

**THE INFLUENCE OF SERVICE QUALITY ON CONSUMER
PREFERENCE IN PETROLEUM RETAILING IN THIKA DISTRICT**

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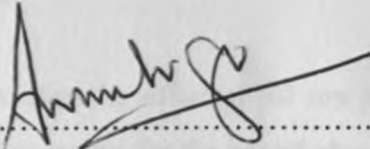
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**A Management Research Project Submitted In Partial Fulfilment Of The
Requirements For The Degree Of Master Of Business Administration Of The
University Of Nairobi**

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DECLARATION

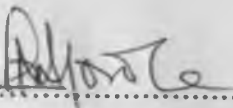
This research project is my original work and has not been submitted for examination in any other University.

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May God Bless you all.

DEDICATION

This project is dedicated to my parents, John Wambugu and Rebecca Wachera for their untiring support, commitment and sacrifice during my formative years in school without which I could not have come this far.

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ABSTRACT

Service quality has been underscored as a viable strategy for marketers endeavouring to differentiate their service offerings, establishing customer value and ultimately satisfying consumer 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 consumers in petroleum retail outlets, to establish the extent to which service quality influences consumer preference in petroleum retail outlets and finally to identify any other factor that may also play a role in influencing consumer choice.

The study uses a conceptual model drawn using the service quality dimension attributes of Reliability, Responsiveness, Assurance, Empathy and Tangibles. The nature of the research done was a descriptive research. A structured questionnaire was used to collect the relevant data. The response from the respondents was 100% and the data collected was used to draw meaningful conclusions and recommendations. The area of study had a total population of twenty seven (27) retail petrol stations from both the multinational and the independent dealer type. A total of 170 respondents' were drawn from the sampled stations which composed of 12 multinational stations and 5 independent dealer stations in the old Thika District.

The study concludes that most of the petrol station consumers are able to identify relevant service quality indicators and that service quality indicators influences consumer choice to a great extent. It further identifies several other factors that also influence consumer preference in the choice of petroleum retail outlets. The study recommends similar research in major cities such as Nairobi and Mombasa and also a study relating service quality to actual retail outlets profitability.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

The most marked change in the structure of developed economies in the 20th century, particularly in the latter half has been the transformation from an emphasis on the manufacture of physical goods to the production of intangible services. This radical shift is for example witnessed in the US, where workers employed in the service sector rose from a mere 30% to an estimated 80% by 1995(Collins et al.,1996).

The deregulation of major manufacturing and service industries globally such as communication, transportation, energy and banking has led to intense competition in these sectors (Kotler , 2004). It has been observed that in order to compete more effectively in the market, the solution to price competition is to develop a differentiated offer, delivery and image. The offer can include innovative features that set the company apart from competition (Kotler et al., 1996).

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.

The delivery of high service quality is one of the most difficult task that any service organization faces today. The issue of service quality is one of tantamount importance to all service providers. In a recent study, more than 40% of all customers surveyed listed poor service as the number one reason for switching to competition, while only 8% listed price as a reason for switching (Donnelly Jr. et al., 1992).

1.1.2 The concept of service quality

Service quality issues have been of academic and practitioner interest and the marketer in particular for more than two decades. This results from the increasing importance of the services sector in both developed and developing economies to embrace both public and private organizations (Dale, 2006). Pujol also observes that Service Quality has recently become a major concern for companies (Pujol, 2009).

Service quality is defined as customer's perception of how well a service meets or exceeds their expectations. Service quality is often judged by customers and not by the organization itself. This distinction is always critical because it forces service marketers to examine the quality from the customers viewpoint and thus determine what customers expect and then develop service products that meet or exceeds those expectations (Pride et al., 1997).

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. However, what is important is that the service provider clearly defines and communicates the service level that will be provided, so that employees know what they must deliver and the attracted customers what they will get.

The greatest obstacles for customers in evaluating service quality is the intangible nature of the service. The evaluation of a product is much easier because all goods possess tangible attributes such as colour and size which can be evaluated prior to the purchase of the product. Services have several experience and credence qualities. Experience qualities include, qualities such as taste, satisfaction and pleasure which are attributes that can be assessed only during consumption of a service. Credence qualities are attributes that customers may be unable to evaluate even after the purchase and consumption of the service. Example of a credence quality is automobile repair or service.

Most customers lack the knowledge or the skills to evaluate the quality of these type of services. Consequently, they place a great deal of faith in the integrity and competence of the service provider. Despite the difficulties in evaluating quality, service quality may be the only way customers can choose one service provider over another (Pride et al., 1997).

Michael and Thomas (2007) concurs that quality standards are ultimately defined by the customer. Actual performance by the service provider or provider perception of quality are of little relevance compared to the customers perception and hence good service results when the service provider meets or exceeds the customer expectations. It is observed that service marketers should carefully position themselves so that customers expect a little less than the firm can actually deliver. The strategy should be to under promise but to over deliver.

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.

1.1.3 Petroleum Industry in Kenya

The oil industry in Kenya has come a long way. It has been established that the first venture by oil companies in Kenya started at the turn of the 20th century with operations in Mombasa which later spread to the rest of East Africa (Isaboke ,2000). During its early period, the oil industry was governed by regulations stipulated in the petroleum Ordinance-1911 and in the Petroleum Act 1948. This act of parliament made provisions for restricting and regulating the importation, transportation and storage of petroleum products (CAP, 116.Laws of Kenya).

Between 1963 and 1971, there was a partial deregulation of the oil industry. However, the Government of Kenya imposed a full price control regime on all petroleum products in 1971 which lasted up to 1994 when the industry was fully liberalized.

The liberalization of the industry in 1994 was done as part of the structural adjustment programme recommended to Kenya by the International Monetary Fund(IMF) and the World Bank, with the main objective of creating a more competitive market environment (Wairachu,2000).The oil industry has witnessed several transformational developments since its full deregulation in 1994.

Firstly, there was a notable increase in the market in the number of oil industry players. New independent players such as Jovenna, Engen, Petro Kenya, Fuelex and Galana entered the market to join existing multinational players like Total, Shell, Caltex Agip and Mobil. Multinationals enjoyed 85% and independents 15% market share by 994(Chepkwony, 2001).

Secondly, there was a proliferation of independent dealer stations that were constructed with little regard to conformity to safety standards. Major effort was exerted by both multinationals and local oil marketers during this period to try and differentiate themselves from the independent players in the area of product quality and product innovations especially in the area of product quality controls for both fuel and liquefied petroleum gas (LPG). This was as a result of increase in cases of product adulteration in the market.

These developments saw a rise in price wars and price undercutting in the petroleum market. There was heightened level of cut-throat competition based on pricing. This culminated in the partial exit of Multinationals from western Kenya in the retail sector especially Shell/BP and Caltex (Mbugua, 2005).

Diversification as a competitive strategy was also widely adopted by petroleum marketers as a way of differentiation and as a vehicle for improving retail profitability by the oil marketers. This has largely been witnessed in the service stations whereby convenience shops, tyre service centres, car wash bays, service bays and food courts have been added on as key features of retail outlets. It has been observed that Total came up with the Bonjour shop, Shell had the Shell Select, Caltex had the Star shop and Mobil had On The Run (Apungu2003).

Fourthly, the petroleum industry also experienced changes due to global strategic realignment of Multinational companies that also have operations in Kenya. In 2001, Agip exited from Kenya and its interest was taken up by Shell/BP. Elf merged with Total in Kenya in 1999 after global buyout (Apungu 2003). This process has been accelerated in recent years. BP and Mobil exited from Kenya in 2007 and their interest were bought by Shell and Oilibya respectively.

Finally, the market in Kenya has recorded unprecedented sporadic rise in prices as a result of fluctuation of crude oil prices in the market which hit USD 143.9 a barrel in July 2008 but closed the year at 37.6USD per barrel (Economic Survey, 2009).

