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**MEASURING DIMENSION OF SERVICE QUALITY FOR THE LOYALTY
OF CUSTOMER SATISFACTION : A CASE OF GROCERY RETAIL AT
SUPERMARKET.**

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**Report submitted in fulfilment of the requirement for the degree of Bachelor of
Technology and Technopreneurship with Honours (BTMI)**

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DECLARATION

I declare that this thesis research project of title “Measuring dimension of service quality for the loyalty of customer satisfaction : A case of grocery retail at supermarket” is the result of my own research except the cited in the references. The research project has not been for any degree and is not concurrently submitted in candidature of any other degree.

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DEDICATION

I would like to dedicate the success of this project research especially to my parents which is my father Amir Bin Salamon and my mother, Noor Hayati Binti Mohamed. This report will be dedicate to them because I want to thank for all the sacrifices that they made for me while I been studies at this university. Secondly, this dedication is given to siblings who have helped in terms of advice, finance and encouragement support to make this report. Next, I would like to express a lot of gratitude to my supervisor Dr. Haslinda Musa and my friends that give a lot of helped while make this Final Year Project.

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ABSTRACT

Today's we can see a dynamic growth competitive business environment between the sector retailing in term of technologies, management and industry. The most importance part on the retailing sector is a grocery department. Grocery is been regarded as carry business profit margin compared to the other department in the retail. As the retailer their need to focus on maximizing the market to continue the profitable. From this scenario, service quality has preserved as the element in retailing strategy. Service quality in the retail sector is how the grocer supermarket provide the quality of service on the element (responsiveness , reliability , tangibles , empathy and assurance). This five element contributes the service on physical aspect of the supermarket and the attitude of the employee with their customer. The loyalty customer satisfaction and service quality it is the two relationship need to be considered while making a retailing environment. The loyalty customer satisfaction is the emotional reaction whether the customer with the service or dissatisfied and not happy with the service quality while buys the product in the grocery supermarket. Back to this research, the purpose of conducting this research is to measure dimension of service quality for the loyalty customer satisfaction : a case of grocery retail at supermarket around the southern area in Malaysia which is Johor in Kluang and Batu Pahat. For the research methodology, the result was arranged analyse based on primary data. A total of 200 of set questionnaire have been distributed and 132 respondent among the customer adult that shopping in the grocery supermarket is used for this analysis. The data has been analysing using descriptive study, pilot test and questionnaire design.

Keywords: Retailing, Grocery, Service Quality , Loyalty Customer Satisfaction

ABSTRAK

Kini, kita dapat melihat pertumbuhan persekitaran perniagaan yang berdaya saing serta dinamik antara peruncitan sektor dari segi teknologi, pengurusan dan industri. Di dalam sektor peruncitan di pasaraya, bahagian pengurusan yang paling utama ialah bahagian groceri. Groceri adalah dianggap sebagai margin keuntungan perniagaan berbanding bahagian-bahagian lain di sektor runcit. Sebagai peruncit keperluan, perkara utama yang perlu di titik beratkan ialah di mana mereka perlu memberi tumpuan kepada cara untuk memaksimumkan pasaran yang menguntungkan. Dari senario ini, kualiti perkhidmatan sangat penting elemen dalam strategi peruncitan. Kualiti perkhidmatan dalam sektor runcit adalah di mana sebuah pasar dapat menyediakan kualiti perkhidmatan dari segi (responsif, kebolehpercayaan, tangibles, empati dan jaminan). Elemen ini boleh di lihat dari aspek fizikal di bahagian groceri dan sikap atau layanan pekerja terhadap pelanggan mereka. Kesetiaan kepuasan pelanggan dan kualiti perkhidmatan ia adalah dua hubungan perlu dipertimbangkan di persekitaran peruncitan. Kesetiaan kepuasan pelanggan adalah tindak balas emosi sama ada pelanggan berpuas hati atau tidak terhadap kualiti perkhidmatan ketika membeli produk di sebuah pasar raya. Berbalik kepada kajian ini, kajian ini akan mengukur dimensi kualiti perkhidmatan untuk kesetiaan kepuasan pelanggan: satu kes runcit runcit di pasar raya di sekitar kawasan selatan di Malaysia iaitu Johor di Kluang dan Batu Pahat. Kaedah penyelidikan yang di jalankan kepada 200 dan 132 responden diperlukan di kalangan pelanggan dewasa yang membeli-belah barangan groceri di pasar raya. Bagi menganalisis data, kajian ini telah menggunakan deskriptif, pilot test dan reka bentuk soal selidik.

