

# Project Plan for Retail Channel Quality Improvement

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**ABSTRACT** :With the rapid development of the economy, the retail channel has become a place where people often spend money. Convenience stores are part of the retail channel, which not only bring diversified products, sell daily necessities and fresh food, but also keeps abreast of the times to provide various services to the people with a very extensive scope of service. The convenience store market is becoming saturated, so convenience stores need to create their own characteristics, understand the needs of customers and make them satisfied with the quality, in order to attract more customers and increase revenue. In this study, the customers of the convenience store H were taken as the research subjects to explore the solution of quality improvement in the retail channel to help the H convenience store operator to improve the service quality. The Kano two-dimensional quality model was adopted. The results show that the items that can significantly increase customer satisfaction and highly reduce customer dissatisfaction include three items: Employees can immediately respond to the customers' demand; employees can accomplish the commitment to customers; specific labels of prices of goods. Convenience stores can improve on these items and continue to maintain good service quality to get maximum benefit.

**KEYWORDS**-convenience store, Kano model, service quality

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Date of Submission: 12-10-2022

Date of Acceptance: 28-10-2022

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## I. INTRODUCTION

The convenience store market is reaching saturation and the competition is fierce. The operators need to understand the customers' preferences and satisfy them with the service quality, in order to attract more customers to the store and gain better revenue. In this study, based on the scale proposed by Parasuraman et al. (1988), the service quality was classified into five major dimensions: responsiveness, tangible, reliability, empathy, and guarantee. The questionnaire data were also used to find the "service quality attributes for benefit improvement" that could increase customer satisfaction and reduce customer dissatisfaction at the same time. The results obtained from this analysis may help retail channels to identify the priority of service quality improvement and enhance the competitiveness of enterprises.

## II. LITERATURE REVIEW

The literature review included two parts: studies of service quality and the Kano two-dimensional quality model.

### 2.1 Service quality

Bateson and Hoffman (2002) stated that service quality is a long-term and holistic assessment of the customer's attitude towards the performance of the service provider. Wakefield (2002) referred to service quality as the difference between the expected and actual service. Etzel, Walker and Stanton (2001) argued that service quality is an important key to business success in the marketing of service industries. Parasuraman et al. (1988) introduced five dimensions of service quality, including (1) reliability, (2) responsiveness, (3) guarantee, (4) empathy, and (5) tangible. In this study, according to Parasuraman et al. (1988), the service quality measurement dimensions were divided into responsiveness, tangible, reliability, empathy, and guarantee. The measurement items for service quality were modified for the service characteristics of retail channels in reference to the questionnaires of Chung et al. (2017), Mohsin & Ryan (2005), Ugboma et al. (2007), and Parasuraman et al. (1988).

### 2.2 Kano two-dimensional quality model

In Kano two-dimensional quality model, quality items were classified into five categories (Kano et al., 1984), including Attractive Quality Element (A), One-Dimensional Quality Element (O), Must-Be Quality Element (M), Indifferent Quality Element (I), and Reverse Quality Element (R). Matzler and Hinterhuber (1998)

proposed a modified two-dimensional quality factor classification table for the Kano model, as shown in Table 1. The Kano questionnaire is used to find out customers' perceptions of quality items in both the presence and absence of quality items, and the response options were five items of "I like it that way", "Take it for granted", "It does not matter", "Can be tolerated" or "Dislike". Matzler and Hinterhuber (1998) proposed the "customer satisfaction coefficient", which is calculated with the formulas as follows:

$$C(1): \text{Coefficient to increase customer satisfaction} = (A+O)/(A+O+M+I)$$

$$C(2): \text{Coefficient to reduce customer dissatisfaction} = (O+M)/(A+O+M+I) \times (-1)$$

A: Attractive Quality; O: One-Dimensional Quality; M: Must-Be Quality I: Indifferent Quality

Table 1 Categories of two-dimensional quality elements of Matzler and Hinterhuber

Negative Positive	I like it that way	Take it for granted	It does not matter	Can be tolerated	Dislike
I like it that way	Uncertain	Attractive Quality	Attractive Quality	Attractive Quality	One-Dimensional Quality
Take it for granted	Reverse Quality	Indifferent Quality	Indifferent Quality	Indifferent Quality	Must-Be Quality
It does not matter	Reverse Quality	Indifferent Quality	Indifferent Quality	Indifferent Quality	Must-Be Quality
Can be tolerated	Reverse Quality	Indifferent Quality	Indifferent Quality	Indifferent Quality	Must-Be Quality
Dislike	Reverse Quality	Reverse Quality	Reverse Quality	Reverse Quality	Uncertain

