

Relationship between Service Quality and Customer Satisfaction in Hypermarkets of Saudi Arabia

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Abstract

The objective of this study is to determine the perception of retail service quality and its relationship with satisfaction for customers of hypermarkets in the Kingdom of Saudi Arabia (KSA). Data was collected through self-administered questionnaires using convenience sampling technique. Out of 220 responses, 185 were finally chosen and analyzed for descriptive statistics as well as significant relationship between hypermarket service quality and customer satisfaction. The respondents reported high levels of perceived quality and significant relationship was found between retail service quality dimensions and customer satisfaction. Out of all the dimensions of service quality, physical aspects had the maximum effect on customer satisfaction, which was attributed to the cultural traits and lifestyle of Saudi society. Retail service providers need to recognize the importance of service quality dimensions in order of their significance, and implement appropriate strategy for competitive advantage over domestic and international players vying for share of an expanding consumer base.

Keywords: retail, hypermarkets, service quality, customer satisfaction, Saudi Arabia

1. Introduction

The Kingdom of Saudi Arabia (KSA) has a population of more than 27 million with growth rate of 1.49 percent, and a median age of 26.4 years (CIA World Factbook, 2014). The KSA customer base comprises locals, who are among the most eager consumers in the world, and expatriates (more than 30 percent of population), who have a willingness to spend on convenience and shopping products (AT Kearney, 2013; CIA World Factbook, 2014). This growing population with increasing buying power is the focus of retailers.

The retail sector in Saudi Arabia is still evolving as compared to the United Arab Emirates (UAE), which is a bigger neighboring market and benefits from being a trading hub in the Middle East region. The most common formats for retail in KSA were traditional markets and convenience stores, until hypermarkets got established during the last decade. The hypermarkets are presently concentrated in big cities, such as Riyadh, Jeddah, and Dammam, but are expanding aggressively to other regions across KSA.

The increasing population, with a multitude of demands and expectations, makes the retail sector very competitive. A long term relationship is possible if the retailer can evaluate customer satisfaction with the quality of service experienced in a retail store. This is challenging because retail is a service-oriented business and the measurement of intangible elements includes factors other than the service itself. Retail companies need to create an image of service quality if present customers are to be pleased and new ones created.

Dabholkar, Thorpe, and Rentz (1996) proposed a methodology to study service quality in a retail setting through the Retail Service Quality Scale (RSQS). This scale has been tested and validated across various retail formats, regions, and countries. In several studies, the consequences of retail service quality were identified, and customer satisfaction was found to be in a significant relationship. There is scope for research on this relationship in specific formats for retail sector across Saudi Arabia, which makes it the objective of present study.

2. Theoretical Background

2.1 Retail in Saudi Arabia

The Saudi population is growing and modernizing itself within the framework of its culture, which is based on religious principles. The major source of culturally acceptable entertainment is in the form of shopping and dining in malls. The retail outlets (supermarkets and hypermarkets) with access to such facilities are ideal locations for the Saudi families to relax (Al Rajhi Capital, 2013). This trend is very common across the country and in several locations, major supermarkets and hypermarkets are a part of popular shopping malls with facilities, such as food courts, play areas, ATMs etc.

In KSA, the retail formats are categorized as hypermarkets, supermarkets, convenience stores, and traditional markets. Hypermarkets are upto 200,000 square feet, with 50 checkout counters. They provide more than 55,000 items including grocery, clothing, tools, toys, and electronics. Hypermarkets have witnessed major growth compared to other formats which earlier dominated distribution of food products in the Kingdom (GAIN, 2012).

Hypermarkets were introduced in Saudi Arabia in 2004, and gained popularity due to their cost effectiveness (trading in large volumes) on the supply side and convenience (diverse products portfolio, discounts, and accessibility) on the demand side (GAIN, 2012). Some of the major hypermarkets in KSA are Hyper Panda, Al Othaim, Al Hokair, Bin Dawood, Danube, Al Sadhan, Lulu, and Carrefour.

Although small-sized convenience stores remain popular in residential areas, hypermarkets are spreading fast. Nearly 60 percent of this segment is controlled by Hyper Panda (Savola Group, KSA), Bin Dawood, Carrefour (Majid Al Futtaim Group, UAE), Al Othaim (Othaim Holding, KSA), and LuLu (EMKE Group, UAE). Supermarkets and convenience stores remain fragmented markets, with leading players accounting for 20-30 percent of the market (AT Kearney, 2013).

