# 南華大學管理學院企業管理學系管理科學碩士班

# 碩士論文

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Master Thesis

探討服務品質對於顧客滿意度及行為意向的影響:

以蒙古 Circle K 商品為例

Examining Service Quality Impact of Customer Satisfaction and Behavioral Intention in a Convenience Store: In Case of Circle K Mongolia

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# 南華大學

# 企業管理學系管理科學碩士班 碩士學位論文

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### Letter of Recommendation for ABT Masters

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- 1. In terms of studies, <u>36</u> has acquired <u>36</u> credits, passed all of the obligatory subjects such as Research Methods, Management Science, Seminar of Business ethic etc. (Please refer to transcript)
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  - Master thesis: Examining Service Quality Impact of Customer Satisfaction And Behavioral Intention In a Convenience Store: In Case of Circle K Mongolia

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Date: 70 (8, 12.14 for the oral defense.

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# 南華大學管理學院企業管理學系管理科學碩士班 107 學年度第1 學期碩士論文摘要

論文題目:探討服務品質對於顧客滿意度及行為意向的影響:以蒙古 Circle K 商品為例

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# 論文摘要內容

零售市場是經濟的重要組成部分,因為它們主要配送和提供基本人類需求之食品、商品和生活消費性產品等。與其他行業相比,零售市場中的商業參與者太多了。這意味著零售商內部的激烈競爭使得消費者可以簡單地在他們之間移動,因此商店總是會面臨到必須要獲得競爭優勢之情況以求在市場中生存。

便利商店是零售業務的一環,是零售連鎖店組成的重要角,主要提供日常產品。近年來,全球品牌便利店 Circle K (CU)已進入蒙古零售市場,但超市,大賣場,專賣店,集市,購物中心直到今天都佔據主導地位。因此,便利店必須通過保留現有客戶來找到吸引新客戶的便捷方式。本研究旨在為這位新進入者找到可保持持續競爭優勢的方式。

過去的研究人員認為,高服務質量的積極影響通過提高客戶滿意度來吸引新客戶,客戶忠誠度和利潤。因此,本研究的重點是使用Dabholkar,Thorpe & Rentz (1996)零售服務品質量表 RSQS 模型研究服務品質、消費者滿意度和行為意向之間的關係,以及服務品質和行為意向之間顧客滿意度的中介效應。本研究將以來自烏蘭巴托市的 300 名Circle K 便利商店的蒙古消費者進行調查,並使用 SPSS 21 統計軟件進行

分析或總結。該研究的重要性在於為便利商店之經理人提供建議並幫助制定策略。

關鍵詞:服務品質、顧客滿意度、行為意向



Title of Thesis: Examing Service Quality Impact of Customer Satisfaction

And Behavioral Intention in a Convenience Store: In Case of

Circle K Mongolia

Department: Master Program in Management Sciences, Department of Business Administration, Nanhua University

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### Abstract

The retail market is vital parts of economies due to their main activity of distributing and providing basic human needs such as foods, goods and lifestyle products.

Business players in the retail market are too many compared to other industries. It means harsh competition within retailers makes possible for consumers to simply move among them and the stores always face to gain a competitive advantage to survive in the market.

A convenience store is one part of the retail business that provides everyday products and component of the retail chain. In the recent years, global brand convenience stores (CU, Circle K) have entered in the Mongolian retail market such as supermarket, hypermarket, specialty store, bazaar, shopping mall are dominant until today. As a result, the convenience stores have to find convenient ways to attract new customers by keeping current customers. This study intends to find the way of gaming sustainable competitive advantage for this new entrant.

Past researchers defined that high service quality positive effects on attracting new customers, customer loyalty, profit by increasing customer satisfaction. Therefore, this study focuses on investigating relationship of service quality, consumer satisfaction and behavioral intention as well as mediating effect of customer satisfaction between service quality and behavioral intention using Dabholkar, Thorpe & Rentz (1996). Retail Service Quality Scale (RSQS) model using the case of Circle K. Survey was conducted to collect data from 300 Circle K's consumers of Mongolia in the city of Ulaanbaatar and SPSS 21 statistical software was used to analyses and conclude. The importance of the study is to provide suggestions and help to produce a strategic solution for convenience store managers.

### Keywords: Service Quality, Customer Satisfaction, Behavioral Intention



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# CHAPTER ONE INTRODUCTION

## 1.1 Research Background and Motivation

Mongolian retail and consumer markets are an essential part of the economy, the markets are developing towards international retail standard same as super and hypermarkets, large shopping malls. Although it isn't enough compared to the whole Asian retail market, the Mongolia retail market has extraordinary growth in recent years. This situation requires the stores to provide better service and satisfaction for customers compared to competitors and they can't survive in the market unless to create service quality differentiation.

The retail market of Mongolia has a small market with a narrow (Davis & Jaggard, 1990). industrial base and the country runs an open trade policy. Many super and hypermarket chains are competing with each other in Mongolia like Nomin supermarket, Orgil supermarket, and E-mart & Maks supermarket etc. That makes the Mongolia market becoming more dynamic. Currently, Nomin supermarket chain is number one in Mongolia and 60 stores are providing retail service for customers. It means Mongolia has the higher barrier to entry into the retail market for new players.

In the 21st century, the modern competition of business has related more with external environment which is always changing and high service quality became a key factor to successfully conduct a business operation in the retail market, because customer satisfaction depends on service quality and a key indicator of the quality.

Importance of service quality and customer satisfaction has been confirmed significant to increase the whole performance of companies. Retailers and researchers have allowed the relevance of distributing a highly standardized service to consumers (Orel, 2014; Ivanauskiene, 2014). The quality means a measurement of how well a provided service fulfills the customer's perceptions. If service quality met with the consumer expectation, consumers will be satisfied. The satisfaction is emotional status and a customer with high satisfaction becomes a loyal customer further they make repurchasing and deliver positive word-of-mouth advertising for familiar people (Davis & Jaggard, 1990).

A conveniences store is a mini retail business that sells everyday products such as magazines, newspapers, toiletries, tobacco, soft drinks, snack foods, alcohol, photocopier, confectionery, groceries and operation time is longer or 24/24 compared to other retailers. The chain stores, such as 7-eleven and Circle K, CU are operating successfully in the global market. Today, Circle K and CU have entered already in the Mongolian retail market. Convenience chain business requires highly standardized service of consumers and the management team need to constantly measure and keep service quality. In case decreased the quality of one chain store, the situation is possible to critical damage on the brand.

Behavioral intention defines probability which consumers to perform a specific behavior related with purchasing and non-purchasing (paying attention, shopping at a store, using a coupon etc.) Most investigated topics related to behavioral intention are purchasing intention and word-of-mouth (Theodorakisn & Alexandris, 2008; Ozdemir & Hewett, 2010; Bhattacherjee, 2001) stated that the satisfaction is a key factor for repurchase intention. It means customer satisfaction has a positive relationship with the repurchase intention, and furthermore, it is vital to factor to transform consumers into loyal consumers. Additionally, Shin and Thai (2017) stated that consumers who have high-level satisfaction more like to deliver positive word-of-mouth into familiar range and it helps to increase profitability and marketing

efficiency. Generally, the statement of previous researchers approves that customer satisfaction positively affects all of the behavioral intentions. In addition, past research has been found the service quality affected on the behavioral intentions and Taylor and Croning (1992) stated a positive relationship between purchase intention and service quality. Li (2011) determined the relationship of service quality on word-of-mouth, repurchase intention, brand image using random selected 400 respondents, The results showed a positive relationship between service quality and word-of-mouth.

Previous research studies express service quality, customer satisfaction, and consumer behavioral intention was integrally related to each other and the quality is a fundamental factor of sustainable business. In contrast, there are multiple types of research related to service quality and customer satisfaction of convenience stores internationally, even though; it is not popular in the case of Mongolia. Hence, this study will help to fulfill this literature gap, and focus on investigating the influences of service quality, customer satisfaction, on behavioral intention in the case of convenience chain store Circle K in Mongolia.

# 1.2 Research Objective

Based on the above research background and the motivation, the objectives of this study are follows:

- To identify factors of service quality on customer satisfaction.
- To identify the relationship between service quality and customer satisfaction
- To identify effect of customer satisfaction on behavioral intention
- To check the mediation effect of customer satisfaction for the relationship service between quality and behavioral intention.

• To produce a conclusion and suggestion for Convenience chain store Circle K using the research results.

