Research Paper

Relationships of Service Quality, Customer Satisfaction and Behavioral Intention: In case of retail brand store of Mongolia

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Abstract
Although supermarkets, hypermarkets, specialty shops, bazaars, and shopping malls continue to dominate the Mongolian retail industry, international brand convenience stores (CU, GS25) have just entered the country. Convenience businesses must thus devise practical strategies for retaining existing patrons while luring new ones. The goal of this research is to determine how to provide this new competitor a durable competitive edge. This study uses the Dabholkar, Thorpe, and Rentz (1996) Retail Service Quality Scale (RSQS) model and the case of CU to investigate the relationship between service quality, consumer satisfaction, and behavioral intention as well as the mediating effect of customer satisfaction among service quality and behavioral intention. A survey will be carried out to get information from 324 CU customers in Ulaanbaatar, and SPSS 21 statistical software will be utilized to analyze and draw conclusions.
Key words: Service Quality, Customer Satisfaction, Behavioral Intention

I.   Introduction

The retail and consumer markets in Mongolia are crucial to the country's economy, and they are evolving toward the same worldwide retail standards as super and hypermarkets and sizable shopping centers. The retail market in Mongolia has seen tremendous development in recent years, even if it is still insufficient in comparison to the whole Asian retail sector. In order to compete in the market, businesses must differentiate their service quality from that of rivals by offering superior customer service and satisfaction.The retail market in Mongolia is modest and offers a limited range of products . The nation has an industrial basis and an open trade policy. In Mongolia, there are several supermarket and hypermarket chains that compete with one another, including Nomin, Orgil, and E-mart & Maks. The market in Mongolia is getting more dynamic as a result. The Nomin grocery chain now has 60 locations and leads the retail business in Mongolia. This indicates that for new players, Mongolia has the highest barrier to entry into the retail business.

In the 21st century, great service quality has become essential to effectively operating a firm in the retail market since current business competitiveness is more closely tied to the external environment, which is always changing. because a significant factor in determining service quality is client happiness.Customer happiness and service quality are crucial for boosting a company's overall success, according to research. Retailers and experts have acknowledged the value of providing customers with a highly uniform service (Orel, 2014; Ivanauskiene, 2014). The term "quality" refers to an assessment of how well a service meets the expectations of the client. Customers will be happy if the service quality meets their expectations. Customer loyalty is based on their emotional state of contentment, which leads to repeat purchases and favorable word-of-mouth promotion for friends and family (Schneider, 2004).In comparison to other merchants, a convenience store operates for a longer period of time—24 hours a day—and offers commonplace items including periodicals, newspapers, toiletries, cigarettes, soft drinks, snack foods, alcohol, photocopiers, candy, and groceries. The multinational market is a success for the chain shops like 7-Eleven and CU. Circle K and CU have already made inroads into the Mongolian retail scene today. Consumer service in convenience chain businesses must be highly standardized, and the management team must continuously assess and maintain service quality. If one chain store's quality declines, the scenario might have a serious negative impact on the brand.Consumers' behavioral intentions describe the likelihood that they will engage in a certain activity

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connected to buying or not buying (paying attention, shopping at a store, using a coupon etc.) Purchase intent and word-of-mouth are the behavioral intention themes that have received the most research (Theodorakisn & Alexandris,2008). According to (Chen, 2010), customer happiness is a crucial determinant of future purchase intention. Customer happiness, therefore, is an important aspect to turn consumers into devoted customers and has a positive association with the desire to repurchase.Furthermore, according to Shin and Thai (2017), customers who are very satisfied are more likely to spread good word of mouth to their friends and family, which boosts sales and marketing effectiveness. In general, recent research has supported the claim that all behavioral intentions are favorably influenced by customer satisfaction. Additionally, previous studies have shown that behavioral intentions are influenced by service quality, and Taylor and Croning (1992) discovered a positive correlation between purchase intention and service quality. Using 400 randomly chosen respondents, Li (2011) examined the effects of service quality on word-of-mouth, repurchase intention, and brand image. The findings indicated a favorable correlation between service quality and word-of-mouth.According to earlier studies, customer happiness, service quality, and consumer behavior intention are all inextricably linked to one another and are essential components of a viable firm. However, despite the fact that it is not common in Mongolia, there are many different forms of study on the service quality and customer satisfaction of convenience shops worldwide. This research will bridge this knowledge gap by examining the effects of service quality and customer satisfaction on behavioral intention in the context of the CU convenience store chain in Mongolia.

