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PERCEIVED SERVICE QUALITY THROUGH PRISM OF DEMOGRAPHIC AND SOCIO-ECONOMIC CHARACTERISTICS OF CUSTOMERS: HYPERMARKET STORES' MARKET IN THE FEDERATION OF BOSNIA AND HERZEGOVINA

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Abstract

There are dynamic changes occurring at the retail sale market. There is less emphasized manoeuvring space for differentiation. The retailers offer similar assortment of the products with similar prices and quality. This opens more space for differentiation based on providing excellent services. Service quality in retail can be important in creation and maintenance of relationship with customers, strengthening those relations and creating the loyal customers' basis. Influence of demographic and socio-economic characteristics on perceived service quality (gender, age, income, and education) has been confirmed by reviewing previous researches. Therefore, there are differences between the customers in service quality perception in relation to gender, age, income, and education. The purpose of this paper is to research the influence of demographic and socio-economic characteristics on service quality perception in retail on hypermarket stores' market in the Federation of Bosnia and Herzegovina. The research has been conducted on the sample of 861 examinees. According to its characteristics the applied questionnaire is quota sample with control variables: city, shop, gender, and age. The obtained research results will disclose the role of demographic and socio-economic characteristics in perception of service quality, and give guidelines to vendors on hypermarket stores' market for successful segmentation, market targeting, and creation of successful marketing strategies.

Key words: retail, hypermarket, service quality, socio-demographic characteristic, Federation of Bosnia and Herzegovina

1. INTRODUCTION

In the time that follows, survival and success in the retail market will depend on flexibility and efficiency in all the aspects of activities, including the superiority over the global competition in application of technology to reduce the expenses; and dramatic improvement of services' quality. Business success in retail is often related to advantage of improvement of the quality, while the quality in retail is related to all forms and characteristics of retail outlet, products, services, and people; the combination which will satisfy described and implicated customer's needs and wishes (Hasty and Reardon 1997).

Nowadays the retail is increasingly classified as a service. Contemporary customers have very sharpened eye for price, quality, and purchase experience itself. They require a lot. It is not enough only to satisfy their wishes, needs and preferences. It is necessary to thrill them.

When a customer enters retail facility he/she views products, analyses the prices and the quality, compares products and brings purchase decision. Besides these elements that can be touched or felt the customer is also under the influence of other factors such as image, ambience, music, and a level of the service. Most of the mentioned elements are relatively easy to copy, while the whole purchase experience that a customer passes through is unique (Pradhan 2007). In creation of overall purchase experience, which is different from the one that competition offers, service delivery, service of exceptional quality, can be the key to the company's success.

2. LITERATURE REVIEW

Information about demographic variables support market segmentation and targeting that are based on gender, age, income, and education (Stafford 1996). All demographic variables are strongly related to marketing prospective (Lazer 1994).

Previous researches have shown that expectations and perceptions of service quality depend on demographic variables (Gagliano and Hatchote 1994; Thompson and Kaminski 1993; Webster 1989). There is a significant relationship between service quality dimension and age and income (Gagliano and Hatchote 1994; Thompson and Kaminski 1993). Customers with higher income expect better service quality since they are willing to pay for it. On the other hand those with lower income have lower expectations and perceptions on service quality (Ganesan-Lim, Russell-Bennett and Dagger 2008).

Previous researches have proven that age variable has the most significant influence on service quality perception compared to all other variables. Age influences attitudes and behaviour based on service quality perception (He and Lai 2011). Numerous studies have also proven that gender is an important factor in service quality perception (Iacobucci and Ostrom 1993;

Kumar and Lim 2008). There is a significant difference in service quality perception based on gender.

3. RESEARCH HYPOTHESES

The following hypotheses have been set based on the insight in previous researches:

H1: Gender influences perceived service quality on retail market and there is a difference in service quality perception between male and female.

H2: Age influences perceived service quality on retail market and there is a difference in service quality perception between different age groups.

H3: Income influences perceived service quality on retail market and there is a difference in service quality perception between different income groups.

H4: Education influences perceived service quality on retail market and there is a difference in service quality perception between customers with different level of education.

4. RESEARCH METHODOLOGY

Data from primary sources are gathered in order to test the set hypotheses. Empirical research has been conducted at the area of the Federation of Bosnia and Herzegovina.

4.1. Sample

The sample consists of 861 respondents who were kindly asked to express intensity of their agreement or disagreement with claims about total service quality of bigger format shops (hypermarkets) in which they purchase consumer products (food and non-food products).

Field research (in cooperation with Ipsos d.o.o agency from Sarajevo) was carried out during February 2013 on the sample of 861 respondents. Applied sample is, according to its characteristics, quota sample with the following control variables: city (Sarajevo, Tuzla, and Mostar), shops (Konzum, Bingo, Mercator, and Interex), gender, and age. In order to be a part of the sample, respondents had to be regular customers of consumer products (food and non-food products) in one of the hypermarkets that were selected for this research. Hypermarket selection is based on Strategy of Chain-store Formats in the Federation of Bosnia and Herzegovina given in a study "Development of Trade and Domestic Market in the Federation of Bosnia and Herzegovina" (Group of authors, 2010). Konzum, Bingo, Mercator, and Interex have been selected among hypermarkets that are listed in the above-mentioned study. Robot was exempted

because there were difficulties in data gathering about formats of Robot's sales facilities in certain cities.

