DETERMINANTS OF RETAIL SERVICE QUALITY - A STUDY OF SUPERMARKETS IN VIETNAM

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ABSTRACT: *This study aims at identifying components of retail service quality in Vietnamese Supermarkets. A survey of 440 shoppers in various supermarkets in HCMC has resulted that service quality of supermarket composes of 4 factors namely Service Personnel, Physical Aspects, Policy and Reliability. Among which, Service personnel has the strongest impact and Physical Aspects has the weakest one, while the role of Reliability is not confirmed by the data. From these findings, managerial as well as theoretical implications have been discussed.*

Keywords: *Service Quality, Retail Service Quality Scale, Supermarket, Vietnam.*

1. INTRODUCTION

Service quality has drawn attention of researchers and managers in recent decades (Zeithaml, 2000). It has become a significant subject because of its impact on customer satisfaction. By satisfying customers through high quality service, business firms not only retain their current customers, but also increase their market share (Finn and Lamb, 1991). To date, many studies on service quality relied on service quality construct and scale by Parasuraman et al. (1988). However, this application to the retail industry may not be appropriate for service quality in retailing industry seems to be different from other services (Kaul, 2005; Dabholka et al, 1996). In retail setting, especially retail stores where there is a mix of product and service, retailers are likely to have impact on service quality more than on product quality (Dabholkar et al., 1996). As retailers can create such effects, service quality plays a significant strategic role in creating quality perceptions.

With the rapid development of modern retailers in Vietnam in terms of number of stores and value, understanding of retail service quality and identifying determinants of retail service quality has become strategic importance for retailers or the so-called supermarkets in Vietnam. However, there have been very few studies on retail service quality in supermarkets in Vietnam (Nguyen, 2006). The current study is aimed to explore the components of retail service quality in the case of supermarkets in Vietnam by borrowing a framework developed by Dabholkar et al. (1996). It also investigates the relationships between each of retail service quality components and customers' overall evaluation of retail service quality in Vietnamese supermarkets.

The paper is organized as follows. After this introduction, a review of literature on service quality is presented, which is followed by a proposed model and hypotheses. Next section describes the research design and data collection process. Then, the results of data analysis are presented and discussed. Managerial implications are also highlighted.

2. LITERATURE REVIEW

2.1. Service Quality

Service quality is a critical component of customer perceptions about the service. Customers perceive services in terms of its quality and how satisfied they are overall with their experiences (Zeithaml, 2000). As thus, service quality is defined as customers' perception of

how well a service meets or exceeds their expectations (Czepiel, 1990). In the retail context, perceptions of service encounters accumulate over time and a customer's relationship with an organization are a continuation of exchanges or interactions both past and present" (Czepiel, 1990). When customers evaluate retail service, they compare their perceptions of the service they receive with their expectations. Customers are satisfied when the perceived service meets or exceeds their expectations. They're dissatisfied when they feel the service falls below their expectations (Levy and Weitz, 2005).

2.2. Review of Service Quality Models

As service industry has contributed significantly to global economy in the past few decades, service quality also draws attention of many practitioners and researchers. There were various service quality models proposed and applied in different contexts. For the purpose of this study, concepts and literatures related 3 models are presented: SERVQUAL and GAP model by Parasuraman et al. (1988), SERVPERF by Cronin and Taylor (1992), Retail Service Quality Model by Dabholkar et al. (1996).

