A STUDY TOWARDS SERVICE QUALITY VARIABLES INFLUENCING CUSTOMER SATISFACTION AND LOYALTY IN SUPERMARKET IN BANGKAPI DISTRICT, BANGKOK

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Customer Satisfaction and Loyalty in Supermarket in Bangkapi District, Bangkok

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ABSTRACT

This study was set out to establish the relationship between service quality and customer satisfaction in a supermarket. The objectives of the study were to identify relationship between service quality dimensions, to identify the level of the customer satisfaction and to determine the relationship between poor service quality and customer dissatisfaction.

The researcher used structured questionnaire as a method of collecting data with sample respondents of 98 through convenient random sampling. In order to collect data descriptive research designs based on results from the questionnaire was used by the researcher to analyze data. The study was carried out in supermarkets in Bangkapi district and Stamford International University students.

The findings of the study revealed that service quality play a significant role in determining customer satisfaction. It discovered that there is a positive relation between tangibility, responsiveness and empathy with customer satisfaction in supermarkets in Bangkok. Moreover there is negative or low relationship between reliability and assurance with customer satisfaction in supermarket in Bangkok. This study further stretched to reveal positive relationship between customer satisfaction and customer loyalty.

Basing on study findings, it is recommended that emphasis should be put on service quality without neglecting the other factors that may affect customer satisfaction in quality supermarket.

Keywords: Service Quality, Customer Satisfaction, Customer Loyalty, Supermarkets in Bangkok

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Nikhen Gopali

Researcher

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CHAPTER 1

INTRODUCTION

1.1   General Introduction

The current market place has become more competitive as customers continually expect retailers to match or exceed their expectations (Sohal & Wong, 2003). With a rising degree of homogeneity between merchandise offerings, supermarkets are increasingly turning to the delivery of effective customer services to render a competitive advantage (Ellram, L.M., Londe, B.J, Webber, & M.M, 1999). Maintaining customer satisfaction is crucial for such retailers as they transact in a highly competitive world.

The Thai supermarket sector contains a handful of large supermarket chains which dominate the local retailing space. Customer loyalty is an extremely important financial consideration for all supermarkets (Knox and Denison, 2000), as acquiring new customers is expensive due to advertising, promotional, and start-up operating expenses. Likewise, loyal customers exhibit increased repurchase intentions, a decrease in price sensitivity, and positive word of mouth communications (Varela-Neira et al, 2010). It is therefore more economical to serve current customers (Tepeci, 1999).).

It is well known that service quality, customer satisfaction, and customer loyalty are becoming the most important factors of successful business competition for service providers (Zeithaml, 1996). The nature of the relationship between service quality and customer satisfaction has always been an attractive field of study (Tam, 2004). Quality

and satisfaction, along with value, were propounded as service-oriented constructs which should be investigated to understand the dynamics of loyalty based on behaviors such as repurchase and word-of-mouth (WOM) referrals (Hutchinson et al., 2009). Therefore, as the development of service quality has been identified as a key strategy to increase the level of customer satisfaction and intention to revisit, providing quality service for customers poses great importance for both retention and customer satisfaction(Lee et al.,2011), which is described as a precondition for customer loyalty (Tam, 2004). As a result, service managers and researchers have directed their efforts towards understanding the customers' perceptions of service quality, and towards the manner in which these perceptions are reflected on customer satisfaction and behavioral intentions (Olorunniwo et al., 2006).

In Bangkok supermarket, the service encounter process is still an important tool for supermarkets to differentiate themselves from competitors. As supermarkets where homogenous products are sold in general, specific factors such as store atmosphere, providing sufficient and dependable service, accessibility, courteousness, suave, and sophisticated employees who are willing to help the consumer, directly affect the consumers' service quality perceptions. Therefore, improving customer satisfaction and delivering better quality service than competitors helps service providers to differentiate their offerings (Jamal and Anastasiadou, 2007).

Although the relationships between retail service quality, customer satisfaction and loyalty are argued to be well understood in some quarters, there is still much scope for further research in this regard (Bodet, 2008)

1.2 Problem Statement

Notwithstanding the existence of fierce competition in supermarket industry in Bangkok, complaints of poor service quality is on the increase. Some studies have revealed that service quality influences organizational outcome such as performance superiority (Portela & Thanassoulis, 2005), increasing sales and profit (Kish, 2000; Duncan and Elliot, 2002), enhancing customer relations, improving corporate image among other. It is also argued that the success of a service provider depends on the high quality relationship with customers, which determines customer satisfaction and loyalty (Panda, 2003). This study therefore attempts to investigate the relationship between service quality and customer loyalty in supermarket industry in Bangkok.

1.3 Objective of Study

The main objective of this study is to find the correlation between service quality attributes (Portela & Thanassoulis, 2005)and customer satisfaction hence finding customer loyalty towards supermarkets of Bangkok. This study is sought to identify important attributes in a supermarket which may be used to review the characteristics of a supermarket as viewed by customer.

Hence, the objective can be summarized as follows.

- To examine the effect of service quality dimensions on customer loyalty in the supermarket in Bangkok

- To identify the interrelationships between service quality, customer satisfaction and customer loyalty in the supermarket sector.

1.4 Scope of Study

Scope of this study is to investigate the correlation between service quality and customer satisfaction in supermarkets of Bangkok that leads to study of variables contributing for customer loyalty in a supermarket. In order to carry out this research SERVQUAL model has been adapted to understand service quality of supermarket. Hence this report focus on five dimension of SERVQUAL model that is Tangibility, Reliability, Responsiveness, Assurance and Empathy which points to customer satisfaction.

1.5 Research Question

The study will answer the following research questions;

- What are the effects of service quality dimensions on customer satisfaction in supermarket in Bangkok?

- Is there any relationship between customer satisfaction and customer loyalty in Supermarkets in Bangkok

1.6　Definition of Term

1.6.1　Supermarket

Oxford defines supermarket as, (Dictionary)" a large self-service shop selling foods and household goods". It is a self-service shop offering a wide variety of food and household products, organized into aisles. It is larger in size and has a wider selection than a traditional grocery store however it is smaller and more limited in the range of merchandise than a hypermarket or big-box market.

In Bangkok Tops supermarket, Foodland, Villa Market and Gourmet market are considered supermarket. Whereas other markets like Big C, Tesco are hypermarket.

