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SERVICE QUALITY ANALYSIS OF TWO OF THE LARGEST RETAIL CHAINS WITH MINIMART CONCEPT IN INDONESIA

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Abstract. Service quality is important because it makes prices more affordable, and also fulfils customer satisfaction. This bolsters trust for customers, and thereby encourages them to keep buying products at retail stores. This research uses Quality Service Analysis method to understand the gap between customers' expectations regarding service attributes and their perceived satisfaction level. This study also uses the method of Importance and Performance Analysis to determine an attribute's category. Therefore, it can determine which priorities should be reinforced to improve customer satisfaction. Through SERVQUAL analysis, there are 10 known attributes of each retailer that has the highest gap score. Through IPA analysis, we know that Alfamart has 7 attributes which warrant serious attention from management. This is due to the high expectations of customers on the indicator, and the fact that the management has not managed well. Meanwhile, Indomaret has 9 attributes that warrant serious attention from management.

Keywords: service quality, importance and performance analysis, retailer, customers, customer satisfaction, satisfaction level.

JEL Classification: L81, O14.

Introduction

The concept of service and satisfaction quality has been prioritized in every marketing activity in the last few decades (Mosahab et al. 2010). Service quality is related to perceptions and expectations (Parasuraman et al. 1985, 1988, Perran 1995, Naik et al. 2010). According to Ruyter (1997), many marketing researchers have recognized the supremacy of service and satisfaction quality. It is an important indicator of an organization's competitive level. Focusing on improving service quality will have an impact on the decision to make repeat purchases, which creates service loyalty (Caruana 2002). Therefore, a customer's repetitive buying habits increase the company's revenue and profitability (Shafiq et al. 2013). In service quality, perceptions are formed by customer expectations before receiving service and by the actual experience (Naik et al. 2010). According to Vazquez (2001), a service can be called excellent if the experience is able to exceed expectations. It can be called

good if the experience matches expectations. However, it can be categorized as bad if the perceived experience is inferior to customer expectations.

The retail industry in Indonesia contributes substantially to Gross Domestic Product (GDP) and employs a large amount of manpower. The development of domestic retail business is currently in a state of rapid growth. In the past ten years of this development, the retail business has seen enormous changes in its operations. Based on data from the 2017 Global Retail Development Index, Indonesian retail sales reached US \$350 billion (Katadata 2017). In Indonesia there are several brands of minimarket, but there is intense competition between two major brands, namely Alfamart (A) and Indomaret (I). A and I are showing the competition by continuing to increase the number of outlets in various places in Indonesia with adjacent locations and offer competitively priced product (Liputan6 2014).

1. Previous studies

Several previous studies underlie the following research conducted by Tan et al. (2017). He examines the implementation of SERVQUAL in the banking industry in Malaysia. Similar research in the academic field is reported by Herwanto et al. (2013), which examines efforts to improve service quality in vocational high schools in Indonesia. Furthermore, research on the retail sector is also reported by Khare (2013), which examines service quality in the retail industry in India. The results of the study suggest that the atmosphere of small retail outlets is unrelated to the hedonic spending value of Indian customers, since most such outlets are filled with products, and less attractive in terms of appearance. In addition to research conducted by Khare (2013), Kalia (2016) and Orel and dan Kara (2013) also conducted SERVQUAL research in the retail industry.

2. Literature review

2.1. Services

Services are activities that usually have an element of intangibility. This involves some interaction with customers or property owned by the customer, and does not result in ownership transfers (McDonald et al. 2011). Services are actions or performances that can be done by 1 party to another. Again, it is basically intangible and does not generate ownership (Kotler and Keller 2016). Services are becoming a larger part of many organizations at the regional, national, and global levels (Mosahab et al. 2010). Today's service businesses require reliable measurement, assessment, and improvement methods (Mosahab et al. 2010). Services are also company products that can be offered and have different characteristics than ordinary products. According to Kotler and Keller (2016), there are four characteristics of services that affect the design of intangible marketing programs: inseparability, variability, and perishability.

