MEASURING RETAIL SERVICE QUALITY OF OIWAK STORE BY IMPORTANCE AND PEFORMANCE ANALYSIS

Faisal Rasyid Zulkarnaen and Leo Aldianto
School of Business and Management
Institut Teknologi Bandung, Indonesia
[1] *faisal.rasyid@sbm-itb.ac.id,* [2] *leo.aldianto@sbm-itb.ac.id*

Abstract

The growth of modern markets is higher today that result in increased competition among retail businesses. Oiwak as a retail store in Indonesia that sells fresh fish as its main product must be able to compete and win in this state. Moreover Oiwak store should be able to compete with firms of different types of retail that sells a wide range of products. As a retail company that sells fresh fish where this type of product is not common in Indonesian, the store should be able to read customer characteristics and analyze customer satisfaction levels based on the quality of services provided which eventually could have implications on marketing strategies to satisfy the needs of its customers. This research is to assess the response of a sample of visitors with 80 respondents through the analysis of customer satisfaction of the attributes of service quality using importance-performance analysis which compared between expectations and the actual reality of customer perception. Research result would recommend management of Oiwak store to improve attributes the performance of service is still below of customer's expectation first which are in dimension of Reliability and Personal Interaction specifically in error purchase recording and the knowledge of the employee.

Key words: Retail, Service Quality, Importance-Performance Analysis
Category: Performance Management, Marketing

Introduction

The Indonesian retail sector began its rapid expansion in 1999, when a Presidential Decree allowed Carrefour, a French retailer, to increase its outlet numbers in Jakarta. As other foreign and local retailers followed, the Indonesian retail sector grew and customers benefited from stronger competition between retailers. Growth in the number of large modern retail stores is expected to continue, particularly hypermarkets and mini-markets. This growth is being driven mostly by strong shopping preferences. There is ample opportunity for retail store expansion to serve more customers in Indonesia .

Table 1 Number of modern retail outlets

Number of modern retail outlets Description	2003	2004	2005	2006	2007	2008
Supermarket	900	960	1,140	1,310	1,380	1,450
Hypermarket	40	70	80	100	120	130
Mini market	4,080	5,600	6,470	7,350	8,890	10,290

The above table show the number of modern retail outlets in Indonesia is always increase every year. According to the above table, number of supermarket is 900 outlets in 2003 and increased to 1450 outlets in 2008. Number of Hypermarket is 40 outlets in 2003 and increased to 130 outlets in 2008. Number of Mini market is 4080 outlets in 2003 and increased to 10.290 outlets in 2008.

Fishery products especially fresh fish should be able to meet the demands of the customer wants in the quality of product and the service by the seller to customer. Marketing channels that are available are the market and

traditional supermarkets. But in reality, customers of fresh fish dislike to shop at traditional markets due to the marketing system on the market traditionally less satisfying for consumer needs of a specific community because the efforts to improve the service quality and freshness of the fish is still weak.

Research Objective

The objective is to know how to improve the quality of service for retail store of selling fresh fish to fulfill the customers' needs and to give satisfaction to customer. This research is expected to give the best and possible solution for the business problem in Oiwak store.

Research Question

The main research question for this research is: "What the priority course of action should be taken by Oiwak store to improve the service quality?"

Literature Review
Service Quality

According to Kotler (1997: 563) definition of retail is all the activities undertaken to sell goods or services directly to end user for the use of a personal needs .
Service quality is a focused evaluation that reflects the customer's perception. The dimensions of service quality have been identified through the pioneering research of Parsu Parasuraman, Valarie Zeithaml, and Leonard Berry. Their research identified five specific dimensions of service quality: Reliability, Responsiveness, Assurance, Emphaty, and Tangibles.

Dabholkar, Pratibha, Dayle Thrope and Joseph Rentz (1996) in A measure of Service Quality for retail stores journal criticizes that the SERVQUAL models are not able to accurately identifies customer perceptions of service quality retail stores, where the stores that sell various goods and services (such as supermarkets, department stores and specialty stores).

The dimensions of Service Quality for retail stores include five main factors:

- Physical Aspect, include the appearance of physical facilities and convenience offered to customers relating to the layout of physical facilities.
- Reliability, in principle the same as the reliability dimension of SERVQUAL Model. But here the reliability of sub-dimensional sorted into two, namely the promise and deliver services appropriately.
- Personal Interactions, refers to the ability of service employees in fostering customer confidence and attitude of polite or helpful. In principle, this dimension relates to the way employees treat customers.
- Problem solving, related to the handling of returns, exchanges and complaints.
- Policy, including aspects of quality services that are directly influenced by store policy, such as operating hours, parking facilities, and credit card usage.

