

**ASSESSMENT OF CUSTOMER
SATISFACTION AMONG ELECTRONIC
MEGASTORES IN COLOMBO CITY, SRI
LANKA**

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ASSESSMENT OF CUSTOMER SATISFACTION AMONG ELECTRONIC
MEGASTORES IN COLOMBO CITY, SRI LANKA

THELGE SACHITH MALINTHA PEIRIS

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ABSTRACT

Observations revealed customer satisfaction of electronic megastores' customers in Colombo City was decreasing. Studies have identified customer dissatisfaction has become a threat to companies' survival. Previous research work proved improving service quality led to higher customer satisfaction. It is important for the management of electronic megastores to know what service quality determinants influence customer satisfaction from customers' perspective and also from the employee's understanding. Recent observations revealed that there were gaps between employees' understanding of customers satisfaction and perceived customer satisfaction of service quality which created dissatisfaction among customers. Therefore, a study required to assess the relationship between service quality determinants and customer satisfaction among electronic megastore customers in Colombo City. As there were sufficient evidence proved gaps in service quality affect customer satisfaction, this study attempted identifying relationship between service quality determinants and customer satisfaction and to what extent the gaps between customers perceived importance and employees' level of understanding to be reduced. Six selected determinants were examined whether both service staff and customers position determinants as a crucial factor for customer satisfaction within electronic megastores. For this purpose, six service quality determinants aligned to SERVQUAL method were tangibility, reliability, responsiveness, assurance, empathy and accessibility's significant influence on customer satisfaction. As the research instrument, SERVQUAL tested structured questionnaire was distributed and obtained completed 384 responses from visiting customers within six selected electronic megastores by systematic sampling technique. The 384 questionnaires were asked to be completed accurately at the same time of its distribution. SPSS version 21.0 tool was utilized to analyze data using descriptive, mean comparison, simple correlation, ANOVA, coefficients, residuals, independent sample t-test and regression. Findings revealed that customers considered tangibility, reliability, responsiveness, assurance, empathy and accessibility were significantly influencing factors on customer satisfaction. Further findings revealed that there was a significant gap between employees and customers perceived importance of tangibility, reliability, responsiveness, assurance, empathy and accessibility. Subsequently, recommendations were made to improve the service quality determinants and approaches to reduce the gap between employees and customers perceived importance within electronic megastores in Colombo, Sri Lanka.

Keywords: Service quality, customer satisfaction, SERVQUAL, electronic megastores

APPROVAL

This is to certify that this thesis conforms to acceptable standards of scholarly presentation and is fully adequate, in quality and scope, for the fulfilment of the requirements for the degree of Doctor of Philosophy

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1 March 2024

DECLARATION

I hereby declare that the thesis submitted in fulfilment of the PhD degree is my own work and that all contributions from any other persons or sources are properly and duly cited. I further declare that the material has not been submitted either in whole or in part, for a degree at this or any other university. In making this declaration, I understand and acknowledge any breaches in this declaration constitute academic misconduct, which may result in my expulsion from the programme and/or exclusion from the award of the degree.

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Signature of Candidate:

Date: 1 March 2024

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TABLE OF CONTENTS

ABSTRACT	ii
APPROVAL	iii
DECLARATION	iv
ACKNOWLEDGEMENTS	vi
TABLE OF CONTENTS	vii
LIST OF TABLES	xi
LIST OF FIGURES	xv
LIST OF ABBREVIATION	xvi
CHAPTER 1 INTRODUCTION	1
1.0 Chapter Overview	1
1.1 Background of the Research	2
1.2 Research Problem	11
1.3 Research Questions	13
1.4 Research Objectives	13
1.5 Significance of the Study	14
1.5.1 Practical Perspectives	15
1.5.2 Theoretical Perspectives	21
1.6 Scope and Limitations of the Study	22
1.7 Definition of Key Terms	23
1.8 Outline of the Remainder of Chapters	28
1.9 Chapter Summary	28
CHAPTER 2 REVIEW OF LITERATURE	30
2.0 Chapter Overview	30
2.1 Overview of the Industry	30
2.1.1 What is an Electronic Megastore	31
2.1.2 Electronic International Market & Imports	32
2.1.3 Domestic Electronic Market	34
2.1.4 Service Delivery – International Context	37
2.1.5 Staff Training Budgets Globally	38
2.1.6 Service Delivery – National Context	40
2.1.7 Staff Training Budgets Locally	42
2.2 Future Trends of Electronic Industry	43
2.2.1 Business Failures Due to Weak Service Quality	45
2.2.2 Service Quality	47
2.2.3 Employee Perception on Service Quality	50
2.3 Customer Satisfaction	51
2.3.1 Service Quality and Customer Satisfaction	54
2.3.2 Distinguish Customer Satisfaction and Loyalty	56
2.4 Tangibility	58
2.5 Reliability	60
2.6 Responsiveness	61
2.7 Assurance	62
2.8 Empathy	64
2.9 Accessibility	65
2.10 Underpinning Theory	66
	vii