According to the Saudi Arabia Food and Drink report by Business Monitor (2012), hypermarkets will account for majority of the grocery retail sector sales till 2016 (64.5 percent). This is a high revenue sector with an expected growth of 66.6 percent till 2016. Grocery is a low price item which follows competitive pricing. There is very little scope to differentiate the product mix with competitors, and therefore, focus of strategy shifts to other attributes that are service-dominant.

2.2 Service Quality

Since the 1980s, there has been substantial research in the area of service quality (Lam, Yeung, & Chan, 1998; Ladhari, 2009), and it is debated a lot for the reason that no consensus has been reached so far on its definition and measurement (Schneider & White, 2004; Amin & Isa, 2008; Ladhari, 2009). Early researches on service quality defined it as an extent to which a service meets customer needs, and involves a comparison of customer expectations with their perceptions of actual service performance (Parasuraman, Zeithaml, & Berry, 1985, 1988; Lewis & Mitchell, 1990).

Customers constantly demand a high quality of service (Sherden, 1988), and focus is on quality to enhance the image resulting in higher sales, higher revenues, and a higher profitability (Buzzell & Gale, 1987). The quality of service is an indicator of superiority to the competitor (Berry, Parasuraman, & Zeithaml, 1988; Robinson, 1999), which determines success or failure of a firm. Gronroos (1984) stated perceived service quality to be the outcome of consumer expectations of a service and the actual service perceived by them. Parasuraman et al. (1985) suggested perceived service quality to be the result of a customer's comparison between expectations of a service and perceptions of the actual performance of that service. Parasuraman et al. (1988) went on to propose that service quality is a function of five dimensions (tangibility, reliability, responsiveness, assurance, and empathy) tested by the SERVQUAL scale. The SERVQUAL scale originally developed by Parasuraman et al. (1985, 1988) was consequently refined by Parasuraman, Zeithaml, and Berry (1991, 1994). The SERVQUAL scale that consists of 22 items representing five dimensions was originally applied in five service settings: retail banking, credit card services, repair and maintenance of electrical appliances, long-distance telephone services, and title brokerage. The scale has been pointed to as being the most extensively and successfully used service quality measurement tool in the twenty-first century (Ladhari, 2009; Kassim & Abdullah, 2010; Amin, Yahya, Ismayatim, Nasharuddin, & Kassim, 2013).

Since development, SERVQUAL is adapted and used in a variety of settings, such as the healthcare (Carman, 1990; Babakus & Mangold, 1992; Kilbourne, Duffy, Duffy, & Giarchi, 2004), telecommunication (van der Wal, Pampallis, & Bond, 2002; Lai, Li, & Bai, 2007), banking (Cronin & Taylor, 1992; Spreng & Singh, 1993; Amin & Isa, 2008; Ramseook-Munhurrin & Naidoo, 2011), business school placement center, tirestore, dental clinic (Carman, 1990), discount and departmental stores (Finn & Lamb, 1991; Teas, 1993; Dabholkar et al., 1996; Mehta,

Lalwani, & Han, 2000; Va'zquez, Rodriguez-Del Bosque, Diaz, & Ruiz, 2001; Kim & Jin, 2002), wet markets and supermarkets (Bougoure & Lee, 2009), websites (Iwaarden, Wiele, Ball, & Millen, 2003), pest control, dry cleaning, and fast food (Cronin & Taylor, 1992; Lee & Ulgado, 1997; Jain & Gupta, 2004).

Although SERVQUAL instrument is widely applied and valued by researchers and practitioners; potential difficulties have been identified with its conceptual foundation and empirical operationalization (Carman, 1990; Cronin & Taylor, 1992; Asubonteng, McCleary, & Swan, 1996; Jabnoun & Khalifa, 2005; Amin & Isa, 2008; Ladhari, 2009). In particular, critics have questioned whether the five generic dimensions of the scale and its psychometric properties are generically applicable in all service contexts. Researchers have suggested the customization of existing service quality scales depending on the business to which they are applied (Carman, 1990; Finn & Lamb, 1991; Spreng & Singh, 1993; Ladhari, 2009; Amin et al., 2013), and a similar need was identified for retail sector.