#### 1.3 The Research Process

Figure 1.1 illustrates the overall research procedure of the study describing the process of conducting the research, with the following 9 steps. Basic information on the research motivation and background should be provided first to define the research problem. Once the research problem is identified clearly, the objectives of the study was defined. And then the literature review was followed. The next step would be to construct the questionnaire to gather data from the sample. After that, completed questionnaires should be processed for data analysis. And then, the final two steps would be to discuss the findings, give a conclusion and present recommendations for future study.

### 1.4 Thesis Structure

The research study consists of 4 different sections and it was designed in the following orders:

#### Chapter I: Introduction

The chapter includes a general understanding of the importance and problem of the research. The content starts the research background and motivation as well as it continues until research issues and objectives. In addition, the section helps the readers to view the research area, limitation, and significance.

#### Chapter II: Literature reviews

The chapter is the same as previous chapter one however it gives a detailed understanding of theoretical background related to a topic. Each - subsection of chapter two expresses service quality, customer satisfaction, behavioral intention and relationships of them in case of the retail market.

#### Chapter III: Research methodology

This chapter based on previous chapters and literature reviews and introduces a theoretical framework, hypothesis, analyzing methods, questionnaire design to implement the study objectives.

### Chapter IV: Data analysis

The chapter includes the introducing of data analyzing procedures based on collected quantitative data and each produced results was attached (Reliability test, Correlation, Multiple Regression analysis).

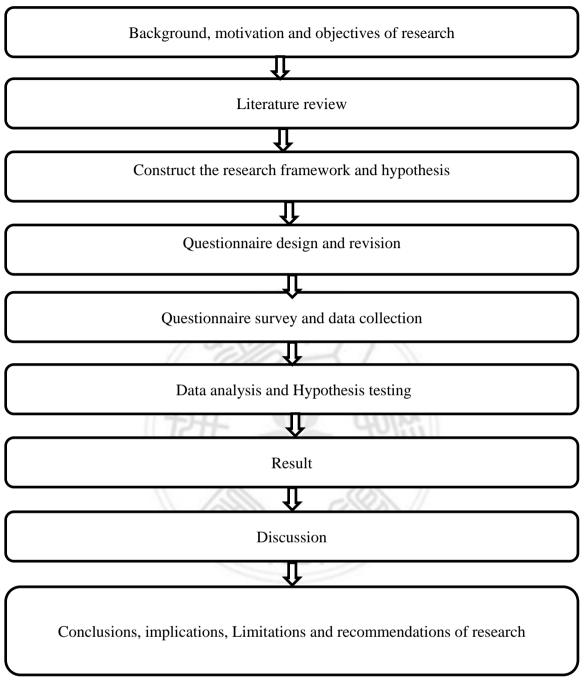


Figure 1.1 Research Procedure

Source: Original study

# CHAPTER TWO LITERATURE REVIEW

This chapter contains the fundamental understandings of service quality, customer satisfaction and intentions. It consists of 6 sections and each section express detailed theoretical definition and relationship between independent and dependent variables. The theoretical foundations based on research objectives and help to achieve study purpose.

## 2.1 Service Quality

21st century of business is a competition of service quality and it decides to survive in the business industry. Because service quality is the main path to reach business success and a key factor in differentiation. Service Quality is separated into two words:

Service is an unphysical or intangible transaction which is transferred from the provider to the purchaser. The value of certain service is expressed by purchaser's willingness to make the exchange. In other words, it is a series of activities and unnecessarily take place or position in a transaction between a service worker and customer and no possible to return activities after finished (Grönroos, 1984). Therefore, the features create problems among customer and service provider because evaluations of client and provider about service quality are different. Hoffman and Bateson (2011) noted that service quality is the level of meet the certain service performance with the customer expectations or the difference among service perceptions and customer expectations. According to Bouranta (2009), service quality is the ability of the organization to provide reliable, properly and accurately services for consumers.

Quality means consumer evaluation or perception of service and if service performance can't be meet with customer perception, they customer negative evaluate for service. Greenfield (2014) identified that service quality is main factor to strong compete and survive in the market of quality era. By way of instance, Ketchen (2008) stated that service quality is the most essential competition weapon and name organization's blood of life-giving.

In the past, many researchers and business experts have mentioned metaphors in a situation. It means if service quality is low, Customers begin to avoid purchase or repurchase making and the negative effect influences on financial operation of an organization. Also, a commercial organization without customers is no possibility to stay in the market. Mudie and Cottam (2010) stated that the service's intangibility creates more difficult problems to evaluate quality for a customer than a tangible product. Because it is difficult to evaluate products that are not accessible to humans. Kumar (2009) cited the demand for service quality is directly driven by both customers and employees, changing the business environment. Individual's expectations about service quality always increase and the organizations need to develop the quality for the changing situation. With no concentrate on service quality, any financial organizations face a lot of complaints from clients.

Furthermore, the unsatisfied customer will deliver negative Word of Mouth to friends and relatives. For this reason, Customers who are possible to get service in future will escape or avoid taking service from certain organizations as well as they will lose loyal customers. Zahir Osman and Sentosa Lham (2013) stated that service quality has a direct positive relationship with customer satisfaction and trust. Also, Service Quality is a most vital factor for customer satisfaction in the banking sector (Ananda & Devesh, 2017). Therefore, Organizations need to always measure service quality in order to care for creating negative situations At the end of the 20th

century, Service Quality measurement or SERVQUAL model which has ten dimensions was introduced by Paramsuraman. et al.(1985)

The model measures the difference among expectations of service performance and customer perceptions of service. Other researchers (Akbab, 2006) decreased the dimensions and items until 5 dimension and 22 items. Each item relates with seven points Likers scale and is used on a questionnaire. According to the SERVQUAL structure, service quality can be measured by 5 dimensions: tangibles, reliability, responsiveness, assurance, and empathy (Parasuraman, et al. 1988).

The tangibles dimension consists of the 4 items (Appearance of physical facilities, personnel, equipment, communication materials). Responsiveness includes 4 items to assess prompt service. Reliability consists of five items to measure dependably and accurately of service. Assurance has 4 items with courtesy of employees, knowledge, the ability to inspire trust and confidence. In the end, the empathy dimension consists of 5 items related to individualized attention to customer and provision of care. Although, SERVQUAL model was tested successfully in the multiple industries and measurement of service quality is more difficult in case of pure service industries. Therefore, to fix the issues, Dabholkar, Thorpe, and Rentz (1996) developed a Retail Service Quality Scale (RSQS) for the service industry. To investigate service quality of convenience chain store, Research study will use RSQS model.

### 2.1.1 Retail Service Quality Scale (RSQS)

To fulfill the gaps of SERVQUAL model in the retail industry, Dabholker produced Retail Service Quality Model (RSQS) based on SERVQUAL. The scale has totally 28 items of 5 dimensions and there are 17 items using SERVQUAL. The 5 dimensions of RSQS including: Physical aspects (The

store layout and appearance), Reliability (Retail store do the right activity and reach their promises), Personal interaction (the workers give feeling of helpful, friendly, honest for customers), Problem solving (Capability related with returning, exchanging, fixing products of customers), Policy (The store policy of credit cards, opening hours, parking, merchandise quality).

In the past, Many researchers have used successfully Dabholkar's model to measure service quality of retail store and they greed at the model is most comfortable for the retail stores (Department store, Supermarket, Hypermarket, Convenience store, etc.) For example, Jin and Kim (2002) stated that RSQS is a most useful method to identify service quality of discount malls in South Korea and the United States. Mehta (2000) made a research on service quality of digital product retailers and supermarkets in the case of Singapore as well as (Nguyen, 2007) has researched on Supermarkets of Vietnam. They suggested RSQS model measure service quality of retail stores for researchers. Thus, the RSQS is determined comfortable to be used in the research.

## 2.2 Customer Satisfaction

The satisfaction is topic one of the most popular studied topics in marketing. It is a measure of how products and services of company surpass customer demand or expectation. In other words, it is the difference between product or service performance and consumer expectation. Customer loyalty is the result of consistently positive emotional experience, physical attribute-based satisfaction and perceived value of an experience, which includes the products or services (Ruben, 2015).

In addition, customer satisfaction is one of the essential factors in the business and helps to differentiate from competitors; therefore the satisfaction measurement is very important (Zopounidis, 2012). Keller (2008) mentioned

that the satisfaction is a psychological state of disappointment and pleasure which was generated by the difference between perception and product performance. According to Kim (2009) satisfaction is an integral part of consumer's future purchasing as well as satisfied consumers delivery positive word of mouth of product or service to friends and relatives. Rabach (2013) postulated that dissatisfaction is created when an expectation is higher than an output of service performance and the satisfaction is a case of service performance matching or surpassing on consumer expectations. Johnson (2001) studied customer satisfaction and they categorized cumulative satisfaction and transaction-specific satisfaction. The cumulative satisfaction was generated from consumer usage experience related with product or services. The transaction specific satisfaction was created form evaluations of customer experience and consumer relations for the transaction of service.

