Factors affecting customer satisfaction at Bach Hoa Xanh retail chain in Vietnam

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Abstract

One of the aspects that most influence the consumer behavior of customers towards businesses is satisfaction. Currently in Vietnam, research topics on customer satisfaction for supermarkets or analysis of service quality at large trade centers. The new works have a general approach to the factors affecting customer satisfaction about the service quality of Bach Hoa Xanh stores - a Vietnamese retail enterprise with great potential for development. Therefore, the authors researched the factors affecting the satisfaction of Bach Hoa Xanh enterprises. On the basis of analysis, the results show that human factors-Bach Hoa Xanh employees, trust, store policies and prices affect satisfaction at Bach Hoa Xanh stores.

Keywords: Customer satisfaction, retail chain, Bach Hoa Xanh, Vietnam

1. Introduction

In the current market economy, with the innovation of science, technology and modern techniques in developed and developing countries, large and small commercial and service centers appear more and more and develop. Non-stop to meet the essential shopping needs in people's daily lives. It is a place where people come to exchange and shop in a modern service environment. All supermarkets and department stores of retail businesses want to create a good relationship with customers, aiming to find more customers.

In 2020, Vietnam's economy has the second fastest growth rate in Southeast Asia with a GDP forecast of 6.5% in 5 years and the advantage of large population size (about 98 million people), in which the young population structure (from 18 to 50 years old) accounts for 60% with the same preference for consumption (McKinsey, 2020). At the same time, joining the World Trade Organization (WTO) in 2007 and the Vietnam - EU Free Trade Agreement (EVFTA) taking effect, Vietnam has the potential to become a potential market for foreign investors. With domestic and foreign retailers. Names such as Lotte, Big C, VinMart, Aeon, Coopmart, Circle K, Bach Hoa Xanh, and Family Mart. Diversifying in various retail types such as supermarkets, shopping malls, and department stores are in the race. Market share and fierce competition. In which, Bach Hoa Xanh - a mini supermarket chain of Vietnam Mobile World Joint Stock Company (MWG), although born later than its competitors, has an impressive growth rate (General Statistics Office 2021).

The service response will increase the consumer market, and paying attention to customer satisfaction in terms of sales service quality is very important. Supermarkets and department stores need to assess customer satisfaction after purchasing their goods. Customers shop emotionally when they have a need with the desire to find a product that is satisfactory and reasonable with their needs and costs. Bach Hoa Xanh is a mini supermarket chain specializing in selling fresh food and necessities of Mobile World Joint Stock Company (TGDD). Although newly formed from the end of 2015 until now, in the past 5 years Bach Hoa Xanh has had hundreds of stores in Ho Chi Minh City with thousands of customers shopping every day. With the desire to conquer the retail market of necessities of Bach Hoa Xanh Joint Stock Company, it is meaningful to study and assess the level of customer satisfaction with the quality of sales service of the store system. Extremely important related to the longevity of the Company, contributing to providing more research and investigation on the service quality of the companies providing necessities in the Vietnamese market today. In this article, we will conduct a study on the factors to assess customer satisfaction with service quality at Bach Hoa Xanh chain stores in Ho Chi Minh City with the desire to help retailers.
Management is the top of the business, pointing out what are the strengths and weaknesses in order to improve and contribute to the development of the business in the future.

2. Rationale

Satisfaction is the customer's response to the difference between wants and perceived levels after using a product or service (Tse & Wilton, 1988). It is a subjective comparison between a customer's level of desire and the actual fulfillment of that desire for a product or service (Fehr & Russel, 1991). It can be seen that the definition of Firth and Russel has the same meaning as that of Tse & Wilton (1988), however, he emphasizes on the subjective comparison of customers when considering satisfaction. Oliver (1997) states that “satisfaction is the consumer's response to the fulfillment of wants. In the long run, satisfaction leads to customer loyalty.” Thus, the author Oliver has shown the definition of consumer satisfaction and mentioned the impact of satisfaction when considering this will become a factor creating customer loyalty. Customer satisfaction is a measure of the consumer's sensory state from an evaluation, comparing the results obtained after using a product or service with desired expectations (Kotler, 2000). This definition is quite complete and detailed about satisfaction. From the above concept, it is found that the satisfaction of a consumer is also influenced by the attitude and behavior of people around. Therefore, businesses that create satisfaction for one customer indirectly also create satisfaction for many other customers. Furthermore, customer satisfaction leads to longer customer retention (Hubert, 2001).