Kata Kunci : Peruncitan, Groceri, Kualiti Perkhidmatan, Kesetiaan Kepuasan Pelanggan

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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

This chapter is the summarization which gives the reader a comprehensive overview of the study. It is started by a background of the study and followed by providing the problem statement of the research problem, research question and focusing the exactly of the objectives goals of this study. At the end of this chapter includes the scope, limitation, key assumption and the importance of this study. The topic of this research is measuring the dimension of service quality for the loyalty of customer satisfaction, a case of grocery retail at supermarket.

The study of service quality by (Dr. Anil K. Bhatt, Divya Sahil Bhanawat., 2016) in the retail sector, satisfying customers through the best quality of service, the organization not only recollects their current customers, but also increases their market share. Next, the retailers are possible to have impact on service quality more than on product quality. Therefore, service quality is defined as customers' perception of how well a service meets or exceeds their expectations.

The dimension of service quality is the most importance factor that contributes the customer to buy the product in the grocery retail at the supermarket. In this research, it will focused the service quality at grocery retail in term of reliability responsiveness , tangibles , empathy and assurances. Service quality and loyalty customer satisfaction is the importance relationship need to be consider in the retailing sector because to continue for the competitive business growth. In addition, the organization also need to know on how to measure the customer based on their perspective while buys the product in that supermarket. Some of the customer

satisfied with the supermarket but some of them not satisfied. Customer will evaluate the service from the store compare to another store if the organization cannot give what their expectations.

The benefit of measure the service quality in loyalty customer satisfaction at the grocery retail is interest in obtaining the loyalty of customers. Loyalty is a form of meeting customer a good experience on the products provided by the supermarket. This situation will make the customers satisfied with every point of interaction, which leads to loyalty to them. In addition, the organization will regain customers into buying product that is issued. A strong relationship between satisfaction and service at issue will retain the ability it's a key metric for project management success. (Contact, 2015)

1.2 BACKGROUND OF THE STUDY

From the book of retailing management from (Micheal levy, 2009). Retail is the set of business activities that adds value to the products and services sold to consumers for their personal or family use. The sector produces various goods needed by consumers in their daily lives. Goods that are bought in this sector are usually used for its own purposes or resale. The retail business is very important in the area of public urban life now and fundamental importance that every human being needs to survive. Requirements consist of goods or services that allow people to live at the minimum level. If you notice, there are a variety of businesses felt that the retail sector, from small and large business type. For example, a small kiosk to a large supermarket. There is also an online-based business in the retail sector.

In the term of grocery retailing were selling a wide variety of product categories such as beverage, cleaning, cosmetic, food and perishable items. Selling a variety of products that are sold in grocery is beneficial to consumers to buy various items that are required in the same store. They do not have to go to another shop to look for a different type of product. All products that need only are found in one place in the supermarket. Grocery stores also sell many different name-brand products whereas convenience stores carry only a few brands. (Payne, 2016)

In Malaysia, the supermarket sector offering goods grocery consists of three segments: private stores, express stores and super stores. Private stores are mini-stores that manage by their own of owner and provide a limited of services. These stores not have any outlets and during recent years the statistics have shown impressive decrease in number of them. For the express stores is also same with the private stores but 24 hour opening property. For example, 7eleven. Next, superstores that include a big of company that sells a lot variety of item and product to the customer. (Mohammadreza Aghaei , Hanieh Mirzaee, Marzieh Djadidi, Elham Hassanpour , Mehrdad Salehi, 2012).

1.3 PROBLEM STATEMENT

Nowadays we can see that grocery retailing has rapid growth in Malaysia. From the gain report Malaysia Retail Foods Annual 2014 sources show Malaysia has a large and growing food retail market that is supplied by local and imported products. Total retail sales is US\$16 billion. The retail sector is expected to grow at 6 percent for next two years due to cautious consumers spending with increased subsidy rationalization and anticipation of GST implementation in 2015.

All of the grocery supermarkets were competes each other to fight the highest sales based on the numbers of customer who come and buy into the stores. Many of the grocery stores have vision to provide the best systematic management in grocery retail for their customer while improving the business performance of their organization.

The important point need to be focus in this grocery retailing is their loyalty customer satisfaction. The loyalty customer satisfaction becomes important to given the highly competitive environment in that sector. Loyalty of the customer satisfaction covers a variety aspect need to be focussed and study by a company. Most of the organization stores were hopes their customer was not disappointed when buying the product. However, some grocery retailing cannot provide the best service of their customer. This is because they are not focused on aspect the dimension of service quality to the customer.

Service quality in grocery retails is importance for them to attract the loyalty of customer satisfaction and increase the economic competitiveness at the stores. Most of the customer has highest expectation on the supermarket to provide the best service quality and make them satisfied. In this research, service quality will be focus on three dimensions which is reliability, responsiveness, tangibles , empathy and assurance aspect that provide from the grocery retailing in supermarket at Malaysia.