According to some statistics, satisfied customers is your best salesperson and 77 percent of satisfied people delivered own positive experience to friends and relatives. To find new customers, companies spend 5 to 25 times more costly than saving current clients. Thus companies need to always increase the satisfaction to keep current clients. Otherwise, they will shift to competitors. Mahfooz (2014) defined the relationship between service quality and customer satisfaction and found the quality directly positive influence on the satisfaction in the Hypermarket. In addition, Shanka (2012) mentioned service quality in the banking industry positively influence both customer satisfaction and loyalty. In many organizations, customer satisfaction helps to produce tactics of tactics and to develop activities of marketing. But the satisfaction can't be the final goal of business and it has to be a utility for improving the performance of the company (Fornell, 2010).

#### 2.3 Behavioral Intention

The Intention contains the understandings of price sensitivity, loyalty behavior, word-of-mouth, purchase intention (Zeitnaml, 1996). In general, the intention is possible to categorize into favorable and unfavorable. The favorable intention means positive word of mouth such as distributing and suggesting good things about the product and service of the company as well as staying loyalty or paying an extra price. In contrast, unfavorable intention relates to telling adverse word-of-mouth, leaving the organizations, paying less money. Firms with most profitability are related with the favorable customer intentions. In the past researches, Repurchase intentions, positive word of mouth, willingness to suggest was used to investigate behavioral intentions (Hewett & Ozdemir, 2010; Alexandris & Theodorakis, 2008). Zeitnaml (1996) stated a component of the intention and it includes internal/external response, switching intentions, loyalty, and willingness to pay more. Sweeney (2008) stated that word-of-mouth is a process which consumer who has utilized a specific service or product passes their experience to other customers. In other words, word-of-mouth expresses information transmission between consumers about firms, services, and products.

In Addition, it is faithful for customers who haven't experience and understanding about certain product and services. Therefore, the negative word-word-mouth is harmful to company profitability. Repurchase intentions express purchase intention that makes purchasing service or good again from the same company (Kim, 2009). Also, Chen (2010) defined that customer experience is correlated directly with behavioral intentions and positive experience increase willingness to reuse service.

Zeithaml (2006) defined that repurchase intention is more willing to pay than competitors. Alavi (2016) defined that customer satisfaction is an assessment of expertise about with service or product. Therefore, organizations attempt to keep loyal customers who became a reason for sustainable profitability. The main advantage of a loyal customer is to make purchase consistently company's services and products over their competitors. In case of the customer is loyal to one company, they don't give important for price sensitivity and service availability. In the restaurant industry, competition is stronger compared to other industry. Therefore, restaurant managers need to increase favorable behavior intention by providing better service than competitors. If they can increase the intention, customers will have more willingness to distribute positive word-of-mouth and purchase services in the familiar range. It helps to create a sustainable profit and save the cost of attracting new customers (Liu & Jang, 2009).

# 2.4 Relationship between Service quality and Customer satisfaction

Munusamy (2010) analyzed service quality effect on customer satisfaction and the result showed the positive relationship among variables. In addition, Naik (2010) checked the effect of the quality on satisfaction and result was the same. It means the quality directly positive influence on the satisfaction. In the banking sector, Ravichandran (2010) approved high service quality helps to remain and increase the satisfaction that keeps valuable consumers. Also, Kazi (2011) determined the key influencing factors of the satisfaction in the service industry, They founded the quality has a positive relationship with the satisfaction and the satisfaction increases customer loyalty. Therefore, Previous literature approves service quality has a positive relationship with satisfaction. Kuo (2009) made research in the service industry; the result showed that customer with a higher satisfaction has stronger repurchase intention. In addition, purchasing intention well be higher in the case of consumer satisfaction is higher. It means service quality

have direct and indirect effect on customer satisfaction. They concluded that service quality improvement not based on customer needs can't improve customer satisfaction and not all quality improvement can't be essential for satisfaction. Thus, quality's dimensions are the most essential factor in the beneficial improvement of customer satisfaction (Kim & Yang, 2004). In the end, this study proposed 6 hypothesis.

# 2.5 Relationship between Customer satisfaction and Behavioral Intention

Marketing is the most popular topic and directly relate with behavioral intentions. it is used to suppose the repurchase intentions in the research. Kuo (2009) identified customers with a higher satisfaction have more willingness to repurchase products or services and distribute positive word-of-mouth within a familiar range. In addition, various research studies on consumer satisfaction have approved a positive relationship among the satisfaction and the intention (Gera, Mittal, Batra, & Prasad. 2017). For instance, Clemes (2011) studied the relationship between customer satisfaction and behavioral intention in the Motel Industry. Their findings showed that consumer satisfaction is a dominant predictor of post-purchase intentions. Also Kim and Shim (2017) suggested that coffee shop managers have to define constantly the impacts which affect customer satisfaction to assume behavioral intention. It helps for players to achieve competitive advantage and survive in the market. In case of the tourism industry, Ali and Hussain (2016) investigated impacts of the satisfaction on consumer behavioral intention and the result showed that satisfied customers more like to stay with the current service provider and deliver positive information (word-of-mouth) in the social environment. Also, Ryu and Kim (2008) found the same results that consumer satisfaction has a positive relationship with behavioral intention as well as

negatively related with adverse word-of-mouth. Multiple empirical research approves that the satisfaction related to a service is strongly positively correlated with the behavioral intention (Hsu & Huang, 2010; Orel & Kara, 2014). Yu and Zhang, (2014) stated that the customer satisfaction is a key factor of success in the service industry because it leads to repurchasing, attracting a new customer, keeping current customers and distributing positive word of mouth about companies.

## 2.6 Hypotheses Development

### 2.6.1 Physical aspects

The dimension of physical aspects identifies the appearance and the design of the stores that make it comfortable for their consumers. It means consumer feeling about the layout and convenience of the store. For example, Cleanliness, optimal product layout, lighting, and good interior and exterior design make a feeling of comfort and convenience for customers. Furthermore, higher convenience feeling produces higher customer satisfaction. Past studies approved that physical aspect positively effect on customer satisfaction (Das & Kumar, 2010; Kitapci, 2013). In addition, Dabholkar (2008) stated that environment impacts or facilities of stores are an essential factor in customer satisfaction. Physical aspects are layout and appearance of store which give convenient feeling for customers (Dabholker, 2008). It has 2 dimension, such as convenience and appearance. In the previous researches, Store image includes easily finding products, clean external and internal environment of store. Importance of store image and this dimension same like 'tangibles' dimension of SERVQUAL but contain extra elements such as the layout and convenience features. Therefore, this research proposed the following hypothesis:

H1: Physical aspects of the convenient store have a positive relationship with Consumer Satisfaction.

#### 2.6.2 Reliability

It is the ability to execute and complete promised service quality of organization and providing accuracy services to customers. In other words, doing the right things and keeping a promise. Reliability decrease risk and doubt of customers about the company as well as the yet the hopeful feeling when making purchases. Therefore, the higher confidential feeling gives higher the satisfaction for customers. According to Kumar (2014), the service or product quality is not just quality as well as other impacts such as proper service, capacity to deliver in short time. Other studies (Hou Xngqi, 2008; & Das, 2010) approved the reliability has a significant positive relationship with customer satisfaction. The dimension is same with reliability dimension of SERVQUAL model which means accurately and dependably of service, doing things well and products availability (Parasuraman, 1988). In addition, Main difference between 'Reliability' dimension of SERVQUAL and RSQS is problem solving capacity and availability of products. Malhotra (1994) found that stores in developing countries need to focus product plenty, high technology and competition. Thus, this proposed following hypothesis:

H2: Reliability of convenient store has a positive relationship with Customer Satisfaction.

#### 2.6.3 Personal Interaction

The store workers need to be friendly, helpful and interact consumers with respect. Sellers directly connect with customers, and therefore, they play an essential role in the retail store. Because customers need to communicate with sellers when purchasing and their personal communication skill lead to

consumer repurchasing (Zabkar & Vesel, 2010). Dabholker (2008) stated the interaction means how employee of store communicate with customers and includes helpfulness, courteousness and confidence sub-dimensions. In the SERVQUAL, the dimension consists of ability to provide trust and helpfulness of store workers (Kim & Jin, 2002). In addition, the dimension means communication between customers and employees which includes confident and comfortable feeling when shopping at store (Dabholker, 2008). Siu and Cheung (2001) defined the personal interaction is communication which contains understandings about courteous, knowledgeable and service speed of sales. Hence, a well personal interaction of sellers is a reason for higher customer satisfaction.