1.6.2　Store Loyalty

Store Loyalty exists only when a consumer regularly patronizes a particular retailer (store or non-store) that he or she likes or trust. (Prenhall). The word store loyalty can be interchangeable used as customer loyalty. 'Store loyalty' by definition states that is act of re-purchases intention and positive word of mouth.
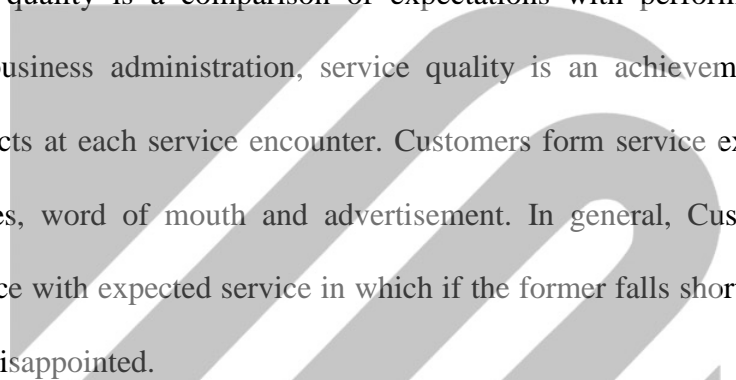
1.6.3　Customer satisfaction

Customer satisfaction is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is defined as "the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals."

It is seen as a key performance indicator within business. In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy.

1.6.4 Service Quality

Service quality is a comparison of expectations with performance. From the viewpoint of business administration, service quality is an achievement in customer service. It reflects at each service encounter. Customers form service expectations from past experiences, word of mouth and advertisement. In general, Customers compare perceived service with expected service in which if the former falls short of the latter the customers are disappointed.

CHAPTER 2

LITERATURE REVIEW

This chapter consists of a review of previous studies related to the topic, "A study of variables towards store loyalty in supermarket in Bangkok: A correlation between service quality and customer satisfaction" have been addressed within a research objective. It will also include other related literature reviews, related theories, framework and models as follows

2.1 Supermarket in Bangkok

A supermarket is a large, departmentalized retail store that primarily sells food items while a department store is a larger, divided into different departments and also provides an extensive assortment of other goods and services. Oxford defines supermarket as, "A supermarket is a large self-service shop selling foods and household goods (Oxford Dictionaries)".

The first major step in the modernization of Thai retailing emerged nearly 40 years ago with the opening in 1956 of the country's first department store, Central Department Store, in Bangkok's Chinatown area. (Soonsatham).

Long-ingrained habits of purchasing fresh goods from local markets, coupled with the limited range of goods which most people with limited incomes have been able to afford, have made this a difficult area of business to expand (Soonsatham)

2.2 Perceived service quality

Until the mid-1980s, the majority of studies on product quality focused on the physical aspect of product quality. From that date on however, studies have begun to consider the distinguishing features of services, which have since formed the basis for revising the quality definition for services (Soteriou and Chase, 1998).

Defining the concept of quality is the most important criteria in the economic development of international companies, whereas under different circumstances it has prevented the emergence of a universal definition (Reeves and Bednar, 1994).In addition, it is difficult to define service quality as opposed to the quality of goods. The general definition of "quality" is "satisfying customer's requirements" (Ghobadian et al., 1994).

Service quality, as an output of the service encountering process, is defined as the level of service offered to meet customer expectations (Duffy et al., 1997). Accordingly, the concept of service quality emerged as the result of the interaction between consumer and service provider (Leisen and Vance, 2001).

The definition of service quality from customer viewpoint is as follows (Parasuruman et al., 1985, p. 965).Service quality is an inference regarding the superiority of a product or service based on a rational assessment of characteristics or attributes, or an affective judgment or emotional response similar to an attitude.

Gronroos (1984) stated that service firms should define perceived service quality and determine the influence of service quality in order to compete successfully.

Accordingly, he explained the perceived service quality as being the outcome of an evaluation process. In this process, the customer compares expectations and perceptions with the result of the process, referred as perceived service quality.

Accordingly, a year after Gronroos' study, Parasuruman et al. (1985) suggested a conceptual model. Similarly, they claimed that service quality is a comparison between expectations and performance. They conceptualized the perceived service quality as follows (Parasuruman et al., 1988, p. 16):A global judgment, or attitude, related to the superiority of the service.

Within the framework of the European thought process which is also known as the Scandinavian school, Gronroos (2001) stated that the technical quality and the functional quality dimensions of a service replace the physical features of a product. The image dimension has entered into the model as a dynamic factor. That is due to the fact that customers then transfer their general perceptions and previous experiences with them to the next service encounter process. Among the consumer satisfaction theories, some researchers, including Parasuruman and his colleagues, define service quality as the gap between service perceptions and customer expectations (Vinagre and Neves, 2008). The North American School has focused its research on the intangible factors with the assumption that there are very few tangible factors in the service encounter process (Perez et al., 2007). The most important advocates of this tradition, Parasuruman and his

colleagues have greatly contributed to the field of service quality with the SERVQUAL scale they developed in light of the Scandinavian service management school and especially the pioneering work done by Gronroos (Chowdhary and Prakash, 2007).

The research focused on the notion that quality evaluation should not only focus on service output but should also embody the service encounter process (Kang, 2006). The Gap Model, which was first developed by Parasuruman and his colleagues, is considered the most eminent work done on the topic (Jun et al., 2004), and focuses on the differences between consumers' viewpoints and marketers' viewpoints (Svensson, 2006), has evoked a revolution (Redman and Mathews, 1998), and encouraged many researchers to investigate service quality contributors as part of the marketing concept (Chowdhary and Prakash, 2007). The debates and contributions within the framework of measuring and conceptualizing service quality have evolved around the SERVQUAL scale (Espinoza, 1999), and the roots of the efforts of conceptualizing service quality have now reached to that model and scale. The pioneer work of Parasuruman et al. (1988), propounded that service quality leans on multi-dimensional factors (Saunders, 2008). This conceptual model provides an advantage on easily understanding service quality components (Kuei and Lu, 1997). Parasuruman et al. (1985) mentioned the presence of five gaps that negatively affect service quality:

The aforementioned studies are invaluable for service quality management. Especially, the Parasuruman team with Zeithamland Berry has especially greatly

contributed to the development and expansion of the service quality field (Caruana et al., 1998).

The service quality concept is focused on how the service meets the consumers' needs and demands (Lewis et al., 1994). All of these definitions lean towards the assumption that consumers may evaluate an object only after she/he has interpreted or perceived it and parallel-wise, they may then comprehend the service quality by comparing the perceptions and expectations after having received the service (Lee et al., 2000).

The interest in the service quality field and the complexity of the factors defining service quality has given rise to the generation of numerous multi-dimensional models (Ekinci, 2002). Some of the most important research conducted on the topic includes: Gronroos (1984), Parasuruman et al. (1985), Parasuruman et al. (1988), Babakus and Mangold (1992), Teas (1993), Cronin and Taylor (1994).

It can be concluded from these studies that service quality has numbers of dimensions; however there is no concrete agreement on the exact nature of the dimensions (Murray and Howat, 2002). The SERVQUAL model has been pointed to as being the most extensively and successfully used service quality measurement in the twenty-first century (Kassim and Abdullah, 2010). The five dimensions of SERVQUAL: tangibles, reliability, responsiveness, assurance, and empathy are shown in Table 1.

