Analysis of Minimarket's Service Quality Improvement Based on The Customer's Perceptions at Minimarket XYZ in the Offices Area In Surabaya City, Indonesia

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Abstract: Service according to Kotler (2012) is every action or activity that can be offered by one party to another party. The service quality is tightly related to the customer's perceptions about the quality of a business. Based on the preliminary survey results could be concluded that from the five aspects observed, that were: the product's price, the outlet's atmosphere, the product's availability, services aspect, and the product's display showed that the first highest aspect that the customers considered to be improved was the services aspect (65%). The second aspect was the product's availability (60%), and the third was the product's price (55%). It could be concluded that the customers considered about the lack of services in the outlets and needed to be improved.

The aim of this research was to find out how big the gap was between the customer's perceptions and expectations to the service quality in the minimarket XYZ and the efforts that could be done for improving the minimarket's service quality in the offices area. The SERVQUAL method and the Quality Function Deployment (QFD) were used in this research.

Based on the survey's results to the 110 respondents and the data processing, it could be concluded that there was still a gap between the expectations and the perceptions. Based on the conformity level, the attribute with the highest services satisfaction was the employees' politeness attribute in giving the services or in accepting the critics and suggestions (95%) with a gap of (-0.20). Meanwhile, the lowest services conformity level was the product's availability attribute (76%) with the highest gap (-1.08).

I.   INTRODUCTION

The development of the retail business nowadays requires the businessmen to keep improving the company's performance to keep developing. The businessmen must understand the customer's behavior and desire cornering to the offered services and products. The customer's satisfaction is the part of the customer's experiences that will influence the customer's value itself. That value will affect the customers to compare to the competitors' products or services that have ever been felt (Ardhana, 2010). Therefore, the businessmen are expected to have the maximal performance so that can increase the customer's value that affects the company's business progress.

According to Parasuraman, et al, (1988) there are three important things to be considered in the service quality, those are the service quality is difficult to be evaluated by the customers than the product's quality, the service quality perceptions are produced by the comparison between the customer's satisfaction to the given services in real, the quality evaluation is not only obtained from the final result of the services, but also including the evaluation of that services process. One of the service quality approaches that mostly used as the reference in the marketing research is the SERVQUAL method that was developed by Parasuraman, et al (1998), those are tangible, reliability, responsiveness, assurance, and empathy.

Nationally, the XYZ retail company had 359 minimarket outlets in 2017 that spread out in Indonesia in the gas stations area, the office buildings, and the public facilities such as the airport in Sumatera Island, Java Island, Borneo Island, Bali Island, and Sulawesi Island. One of the developed outlet locations in the present day is the outlet in the offices area. In the East Java-Bali regions that are included in Region V, the outlets in the offices area become a particular concern because those outlets are as the models in the nongas station area. However, the problem is that the outlets in that area have not met the revenue target yet of Rp. 2,5 million per day/outlet in 2017. Service according to Kotler (2012) is every action or activity that can be offered by one party to another party. The service quality is tightly related to the customer's perceptions about the quality of a business.

The better services that can influence the customer's satisfaction level so that the better quality of the business will be rated. Otherwise, the lesser quality of the services and satisfactory are provided, so that the lesser quality of the business will be rated. Hence, the effort to improve the service quality must be done continuously in order to be able to maximize the service quality.

By this research, it is expected that the gap level between the customer's perceptions and expectations can be identified and formulate the efforts to be done in improving the minimarket' services quality.

II.   METHODOLOGY

This research types were quantitative and qualitative research. The quantitative research was used to identify the characteristics of the services and the customers and analyzed the variable that influenced in the service quality improvement in the customer's perceptions. Whereas, the qualitative research was used in formulating the efforts of the service quality improvement based on the customer's perceptions.

This research was conducted in third steps. The first step was field study, problem identification, problem formulation, research's purpose, and literature review. The second step included determining the population and sample, then distributed the questionnaires. The third step covered the SERVQUAL analysis and the House of Quality arrangement.