H3: Personal interaction in the convenience store has a positive relationship with Customer Satisfaction.

#### 2.6.4 Problem solving

Problem solving relates understanding of retailer's willingness to deal with consumer complaints and to handle returns or exchanges. Retailers need to solve the problems in the short time to avoid losing customers. If the capability of problem-solving is higher, customer satisfaction will be higher. Some studies indicate that useful solving problems at the short time and certain positively increase customer perception and satisfaction (Lewis, 2001). According to Yuen and Chan (2010), it is the ability of employee to handle and deal with customer complaints (Sui and Cheung, 2001; Mehta et al. (2000). According to Kim and Jin (2002), SERVQUAL hasn't problem solving dimension and added only on RSQS model. This dimension is discussed only when dealing complaints between employee and customer. Dabholkar (1996) stated that complaint solving related with product or

service of store is performed by returning and exchanging. If the firm is professional to solve the problem, it directly increases customer satisfaction. *H4: Therefore, this study proposed th following hypothesis.* 

#### **2.6.5 Policy**

Policy contains the retail policies of payment methods, opening hours, refunding, returning, exchange product. Strong competition in the retail market requires offering a most convenient policy of retail store for customers. For example, customers may return and exchange purchased products within 90 days without a receipt. The good policy supports the trading speed of company and it becomes the reason for higher the customer satisfaction. Some studies (Yasser, 2014; Das, 2010) identified that the policy has a significant relationship with customer satisfaction. It is also a new dimension which hasn't sub-dimensions and is used to measure service quality of store such as product quality, parking and opening hours of store. First of All, Dabholkar (1996) mentioned this dimension on own literatures. The policy dimension depends on product strategy, service quality and convenience (Wortzel 1987; Blackwell & Talarzyk 1983; Berry et al 2002). Therefore, this study proposed the following hypothesis:

H5: Policy in the convenience store has a positive relationship on Customer Satisfaction.

# CHAPTER THREE RESEARCH METHODOLOGY

## 3.1 Research framework of the Study

According to the literature review, the research framework is determined as it is illustrated in Figure 3.1 with 5 major factors. The following is the list of the five hypotheses.

Hypothesis 1: Physical aspects positively affect their Customer Satisfaction of a convenient store.

Hypothesis 2: Impact of Reliability positively affects Customer Satisfaction of convenient store.

Hypothesis 3: Personal interaction positively influences their Customer Satisfaction of convenient store.

Hypothesis 4: Problem-solving positively affects Customer Satisfaction of convenient store.

Hypothesis 5: Policy positively affects Customer Satisfaction of convenient store.

Hypothesis 6: Customer satisfaction positively affects Behavioral of convenient store

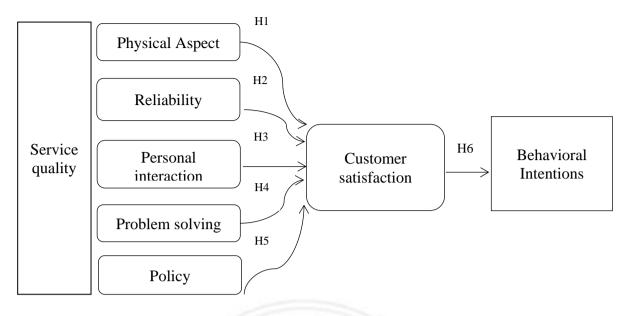


Figure 3.1 Research Model

Source: Original study

### 3.2 Data collection method

#### 3.2.1 Primary data

The primary data was collected through an empirical study directly relating to the study purpose. Therefore, this research will be made through conducting the questionnaire

The questionnaire is the most suitable tool with the sample size of about 300 responses. This study contact with some Circle K convenient store at Bayangol District, Han-could District asked for the approximate time to stand in front of the store and distributed the questionnaires for customers. The total time to finish this questionnaire is about five minutes. Besides, not only local respondents but also tourists were asked to fill out the questionnaire in the center District such as Bayangol District and Han-uul District. Moreover, this study adopts an online survey to easily approach more customers in Ulaanbaatar. After filtering the questionnaire to get the quality questionnaire, the quantitative approach is applied to collect and analyze data for finding out

the solutions for improving the quality service of a convenience store at Ulaanbaatar.

### 3.3 Pre-test

Prior to conducting the main survey, a pilot study was conducted by a questionnaire which was translated into Mongolian to determine that measurements of variables were reliable and valid. The purpose of a pre-test questionnaire is to examine whether or not the instructions, the statement, and the question are clear. Pilot testing will be randomly among 20 customers who had extensive experience transacting in a convenience store. The samples were asked to answer the questions and offer any insight into what other questions may have been missing. This insight was used to refine and restructure the final version of the questionnaire. A copy of the questionnaire is presented in the Appendix.

## 3.4 Sampling Technique and Data Collection

The sampling process involves selecting a sufficient number of elements /cases/ individuals from the target population to makes conclusions about the whole population, where the population is the total group of people, events or things of interest to the researcher (Sekaran, 2003). The potential target population in this study was defined as all customers of Mongolian. There were about 2million customers in Mongolia. There are two types of sampling design, namely probability and non-probability sampling.

The researcher has limited time to gather data from respondents and it will take a much longer time to collect data from respondents using probability sampling. Therefore, non-probability sampling was selected for this study to save time and costs. Non-probability sampling comprises three common techniques; convenience, judgment and quota sampling with the

convenience technique most widely used, since it is the least time consuming and least expensive technique. The target populations of this study are all of the customers of Mongolian supermarkets, Mongolian citizens aged 18 years and older who have performed transaction in customers. The target population in this study is large with time limitation and expenses, convenience sampling is the most appropriate distribution technique for the questionnaire. According to the suggestion of Cavana et al. (2001) and Sekaran (2003), the appropriate sample size for most research is between 300 and 500.

#### 3.5 Data Analysis

#### 3.5.1 Descriptive Statistics Analysis

Descriptive statistics are brief descriptive coefficients that summarize a given data set, which can be either a representation of the entire or a sample of a population (Trochim, 2006). Descriptive statistics are broken down into measures of central tendency and measures of variability (Spread). Measures of central tendency include the mean, median, and mode, while measures of variability include the standard deviation, variance, the minimum and maximum variables, and the kurtosis and skewness.

Descriptive statistics can be useful for two purposes: 1) to provide basic information about variables in a dataset and 2) to highlight potential relationships between variables. Descriptive statistics are ways of summarizing large sets of quantitative (Numerical) information. If you have a large number of measurements, the best thing you can do is to make a graph with all the possible scores along the bottom (X axis), and the number of times you came across that score recorded vertically (Y axis) in the form of a bar. But such a graph is just plain hard to do statistical analyses with, so we have

other, more numerical ways of summarizing the data. Results of Descriptive statistics have following meanings:

Mean – This is the arithmetic mean across the observations. It is the most widely used measure of central tendency. It is commonly called the average. The mean is sensitive to extremely large or small values.

Std. – Standard deviation is the square root of the variance. It measures the spread of a set of observations. The larger the standard deviation is, the more spread out the observations are.

#### 3.5.2 Reliability Test

Reliability is an extent to which a test, questionnaire, measurement or any observation process produces the same outputs on repeated trials. In short, it is the stability or consistency of scores over time or across raters. The reliability analysis checks the internal consistency of data, and It is used first in data analyzing (Miller, 2012). Reliability refers to the degree to which the results obtained by a measurement and procedure can be replicated (Rothman, 2008). In another words, The process of reliability analysis compare data distribution with general distribution and the result is expressed by Cronbach's coefficient. The Cronbach's alpha is an internal consistency measurement, and it shows the data how nearly related to a group of items. In other means, it is defined to be a measurement of scale reliability.

A high coefficient doesn't imply when the measurement has one dimension. The alpha isn't a statistical measurement, and it is just a value of consistency or reliability. The Cronbach's alpha is a function of items in a measurement, the average coefficient of pair items and difference of the total score. Theoretically, the Alpha coefficient or value locates between 0 and 1 and possible to get the negative value as well. Negative value shows that the

issue was created in the data sample. In most of the cases, if the Alpha coefficient is higher than 0.7, it is good (Singh, 2011).