2.2. Quality

According to Hoffman and Bateson (2011), quality is the correlation of standards between the actual performance of the service and customer expectations, or the difference between the two. Furthermore, the definition of quality according to Kotler and Keller (2016) is the totality of features and characteristics of a product or service that holds the ability to satisfy the explicit or implied requirements of the consumer. According to Pujawan and Mahendrawathi (2010), the quality of service is a result of the perception and comparison between customer expectations with the actual performance of service, which has 2 main factors that affect the service quality, i.e. expected experience and perceived service. There are several opinions on the dimensions of service quality (Parasuraman et al. 1985) that successfully inform specific research on several types of services. It

identified the 10 main factors that determine the quality of services, namely Reliability, Responsiveness, Competence, Accessibility, Courtesy, Communication, Kredibilitas (Credibility), Security (Understanding/Knowing the Customer), and Tangible Evidence (Tangibles). The development of service quality is conceptualized into 5 dimensions, including reliability, responsiveness, assurance, empathy, and tangibles (Parasuraman et al. 1985 in Orel and Kara 2013).

2.3. Service quality

Service quality is a service experienced by internal and external customers of the providers, including all types of facilities and infrastructure provided, equipment, and hospitality of service providers as well as provided service products (Unhas and Fernandes 2013). Quality of service is a customer attitude resulting from a comparison of service performance expectations over time (Parasuraman et al. 1988 in Fleischman et al. 2017). According to Parasuraman et al. (1988) and Narteh (2017), the quality of services is determined by the difference between customer expectations, service provider performance, and actual service evaluations received. Quality of service is customer satisfaction, which has a significant impact on purchasing intentions (Seth et al. 2005). Service quality is considered satisfactory if expectations are met, and is assumed to be unsatisfactory if it does not meet customer expectations (Ali 2018). Quality of service is the ability of a product or service to meet customer expectations and enable the company to earn repeat customers (Ali 2018).

2.4. Importance Performance Analysis (IPA)

Importance and Performance Analysis (IPA) was first introduced by Martilla and James (1977). It classifies the product or service, which enables the company to focus on improving customer satisfaction (Matzler et al. 2004). Importance Performance Analysis (IPA) is used to measure a person's level of satisfaction over the performance of others. Personal satisfaction is measured by comparing the level of expectation with the performance of other parties. IPA is used by companies to measure customer satisfaction. The company compares the expectations of customers with its own performance. If the level of expectations is higher than the company's performance, it means that the customer has not been satisfied. There are four categories contained in the IPA method proposed by Yang (2005), namely First Priority, Maintain Achievement, Low Priority, and Abundant.

3. Methodology

The respondents in this study are customers who shopped at Indomaret and Alfamart. Observations were conducted

from February to May 2018. The data was taken using purposive sampling technique. The flowchart of the study contains the flow of processes or stages undertaken during the study, whether in solving a problem, or in achieving a research objective. To achieve the purpose of service quality improvement, Indomaret and Alfamart will be described in the following flow diagram. The sampling method used is non-probability sampling with purposive sampling technique. With this method, the sample was deliberately chosen to represent the population. The sample size in this study was at least five times the number of statements contained in the questionnaire (Hair et al. 2014). In this case, the samples taken for this study came from 160 respondents. The samples was collected from 10 biggest cities in Indonesia (Medan, Bandar Lampung, Jakarta, Bandung, Semarang, Surabaya, Banjarmasin, Makassar, Balikpapan, and Denpasar). This number was obtained from multiplying 5 by 32, the number of statements in the questionnaire.

The instrument used in this research should be valid and reliable. To ensure the data collected is practical for continued use, it is necessary to test the validity and reliability of the process. A questionnaire is said to be valid if the question's content is measurable by the questionnaire. The data already collected is valid if the value of $r_{\text{calculate}} > r_{\text{table}}$ value (Tannady and Sitorus 2017). The value of r_{table} employs 160 respondents with a 95% confidence level, which is 0.1552. The reliability test is performed after the validity test. This test aims to assess the consistency of objects and data collected. Instruments are declared reliable if one's answers to questions/statements are consistent or stable over time. Reliability testing was done using Cronbach's Alpha parameter. Data is considered reliable when Cronbach's Alpha coefficient value is greater than 0.6 (Tannady and Sitorus 2017).

The next step is to conduct an Importance and Performance Analysis (IPA) introduced by Martilla and James (1977). IPA is a measurement of the relationship between customer perceptions and priority improvement of service quality. In the final stages will be formulated conclusions and suggestions from the results of the analysis performed.