Importance-Performance Analysis

Importance-performance analysis was introduced to study customer satisfaction as a function of both expectations related to importance and performance (Martilla and James 1977; Magal and Levenburg 2005). Slack (1991) presented an IPA model that considered a relationship between importance and performance and theorized that target levels of performance for particular product attributes should be proportional to the importance of those attributes. In other words, importance is seen as viewed as a reflection of the relative value of the various qualities attributes to customers.

There are two methodological streams by the simultaneous consideration of importance and performance. One focuses on identifying performance gaps measured as performance minus importance (O'Neill et al. 2001; Shaw et al. 2002; Skok et al. 2001). The other approach to IPA involves plotting mean ratings on each of these items in a two-dimensional grid to produce a four-quadrant matrix that identifies areas of needing improvement as well as areas of effective
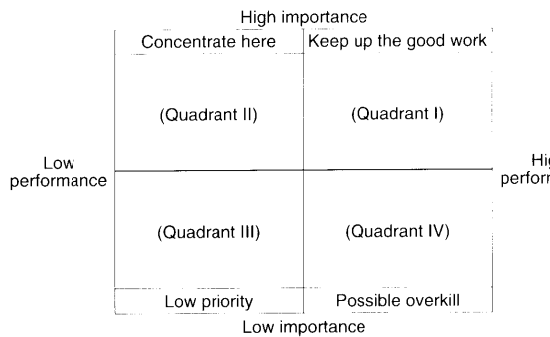
performance (Graf et al. 1992; Skok et al. 2001).

Figure 1 Importance-Performance diagram
Source: Martilla, J. and James J. (1977), 'Importance- Performance Analysis', *Journal of Marketing,* 14 (January): pp. 77-79.

The following is the explanation about the above figure:
Quadrant A is the quadrant that describing the attributes of the members as important attribute but its performance is not good. Attributes that are in quadrant priority should be prioritized so as to meet the performance improvement of visitor satisfaction.

Quadrant B is the quadrant where the attributes of its members have common interests and the performance of the maximum height already reached a high level of customer satisfaction as well. The performance of this attribute must be retained by the company as a competitive force.

Quadrant C is the quadrant that describes the attributes of its members as a less important attribute and its performance is also low. Companies do not need to prioritize these attributes in this quadrant because it is not really necessary for the customer.

Quadrant D is the quadrant where the members are the attributes that have a low interest rate but the maximum performance. Companies need to anticipate these things so that resource allocations are not on the wrong attributes. Better if the resources used to improve the performance of the attributes in this quadrant are allocated on a priority quadrant.

Methodology

The first step in creating this paper is know the issues around retail market industry and fishery industry that related to the current condition of the object research. To get the true problem, author do interview with the management of Oiwak store and matching with the issues.The source of primary data is from spread the questionnaire especially to the customer of Oiwak, interview with the management of Oiwak, and direct observation in the field. Sampling method is by convenience sampling method with a non-probability sampling approach, which is when respondents were sampled at the study site. Determination of the number of respondents is determined by the Slovin's formula. The number of respondent is 80 persons.

Source of the question in the questionnaire is from book *Marketing Scales* by authors Fandi Tjiptono, Yanto Chandra, and Anastasia Diana [5] according to *A measure of Service Quality for retail stores* by Dabholkar, Pratibha, Dayle Thrope and Joseph Rentz (1996). Each respondent were asked to rate the importance of each statement by likert scale with scale from 1 (not important) to 4 (very important).The result of questionnaires is analyzed by compares the two aspects of performance aspects and aspects of the importance of consumer perception. The data obtained was processed and incorporated into the Cartesian diagram. The result can be seen that the attribute has a gap between performance and interest in detail.