Table 1 : Five Dimensions of SERVQUAL

Dimensions	Explanations
Tangibles	Physical facilities, equipment, and appearance of personnel
Reliability	Ability to perform the promised service dependably and accurately
Responsiveness	Willingness to help customer and provide prompt service
Assurance	Knowledge and courtesy of employees and their ability to inspire trust and confidence
Empathy	Caring, individualized attention the firm provides its customers

Source: Lee et al. (2011)

In an early study on customers' service quality perceptions, measured customers' perceptions and expectations in floral service quality. The results of that study exposed the finding that the reliability was the most important and the tangibles dimension was the least important of the five SERVQUAL dimensions. In a study by Bougoure and Lee (2009), a comparison between wet markets and supermarkets was made in the context of SERVQUAL dimensions, and the results revealed that supermarkets were perceived to be more reliable and more responsive than wet markets; in addition they offered better tangibles and greater level of personalization. In a similar study performed by Torlak etal. (2010), discount stores and supermarkets in Turkey were investigated via the customer perception of service quality dimensions. Accordingly, supermarket customers perceived physical aspects and store policy dimensions to be at a higher level, in contrast, discount store customers gave more priority to personal interaction. There are several studies which indicate that perceived service quality is the antecedent of satisfaction (Lee et al.,

2000; Murray and Howat, 2002) or that it has direct and indirect effects on behavioral intentions such as loyalty and p-WOM (Ladhari, 2009) or that there is a positive relationship between service quality, satisfaction, and revisit intension (Lee et al., 2011) or that service quality positively influences customer satisfaction (Kuo et al., 2009). Service quality has established itself as being an important determinant of both customer satisfaction (Falk et al., 2010) and WOM communication (Matos and Rossi, 2008). One of the main purposes of the present study is to determine the dominant service quality dimensions for supermarkets.

In a research conducted by Cronin and Taylor in 1992, they state " service quality is an antecedent of consumer satisfaction and that customer satisfaction exerts a stronger influence on purchase intention" (Cronin & Taylor , 1992)

2.3 Customer Satisfaction

There is a general consensus among customer relationship marketing practitioners that no business survives without customers. It is therefore critical that organizations form a close working relationship with their clients to ensure that they are satisfied with the services being provided for them.

In service management literature customer satisfaction is viewed as the result of a customer's perception of the value received in a transaction or relationship – where value equals perceived service quality relative to price and customer acquisition costs– relative to the value expected from transactions or relationships with competing vendors (Zeithaml et al., 1996).

Customer satisfaction refers to the extent to which customers are happy with the products and services provided by a business. Gaining high levels of customer satisfaction is very important to a business because satisfied customers are most likely to be loyal and to make repeat orders and to use a wide range of services offered by a business.

Gerpott et al. (2001) noted customer satisfaction is measured by that a customer's estimated experience of the extent to which a provider's services 14ulfill his or her expectations. A number of benefits are associated with customer satisfaction; Satisfied customers are less price sensitive, buy additional products, are less influenced by competitors and stay loyal longer (Zineldin, 2000). Ovenden (1995) caution organizations to pay particular attention to the way they treat their customers since some customers may not openly display their dissatisfaction with the kind of treatment meted them immediately. One important component in the concept of satisfaction is complaint management. Nyer (2000) investigated the relation between consumer complaints and consumer satisfaction and found that encouraging consumers to complain increased their satisfaction, and this was especially the case for the most dissatisfied customers. Research has also found that the more intensely a customer complains the greater the increases in satisfaction. Johnston (2001) argued that complaint management not only results in customer satisfaction, but also leads to operational improvement and improved financial performance.

2.4 Customer Loyalty

Customer loyalty can be defined in two distinct ways. First, loyalty is an attitude. Different feelings create an individual's overall attachment to a product, service, or organization. These feelings define the individual's (purely cognitive) degree of loyalty. The second definition of loyalty is behavioural. Examples of loyalty 15ehavior include continuing to purchase services from the same supplier, increasing the scale and or scope of a relationship, or the act of recommendation (Yi, 1990).. Customer loyalty is developed over a period of time from a consistent record of meeting, and sometimes even exceeding customer expectations (Teich, 1997). Kotler et al. (1999) asserted that the cost of attracting a new customer may be five times the cost of keeping a current customer happy. Furthermore, Gremler and Brown (1996) noted that the degree to which a customer exhibits repeat purchasing behavior from a service provider, possesses a positive attitudinal disposition toward the provider, and considers using only this provider when a need for this service exists.

According to the authors, Loyalty may be interpreted as true loyalty rather than repeat purchasing behavior, which is the actual re-buying of a brand, regardless of commitment. Zeithaml et al. (1996) states loyalty is a multi-dimensional construct and includes both positive and negative responses. However, a loyal customer may not necessarily be a satisfied customer. Colgate et al. (1996) also noted that it is not always the case that customer defection is the inverse to loyalty, while Levesque and Mc Dougall (1993) suggested that, "even a problem is not solved, approximately half of the customers would remain with the firm".

2.5 Service quality and customer satisfaction

Kotler and Armstrong (2012) preach that satisfaction is the pos-purchase evaluation of products or services taking into consideration the expectations. Researchers are divided over the antecedents of service quality and satisfaction. Whilst some believe service quality leads to satisfaction, others think otherwise. The studies of Lee et al. (2000) suggest service quality leads to customer satisfaction. To achieve a high level of customer satisfaction, most researchers suggest that a high level of service quality should be delivered by the service provider as service quality is normally considered an antecedent of customer satisfaction. As service quality improves, the probability of customer satisfaction increases. Quality was only one of many dimensions on which satisfaction was based; satisfaction was also one potential influence on future quality perceptions.

Service quality is an important tool to measure customer satisfaction (Hazlina et al., 2011). Empirical studies show that the quality of service offered is related to overall satisfaction of the customer. According to Jamal and Anastasiadou (2007), reliability, tangibility and empathy positively related with customer satisfaction. It's been found that reliability, tangibility, responsiveness and assurance have significant and positive relationship with customer satisfaction. Meanwhile empathy was found to have a significant and negative effect on customer satisfaction .Moreover, the result indicates responsiveness is the only significant dimension of service quality that affects the satisfaction of customers positively.

2.6 Customer satisfaction and customer loyalty

Customer satisfaction, which has been considered by many firms to be a powerful intangible asset for competitive advantage in the global arena (Ueltschy et al., 2009), is the response of the customer who evaluates his/her prior expectations and actual performance of the product/service (Ueltschyetal., 2009).Here, expectations correspond to predictions about what will happen in the future (Ueltschy et al., 2004, 2009). Accordingly, in the service management literature, customer satisfaction can be defined as being a summary of cognitive and affective reaction to a service incident or to a long-term service relationship (Lee et al., 2011). In other words, customer satisfaction or dissatisfaction in services marketing is a result of experience of the customer with a service quality encounter and comparison of that encounter with the expectations. Therefore, satisfaction is admitted to being idiosyncratic, because it is the interaction of perceptual interpretation of expectations of the service provided by that service encounter (Ueltschy et al., 2007).