4.2. Research tool (Questionnaire)

Questionnaire is used as a research tool. It was developed using relevant scientific literature that was adjusted to chosen research topic. It consists of a set of claims that are related to total service quality with which respondents express intensity of their agreement or disagreement. Likert's scale of five intensities was used in it. Measurement scale for total service quality used for the research was the one tested by Dabholkar et al. (2000). It was tested using Cronbach alpha coefficient, and obtained results of Cronbach alpha coefficient of 0.864 indicate good measurement scale reliability. Questions about demographic and socio-economic characteristics of respondents are also part of the questionnaire.

4.3. Research results

Respondents' views ratings towards service quality dimensions are described using mean (M) and standard deviation (SD). Differences in ratings with regards to gender and level of education are tested using t-test for independent samples, while variance analysis (one-way ANOVA) with post hoc tests (LSD) was used to test age and income level. Level of significance is $p=0.05$. P values which could not be expressed with three decimal places are expressed as $p<0.001$. The analysis was conducted in SPSS programme for Windows (version 17.0, SPSS Inc. Chicago, Illinois, USA).

Table 1

Descriptive Statistics

		N	Total service quality M±SD
Gender	M	398	6.00±0.85
	F	463	6.11±0.77
Age (years)	Up to 25	196	5.98±0.86
	26 - 35	223	6.08±0.73
	36 - 45	124	6.12±0.81
	46 - 55	185	6.02±0.84
	Over 55	133	6.13±0.82
Income (BAM)	Up to 700	192	6.13±0.75
	701 – 1,000	203	6.10±0.73
	1,001 – 1,500	136	5.85±0.80
	Over 1,500	97	6.00±0.92
Education	- secondary school qualification	673	6.08±0.79
	- university degree+	188	5.99±0.86

Source: Author's calculations

According to the obtained research results there is a statistically significant difference in service quality perception between male and female

($p=0.045$). Average ratings show that female have higher ratings than male although there is relatively small difference in average ratings. Therefore the hypothesis H1 is accepted.

Table 2

Testing differences in service quality dimension ratings according to respondents' characteristics

	Total service quality	
T test	t	p
Gender	-2.006	0.045*
Education	1.363	0.173
ANOVA	F	p
Age (years)	1.055	0.378
Income (BAM)	3.950	0.008*

Source: Author's calculations

Table 3

Post-hoc tests for income groups comparison

Income (BAM)		Merchandising	Physical environment	Relationship with employees	Total service quality
Up to 700	701 – 1,000	0.919	0.608	0.638	0.747
	1,001 – 1,500	0.002*	0.009*	<0.001*	0.002*
	over 1,500	0.179	0.538	0.172	0.192
701 – 1,000	1,001 – 1,500	0.001*	0.002*	0.001*	0.004*
	preko 1,500	0.203	0.298	0.320	0.292
1,001 – 1,500	over 1,500	0.169	0.101	0.061	0.152

Source: Author's calculations

Also it is confirmed that there are statistically significant differences in service quality perception between the customers that belong to different income groups ($p=0.008$). Post-hoc testing was conducted to determine which income groups of respondents mutually differentiate. The obtained results have shown that the following groups significantly differentiate service quality perception: to 700 BAM (1) and 1,001-1,500 BAM (3) and 701-1,000 BAM (2), and 1,001-1,500 BAM (3). Respondents with income from 1,001 to 1,500 BAM have lower ratings than respondents with lower incomes. Therefore the hypothesis H3 is accepted.

Comparison of total service quality ratings concerning respondents of different age for has not shown existence of statistically significant difference. Differences in ratings of different age groups are relatively low, but it is noticeable that the highest ratings were determined by the respondents older than 55 years of age, and the lowest with respondents younger than 25 years of age. Therefore, the set hypothesis H2 was not confirmed.

Also, comparison of respondents' ratings of different level of education for total service quality has not shown existence of statistically significant difference. Therefore, neither hypothesis H4 could be confirmed.

5. CONCLUSIONS

According to obtained research results gender and income influence perceived service quality, while age and education do not. There is a statistically significant difference between male and female in service quality rating. Service quality is more important to female in hypermarkets they are loyal customers compared to male. There is a statistically significant difference between different income groups in service quality perception. However, the obtained research results do not follow research results on service quality perception on developed retail markets. The highest ratings are not given by members of higher income groups. Obtained results can be interpreted by sample structure consisting mostly of students and pupils (who in most cases do not earn their own money), and income measurement in research is a household income. Namely, households can have more incomes, but the question of household expenses is raised (burdened by loans, investments and the like). Therefore, subject of future researches on income influence on service quality perception should be income in form of disposable part of an income for household expenses.

Perceived service quality has multidimensional character. Consequently, besides total service quality research future studies should be directed towards service quality research exploring dimensions of service quality, its influence on perceived service quality, and relate them with demographic and socio-economic factors.

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