2.3 Retail Service Quality

The retail service is based on activities, such as interaction, negotiation, and merchandizing that create an association between services and products during the service encounter process. This makes the service quality in retailing different from any other pure product or pure service environment (Gagliano & Hathcote, 1994; Mehta et al., 2000; Va'zquez et al., 2001; Finn, 2004). In retail, it is important to look at quality from the perspective of services as well as goods, and derive a set of items that accurately measure this construct (Mehta et al., 2000). These characteristics have led to the development of a performance-based retail service quality scale (RSQS) by Dabholkar et al. (1996).

Dabholkar et al. (1996) conducted a qualitative research using phenomenological interviews, exploratory depth interviews, and customer tracking in a store during the actual shopping experience. The findings were combined with the existing SERVQUAL model. The dimensions of service quality earlier proposed by Parasuraman et al. (1985, 1988) were improved to make them suitable for a retail environment. They opined that service quality in retail environment has a hierarchical factor structure with five dimensions: physical aspects, reliability, personal interaction, problem solving, and policy. The tangible dimension of SERVQUAL was replaced by comparable physical aspects in RSQS. Reliability had a similar connotation in both the scales. The third dimension of personal interaction in RSQS was a combination of responsiveness and assurance from SERVQUAL. Problem solving and policy were added to RSQS keeping in view the significance of service recovery and store policy for total quality of service. For the final version of RSQS, 17 items were adapted from SERVQUAL scale and 11 items were created based on literature review and research conducted by Dabholkar et al. (1996). The total items in the RSQS scale were 28, which included 6 for physical aspects, 5 for reliability, 9 for personal interaction, 3 for problem solving, and 5 for policy.

Dabholkar et al. (1996) tested the RSQS with department store customers in the US, and later in two store units of a departmental store involved in the first study. The model showed a fit in both the studies, and the scale was expected to be suitable for the study of retail businesses, such as departmental or specialty stores. Later, it was tested by researchers across countries and retail formats. Mehta et al. (2000) found RSQS appropriate among supermarket consumers in Singapore. In the following year, Siu and Cheung (2001) used RSQS to study department store in Hong Kong. Kim and Jin (2002) reported it to be useful to study the cultural context for discount stores across USA and South Korea. Siu and Chow (2003) used the adapted version proposed by Siu and Cheung (2001) and examined the service quality of a Japanese supermarket in Hong Kong. Kaul (2007) tested RSQS for apparel stores in India. Another study for retail service quality in departmental store, discount store, and supermarkets was done by Das, Kumar, and Saha (2010) in Kazakhstan. Yuen and Chan (2010) performed a study on a window curtain retailer in Hong Kong. Leen and Ramayah (2011) performed a study of apparel stores in Malaysia. Ahmad, Ihtiyar, and Omar (2014) performed a comparative study for grocery retailers in Malaysia and Turkey.

Although the scale proposed by Dabholkar et al. (1996) has a high construct reliability and validity, there is a need to look at its applicability for more countries, and in different contexts. This is so because each country is believed to have its own unique set of quality dimensions (Zhao, Bai, & Hui, 2002; Amin & Isa, 2008) with different levels of importance (Feinburg, de Ruyter, Trappey, & Lee, 1995).

2.4 Customer Satisfaction

Customer satisfaction is a function of the discrepancy between a customer's expectations prior to purchase and their perception of the same service afterwards (Oliver, 1977, 1980; Anderson & Sullivan, 1993), and will be significant if the perception is placed at a higher level than the expectation. Customer satisfaction is found to be dependent on the quality of service offered to the customer and is one of the tools to increase value for customers

(Sivadas & Baker-Prewitt, 2000). More value for customer means higher satisfaction, which can benefit the retail organization in long run (Zeithaml, Berry, & Parasuraman, 1996; Cronin, Brady, & Hult, 2000), and generate higher revenue (Aaker & Jacobson, 1994).