Servqual and Gap Model: In 1980s, in the attempt to define service quality and develop a model of service quality, Parasuraman et al. conducted an exploratory investigation. The results showed that regardless of the type of service, consumers used basically the similar criteria in evaluating service quality (Parasuraman et al., 1985). They labeled those 10 criteria "service quality determinants". Since then, service quality was defined through 10 dimensions: access, communication, competence, courtesy, credibility, reliability, responsiveness, security, tangibles and understanding/knowing the customer. Later, they were simplified into five dimensions including tangibles, reliability, responsiveness, assurance and empathy. This model indicates that consumer perceptions of quality are influenced by five gaps occurring in the internal process of service delivery. The basic premise is that service quality can be defined by the difference between expected service and perceived service (Parasuraman et al, 1985). The first four are those on the service provider side of service. Gap 5 is related to the customer side of service. These gaps are (1) the difference between what customers expected and what management perceived customer expected; (2) the difference between management's perceptions of customer expectations and the translation of those perceptions into service quality specifications; (3) the difference between actual service quality specifications and the delivery of those specifications to customer service actually delivered; (4) the difference between the services delivered to customers and the external communications about the service; and (5) the difference between customer expectations and perceptions. Although SERVQUAL has been applied in the study of different types of service industries, there are certain limitations and criticisms. Some of the widespread concerns are the 5 dimension configuration of the scale, the appropriateness of operationalizing service quality as the expectations-performances gap score, and the scale's applicability to a retail setting (Bakakus and Boller, 1992; Finn and Lamb, 1991; Reeves and Bednar 1994).

Servperf: With an argument that Parasurman et al.'s gap theory of service quality was supported by little empirical or theoretical evidence, Cronin and Taylor (1992) developed a "performance-based" service quality measurement scale called SERVPERF. The major difference between these two scales is that SERVQUAL operationalises service quality by comparing the perceptions of the service received with expectations, while SERVPERF maintains only the perceptions of service quality. The SERVPERF scale consists of 22 perception items excluding any consideration of expectations. The superiority of SERVPERF over SERVQUAL has been demonstrated in numerous studies including those by Avkiran (1999), Lee *et al.* (2000) and Brady *et al.* (2002). However, the continued use of and reference to SERVQUAL in marketing literature

suggest that "consensus has not yet been reached relative to the superiority of performance-only measures of service quality" (Brady *et al.* 2002, p. 18).

Retail Service Quality Scale (RSQS): To contextually fit the retail industry, Dabholkar et al. (1996) developed Retail Service Quality Model (RSQS). Based on SERVPERF, RSQS includes 28-item scale, of which 17 items are from SERVPERF and 11 items are developed by qualitative research. It composes of 5 dimensions, namely (1) Physical aspects – Retail store appearance and store layout; (2) Reliability – Retailers keep their promises and do the right things; (3) Personal interaction – Retail store personnel are courteous, helpful, and inspire confidence in customers; (4) Problem solving – Retail store personnel are capable to handle returns and exchanges, customers' problems and complaints; and (5) Policy – Retail store's policy on merchandise quality, parking, operation hours, and credit cards.

RSQS has been used by some researchers in measuring service quality in certain types of retailers such as department stores, supermarkets and discount stores in Western and Eastern countries. Kim et al. (2001) conducted a study with U.S. and Korean customers of discount stores. The findings showed that customers' perceptions of service quality do not view service quality in as similar manner, nor do U.S. and Korean customers of discount stores. In other words, the dimensionality of service quality is not universal across industries or across countries (Kim et al, 2001). Mehta et al (2000) conducted a research on service quality in the contexts of supermarkets and electronic good retailers in Singapore. The results showed that "RSQS was superior within the context of more good and less service environment, i.e. a supermarket, while SERVPERF was better for a retailing context where the service element becomes more important, i.e. an electronic goods retailer." (Mehta et al, 2000). Moreover, Kaul (2003) found that RSQS dimensions were not valid in India. In Vietnam, Nguyen (2006) tested a model on the relationships between service quality, customer satisfaction and loyalty in supermarkets in HCMC and found that retail service quality composes of 5 dimensions: goods assortment, personnel, appearance, physical aspects and safety. This study recommended that SERQUAL and RSQS could be applied in Vietnam provided that they are adjusted to the specific context of study.