1.1.4 Petroleum retailing

Retailing includes all activities involved in selling goods and services directly to final consumers for personal non business use. A retailer or retail store is any business enterprise whose sales volume comes primarily from retailing (Kotler& Keller 2006). Retailers are referred to as “middlemen” or intermediaries which refers to the position they occupy in the middle of or between two levels. They purchase, receive and store products from producers and wholesalers to provide consumers with convenient locations for buying products. There are various types of retailing operations. Contractual retailing and convenience store retailing are the ones commonly used types in petroleum retailing.

Contractual retailing refers to a form of retailing in which a parent company (franchisor) obtains distribution of its products or services through a network of contractually affiliated dealers (franchisees). Though the franchisee owns the business, the franchisor usually exercises control over some aspects of its operations to ensure conformity to the franchisor's proven methods and standards for products, services and quality. The convenience store retailing concept refers to where customers are offered a convenient place to shop. The basic premise of the convenience store is capturing the fill-in or emergency trade after the customer has forgotten to purchase a needed product (Delosier et al., 1989).

Kinyua (1994) observes that there are only three direct ways in which a company can promote its gasoline effectively to increase sales. These are quality service at the point of sale (service station), credit incentives and direct sales promotion. He further notes that quality service works best when sustained over a long period of time since the idea is to inculcate a quality based attitude in the mind of the consumer which is achieved only with time. Competition in the oil industry has mainly been explicit in the petroleum product retailing sector (Mbugua, 2005).

Owing to the diverse nature of retail service station propositions, petroleum companies have segmented their offerings into fuel retailing, non fuel retailing and convenience retailing. Fuel retailing relates to hydro carbon sales on and off the retail service station forecourt and includes sale of Regular, Premium, diesel and Kerosene. Non fuel retailing relates to the sales of some hydrocarbon sales, provision of auto services on and off the retail forecourts. Hydro-carbon sales in this category are LPG, and lubricants. Auto services refer to air pressure facilities, tyre repair and servicing, car and engine wash.

Convenience retailings involve all non hydro-carbon sales and auto services and are provided outside the forecourt but within the retail service station. Convenience retailing is predominantly sale and merchandising of fast moving consumer goods and services, eg food courts, banking and bakery (Masese, 2004). In a related study, Wairachu (2000) observes that petroleum fuel is a commodity which cannot easily be differentiated. Companies should therefore attain differentiation through other ways.

His study recommends the use of quality service to attain differentiation. Consequently, service should be employed as a vital weapon to establish competitive edge in the market. The increased number of service station in the retail sector has given the consumers a variety of choices from which to make a choice (Chepkwony, 2001). As a result of declining profitability in the industry due to this intense competition, petroleum marketers have endeavoured to differentiate their positioning to the customers through improved quality customer service in order to enhance customer retention and loyalty.

Whereas many of the other key factors of differentiations such as pricing could be replicated by competing petroleum marketers it has been acknowledged that it is harder and takes a very long process to copy to perfection quality customer service.

The Petroleum Retail Market in Kenya has been very competitive in recent years with the Multinational companies competing aggressively with the independent petroleum dealers. Table 1 below shows the distribution of Market shares for fuel, lubricants and Liquefied petroleum gas (LPG) in the domestic market. It also highlights the number of retail outlets for each marketer.

TABLE 1. Petroleum Retail Market in Kenya-Cumulative –Feb-2009

MARKETER	Mkt share(Fuels) %	Mkt Share(Lubes) %	Mkt share(lpg) %	Size of Retail Network(no. of outlets)
Shell/Bp	23.7	19.39	12.05	213
Caltex	15.36	26.48	12.07	93
Mobil(oilibya)	10.75	1.2	9.88	70
Total	13.32	28.96	32.18	105
Kobil/Kenol	19.14	23.96	29.25	151
NOCK	10.46	-	4.56	66
Independents	7.27	-	-	734
ALL	100%	100%	100%	1432

Source: Total Kenya –Business Review-2009

1.2 Statement of the problem

Service quality has been underscored as a viable strategy for marketers endeavouring to differentiate their service offerings, establishing customer value and ultimately satisfying consumer needs. By pursuing a service quality strategy, marketers are able to leverage customer support for their service offerings to both retain and build a loyal customer base. It has been established that as a result of liberalization, globally the market has witnessed severe competition in the various industry sectors. 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. There is perfect competition where largely they all work under the same market conditions. The core determinant for differentiation between the various petrol stations is the quality of service offered and the various different types of services on offer. As a result of activities by new entrants and realignment through buyout and mergers, some players have lost market share and profitability has shrunk for others. 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 for the hearts and minds of customers in Kenya.

The endeavour 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.

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The competition waged around service quality between the various oil marketing companies (Shell,BP,Total,Caltex, Oilibya, Kenol-Kobil and the new entrants has largely been waged at the retail channel (service stations). This endeavour to improve on service quality has preoccupied the key players to the extent that some of the companies such as Total and Caltex have outsourced mystery shopper companies to assess on a quarterly basis the level of quality service in their stations and also benchmark competition using the same parameters (Total Top service report, 2001).

The studies on Quality service so far done includes, Mutuku (2006) on the Ministry of Finance, Mwaura (2001) on service quality in the Matatu industry, Kandie (2002) an investigation of customer perception and expectation of quality service-the case of selected banks in Kenya. Mukiri (2001) on Mobile phone services, Masinde (1986) the case of Kenya Airways, Nyaoga (2003) on Kenya power services in Mt Kenya region. All these studies were mainly on perception of service quality.

From the investigations done by the researcher, there was evidence that no study had so far been done to investigate the influence of service quality on consumer preference in petroleum retailing. This study therefore focused on the influence of service quality on consumer preference in petroleum retailing in Thika district. In this respect, it looked at the quality of service as one of the key attractions and determinant of choice by consumers in Petroleum retailing and attempt to gauge the extent of this influence.

This study therefore sought to answer the following research questions

- What are the indicators of service quality to a customer in a Petrol service station outlet?
- What is the extent to which service quality influence customer choice in a Petrol service station outlet?
- What are the other factors that influence consumer choice in petroleum retail outlet?

1.3 Objectives of the study

- i. To determine the indicators of service quality to customers in petroleum retailing

- ii. To establish the extent to which service quality influences customer choice of petroleum retail outlet.
- iii. To identify any other factors that also may influence the choice of petroleum retail outlet.

1.4 Significance of the study

- The study shall be of benefit to **researchers and scholars** in the field of marketing with specific reference to service quality in petroleum retailing since it will form background to any further research in this area.
- This study shall be useful to **practitioners of marketing** and particularly those in petroleum retailing since it shall enable them set programs in their retail channel aimed at addressing quality service improvements if this is a key determinant to consumer choice.
- The study shall also benefit **investors** in the petroleum retail channel who shall be able to gauge and give priority to the level of investment and commitment they need to put in terms of attracting consumers through service quality.
- The study shall also benefit **consumers** since the result shall enable industry to come up with programmes that aims at giving value to consumers through quality service.

1.5 Scope of the study

The study shall cover petrol service stations that are situated in the original Thika district. This encompasses all the petrol service station to the north of Nairobi from Githurai Roundabout along Thika road up to Thika-Kandara junction. Petrol service stations in Ruiru, Juja, Thika and Gatundu towns will also be included.

CHAPTER TWO: LITERATURE REVIEW

2.1 What are services

Described in the most simple terms, services are deeds, processes and performances (Bitner, 2003). Services have also been described as an act or performance offered by one party to another and although the process may be tied to a physical product, the service is essentially intangible. The answer on what should be classified as services is not always straightforward because invariably services are marketed in conjunction with goods. Virtually all services require supporting goods, and goods require supporting services. Other firms may offer a combination of goods and services. Services can therefore be seen as the identifiable, intangible activities that are the main object of a transaction designed to provide want satisfaction to customers (Stanton et al., 2007).

2.1.1 Characteristics of services

Services are characterized as being different from products along a number of dimensions that have implications for quality of service provided to customers (Dale, 2006). Kotler also concurs and identifies the following characteristics: Services are intangible and unlike physical products, they cannot be seen, tasted, felt, heard or smelled before they are bought. Consequently, a company's promotional program must be explicit about the benefits to be derived from the service, rather than emphasising the service. Services are therefore described as having the character of intangibility. Services are typically produced and consumed at the same time. They are inseparable from their producer. If the service is rendered by a person, then the person is part of the service. It has also been observed that many services are created, dispensed and consumed simultaneously. Service inseparability means that service providers are involved concurrently in the production and marketing effort.