II. Literature Review

Service Quality

If service performance cannot satisfy customer perception, then the customer will negatively rate the service. Quality refers to the consumer's evaluation or perception of the service. According to Greenfield (2014), the key to successfully competing and surviving in the market of the quality age is service quality. For instance, according to Ketchen (2008), service quality is the most important competitive advantage and the lifeblood of a firm.

Customer Satisfaction

The customer satisfaction is crucial since it helps a company stand out from its rivals and is one of the most significant business variables (Zopounidis, 2012). Keller (2008) said that the discrepancy between perception and product performance is what causes satisfaction, which is a psychological state of pleasure and disappointment.

Behavioral Intention

Understandings of price sensitivity, loyalty behavior, word-of-mouth, and buying intention are all included in the behavioral intention (Kim,2017). The intention may generally be divided into positive and negative categories. The phrase "favorable intention" refers to spreading positive rumors about a company's goods and services, as well as remaining loyal or shelling out more money. Contrarily, negative intention involves spreading bad rumors, leaving the service, and spending less money.

Relationship between Service Quality and Customer satisfaction

Munusamy (2010) examined the impact of service quality on customer satisfaction, and the findings revealed a favorable correlation between the variables. Additionally, Naik (2010) examined how quality affected satisfaction and found the same results. This indicates that quality has a direct, positive impact on satisfaction. High service quality, according to Ravichandran (2010), contributes to retaining and boosting customer satisfaction in the banking industry.

Relationship between Customer Satisfaction and Behavioral Intention

Customers will be aware of the value in the product or service at a certain time, such as when they want to make a purchase decision, or when they feel use of the service. Its means, the higher the customer feels satisfied with the service that is perceived, it will lead to behavioral intentions that benefit the bank. Conversely, the lower the satisfaction that customers feel from a service will lead to behavioral intentions that harm the bank (Brady and Cronin Jr, 2001)
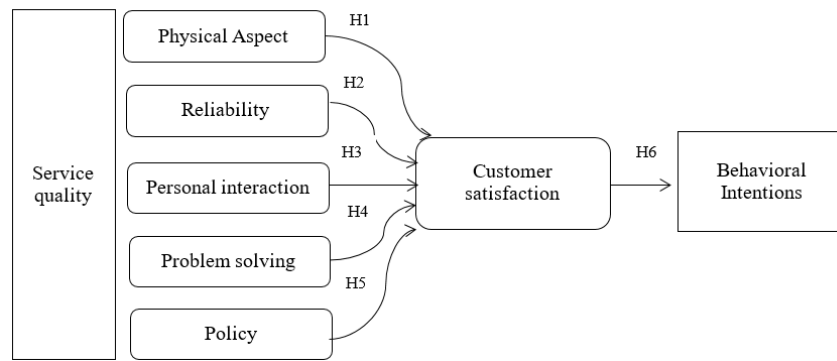
Figure 1. Research model

III.   Data Analysis

The study used the social media channel to accomplish its aim of gathering primary data from 320 respondents. According to several reviews of the literature, data with large sampling rates have high internal consistency or reliability, and prior studies have shown that a comfortable sample size should be more than 300 participants. In Mongolia, social media sites like Facebook and Twitter are the most widely utilized. Using social advertisements, a survey was sent to 326 people in the capital city of Ulaanbaatar who are between the ages of 22 and 45.

Table 1. Measurement Result of Relevant Variables

1.Service Quality	Mean	Standard Deviation
Physical Aspect Questions		
PA1	4.24	0.881
PA2	4.13	0.911
PA3	4.05	0.881
Reliability Questions		
RE1	3.83	1.005
RE2	3.67	0.960
Personal Integration Questions		
PI1	4.11	0.951
PI2	3.78	0.967
PI3	3.16	1.081
Problem Solving Questions		
PS1	3.23	1.112
PS2	3.92	1.045
Policy Questions		
P1	3.54	0.58
P2	4.21	0.78
P3	3.8	1.064
2.Customer Satisfaction	**Mean**	**Standard Deviation**
CS1	4.22	0.783
CS2	4.56	0.59
CS3	3.88	1.082
3. Behavioral Intention	**Mean**	**Standard Deviation**
BI1	3.14	1.267
BI2	4.01	0.995
Bi3	3.59	1.237