2.10.1	The SERVQUAL Model	67
2.10.2	The SERVPERF Model	71
2.10.3	Modified SERVQUAL Method	73
2.10.4	Criticism of SERVQUAL Method	74
2.11	Research Framework Development	75
2.12	Research Hypothesis	79
2.12.1	Tangibility and Customer Satisfaction	80
2.12.2	Reliability and Customer Satisfaction	81
2.12.3	Responsiveness and Customer Satisfaction	82
2.12.4	Assurance and Customer Satisfaction	82
2.12.5	Empathy and Customer Satisfaction	83
2.12.6	Accessibility and Customer Satisfaction	84
2.12.7	Summary of Hypothesis	85
2.13	Chapter Summary	86
CHAPTER 3 METHODOLOGY		88
3.0	Chapter Overview	88
3.1	Research Design	88
3.2	Demographic Variables	89
3.2.1	Customer Profiling Variables	89
3.2.2	Employee Profiling Variables	92
3.3	Measurements	94
3.3.1	Research Instrument	94
3.3.2	Development of the Questionnaire	96
3.4	Population	99
3.5	Sample Size	104
3.6	Sampling Procedure	107
3.7	Data Collection Procedure	111
3.7.1	Conducting the Survey	112
3.7.2	Ethical Considerations	113
3.8	Technique of Data Analysis	113
3.9	Data Analysis	114
3.9.1	Descriptive Analysis	115
3.9.2	Reliability and Validity	115
3.9.3	Regression Analysis	119
3.9.4	Correlation Analysis	120
3.9.5	Independent Sample T-Test	120
3.10	Chapter Summary	120
CHAPTER 4 RESULTS AND FINDINGS		122
4.0	Chapter Overview	122
4.1	Participation and Response Rate	123
4.2	Data Coding and Entry	124
4.3	Data Screening and Cleaning	128
4.4	Demographic Profile Analysis	130
4.4.1	Customer Demographic Analysis	130
4.4.2	Employee Demographic Analysis	133
4.5	Descriptive Statistic Analysis	137
4.5.1	Tangibility Mean Comparison	138
4.5.2	Reliability Mean Comparison	140

4.5.3	Responsiveness Mean Comparison	142
4.5.4	Assurance Mean Comparison	144
4.5.5	Empathy Mean Comparison	146
4.5.6	Accessibility Mean Comparison	148
4.5.7	Customer Satisfaction Mean Comparison	149
4.6	Reliability Evidence	150
4.7	Regression Analysis	152
4.7.1	Objective 1 - Tangibility	153
4.7.2	Objective 2 - Reliability	158
4.7.3	Objective 3 - Responsiveness	164
4.7.4	Objective 4 - Assurance	169
4.7.5	Objective 5 - Empathy	174
4.7.6	Objective 6 - Accessibility	180
4.8	Correlation Analysis	185
4.9	Independent Sample T-test	189
4.10	Summary of Findings	199
4.10.1	Tangibility	199
4.10.2	Reliability	200
4.10.3	Responsiveness	200
4.10.4	Assurance	200
4.10.5	Empathy	201
4.10.6	Accessibility	201
4.10.7	Why Electronic Megastores Should Focus on Gaps	202
4.10.8	Areas of Mitigating Gaps	203
4.10.9	Cost of Mitigating the Gaps	203
4.11	Chapter Summary	204
CHAPTER 5 CONCLUSION AND RECOMMENDATIONS		205
5.0	Chapter Overview	205
5.1	Recapitulation of the Study	205
5.2	Influence of IV and DV	206
5.3	Tangibility	207
5.4	Reliability	208
5.5	Responsiveness	209
5.6	Assurance	210
5.7	Empathy	211
5.8	Accessibility	212
5.9	Contribution of the Study	213
5.9.1	Theoretical Contributions	213
5.9.2	Practical Contributions	214
5.10	Limitations and Future Research	216
5.11	Recommendations and Suggestions	217
5.11.1	Tangibility	218
5.11.2	Reliability	218
5.11.3	Responsiveness	219
5.11.4	Assurance	219
5.11.5	Empathy	219
5.11.6	Accessibility	220
5.12	Conclusion	222
REFERENCES		224

