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A Comparative Study on Service Quality in the Grocery Retailing: Evidence from Malaysia and Turkey

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Abstract

Comparing service quality in different countries and cultures has been a recent point of interest among researchers to enhance understanding on how customers of different environments react to elements of service quality. Earlier studies were focusing on comparison among western countries or between advance western and Asian regions. This study intends to compare customers' perceptions on service quality between Malaysia and Turkey, as both are emerging economies with strong growth in grocery retail industry. Therefore, the differences of Malaysian and Turkeys' priorities of service quality items will be explored, compared and analyzed for researchers. The study is participated by 357 customer surveys from Turkey and 249 from Malaysia on an approved Scale and scores were analyzed by the principal component factor analysis. The comparison will enhance the understanding on customers' priority in Malaysia and Turkey. This is the first comparison on service quality between emerging markets of Turkey and Malaysia on how customers react in South East region and Asia-Europe cross borders area principally to enrich the bilateral trading efforts and marketing understanding between the two nations.

Keywords: Service Quality, Malaysia, Turkey, Retailing, Customer satisfaction;

1. Introduction

Despite the traditional competitive strategies in the grocery retailing, which include product conception, pricing, placement and promotion, marketers still rely on the integration of service quality (SQ) as a main differentiation agenda to win competition (Cameran, Moizer & Pettinicchio, 2010). The earlier studies on the SQ cover its interrelationship with customer satisfaction (CS) (Cameran, Moizer & Pettinicchio, 2010), customer loyalty (Omar & Musa, 2011), buying behaviour (Perez, Abad, Carrillo & Fernandez, 2007), repurchase intention (Olaru, Purchase & Peterson, 2008), marketing segmentation (Okumus & Yasin, 2007), and implication strategies for various industries. One of the challenges faced by international retailers is a growing competition as well as increasing customer expectations (Zehir, Muceldili & Zehir, 2012; Cameran, Moizer & Pettinicchio, 2010) and the proliferation of demands in cross-cultural markets (Ihtiyar and Ahmad, 2012b; Hui, Chern & Othman, 2011). These changes in market force retailers to really understand and establish competitive strategies for long-term business success and CS. In this respect, measurement of SQ has played a crucial role for enhancing and improving CS in retail industry. How would SQ scores be different amongst emerging economies are yet to be explored and it would be interesting to make this comparison considering the enormous growth potential of nascent markets for retailers.

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This study intends to compare customers' perceptions on SQ between the fast developing Malaysia and Turkey, as both are emerging economies with sturdy growth in grocery retailing.

The aim of the study is to compare the factor loading scores of SQ for prioritization in the grocery retail industry of Malaysia and Turkey. Following this introduction, the paper indicates a literature review SQ and short brief about grocery retailing in Malaysia and Turkey. Methodology of the study is then represented. This is followed by a presentation of the research findings as well as their implications.

2. Literature Review

2.1. Measuring Service Quality in Grocery Retail Industry

The most referred and validated scale of SQ is SERVQUAL and it is developed by Parasuraman, Zeithaml & Berry (1985). SERVQUAL scale included 22 items that is categorised in five dimensions as tangibles, reliability, responsiveness, assurance and empathy. The scale is based on the estimated disconfirmation approach whereby the differences (or gap) between a customer's expectation and the recent performance are examined. SERVQUAL scale has been widely utilized and referred in various service settings in the marketing literature, from professional services (Cameran, Moizer & Pettinicchio, 2010; Bouman & Van Der, 1992) to retail stores (Mehta, Lalwani & Han, 2000; Dabholkar, Dayle & Joseph, 1996). Nevertheless, SERVQUAL scale has been criticised by Caro & Garcia, (2007); Mehta, Lalwani & Han *(*2000); Babakus & Boller, (1992) due to the confusion and realization of customers expectations and perceptions in the model (Bouman & Van Der, 1992; Wall & Payne, 1973).