The Cronbach's has some disadvantages or limitations. If data has a low number of items, Reliability result will be lower. It means sample size is most essential in the reliability test. Therefore, a sufficient amount of data should be collected for research. Reliability can be established using a pilot test by collecting data from 20 to 30 subjects not included in the sample. Data collected from pilot test can be analyses using SPSS (Statistical Package for Social Sciences, by IBM incorporated) or any other related software. SPSS provides two key pieces of information in the output viewer. These are 'correlation matrix' and 'view alpha if item deleted' columns (George, 2016).

#### 3.5.3 Structural Equation Modeling

SPSS provides two key pieces of information in the output viewer. These are 'correlation matrix' and 'view alpha if item deleted' columns (George, 2016). The equation modeling is one of multivariate statistical methods and it is used to measure structural relationships. The methods contain multiple regression analysis and factor analysis to investigate the structural relationship among independent/dependent variables and latent constructs. Many researchers have used this method because it gives the possibility to measure multiple relationships at one time. SEM or Structural Equation Modeling Analysis is used to test the proposed hypothesis using IBM SPSS sofware and analyzes both structural models and numerical measurement (Arbuckle, 2012). In the SEM analysis, following results are reported such as chi-square(x2) or ratio statistic, the normed fit index (NFI), the comparative fit index (CFI), goodness-of-fit index (GFI), and the root mean square error of estimation (RMSEA). According to Meyers (2013), the chi-square(x2) ratio is the most essential absolute fit index and it identifies difference among

the empirical model and the theoretical model. If the chi-square(x2) ratio is significant, the theoretical model does not fit the empirical data, and non-significant chi-square defines a good fit.

The GFI shares conceptual similarities with the R2 in multiple regressions (Byrne, 2016). It identifies the comparative degree among covariance's and variances on the model. If the outputted value is equal or higher than 0.9, it means that model fit is good. The NFI shows the difference among null models and chi-square values of the hypothesized. The target value for the NFI is 0.95. The CFI defines differences among theoretical model and empirical data. The value of 0.95 identifies a good fit. The RMSEA measures approximation error among the observed covariance and the covariance of the hypothesized model (Meyers et al., 2013). The method uses two categories of variables which named endogenous and exogenous variables. Endogenous variables are equivalent with dependent variables and exogenous are equivalent with independent variable. The criteria to measure of the SEM include:

- (1)  $\chi^2$  -chi-square small is better p>0.05;  $\chi^2$  /d.f. < 3
- (2) Goodness of Fit (GFI) > 0.90
- (3) Adjust of Goodness of Fit (AGFI) > 0.90
- (4) Root Mean Square Residual Error (RMR) < 0.05
- (5) RMSEA < 0.08 or NFI, CFI, TI > 0.90

# 3.5.4 Demographic Information

Demographics are characteristics of total respondents which cover factors such as gender, age, education, marital status, income, employment, etc. It helps to understand the features of respondents in the survey. Also, the demographic information about potential and current customers helps to design a market segmentation strategy to achieve the right customer. Demographic data can be represented by graphic, diagram, chart or numeric values (Percent, Numbers, etc.) and Descriptive Statistics of SPSS and graphic chart of Microsoft Excel are most popular used in the area. The questions are expressed such as "How old are you?", "Please select your education level," "How much is your monthly income?" and more focus to gather private information of respondents.



## **CHAPTER FOUR**

## DATA ANALYSIS AND RESULTS

Chapter 4 presents the analysis result of formal studies. The purpose of this chapter is to assess the official scale and check the appropriate of research model (Using the Method of Structural Equation Modeling SEM) as well as the testing of research hypotheses. The contents of this chapter includes sections:

- 1. Descriptive analysis of the respondents
- 2. Evaluate the scales /factor analysis and reliability of measurement scales/
- 3. Testing the conceptual framework and hypotheses

# 4.1 Descriptive Analysis

# 4.1.1 Characteristics of respondents

The research conducted to collect primary data from 320 respondents and in order to achieve the goal selected the social media channel. In the many literature reviews, data with high sampling is high internal consistency or reliability, and previous researchers stated that comfortable sampling size needs to be more than 300 respondents.

The social media such as Facebook, Twitter is the most popular used in the Mongolia and survey was delivered to 326 customers who have 22-45 ages and live in Ulaanbaatar capital city using social ads. Social media channel's main advantage gives the researchers to collect survey data which categorized by gender, age, education, and location. It means that the researcher has possible to choose a targeted group for delivering survey. Data gathering process continued from October and November, 2018 and the method had high active and efficiency. The survey has 24 questions which

included dimensions of Demographic information, Service quality, customer satisfaction, purchase intention, and questionnaire form was built in Google form. Each question based on a Likers scale which is expressed numerical value such as Strongly disagree=1, disagree=2, average=3, Agree=4, and Strongly Agree=5.

Table 4.1 Profiles of samples

	Respondents				
Classification	Frequency	Percentage (%)			
Gender	•	·			
Female	185	55.74%			
Male	141	42.25%			
Relationship	1/396 /7				
Single	203	61.27%			
Married	123	36.70%			
Income	TT NAM -	-101 N			
240.0 - 550.0 mnt	49	15.03%			
550.0 - 850.0 mnt	60	18.40%			
850.0 - 1.250.0 mnt	120	36.80%			
1.250.0 - 1.650.0 mnt	44	13.49%			
Higher than 1.650.0 mnt	53	16.25%			
Education		5//			
Elementary school	6	1.00%			
High school	102	30.29%			
Bachelor & Master	218	65.87%			
Age					
Lower than 18 years old	46	13.11%			
18-25 years old	91	26.91%			
26-35 years old	153	45.93%			
Higher than 35 years old	36	10.04%			

Source: Original study

Figure 4.1 shows ages of respondents and 45.93% of total participants are people who have 26-35 ages. Also, Participants with 18-25 ages answered more actively than another group of ages and lower than 18 ages also have a percentage 13.11%

According to below table which displays marital status, 42 percent of participants were already married, and 61 percent were single. It shows single people actively participated in the survey.

Below table shows the respondent's education degree and 30 percent of participants has a high school. Also, 65% has a Bachelor & Master degree and people who have a master, and bachelor degree more actively participated in the survey. Shows income of respondents and 36% of total participants has 850,000 -1,250,000 MNT income as well as 13% has 1,250,000-1,650,000MNT, 16% has over 1,650,000 MNT. Also, People who have the lowest income cover 5% and their monthly income was lower than 240,000-550,000MNT.

#### 4.1.2 Measurement Results of Relevant Variables

This section shows the descriptive statistics of questionnaire variables including of Physical aspect, Reliability, Personal Integration, Problem solving and Policy thirteen items of service quality, Six items of customer satisfaction, behavioral intention.

Table 4.2 Descriptive analysis for Service quality questionnaire items

SERVICE QUALITY		Total		
		Mean	Standard Deviation	
1. <b>Phy</b>	vsical Aspect			
PA1	I think that store equipment and fixtures are modern	4.24	0.885	
PA2	Group success is more important than individual success	4.03	0.917	
PA3	Individuals should sacrifice self-interest for the group (either at school or the work place)	4.00	0.891	
2. Rel	iability			
RE1	Employees of this store give prompt service to customers.	3.94	1.009	
RE2	This store insists on error-free sales transactions.	3.80	0.968	
3. Per	sonal Integration			
PI1	Employees of this store are consistently courteous to the customers.	4.18	0.961	
PI2	Employees of this store are knowledgeable to answer customer queries.	3.85	0.978	
PI3	Employees of this store are never busy to respond to customers' requests.	3.78	1.084	
4. Pro	blem Solving			
PS1	This store willingly handles returns and exchanges.	3.47	1.101	
PS2	Employees in this store are able to handle customer complains directly and immediately.	3.74	1.035	
5. Pol	icy			
P1	This store offers high-quality merchandise.	3.87	0.900	
P2	This store has operating hours convenient to all its customers.	4.4	0.949	
P3	This store accepts most major credit cards	3.76	1.023	
	1	I		

Source: Original study

Table 4.3 Descriptive analysis for Customer satisfaction questionnaire item

Customer satisfaction		Total		
		Mean	Standard Deviation	
1. Cust	omer Satisfaction			
CCS1	How satisfied are you with Circle K store?	4.12	0.879	
CCS2	How would you rate the quality of service and product	4.10	0.860	
CCS3	Is the product price cheaper than other stores?	3.76	1.071	

Source: Original study

Table 4.4 Descriptive analysis for Behavioral Intention questionnaire items

Behavioral Intention		Total					
		Mean	Standard Deviation				
1. <b>Beh</b>	1. Behavioral Intention						
BI1	If I need to purchase everyday products, I will go directly to Circle K.	3.00	1.277				
BI2	if Circle K is near in my location, I will go to purchase directly from Circle K.	4.02	0.991				
Bi3	Will you recommend Circle K to your family, friends, neighbors or work associates?	3.52	1.236				

Source: Original study

# 4.2 Factor Analysis and Reliability Test

There are 5 variables that must be constructed such as Physical aspects, Reliability, Personal interaction, Problem solving, Policy.

