



A STUDY ON CUSTOMER PERCEPTION TOWARDS SERVICE QUALITY OF RETAIL PETROL OUTLETS

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ABSTRACT

KEYWORDS:

Service quality, customer loyalty, petroleum retail outlets, Service

Service quality has been underscored as a viable strategy for marketers endeavouring to differentiate their service offerings, establishing customer value and ultimately satisfying customer needs. Service quality has been used increasingly by service and goods marketers to leverage customer loyalty, confront the challenges of competition and ultimately deliver on organization profitability. The aim of this research study was therefore to determine the indicators of service quality to customers in petroleum retail outlets, to establish the extent to which service quality influences customer perception in petroleum retail outlets and finally to identify any other factor that may also play a role in influencing customer choice. A structured questionnaire was collected to gather the relevant data. A total of 300 respondents' were drawn from Coimbatore City. Statistical tools used for the study was descriptive analysis and chi-square test. The study concludes that most of the petrol station customers are able to identify relevant service quality indicators and that service quality indicators influences customer choice to a great extent. It further identifies several other factors that also influence customer preference in the choice of petroleum retail outlets.

INTRODUCTION

One of the major ways a service firm can differentiate itself is by delivering consistently higher service quality than its competitor. Many companies are finding that outstanding service quality can give them a potent competitive advantage that leads to superior sales and profit performance. Indeed, some organizations are increasingly focusing their energy in building customer loyalty through offering superior quality service than their competitors.

Service providers must always do their best to identify the expectations of their target customers with respect to each specific service. This does not mean that the service provider will be able to meet the customer's wishes. The service provider faces trade offs between customer satisfaction and company profitability. In the petroleum industry, evaluation of quality customer service can be analysed in the retail sector where there is a preponderance of interactions between customers and service providers. The endeavour therefore in this set up is to try and develop a system that ensures that customers receive consistently high quality service in every service encounter at the service station.

STATEMENT OF THE PROBLEM

Service Quality has become a key component of confronting the new challenges alongside other factors such as price, product innovations and diversification of products and services. All the oil companies represented by the various petrol service stations in the given area of the study market a core product that is largely homogenous and undifferentiated. Therefore, their pricing is similar with marginal variations wherever they exist. The core determinant for differentiation between the various petrol stations is the quality of service offered and the various different type of services on offer. The need to focus on Quality service as a differentiation tool by petroleum marketers has become imminent as a consequence of the cut-throat competition that has emerged among players. The endeavor to improve service quality has been seen through, increased station staff training, better profiling of service Station staff in terms of minimum academic and professional qualifications. Mystery shopper programmes, service station designs, branding and lighting to improve service delivery physical environment. The staff is also fitted with branded uniforms. Service diversification is also developed in the service stations with the view to enhancing the service quality for the station shopper. This

study therefore focused on the customer perception towards service quality in retail petrol outlets.

OBJECTIVES OF THE STUDY

- To analyze the various facilities and services provided in retail petrol outlets.

METHODOLOGY OF THE STUDY

After the detailed study, an attempt has been made to present comprehensive analysis of consumption of retail petrol outlets by the people for their vehicles. The data had been used to cover various aspects like consumption, consumer’s preference, customer’s perception and service quality regarding retail petrol outlets. Primary data has been collected through questionnaires filled by 300 respondents on the basis of random sampling. Secondary data has been sourced from various journals and websites.

LIMITATIONS OF THE STUDY

- Only selected retail petrol outlets in the Coimbatore city have been taken for the study and hence the result cannot be generalized to other areas.

**ANALYSIS AND INTERPRETATION
PERCENTAGE ANALYSIS**

Personal factors considered for the study is age, gender, educational qualification, monthly income, economy of mode of transport, distance covered every day, frequency of petrol filling, quantity of fuel consumed in a month, period of using

present vehicle, amount spent per month for petrol and service quality of the petrol outlet.