Satisfied customers may be a great source to increase profitability. That is because satisfied customers are likely to commit to the service organization and have better social interaction with service providers, while dissatisfied customers complain more and repurchase less (Lee et al., 2011). However, satisfied customers will only seek out the service provider in the future and will also be willing to pay a premium price for that service (Ueltschy et al., 2007). Customer satisfaction is considered to be one of the main factors that influences repurchase intention (Ueltschy et al., 2007). One of the other contributions of satisfied customers to the firm is p-WOM. In marketing literature,

researchers have reported that WOM plays an important role in the product choice process and in the selection of service providers (Gilly et al., 1998). In actuality, p-WOM is a very important advertising tool for firms. According to early studies, it is nine times as effective as traditional advertising (Mazzarol et al., 2007, p. 1476). WOM may be defined as an informal communication source among senders and receivers in regards to the service or product (Murray, 1991). Sweeney et al. (2008) suggests that the potential for WOM to impact perceptions or actions depends on the nature of the sender-receiver relationship, the richness and strength of the message and its delivery. It is an emotionally expressed behavior that will influence others' purchasing intentions by informing them of a superior experience (Kassim and Abdullah,2010). In the context of the service quality field, it can be stated that the consumer with high service quality perception will intend to recommend the service provider, and in this manner, a p-WOM will occur (Gounaris et al., 2003). This recommendation is an explicit encouragement to visit a service provider (Moneyetal, 1998). Repurchase intention and p-WOM together compose loyalty. Kassim and Abdullah (2010) have stated that loyalty determines behavioral intentions and is a key predictor of a brand's purchase and repurchase intentions. Customer loyalty is defined as being a strong commitment to re-buy and re-patronize a service in the future (Jamal and Anastasiadou, 2007; Kandampully and Suhartanto, 2000).

However, loyal and satisfied customers recommend services to others in the context of p-WOM (Olorunniwo et al., 2006; Kandampully and Suhartanto, 2000; Kitapci and Dortyol, 2009).It has been found that customer satisfaction (andvalue)is a significant determinant of loyalty (Lai et al., 2009).

2.7 Conceptual Framework

From the literature review above, there seems to be a convergence between service quality dimensions, customer satisfaction and customer Loyalty. What seems to be a key factor which links the various service quality dimensions and customer loyalty is customer satisfaction. Customer satisfaction is therefore considered as an intermediate variable or a conduit through which service quality affects customer loyalty.

Based on the literature review, the study develops the conceptual framework below to analyze the relationship between service quality and customer loyalty.
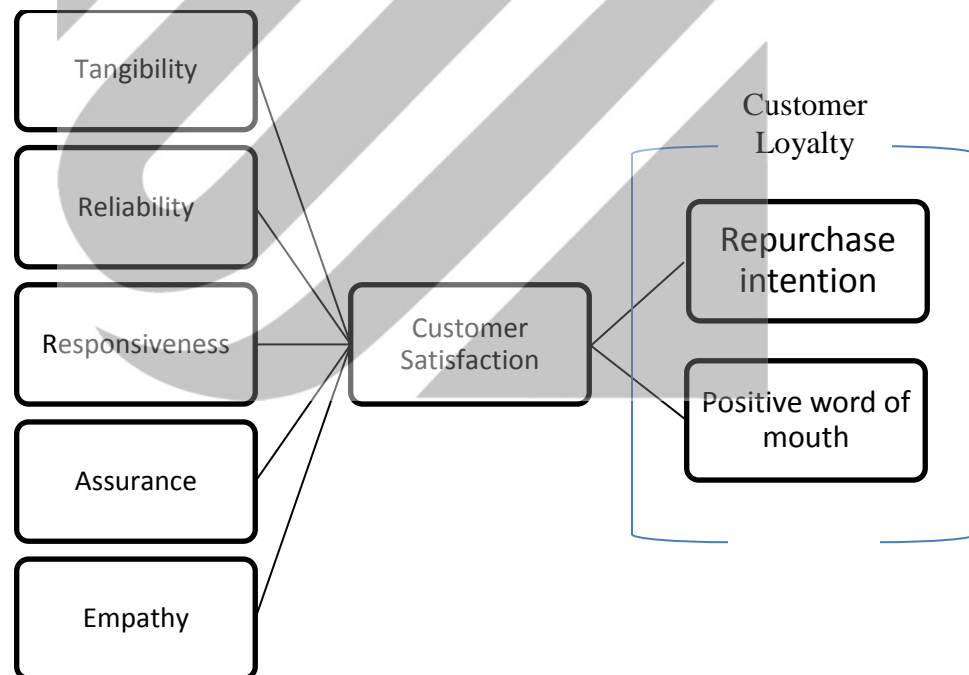
Figure 1 : Conceptual Framework

2.8 Hypothesis

H1. Tangibles have a significantly positive influence on customer satisfaction.

H2. Reliability has a significantly positive influence on customer satisfaction.

H3. Responsiveness has a significantly positive influence on customer satisfaction.

H4. Assurance has a significantly positive influence on customer satisfaction.

H5. Empathy has a significantly positive influence on customer satisfaction.

H6. Customer satisfaction has a significantly positive influence on customer repurchase intention.

H7. Customer satisfaction has a significantly positive influence on p-WOM.

CHAPTER 3

RESEARCH METHODOLOGY

This chapter explains the research methodology that was used for the collecting and interpreting the research of "A Study towards Service Quality Variables Influencing Customer Satisfaction and Loyalty in Supermarket in Bangkapi District, Bangkok" The procedures was as follows:

3.1   Research Design

3.2   Population and Sample Size

3.3   Research Instrument

3.4   Data Collection

3.5   Data Analysis

3.1 Research Design

This research is conducted to study the correlation between service quality and customer satisfaction that results in customer loyalty towards supermarkets in Bangkok. The research approach is descriptive in nature quantitative approach (survey, implementing a structured questionnaire) to enhance the validity and reliability of data.

The research was conducted in Bangkapi District, Bangkok, and a more affluent geographical area, where several supermarkets are located within close proximity. This area was chosen because it's one of the residential areas of Bangkok more likely to visit different supermarket to get a pleasurable shopping experience. Therefore in accordance of this model tangibility, reliability, responsiveness, assurance and empathy are five dimensions of quality.

3.2 Populations and Sample Size

To determine sample size was an important concern for the researcher to collect relevant data from the relevant respondents. In this research, the research approach required a small sample of the respondents beca2use of the particular research area.