SERVQUAL method is the method to measure the service quality that can be used to understand how the customer's perceptions and expectations to the given services. The SERVQUAL concept is used to count the gap between the perceptions to the expectations values.

$$Q = P - E \qquad (1)$$

Where:

Q = Service quality

P = Perceived service

E = Expected service

Cohen (1995) defines QFD as the structured method that is used in the planning process and the product development to determine the needs specification and the consumer's desires, and evaluate a product in fulfilling the consumer's needs and desires. The House of Quality (HOQ) matrix is the most familiar form of QFD representation.

There are some parts in the House of Quality development, such as: Customer Needs "WHATs" contains what the customer's prioritized needs are or can be a structured requirements list that comes from the consumer's requirements. Technical Response "HOWs" contains the technical solution of the consumer's needs suits to the outlet's capability. Planning Matrix "WHYs" describes the observed consumer's perceptions in the market survey, including the relative interest of the consumer's requirements, the company, the company's performance, and the competitors in fulfilling those requirements. Technical Matrix contains the technical response priority that is necessary to be done by the outlet's management.

The total samples of this research were 110 respondents. After distributing the research questionnaires, then tested the data reliability and validity. The reliability testing results using SPSS software showed that the Cronbach's Alpha value in the whole variables of perceptions and expectations > 0.70, whereas the validity testing results in the whole variables of perceptions and expectations showed that the entire variables had the positive value r count and greater than the table r ≥ 0.157, so that all variables were declared valid.

IV.   RESULT

Respondent's General Descriptions

The consumers who shopped at XYZ outlet had the different backgrounds and socio-economic behaviors. These background differences could become the factors for the consumers in determining to shop at XYZ outlet. The following were the respondents' general descriptions in this research:

Table no 1: Respondent's general descriptions

Variables	Characteristics	Frequencies	Percentages
Genders	Male	71	65%
	Female	39	35%
Ages	15 – 20	18	16%
	21 – 30	45	41%
	31 – 40	35	32%
	41 – 50	10	9%
	51 – 60	2	2%
Revenues	<Rp. 1.000.000	2	2%
	Rp. 1.000.000 - Rp. 2.500.000	31	28%
	Rp. 2.500.000 - Rp. 4.000.000	59	54%

Variables	Characteristics	Frequencies	Percentages
	>Rp. 4.000.000	18	16%
Occupations	Employee	97	88%
	Housewife	2	2%
	Students	11	100%

Based on the table 1, it showed that from 110 respondents, there were 71 female respondents and 29 male respondents. The respondents' ages distributions were dominated by the age group of 21-30 years old. The customers with those approximate ages were generally who had their own revenues and were able to make their own decisions to make a purchase. Most visitors that shopped at that outlet had an approximate revenue between Rp 2.500.000 – Rp 4.000.000. The customers averagely had been working with the employee status. It was influenced by the location factor of the outlet that was located in the offices area. So as the majority of the customers were the employees from around the outlet.

Results of SERVQUAL method

After the whole attributes were declared valid and reliable, then the next step was doing the SERVQUAL analysis that was by counting the perceptions average and the expectations average, then be compared. The following were the attributes of research and the SERVQUAL values of the XYZ outlet's service level.

Table no 2. The Attributes of Research

Dimensions		Attributes	Dimensions		Attributes
Tangibles	p1	Product's availability	Responsivness	p12	Employee speed in serving
	p2	Product's diversity		p13	Employee's responsiveness
	p3	Cleaness of outlets		p14	Willingness of employee to help customers
	p4	Easiness of payment	Assurance	p15	Employees have good product knowledge
	p5	Parking area facilities		p16	A cozy outlet atmosphere
	p6	Completeness of supporting facilities		p17	Halal guaranteed products
	p7	The employees wear uniforms		p18	Product worth consumed
Reliability	p8	Product's quality	Emphaty	p19	Employees pay attention to customers need
	p9	Competitive price		p20	Employees are fair to customers
	p10	Easiness in reaching the outlet		p21	The employees' politeness
	p11	Special offer and bonus while doing transaction		p22	The employees' patience