APPENDICES
Other Appendix (1-74)

242
242

LIST OF TABLES

Table	Page
1.1 Discussion weightages	5
1.2 Discussion comparisons customers vs company	6
1.3 Customer complaints	7
1.4 Benchmark results of an electronic mega store	8
1.5 Identified determinants through discussions	10
1.6 Definition of key terms	24
2.1 Sri Lanka's home appliances imports (2009-2018)	32
2.2 Contributors to the electronic industry	35
2.3 Previous study results on tangibles of service quality	59
2.4 Previous study results on reliability of service quality	60
2.5 Previous study results on responsiveness of service quality	62
2.6 Previous study results on assurance of service quality	63
2.7 Previous study results on empathy of service quality	64
2.8 Dimension of SERVQUAL model	68
2.9 Evidence of SERVQUAL method application	68
2.10 SERVQUAL method application- Sri Lankan context	70
2.11 Modified SERVQUAL dimensions	74
2.12 Studies with similar conceptual frameworks	78
3.1 Customer age	90
3.2 Customer gender	90
3.3 Customer travelling mode	91
3.4 Customer product category	91
3.5 Customer product availability	92

3.6	Employee training	92
3.7	Employee education	93
3.8	Employee industry experience	93
3.9	Employee company experience	94
3.10	Studies utilized a questionnaire	95
3.11	Examples of SERVQUAL questionnaire	96
3.12	Measurements of questionnaires	98
3.13	Likert scale	99
3.14	Studies conducted utilizing homogenous samples	102
3.15	Previous studies and their sample sizes	106
3.16	Selected megastores and addresses	109
3.17	Sample size and sampling frame	111
3.18	Statistical tools and related studies	114
3.19	Previous launches of pilot study	117
4.1	Scales of measurement – customers	124
4.2	Scales of measurement - employees	126
4.3	Testing of missing values	128
4.4	Outliers on travel distance	129
4.5	Age comparison	130
4.6	Gender distribution	131
4.7	Travelling options	131
4.8	Product categories	132
4.9	Availability of the products	133
4.10	Training completed	134
4.11	Educational qualifications	135

4.12	Experience within the industry	136
4.13	Number of years with current company	137
4.14	Mean comparison - tangibility	138
4.15	Mean comparison - reliability	140
4.16	Mean comparison - responsiveness	142
4.17	Mean comparison - assurance	144
4.18	Mean comparison - empathy	146
4.19	Mean comparison - accessibility	148
4.20	Mean comparison - satisfaction	149
4.21	Reliability test (Chronbach's Alpha)	150
4.22	Model summary (b)- tangibility	153
4.23	ANOVA (b) - tangibility	154
4.24	Coefficients (a) tangibility	156
4.25	Residuals Statistics (a)- tangibility	157
4.26	Model summary - reliability	159
4.27	ANOVA - reliability	160
4.28	Coefficients - reliability	161
4.29	Residuals statistics (a) – reliability	162
4.30	Model summary- responsiveness	164
4.31	ANOVA - responsiveness	165
4.32	Coefficients - responsiveness	167
4.33	Residuals statistics (a)- responsiveness	168
4.34	Model summary (b) – assurance	170
4.35	ANOVA (b) – assurance	171
4.36	Coefficients - assurance	172

4.37	Residuals statistics (a)- assurance	173
4.38	Model summary (b) – empathy	175
4.39	ANOVA (b) – empathy	176
4.40	Coefficients - empathy	177
4.41	Residuals statistics (a)- empathy	178
4.42	Model summary - accessibility	180
4.43	ANOVA (b) – accessibility	181
4.44	Coefficients (a)- accessibility	183
4.45	Residuals statistics (a)- accessibility	184
4.46	Correlation- tangibility	186
4.47	Correlation - reliability	186
4.48	Correlation- responsiveness	187
4.49	Correlation – assurance	187
4.50	Correlation – empathy	188
4.51	Correlation - accessibility	189
4.52	Independent samples T-test (Tangibility)	190
4.53	Independent samples T-test (Reliability)	192
4.54	Independent samples T-test (Responsiveness)	194
4.55	Independent samples T-test (Assurance)	196
4.56	Independent samples T-test (Accessibility)	198