The main challenges for service industry are service quality and customer satisfaction (Anderson & Sullivan, 1993; Hung, Huang, & Chen, 2003). Customer satisfaction is a powerful intangible asset similar to service quality and can be achieved through the fulfillment of customer expectations (Oliver, 1980; Boulding, Kalra, Staelin, & Zeithaml, 1993; Bahia, Paulin, & Perrien, 2000; Homburg, Koschate, & Hoyer, 2006; Jayasankaraprasad & Kumar, 2012). Researches have emphasized the significance of relationship between service quality and customer satisfaction (Cronin & Taylor, 1992; Taylor & Baker, 1994), and found satisfaction to be the consequence of customer experience during service encounter (Anderson & Sullivan, 1993; Caruana, Money, & Berthon, 1998; Brady & Robertson, 2001; Jayasankaraprasad & Kumar, 2012).

Service quality and customer satisfaction are dissimilar constructs (Carman, 1990), and yet related (Brady, Cronin, & Brand, 2002; Ranaweera & Neely, 2003). Researchers have tested the significant relationship between service quality and customer satisfaction, and service quality was proposed to be an antecedent of customer satisfaction (Parasuraman et al., 1985, 1988; Carman, 1990; Cronin & Taylor, 1992, 1994; Anderson & Sullivan, 1993; Caruana et al., 1998; Amin & Isa, 2008; Jayasankaraprasad & Kumar, 2012; Kitapci, Dortyol, Yaman, & Gulmez, 2013). Brady and Robertson (2001) found service quality to be an antecedent of customer satisfaction for cognitively-oriented consumers, and a consequence for emotional consumers. The causal relationship between service quality and customer satisfaction is the subject of great academic debate and no unanimity has yet been reached (Bahia et al., 2000). The researches have also specified customer satisfaction as a function of perceived quality and disconfirmation- the extent to which perceived quality fails to match prepurchase expectations (Olsen, 2002; Gustafsson, Johnson, & Roos, 2005; Rigopoulou, Chaniotakis, Lymperopoulos, & Siomkos, 2008; Cerri, 2012; Kitapci et al., 2013). It has also been found that their purchase intention is more affected by quality which falls short of expectations, rather than the one which exceeds expectations (Anderson & Sullivan, 1993).

3. Conceptual Model and Hypotheses Development

The conceptual model for the relationship between service quality in retail and customer satisfaction is demonstrated and tested as shown in Figure 1. This model starts with Retail Service Quality Scale (RSQS) to measure hypermarket service quality; and consists of five dimensions (physical aspects, reliability, personal interaction, problem solving, and policy). It is developed based on the review of literature.

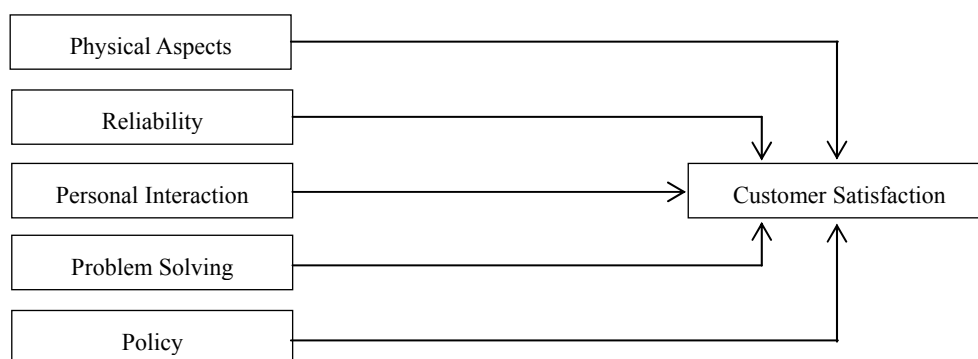


Figure 1. Model of study

Previous studies have found that service quality is an antecedent of customer satisfaction (Anderson & Sullivan, 1993; Cronin et al., 2000; Brady & Robertson, 2001). Researchers have also found a significant relationship between physical environment and customer satisfaction (Babin & Attaway, 2000; Yuen & Chan, 2010; Kearney, Coughlan, & Kennedy, 2012; Kitapci et al., 2013). In this context, physical aspects have a strong influence on customer satisfaction and revisit to the service provider (Jamal & Anastasiadou, 2009; Das et al., 2010). This has led to the development of the following hypothesis:

H1: There is significant relationship between Physical Aspects and Customer Satisfaction.