Services are behaviors, ways and processes of performing an activity to create use value for customers to satisfy customers' needs and expectations (Zeithaml & Britner, 2000). Services are activities or benefits that businesses can provide to customers to establish, strengthen, and expand long-term relationships and cooperation with customers (Kotler & Armstrong, 2004). A service is an activity or benefit offered for exchange, which is essentially intangible and does not result in the transfer of ownership. Service performance may or may not be tied to physical products. Services are activities that can be separate but must be intangible to satisfy the needs and expectations of customers, and services do not necessarily use tangible products but in all cases do not take place. Owning anything (Kotler & Keller, 2016). As we know, service is a special good, it has its own outstanding features that tangible goods do not have. The service has four outstanding characteristics that are. Services have non-existent properties: this is the basic feature of services. With this feature, the service is intangible, does not exist in the form of an object. However, products and services are still heavily materialistic. The non-existence of services makes it more difficult to manage production and service provision, more difficult to market the service, and more difficult to identify the service. Services are heterogeneous: products and services are not standardized. First of all, due to provisioning activities, providers cannot provide the same services during different working hours. Moreover, consumers are the ones who decide service quality based on their feelings at different times, the perception is also different, different customers have different perceptions. Products and services are valuable when satisfying 3 distinct needs of customers. Therefore, in service delivery, personalization is often carried out, breaking away from regulations, which further increases the level of difference. The service is invisible in the output, so it cannot be measured and standardized. Services have inseparable characteristics: products and services are associated with service provision activities. Products and services can be systematically heterogeneous, all from the structure of the basic service developed. The production process is associated with service consumption. Consumers also participate in production activities that provide services for themselves. Therefore, the production of services must be cautious, there must be customers, there is a need for the new production process. Therefore, in service provision, it is often done to personalize, break away from regulations, which increases the number of customers. Add different levels. The service is invisible in the output, so it cannot be measured and standardized. Services have inseparable characteristics: products and services are associated with service provision activities. Products and services can be systematically heterogeneous, all from the structure of the basic service developed. The production process is associated with service consumption. Consumers also participate in production activities that provide services for themselves. Therefore, the production of services must be cautious, there must be customers, there is a need for the new production process. Service quality is what customers perceive. Due to the awareness of the diversity of each individual's needs, each customer has a different perception of service quality. Service quality is the outcome created by the comparison between their expectations and perceptions after using the service (Lewis & Booms, 1983).

Based on this expectation, service quality is considered satisfactory if after using the customer, the expectation is higher or equal to the actual and vice versa (Lewis & Booms, 1983). Thus, the authors believe that service quality is based on the assessment of service users based on their own criteria and perceptions. Service quality shows the superiority of the business, especially reaching the level of satisfying all needs and satisfying customers. It is considered as “the most powerful competitive weapon” (Berry & Rondinelli, 1998) and the “vital element of a business organization” (Clow et al., 1997). At the same time, “service quality has become a unique and important aspect in the process of offering products and services” (Wal et al., 2002). Service quality helps to create the necessary competitive advantage because it is an effective differentiator and is seen as a worldwide trend when marketers point out that products come with quality. Only good quality of service can ensure sustained competitive advantage (Leisen & Vance, 2001). Service quality is the difference between consumers' expectations and perceptions of services and is an important factor that businesses need to pay attention to in order to form and maintain a competitive advantage (Parasuraman et al., 1988).