3.2.1 Population

The target populations for this study were people who were above the age of 18 and had visited supermarket. Due to the limitation of the survey, the research was conducted in the Bangkapi District, Bangkok Province. The National Statistical Office Thailand (2012) has reported the total population in Bangkapi District, Bangkok Province was last recorded as 148,645. (Statistical profile of BMA, 2012)

3.2.2 Sample Size

The Sample Selection for this study were people who were 18 years old or above who have visited supermarket in Bangkok. To calculate the sample size of this study Convenience Random Sampling is used based on Yamane's formula (EDIS, 2009), which provides a formula to calculate sample sizes with a 90 % confidence level and e =

0.10. When the researcher knows the size of the population in the Bangkapi District, the sample size was determined based on the formula as follows:

$$n = \frac{N}{1 + N(e)^2}$$

n = sample size

N = population size

e = level of precision

The specific values set for the formula:

N = 148,645

e = 0.10

$$n = \frac{148,645}{1 + 148,645(0.10)^2}$$

$$n = 99.93$$

According to the result being 99.93, the researcher decided to distribute 100 sets of questionnaires in order to prevent any errors. Thus, the sample size of the research is 100 in the target population of 148,645.

3.3 Research instrument

3.3.1 Questionnaire

The procedure employed in this study was to solicit data through the use of structural questionnaires. The SERVQUAL instrument was used to measure service

quality. The SERQUAL contains information on both customer expectation and perceived performance by supermarket.

Questionnaire was distributed among regular grocery shoppers to identify the link between customer satisfaction and loyalty and the relationship with service quality. For measuring the service quality 16 statements are used. These questions were adapted from Kueh and Voon (2007). In accordance with the original model (Parasuruman et al., 1985) tangibility, reliability, responsiveness, assurance, and empathy are included as quality dimensions

Furthermore, two other constructs were developed to measure customer satisfaction and customer Loyalty. Each construct was measured using Likert type scale ranging from strongly disagree (1) to strongly agree (5). Data on socio-economic characteristics of respondents were also solicited to give some idea on the background of the respondents. The use of questionnaire is considered appropriate for the study, since it made it easy for responses to be coded and analyzed. Also, it made it easy for the researcher to speak to a large number of people within a short period of time.

3.4 Data Collection

Data collection for this study used a survey method that included learning from other related researches and theories. Therefore, data collection was done in two types, as provided below:

3.4.1 Primary data collection

When the researcher collected the information data by using questionnaires were according to the sample selected in Bangkapi District, Bangkok Province. Bangkapi District was found to be a very suitable area where the researcher could undertake the survey because of the residential areas. Similarly, certain questioner were distributed among Stamford International University student as there are many foreign student who constantly visit supermarkets in Bangkok Therefore, 120 questionnaires were distributed among which only 98 was useful.

3.4.2 Secondary data collection

Secondary data or second hand information have been used in this research to some extent. So in the specific study of "A Study Towards Service Quality Variables Influencing Customer Satisfaction and Loyalty in Supermarket in Bangkapi District, Bangkok" the information data such as books, Internet websites, other MBA and PhD thesis, Journals and independent studies were also used.

3.5 Data Analysis

Data on the socio-economic characteristics of respondents was analyzed using descriptive statistics, frequencies and percentages. Data on service quality dimensions, customer satisfaction and customer loyalty were analyzed using multiple linear regressions. A Statistical program was used to process the data set.

CHAPTER 4

RESEARCH FINDING

The chapter presents the findings from the study based on the methodology stated in the chapter three. The first section entails analysis of descriptive statistics of the variables and the second section dealt into the main results of the study using statistical techniques such as correlations and multiple linear regressions. The findings of the study are also discussed in relation to the literature and in comparison to other related works. However, in order to ensure that the results are reliable, there is the need to check for internal consistency of each construct, the chapter therefore conducted a test of internal consistency using Cronbach's Alpha. The chapter begins with the demographic characteristics of respondents which gives a fair idea of the data

4.1 Demographic characteristic of respondent

Out of 120 questionnaires administered, 98 were valid. Out of the 98 valid responses 55(56.1%) was male and 43(43.9%) was female. The sample of customers with diverse the age distribution of customers surveyed for the study is presented in Table 2. Out of the 98 respondents, 7 (7.1%) were between 20 and below years, 55 (56.1%) were between 31 to 40 years, 3 (3.1%) were between 41 to 50 years, 3 (3.1%) were 51 years and above. Majority of the respondents surveyed for the study were people 21-30 years of age and the distribution appears negatively skewed.

Out of the 98 valid responses, customers with high school education constitute (1%); followed by customers with graduate education 26.5%, (67.3%) have master's education, 5.1% have Doctorate education. (See table).

Table 2 : Demographic of Respondents

	Frequency	Percentage
Age		
18 – 20	7	7.1
21 – 30	55	56.1
31 – 40	30	30.6
41 – 50	3	3.1
51 and over	3	3.1
Total	98	100.0
Gender		
Male	55	56.1
Female	43	43.9
Total	98	100.0
Level of Education		
High School	1	1.0
Graduate	26	26.5
Masters	66	67.3
Doctorate	5	5.1
Total	98	100.0
Profession		
Student	67	68.4
Pensioner	1	1.0
Officer	10	10.2
Employee	15	15.3
Self Employed	5	5.1
Total	98	100.0

Table 2 : Demographic of Respondent (Cont.)

Income Level		
10000	39	39.8
10000 – 20000	26	26.5
20000 – 30000	15	15.3
31000 – 40000	1	1.0
40000 or more	17	17.3
Total	98	100.0

Source: Computed with Statistical Program

The results of Table 2 show that the occupations in the largest group of Respondents are student (68.4% or 67 people). The second largest group are employee (15.3% or 15 people); and the third largest group are officer (10.2% or 10 people). 5.1% of the respondents or 5 people are self-employed. Respondents who are pensioner numbered 1.

According to the result in the Table 2, show that the monthly income of the largest group of respondents is the range of 10000 Bath (39.8% or 39 people). The respondents in the second largest income bracket have income 10000-20000 Bath per month (26.5% or 26 people). The third largest income group has income from 40000 and more Bath per month (17.3% or 17 people)

4.2 Reliability Test

Reliability refers to the extent, to which the scale/survey provides consistent results when surveying similar populations. There are three main types of reliability have been identified by researchers. These are internal consistency, split half reliability and

test-retest reliability (Golafshani, 2003). All the three method attempts to verify the reliability of the constructs of a scale but they rely on different methodologies. For the purposes of this study, however, internal consistency is the main focus. Thus, the study employed Cronbach's alpha to verify the internal consistency of each construct in order to achieve reliability.

Since summated scores of each construct are needed for the correlation and multiple regression analysis, the total valid sample of 98 was used for the reliability test. It is argued that if a study measures more than one construct, then we can only speak about the reliability of each construct but not the reliability of the survey as a whole. In accordance with this argument, the internal consistency test of each construct is presented in Table 3 below.

