar et al. (1996) was adapted for five constructs of service quality (physical aspects, reliability, personal interaction, problem solving, and policy). Based on the pilot study, one variable each for physical aspects and reliability were modified to increase appropriateness; and one variable each for personal interaction and policy were deleted due to their inapplicability in KSA.

5. Research Findings

![Figure 2. Store Insist on Error Free Sales and Transactions](image_url)

According to the survey result 42% of the respondents are very much agreeable that the store insist on error free sales and transactions. This is very much required for the good will of the stores.
Figure 3. Employees in This Store Have the Knowledge to Answer Your Questions

According to survey results of (Figure 3) majority of the respondents agreed that the employees of the stores are very efficient in answering the queries of the customers. But 16% of the respondents are very much dissatisfied with the employees’ response towards the queries of the customers.

Figure 4. This Store Has Adequate Parkind Facility

According to this survey result of (Figure 4) respondents are very agreeable about the parking facilities of the stores. It has ample space for parking cars and there are spaces for handicapped customers also which is very near to the main entry gate of the store.
Figure 5. Compared to Other Stores, This Store Confirms to Your Expectation

Among the three hypermarkets customers found Lulu hypermarket the best in fulfilling customer’s expectations. Only 6% people are disagreed that Lulu need to closely work with their customer and need to know what their customers want and draft strategies of growth based on the conversation.

Table 1. Overall Findings of the Survey

<table>
<thead>
<tr>
<th>Questions</th>
<th>Very Disagreeable</th>
<th>Disagreeable</th>
<th>Agreeable</th>
<th>Very Agreeable</th>
<th>Neutral</th>
<th>Unanswered</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The store is accessibly located.</td>
<td>0</td>
<td>26</td>
<td>61</td>
<td>31</td>
<td>0</td>
<td>2</td>
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<tr>
<td>2. The physical facilities at the store are visually appealing.</td>
<td>0</td>
<td>20</td>
<td>52</td>
<td>45</td>
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<td>3</td>
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<tr>
<td>3. The store has access to sufficient amenities (elevators, escalators, restrooms, ATMs) to make the visit comfortable and pleasant.</td>
<td>3</td>
<td>34</td>
<td>28</td>
<td>54</td>
<td>0</td>
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<td>4. The layout at this store makes it easy to find what you need.</td>
<td>0</td>
<td>20</td>
<td>31</td>
<td>63</td>
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<td>3</td>
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</tbody>
</table>
5. The layout of this store makes it easy to move around comfortably.

6. When this store promises to do something (offering, discount, etc.) by a certain time, it will do so.

7. This store has merchandize available when you want it.

8. This store insists on error-free sales transactions and records.

9. Employees in this store have the knowledge to answer your questions.

10. Employees in this store give prompt service to you.

11. Employees in this store tell you exactly when services will be performed.

12. Employees in this store are never too busy to respond to your requests.

13. Employees in this store are consistently courteous with you.

14. This store willingly handles returns and exchanges.

15. When you have a problem, this store shows a sincere interest in solving it.

16. Employees of this store are able to handle your complaints directly and
immediately.

17. This store offers high quality merchandize.

18. This store has adequate parking facility.

19. This store has operating hours convenient to all their customers.

20. This store accepts most of the major credit cards.

21. Compared to other stores, this store confirms to your expectation.

22. You are satisfied with price/quality ratio offered at the store.

23. Based on all experiences with this store, you are very satisfied.

24. In general, you are satisfied with the service you get from this store.

6. Conclusion

This study concludes about the effect of service quality on customer satisfaction in the hypermarkets of Saudi Arabia particularly in Hail region. For hypermarkets in Saudi Arabia, physical aspects play an important role in determining service quality, and are followed by reliability, personal interaction, problem solving, and policy. A best store layout and service quality creates a positive attitude toward a retail store. The customers in Saudi Arabia would like to go in a hypermarket which has modern-looking equipment, physical facilities, clean and hygienic public areas and convenient layout. The results are consistent with past researches (Bitner, 1992; Babin & Attaway, 2000; Jamal & Anastasiadou, 2009; Das et al., 2010; Yuen & Chan, 2010; Kearney et al., 2012; Kitapci et al., 2013). The results of this study finds that the higher levels of service quality will have a significant effect on establishing highest customer satisfaction. The results are consistent with studies which found the significance of better service quality to increase customer satisfaction (Parasuraman et al., 1988; Dabholtkar et al., 1996; Gomez, McLaughlin, & Wittink, 2004; Theodoridis & Chatzipangiotou, 2009; Jayasankaraprasad & Kumar, 2012; George & Kumar, 2014). Although, hypermarket customers in...
Saudi Arabia were found to be satisfied with the service quality provided by their stores but still hypermarkets need to improve their relationship with customers by making changes according to the customer-perception about service quality. Researchers have highlighted the fact that if customers are satisfied, the word of mouth and loyalty will increase (Omar & Sawmong, 2007; Amin & Isa, 2008; Jamal & Anastasiadou, 2009; Cerri, 2012; Jayasankaraprasad & Kumar, 2012; Amin et al., 2013). Hypermarket managers need to analyze the target group, and find out the service areas needed to be improved to gain competitive advantage, which results in customer satisfaction.

7. Limitation
This study has certain limitation. Themes in limitations are related to problem in questionnaire design, sampling and data collection in Saudi Arabia (Tuncalp, 1988). The study was descriptive and sampling was done only from Hail city only and thus is not representative of entire population of Saudi Arabia. Further research is needed that covers the other cities of Kingdom of Saudi Arabia. Also, majority of the respondents are female, which is not representative of the entire population.

References


Marketing, 43(5/6), 708-734. http://dx.doi.org/10.1108/03090560910947016

Appendix A
Questionnaire Used for Survey:

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