4. Analysis and discussion

4.1. Data collection

According to Hair et al. (2014), the minimum sample size is five respondents for each statement in the questionnaire. With the number of statements made in this questionnaire, one can determine the number of samples was as many as 160 respondents. This study also uses 5 dimensions of service (Tangible, Reliability, Responsiveness, Assurance, and Empathy). The scale used to measure the importance

level is divided into 5 categories (Very Unimportant, Less Important, Neutral, Important, and Very Important). Meanwhile, the scale used to measure performance appraisal services is divided into 5 (Very Dissatisfied, Less Satisfied, Neutral, Satisfied, and Very Satisfied). Through the scoring scale, one can calculate the level of importance of each attribute expected by the customer and the comparison with the level of satisfaction obtained by the customer, through the current performance of each assessed attribute. Table 1 to Table 3 show the attributes used to measure the 5 dimensions of service.

Table 1. Attributes of tangible and reliability

Code	Tangible	Code	Reliability
1	Ease of vehicle parking	11	The flexibility runs between the product shelves
2	Provide free parking facilities	12	Regular arrangement of products on the shelf
3	Interesting building view	13	Product groupings to make search easier
4	Sufficient basket amount	14	Completeness of products sold
5	Large minimarket area	15	The presence of non-cash payment facilities
6	Cool air in the room	16	Employees use neat uniforms
7	The room is free of odor	17	Speed of cashier in payment transactions
8	Good indoor lighting	18	Speed of checkout on products that do not have barcodes
9	Minimarket equipped with music	19	Freshness of fruit sold
10	The existence of a clear price tag	20	Willingness of the waiter to help the consumer (e.g. help find the goods)

Table 2. Attributes of responsiveness and assurance

Code	Responsiveness	Code	Assurance
21	The services provided by the minimarket employees are very fast	25	The existence of media container suggestions and criticism for minimarket
22	The queue at the minimarket is not long	26	Employee friendliness
23	Have a good reputation in business	27	Availability of safe daycare
24	Employee knowledge of the product	28	Cleanliness minimarket
		29	Services pay special attention to the consumer (e.g. dropping the goods to the parking lot)

Table 3. Attributes of empathy

Code	Responsiveness Dimension Attribute
30	Employees are able to communicate well with consumers
31	Sell products at cheap and reasonable prices
32	Discounts given at certain times (e.g. Christmas, led)

4.2. Validity test

The stage after data collection is the validity test. This test is performed to determine whether the data that has been collected is data that describes the actual situation. The questionnaire that has been disseminated had 160 respondents

and was distributed to those who had been shopping at Alfamart and Indomaret. Once applied, it is then tested for validity by performing a comparison between r_{hitung} and r_{table} . The r_{table} value is obtained from the moment r product table with a significant level of 5% with $n = 160$ (see attachment). The r value of the table with $df = 160$ ($df = n - 2$) is 0.1552. Table 4 to Table 7 show the validity test results of each attribute of the questionnaire. From the data already analyzed, there comes new data in the Item Total Correlation column. This data shows the r_{th} value of each service attribute and has a value above 0.1552. Therefore, it can be concluded that the data collected from the questionnaire's distribution to 160 respondents constitutes valid data.

Table 4. Validity test of importance level in Alfamart

Code	Corrected item – total correlation	Code	Corrected item – total correlation	Code	Corrected item – total correlation	Code	Corrected item – total correlation
1	0.309	9	0.200	17	0.305	25	0.262
2	0.312	10	0.338	18	0.241	26	0.303
3	0.291	11	0.388	19	0.687	27	0.466
4	0.384	12	0.225	20	0.467	28	0.550
5	0.206	13	0.318	21	0.621	29	0.503
6	0.206	14	0.209	22	0.194	30	0.663
7	0.245	15	0.245	23	0.396	31	0.544
8	0.482	16	0.278	24	0.386	32	0.560

Table 5. Validity test of importance level in Indomaret

Code	Corrected item – total correlation	Code	Corrected item – total correlation	Code	Corrected item – total correlation	Code	Corrected item – total correlation
1	0.434	9	0.234	17	0.169	25	0.487
2	0.217	10	0.371	18	0.237	26	0.296
3	0.208	11	0.250	19	0.442	27	0.166
4	0.282	12	0.348	20	0.668	28	0.536
5	0.303	13	0.375	21	0.286	29	0.328
6	0.595	14	0.192	22	0.349	30	0.475
7	0.171	15	0.418	23	0.163	31	0.166
8	0.431	16	0.175	24	0.402	32	0.306