Table no 3. Data analysis using the SERVQUAL method

DIMENSIONS		Attributes	Perceived (P)		Expected (E)		Conformity	SERVQUAL (Q)
			Total	Average	Total	Average		
Tangibles	T1	p1	383	3.48	502	4.56	76%	-1.08
	T2	p2	419	3.81	516	4.69	81%	-0.88
	T3	p3	418	3.80	481	4.37	87%	-0.57
	T4	p4	416	3.78	501	4.55	83%	-0.77
	T5	p5	425	3.86	493	4.48	86%	-0.62
	T6	p6	474	4.31	508	4.62	93%	-0.31
	T7	p7	452	4.11	507	4.61	89%	-0.50
Reliability	REL1	p8	423	3.85	504	4.58	84%	-0.74
	REL2	p9	424	3.85	512	4.65	83%	-0.80
	REL3	p10	430	3.91	501	4.55	86%	-0.64
	REL4	p11	421	3.83	506	4.60	83%	-0.77
	RES1	p12	469	4.26	501	4.55	94%	-0.29

DIMENSIONS	Attributes		Perceived (P)		Expected (E)		Confor mity	SERVQU AL (Q)
			Total	Average	Total	Average		
Responsiven ess	RES2	p13	431	3.92	508	4.62	85%	-0.70
	RES3	p14	452	4.11	494	4.49	91%	-0.38
Assurance	A1	p15	413	3.75	467	4.25	88%	-0.49
	A2	p16	446	4.05	507	4.61	88%	-0.55
	A3	p17	468	4.25	511	4.65	92%	-0.39
	A4	p18	424	3.85	468	4.25	91%	-0.40
Empathy	E1	p19	470	4.27	503	4.57	93%	-0.30
	E2	p20	415	3.77	467	4.25	89%	-0.47
	E3	p21	469	4.26	503	4.57	93%	-0.31
	E4	p22	447	4.06	469	4.26	95%	-0.20

The SERVQUAL values showed negative values that meant there was still a gap between the expectations and the perceptions to the service quality of XYZ outlet, so that it was necessary to improve the service.

Results of Quality Function Deployement Method

Quality Function Deployment (QFD) was a practice used for developing an industrial service product or service improvement by involving the customers in the industrial services. The tools used in QFD practice was House of Quality (HOQ). Based on the results of SERVQUAL analysis, then the main priority for improving the service of XYZ outlet were 1) Product's availability, 2) Product's diversity, 3) Easiness of payment, 4) Product's quality, 5) Competitive price, 6) Easiness in reaching the outlet, 7) Special offer and bonus while doing transaction, and 8) Employee's responsiveness.

Matrix What's of HOQ contained the expectations level of the attributes that were wanted by the outlet's customers, these values were obtained from the survey questionnaires distribution to the customers.

Table no 4. Matrix What's

No	What's customer needs	Customer Importance
1	Product's availability	4.56
2	Product's diversity	4.69
3	Easiness of payment	4.55
4	Product's quality	4.58
5	Competitive price	4.65
6	Easiness in reaching the outlet	4.55
7	Special offer and bonus while doing transaction	4.60
8	Employee's responsiveness	4.62

Based on the table 3 above, the highest importance was the product's diversity and the competitive price.

Matrix How's of HOQ describe the characteristics of the outlet's service quality, brainstorming was done with the outlet's management and considering the customers' characteristics based on the survey results of the customers' behaviors. The obtained technical response results were 1) Considering the stock number in the outlet, 2) Adding the safety stock of fast moving goods, 3) Opening the opportunity to the local supplier to cooperate, 4) Adding the variants/flavors of sold products, 5) Adding the new kind of products that were not available yet and mostly sought by the consumers, 6) Adding the payment types using debit, credit card or electronic money, 7) Paying attention to goods handling while delivering until displaying, 8) Giving the goods replacement if the purchased goods were found to be damaged, 9) Selecting the supplier that could supply the quality goods, 10) Giving discount in the certain purchasing, 11) Giving discount in the second purchasing, 12) Providing the special parking lot facility for the customers, 13) Making a mini stand surrounding the offices area that many people went through, 14) Making a discount program in the certain time, 15) Making a product promotion package by bundling product, and 16) Giving a training to the employees about understanding the customers.