- 46.7 percent of the respondents are in the age group of 20-30 years, 66.3 percent of the respondents are male and 32.7 percent of the respondents have completed post graduation.
- 54.7 percent of the respondents are employed and 40 percent of the respondents are earning between Rs.10,001 – Rs.20,000.
- 63 percent of the respondents are using only two wheelers and 76.7 percent of the respondents reported that their mode of transport is economical.
- 35 percent of the respondents cover the distance of 21-30 kms every day and 31.3 percent of the respondents are spending Rs.1,001 – Rs.2,000 for petrol per month.
- 32.7 percent of the respondents are filling 11 – 20 liters of petrol in a month and 58.7 percent of the respondents are using their vehicles more than 3 years.
- 72.3 percent of the respondents reported that, the service quality of retail petrol outlet is superior.

DESCRIPTIVE STATISTICS

The following table gives descriptive statistics for the expectation and perception towards the service provided in retail petrol outlet considered for the study.

**SERVICES PROVIDED IN RETAIL PETROL OUTLETS
Table No : 4. Services Provided in Retail Petrol Outlets**

	N	Minimum	Maximum	Mean	Std. Deviation
24 hrs service	300	2.00	5.00	4.6867	.5682
Air pressure	300	1.00	5.00	4.1900	.7500
Wind shield cleaning	300	1.00	5.00	3.4567	.9152
Drinking water	300	1.00	5.00	3.8400	.9786
Refreshment facilities	300	1.00	5.00	3.3667	1.1119
Telephone facility	300	1.00	5.00	3.3033	1.1383
Mechanic facility	300	1.00	5.00	3.9033	1.0822

Source : Primary Data

With regard to the facilities/services provided in the outlets the respondents have given high mean score for 24 hours service facility (4.6867), followed by air pressure facility (4.1900), mechanic facility (3.9033), drinking water facility (3.8400), wind shield cleaning facility (3.4567), refreshment

facility (3.3667) and the least score has been found for telephone facility (3.3033).

Majority of the respondents have given high mean score for 24 hours service facility.

**SERVICES PROVIDED IN RETAIL PETROL OUTLETS
Table No : 4.2 Services Provided in Retail Petrol Outlets**

	N	Minimum	Maximum	Mean	Std. Deviation
ATM	300	2.00	5.00	4.5767	.6044
Convenience stores	300	1.00	5.00	3.5300	.9758
Eateries shops	300	1.00	5.00	3.1667	1.1791
Medical shops	300	1.00	5.00	3.5200	1.1836
Recharge shops	300	1.00	5.00	3.0133	1.1449

Source : Primary Data

It is inferred from the above table that, the high mean score has been found for ATM facility (4.5767), followed by convenience stores (3.5300), medical shop facility (3.5200),

eateries shop facility (3.1667). The least score has been found for recharge shop facility (3.0133).

Majority of the respondents have given high mean score for ATM facility.

INFRASTRUCTURE IN RETAIL PETROL OUTLETS

Table No : 4.3 Infrastructure in Retail Petrol Outlets

	N	Minimum	Maximum	Mean	Std. Deviation
Paved drive way	300	1.00	5.00	4.4267	.6679
Illumination	300	1.00	5.00	4.0467	.7526
Space/area	300	2.00	5.00	4.2833	.7649
No. of pumps	300	1.00	5.00	4.1067	.9264
Multiproduct dispenser	300	1.00	5.00	3.5300	1.0800

Source : Primary Data

It is observed from the above table that the high mean score has been found for paved drive way (4.4267), followed by space/area (4.2833), number of pumps (4.1067),

illumination (4.0467). The least score has been found for multiproduct dispenser (3.5300).

Majority of the respondents have given high mean score for paved drive way.

CHI-SQUARE TEST

AGE Vs SERVICE PROVIDED BY PETROL OUTLETS

Ho : There is no significant relationship between age of the respondents and services provided by petrol outlets.