Reliability has been found to have significant influence on customers, and is also a predictor of customer satisfaction (Jamal & Anastasiadou, 2009; Das et al., 2010; George & Kumar, 2014). For example, when retailers

keep their promises, it increases customer satisfaction (Yuen & Chan, 2010). This has led to the development of the following hypothesis:

H2: There is significant relationship between Reliability and Customer Satisfaction.

The personal interaction of customers with service staff is important due to the intangible elements of services. It emphasizes the dependence of customers on service staff to solve their problems (Sharma & Stafford, 2000). The staff attributes are vital to create a favorable impression in the customers' mind (Evanschitzky, Iyer, & Caemmerer, 2008; Huang, 2009; George & Kumar, 2014). In this context, Das et al. (2010) and Kitapci et al. (2013) found that personal interaction has the strongest influence on customers to return to a retail store. This has led to the development of the following hypothesis:

H3: There is significant relationship between Personal Interaction and Customer Satisfaction.

Problem solving involves interaction between customers and employees, but is viewed as different from the personal interaction dimension because service recovery is considered to be an important element of positive customer evaluation (Kelley & Davis, 1994; Evanschitzky et al., 2008). In this sense, Das et al. (2010) as well as Yuen and Chan (2010) found problem solving to have a strong impact on customer satisfaction if the professional staff helped them solve a problem. This has led to the development of the following hypothesis:

H4: There is significant relationship between Problem Solving and Customer Satisfaction.

Policy includes criteria for customer evaluation, such as quality of offerings, operating hours, credit options, and parking facilities (Evanschitzky et al., 2008). Das et al. (2010) found a significant relationship between service quality and customer satisfaction and termed it as an important factor, which influences a customer to shop repeatedly at the same store. This has led to the development of the following hypothesis:

H5: There is significant relationship between Policy and Customer Satisfaction.

4. Methodology

4.1 Scale Development and Data Collection

A convenience sampling technique was used for this study. The survey was done in the city of Riyadh, which has the highest population in KSA. The respondents were customers of four hypermarkets having a majority market share in KSA. These are Hyper Panda, Carrefour, Al Othaim, and Lulu. Data was collected during different time periods to get a better representation of the shoppers. Out of 220 questionnaires distributed, 185 were obtained with responses for all items (84 percent response rate), and were considered valid for data analysis.

The Retail Service Quality Scale (RSQS) proposed by Dabholkar et al. (1996) was adapted for five constructs of service quality (physical aspects, reliability, personal interaction, problem solving, and policy). Based on the pilot study, one variable each for physical aspects and reliability were modified to increase appropriateness; and one variable each for personal interaction and policy were deleted due to their inapplicability in KSA. The modifications and deletions are shown in Table 1:

Table 1. Modifications and deletions of scale items

Dimension	Dabholkar et al. (1996)	Remark	Present Study
Physical Aspects	This store has clean, attractive, and convenient public areas (rest rooms, fitting rooms).	Modified and substituted	The store has access to clean and hygienic public areas (food court, play areas).
			The store has access to sufficient amenities (elevators, escalators, restrooms, ATMs) to make the visit comfortable and pleasant.
Reliability	When this store promises to do something by a certain time, it will do so.	Modified	When this store promises to do something (offering, discount, etc.) by a certain time, it will do so.
Personal Interaction	Employees in this store treat you courteously on the telephone.	Deleted	-
Policy	This store offers its own credit card.	Deleted and substituted	This store provides flexible modes of payment.
			This store offers its own loyalty card.

The items for customer satisfaction were also adapted from previous research (Bloemer & de Ruyter, 1998; Jayasankaraprasad & Kumar, 2012; Kitapci et al., 2013). The construct had four items for the final study that identified how satisfied a customer felt with services provided by the retail format under consideration. All constructs were operationalized by using multi-item measures. A five-point Likert scale, ranging from “1= strongly disagree” to “5= strongly agree” was used. Demographic information was generated through the same instrument.

The items used for service quality and customer satisfaction have effectively measured the constructs on high level of reliability and validity in prior research.