Matrix Why's of HOQ describethe observed consumer's perceptions in the market survey, including the relative interest of the consumer's requirements, the company, the company's performance, and the competitors in fulfilling those requirements.

Table no 5. The Values of Raw Weight (RW) and Normalized Raw Weight (NRW) to the Matrix Why's

No	Whats customer needs	RW	NRW
1	Product's availability	9.04	0.15
2	Product's diversity	8.68	0.14
3	Easiness of payment	6.64	0.11
4	Product's quality	8.22	0.14
5	Competitive price	8.51	0.14
6	Easiness in reaching the outlet	6.42	0.11
7	Special offer and bonus while doing transaction	6.63	0.11
8	Employee's responsiveness	6.65	0.11
	Total of RW	60.81	

The values of Normalized Raw Weight (NRW) on the table 4 showed the great contribution of that attribute to the customers' desires fulfillment. The greater values of Normalized Raw Weight (NRW), so that the greater attribute contribution in fulfilling the customers' desires.

The arranged technical matrix was used to observe the technical response which was prioritized in the case of customers' service and satisfaction. This was the last part in the House of Quality (HOQ).

Table no 6. The values of Contribution, Normalized Contribution and Technical Response Priority

No	Technical Responses	Contribution	Normalized Contribution	Priority
1	Considering the stock number in the outlet	1.88	0.07	6
2	Adding the safety stock of fast moving goods	1.88	0.07	7
3	Opening the opportunity to the local supplier to cooperate	1.87	0.06	8
4	Adding the variants/flavors of sold products	2.56	0.09	3
5	Adding the new kind of products that were not available yet and mostly sought by the consumers	3.45	0.12	1
6	Adding the payment platform using debit, credit card or electronic money	0.98	0.03	13
7	Paying attention to goods handling while delivering until displaying	2.20	0.08	5
8	Giving the goods replacement if the purchased goods were found to be damaged	3.25	0.11	2
9	Selecting the supplier that could supply the quality goods	2.21	0.08	4
10	Giving discount in the certain purchasing	1.40	0.05	9
11	Giving discount in the second purchasing	1.40	0.05	10
12	Providing the special parking lot facility for the customers	0.95	0.03	16
13	Making a mini stand surrounding the offices were that many people went through	1.40	0.03	15
14	Making a discount program in the certain time	1.40	0.05	11
15	Making a product promotion package by bundling product	1.40	0.05	12

No	Technical Responses	Contribution	Normalized Contribution	Priority
16	Giving a training to the employees about understanding the customers	0.98	0.03	14
	Total of Contribution	28.77		

Based on the table 5, the precedence efforts that must be done by the XYZ outlet's management were: 1) Adding the new kind of products that were not available yet and mostly sought by the consumers, 2) Giving the goods replacement if the purchased goods were found to be damaged, 3) Adding the variants/flavors of sold products, 4) Selecting the supplier that could supply the quality goods.

V.   CONCLUSION

It could be concluded that the highest service conformity level was the employee's politeness attribute in providing the services or while receiving critics or suggestions with a value of 95% with the lowest gap that was -0.20. Meanwhile, the lowest service conformity level was the product availability with a value of 76% with the highest gap that was -1.08.

The processed SERVQUAL data result using Quality Function Deployment method, obtaining the steps to improve the service quality. The four priorities that could be done were adding the new kind of products that were not available yet and mostly sought by the consumers, giving the goods replacement if the purchased goods were found to be damaged, adding the variants/flavors of sold products, and selecting the supplier that could supply the quality goods. Then, the recommendations that can be given are (1) doing the business innovation especially in the technology field so that can facilitate the customers, suppliers, and the internal management in doing the business transaction process, (2) providing the suggestion boxes media or customer care in the hope that either the complaints or the suggestions from the customers can be conveyed directly as the input of the management.

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