The customers sometimes receive and consume the services at the production site. Consequently, the customer opinion regarding a service frequently is formed through contacts with the production sales personnel and the impression of physical surroundings.

Services are also highly variable, since they depend on who provides them and when and where they are provided they are defined as being heterogeneous.

It is difficult if not impossible for a service firm or even an individual seller of services to standardize output. Each unit of the service is somewhat different from every other unit of the same services because of the human factor, production and delivery (Stanton et al., 2007). Services are highly perishable because the existing capacity cannot be stored or inventoried for future use. Because a service cannot be stored, it is lost for ever when not used. The full utilization of service capacity becomes a management challenge because customer demand exhibit considerable variation and building inventory to absorb these fluctuations is not an option (Fitzsimmons et al., 2006).

2.1.2 Expanded marketing mix for services

Marketing mix is defined as the elements an organization controls that can be used to satisfy or communicate with customers. The traditional marketing mix is composed of the four P's: Product, price, place (distribution) and promotion. **Product:** The service product requires consideration of the services provided the quality of the services provided and the level of the service provided. This also includes matters like the use of branding, warranties and after sale service. **Price:** Price considerations include level of prices, discounts allowances and commissions, terms of payment and credit. **Place:** The location of service providers and their accessibility are important factors in service marketing. Thus the type of distribution channels used and their coverage are linked to the crucial issue of service accessibility. **Promotion:** Promotion includes the various methods of communicating with the markets whether through advertising, personal selling activities, sales promotion activities and other direct forms of publicity (Balaji, 2006).

The strategy for the four P's require some modification when applied to service marketing. It is also observed that services are usually produced and consumed simultaneously and customers are often present in the firms' factory, interact directly with the firms' personnel and actually are part of the service production process.

Also, because services are intangible customers will often be looking for any tangible cue to help them understand the nature of the service experience.

This has led service marketers to conclude that they can use additional variables to communicate with and satisfy their customers (Bitner et. al, 2003). In addition to the traditional four P's, the expanded service marketing mix includes people, Physical evidence and process and therefore making service marketing to operate on the seven P's.

People: This relates to all human actors who play a part in the service delivery and thus influence the buyer's perceptions: namely, the firms personnel, the customer and other customers in the service environment. This includes how these people are dressed, their personal appearance. and their attitudes and behaviour all influence customer perception of service.

Physical evidence: The environment in which the service is delivered and where the firm and customers interact, and any tangible components that facilitate performance or communication of the service. The physical evidence of service includes all of the tangible representations of service such as brochures, letterheads, cards reports formats, signage, equipments and sometimes it includes the physical facility where the service is offered-the services cape. **Process:** The actual procedures, mechanisms, and flow of activities by which the service is delivered-the service delivery and operating system. The actual delivery steps the customer experiences, or the operational flow of the service also gives the customer evidence on which to judge the service (Balaji, 2006).

2.2 The concept of service quality

Service quality is particularly difficult to define, measure, control and communicate. Yet in service marketing, the quality of the service is critical to a firms success (Stanton et al., 2007).

Barnie G. Dale (2006), contends that, service quality can be variously defined but essentially, it is to do with meeting customer needs and requirements and how well the service level delivered matches customer expectations. Expectations are described as desires/wants that customers or potential customers feel the service provider should offer and are formed on the basis of previous experience of a company and its marketing mix, awareness of competitors and word of mouth communication.

Consequently service quality becomes consumers judgement and results from comparisons by consumers of expectations of service with their perceptions of actual service delivered (Dale, 2006). It has also been defined as the expected and perceived quality of a service offering and as the primary determinant of consumer satisfaction or dissatisfaction (Kurtz, et al 1992). There are two key attributes of service quality that service providers must understand. Firstly, quality is defined by the customer not by the producer-seller. Secondly, customers assess service quality by comparing their expectations to their perception of how service is performed. (Stanton et al., 2007).

One key strategy of managing service quality is to design and operate an ongoing quality assessment and improvement program. The foundation of quality improvement is monitoring the level and consistency of service quality, holding to the idea that service quality is defined by customers. a firm must regularly measure customer satisfaction , that is a customer perception of the quality of an organizations services. Fitzsimmons et. al. concurs that the assessment of quality is made during the service delivery process. Each customer contact is referred to as moment of truth, an opportunity to satisfy or dissatisfy the customer. Customer satisfaction with a service can be defined by comparing perceptions of service received with expectations of service desired.

2.2.1 Scope of service quality

A comprehensive view of the service system is necessary to identify the possible measures of service quality. Service quality should be viewed from five perspectives which includes, content, process, structure, outcome and impact.

Content refers to the question on whether standard procedures are followed to enable observance of quality .Process concerns the events in the service process. Primarily, a good process requires maintaining a logical sequence of activities and a well coordinated use of service resources. Structures are the physical facilities and organization designs adequate for the service. The physical facilities and support equipments are only part of the structural dimensions. The ultimate measure of service quality is a study of the end results-outcomes. Is the consumer satisfied? (Fitzsimmons et al., 2006).

2.2.2 The impact of service quality

Balaji (2006), contends that quality needs to be understood and managed throughout a service organization and especially in four critical areas namely, service encounter, service design, service productivity and service organization culture. In the service encounter, customers interacts with animate (the service employees) and inanimates objects (the physical evidence).The outcome of the encounter is dependent on how knowledgeable and courteous is the service employee. In the service design, the customer goes through a process to obtain a service where the critical question is on how well designed is the process and the extent of its flexibility. Service productivity refers to the relationship between the quantity and quality of goods or services produced and the quality of resources used to produce them. Finally, the culture of an organization and the way it is organized can affect the quality of service.

2.2.3 Perceived service quality

Perceived service quality refers to the degree and direction of the gap between consumer perceptions and expectations of service. Customers make judgements about the quality of the service delivery process as well as the final outcome. Because a service is usually made up of both tangibles and intangibles components, many attempts at defining service quality have made the distinction of the more subjective perceptions of customers. Accordingly, service can be broken down to two quality dimensions. Technical quality and functional quality.

Technical quality refers to the relatively quantifiable aspects of the service that is what is being done. Functional quality refers to how the technical quality is being delivered to customers. Most researchers agree that service quality has to be defined by consumers and in this case since each consumer is different, it is usually referred to as perceived quality (Harris et.al,2003). Service quality perceptions may also vary according to service type and that quality perceptions may vary from one segment of population to another, primarily because individual consumers perceive service differently (Braus, 1990).

2.2.4 Expected Service Quality

Expectations are beliefs about the level of service that will be delivered by a service provider and they are assumed to provide standards of reference against which the delivered service is compared (Bitner et. al, 2003). Customer expectations have been consistently acknowledged in the literature as the basis on which service quality and customer satisfaction judgement are formed (Parasuraman et al., 1988) . Gronroos (1984), further propounds that quality of service is dependent on two variables: expected service and perceived service and that any previous experience with a service could influence the expectations of a consumer, whereas the perceived service is the result of a consumer's perception of the service itself.

2.2.5 Underlying factors that form perceptions of service Quality

Service researchers have suggested that consumers judge quality of services based on their perception of technical outcome provided, the process by which that outcome was delivered and the quality of the physical surroundings where the service is delivered. In some cases all aspects of services are likely to be important to the overall assessment of quality (Bitner et. al,2003). For instance, in case of car wash service in a petrol station, the customer will judge the quality of the technical outcome on how the carwash was accomplished and also the quality of the interaction with the service provider.

Interaction quality will include such things as the service provider's ability to give feedback to the customer on the carwash service and the speed of completing the service. The physical environment in this case is represented by the waiting area for the customer and also its ambience. The three aspects shall have an impact on the customer perception of overall service quality. It is also observed that the technical outcome for many services is highly complex and sometimes ambiguous; the quality of the technical outcome is not always evident. This is witnessed in the technical outcome of services such as automobile repairs which may be difficult to assess for the customer (Bitner et al., 2003).