Table 6. Validity test of satisfaction level in Alfamart

Code	Corrected item – total correlation	Code	Corrected item – total correlation	Code	Corrected item – total correlation	Code	Corrected item – total correlation
1	0.420	9	0.520	17	0.311	25	0.256
2	0.740	10	0.457	18	0.701	26	0.421
3	0.672	11	0.614	19	0.702	27	0.427
4	0.675	12	0.835	20	0.562	28	0.659
5	0.654	13	0.798	21	0.827	29	0.672
6	0.457	14	0.684	22	0.739	30	0.746
7	0.575	15	0.441	23	0.401	31	0.547
8	0.577	16	0.360	24	0.195	32	0.692

Table 7. Validity test of satisfaction level in Indomaret

Code	Corrected item – total correlation	Code	Corrected item – total correlation	Code	Corrected item – total correlation	Code	Corrected item – total correlation
1	0.233	9	0.636	17	0.695	25	0.165
2	0.160	10	0.165	18	0.753	26	0.549
3	0.738	11	0.437	19	0.536	27	0.284
4	0.414	12	0.852	20	0.800	28	0.651
5	0.283	13	0.844	21	0.665	29	0.518
6	0.366	14	0.396	22	0.274	30	0.619
7	0.183	15	0.454	23	0.699	31	0.584
8	0.505	16	0.229	24	0.364	32	0.679

4.3. Reliability test

Reliable data is data showing the consistency and stability of each attribute under study. Therefore, it is necessary to test the reliability to determine whether the data that has been collected is free from random error variance. Table 8 to Table 11 show the reliability test results from each attribute of the questionnaire.

Based on the values obtained from each service attribute on the level of importance and satisfaction above, all items have a Cronbach's alpha value above 0.7. Therefore, every point statement which has been disseminated can be called reliable.

4.4. Measurement of service quality

Measurement of Service Quality is examined by multiplying the weight of the value on the interval scale by the number of respondents on each choice of interval values in each attribute. This then determines the gap score. This is done by calculating the average value of satisfaction and importance for each attribute. The next step is to subtract the average value of satisfaction from the average value of interest (this process is done for both minimarkets). Based on the gap score of each service attribute, the 10 mapped attributes have a high negative value. Table 12 shows the 10 attributes of Alfamart service with the highest gap score. Table 13 shows the 10 Indomaret service attributes with the highest gap score.

Table 8. Reliability test of importance level in Alfamart

Code	Cronbach Alpha	Code	Cronbach Alpha	Code	Cronbach Alpha	Code	Cronbach Alpha
1	0.850	9	0.853	17	0.850	25	0.854
2	0.850	10	0.849	18	0.851	26	0.850
3	0.850	11	0.848	19	0.839	27	0.845
4	0.848	12	0.852	20	0.846	28	0.845
5	0.852	13	0.849	21	0.842	29	0.844
6	0.853	14	0.852	22	0.853	30	0.838
7	0.852	15	0.852	23	0.847	31	0.844
8	0.845	16	0.851	24	0.848	32	0.843

Table 9. Reliability test of importance level in Indomaret

Code	Cronbach Alpha	Code	Cronbach Alpha	Code	Cronbach Alpha	Code	Cronbach Alpha
1	0.808	9	0.815	17	0.816	25	0.804
2	0.815	10	0.810	18	0.813	26	0.811
3	0.815	11	0.813	19	0.806	27	0.816
4	0.812	12	0.810	20	0.797	28	0.806
5	0.811	13	0.809	21	0.812	29	0.810
6	0.801	14	0.816	22	0.810	30	0.805
7	0.817	15	0.807	23	0.816	31	0.815
8	0.807	16	0.818	24	0.808	32	0.812

Table 10. Reliability test of satisfaction level in Alfamart

Code	Cronbach Alpha	Code	Cronbach Alpha	Code	Cronbach Alpha	Code	Cronbach Alpha
1	0.945	9	0.944	17	0.946	25	0.946
2	0.942	10	0.945	18	0.942	26	0.945
3	0.943	11	0.943	19	0.942	27	0.945
4	0.943	12	0.941	20	0.944	28	0.943
5	0.943	13	0.942	21	0.941	29	0.943
6	0.944	14	0.942	22	0.942	30	0.942
7	0.943	15	0.945	23	0.945	31	0.944
8	0.943	16	0.945	24	0.946	32	0.942