Table No : 4.4 Age Vs Service Provided by Petrol Outlets

		Service Provided by Petrol Outlets						TOTAL	
		Company operated		Dealer operated		Both		No.	%
		No.	%	No.	%	No.	%		
Age	20-30 yrs	60	42.9	45	32.1	35	25.0	140	100.0
	31-40 yrs	26	27.4	25	26.3	44	46.3	95	100.0
	41-50 yrs	11	22.0	11	22.0	28	56.0	50	100.0
	Above 50 yrs	3	20.0	5	33.3	7	46.7	15	100.0
TOTAL		100	33.3	86	28.7	114	38.0	300	100.0

Chi-Square Test

	Value	df	Sig.
Chi-Square	21.727	6	**

It is clear from the above table that, the calculated value of chi-square is 21.727, which is greater than the table value of 16.812 at 1 percent level of significance. Since the calculated value is greater than the table value it is inferred that, there is

significant relationship between the age and service provided by petrol outlet. Hence, the hypothesis is rejected.

GENDER Vs SERVICE PROVIDED BY PETROL OUTLETS

Ho : There is no significant relationship between gender of the respondents and services provided by petrol outlets.

Table No : 4.5 Gender Vs Services provided by petrol outlets

		Services provided by petrol outlets						TOTAL	
		Company operated		Dealer operated		Both		No.	%
		No.	%	No.	%	No.	%		
Gender	Male	61	30.7	57	28.6	81	40.7	199	100.0
	Female	39	38.6	29	28.7	33	32.7	101	100.0
TOTAL		100	33.3	86	28.7	114	38.0	300	100.0

Chi-Square Test

	Value	df	Sig.
Chi-Square	2.411	2	Ns

It is clear from the above table that, the calculated value of chi-square is 2.411, which is less than the table value of 5.991 at 5 percent level of significance. Since the calculated value is less than the table value it is inferred that, there is no significant relationship between the gender and services

provided by petrol outlets. Hence, the hypothesis is accepted.

EDUCATIONAL QUALIFICATION Vs SERVICES PROVIDED

Ho : There is no significant relationship between educational qualification of the respondents and services provided by retail petrol outlet.

Table No : 4.6 Educational Qualification Vs Services Provided by Petrol Outlets

		Services provided by petrol outlets						TOTAL	
		Company operated		Dealer operated		Both		No.	%
		No.	%	No.	%	No.	%		
Education	Primary	1	33.3			2	66.7	3	100.0
	Secondary	7	30.4	10	43.5	6	26.1	23	100.0
	Higher secondary	11	37.9	4	13.8	14	48.3	29	100.0
	UG	39	41.1	30	31.6	26	27.4	95	100.0
	PG	30	30.6	24	24.5	44	44.9	98	100.0
	Professional	12	23.1	18	34.6	22	42.3	52	100.0
TOTAL		100	33.3	86	28.7	114	38.0	300	100.0

Chi-Square Test

	Value	df	Sig.
Chi-Square	16.797	10	Ns

It is clear from the above table that, the calculated value of chi-square is 16.797, which is less than the table value of 18.307 at 5 percent level of significance. Since the calculated value is less than the table value it is inferred that, there is no significant relationship between education and services

provided by petrol outlets. Hence, the hypothesis is accepted.

OCCUPATION Vs SERVICES PROVIDED

Ho : There is no significant relationship between occupation and services provided by outlets

Table No : 4.7 Occupation Vs Services Provided By Petrol Outlets

		Services provided by petrol outlets						TOTAL	
		Company operated		Dealer operated		Both		No.	%
		No.	%	No.	%	No.	%		
Occupation	Business	8	24.2	16	48.5	9	27.3	33	100.0
	Professional	8	25.0	13	40.6	11	34.4	32	100.0
	Employed	50	30.5	40	24.4	74	45.1	164	100.0
	Others	34	47.9	17	23.9	20	28.2	71	100.0
TOTAL		100	33.3	86	28.7	114	38.0	300	100.0

Chi-Square Test

	Value	df	Sig.
Chi-Square	19.216	6	**

It is clear from the above table, that the calculated value of chi-square is 19.216, which is greater than the table value of 16.812 at 1 percent level of significance. Since the calculated value is greater than the table value it is inferred that, there is significant relationship between occupation and services

provided by petrol outlets. Hence, the hypothesis is rejected.