2.3 The Gaps Model of Service quality (see figure 1 on Gap model)

The gaps model for service quality was propounded by researchers A.Parasuraman,A. Zeithaml and Leonard L.Berry (Bhattacharjee, 2005).The gaps model positions the key concepts, strategies, and decisions in services marketing in a manner that begins with the customer and builds the organization's tasks around what is needed to close the gap between customer expectations and customer perceptions(Bitner et al,2003) . To the extent that one or more of provider gaps(1-4) exists, customers perceive service quality shortfalls. The gap model of service quality serves as a framework for service organizations to improve quality service and services marketing.

2.3.1 The customer Gap (GAP 5)

Measuring the gap between expected service and perceived service is a routine customer feedback process that is practiced by leading service companies (Fitzsimmons et al.,2006).The central focus of the gap model is the customer gap. This represents the difference between customer expectations and perceptions. Organizations need to close this gap between what the customers expect and receive.

In the customer gap, the gap is not existent when the service delivered is as expected by the customer and in this case the customer is satisfied. A gap exists when the service received is much below the expectation of the customer making him dissatisfied. In the last situation, service delivered is beyond what he had expected leading to an over satisfied customer -customer delight- (Bhattacharjee, 2005).

In order to close this all important customer gap, the model proposes that other gaps-called provider gaps need to be closed. These four provider gaps are the underlying cause for the existence of the customer gap.

In the service quality model, there is depiction of expected service and perceived service boxes which represent the customer gap (Gap 5). The gap highlights the customer expectations and customer perceptions. Customer expectations are the standards of or reference points for performance against which service experience are compared. Customer perceptions are subjective assessment of actual service experience.

The source of customer expectations consists of marketer –controlled factors such as advertising as well as factors that the marketer has limited ability to effect such as innate personal needs (Bitner et al.,2003). The gap between customer expectations and perceptions is defined as GAP 5. Customer satisfaction is dependent on minimizing the four gaps that are associated with delivery of the service.

2.3.2 Provider Gap one (Consumer expectation-management perception gap)

This gap represents the difference between customer expectations of service and company understanding of those expectations. This may happen when managers are not aware of what the customers expect. Another factor that may escalate gap one is the lack of upward communication.

Front line employees know a great deal about customers but this knowledge may not be useful if management is not in contact with frontline employees and does not understand what they know (Bitner et al., 2003). Bhattacharjee (2005) views this gap as the management perception gap. It underscores the inability of top management to perceive what the customer wants and it is the main reason why a firm cannot meet a customer's

expectation. The company suffers from a perpetual veil borne out of ignorance, arrogance or criminal neglect.

2.3.3 Provider Gap two (2) (Management perception-service quality expectation gap)

This gap is created in the design process of service product and laying down of specifications for service quality during service transactions. In the design process, during the translation of management perception of consumer's expectation into design specification, the gap arises. In this context, managers set specifications for service quality based on what they believe the consumer requires (Bhattacharjee, 2005) It is further observed that GAP 2 may result from lack of management commitment to service quality or a perception of the unfeasibility of meeting customers' expectation, however, setting goals and standardizing service delivery tasks can close this gap(Fitzsimmons et al,2006).

Those responsible for setting standards, typically management, sometimes believe that customer expectations are unreasonable or unrealistic this may lead to a provider gap.

The quality of service delivered by customer contact personnel is critically influenced by the standards against which they are evaluated and compensated. Standards signal to contact personnel what management priorities are and which types of performance really counts.

When service standards are absent or when the standards in place do not reflect customer expectations, quality of service as perceived by customers is likely to suffer. On the other hand, when there are standards reflecting what customers expect, the quality of service they receive is likely to be enhanced. Another factor that plays a key role in GAP 2 is physical evidence. (Bitner et al., 2003).

2.3.4 Provider Gap 3 (Not delivering to service standards)

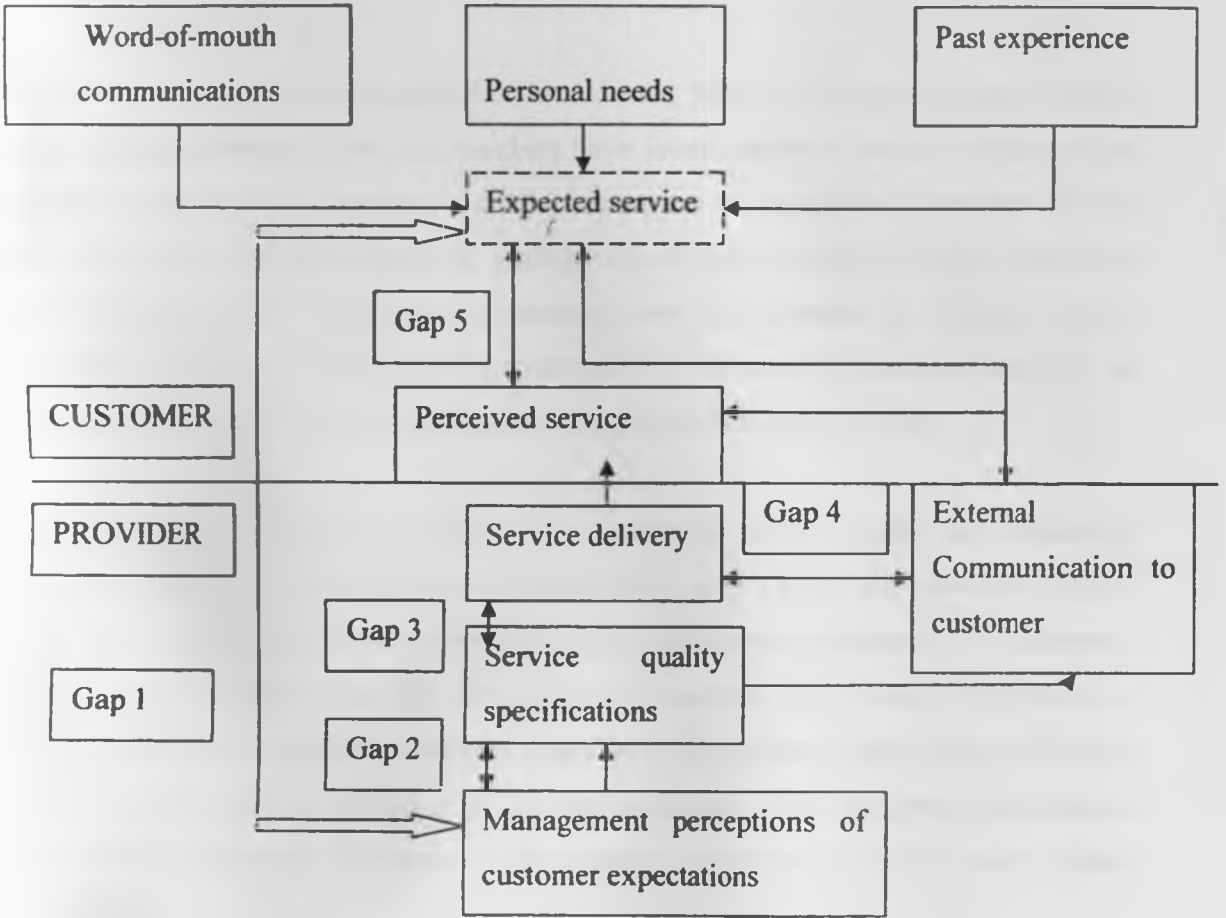
This is the discrepancy between the development of customer driven service standards and actual service performance by company employees. Even when guidelines exist for performing services well and treating customers correctly, high quality service performance is not a certainty. It is therefore imperative that standards be backed by appropriate resources (people, systems and technology) and must be enforced to be effective.

When the level of service delivery performance falls short of standards it falls short of what the customers expect as well. In order to narrow GAP 3, the organization must provide all resources needed to achieve the standards. (Bitner et al., 2003). It is further observed that the conformance gap occurs because actual delivery of the service does not meet the specification set by management. This can arise for various reasons including, lack of teamwork, poor employee selection, inadequate training and inappropriate job design (Fitzsimmons et al., 2006).