Table 3 : Reliability Test

	Number of Item	Cronbach's Alpha
Reliability test of questioner	20	0.916
Tangibility	4	0.725
Reliability	3	0.721
Responsiveness	3	0.782
Assurance	2	0.755
Empathy	3	0.759
Satisfaction	3	0.757

Source: Statistical Program

The results from the internal consistency test showed that all the constructs have Cronbach's alpha of more than 0.916 with overall reliability. The findings imply that there is high level of internal consistency among the items in each construct and as such each construct is reliable.

It should however be noted that, the initial Cronbach's alpha for Assurance construct was less than the critical value of 0.70. The Cronbach's alpha for the four items on the Assurance construct was 0.608. The common practice to improve the value of alpha is by removing from the construct the item with the lowest corrected item-Total correlation. Thus, the item "employees have necessary knowledge to answer all questions raised by customer" was deleted and Cronbach's alpha was re-estimated for the Assurance construct which yielded an alpha of 0.755.

4.3 Descriptive Statistics

In this section, the study presents the summary statistics of the variables based on the summated scale created. The means and standard deviations of each construct are presented in Table 4. Results from the summary statistics indicated that the mean response rate for most constructs is between 2.81 and 3.29. This gave an indication that, in general customers are not satisfied with the supermarket of Bangkok.

Apart, customer satisfaction constructs which recorded mean value has the highest value of 3.29, majority of the constructs recorded mean values below 3.29.

From theory, a low standard deviation values suggest that the data points tend to be very close to the mean, whereas high standard deviation values indicate that the data

are spread out over a large range of values. From Table 4, Responsiveness and Loyalty recorded the highest value standard deviation followed closely by Reliability. This implies that there is high level of dispersal in the data for the two constructs. The phenomenon can be explained by the fact that since the survey captures different Supermarket in Bangkok, some customers may be receiving relatively better services from their networks than others.

The customer satisfaction construct have the lowest standard deviation of 0.92, suggesting a comparatively lower spread in the data and clustering of the responses around the mean

Table 4: Descriptive Characteristic of Respondent

	Mean	Std. Deviation
Tangibility	**3.22**	**1.09**
Use modern equipment	3.2449	1.10352
Employees look professional	3.1633	1.07160
Interior is attractive	3.4694	1.08603
Informative sign are appealing visual and understandable	3.0306	1.11646
Reliability	**3.02**	**0.98**
Provide services without making mistake	3.1327	.97004
Promise are fulfilled within time	3.1327	1.05163
Show sincere effort in problem Solving	2.8163	.92332
Responsiveness	**2.90**	**1.10**
Provide prompt and actual service	3.0102	1.12603
Employee readily assist at any moment	3.0612	1.06312

Table 4: Demographic Characteristic of Respondent (Cont.)

Provide necessary information	2.6327	1.11584
Assurance	**2.64**	**0.67**
Employee behavior raises customer confidence	2.6633	0.83658
Polite to customer	2.6224	0.81879
Empathy	**2.96**	**0.98**
Employees understand needs	2.8776	1.02811
Dedicated attention	3.1633	.89320
Priority to customer	2.8571	1.02545
Satisfaction	**3.29**	**0.92**
Overall satisfied in your experience	3.2143	.72154
Highly satisfied	3.3469	1.02647
Service above expected	3.3163	1.01125
Loyalty	**3.18**	**1.10**
Would customer revisit	3.2755	.99256
Would you recommend to friends and family	3.0816	1.21565

Source: Computed with Statistical Program

Table 4 indicates that customers placed highest marks for the following statements: supermarket uses attractive interior (3.46), and your entire experience with the supermarket; overall you are highly satisfied with the supermarket (3.34) and I would like to revisit the supermarket that I have already dealt with (3.27). Generally, arithmetic means of model variables are in a range from 2.63 to 3.46. On the other hand, standard deviations of individual statements range from 0.92 to 1.21.

4.4 Hypothesis testing

To investigate the effect of Service Quality on Customer Loyalty, the study follows a two-step approach. First, a linear regression is fitted employing customer satisfaction as a dependent variable and; Tangibles, Responsiveness, Reliability, Assurance and Empathy as independent variables. This is because, customer satisfaction is considered as intermediate variable between Service Quality and Customer Loyalty. The second step consists fitting a regression with customer Loyalty as a dependent variable and customer satisfaction as an independent variable. Finally, a regression is fitted employing the five Service Quality variables as well as customer satisfaction as independent variables. The purpose of such a model is to examine the direct impact of Tangibles, Responsiveness, Reliability, Assurance and Empathy on Customer Loyalty.

4.4.1 Service Quality and Customer Satisfaction

In Table 6, the regression results of customer satisfaction on Service Quality dimensions are presented. The findings showed that, the coefficient of Tangibles, Responsiveness, and Empathy Service Quality dimensions are significant at 95% confidence level, suggesting a positive relationship with customer satisfaction. Similarly Reliability and Assurance dimension does not have a significantly positive influence on customer satisfaction. From the beta estimates, it can be said that empathy dimension is strongly connected to customer satisfaction than other four service quality dimensions obtaining the highest coefficient (0.431). This means, a 1% increase in the level of Empathy may lead to 43.1% rise in Customer Satisfaction. Furthermore, a 1% increase in

Tangibles will lead to 16.1% increase in customer satisfaction; a unit rise in responsiveness leads to 26.9% increase in the level of customer satisfaction.

Table 5: Regression of Customer Satisfaction and service quality variables

Parameter	Coefficients Beta	Std. Error	T	Sig.
(Constant)	.403	.249	1.621	.108
Tangibility	.161	.074	2.192	.031
Reliability	-.007	.068	-.100	.921
Responsiveness	.269	.076	3.557	.001
Assurance	.125	.075	1.650	.102
Empathy	.431	.064	6.789	.000

Dependent Variable (Constant) : Customer Satisfaction

R ^{2} = 0.708   **Adjusted R^2** = 0.692 **Std error est.** 0.42350

Source: Computed from Statistical Program

The conclusion that can be drawn from the finding in Table 6 is that, supermarkets in Bangkok should endeavor to improve on their service quality in order to achieve brand loyalty. The diagnostic test revealed an R^2 = 0.708, indicating that the regression is reasonably fitted and interprets that 70.8% of variance in customer satisfaction can be predicted by service quality provided by supermarket. Besides, Table 7 points to a favorable test of between subject effects as shown by a significance F-statistics.