For each research construct, factor analysis is adopted first to select the items with higher factor loading, and then to compare with the theoretically suggested items. After factor analysis, reliability test is measured. Item-to-total correlation, coefficient alpha, and correlation matrix are calculated to provide the internal consistency measurements to each constructs. There are several criteria which must be followed in factor analysis and reliability test such as:

- 1. Kaiser Meyer Olkin Measure of Sampling Adequacy, KMO > 0.5 and Bartlett's test Sig p < 0.05
- 2. Communality > 0.5
- 3. Explained Variance (Accumulative) > 0.6
- 4. Eigen Value > 1
- 5. Difference Between Loading > 0.3
- 6. Factor Loading > 0.6
- 7. Cronbach's  $\alpha > 0.7$
- 8. Item to Total Correlation > 0.5

The results of the factor analysis and reliability for each variable are shown in Table 4-9 to 4-15.

## **4.2.1** Service Quality

The analysis is used in many different areas, especially in social science. In the statistics, Reliability statistics define the overall internal consistency of data. In other words, reliability is the degree to which an assessment tool produce stable and consistent results. The reliability result is expressed by Cronbach's value which locates among 0 and 1. If the Cronbach's is near to 1, it means the data has high internal consistency. Most of the researchers approve that Cronbach's alpha needs to be higher than 0.6. If the value will match with the requirement, collected data is comfortable on analysis such as correlation, regression.

Table 4.5 Results of factor analysis and reliability check on Service Quality

Research Constructs	Research Items	Factor Loading	Eigen- value	Cumulative Explained	Item-to- total correlation	Cronbach's Alpha (α)
	Physical Aspect		1.908	63.596%		0.713
	PA_Environment	0.831			0.579	
	PA_Design	0.807			0.541	
	PA_Flex	0.752			0.476	
	Reliability		1.660	83.022%		0.796
	RE_Prompt	0.911			0.660	
	RE_Mistake	0.911			0.660	
	Personal integration		2.273	75.763%		0.840
SERVICE		0.886			0.662	
QUALITY	PI_Knowledge	0.880			0.732	
	PI_Request	0.845			0.719	
	Problem solving		1.673	83.667%		0.805
	PS_Return	0.915	1	1	0.673	
	PS_Trying	0.915	/ /		0.673	
	Policy		1.974	65.790%		0.740
	P_Quality	0.836		1	0.574	
	P_Time	0.817	A /	-700	0.523	
	P_Promotion	0.778	70	RAINE	0.599	

Source: Original study

Factor loadings of all the variables are higher than 0.6. Item MS3 "Solving difficult problems usually require an active, forcible approach, which is typical of men" had the highest factor loading of 0.875, indicating this item had the highest relation to Personal Integration. A high internal consistency within national culture of this factor is represented by all item to total correlation are greater than 0.5. Factor 1 has the item to total correlations are above 0.5, Cronbach's  $\alpha$ = 00713 and Eigen value= 1.908. Factor 2 has the item to total correlations are above 0.5 and Cronbach's  $\alpha$ = 0.796 and Eigen value=1.660. Factor 3 has high internal consistency with contributing high value of the item to total correlations are above 0.5, Cronbach's  $\alpha$ = 0.840 and Eigen value= 2.273. Factor 4 has the item to total correlations are above 0.5, Cronbach's  $\alpha$ = 0.805 and Eigen value= 1.673. Factor 5 has the item to total

correlations are above 0.5, Cronbach's  $\alpha$ = 0.740 and Eigen value= 1.974. The five components had accumulated a total 72.3676% of explained variance which show these are important underlying factors for this construct. Based on all criteria, we can conclude that the reliability and internal consistency of this factor are acceptable.

Table 4.6 Results of factor analysis and reliability check on Customer Satisfaction

Research	Research Items	Factor	Eigen-	Cumulative	Item-to-total	Cronbach's
Constructs	Research Items	Loading	value	Explained	correlation	Alpha (α)
	Customer Satisfaction		2.254	75.15%		0.832
Customer	CS_Satisfied	0.916			0.732	
Satisfaction	CS_Rate	0.905			0.760	
	CS_Cheap	0.771	2 /	7	0.559	

Source: Original study

All items have factor loading greater than 0.6 and the highest is CS\_Cheap with factor loading of 0.916 indicating this item had highest relation to is customer satisfaction. All of the items to total correlation are greater than 05. Cronbach's  $\alpha$  greater than 0.6 and Eigen value greater than 1 as shown below, F = 0.832. Three components had accumulated a total 75.15% of explained variance which show these are important underlying factors for this construct. Based on all criteria, we can conclude that the reliability and internal consistency of this factor are acceptable.

Table 4.7 Results of factor analysis and reliability check on Behavioral Intention

Research Constructs	Research Items	Factor Loading			Item-to-total correlation	Cronbach's Alpha (α)
	Behavioral Intention		2.08	69.341%		0.778
Behavioral	BI_Purchase	0.867			0.636	
intention	BI_Location	0.843			0.550	
	Bi_Recommend	0.786			0.673	

Source: Original study

Table 4.7 shows the reliability result of each independent and dependent variables. Behavioral intention Cronbach alpha higher than 0.6 and this result 0778. it is impact on satisfaction. Eigen-value=2.08. It is higher than 1.0 which factors higher than impact BI\_purchase satisfied (0.867).

This component had accumulated a total 69.3% of explained variance which show these are important underlying factors for this construct. Based on all criteria, we can conclude that the reliability and customer satisfaction of this factor are acceptable.

# 4.3 Structural Equation Model SEM

Methods of analysis of linear structural model (SEM) were used to test the theoretical model proposed in Chapter 2. There are several criteria which must be followed in linear structural model (SEM) to assess overall Model Fit such as:

- 1. $\chi$ 2 (chi-square) small is better p>0.05;  $\chi$ 2 /d.f. < 3
- 2. Goodness of Fit (GFI) > 0.90
- 3. Adjust of Goodness of Fit (AGFI) > 0.90
- 4. Root Mean Square Residual Error (RMR) < 0.05
- 5.RMSEA < 0.08 Or NFI, CFI, TI > 0.90

If the CR value is over 1.96 it means the relationship is significant because it implies a p-value of under 0.05. If it is under 1.96 it means the relationship is not significant because the p-value is higher than 0.05.

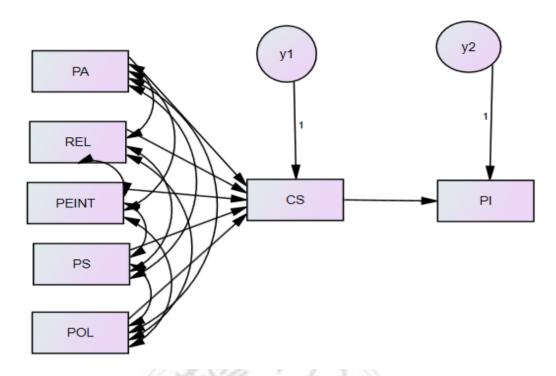


Figure 4.1 Structural Equation Modeling Result

Source: Original study

Table 4.8 Structural Equation Modeling

Relations	Standardize d Coefficients	C. R.	P value	
Variables				
Customer satisfaction → Physical Aspect (H1)	0.487	8.115	***	
Customer Satisfaction → Reliability (H2)	0.268	3.697	0.005	
Personal interaction → Customer satisfaction (H3)	0.245	2.106	0.035	
Customer Satisfaction → Problem solving (H4)	0.223	2.139	0.005	
Customer Satisfaction → Policy (H5)	0.421	8.263	***	
Behavioral Intention → Customer Satisfaction (H6)	0.341	7.657	***	
Chi-Square ( p-value)	523.226(.000)			
Degree of freedom (d. f)	278			
Chi-Square/ d. f.	1.882			
GFI 0.795				
AGFI	0.856			
RMR	0.019			

Source: Original study

Note: 1. \*\*\*p-value <0.001, \*\*p-value <0.05, \*p-value <0.1; using a significance level of 0.05, critical ratios (t-value) that exceed 1.96 would be called significant.