5. Data Analysis

5.1 Demographic Profile

Table 2 provides information about the profiles of respondents for gender, age, qualification, and occupation. Out of total 185 respondents, 134 (72.43 percent) were males and 51 (27.57 percent) were females. The percentage of female respondents is less because the social norms don't allow male strangers to approach females (Tuncalp, 1988; Sohail & Shaikh, 2008). The maximum number of responses was obtained from 31-40 years age group (45.41 percent) and least number of responses from 51 and above year age group (6.49 percent). Among the respondents, maximum were graduates (47.03 percent) and working in the private sector (45.95 percent). Any other qualification included students, uneducated, or with a diploma certificate. Any other occupation indicates fresh graduates or those who were not employed.

Table 2. Demographic profile

Variable	Range	Frequency	%
Gender	Male	134	72.43
	Female	51	27.57
Age	21-30	31	16.76
	31-40	84	45.41
	41-50	58	31.35
	51 and Above	12	6.49
Qualification	Graduate	87	47.03
	Post Graduate	48	25.95
	Doctorate	15	8.11
	Any Other	35	18.92
Occupation	Self Employed	28	15.14
	Private Sector	85	45.95
	Government Sector	63	34.05
	Any Other	9	4.86

5.2 Factor Analysis

Table 3 shows the results for factor analysis. The principal component factor analysis with varimax rotation method was used in this study using SPSS version 18. The Kaiser-Meyer-Olkin (KMO) value was 0.906, which is above the recommended level, and Bartlett's test of sphericity reached statistical significance. The results of principal component factor analysis show six factors with eigen values exceeding 1, and explain cumulatively 35 percent of the variance. The six factors have loading ranging from 0.525 to 0.907, which indicates that each item is loaded significantly in the corresponding factor.

A reliability test was done using Cronbach's α . The value of Cronbach's α for the factors is 0.833, 0.843, 0.896, 0.818, 0.708, and 0.717 respectively. This is higher than the recommended value of 0.70 (Nunnally, 1978).

The validity of instrument was assessed using content validity and convergent validity. For this study, the content validity of instrument is acceptable because it was carefully constructed, validated and refined by Dabholkar et al. (1996). The convergent validity was assessed using factor loadings and average variance extracted (AVE). The findings indicate that each factor loading of the reflective indicators ranged from 0.525 to 0.907 and exceeded the recommended level of 0.50 (Hair, Black, Babin, Anderson, & Tatham, 2006). The AVE of all constructs was in the range of 0.43 to 0.76. This establishes the convergent validity for the measurement model of this study.

Table 3. Factor analysis

Dimensions	Items	Factor Loadings	Total Eigen Values	% of Variance Explained
Physical Aspects $\alpha=0.833$ AVE= 0.44	This store has modern-looking equipment and fixtures.	0.744		
	The physical facilities at the store are visually appealing.	0.770		
	Materials associated with this store's service (shopping bags, catalogues or statements) are visually appealing.	0.681		
	The store has access to clean and hygienic public areas (food court, play areas).	0.713	12.413	35.465
	The store has access to sufficient amenities (elevators, escalators, restrooms, ATMs) to make the visit comfortable and pleasant.	0.616		
	The layout at this store makes it easy to find what you need.	0.542		
	The layout of this store makes it easy to move around comfortably.	0.525		
Reliability $\alpha=0.843$ AVE= 0.47	When this store promises to do something (offering, discount, etc.) by a certain time, it will do so.	0.816		
	This store provides its services at the time it promises to do so.	0.781	3.099	8.853
	This store performs the service right at the first time.	0.642		
	This store has merchandize available when you want it.	0.565		
	This store insists on error-free sales transactions and records.	0.572		
Personal Interaction $\alpha=0.896$ AVE= 0.50	Employees in this store have the knowledge to answer your questions.	0.645		
	The behavior of employees in this store instills confidence in you.	0.737		
	You feel safe in the transactions with this store.	0.569		
	Employees in this store give prompt service to you.	0.713	2.071	5.918
	Employees in this store tell you exactly when services will be performed.	0.779		
	Employees in this store are never too busy to respond to your requests.	0.738		
	The store gives you individual attention.	0.664		
	Employees in this store are consistently courteous with you.	0.768		
Problem Solving $\alpha=0.818$ AVE= 0.43	This store willingly handles returns and exchanges.	0.640		
	When you have a problem, this store shows a sincere interest in solving it.	0.627	1.944	5.556
	Employees of this store are able to handle your complaints directly and immediately.	0.692		
Policy $\alpha=0.708$ AVE= 0.63	This store offers high quality merchandize.	0.526		
	This store has adequate parking facility.	0.647		
	This store has operating hours convenient to all their customers.	0.857	1.515	4.330
	This store accepts most of the major credit cards.	0.827		
	This store provides flexible modes of payment.	0.903		
	This store offers its own loyalty card.	0.907		
Customer Satisfaction $\alpha=0.717$ AVE= 0.76	Compared to other stores, this store confirms to your expectation.	0.857		
	You are satisfied with price/quality ratio offered at the store.	0.827	1.270	3.627
	In general, you are satisfied with the service you get from this store.	0.903		
	Based on all experiences with this store, you are very satisfied.	0.907		