LIST OF FIGURES

Figure		Page
2.1	Sri Lanka's domestic appliances imports (2017-2018)	33
2.2	Major domestic appliances sales worldwide (in Bn Euros)	34
2.3	Refrigerators sale volume in Sri Lanka 2000-2016 (in 1000 units)	36
2.4	The SERVQUAL model	67
2.5	Conceptual framework	77
3.1	Map of Colombo – Sri Lanka	108

LIST OF ABBREVIATION

ATL	Above the line
BTL	Below the line
CAGR	Compound annual growth rate
COVID-19	Corona Virus Disease of 2019
CS	Customer Satisfaction
CSR	Corporate Social Responsibility
CL	Customer Loyalty
DCS	Department of census & statistics
FMCG	Fast moving consumer goods
GSAT	Greet, Smile, Ask, Thank
HR	Human Resource
ILO	International Labour organization.
ISO	International Organization for Standardization
KMT	Krejcie & Morgan Table
KPI	Key Parameter Index
OSQ	Overall service quality
ROHS	Restriction of Certain Hazardous Substances
SLEDB	Sri Lanka Export Development Board
SMART	Specific, Measurable, Achievable, Relevant, Time bound.
SOP	Standard operating procedures.
SMS	Short message services
SPSS	Statistical package for social sciences
TTL	Through the line

UAE	United Arabs Emirates
UK	United Kingdom
USA	United States of America
WEEE	Waste from electronic and electrical equipment

CHAPTER 1

INTRODUCTION

1.0 Chapter Overview

This chapter discusses how important customer satisfaction is and if not monitor and consider customers, businesses turn into a financial loss. Observations were made to understand how employees placed determinants of customer satisfaction from their perspective and how customers experienced the actual satisfaction they perceived. There were gaps identified within the employees' understanding of customer satisfaction and customers' perceived satisfaction. The management of electronic megastores expected to know what determinants influence customer satisfaction and to what level the understanding of the customer satisfaction gap should be reduced. Therefore, determinants were identified as tangibility, reliability, responsiveness, assurance, empathy and accessibility to measure customer satisfaction. Problem statement was interpreted that determinants' influence towards customer satisfaction were not identified within customers of electronic megastores in Colombo, Sri Lanka. Therefore, a study was required to assess the relationship between determinants and customer satisfaction and to identify the service quality gaps created. Research questions were formed and objectives were made to find answers to research questions. The significance of the study was divided into two sections which were practical and theoretical perspectives. This study's scope was within electronic megastore customers in Colombo, Sri Lanka and adapted the SERVQUAL method to assess relationship between service quality determinants and customer satisfaction. Limitations of the study were drafted followed by study related key terms and definitions. The chapter concluded by outlining the remainder of the chapters.

1.1 Background of the Research

Customer satisfaction is the key to identifying important customer requirements. Discovering specific customer expectations resulting in customer satisfaction. A company is able to distinctly focus efforts in the areas that are most crucial to customers (Majeed et al., 2022). Service industries must deliver a great level of service to meet customers' expectations and to reach prominent level of customer satisfaction which create satisfied customers who return back to the same company for their requirement based on a previous experience. If customers are satisfied, they return and increase the company's profit and competitive advantage (Balinado et al., 2021). Service quality assessment has been widely utilized in many service industries. The purpose of this study is to determine the relationship between service quality determinants and the customer satisfaction within the electronic megastores' customers in Colombo, Sri Lanka.

Many organizations' success depends on the number of satisfied customers they have accumulated in a period of time. Initially, most organizations give priority to customers, treat customers as kings, and place customers as the first preference when making decisions before considering profits (Khadka & Maharjan, 2017). There are companies who provide quality service to customers, believe that success depends on their satisfied customers. Therefore, it is justified when a company treats customer satisfaction as a key component of success which leads towards a market value expansion (Khadka & Maharjan, 2017; Kandampully et al., 2015). Although customers are cost concerned, if provide a high-quality service to match the quality service provided, it may aid to attract customers (Bricci et al., 2016). There is little evidence of research conducted in Sri Lanka to assess the level of satisfaction and key components determining the satisfaction within electronic megastores in Colombo, Sri

Lanka. It was discovered that no studies conducted to assess the service quality gaps combining both service staff and customers in one study in Colombo. Therefore, electronic megastores dealing with domestic electrical appliances are in search of ways to minimize the service gaps created to improve the customer satisfaction level of their customers. Decha et al. (2020) believe that service staff's understanding of service quality determinants improves customer satisfaction which can survive competition. Therefore, this study focused on determining both staffs' and customers' service level gaps and to find ways to minimize the gaps in order to improve customer satisfaction level.

