

SERVICE QUALITY, CONSUMER PURCHASE BEHAVIOUR AND PRICE  
CHANGE: A STUDY OF MELAKA'S HYPERMARKET CUSTOMER  
SATISFACTION

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“I hereby admit that I have read this and in my/our opinion, this work sufficient in terms of scope and quality for the award of a Bachelor Degree in Technopreneurship”

Signature :

Supervisor's Name :

Date :

“I hereby announce that the work of this research project is mine except for quotations  
summaries that have been duly acknowledged”

Signature :

Name :

Date :

## DEDICATION

To my beloved mother, Puan Siti Aishah Binti Abu Bakar and my beloved grandmother, Puan Radziah Binti Ahamad, thank for the teaching, guiding, and giving a full of love since I am young until now. I really love both of you.

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## ABSTRACT

Customer satisfaction is used in marketing to measure how product and services offered by a retailer fulfill the customer's need and wants. The problem arise here is how hypermarket will survive in today's competitive market to maintaining their services, difficulties to predict the consumer purchasing behavior and also the pricing factors in Melaka's hypermarket. The aim of this study is to determine the relationship between service qualities, consumer purchase behavior and price changes towards a customer satisfaction in the three most popular hypermarkets in Melaka (Tesco, Giant dan Mydin). By using the quantitative research method, the data are collected from primary source (questionnaire) has been distributed to 150 customers from those hypermarkets. All the data collected will be analyzed using Statistical Package for Social Sciences (SPSS) and the results for all the findings will be explained briefly. As the results, all of the independent variables (service quality, consumer purchase behavior and price changes) have a positive significant relationship with a customer satisfaction. So, both objectives in this study were achieved. For a conclusion, to make customer always satisfy with the services provided, hypermarket itself should play their own role in fulfilling their customer's need and want not only in term of understanding the behavior of customer's purchase towards shopping at hypermarket, it also be focused on the level of service quality and pricing factor provided. The results of this research also hopefully can be as reference to the research in the future.

## ABSTRAK

*Kepuasan pelanggan dalam pemasaran digunakan untuk mengukur bagaimana produk dan perkhidmatan dapat memenuhi keperluan dan kehendak pelanggan. Masalah yang timbul ialah bagaimana pasar raya besar akan mengharungi keadaan pasaran yang kompetitif hari ini untuk mengekalkan tahap perkhidmatan, meramal tingkah laku pembelian pengguna dan faktor perubahan harga. Tujuan penyelidikan ini ialah mengkaji hubungan antara kualiti perkhidmatan, tingkahlaku pembelian pengguna dan perubahan harga ke atas kepuasan pelanggan di tiga pasar raya besar yang popular di Melaka (Tesco, Giant dan Mydin). Menggunakan kaedah penyelidikan kuantitatif, data yang dikumpul dari sumber utama (soal selidik) telah diedarkan kepada 150 pelanggan dari tiga pasar raya besar tersebut. Semua data yang dikumpul akan dianalisis menggunakan Pakej Statistik untuk Sains Sosial (SPSS) dan keputusan ke atas semua penemuan akan dibincangkan. Keputusan menunjukkan semua pembolehubah bebas (kualiti perkhidmatan, tingkahlaku pembelian pengguna dan perubahan harga) mempunyai hubungan positif signifikan dengan kepuasan pelanggan. Jadi, kedua-dua objektif di dalam kajian ini telah berjaya dicapai dimana Objektif 1 menunjukkan bahawa semua faktor mempunyai hubungan dengan kepuasan pelanggan manakala Objektif 2 menunjukkan bahawa tingkahlaku pembelian pelanggan ialah faktor yang paling menyumbang kepada kepuasan pelanggan. Kesimpulannya, pasar raya hendaklah memainkan peranan mereka sendiri dalam memenuhi keperluan dan kehendak pelanggan bukan sahaja dari segi memahami perilaku pelanggan terhadap pembelian di pasaraya, malah memfokuskan kepada tahap kualiti perkhidmatan juga faktor harga yang ditawarkan. Hasil daripada penyelidikan ini juga diharapkan supaya dijadikan sebagai rujukan untuk penyelidikan di masa akan datang.*

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**LIST OF SYMBOL**

%	=	Percentage
R	=	Point of Estimate
$R^2$	=	Point of Estimate Square
P	=	P value
B	=	Beta
H	=	Hypothesis
°	=	Null
A	=	Alpha
+	=	Positive
-	=	Negative
N	=	Total of Number
T	=	T-test value
F	=	F-test value