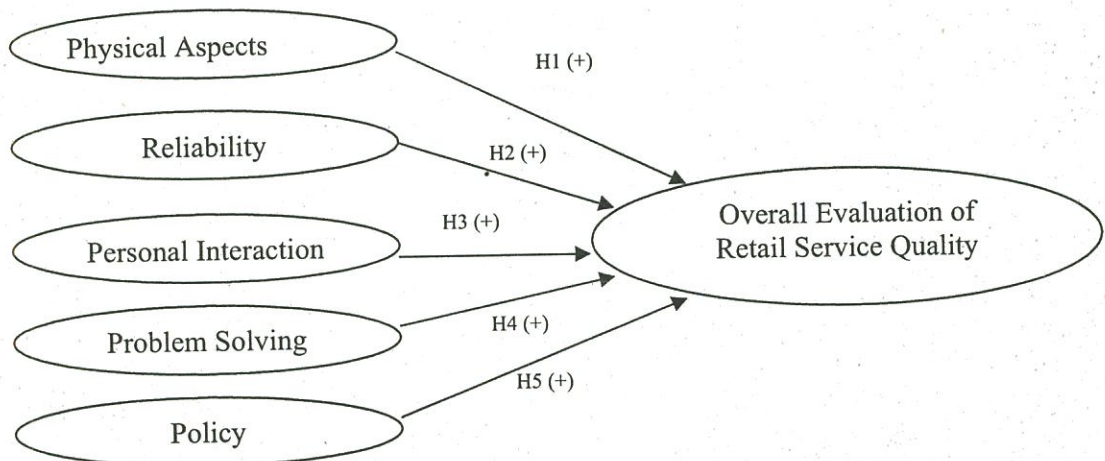## 3. MODEL & HYPOTHESES

Figure 1. Model of retail service quality in Supermarket in Vietnam

Based on the above review, RSQS is employed in this empirical study of service quality in Vietnamese supermarkets. However, to be independent from the result of Nguyen (2006), this study adopts the original model of Dabholkar et al. (1996). The model (Figure 1) proposed a structure for retail service quality consisting of five dimensions: Physical aspects, Reliability, Personal interaction, Problem solving and Policy. In this study, five dimensions of service quality are tested with the overall evaluation of shoppers on the service quality.

Physical aspects: Physical aspects of retailer include equipment and fixtures, physical facilities, materials associated with this supermarket's service, convenience of physical facilities and layouts. This dimension has broader meaning than does the SERVQUAL's tangible dimension. In addition to the appearance of the facilities, it also takes into account the convenience offered the customer by the layout of physical facilities. The higher customers appreciate on the physical aspects, the higher the overall evaluation of retail service quality is.

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

Reliability: The construct reliability here is similar to SERVQUAL reliability dimension. Reliability of retailers includes keeping promises to do something, providing right service, available merchandise and error-free sales transactions and records. The higher customers appreciate on reliability, the higher the overall evaluation of retail service quality is.

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

Personal Interaction: The personal interaction dimension of retailers includes employees having knowledge to answer questions, inspiring confidence, providing prompt service, willing to respond to customer's requests, giving customers individual attention, showing consistent courteousy with customers and even treat customers properly on the phone. The higher customers appreciate personal interaction, the higher the overall evaluation of retail service quality is.

H3: There is a positive impact of personal interaction on overall evaluation of retail service quality.

Problem solving: Problem solving addresses handling of returns, exchanges and complaints. The problem solving dimension of retailers includes: willingness of retailers to handle returns and exchanges, sincere interest in problem and handling customer complaints directly and immediately. The higher customers appreciate problem solving, the higher overall evaluation of retail service quality is.

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

Policy: This dimension captures aspects of service quality that are directly influenced by retailers' policy. It includes high quality merchandise, convenience of parking and operating hours as well as accepting major credit cards. The higher customers appreciate policy, the higher the overall evaluation of retail service quality is.

H5: Policy has positive impact on overall evaluation of retail service quality.