MONTHLY INCOME Vs SERVICES PROVIDED BY PETROL OUTLETS

Ho : There is no significant relationship between monthly income of the respondents and services provided.

Table No : 4.8 Monthly Income Vs Services Provided By Outlets

		Services provided by petrol outlets						TOTAL	
		Company operated		Dealer operated		Both		No.	%
		No.	%	No.	%	No.	%		
Monthly Income	Below Rs.10000	25	48.1	10	19.2	17	32.7	52	100.0
	Rs.10001-20000	39	32.5	41	34.2	40	33.3	120	100.0
	Rs.20001-30000	30	34.1	22	25.0	36	40.9	88	100.0
	Above Rs.30000	6	15.0	13	32.5	21	52.5	40	100.0
TOTAL		100	33.3	86	28.7	114	38.0	300	100.0

Chi-Square Test

	Value	df	Sig.
Chi-Square	14.446	6	*

It is clear from the above table that, the calculated value of chi-square is 14.446, which is greater than the table value of 12.592 at 5 percent level of significance. Since the calculated value is greater than the table value it is inferred that, there is significant relationship between monthly income and services provided by petrol outlets. Hence, the hypothesis is rejected.

MODE OF TRANSPORT Vs SERVICES PROVIDED BY PETROL OUTLETS

Ho : There is no significant relationship between mode of transport of the respondents and services provided by petrol outlets.

Table No : 4.9 Mode of Transport of the Respondents Vs Services Provided By Outlets

		Services provided by petrol outlets						TOTAL	
		Company operated		Dealer operated		Both		No.	%
		No.	%	No.	%	No.	%		
Mode of transport	Two wheeler	65	34.4	55	29.1	69	36.5	189	100.0
	Four wheeler	15	31.3	15	31.3	18	37.5	48	100.0
	Both	20	31.7	16	25.4	27	42.9	63	100.0
TOTAL		100	33.3	86	28.7	114	38.0	300	100.0

Chi-Square Test

	Value	df	Sig.
Chi-Square	1.038	4	Ns

It is clear from the above table that, the calculated value of chi-square is 1.038, which is less than the table value of 9.488 at 5 percent level of significance. Since the calculated value is less than the table value it is inferred that, there is no significant relationship between mode of transport and services provided by petrol outlets. Hence, the hypothesis is accepted.

SUGGESTIONS

- To enhance service quality, petroleum retail marketers and practitioners should continuously enhance the commitments of their staff on service quality through continuously training, and reinforcing on good service quality practices.
- Simple procedure for testing the quality and quantity shall be displayed at petrol bunks. Effort shall be made to appoint separate attenders for air pressure checks at all fuel stations and wind shield cleaning is desired at all petrol bunks.

CONCLUSION

The analysis stated that, the primary consideration of the consumers is quality and quantity of the fuel. Two wheelers primarily consider the mileage and smooth running of their vehicle. Four wheelers tend to consider the maintenance

than quality and quantity. Other facilities, such as, air pressure checking, wind shield cleaning, mechanic facility and refreshment facility is also the prime need of consumers. The new concepts such as non-fuel outlets at fuel stations are becoming popular among the people of Coimbatore City. Thus the benefits shall be familiarized by promoting innovative infrastructure such as self service petrol station. Companies should be able to manage their marketing strategies better to keep up their customers alive during price hikes which are turning into a major problem these days.

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