2.3.5 Provider GAP 4 (When promise do not match promise)

Gap 4 illustrates the difference between service delivery and service provider external communication. The discrepancy between the actual and promised service therefore has an adverse effect on customer gap. Broken promises can result from many reasons such as over promising in advertising or personal selling, inadequate coordination between operations and marketing and differences in policies and procedures across service outlets. External communication, whether from marketing communication or pricing can create a large customer gap by raising expectations about service delivery (Bitner et al., 2003).

FIGURE 1 Gaps Model for service quality



Source: V.A.Zeithaml,A.Parasurama,and L.L Berry
 Delivering Quality Service:Balancing customer perceptions and expectations
 (New York,The free press,1990).

2.4 Service Encounter-Foundation of Service quality and satisfaction

Service encounters refer to the period of time during which a consumer directly interacts with a service (Shostack, 1985). Researchers have found quality of service encounters and customer satisfaction to be related. Service encounters are considered important because they are seen to influence customers' perceptions of service quality. All the interactions that take place during the service encounter have the potential to influence quality perceptions and the greater the number of interactions, the more the chances there are for customers to judge the service and spot mistakes if any (Harris et al., 2003).

Service encounter is regarded as the foundation block for service quality and satisfaction. Service encounter are also referred to as "moments of truth". From the customers point of view, the most vivid impression of service occurs in the service encounter. If a customer is interacting with a firm for the first time, the initial encounter will create an impression of the organization. In these first encounter situations, the customer judges the organization based on the initial phone contact or face to face experience with a company representative and can take an excessive importance in the customer perception of service quality (Bitner et al., 2003).

Strombeck et al., (2008) observe that the context and sequence of service encounters can differ widely from simple transaction based services to multiple-sequence services. As such, situational service factors specific to each scene dramatically determines individuals' evaluation of the service encounter as each scene of the encounter is played. Situational customer factors specific to individuals at various sequence in the service drama are likely to influence perceptions of the encounter. It is during this time that service organizations endeavour to develop the loyalty, trust and other factors that enable customer retention objectives to be met, the word of mouth to secure new customers to be generated and organizational goals to be attained (Baker et al., 2009).

2.4.1 Sources of pleasure and displeasure in service encounter

Four areas have been identified through research as the basis of satisfaction or dissatisfaction during customer/employee interactions. These are recovery, adaptability, spontaneity and coping. Recovery refers to employees' response to service delivery system failures. The content or form of the employees' response is what causes the customer to remember the event either favourably or unfavourably. Adaptability refers to how adaptable is the service delivery system when customers have special needs or requests. In this case, customers judge service encounter quality in terms of flexibility of the employees and the systems.

External and internal customers alike are pleased when the service provider puts fourth the effort to accommodate and adjust the system to meet their requirements. Spontaneity refers to the unprompted and unsolicited employee actions. Service encounters can be remembered as very satisfying or very dissatisfying. Pleasant surprise for the customer, special attention or being treated as royalty can be very satisfying whileas rudeness by employees, stealing and ignoring customers can be very dissatisfying. Finally, coping relates to how employees respond to problem customers. This is the behaviour generally required of employees to handle problem customer encounters. Such customers are basically uncooperative or unwilling to cooperate with the service provider. In these cases nothing the employee could do would result in the customer feeling pleased.

2.4.2 Customers as contributors to service quality

Customers can also play a significant role in service delivery by being contributors in their own satisfaction and enhance the ultimate quality of the service they receive. Effective customer participation can increase the likelihood that needs are met and that the benefits the customer seeks are usually attained.

Research has shown that customer perception of service quality increased with greater levels of participation. Customers contribute to quality service delivery when they ask questions, take responsibility for their own satisfaction and complain when there is a service failure (Bitner et al., 2003).

It is observed that for standardized services, self service is an option that gives customers complete control over the limited service that is provided. For instance, at a self-service gasoline station that is equipped with a credit card reader, the customer need not interact with any one. The result can be very efficient and satisfying to customers who needs or desires very little service (Fitzsimmons et al., 2006).

2.5 Service Quality Dimensions

Michael D.Hutt and Thomas W. Speh reckons that business services are largely intangible and non standardized and that buyers tend to have greater difficulty evaluating services than evaluating goods. As a result, they are unable to depend on consistent service performance and quality and hence may perceive more risks. This makes service buyers resort to using a variety of pre-service information sources to reduce risks. Such information includes current users (word of mouth) which they consider particularly important (Speh,et al., 2007).

Researchers proposes that customers do not perceive quality from a unidimensional way but rather judge quality from a multi –dimensional factors that are relevant to the context .In their final research, Parasuraman, Zeithaml and Berry identified five dimensions of quality that apply across a variety of service contexts such as banking, appliance repair and automobile repair service etc. These are reliability, responsiveness, Assurance, Empathy and Tangibles (Refer to Figure 2). These dimensions represent how customers organize information about service quality in their minds .Sometimes, customers will use all the dimensions to determine service quality and other times they may use some and not all (Bitner et al,2003).

2.5.1 Reliability (Delivery of promise)

This reliability dimension has been consistently shown to be the most important determinant of perception of service quality. It is defined as the ability to perform the promised service dependably and accurately. In its broadest sense, reliability means that the company delivers on its promise—promise about delivery, service provision, problem resolution and pricing. (Bitner et al., 2003). Bhattacharjee defines it as the measure of degree of probability of the product delivering what it has promised (Bhattacharjee, 2005).

2.5.2 Responsiveness (Being willing to help)

Responsiveness is the willingness to help customers and provide prompt service. This dimension emphasises attentiveness and promptness in dealing with customer requests, questions, complaints and problems. Responsiveness is communicated to customers by length of time they come to wait for answers to questions or attention to problems. Responsiveness also captures the notion of flexibility and ability to customize the service to customers. To distinguish themselves on responsiveness, companies need well staffed customer service departments as well as responsive frontline people in all contact positions (Bitner et al., 2003). This is also seen as the attitude of the service provider to be willing to provide service. It also includes their sensitivity as well as timeliness in responding to customer requests (Bhattacharjee, 2005).

2.5.3 Assurance (Inspiring trust and confidence)

Assurance is defined as employees' knowledge and courtesy and the ability of the firm and its employees to inspire trust and confidence. Trust and confidence may be embodied in the person who links the customer to the company and in such service context; the company seeks to build trust and loyalty between the key contact people and individual customers. In another way, assurance indicates the ability of service providers to generate trust and faith and also capability in service delivery with politeness and consideration (Bhattacharjee, 2005).

2.5.4 Empathy (treating customers as individuals)

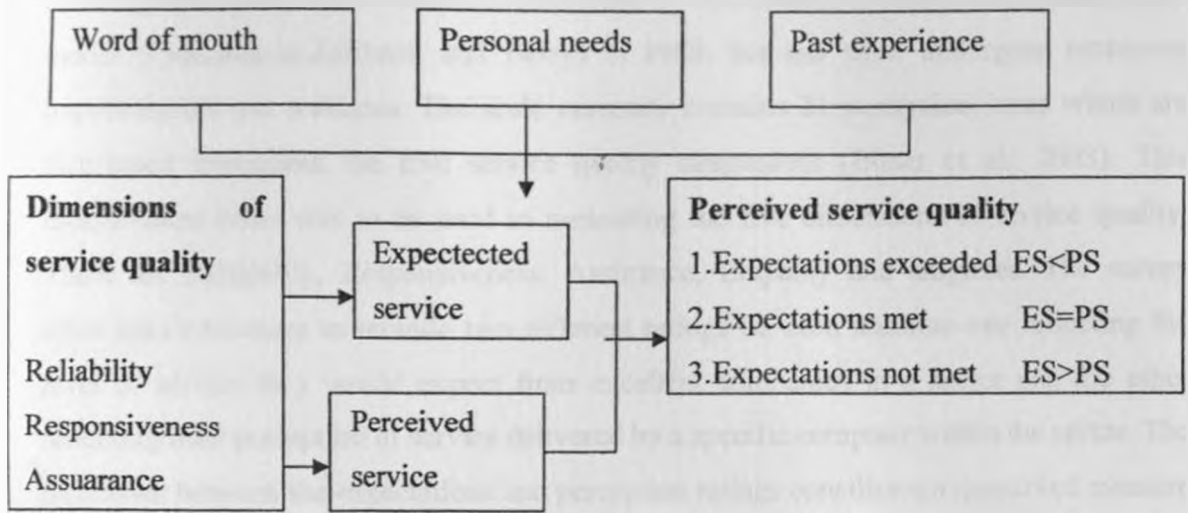
Empathy is defined as the caring individualized attention the firm provides its customers. The essence of empathy is conveying through personalized or customized service, that customers are unique and special.