Note. Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy=0.906

5.3 Regression Analysis

Table 4 shows regression analysis. The results reveal that there is significant relationship between dimensions of retail service quality (physical aspects, reliability, personal interaction, problem solving, and policy) and customer satisfaction. The figures are significant ($p < 0.05$), thus, H1-H5 are supported.

Table 4. Regression analysis

Hypotheses	Variables	Standardized Parameter Estimates (β)	Sig.	Conclusions
H1	Physical Aspects → Customer Satisfaction	0.635	0.001*	Supported
H2	Reliability → Customer Satisfaction	0.562	0.005*	Supported
H3	Personal Interaction → Customer Satisfaction	0.472	0.021*	Supported
H4	Problem Solving → Customer Satisfaction	0.432	0.032*	Supported
H5	Policy → Customer Satisfaction	0.321	0.037*	Supported

Note. * $p < 0.05$

6. Discussion and Conclusion

The objective of this study was to investigate the effect of service quality on customer satisfaction in the hypermarkets of Saudi Arabia. The results from exploratory factor analysis indicate that service quality consists of five dimensions (physical aspects, reliability, personal interaction, problem solving, and policy). For hypermarkets in Saudi Arabia, physical aspects play an important role in determining service quality, and are followed by reliability, personal interaction, problem solving, and policy.

The findings also have managerial implications. A good store layout and service material creates a better impression and positive attitude toward a retail store. The retail customers in Saudi Arabia look for a hypermarket which has modern-looking equipment, physical facilities, clean and hygienic public areas, sufficient amenities, and convenient layout. In other words, customers in Saudi Arabia are more concerned with physical aspects dimension than other dimensions as key driver in developing relationships with their stores. The results are consistent with past researches (Bitner, 1992; Babin & Attaway, 2000; Jamal & Anastasiadou, 2009; Das et al., 2010; Yuen & Chan, 2010; Kearney et al., 2012; Kitapci et al., 2013). The retailers should focus on a single dimension with maximum impact, rather to lose focus by channelizing resources towards all of them.

The findings of this study reveal that the higher levels of service quality will have a significant effect on establishing customer satisfaction. The literature suggests a consensus on the implication of better service quality toward higher customer satisfaction. The findings are consistent with studies which found the significance of better service quality to increase customer satisfaction (Parasuraman et al., 1988; Dabholkar et al., 1996; Gomez, McLaughlin, & Wittink, 2004; Theodoridis & Chatzipangiotou, 2009; Jayasankaraprasad & Kumar, 2012; George & Kumar, 2014). Although, hypermarket customers in Saudi Arabia were found to be satisfied with the service quality provided by their stores, still a possibility of customer shift to a competitor retailer exists. Therefore, hypermarkets need to improve their relationship with customers through improvement in customer-perceived service quality as it builds customer satisfaction. Researchers have highlighted the fact that if customers are satisfied, the tendency of positive word of mouth and loyalty is increased (Omar & Sawmong, 2007; Amin & Isa, 2008; Jamal & Anastasiadou, 2009; Cerri, 2012; Jayasankaraprasad & Kumar, 2012; Amin et al., 2013). Hypermarket managers need to identify the proper target group, and discover which service areas need to be improved in order to gain competitive advantage and provide service quality, which results in customer satisfaction.

7. Limitation

This study has certain limitations, which can be an opportunity for future researches. The primary limitations are related to problem in questionnaire design, sampling and data collection in Saudi Arabia (Tuncalp, 1988). The sample was chosen from a single city, which limits the generalizability of findings for the entire country or region. Also, majority of the respondents are male, which is not representative of the entire population. The present research provides a firm foundation for future work in these areas.

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