Customer oriented industries in Sri Lanka searching ways to improve their customers' satisfaction (Dharmadasa & Gunawardane, 2017). Service industries focus on how to deliver exceptional level of services, as previous studies proved when service quality increases, customer satisfaction increase which leads to high profit levels and competitive advantage (Dharmadasa & Gunawardane, 2017). Therefore, companies require their level of service delivery to improve the level of customer satisfaction. It was identified that service staff have major roles in creating customer satisfaction (Balinado et al., 2021). Most companies have aligned training sessions for their staff to deliver better customer service. Certain incidents were reported where even highly trained staff also ignored customers and did not deliver the expected services. Therefore, a gap is created in between expected level of service and perceived level of service (Dharmadasa & Gunawardane, 2017). Little evidence was found on adapted methods in Sri Lanka to assess the service quality of companies. Some companies measure the number of complaints or nominations receive from customers to assess their staff performance, based on that they were rewarded and punished accordingly (Jaideep, 2017). Companies are in search of diverse methods of how to

satisfy their customers yet no significant model was proposed. However, these situations do not provide clear insights into how customer satisfaction is related to the performance of staff. That concluded the need to understand the gap created between staff and customers service quality perceived and expectation levels.

Increasing costs in goods and services tempt people to work longer hours to meet expenses (GFK, 2021). Busy lifestyle increased the need of washing machine, television, microwave and refrigerator etc. Rising temperature in city limits resulted in the need for an air conditioner (GFK, 2021). Pandemic situations force the government to declare continued studies from home and students require mobile phones, tabs and computers. For all these requirements, people search for a trusted place and do visit electronic megastores to purchase reliable products (Dhongade, & Shaligram, 2021).

Based on the background of previous research, gaps were identified in improving customer satisfaction. Employees understand service quality and how important these service qualities are for customers to rate their satisfaction is required to understand. Therefore, it is important to investigate and identify problems through discussions with Customers and Company representatives, and also to evaluate previous benchmarking survey results to understand what determinants influence on creating customer satisfaction. Initial level discussions with customers led to identify interesting statements such as *“what if we cannot access the store by rail or road?”*, *“How can we access the store if no directions were given in navigation?”*, *“We will not be able to access the store if we cannot find a parking space?”*, *“Cannot access anyone at store by email or phone, how can we be satisfied?”* As the conversations led to identify the word access, there is a significant importance of what customers experience along with the technological requirements such as google maps and navigation systems.

Parasuraman et al. (1988) developed the SERVQUAL model and utilized differently to assess customer satisfaction in other industries. Observations revealed customers repeating the word access in several discussions, which is an area does not consist within the SERVQUAL five scale concluding tangibles, reliability, responsiveness, assurance & empathy. Therefore, assessment is required to measure the influence of accessibility, to understand how employees and customers position accessibility as an essential determinant of customer satisfaction within electronic megastores' customers.

Five customers participated in the discussions on what dimensions they consider important to improve customer satisfaction. Please see Appendix 74 for narration of discussions. A table was prepared with a discussion summary to highlight customer expectations. The following table demonstrates the discussed determinants and the number of counts.

Table 1.1: Discussion weightages

	Customer I	Customer II	Customer III	Customer IV	Customer V	Weightage
Tangible	✓					1
Reliability			✓	✓		2
Responsiveness					✓	2
Assurance		✓				1
Empathy				✓		1
Accessibility		✓	✓		✓	3

The above table demonstrates customers' indications on the dimensions that they think most affect their satisfaction. Tangible, assurance and empathy factors weighed 1 each, reliability and responsiveness weighed two each. However, the accessibility factor has the most weighted result based on this discussion, therefore there is a

requirement to assess whether there is a significant influence on these dimensions towards customer satisfaction. Meticulously organized research is the option to obtain the results.

The following table demonstrates the important dimensions based on the discussions, a comparison between customers and companies identifies the important dimensions. Please refer to Appendix 74 for the discussions.

Table 1.2: Discussion comparisons customers vs company

	Customers	Company
Tangible	✓	✓
Reliability	✓	✓
Responsiveness	✓	✓
Assurance	✓	✓
Empathy	✓	X
Accessibility	✓	X

Customers have denoted that they expect empathy and accessibility factors however there were no discussions highlighted empathy and accessibility from the company’s viewpoint. It is notable there is a difference between customers’ expectations and management’s position to deliver services to create customer satisfaction. This difference led to a gap in service delivery and it is important to understand in what ways this gap can be minimized.

Further to the discussions of customers and company representatives, the author observed a number of customer complaints about service delivery within the electronic mega stores in Colombo.