Table 11. Reliability test of satisfaction level in Indomaret

Code	Cronbach Alpha	Code	Cronbach Alpha	Code	Cronbach Alpha	Code	Cronbach Alpha
1	0.922	9	0.917	17	0.916	25	0.922
2	0.922	10	0.922	18	0.915	26	0.918
3	0.917	11	0.920	19	0.918	27	0.922
4	0.920	12	0.913	20	0.914	28	0.917
5	0.922	13	0.914	21	0.917	29	0.919
6	0.920	14	0.920	22	0.922	30	0.917
7	0.923	15	0.919	23	0.916	31	0.918
8	0.919	16	0.923	24	0.920	32	0.916

Table 12. 10 Highest gap score of service attributes-Alfamart

Code	Variables	Gap Score value
2	Provide free parking facilities	-2.21
27	Availability of safe daycare	-1.81
18	Cash speed checks for products that do not have barcodes	-1.53
26	Employee friendliness	-1.53
29	Services pay special attention to the consumer (e.g. dropping the goods to the parking lot)	-1.53
22	The queue at the minimarket is not long	-1.51
19	Freshness of fruit sold	-1.34
21	The services provided by the minimarket employees are very fast	-1.26
20	The willingness of the servant to help the consumer	-1.24
31	Sell products at cheap and reasonable prices	-1.20

Table 13. 10 highest gap score of service attributes-Indomaret

Code	Variables	Gap Score value
18	Speed of checkout on products that do not have barcodes	-1.83
10	The existence of a clear price tag	-1.81
27	Availability of safe daycare	-1.75
11	The flexibility runs between the product shelves	-1.68
9	Minimarket equipped with music	-1.66
22	The queue at the minimarket is not long	-1.66
19	Freshness of fruit sold	-1.56
20	The willingness of the servant to help the consumer (e.g. helping to find goods)	-1.48
1	Ease of vehicle parking	-1.44
17	Speed of cashier in payment transactions	-1.44

4.5. Measurement of Importance Performance Analysis (IPA)

Something that needs to be done for improvement is to examine something that has the most influence on increasing customer satisfaction. For that purpose, an analysis of the interest of improvement is done using the method of Importance and Performance Analysis (IPA). The analysis is then visualized using a Cartesian diagram. This diagram is divided into 4 quadrants, namely First Priority, Maintain Achievement, Low Priority, and Abundant. Figures 1 and 2 show the distribution of data on Cartesian diagrams for Alfamart and Indomaret.

Figure 1 Alfamart Cartesian Diagram can be interpreted by the following explanation:

1. First Quadrant (First Priority)

Factors included in this quadrant are: 1) Provide free parking facilities (code 2), 2) Speed cashier checks products that do not have barcodes (code 18), 3) Freshness of fruit sold (code 19), 4) Queue (code 22), 5) Employee friendliness (code 26), 6) availability of safe custody (code 27), 7) servants pay special attention to consumers (code 29).

2. Quadrant II (Maintain Achievement)

Factors included in this quadrant are 1) Ease of vehicle parking (code 1), 2) Room free from odor (code 7), 3) Good indoor lighting (code 8), 4) Product groupings to facilitate search code (code 13), 5) Employee's use of a clean uniform (code 16), 6) Servant willingness to help the consumer (code 20), 7) Services provided by minimarket employees very quickly (code 21), 8) code 24, 9) Minimarket hygiene (code 28), 10) Employees able to communicate well with consumers (code 30), 11) Sell products at cheap and reasonable prices (code 31), 12) Discounts given are certain (code 32).

3. Quadrant III (Low Priority)

Factors included in this quadrant are 1) Interesting building display (code 3), 2) Broad minimarket area (code 5), 3) Minimarket equipped with music (code 9), 4) The existence of clear price tags (code 10), 5) Flexibility to walk between racks of products (code 11), 6) Completeness of product sold (code 14), 7) Speed of cashier in payment transaction (code 17).

4. Quadrant IV (Abundant)

Factors included in this quadrant are 1) Adequate number of baskets (code 4), 2) Cooling of indoor air (code 6), 3) Regular ordering of products in shelves (code 12), 4) Non-cash (code 15), 5) Good reputation in business (code 23), 6) Presence of suggestion and criticism media for minimarkets (code 25).