Through the result of inspection theoretical model, the analysis of the theoretical models is showed that GFI= 0.177 (nearly 0.9); AGFI= 0.965 (nearly 0.9); RMR= 0.019(< 0.05). That is a model good fit and hence, it certainly provides substantial support to the fit between this research model and the real data.

Examining Service Quality Impact of Customer Satisfaction And Behavioral Intention was measured using six items. Initial inspection of the inter-item correlation matrix revealed that customer satisfaction and behavioral intention item 6 was correlated with all other items in the scale. These items were subjected to the results of which are provided in Table 4.8 Examination of the loadings indicated that the standardized regression weight for 'item 6' was very low. Item 4 exhibited an acceptable loading 0.223 /relatively low compared with other item/ Customer satisfaction was positively related to Personal Integration" is accepted at the level of significance p = 0.005 (Standardized Coefficients = 0.223, CR =2.139) but the modification indices identified a number of significant covariances associated with the error covariances revealed specification between 'item 1' and 'item 5', as well as 'item 6' and 'item 2'. Further, looking at the mean scores of the items it was evident that 'trust 2' and 'trust 3' were relatively the least scored.

The results also show that Customer satisfaction has significant with personal integration. Personal Integration has been formed and developed based on customer satisfaction. In the case of 'item1' "Customer satisfaction will be positively related to Physical Aspect" is accepted at the level of significance p = 0.000 (Standardized Coefficients = 0.487, CR = 8.115). That shows customer satisfaction has significant with the physical aspect. The physical aspect of the has significant on customer satisfaction.

Although this item was important to measure and showed relatively reasonable standardized loading, it affects dimensionality of the construct and option to improve the overall measurement interior and exterior. 'item 5'this was "Customer satisfaction will be positively related to Policy" is accepted at the level of significance p = 0.000 (Standardized Coefficients = 0.421, CR = 8.263). That shows Customer satisfaction has significant with policy. Policy has been formed and developed based on customer satisfaction. The results of the table of the six-item x2 value of 523.226 (df=1.882, p=.000) GF = 0.795, AGFI = 0.856, and RMR = 0.019). Although these marginally affect the overall fit statistics, the suggested modification has a tremendous impact on the overall measurement model also.

## 4.4 Summary

Business environment has become more complicated ever before. Specially, Customer experience is sharply and constantly growing in the service industry. For this reason, the business organizations need to increase service quality to meet customer demand. The research focused to define relationships of service quality, customer satisfaction and purchase intention in Circle K retail store. The research analysis found that SERVQUAL dimensions such as Physical Aspects, Reliability, Personal Interaction, Policy has positive relationship with customer satisfaction. It means that consumers in Circle K retail chain stores give more importance for service quality.

Service quality was connected with generally .08 points purchase intention scores as mediated by customer satisfaction. According to literature reviews, our proposed hypothesis were confirmed by regression result. Finally, Service quality is the fundamental reason of customer satisfaction furthermore the quality indirect and direct affects on purchase intention. The

research results confirmed that service quality is essential to satisfaction and behavioral intention in the service market.



# CHAPTER FIVE CONCLUSIONS AND SUGGESTIONS

#### **5.1 Research Conclusions**

The Mongolian retail industries are relatively young in comparison to the development of the retail sectors in the world. In 1990, Mongolian society moved from socialist to democratic society. The situation becomes fundamental reason to develop retail sector. Today, Minii zah, Nomin are dominant players in the retail market. In the recent five years, Mongolian retail industries are more competing with each other's to increase customer satisfaction and purchasing intention. Since 2013, International retail chain stores such as CU, Circle K were opened in Mongolia and they are successfully operating. A chain store or retail chain is a retail outlet in which several locations share a brand, central management, and standardized business practices.

Study focused on finding relationships of Retail Service Quality and Behavioral Intention in case of Circle K. Although previous researchers are popular about Service Quality of retail store, topics of retail chain store in Mongolia are yet to be investigated. Thus, The topic is essential to fill research gap. From analyzing result, dimensions of Service Quality (Physical Aspects, Reliability, Personal, Problem solving, Policy) positively effects on customer satisfaction. Additionally, Customer satisfaction has positive relationship with behavioral intention. It means that Service quality is fundamental factor of customer satisfaction and indirectly effects on behavioral intention. Customers have always expectation related to service and the quality is expressed by differences between consumer expectation and service performance. If the service meets or exceed expectation of buyer, they gets high satisfaction from service performance. Satisfied customers have several advantages such as delivering positive word-of-mouth, repurchasing, decreasing marketing cost. To increase service quality, retail chain stores need to provide well internal and external appearance (Bright Lighting, Stylish desk and chair, optimal spaces among product shelves, wider window), excellent service speed, kind and friendly relationship, optimal price of product, high-quality product and good product returning policy. Therefore, Managers of Circle-K need to give more attention to stable keep constant retail service standards, to involve employees in communication skills training, to create optimal price and product category which can meet customer expectation. Especially, keeping retail service standard is crucial and managers have to check regularly the quality of each branch. If chain store lost service quality, they will also lost customer satisfaction, loyalty, customer buying intention. Furthermore, this situation directly and indirectly decrease company profit, brand value and sustainability. For example, in case of customer don't like relation of service employee, they are possible to distribute negative word-of-mouth to Social Media. The condition can decrease profit of other branch stores.

Table 5.1 The results of empirical test

	Research Hypotheses	Results		
H1	Physical aspects will be positively related to Customer satisfaction			
H2	Reliability will be positively related to Customer satisfaction			
1 H 1	Personal interaction will be positively related to Customer satisfaction	Support		
H4	Problem solving will be positively related to Customer satisfaction	Support		
H5	Policy will be positively related to Customer satisfaction			
Н6	Impact of Customer satisfaction positively affects Behavioral Intention	Support		

Source: Original study

# **5.2 Suggestions**

From the result, the Service quality is more critical for customer satisfaction and Purchase Intention. It will help to produce competition strategy for Circle-K retail store, Consequently, the following suggestions are provided:

- 1. To increase consumer satisfaction, The Circle K needs to offer higher service quality and comfortable price of products. Because customers give more importance to service quality.
- 2. Customers gave a lower rating for problem solving in Circle-K. It means the store needs to increase Physical Aspect, Reliability, Personal Interaction, and Policy of Service quality.
- 3. Circle K need to effectively plan budget for increasing service quality.

Because the store can't give high satisfaction for customers and it means any retail chain stores have higher opportunity to differentiate from competitors in this situation. Therefore, the Circle K needs to use the opportunity in this situation.

#### 5.3 Research Limitation

This study collected data from an online survey, and most of the participants were consumers of Circle-K with frequently purchasing. Because it is not possible to take the survey by a paper from Mongolia and the reason is probably due to decrease data quality. To fix the problem, this study collected data from 326 consumers of 22-45 ages in Circle K retail chain stores and it is enough for research analysis. Furthermore, there still are some more research limitations to be discussed:

- Few influencing factors on customer satisfaction and purchase intention.
   During reading literature reviews, this study found multiple influencing factors on customer satisfaction and purchase intention which still not add to conceptual framework.
- 2. Research survey can't be executed based on paper and interview. Online survey may encounter with high risk and respondents are possible to fill fake.

Limitations:

- 1. To get more response, it is recommended to use.
- 2. To use multiple delivery channels (Paper questionnaire, telephone interviews, in-person interviews, etc.) for the survey to enhance data quality.
- 3. Add some more influencing factors of customer satisfaction and purchase intention.

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# **APPENDIX 1**

Service Quality Impact of customer satisfaction and behavioral Intention in a convenience a store: In case of Circle K Mongolia

# **Questionnaire**

#### **Dear Respondents**

The survey focused to measure Service Quality and Customer Satisfaction of Circle K. Furthermore, It will be used to determine relationship of Service Quality, Customer Satisfaction and Customer Intention for academic research. The questionnaire has 24 questions and please fill out the survey carefully.