The nature of retail industry is not familiar as other services. Therefore, measuring SQ in the industry requires sector modified scale Dabholkar, Dayle & Joseph. (1996). Although there are many studies with SERVQUAL in various retail settings, however, the model does not harmonized without any industrial adaptation (Caro and Garcia, 2007; Dabholkar, Dayle & Joseph, 1996; Babakus and Boller, 1992). Hence, industry-adapted scale is more useful than a single generic scale due to the characteristic of services in retail environment. (Dabholkar, Dayle & Joseph, 1996). From this former point, Dabholkar, Dayle & Joseph (1996) developed and empirically validated the Retail Service Quality Scale (RSQS). The scale dimensions are namely: "physical aspects", "reliability", "personal interaction", "problem solving", and "policy". RSQS's consists of 28-item, 17 of them have been adapted from SERVQUAL, and rests of them have been developed by their literature review and qualitative research.

2.2. Grocery Retail Industry of Malaysia and Turkey

Relating and comparing countries performances in SQ have been a recent point of interest among researchers (Hui, Chern & Othman, 2011; Matilla, 1999) to enhance understanding on how customers of various countries react to elements of the scales. Hui, Chern & Othman (2011) further explored SERVQUAL in Malaysia's cultural context and convinced that cultural orientations influence perceptions on SERVQUAL. The findings of Ihtiyar & Ahmad (2012a) focused on RSQS in Turkey, which shows that "giving immediately service by employee", "safety transaction" and "store layout makes it easy for customer to move around" dimensions are more critical in among Turkish customers. It is interesting to note that the study by Matilla (1999) is comparing the application of SERVQUAL between western countries and Asian countries while the later work by Hui, Chern & Othman (2011) is focusing on Malaysia and Ihtiyar & Ahmad, (2012a) is focusing on Turkey. How would RSQS be different in two Asian countries have not been explored, and it would be interesting to make this comparison between Malaysia and Turkey as both are emerging economies with enormous growth potential in retail Industry.

According to the last census in 2010, population of Turkey is 73.7 million (Turkish Statistics Institute, 2010), and Malaysian population is 28.3 million (Statistics Department of Malaysia, 2010). Turkey was the 17th crowded country throughout the world and the second most crowded country in the Europe and Malaysia was the 17th crowded country throughout the Asia and the 42th most crowded country in the World. In addition, 76.26 per cent of Turkey population lives in cities (Durdyev, Ismail & Abu Bakar, 2012) and over 60% of the population of Malaysia is regarded as middle-income customers, and poverty has virtually been eliminated. Furthermore, over 70% of Malaysians now live in the urban areas (Cottrell, 2010).

As in the world, the growth rate of the industry in Turkey has been represented a significant increase in the past decade. According to AMPD (2010), the turnover of the sector was $150 billion dollars at 2007 and $187 billion

dollars at 2010. From 2007 to 2010, the rate was accrued approximately 19%. Furthermore, the expected growth between 2010 and 2014 is 25%, and the volume of retail industry will reach $ 250 billion dollars at 2014. In other word, retail industry will be listed as the third biggest sector in the general industry list of Turkey at 2014. At the same report, AMPD (2010), Turkey's retail market was the seventh biggest market in the Europe and tenth in the worldwide.

As highlighted in the report of PWC (2011) for Malaysian retail industry, the turnover of the sector increased to $54 billion dollars at the period of 2010 from $48 billion at 2009. Additionally, the expected growth rate between 2010 and 2012 is between 5% and 6%. The industrial growth rate in Malaysia will be represented a increase in the next years and annual the rate of the industry is 3.7% and 3.8% per annum in 2013-2014 (PWC, 2011).

3. Research Methodology

The Retail Service Quality Scale (RSQS) used for measuring the SQ in the retail industry of Malaysia and Turkey. The respondents were current customers of the grocery retailers in the Turkey and Malaysia. A total of 357 for Turkey and 249 questionnaires for Malaysia were collected by online questionnaire method, however 342 of these were appropriated and 48 discarded due to incomplete responses for Turkey and 31 for Malaysia, thus leading to a response rate of 95.79 % for Turkey and 87.55 % for Malaysia, respectively.

All the expressions conducted on seven-point Likert scale. The demographic indicators in the questionnaire are represented at table 1. The factor scores are analysed by the principal component factor analysis with varimax rotation for data reduction (Atan, Bas & Tolon, 2006).

4. Findings

4.1. Loading Scores

The result of factor analysis, reliability scores and related statistics were represented for both studies and results at Table 1.Thus, the 23 items were reduced to five main factors with eigenvalues higher than 1.0 for Turkey and Malaysia. The indicated factors of variance explained approximately 71 %for Turkey and 66 % for Malaysia.