Figure 2 Indomaret Cartesian Diagram can be interpreted by the following explanation:

1. First Quadrant (First Priority)

Factors included in this quadrant are 1) Clear price tags (code 10), 2) Flexibility to walk between product racks (code 11), 3) Completeness of product sold (code 14), 4) Speed of

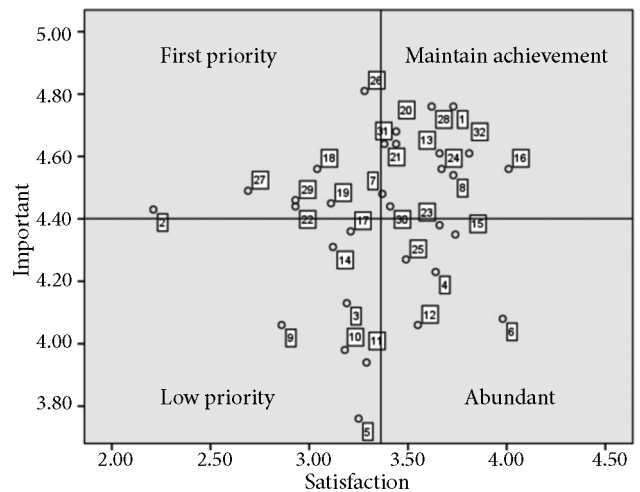


Figure 1. Cartesian Alfamart Diagram

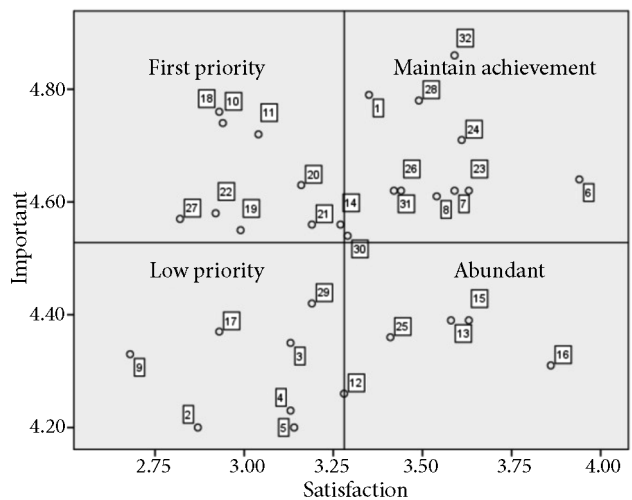


Figure 2. Indomaret Cartesian Diagram

checkout on products that do not have barcodes (code 18), 5) Freshness of fruit sold (code 19), 6) Servant willingness to help consumers (code 20), 7) Service provided by minimarket employees is very fast (code 21), 8) Minimarket queues not long (code 22), 9) Availability of safe daycare (code 27).

2. Quadrant II (Maintain Achievement)

Factors included in this quadrant are 1) Ease of vehicle parking (code 1), 2) Cool air in the room (code 6), 3) Room free from odor (code 7), 4) Good indoor lighting (code 23), 6) Employee knowledge of the product (code 24), 7) Employee friendliness (code 26), 8) Minimarket hygiene (code 28), 9) Employees able to communicate well with the consumer (code 30), 10) Selling products at cheap and reasonable prices (code 31), 11) Discounts given at certain times (code 32).

3. Quadrant III (Low Priority)

Factors included in this quadrant are 1) Provide free parking facilities (code 2), 2) Interesting building display (code 3), 3) Adequate number of baskets (code 4), 4) Large

minimarket area (code 5), 5) Minimarket equipped with music (code 9), 6) Regular arrangement of products in shelves (code 12), 7) Speed of cashier in payment transactions (code 17), 8) Servants pay special attention to consumers (code 29).

4. Quadrant IV (Abundant)

Factors included in this quadrant are 1) Grouping of products to facilitate the search (code 13), 2) The existence of non-cash payment facilities (code 15), 3) Employees use neat uniforms (code 16), 4) The existence of media container of suggestions and criticisms for minimarkets (code 25).

Conclusions

Based on the results and analysis, the following conclusions can be reached, Factors that should be improved in Alfamart's retail service are free parking facilities, the availability of safe custody, speeds at which cashiers check products that do not have barcodes, employee friendliness, the waiter giving special attention to the customer, the length of queues, the freshness of the fruit sold, the speed at which services are provided, the willingness of the waiter to help the customer, and selling product at a cheap and reasonable price. Factors that must be improved in Indomaret's retail service are the speeds at which cashiers check products that do not have barcodes, visibility of price tags, the availability of safe goods cargo, the flexibility of walking between product shelves, equipping the minimarket with music, the length of queues, fruit sold, willingness to help customers, ease of vehicle parking, and the speed of cashiers in conducting payment transactions.

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