Customers want to feel understood by and important to firms that provide service to them. Empathy is also seen to include features such as approachability, sensitivity, and effort to understand the customers needs (Fitzsimmons et al., 2006).

2.5.5 Tangibles (Representing the service physically)

Tangibles are defined as the appearance of physical facilities, equipment, personnel and communication materials. All of these provide physical representations of images of the service those customers particularly new customers will use to evaluate quality. Although tangibles are often used by service companies to enhance image, provide continuity and signal quality to customers, most companies combine tangibles with another dimension to create a service quality strategy. The condition of physical surrounding such as cleanliness is tangible evidence of the care and attention to details that are exhibited by the service provider (Fitzsimmons et al., 2006).

Figure 2 Determinants of perceived quality



Source: A.Parasuraman,V.A Zeithaml and L.L Berry,

“A conceptual model of service quality and its implication for future research”,journal of marketing,1985.

2.6 Measuring Service quality

The measurement of service quality has been the focus of research interest and debate for the last 20 years (Dale, 2006). Measuring service quality is a challenge because customer satisfaction is determined by many intangible factors. Unlike a product with physical features, that can be objectively measured, service quality contains many psychological features such as ambiance. In addition, service quality often extends beyond the immediate encounter. The multiple dimensions of service quality are captured in the SERVQUAL instrument which is an effective tool for surveying customer satisfaction that is based on the service quality gap model (Fitzsimmons et al., 2006). A critical element in any service strategy is for a company to have in place systems to measure and monitor success (Dale, 2006).

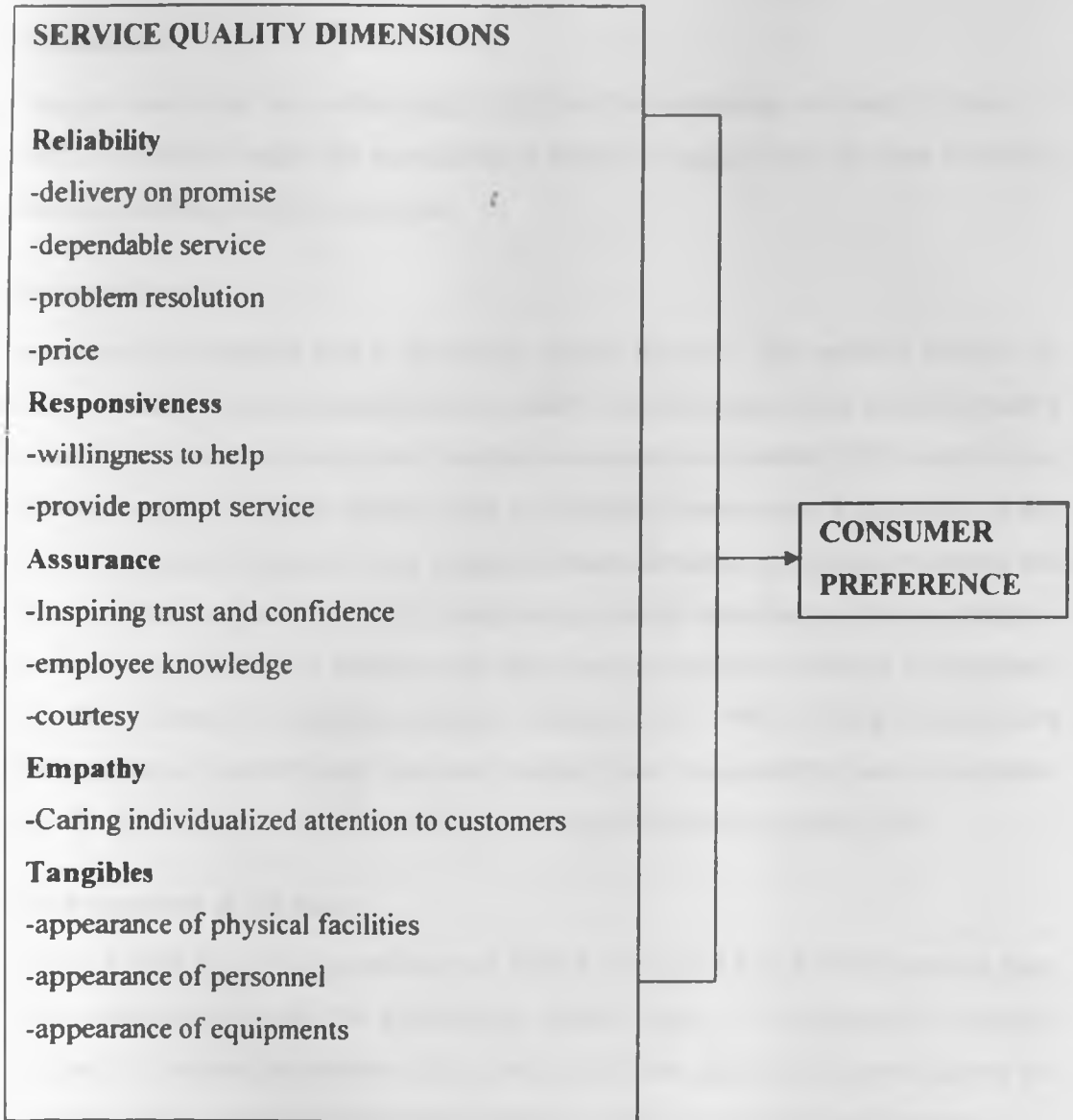
2.6.1 The SERVQUAL survey

One of the first measures to be developed specifically to measure service quality was the SERVQUAL survey. This was first published by the authors of the service quality gap model (Parasuraman, Zeithaml and Berry) in 1988, but has since undergone numerous improvements and revisions. The scale currently contains 21 perception items which are distributed throughout the five service quality dimensions (Bitner et al., 2003). This measurement scale was to be used in measuring the five dimensions of service quality. These are Reliability, Responsiveness, Assurance, Empathy and tangibles. The survey often asks customers to provide two different ratings on each attribute—one reflecting the level of service they would expect from excellent companies in a sector and the other reflecting their perception of service delivered by a specific company within the sector. The difference between the expectations and perception ratings constitutes a quantified measure of service quality. A score for the quality of service.

2.7 Conceptual Framework

The study shall use the five dimensions of service quality model to probe the indicators of service quality in Petrol service station customers. The study conceptualizes that consumer preference in service station outlets is dependent on the presence of service quality dimension attributes. Statements representing the various dimensions of service quality shall be represented in the questionnaire.

Figure 3: Conceptual model on service quality dimensions



CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter dwells on the methodology employed in conducting the study research. It includes the research design, the population of study, the sample size, the data collection methods and the data analysis techniques.

3.2 Research Design

The nature of this research was a descriptive survey research. The problem focused on describing those factors that determined the quality of service and extent to which quality of service influences customer choice. Descriptive research was suitable for this study since descriptive research design is usually ideal in situations where some key aspects of the subject are known and hence it helps to generate more detailed information regarding the key aspects of the subject. Descriptive study design usually attempts to obtain a complete and accurate description of a situation and also data in descriptive research is commonly used as direct bases for marketing decision (Stasch et al., 1990). Several other studies concerning service quality and customer service have successfully used descriptive research design. They include Mukiri (2001), Nyaoga (2003) and Masinde (1986).