Table 6: Test of between subject effect

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	40.003	5	8.001	44.608	.000[b]
Residual	16.500	92	.179		
Total	56.503	97			

a. Dependent Variable: Satisfaction

b. df = Degree of freedom

Source: Computed from Statistical Program

4.4.2 Customer Satisfaction and Repurchase intention

From the previous sections, the study found evidence to the fact that Tangibles, Responsiveness, and Empathy are positively related to customer satisfaction. As stated earlier, customer satisfaction is an intermediate variable through which service quality impacts on Repurchase intention. As such, after establishing a positive relationship between service quality dimensions and customer satisfaction, the study proceeds by fitting a regression between Customer Satisfaction and Repurchase intention

Table 7: Regression of Customer Satisfaction of Re-purchase intention

Parameter	Coefficients Beta	Std. Error	T	Sig.
(Constant)	1.230	.394	3.122	.002
Satisfaction	.621	.117	5.328	.000

Dependent Variable (Constant) : Repurchase intention

$R^2 = 0.228$ **Adjusted $R^2 = 0.220$ Std error est.** 0.87651

Source: Computed from Statistical Program

The results from Table 8 showed that the coefficient of Satisfaction is positive and statistically significant at 95% confidence level. From the study, a 1% rise in Satisfaction leads to 62.1% increase in Repurchase Intention. Thus, supermarkets who are interested in building brand Loyalty should focus to satisfy their customer through the provision of enhanced services.

Table 8 : Test of between subject effect

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	21.807	1	21.807	28.384	.000b
Residual	73.755	96	.768		
Total	95.561	97			

Dependent Variable: Repurchase intention

Df = Degree of freedom

Source: Computed from Statistical Program

The model recorded an R^2 of 0.396 which suggests that the regression is well fitted. Besides, the test of between subjects-effects revealed a significance F-statistics in Table 9.

4.4.3 Customer Satisfaction and Positive Word of mouth

In previous sections, the study found positive relation between Customer Satisfaction and Repurchase intention. Now in order to support the literature, we need to examine customer satisfaction and Positive Word of Mouth (p-WOM).

Table 9: Regression of customer satisfaction and positive word of mouth

Parameter	Coefficients Beta	Std. Error	T	Sig.
(Constant)	.460	.476	.967	.336
Satisfaction	.796	.141	5.656	.000

Dependent Variable (Constant) : P-WOM

R ^{2} = 0.250   **Adjusted R^2** = 0.242 **Std error est.** 1.05830

Source: Computed from Statistical Program

The results from Table 10 showed that the coefficient of Satisfaction is positive and statistically significant at 1% level. From the study, a 1% rise in Satisfaction leads to 79.9% increase in p-WOM.

The model recorded an R^2 of 0.25 which suggests that the regression is well fitted. Besides, the test of between subjects-effects revealed a significance F-statistics.

Table 10: Test of between subject effect

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	35.828	1	35.828	31.989	.000[b]
Residual	107.519	96	1.120		
Total	143.347	97			

Dependent Variable: P- WOM Df = Degree of freedom

Source: Computed from Statistical Program

4.5 Conclusion

In this chapter, the findings from the study was presented and discussed. Reliability test was first conducted to verify the internal consistency of each construct. The results indicated that all the constructs are internally consistent and reliable. Preliminary test conducted using correlation analysis indicated a significantly positive relationship between various service quality variables and customer satisfaction. Subsequently, a regression model was fitted employing Customer Satisfaction as dependent variables and Tangibles, Reliability, Responsiveness, Assurance and empathy as independent variables.

Result of regression in order to prove the hypothesis as provided earlier is literature is explained in figure 3. From the regression model, a positive relationship was established only between Tangibility, Responsiveness and Empathy among the service quality variables and the dependent variable.

Since customer satisfaction is considered an intermediate variable through which Service Quality affects customer loyalty, the study proceeded by exploring whether customer Satisfaction have any effect on repurchase intention as well as positive word of mouth. The results lend credence to the fact that customer Loyalty is influenced by customer satisfaction.
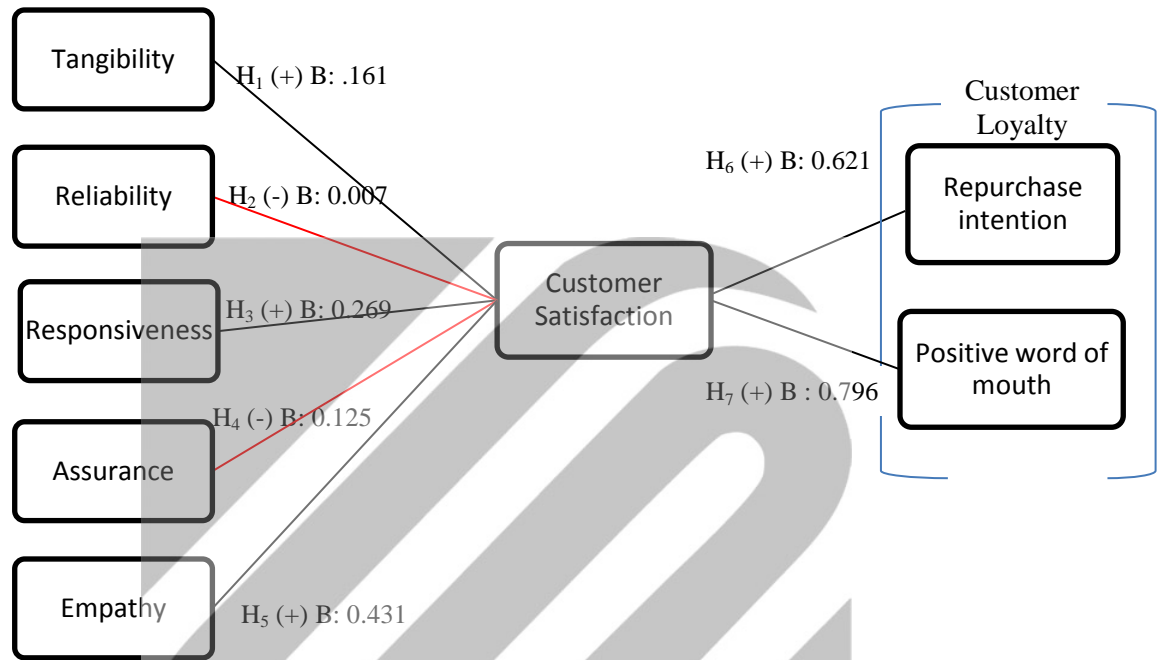
Figure 2: Research Result

The implication of this finding is that supermarket operator is Bangkok should offer high levels of service quality which promotes customer satisfaction in order to achieve brand loyalty. However, Reliability and Assurance does not significantly impact in customer satisfaction in supermarket in Bangkok.

CHAPTER 5

SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter provides general summary and conclusion of study. This chapter concludes with recommendation for further analysis and implementation.

5.1 Summary of Study

The study investigated the relationship between service quality and customer loyalty in supermarkets in Bangkok. It is well known that service quality, customer satisfaction, and customer loyalty are becoming the most important factors of successful business competition for service providers (Rust et al., 1995; Zeithaml, 1996). The literature review revealed that although quality is an exclusive and indistinct construct which may vary from one person to another or even from one situation to another it can be assessed by probing whether perceived service delivery meets, exceeds or fails to meet customer expectations (Cronin and Taylor, 1992; Oliver, 1999). Lewis and Booms (1983) postulated that service quality is a measure of how well the service level delivered matches consumer expectations. Not with standing the stiff competition in Bangkok's supermarket industry, customer complaints with regards to poor quality service continue to rise. This study therefore explored the relationship between service quality and customer loyalty aimed at influencing policy in the sector.