Some of the supermarket not sufficiently successful on creating the loyalty among their customer. It is obvious that management in the future must pay particular attention to these important issues because they represent some of the most important requisites for creating long-term relationships with customers. Business activities should commence with understanding the needs of the customers if their

aim is to achieve customer loyalty. (Olgun Kitapci,Ibrahim Taylan Dortyol,Zu'hrem Yaman,Mustafa Gulmez, 2013)

The reliability in term of the grocery retailing when the company or organization is keeps the promise of the service become real. For the responsiveness it happen when the organization able to provide the best respond if the customer need their help on the service provided. The tangibles factor to get the retention from the costumer. For example, the layout of the store, the employee or the equipment. Assurance is about how the ability of the organization can provided service expected by the customer. Some of the supermarket has a highly skilled but the customer doesn't see much about that. Lastly, the problem may be including the empathy aspect. Empathy is including the employee care about the customer as much the services. It is about the attitude of the customer on how their make eye contact, some of them does not smile to customer and ask the customer if they have some problem during buys the product it that supermarket.

1.4 RESEARCH QUESTION

In seeking to achieve the objectives research, the following questions were highlighted to be the framework providing guideline for the research work:

1.4.1 Will the reliability aspect is influence the loyalty of customer satisfaction in grocery retail?

1.4.2 Will the responsiveness aspect is influence the loyalty of customer satisfaction in grocery retail?

1.4.3 Will the tangibles aspect is influence the loyalty of customer satisfaction in grocery retail?

1.4.4 Will the empathy aspect is influence the loyalty of customer satisfaction in grocery retail?

1.4.5 Will the assurance aspect is influence the loyalty of customer satisfaction in grocery retail?

1.5 RESEARCH OBJECTIVE

The objective of this research to assess the key of measuring the dimension of service quality for the loyalty of customer satisfaction, a case of grocery retail at supermarket.:

1.5.1 To identify the relationship between reliability aspect and the loyalty of the customer satisfaction grocery retail.

1.5.2 To investigate the relationship between responsiveness and the loyalty of the customer satisfaction in grocery retail.

1.5.3 To determine the relationship between tangibles aspect and the loyalty of the customer satisfaction in grocery retail.

1.5.4 To identify the relationship between empathy aspect and the loyalty of the customer satisfaction in grocery retail.

1.5.5 To investigate the relationship between assurance aspect and the loyalty of the customer satisfaction in grocery retail.

1.6 SCOPE, LIMITATION AND KEY ASSUMPTION

1.6.1 Scope

This study focused on the measuring the dimension of service quality for the loyalty of customer satisfaction in grocery department at the supermarket which having reliability aspect, responsiveness aspect, tangibles aspect , assurance and empathy as the independent variables and business performance as the dependent variables. This research was chooses on grocery department because the researcher want to find the factor and criteria that contributes the effect on their consumer while buys the product in this department to the business performance supermarket. As we know, grocery is selling the need and want that must be having for customer life. Grocery represents the largest contribution to the development and presentation to a retail supermarket.

For the geographic research was carries in southern area Johor. This places is been chooses in this research because the researcher want to know the characteristic of the customer according this country. The researcher believes they can contribute the variety of the consumer result. The questionnaire will be distributed to the targeted respondent among the grocery consumer and the total number of respondent is to 200 and the sampling size is 132 of customer that go shopping to the grocery retail at supermarket.

1.6.2 Limitation

According to this research, there have a few limitations that must be faced to get the best result about this study. This questionnaire is given to the multiple of race customer in Johor. The lack of time in preparing this study provides some challenges. This study should be implemented in a number of supermarkets with a few respondents to answer some survey questions. The researcher assume the respondent will provide the honest answer when get a questionnaire. This study should be implemented in a number of supermarkets with a few respondents to answer some survey questions. The researcher needs to face the variety of attitude of the customer to get the answer of the questionnaire. Some of them were not give a cooperation to answer that questionnaire

1.6.3 Key Assumption

Throughout this research, the researcher was assuming the respondent have given them the best answer based on their experiences on bought the product at the supermarket. The respondent need to give their honest to reply the question in that questionnaire. The researcher also assuming to be fully informed regarding loyalty customer satisfaction in shopping related products grocery. This is because; the best research can contribute to the economy of a supermarket in increasing their sales.

In addition, the researcher assume the respondent has educated knowledge to give the researcher for primary data collection and has more experience in handling this research topic while he/she can provide the justifiable answer about their experience according to this topic.