## LIST OF ABBREVIATION

ATM	Automatic Teller Machine
SPSS	Statistical Package for Social Sciences
STPM	<i>Sijil Tinggi Pelajaran Malaysia</i>



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## CHAPTER 1

### INTRODUCTION

#### 1.1 Introduction

Service quality, consumer purchase behaviour and price change are frequently associated with customer satisfaction in various sectors. Through studies done by researchers of customer satisfaction, the results gain will give more knowledge and a clear awareness of the issues associated with customer satisfaction. Furthermore, further evidence of the importance of customer satisfaction issues by the researcher will be studied through the view of the customer satisfaction theory and the impact on the retail sector in Melaka. The discussions in this chapter started from the definition of the problem, the question arises, the objective to be achieved, the significance of the study, and the scope of the study and also the limitation of the study.

#### 1.2 Problem Statement

There have several topics that are related with the customer satisfaction when defining the factors that contribute to it. The problem is if there is a relationship between service qualities, consumer purchase behaviour and price change with customer satisfaction? Researchers in this field feel that there are many components that

contributed to the customer satisfaction in various conditions. In this relation, aspects of service qualities, consumer purchase behaviour and the price change is very important figure of factors and be regarded as an element in customer satisfaction because customer satisfaction is seems to be the case of considerable involvement by both marketing practitioners and academics since 1970s (Churchill & Surprenant, 1982; Jones & Suh, 2000).

The increasing number of the retail store from day to day is competing in to fascinate their customers because of the quality and customer satisfaction are realized as a crucial role for success and survival in today's competitive market (Fen & Lian, 2007) to create an advantages for a hypermarket itself and establish a loyalty customer to re-purpose and re-purchase their brands again in a hereafter. This condition requires a good quality of services to be offered by hypermarket to meet the demands and desires of their customers.

Besides that, previous researches also prove that consumer purchase behaviour is hard to predict, even for experts in the area. There is also evidence to indicate that it is the satisfaction of the customer that ultimately decides their future intention and behaviour toward the services (De Ruyter, et al., 1997; McDougall & Levesque, 2000; Taylor & Baker, 1994) where it is needed for a hypermarket to understand their consumer purchase behaviour towards their service extended.

Furthermore, the price offered by a hypermarket frequently changes related to the current market bid price and always shifting. These conditions often cause customers to proceed towards finding another hypermarket when a price of goods or services offered by hypermarkets frequented was not capable to make satisfaction to them. So it is necessary for a hypermarket to apply a full scheme to constantly hold the loyalty of its customers, especially in the pricing of a goods or service offered because from the customer perspective, price is the important motivation and the most critical comparison element (Surjadjaja, et al., 2003) for engaging in purchases.

### **1.3 Research Questions**

Based on the explanation above, clearly showed that service quality, consumer purchases behaviour and pricing element are very important aspects in reaching the highest level of customer satisfaction. The question here, as far service quality, consumer purchase behaviour and price change can have relationship on customer satisfaction? For this purpose, the researcher has outlined two specific questions that try to answer. Two questions were:

1.3.1 What is the relationship between service qualities, consumer purchase behaviour and price change toward hypermarket's customer satisfaction?

1.3.2 What is the most relevant factor that influences the hypermarket's customer satisfaction?

### **1.4 Research Objectives**

Based on the goal of this study, two research objectives designed to achieve these goals; the study has two objectives identified in the answer. Two objectives were:

1.4.1 To determine the relationship between service quality, consumer purchase behaviour and price change toward hypermarket's customer satisfaction

1.4.2 To determine the most relevant factors that influences the hypermarket's customer satisfaction

### **1.5 Significance of Study**

By developing a better strategy to improve and offered the best service quality to the customers, this research also will help retail sectors to identify the purchase behaviour of consumers towards the service received. Besides that, the study brought hypermarket to increasing the level of their services as well as to identify the effects of price changes to meet customer satisfaction.

### **1.6 Scope of Study**

This study focuses on a 150 respondents from Melaka's hypermarkets which are from Giant, Tesco and Mydin. Research subject is chooses based on the random sampling method and focuses on relationships between service qualities, consumer purchase behaviour and price changes towards the customer satisfaction. Research scope also focuses on customer satisfaction as dependent variable while service quality, consumer purchase behaviour and price change as independent variable.