4. RESEARCH METHOD

Data were collected via a large sample survey. Based on a qualitative exploratory study using in depth interviews, 28 items of RSQS were examined and/or revised. The questionnaire was then finalized to conduct official quantitative research. Respondents of the survey were Vietnamese shoppers. A convenient sampling was used at 4 biggest supermarkets in HCM city. By this process, 440 usable questionnaires were received. In terms of measurement scale, RSQS of supermarkets in Vietnam was measured using RSQS (Dabholkar et al., 1996) which was in the form of 5-point Likert scale. However, some items were not relevant to the supermarket setting in Vietnam. For example, service quality via telephone or credit cards. Other questions which were not easy to

understand after qualitative research and pre-testing were revised accordingly. The scale for overall evaluation of service quality was adjusted from Fornell et al. (1996).

5. RESULTS AND DISCUSSION

Collected data were analyzed using SPSS software package. EFA was first applied to each of the 5 constructs to assess unidimensionality (Conway and Huffcutt, 2003). Next, reliability was assessed for each scale. Then, a joint EFA was applied to all scales together to preliminarily assess convergent validity and discriminant validity (Hair et al., 1998). Multiple regression was lastly employed to test the model.

The results show that 7 variables were eliminated due to low factor loadings or cross-factor loading. The 18 remaining items were grouped into 4 factors (Table 1). Personal interaction (PIN) and Problem solving (PRO) were converged into one factor termed "Service personnel". Consequently, retail service quality in this study composes 4 components namely Service personnel, physical aspect, policy, and reliability. The indicators of each component are illustrated in Table 1. Statistics also indicate that 3 items in the scale for overall evaluation of service quality are qualified with loadings from 0.784 to 0.894; Eigenvalue 1.906; Cronbach alpha 0.712. The initial model was adjusted to account for the 4 components of service quality, instead of 5 components. The qualified items were then used to calculate the score for each construct in the adjusted model by averaging the scores of items included in each construct.

Correlation coefficients between the dependent variable and independent variables range from 0.247 to 0.511 which indicate significant linear associations between them. Multiple regression resulted in an adjusted $R^2 = 0.361$, meaning that 36.1% variance of the dependent variable can be explained by four mentioned antecedents. The results also indicate that Service personnel (beta = 0.291), Physical aspect (beta = 0.212) and Policy (beta = 0.251) significantly contribute ($p < 0.05$) to explain the overall evaluation of service quality, while beta value for Reliability is as low as 0.024 which is non-significant. VIF values score from 1.180 to 1.514 indicating that multicollinearity among independent variables is not a problem.

The results provide statistical evidence to support hypotheses on the significantly positive impact of Service personnel, Physical aspect and Policy on the overall evaluation of service quality. On the other hand, the hypothesis on the positive impact of reliability on the overall evaluation of service quality was not supported by the empirical data in this study.

The results of this study evoke some discussion. Firstly, in this empirical study, the scales for Personal Interaction and Problem Solving don't meet discriminant validity because they are loading on the same factor. These two dimensions include items, which are related to services provided by supermarket's employees; therefore to go further in this research this factor is termed "Service personnel". Although, not being congruent to the original scale by Dabholkar et al. (1996) in the US, this result is quite consistent with the results of Mehta et al (2000) in Singapore and Nguyen (2006) in Vietnam, in which all items related to personnel (interaction and problem solving) are converged into only one component.

Secondly, the RSQS scale applied to Vietnam has been refined to four-component construct which consists of 18 items representing Service Personnel, Physical Aspects, Policy and Reliability. Among these components, three factors Service Personnel, Physical Aspects and Policy significantly impact on the overall retail service quality of supermarkets in Vietnam. The results also show that Service Personnel has the highest impact and Physical Aspects has the lowest one, while the role of Reliability does not confirmed by the data.