Table 1. Factor Analysis Results

Values	Turkey	Malaysia
KMO	0.891	0.913
Bartlett's Test of Sphericity	4889.417	3556.159
Significance	0.000	0.000
Cronbach's coefficient alpha	0.789	0.899

Table 2. Factor Loading Scores for Turkey and Malaysia

The Factor Loading Scores for Turkey and Malaysia	for Turkey	for Malaysia
Personal Interaction		
Q1 Behaviour of store employee in stills confidence in customer.	0,674	0,707
Q2 The employee has sufficient knowledge to attend to customer.	0,517**	0,791*
Q3 The store employee consistently courteous with customer.	0,813	0,780
Q4 The store employee gives prompt service to customers.	0,924*	0,758
Q5 The store employee never too busy to respond to customer's request.	0,78	0,573**
Policy		
Q6 Most of major credit cards are accepted.	0,803*	0,719*
Q7 The merchandise sold is high in quality.	0,794	0,643
Q8 There are plenty of convenient parking or customer.	0,674	0,545**
Q9 Operating hours are convenient.	0,652**	0,607
Physical Appearance		
Q10 Visually appealing service material.	0,778	0,885*
Q11 Visually appealing physical facilities.	0,718	0,817
Q12 Modern looking equipment and fixtures.	0,598**	0,705
Q13 Store layout is convenient for customer.	0,811*	0,699

Q14	Store layout makes it easy for customer to move around.	0,747	0,721
Q15	Clean, attractive and convenient public areas.	0,602	0,642**
	Reliability		
Q16	Promise to something by a certain time.	0,691	0,760
Q17	Performs the service right the first time.	0,771	0,762
Q18	Providing service at the time it promising to do.	0,749	0,787
Q19	Availability of merchandise.	0,625**	0,729*
Q20	Error-free sales transaction and record.	0,846*	0,569**
	Problem Solving		
Q21	Handling customers' complaint directly and immediately.	0,647	0,746*
Q22	Sincere interest to solve problem.	0,719*	0,674**
Q23	Willingly handle returns and exchange.	0,599**	0,736

The most important items (over the 0.80) of RSQS for Turkey are "The store employee gives prompt service to customers" (0,924), "Error-free sales transaction and record" (0,846), "Store layout is convenient for customer" (0,811) and "Most of major credit cards are accepted" (0,803), however, the scores of Malaysia is indicating differences than Turkey scores for significant and insignificant items, "Visually appealing service material" (0,885) and "Visually appealing physical facilities" (0,817). In contrast of this, the less significant items for Turkey are "The employee has sufficient knowledge to attend to customer" (0,517), "Modern looking equipment and fixtures" (0,598) and for Malaysia are "There are plenty of convenient parking or customer" (0,545), "The store employee never too busy to respond to customer's request" (0,573).

Table 3. Factor Loading Scores for Turkey and Malaysia

Items	Ave Turkey	Ave Malaysia
Personal Interaction	0.742*	0.722
Policy	0.731	0.628**
Physical Appearance	0.709	0.745*
Reliability	0.736	0.721
Problem Solving	0.655**	0.719

5. Conlusion

It is interesting to note that on average the factor loadings score of RSQS for both countries is quite similar, that is on 0.71 score as shown in Table 2. Although the two countries are located in different regions of Asia, the similarity in overall scoring is rather noticeable indicating the homogenous reactions towards retail environment.

However, as in many earlier studies, the priority scoring on RSQS item differs between countries. The highest factor loadings score for Turkey is on personal interaction (0.742) while the lowest score is on problem solving (0.655). Malaysian customers, on the other hand score highest factor loadings on physical appearance (0.745) while the lowest loading is on policy (0.628). Comparing the findings with earlier studies by Matilla (1999) and Winsted (1997), Malaysia despite being in Asian region, reacts like US customers when priorities physical appearance of RSQS. On the other hand, Turkey, although closer to western countries, priorities personal interaction or communication, which normally being more associate to Asian values.

Overall, the study has shed lights on the RSQS and customers perceptions in both countries. The comparison will enhance the understanding on customers' priority in different countries. Marketers or other practitioners would be able to gauge the expected customer response towards their service quality efforts in Malaysia and Turkey. This inter countries understanding is also crucial as both nations are making efforts to increase their bilateral trading.

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