Service quality and satisfaction, although two different concepts, are closely related in service research (Parasuraman et al. 1988). Previous studies have shown that service quality is the cause of satisfaction (Cronin and Taylor, 1992; Spreng and Taylor, 1996). The reason is that service quality is related to service delivery, while satisfaction can only be assessed after using the service.
Customer satisfaction as an outcome, service quality as a cause, satisfaction is predictive and expected; Service quality is an ideal standard. Customer satisfaction is a general concept, expressing their satisfaction when consuming a service. Meanwhile, service quality focuses only on specific components of the service (Zeithaml & Bitner, 2000). Although there is a relationship between service quality and satisfaction, there are few studies focusing on testing the explanatory level of service quality components for satisfaction, especially for each service provider. Specific service industries (Lassar et al., 2000). Cronin and Taylor tested this relationship and concluded that perceived service quality leads to customer satisfaction. Studies have concluded that service quality is an antecedent of satisfaction (Cronin and Taylor, 1992; Spereng, 1996) and a major factor affecting satisfaction (Ruyter, Bloemer, 1997).

In short, service quality is a factor that greatly affects customer satisfaction. If a service provider provides customers with quality products that satisfy their needs, that carrier has initially made customers happy. Therefore, in order to improve customer satisfaction, service providers must improve service quality.

In other words, service quality and customer satisfaction are closely related, in which service quality is the first thing that determines customer satisfaction. The causal relationship between these two factors is a key issue in most customer satisfaction studies. If the quality is improved but not based on the customer's needs, the customer will never be satisfied with that service. Therefore, when using the service, if customers perceive the service as high quality, they will be satisfied with that service. Conversely, if the customer perceives the service to be of low quality, dissatisfaction will appear.

3. Research method
The main methods used in the thesis include: document analysis method such as: qualitative method to find out the basic ideological content of the document, find out the problems related to the topic. Research and identify problems to be solved. Documents, articles, interviews or scientific journals related to the issue of "Factors affecting customer satisfaction with Bach Hoa Xanh in Vietnam", as secondary data, should be a lot of related documents, so we need to sift through to get the most accurate document for the problem. And the quantitative method "finds a way to group signs and find out the cause and effect in the groups of objects", based on the literature and research sources of the qualitative method so that we can highlight the factors that affect them. Affect customer satisfaction with the business.

The method of collecting secondary data, this method is based on available sources, so when applying this method, it requires specificity, meaning it must be clear, consistent with the research objectives, accurate. Of data and current. And the method of comparison and contrast to find the most accurate documents on the research problem as well as reliable sources of information from the internet. And incorporate more methods using primary data, such as using a survey. Or now, when the internet is very developed, we can use the online survey method, to collect the most information quickly and save money on the issue of “Factors affecting customer satisfaction. With Bach Hoa Xanh in Vietnam”.

4. Research results and discussion
Thus, there are four factors that have an impact on the customer's satisfaction with service quality, including: staff's service capacity, trustworthiness, store policy and perceived price. The tangible factor is not statistically significant in this study. For 4 independent factors that affect the satisfaction dependent factor, the service capacity of the staff has the strongest influence, followed by store policy, trust and finally price feel. The results of the regression analysis show that the independent variables in the research model explain 51% of the variation of the dependent variable. Demographic characteristics such as gender, age, education, occupation and income had no impact on customer satisfaction in this study. We have some key recommendations for Bach Hoa Xanh store to improve service quality to enhance customer satisfaction as follows:

About the service capacity of the staff
Firstly, about responding to customer requests quickly and in a timely manner: re-arranging appropriate working hours, increasing service staff during times of crowded customers to ensure that customers are served promptly by staff and fast. Secondly, about the service attitude of the staff, communication skills with customers: focus on recruiting and training staff thoroughly, methodically in customer service attitude, training skills Appropriate communication skills, must be able to convey the work content and business strategy of the enterprise to employees in order to improve awareness in the working process.