### III. Research Method

The measurement items for service quality in this study were modified for the service characteristics of retail channels in reference to the questionnaires of Chung et al. (2017), Mohsin & Ryan (2005), Ugboma et al. (2007), and Parasuraman et al. (1988). The research subjects were the customers of the convenience store and 47 questionnaires were collected from March 1 to March 30, 2022. The variables measured included: (1) Responsiveness: Employees can immediately respond to the customers' demand (Item 1); employees provide descriptions in detail (Item 2); and employees are willing to provide assistance and service for the customers (Item 3). (2) Tangible: Employees show neat and tidy costume and appearance (Item 4); there are interior modern and professional equipment (Item 5); interior circulation of facilities and guidance signs are clear (Item 6); and service facilities meet the customers' needs (Item 7). (3) Reliability: Employees can make efforts to solve the customers' problems (Item 8); employees can accomplish the commitment to customers (Item 9); and employees can accomplish the tasks at once (Item 10). (4) Empathy: Employees are actively and individually concerned about the customers (Item 11); employees treat the customers' benefits as the priority (Item 12); employees recognize individual customers' needs (Item 13); and in the workplace, employees recognize customers' needs and provide the related services (Item 14). (5) Guarantee: Employees can respond to customers' questions with professional knowledge (Item 15); services and products with quality are provided (Item 16); employees can provide responsible service (Item 17); and specific labels of prices of goods (Item 18).

### IV. Research Results

This study adopted the classification of two-dimensional quality elements and the formula of "customer satisfaction coefficient" proposed by Matzler and Hinterhuber (1998) to recognize three items for the improvement of service quality, which could increase customer satisfaction and reduce customer dissatisfaction (see Table 2). Retail channel operators should maintain good service quality for these quality items to obtain maximum benefits. The service quality items were categorized. Among them, 15 items were classified as Attractive Quality, and 3 items were One-Dimensional Quality (see Table 2). The items that can significantly increase customer satisfaction and highly reduce customer dissatisfaction included employees can immediately respond to the customers' demand (Item1); employees can accomplish the commitment to customers (Item9); specific labels of prices of goods (Item18).

Table2 Kano customer satisfaction coefficient

Item	A	O	M	I	R	Q	Category	C(1)	C(2)
1	22	18	1	4	0	2	A	※0.889	※-0.422
2	23	14	2	5	0	3	A	※0.841	-0.364
3	27	13	2	3	0	2	A	※0.889	-0.333
4	18	14	3	9	1	2	A	0.727	※-0.386
5	26	9	2	8	0	2	A	0.778	-0.244
6	13	18	6	9	0	1	O	0.674	※-0.522
7	23	14	2	5	0	3	A	※0.841	-0.364
8	20	16	3	5	1	2	A	0.818	※-0.432
9	15	23	3	4	0	2	O	※0.844	※-0.578
10	24	11	2	7	0	3	A	0.795	-0.295
11	28	10	1	6	0	2	A	※0.844	-0.244
12	26	11	2	5	0	3	A	※0.841	-0.295
13	30	7	2	6	0	2	A	0.822	-0.2
14	25	15	1	4	0	2	A	※0.889	-0.356
15	25	14	1	4	1	2	A	※0.886	-0.341
16	22	14	3	6	0	2	A	0.8	※-0.378
17	24	15	1	5	0	2	O	※0.867	-0.356
18	17	22	1	4	0	3	A	※0.886	※-0.523
Total average								0.830	-0.369

Note:A : Attractive Quality ; O : One-Dimensional Quality ; M : Must-Be Quality I : Indifferent Quality  
R : Reverse Quality ; Q : Uncertainty  
C (1): Increased customer satisfaction coefficient, C (2): reduced customer dissatisfaction coefficient.  
※ denotes absolute value of coefficient > absolute value of mean of total coefficient

### V. CONCLUSION

In this study, with the customers of the convenience store H as the research subjects, the Kano quality model was used to identify the "service quality items for benefit improvement" to provide them to the retailers for developing future service management strategies. This study found that there were three "service quality items for benefit improvement" that can increase customer satisfaction and reduce customer dissatisfaction at the same time, namely, employees can immediately respond to the customers' demand (Item 1); employees can accomplish the commitment to customers (Item 9); and specific labels of prices of goods (Item 18). It is important for the industry to maintain good service quality for these benefit quality items to obtain maximum benefit.

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