The SERVQUAL model by Parasuraman, Zeithaml and Berry (1991) was used to measure service quality. This model has been pointed to as being the most extensively and successfully used service quality measurement in the twenty-first century (Kassim and Abdullah, 2010). The five dimensions of SERVQUAL: Tangibles, Reliability, Responsiveness, Assurance, and Empathy were used to measure service quality of supermarkets in Bangkok. Total of 120 questions were administered among which only 98 was valid responses. Demographic characteristics of respondents were analyzed using frequencies and percentages. The study employed correlations and linear regression to analyze the relationship between service quality and customer satisfaction. Further relationship between customer satisfaction and repurchase decision as well as customer satisfaction and positive word of mouth was analyzed using correlation and linear regression.

Results from the correlation analysis indicated a significant relationship between service quality dimension and customer satisfaction. From the regression model, a positive relationship was established between tangibility, responsiveness and empathy with that of customer satisfaction. Similarly, there was negative relationship between reliability and assurance with customer satisfaction. There was positive relationship between customer satisfaction and repurchase intention as well as positive word of mouth. Therefore it implies that there is positive relationship between customer loyalty.

5.2 Conclusion of Study

Following conclusion was made from the study, " A study of variables towards store loyalty in supermarket in Bangkok: Correlation between service quality and customer satisfaction".

First, the study revealed that service quality variable like tangibility, responsiveness and assurance have positive influence on customer loyalty through customer satisfaction.

Second, there is negative or low influence between service quality dimensions like reliability and assurance with customer satisfaction and further customer loyalty.

Third, customer satisfaction has direct relationship with repurchase intention and positive word of mouth. Therefore there is a positive relationship between customer satisfaction and customer loyalty since repurchase intention and positive word of mouth together is customer loyalty.

5.3 Limitations of the Study

The following limitations have been identified;

- First, the researcher would have wanted to cover more supermarket visitors for the study but due to the limited time frame available for the study, only 98 questionnaires were administered.

- Secondly, convincing customers to answer the questionnaires was rather challenging as some of them claim they are busy and therefore do not have time.

Besides, some people could not respond to all the items on the questionnaire which makes them invalid and therefore have to exclude from the data.

- Third, as a foreigner in Thailand a survey questioner was asked English language which limited responded to only English speaking and reading responded. It is due to this factor response to question for assurance attribute "Employees in the supermarket have necessary knowledge to answer all questions raised by customers" had to cancel.

5.4 Recommendation

From above research we have concluded that there is a relationship between service quality and customer satisfaction that further have positive influence on customer loyalty. Therefore all supermarket operators' are recommended focusing on service quality in order to achieve customer loyalty. Furthermore following are recommendation for potential user:

- Supermarket operators must prioritize for Tangibility, Responsiveness and Empathy in order gain customer satisfaction.

- A satisfied customer is loyal customer. Therefore should focus on satisfying needs of customer in order to stay competitive in market.

- Supermarkets in Bangkok must train their employee to serve all type of customer (both foreigner as well Thai) in order to gain be more reliable and provide assurance to customer.

5.5 Recommendation for Further Research

Based upon above conclusion and limitation of the study, following are the recommendation for further research and study

Test model for this study entitled only seven variables among which five was dimension from SEVQUAL model and customer satisfaction and customer loyalty. This model can be developed with different variables.

Secondly, research should focus on measuring customer satisfaction and loyalty with hypermarket, wholesale and other similar service industry

Lastly, use of wide sample base from different city of Thailand and different type of customer is highly   recommended for better result.

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APPENDIX

SURVEY QUESTIONER

Dear Sir/ Madam,

Following survey is part of my Independent study for MBA program. It is related to supermarket in Bangkok. Please spare some time for filling in my questioners.

Thanks in advance.

Nikhen Gopali

Part One: Demographic questions

Please tick one box in following questions.

Age
[ ] 18 to 20   [ ] 21 to 30   [ ] 31 to 40   [ ] 41 to 50   [ ] 50 and over

Level of Education
[ ] Literal   [ ] High School   [ ] Graduate Degree   [ ] Master's Degree   [   ] Doctorate

Gender
[ ] Male   [ ] Female

Profession
[ ] Student   [ ] Pensioner   [ ] Officer   [ ] Employee   [ ] Home maker   [ ] Self employed

Income Level
[ ] 10,000 THB or less   [ ] 10,001 THB to 20,000 THB   [ ] 20,001 THB to 30,000 THB   [ ] 30,001 THB to 40,000 THB   [ ] 40,000THB or more

Part Two: Service quality dimensions of supermarket in Bangkok.

For this section please rate how strongly you agree or disagree. 1 being strongly disagreed and 5 being strongly agreed

	Supermarket uses modern equipment	1	2	3	4	5
	Employees in the supermarket look professional	1	2	3	4	5
Tangibility	Interior of the supermarket is attractive	1	2	3	4	5
	Materials such as informative signs regarding supermarket are visually appealing and easy to understand	1	2	3	4	5
	Supermarkets provides its services without making mistakes	1	2	3	4	5
Reliability	Promises given to customers are being met within agreed time frame	1	2	3	4	5
	Employees in the supermarket show sincere efforts to solve customers' problems	1	2	3	4	5
	Employees in the supermarket provide prompt and actual service to customers	1	2	3	4	5
Responsiveness	Employees in the supermarket are ready to assist clients at any moment	1	2	3	4	5
	Employees in the supermarket provide customers with necessary information	1	2	3	4	5
	Employee behavior raises customer's confidence	1	2	3	4	5
Assurance	Employees in the supermarket are polite to their customers	1	2	3	4	5
	Employees in the supermarket have necessary knowledge to answer all questions raised by customers	1	2	3	4	5
Empathy	Employees in the supermarket understand particular needs of their customers	1	2	3	4	5
	Employee in the supermarket dedicate enough personal attention to customers	1	2	3	4	5

	The supermarket leaves an impression that what is best for customer is always the supermarket's prority.	1	2	3	4	5
Satisfaction	Assuming you view your entire experience with the supermarket, overall you are very satisfied with the supermarket	1	2	3	4	5
	In general, my satisfaction level related to the supermarket that I have already deal with is high	1	2	3	4	5
	Complete service offer by a supermarket is significantly above expected	1	2	3	4	5
Loyalty	I would like to revisit the supermarket that I have already deal with.	1	2	3	4	5
	I recommend my close environment to visit the supermarket that I have already deal with	1	2	3	4	5

BIOGRAPHY

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