About trust
Firstly, about ensuring the quality of goods and products: making promises about brand trust, commitment and doing exactly what was promised about the quality of goods, must be guaranteed and guaranteed. Gain reputation in the market. Secondly, in terms of trust issues in goods purchase and sale transactions: more investment in machinery and equipment such as cash registers, receipt printers or barcode scanners, should be regularly checked for accuracy. Accurately and promptly replace when equipment is damaged or faulty to avoid errors, ensure accuracy and security when calculating money during transactions with customers.

About store policy
Firstly, in terms of operating hours, the store system needs to close later on weekends, Saturdays and Sundays until 10am or 10:30am. Thus, customers, especially young consumers, can be more comfortable in shopping at the time after going to work or going out. This also helps Bach Hoa Xanh increase the amount of goods sold during the day. Secondly, on the promotion and discount policy at the store, strengthen the implementation of promotion programs for the store, diversify promotions in many forms such as customer incentive cards, plus points. Buy goods, birthday gifts or gifts at many stages and make a difference

About the perceived price
Firstly, it is necessary to maintain a stable price for items at Bach Hoa Xanh. It is necessary to monitor promotions and price policies at other store systems to propose suppliers to
reduce product prices. For the business on par with other stores. Second, reduce prices for consumers for customers who buy in large, stable quantities and minimize costs incurred at intermediaries and optimize the logistics system to reduce other costs.

5. Conclusion and recommendation
The purpose of this study is to understand and analyze the influencing factors as well as the impact of service quality on customer satisfaction, in the context that customers are using services and shopping at stores. Bach Hoa Xanh, and find out how the service quality affects customers. With the results presented above, it will partly help leaders as well as managers to have a better view of customer satisfaction and limitations still remaining in the development system. Developed to have better solutions for Bach Hoa Xanh to better maintain and develop, serve well as well as meet the increasing demands of consumers.

Bach Hoa Xanh needs appropriate pricing policies to improve customer satisfaction, implement weekly and monthly promotions. Employees are trained to improve service quality for customers, to compete with competitors in the same industry. Supermarkets implement programs such as shopping manuals, equal prices, and accept discounts from suppliers for the system to run programs to increase sales for the supermarket and as well as businesses providing products.

Especially with the Covid-19 pandemic situation, Bach Hoa Xanh needs to be very careful in ensuring the safety of store employees and customers. At the same time, implement inventory plans to minimize errors in the working stages of employees, such as price errors, product errors when employees bill customers. This will make customers feel secure and trust the business more. The planning role of the business is also a strategic role in the current situation, Bach Hoa Xanh always makes unnecessary mistakes when giving strategies to solve the communication crisis in the current situation.

Recommendations to improve customer satisfaction at Bach Hoa Xanh

- **Listen to customer feedback**
  Take responsibility for the facts that customers reflect, and find ways to handle them. When a customer checks an invoice there is a question, it is a situation that can worsen the customer relationship, so it is necessary to find a satisfactory solution for the customer, so that they can maintain their faith in the customer enterprise.

- **Action selection**
  Focus on observing, paying attention and placing the source of goods in a number of items that have an impact on customers to achieve a higher, simpler, faster and more valuable service. It is necessary to find the root cause, not just look at the surface.

- **Concentrating resources on important issues**
  Use the same set of metrics to measure performance across different categories. Some of these indicators need to be based on the customer's stance to solve and provide solutions. Need to be more flexible in handling customer requests.

- **Effective balance**
  Reasonable management between departments, help related staff to solve customer relationships, need to support systematized.

- **Pursuit of efficiency**
  Follow up to the end all arising, find out your arising effects in the process of working with customers. This should be based on a judgment of trends to make adjustments, not a single record of feedback from customer satisfaction surveys.

- **System cooperation**
  Bach Hoa Xanh systems need a supportive combination of facilities, employees, goods and services for the entire system to operate more smoothly and efficiently.

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