3.2 The Population of the study

The area of study had a total population of twenty seven (27) Retail Petrol stations from both the multinationals and the independent dealers' type. (17 multinational branded stations and 10 various independent dealer stations). These stations are spread across the area of study with the majority in the urban centres of Thika, Ruiru, Juja and Gatundu.

3.3 Sample size

Respondents were drawn from the sampled stations composed of 11 multinational stations and 6 independent dealer stations. Sampling method was employed because the stations were situated in distant and diverse locations within the area of study.

A sample of 65% of all multinational petrol stations was taken while 60% sample size was taken for independent dealer stations.

The reason for sampling a greater percentage of the multinational stations was based on the heavy patronage of the multinational stations by motorists compared to the independent dealer stations. In each of the station sampled, 10 questionnaires were administered giving a total of 170 respondents. Judgemental sampling process was used to select the respondent. Justification for this judgemental (purposeful) sampling was on the fact that multinational branded stations had more patronage than the independent dealer stations. Judgemental sampling has been done successfully by (Mukiri, 2001) and (Mwaura, 2002).

3.4 Data Collection Methods

The questionnaires consisted of both closed and open ended questions and had three sections.

Section one shall dealt with the general information (bio-data) on the participant. Section two sought information about the indicators of service quality to customers in a petrol service station and also the extent to which quality service influences customer choice. Section three looked at other factors that influenced consumer preference in petroleum retailing.

The questions on section 2 and 3 were presented in the form of statements on 1-5 likert scale for respondents to score statements that described the consumer indicators of service quality and also to score on other factors that influence choice of petrol service station. The questionnaires were administered to users of petrol service stations by trained research assistants at the petrol stations. The respondents were captured throughout the day with concentration in the peak hours of morning and evening. The mall intercept method was used to capture the respondents e.g. out of every 3 or 5 motorists that drive into the station, one was selected for questionnaire administration to ensure that we captured diverse respondents and avoided respondents answering questions when other would be respondents were listening to ensure independent answers.

Figure 4- Data collection summary table.

Study objective	Questions number	Statistics to be computed
Objective one: To determine the indicator of service quality to customers in petroleum retail outlet	All questions in section two and one.	Count, mean score and percentage
To establish the extent to which service quality influences consumer choice in petroleum Retail outlet	All questions in section two.	Count, mean score and percentage
To identify any other factors that also may influence the choice of petroleum outlet	All questions in section three.	Count, mean score and percentage.

3.5 Data Analysis techniques

To analyse the indicators of service quality for petrol service station customers and to find out the extent of the influence of service quality on choice of petrol service station by consumers mean scores shall be calculated. To determine other factors that lead to consumer preference of different petrol service stations, the mean shall be used to rank those factors. A cross-tabulation method shall be employed to determine the relationship between gender demographic and the tangible attribute of service quality dimension.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATIONS

4.1 Introduction

This chapter presents the data analysis and interpretations of the findings. Data was analyzed using Statistical Package for Social Sciences and summarized using tables, frequencies, percentages and mean. The study targeted 170 respondents. There was 100% success rate on the questionnaires administered by the research assistants. The data collected consisted of information from 5 independent petroleum retailers and 12 multinational petroleum retailers from Thika district.

4.2 Social Demographic Information of the Respondents

4.2.1 Gender

This section aimed at identifying the gender of the respondents. The findings in Table 4.1 shows the gender of the respondents. From the study, most of the respondents were males as indicated by 86%, while females were 14%.

Table 4.1 Gender

	Frequency	%
Male	146	86
Female	24	14
Total	170	100

4.2.2 Age

This section aimed at identifying the age brackets of the interviewed respondents. Data portrayed in the Table 4.2 show that majority of the respondents were in the age group of 31 to 40 years (73 %) while 24 % were in the age group of 41 to 50 years. 22 % were in the age group of 51 to 60 years while only 11 % were in the age group of 20 to 30 years.

Table 4.2 Age bracket

	Frequency	%
20 to 30	19	11
31 to 40	124	73
41 to 50	41	24
51 to 60	37	22
Total	170	100

4.2.3 Education level

This area of study aimed at establishing the level of education of the respondents as shown in Table 4.3. College graduates were 63% while 31% of the respondents were university graduates. Secondary school leavers accounted for 6% of the respondents.

Table 4.3 Education level

	Frequency	%
University	53	31
Secondary	10	6
College	107	63
Total	170	100

4.2.4 Type of vehicle

This section of study was aimed at identifying the type of vehicle amongst the respondents. Data portrayed in Table 4.4 shows that most of the interviewed respondents had personal cars (78 %) while 21 % had PSV form of vehicles. Only 1% had commercial vehicles.

Table 4.4 Type of vehicle

	Frequency	%
Personal	133	78
PSV	36	21
Commercial	17	1
Total	170	100

4.2.5 Ownership of vehicle

This area of study aimed at establishing the ownership of the vehicles as shown in Table 4.5. Out of the respondents, 68% owned the vehicles they were driving while 32% were not owners of the vehicles they were driving.

Table 4.5 Ownership of vehicle

Ownership	Freq	%
Self	115	68
Not self	55	32
Total	170	100

4.2.6 Residence of respondent

This area of study sought to establish the residence of the respondents as shown in Table 4.6. It revealed that majority of the respondents resided in Thika (77 %) while 14 % resided in Nairobi and 9 % cited their residence as other places.

Table 4.6 Residence of respondent

	Frequency	%
Nairobi	24	14
Thika	131	77
Other	15	9
Total	170	100

4.2.7 Mode of payment

In this section of study, the aim of the researcher was to establish the mode of payment that was used by the respondents. Data portrayed in Table 4.7 shows that most of the respondents used cash as their means of payment (95 %) while 3 % used cards for payment of bills at the petrol station. Only 2 % cited invoices as their mode of payment.

Table 4.7 Mode of payment

	Frequency	%
Cash	162	95
Invoice	3	2
Card	5	3
Total	170	100

4.3 Service quality indicator rating by respondents.

The questions and results were clustered using the service quality dimension model and also as stipulated in the conceptual framework model. Data was analyzed by the use of a likert scale whereby 5 – Very important,4-Important,3-Neutral,2-Not important,1-Not very important. The importance of service quality indicators to respondents was interpreted using the mean score as follows.

Mean of 0 to 1.4900-Not important

Mean of 1.5000 to 2.4900-Not very Important

Mean of 2.5000-3.4900 –Neutral

Mean of 3.4900-4.4900-Important

Mean of 4.500-5.0000-Very important

4.3.1 Reliability

Reliability service quality indicators were rated very highly by most of the respondents as shown in Table 4.8. The service quality indicators had a mean score of between 4.3176 and 4.7765 which mean they were all rated as important and very important by most of the respondents in determining their choice of retail outlets.

Table 4.8 Reliability

STATEMENT	Minimum Rating	Maximum Rating	Mean	Std Deviation
Service done in an orderly sequence	2.00	5.00	4.7765	.74383
consistent in service performance	2.00	5.00	4.7176	.45147
Dependable service at the pumps	2.00	5.00	4.7000	.45961
Accurate fuel service at the pumps	1.00	5.00	4.4824	.50116
Fast fuel service at the pumps	1.00	5.00	4.3176	.74915
Note Mean; 1=Not very important to 5 = Very important				

4.3.2 Responsiveness

In this section, the study looked at the rating of service quality indicators using service quality dimension and questions relevant to the responsiveness attribute as shown in Table 4.9. The respondents rated the given service quality indicators in this area very highly with a mean score of between 4.4118 and 4.7176 which means that responsiveness service quality factors are very important to consumers in determining the choice of retail outlet to patronize.