Below are the lists of those 28 retail service quality attributes:

Table 2 List of question in the questionnaire
Source: Marketing Scales by authors Fandi Tjiptono, Yanto Chandra, and Anastasia Dian (2004)

	PHYSICAL ASPECT
A1	The stores has modern-looking and fixtures
A2	The facility of this store are visually appealing
A3	Stores materials such as shopping bags
A4	The stores has public space such as clean, attractive, and convenient restroom

A5	The store layout of this store makes it easy for customer to find what they need
A6	The store layout of this store makes it easy for customer to move around in the store
	RELIABILITY
B1	When this store promises to do something by a certain time, it will do so
B2	This store perform the service at the right time as the promise
B3	This store perform the service right the first time
B4	This store has product available when the customer want it
B5	This store sometimes perform error-free purchase recording and transaction
	PERSONAL INTERACTION
C1	The employee of this store have knowledge to answer customers' question
C2	The behavior of the employee in this store instills confidence in customers
C3	The customer feel safety while do transaction in this store
C4	The employee perform fast service to the customers
C5	The employee of this store informing the customer when get the service time
C6	The employee of this store has never too busy to respond the customers' want
C7	The employee of this store has never too busy to respond the customer's wants
C8	The employee of this store consistently being polite to the customers
C9	The employee of this store being polite when serve the customer by phone call
	PROBLEM SOLVING
D1	This store is willing to handle return or exchange goods
D2	If the customer get problem, this store give attention sincerely to solve it
D3	The employee in this store can handle complaint by the customer directly and as soon as possible
	POLICY
E1	This store sells high quality product
E2	This store has comfortable and large space of parking area
E3	This store has convenient operational time for the customer
E4	This store accept most of credit card
E5	This store offer their own credit card

Finding and Analysis

The results above are processed into a Cartesian diagram and each attributes will occupy each quadrant according to the results of the score.
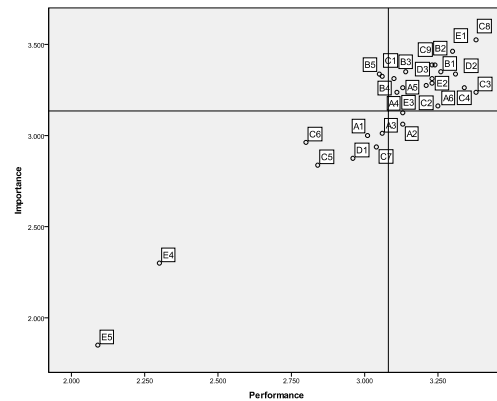

Figure 2 Importance-Performance result diagram

Analysis for Quadrant A

B5 is the attribute on Personal Interaction dimension that show this store is still made mistakes in recording the quantity of shopping and made a mistake in the calculation of buying transactions. Currently the recording system by Oiwak stores still use manual way to record the weight of the fish, still use hand-written to measure the weight of fish. The error usually happens when much number of visitors in the same time or in rush hour. In a crowded situation, sometimes the cashier is busy to helping another customer service so no one recorded the weight of the fish.

The author suggests that Oiwak store to hire one more employee who only doing greet the customer. The cashier don't have to help the customer and only doing transaction activity. The new employee must have good soft skill and broad knowledge about fish.

C1 is another attribute that the performance is still below the customer expectations. The knowledge of employees about the types of fish is still low so the employees cannot answer a customer's questions. Employees who are recruited by Oiwak store are employees who do not already have a basic knowledge of fish. Based on interviews with employees at the store, the employees claimed to not yet master the characteristics of sea fish species ranging from the appearance of fish, flesh texture, and flavor the meat, and also the dry processed fish, and frozen processed fish.

98

The author suggests that Oiwak store should create a catalog book for all fish product. This catalog will very useful to the management and the customer to get complete information about fish product. If necessary, Oiwak management should go to fish consultant to get valid information. Another suggests is the company can hire an employee who has knowledge about fish as author suggest before. As a retail company that focuses on selling fresh fish, the employee must know a broad knowledge about fish, because it is the value of this store compared to other stores or traditional markets.

Analysis for Quadrant B

A5 and A6 are the attributes of Physical Aspect dimension which according to the current state of the consumer has fulfilled the expectations of the customer. Management of Oiwak store must remain to enrich their knowledge by reading a lot of references to particular retail store layout that sells fresh fish. Oiwak stores should continue to make improvements in the physical aspects dimension to get more number of loyal customers to this store.