Table 2. Factor Analysis and Reliability Test

Research Constructs	Research Items	Factor Loading	Eigen-value	Cumulative Explained	Item-to-total correlation	Cronbach's Alpha (α)
SERVICE QUALITY	Physical Aspect		1.826	66.70%		0.711
	PA1	0.842			0.567	
	PA2	0.817			0.553	
	PA3	0.766			0.498	
	Reliability		1.78	88.02%		0.786
	RE1	0.912			0.668	
	RE2	0.912			0.655	

	Personal integration		2.276	79.76%		0.86
	PI1	0.897			0.644	
	PI2	0.881			0.757	
	PI3	0.846			0.719	
	Problem solving		1.654	84.98%		0.81
	PS1	0.911			0.388	
	PS2	0.917			0.536	
	Policy		1.988	69.88%		0.714
	P1	0.840			0.586	
	P2	0.827			0.527	
	P3	0.779			0.594	
Customer Satisfaction			2.269	78.32%		0.820
	CS1	0.926			0.731	
	CS2	0.915			0.743	
	CS3	0.871			0.549	
Behavioral intention			2.18	70.42%		0.758
	BI1	0.887			0.686	
	BI2	0.849			0.551	
	BI3	0.787			0.684	

Table 3. Structural Equation Model SEM

Relations	Standardized Coefficients	C. R.	P value
Variables			
H1- Customer satisfaction and Physical Aspect	0.496	7.215	0.005
H2- Customer Satisfaction and Reliability	0.278	4.784	0.005
H3- Customer Satisfaction and Personal Integration	0.265	2.128	0.035
H4- Customer Satisfaction and Problem solving	0.234	2.367	0.005
H5- Customer Satisfaction and Policy	0.452	9.887	0.002
H6-Behavioral Intention and Customer Satisfaction	0.378	8.657	***
Chi-Square (p-value)	634.784(.000)		
Degree of freedom (d. f)	278		
Chi-Square/ d. f.	1.882		
GFI	0.788		
AGFI	0.832		
RMR	0.021		

Through the result of inspection theoretical model SEM, the analysis the theoretical models showed that GFI= 0.788 (nearly 0.9); AGFI= 0.832 (nearly 0.9); RMR= 0.021(< 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.

H1: "Customer satisfaction has positive relationship with Physical Aspect" is accepted at the level of significance $p = 0.005$ (Standardized Coefficients = 0.496, CR = 7.215).

H2: "Customer satisfaction has positive relationship with Reliability" is accepted at the level of significance $p = 0.005$ (Standardized Coefficients = 0.278, CR = 4.784).

H3: "Customer satisfaction has positive relationship with Personal Integration" is accepted at the level of significance $p = 0.035$ (Standardized Coefficients = 0.265, CR =2.128).

H4: "Customer satisfaction has positive relationship problem solving" is accepted at the level of significance $p = 0.005$ (Standardized Coefficients = 0.234, CR =2.367).

H5: "Customer satisfaction has positive relationship with Policy" is accepted at the level of significance $p = 0.002$ (Standardized Coefficients = 0.452, CR = 9.887). That shows Customer satisfaction has significant with policy. Policy has been formed and developed based on customer satisfaction

H6: "Behavioral intention has positive relationship with Customer Satisfaction" is accepted at the level of significance $p = 0.000$ (Standardized Coefficients = 0.378, CR = 8.657).

IV. Conclusion

The corporate environment is more complicated than ever. Customer experience in particular is growing quickly and persistently in the service industry. In order to satisfy client demand, corporate companies must raise service quality. The goal of the study was to identify the connections between customer satisfaction, service quality, and purchase intent at CU retail stores. According to the research analysis, customer satisfaction is positively correlated with RSQS categories including physical aspects, reliability, interpersonal interactions, and policy. It implies that customers in CU chain stores want a higher value on customer care.

It means service quality was connected with generally .08 points purchase intention scores as mediated by customer satisfaction. Reviews of the literature indicate that our proposed hypothesis was supported by the results of the regression analysis, indicating that there is a strong correlation between all of the variables. The final factor in customer satisfaction is service quality, which also has direct and indirect effects on consumers' intentions to make purchases. The findings of the study supported the notion that high service quality is necessary for effective competition in the services industry.

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