Table 1. EFA results of retail service quality measurement scale

Variables	Code	Factor			
		1	2	3	4
+ Individual attention	PIN18	0.713			
+ Never too busy to respond to customer's request	PIN17	0.674			
	PRO22	0.672			
+ Handling complaints directly and immediately	PRO20	0.667			
+ Willingness to handle returns and exchanges	PRO21	0.652			
+ Sincere interest to solve problem	PIN19	0.645			
+ Consistently courteous with customers	PIN13	0.571			
+ Behavior of employees instills confidence in customers	PIN15	0.522			
	PIN16	0.451			
+ Giving prompt service	PIN12	0.449			
+ Telling exactly what will be performed	PAA01		0.649		
+ Employees' knowledge to answer questions	PAA04		0.612		
+ Modern-looking equipment & fixtures	PAA02		0.519		
+ Clean, attractive, convenient physical facilities	PAA03		0.499		
	POL25			0.737	
+ Attractive store and physical facilities	POL24			0.683	
+ Appealing materials associated	REL08				0.718
+ Convenient operating hours	REL07				0.469
+ Convenient parking lot					
+ Providing services at the time promising to do					
+ Promising to do something and doing so					
Eigenvalue		5.88	1.46	1.18	1.04
Variance extracted %		32.65	8.11	6.54	5.77
Cronbach's Alpha		0.86	0.66	0.66	0.55

6. CONCLUSION

Managerial implications: This study has demonstrated the actual measurement of retail service quality in Vietnamese supermarkets and considered the impact of retail service quality on customer's overall evaluation of retail service quality. In this respect, this paper suggests certain managerial implications for supermarkets and their managers in Vietnam.

Firstly, Service Personnel is the key factor impacting customer's perception of service quality in supermarkets. By improving the performance of employees, supermarkets can increase customer's satisfaction. In addition, other factors that customers are concerned at supermarkets are Policy and Physical Aspects. Existing supermarkets and new/ potential entrants to Vietnam must specify the weight of each factor impacting customer's perception of service quality. Based on these weights and the average score for each factor, supermarkets can propose appropriate action plans.

Secondly, international retailers especially supermarkets which are about to come to do business in Vietnam should be attentive when studying on retail service quality in Vietnam so that they can focus on major dimensions and plan to meet the customers' expectations. Other factors impacting customer's overall evaluation of retail service quality should be taken into account in future research.

Theoretical implications: The results of this study provide additional empirical evidence to evaluate the RSQS when being employed in the case of supermarkets. The original five dimensions of RSQS does not factor out in this study as they did not factor out in the previous research in the case of supermarkets (e.g. Mehta et al, 2000; Kim and Jin, 2001; Kaul, 2005). This indication is somehow similar to Kaul's comment when employing the RSQS to study about retail service quality in Indian supermarket setting in 2005. That is, retailers and researchers who apply the RSQS to retailers or supermarkets in general or in Vietnam in particular should pay attention and need to adapt the measurement scale.

Limitations and further research directions: First, this study was only conducted in supermarkets in HCMC. Generalizability will definitely be improved if other cities were included. Second, the results of this study may further be validated by employing CFA and Structural Equation Modeling. Third, the four factors of retail service quality can explain 36.1% of the variance of customer's overall evaluation of retail service quality. Other uncovered factors may exist. Future research should consider factors such as merchandise, display, safety, promotion policy, loyalty policy, etc. Lastly, future research should take into account of other types of retailers in Vietnam.

CÁC YẾU TỐ ẢNH HƯỞNG ĐẾN CHẤT LƯỢNG DỊCH VỤ BÁN LẺ - NGHIÊN CỨU Ở CÁC SIÊU THỊ TP.HCM

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TÓM TẮT: Bài báo này nhằm nhận dạng các thành phần của chất lượng dịch vụ trong các Siêu thị ở VN. Kết quả khảo sát 440 khách hàng ở các siêu thị ở Tp.HCM cho thấy chất lượng dịch vụ ở siêu thị gồm 4 thành phần: Nhân viên phục vụ, Trưng bày siêu thị, Chính sách phục vụ và Độ tin cậy. Trong đó, Nhân viên phục vụ có ảnh hưởng mạnh nhất và Trưng bày siêu thị có ảnh hưởng yếu nhất, trong khi Chính sách phục vụ ảnh hưởng không đáng kể đến chất lượng dịch vụ siêu thị. Qua đó, ý nghĩa về mặt lý thuyết và ứng dụng được đề cập.

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