Reliability dimension of attributes in B2, B3, and B4 indicate that performance has met expectations Oiwak store from the customer. Some customers place an order by phone so ordered fish prepared in accordance with the order, like the scales of fish cleaned and cut fish into pieces, so that customers take the time to stay in place. These services are different services offered by Oiwak stores that will be added value to customers to shop at stores Oiwak. Next attribute is respondents agreed that the product is available when the customers want it. This means that the Oiwak store has a good inventory management, so customers can find their needs. Based on interviews with store management, purchasing division order for the goods when the stock reaches the point of safety stock that is at least 5 kg of total availability. Oiwak stores have one main supplier for sea fish and freshwater fish. On the other hand there are three additional suppliers for each type of fish. But problems will arise if the supplier cannot provide additional stock so that the goods in the store became vacant.

This happens because of bad weather factor, so that shortages do not occur on just one supplier.

The attributes of dimension of personal interactions that exist in quandrant B is C2, C3, C4, C8, and C9 where the performance of the company has met customer expectations. According to customers, employees Oiwak store has a good behavior, polite, fast service, and customers feel safe when inside the store. In the retail business that sells products and services, employees are required to give satisfaction to the customer because employee is the first person who directly met customers. The author notes that Oiwak store have not yet unique greetings the service that can be a differentiator with other retail stores. As an example of service at Lele Lela Restaurant where employees are always says "Selamat Pagi" to customer who enter the site. Other sample is Pizza Hut Restaurant, where employees are always saying "Pilihan Tepat" when customers choose the food menu. It will be easily remembered by customers that the Oiwak store will be top of mind in the minds of customers.

In Problem Solving dimension Oiwak stores showed good performance for D2 and D3 attribute. Good or bad the quality of service can be seen from the company's attention in dealing with customers who have a problem. Oiwak store must maintain its performance is to treat customers sincerely and as soon as possible.

For the dimension of policy, the customer was satisfied to attribute E1, E2, and E3. Based on the analysis of the purchase process by the customer, the main reason customers choose Oiwak store as a place to buy fish is good quality products. Results of interviews with the respondents are customers willing to pay more to get better quality products. Phenomena occurring today are the poor quality of the fish in the traditional markets where customers usually buy fish there. Traders in traditional markets sell fish that not worth to eat. If consumers cannot distinguish between good fish and bad fish, then consumers will become victims. This is an opportunity for Oiwak store to get the

market from customers used to shopping in traditional markets.

Analysis for Quadrant C and D

Variable that exist in quadrant C shows the dimensions of the performance of Oiwak store is not very good and the interests of customers are not very high. Variables that exist in quadrant D shows that there are variables in this quadrant are considered less important by customers, but the performance has exceeded expectations.

Quadrant C and Quadrant D currently do not require more attention because of an existing attribute in this quadrant is not considered important by customers for now. Author suggest the company must concentrate to fix the attributes problem in quadrant A and improve the performance attributes in quadrant B.

Conclusions

Based on Importance-performance analysis, the attributes of service performance is lower than the perception of customers are: (B5) and (C1). The attributes of service performance that meet the customer expectation will give customer satisfaction and willing to buy again. Those attributes are: (A5), (A6), (B1), (B2), (B3), (B4), (C2), (C3), (C4), (C8), (C9), (D2), (D3), (E1), (E2), and (E3). Explanation of each attributes show on Table 2.

The attributes of service performance are unconsidered important by customers for now will improve later and the company must concentrate to fix the attributes problem in quadrant A and improve the performance attributes in quadrant B.
The company could hire new employee to help the operational flow specifically when the store in rush hour. The new employee will directly serve the customer who needs more information about fish. The company also could create new catalog because it will very useful to the management and the customer to get complete information about fish product. If necessary, Oiwak management should go to fish consultant to get valid information.

Management of Oiwak store must concern to the quality of products being sold and the quality of service provided to customers. This is a competitive advantage that must be owned by a retail company. Oiwak store should have marketing and promotion strategies that are on target so that it can be used as a selling value to customers in order to survive in competition with the traditional market and modern market.

References

Kitcharoen, Krisana (2004). The importance-performance Analysis of Service Quality in Administrative department of private universities in Thailand, *Journal of Management*, 24: 1-27.

Kotler, P. and Keller, K.L., 2000, *Marketing Management*, Prentice Hall.

Tjiptono, Fandi, Chandra, Yanto, Diana, Anastasia., 2004, *Marketing Scales.*

Y. Fahwani, Rangkuti and John Slette (2010). Indonesia Retail Food Sector, *Retail report update of the Global Agricultural Information Network*, 1: 2-6

Zeithaml, Valarie.A, BitneR, Mary Jo, Gremler. Dwayne D., 2006, *Service Marketing*, Mc Graw Hill.