Thank you for helping

**Section 1: Service Quality** 

		L	evel o	f Agre	emen	ts
Please take a short look at the questions below and then CIRCLE the level of agreement on each of the items below based on your opinion.		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	PHYSICAL ASPECTS					
1	I think that store equipment and fixtures are modern	1	2	3	4	5
2	I think that The physical facilities are charming	1	2	3	4	5
3	The store layout at this store makes it easy for customers to move around in the store.	1	2	3	4	5
	RELIABILITY					
4	Employees of this store give prompt service to customers.	1	2	3	4	5
5	This store insists on error-free sales transactions.	1	2	3	4	5
	PERSONAL INTERACTION	J				
6	Employees of this store are consistently courteous to the customers.	1	2	3	4	5
7	Employees of this store are knowledgeable to answer customer queries.	1	2	3	4	5
8	Employees of this store are never busy to respond to customers requests.	1	2	3	4	5
	PROBLEM-SOLVING					

9	This store willingly handles returns and exchanges.	1	2	3	4	5
10	Employees in this store are able to handle	1	2	3	4	5
	customer complains directly and immediately.	_	_		_	
	POLICY					
11	Quality-This store offers high-quality merchandise.	1	2	3	4	5
11	Quality-This store offers high-quality merchandise.  This store has operating hours convenient to all its	1	2	3	4	5
11 12		1	2	3	4	5 5

**Section 2: Customer Satisfaction** 

		Level of Agreements				
Please take a short look at the questions below and then CIRCLE the level of agreement on each of the items below based on your opinion.			Disagree	Neutral	Agree	Strongly Agree
		<u> </u>				
	CUSTOMER SATISFACTION	ON				
14	How satisfied are you with Circle K store?	1	2	3	4	5
15	How would you rate the quality of service and product	1	2	3	4	5
16	Is the product price cheaper than other stores?	1	2	3	4	5

**Section 3: Behavioral Intention** 

			Level of Agreements				
Please take a short look at the questions below and then CIRCLE the level of agreement on each of the items below based on your opinion.		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
BEHAVIORAL INTENTION							
	DENAVIORAL INTENTIO	UN					
17	If I need to purchase everyday products, I will go directly to Circle K.	1	2	3	4	5	
18	if Circle K is near in my location, I will go to purchase directly from Circle K.	1	2	3	4	5	
19	Will you recommend Circle K to your family, friends, neighbors or work associates?	1	2	3	4	5	

**Section 4. Demographic Information** 

We sincerely appreciate your time and efforts to answer the following questions. Your answer will be treated in strict confidence. For our information, would you please indicate the following questions:

Gender	Male	Female
A 00	< 18 years old	18-25 years old
Age	25-35 years old	35 years old
Marital status	Single	Married
	240.0 - 550.0 mnt	550.0 - 850.0mnt
Income	850.0 – 1.250.0mnt	1.250.0 - 1.650.000mnt
	1.650.0mnt>	
Education	a. Elementary school	b. High school c. Bachelor&Master

#### ХАВСРАЛТ 1

Үйлчилгээний чанар нь үйлчлүүлэгчийн сэтгэл ханамж ба худалдан авах зан төлөвт хэрхэн нөлөөлөх талаар : Circle K Mongolia

#### Санал асуулга

Эрхэм хүндэт судалгаанд оролцогч танаа

Судалгааны зорилго нь Үйлчилгээний чанар, Хэрэглэгчийн сэтгэл ханамжийг Circle K-г хэмжихэд чиглэнэ. Түүнчлэн, Үйлчилгээний чанар, Хэрэглэгчийн сэтгэл ханамж, Хэрэглэгчийн зорилтын талаарх эрдэм шинжилгээний судалгааны харилцан хамаарлыг тогтооход ашиглана. Санал асуулга 24 асуулгатай бөгөөд судалгааны асуулгыг бөглөнө үү.

Баярлалаа

Хэсэг 1: Үйлчилгээний чанар

	Түвшин					
	араах асуултын талаар товчхон авч үзэх ба дараа нь оорхи зүйл бүрийн тохиролцооны түвшинг өөрийн санаа бодолд тулгуурлан дугуйлна уу.	Туйлын хүлээн зөвшөөрөхгүй байна	Хүлээн зөвшөөрөхгүй байна	Төвийг сахисан	Хүлээн зөвшөөрсөн	Туйлын хүлээн зөвшөөрч байна
			<		>	
	PHYSICAL ASPI	ECTS				
1	Дэлгүүрийн дотоод орчин цэвэрхэн, тохилог байдаг.	7/1	2	3	4	5
2	Дэлгүүрийн гадаад, дотоод дизайн орчин үеийнх	< /i	2	3	4	5
3	Дэлгүүрээс бүтээгдэхүүнийг олох болон сонголт хийхэл хялбар байлаг.	-1	2	3	4	5
	RELIABILIT	Y				
4	Дэлгүүрийн үйлчилгээний ажилчид хурдан шуурхай	1	2	3	4	5
5	ажилладаг. Дэлгүүрийн үйлчилгээний ажилчид алдаагүй ажилладаг.		2	3	4	5
	PERSONAL INTERA	ACTION				
6	Дэлгүүрийн үйлчилгээний ажилчид найрсаг, соёлтой байлаг.	1	2	3	4	5
7	Дэлгүүрийн ажилчид асуултанд хариулахуйц	1	2	3	4	5
8	хангалттай мэдлэгтэй байлаг. Дэлгүүрийн үйлчилгээний ажилчид завгүй байсан ч миний асуултанл хариуллаг.	1	2	3	4	5
PROBLEM-SOLVING						
9	Бүтээгдэхүүнийг буцаах, солиход асуудалгүй байдаг.	1	2	3	4	5
10	10. Бүтээгдэхүүн үйлчилгээнд асуудал гарсан тохиоллолл лэлгүүрийн ажилтан шуурхай шийлэж	1	2	3	4	5
POLICY						
11	Дэлгүүрийн үйлчилгээ болон бүтээгдэхүүн өндөр чанартай байлаг.	1	2	3	4	5
12	дэлгүүрийн ажиллах цагийн хувиар надад таалагллаг.	1	2	3	4	5
13	дэлгүүр хөнгөлөлт, урамшуулалын бодит /үнэн/ байлаг	1	2	3	4	5

Хэсэг 2: Хэрэглэгчийн сэтгэл ханамж

	Гуйлын хүлээн зөвшөөрөхгүй ба Хүлээн зөвшөөрөхгүй байна Төвийг сахисан Хүлээн зөвшөөрсөн Туйлын хүлээн зөвшөөрч байна					
Дараах асуултын талаар товчхон авч үзэх ба дараа нь доорхи зүйл бүрийн тохиролцооны түвшинг өөрийн санаа бодолд тулгуурлан дугуйлна уу.		Хүлээн зөвшөөрөх гүй байна	Төвийг сах исан	Хүлээн зөвшөөрсөн	Туйлын хүлээн зөвшөөрч байна	
		<>				
CUSTOMER SATISFACTION						
14 Би CIRCLE K дэлгүүрийн үйлчилгээнд сэтгэл ханамжтай байдаг.	1	2	3	4	5	
15 Дэлгүүрийн бүтээгдэхүүн болон үйлчилгээний чанар миний сэтгэлд нийцлэг.	1	2	3	4	5	
16 Бүтээгдэхүүний үнэ бусад дэлгүүрүүдтэй харыгуулахад боломжийн байдаг.	1	2	3	4	5	

Хэсэг 3: Хэрэглэгчийн худалдан авах зан төлөв

	Түвшин				
Дараах асуултын талаар товчхон авч үзэх ба дараа нь доорхи зүйл бүрийн тохиролцооны түвшинг өөрийн санаа бодолд тулгуурлан дугуйлна уу.		Хүлээн зөвшөөрөхгүй байна	Төвийг сахисан	нөэдөөшяөг несп $\lambda_X$	Туйлын хүлээн зөвшөөрч байна
		<		>	
BEHAVIORAL INTENTION					
17 Хэрэв өдөр тугмын бүтээгдэхүүний авах шаардлага гарвал би шууд CIRCLE K дэлгуурлуу явдаг.	1	2	3	4	5
гарвал би шуул CIRCLE K дэлгүүрлүү явдаг.  Хэрэв Circle K дэлгүүр гэрийн ойр байвал би байнга орно.	1	2	3	4	5
19 Би найз нөхдөдөө Circle K дэлгүүрээр үйлчлүүлэхийг зөвлөлөг.	1	2	3	4	5

## Хэсэг 4: Ерөнхий мэдээлэл

Дараах асуултуудад хариулах цаг хугацаа, хүчин чармайлтаа чин сэтгэлээсээ талархаж байна. Таны хариултыг итгэлтэйгээр шийдвэрлэх болно. Доорх асуултуудад үнэн зөвөөр хариулна уу.

Хүйс	Эрэгтэй	Эмэгтэй
Нас	< 18 наснаас бага	18-25 нас
пас	25-35 нас	>35 нас
Гэрлэлтийн байдал	Single	Married
	240.0 - 550.0төг	550.0 - 850.0төг
Орлого	850.0 - 1.250.0тө	1.250.0 - 1.650.000төг
	1.650.0төг>	
Годоромод	Бүрэн дунд боловсрол	Дунд боловсрол
Боловсрол	Дээд боловсрол	