### **1.7 Summary**

This chapter discusses about the previous research on highlighted issues in this study. Starting from defining the problem arisen from the real market situation, the researcher come out with the three types of issues that will be narrowly discuss in the next chapter. By identifying the questions from the problem arise, the objective of this study is being developed which is determine the relationship between service qualities, consumer purchase behaviour and price change towards the customer satisfaction. Besides that, the importance of this research also be learned in order to narrowly focus on the factors with the scope of areas of this study.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

Research on customer satisfaction is often closely interrelated to the offerings of services to customers. Based on previous research, a lot of studies are discussed along the field of hospitality, aviation and others. Customer satisfactions often associated with the customer intentions, customer commitment, and increase the quality of services offered by hypermarkets to their customers. On this study, the researcher chooses to analyze the relationship between service qualities, consumer purchase behaviour and price change towards customer satisfaction. By using a several methods as easily as some combination of theoretical approaches and outcome of previous studies, the researcher believes that the objectives of this study can achieved.

#### 2.2 Retail Sector Industry: Global and Local

In the past year, from a global perspective, we have examined the economic systems of the United States, China, Japan, India and Brazil has slowed down as the impact of the European crisis has made across the globe. Previous history of retailing industry shows that more than 80% of Top 250 Retailers of 204 companies results an

increase in retail revenue with the most of the companies experiencing declining total sales due to business sales or restructuring rather than a decline in quality of their core business.

In Malaysia there are three kinds of supermarket stores which are private stores, state stores and superstores (Mohammadreza, 2012). Through these three figures of business, the superstore is a one of a kind supermarkets that increasingly compelling consumer today. Superstore is a very large retail store that's stocks highly diversified merchandise, the annual groceries, toys, and camera equipment, or a spacious variety of merchandise in a specific product line, the annual computers or sports goods. Simply, in this study, the researcher is focused on another type of stores which is a hypermarket. The reasons why the researcher used the meaning of superstore here is to compare both type of business in term of its operation.

Hypermarket is a retail supermarket store that's combined a department store and a grocery supermarket where they often a large vary establishment and a great variety of appliances and annual product like clothing and groceries. So based on these two definitions, the researcher had found that the hypermarket is a one kind of the stores that incorporates some sort of business superstores under one roof.

### **2.3 Service Quality**

Service quality can be defined as a function of the differences between expectations and performance along the quality dimension (Parasuraman, et al., 1985). This definition coincides with the opinions of (Gronroos, 1990; and Caruana, 2002), in which they state that service quality is an outcome of applying service's technical and functional dimension. Besides that, service qualities also define as to fulfill the customer satisfaction through the achievement in their needs and wants (Jibnoun & Al-Tamim, 2003; Johnston & Clark, 2005)

Most previous empirical studies have discussed about customer satisfaction towards service improvement and also measure the level of customer loyalty to product and service offerings. The extent studies also suggest that the critical determinant of perceived satisfaction is a service quality (Carlson & O'cass, 2010; Cronn, et al., 2000; Eskildsen, et al., 2004; Fornell, et al., 1996; and Gounaris, et al., 2010). According to (Oliver, 1999) a study of consumer loyalty appearing to be the product of customer satisfaction surveys in which to make a user is loyal to a brand, the need for a hypermarket that improve service quality and customer satisfaction.

A current study develops the number of measures of service quality in non-commercial service setting (Sultan & Wong, 2012) where consumer's perception of service quality also influenced by the degree of prior experience (O'Neill & Palmer, 2003). This evidence proves that service quality not only measures the service quality in non-commercial areas, but in a consumer perception areas, the degree of prior experience also influence on service quality.

The increasing proportion numbers of retailer industry in Malaysia, not surprising that hypermarket now becomes the preferred provider for purchasing the goods they need. The most likely causes the implementation of marketing and creative promotions such as offering the festive season and offering summer school to attract customers to visit the hypermarket. Hence, this evidence is not a strange in the community as customers began to be loyal to a hypermarket. For example the provision of services such as installation of ATM devices at all stores have provided convenience to customers in terms of convenience for place amount of goods and bills without having to carry cash just by using MasterCard or Visa card (Srinivasan, et al., 2002; and Semeijn, et al., 2005). At the same time, the quality of service should also be emphasized. This is because it is also a contributing factor to the customer to buy and use their products and services.

According to (Codrington, 2002), a hypermarket will know that their customers will go to another hypermarket if they do not provide the goods and services their