Table 4.9 Responsiveness

STATEMENT	Minimum	Maximum	Mean	Std Deviation
Willingness to help customers	2.00	5.00	4.7176	.45147
Fast free tyre pressure and check service	2.00	5.00	4.7118	.45428.
Quick perfect and accurate service at the pit	2.00	5.00	4.6059	.58882.
Quick processing of payments/receipts	1.00	5.00	4.5588	.49799
Quick windscreen cleaning service	1.00	5.00	4.4118	.49361.
Under the bonnet service checks	3.00	5.00	4.4118	.49361.
Note Mean; 1=Not very important to 5 = Very important				

4.3.3 Assurance

In this section, the study looked at the rating of service quality indicators using service quality dimension and questions relevant to the assurance attribute. Data portrayed in Table 4.10 shows that most of the respondents cited dealing with courteous employees as a very important service quality indicator as was shown by a mean of 4.7118. Being handled by trained employees was the least rated factor in this category with a mean score of 4.1588 as shown in the table below.

Table 4.10 Assurance

STATEMENT	Minimum	Maximum	Mean	Std Deviation
Dealing with courteous employees	2.00	5.00	4.7118	.45428
Being welcomed by friendly employees	2.00	5.00	4.3294	.78278
Wished good day by service provider	2.00	5.00	4.3135	.78146
Being handled by honest employees	1.00	4.00	4.3105	.78146
Being handled by well trained employees	1.00	4.00	4.1588	.73264
Note Mean; 1=Not very important to 5 = Very important				

4.3.4 Empathy

In this category of service dimension attribute there were only two indicators being rated. Table 4.11 shows that station efficiency in handling customers was cited an important indicator of service quality with a mean of 4.1588 while quality of customer information was rated as a neutral service quality indicator in terms of importance with a mean of 3.9059.

Table 4.11 Empathy

STATEMENT	Minimum	Maximum	Mean	Std Deviation
Station efficiency in handling customers	2.00	5.00	4.1588	.73264
Quality customer information	1.00	4.00	3.9059	.84438
Note Mean; 1=Not very important to 5 = Very important				

4.3.5 Tangibles

In this area questions under tangibles attributes, most of the respondents cited clean facilities with good ambience as very important indicator of service quality with mean score of 4.8824. Clean and well provisioned toilet facilities was rated lowest with a mean score of 3.723 as shown in Table 4.12.

Table 4.12 Tangibles

STATEMENT	Minimum	Maximum	Mean	Std Deviation
Clean facilities with good ambience	2.00	5.00	4.8824	.32314
Modern and efficient service equipment	2.00	5.00	4.5765	.74383
Well lit station at night due to insecurity	2.00	5.00	4.7765	.74003
Neat and well groomed staff	1.00	5.00	4.5588	.49799
Clean and provisioned toilet facilities	1.00	4.00	3.7235	.98511
Note Mean; 1=Not very important to 5 = Very important				

4.4 Other factors that influence choice of petrol stations by consumers.

In this area of study, the aim was to determine other Petrol station characteristics that determine the choice of petrol station amongst the respondents other than service quality. The questions were drawn using the likert scale for respondents to agree or disagree with statements that detailed other that may influence their choice of retail outlets. The rating on the Likert scale was as follows. 1- Strongly disagree, 2 -Disagree, 3-Neutral, 4-Agree, 5- Strongly Agree. The interpretation of the mean score on the likert scale on the result is as follows.

Mean of 1.0000-1.4900- Strongly Disagree

Mean of 1.4900-2.4900-Disagree

Mean of 2.4900-3.4900 –Neutral

Mean of 3.5000-4.4900-Agree

Mean of 4.5000-5.0000-Strongly Agree

Table 4.13 Station characteristics that determine the choice of a petrol station

Table 4.13 presents the results of the questions answered by respondents with regard to other factors that influence their preference of retail outlets.

The respondent strongly agreed on several factors that also influence their choice of petrol service station ranging from station with good visibility at a mean score of 4.5059 to a secure service station at a mean score of 4.7118. The respondents neither agree nor disagree (neutral) on several other factors in regard to the influence they exert in their retail outlet selection decision. They range from a mean of 3.0059 on station that accept credit cards to 3.9159 On station that offer food courts or has a café.

STATEMENT	Minimum	Maximum	Mean	Std dev
Station is secure	2.00	5.00	4.7118	.45428
Station location is convenient	2.00	5.00	4.6359	.57882.
Station has wide range of products	2.00	5.00	4.6059	.58882
Offers quality products	1.00	5.00	4.5765	.74383
Station management is friendly	1.00	4.00	4.5654	.74383
Price of fuel is cheaper	2.00	5.00	4.5588	.49799
Station equipments are modern	2.00	5.00	4.5588	.49799
Station offers free parking	2.00	5.00	4.5545	.74383
Station has good visibility	2.00	5.00	4.5059	.58882
Station has good accessibility	2.00	5.00	4.4824	.50116
Service is well priced	1.00	5.00	4.4118	.49361

STATEMENT	Minimum	Maximum	Mean	Std dev
Station offers fuel on credit/invoice	1.00	4.00	4.3294	.78278
Station well stocked and merchandised	2.00	5.00	4.3235	.78146
Station has ample parking	2.00	5.00	4.3231	.78246
Station has a Convenience shop	2.00	5.00	4.2294	.77278
Station has a food court/café	1.00	5.00	3.9159	.82438
Station offers discounts	1.00	4.00	3.9059	.84438
Station name and image is appealing	2.00	5.00	3.9059	.84438
Station has other facilities such as ATMs	2.00	5.00	3.2059	.85438
Station offers giveaways	2.00	5.00	3.1059	.44438
Station accepts credit cards	1.00	5.00	3.0059	.87438
Note Mean; 1=Strongly disagree to 5 = Strongly agree				

CHAPTER FIVE: SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings from chapter four, conclusions and recommendations of the study based on the objectives of the study.

5.2 Summary of the Findings

5.2.1 Social demographic information

From the study, most of the respondents were males. In addition, the study established that majority of the respondents were in the age group of 31 to 40 years while the least of the respondents' were in the age group of 20 to 30 years. On the issue of education level, most of the respondents were college graduates while the least of the respondents were university graduates.

The study also established that most of the interviewed respondents had personal cars while the least had PSV form of vehicles. On the same issue of vehicles, the study found out that most of the male respondents were owners of their cars.

From the research, it is clear that majority of the respondents resided in Thika district while the least of the respondents resided outside Thika district.. The study also proceeded to establish the most common method of payment used and ascertained that most of the respondents used cash as their means of payment while the least used cards for payment of bills at the petrol station.

5.2.2 Reliability

The research found out that Reliability service dimension attributes played a significant role as indicators of service quality to consumers in Petroleum retailing. They were generally rated as very important service quality indicators.

5.2.3 Responsiveness

The study ascertained that most of the respondents viewed Responsiveness service dimension criteria attributes as very important service quality indicators.

All the parameters rating these aspects were rated either as important or very important by the respondents to signify the degree of value respondents or customers place on them as service quality indicators.

5.2.4 Assurance

On the aspect of assurance as a service quality dimension attribute, most of the respondents cited dealing with courteous employees as a very important service quality indicator closely followed by being welcomed by friendly employees.

5.2.5 Empathy

It was apparent from the study that Station efficiency in handling customers and the quality of customer information available as indicators of service quality as part of the Empathy service dimension criteria were also rated highly by respondents.

5.2.6 Tangibles

The study established that most of the respondents considered service quality dimension attributes under the tangibles category very seriously as service quality indicators. Clean station with good ambience and well lit station at night were considered as very important parameters for service quality indication in retail outlets.

5.2.7 Other factors influencing Choice of petrol station

In addition, the study also established that majority of the respondents strongly agreed that their choice of petrol station had to offered quality products, and that the station management was to be friendly .In addition, a large number of the respondents neither agreed nor disagreed that stations that offered discounts were their choice.

5.3 Conclusions

Firstly, the study confirms the conceptual model drawn by the researcher that propounds that consumer preference in petroleum retailing is influenced by the presence of certain service quality indicators in the retail outlet.

Those quality service indicators that are described using the existing service quality dimension attributes of Reliability, Responsiveness, Assurance, Empathy and Tangibles were all generally rated highly as key service quality indicators.

The study also shows that in petroleum retailing, service quality can be used as a key strategy for attracting consumers and retaining their loyalty. It is apparent that petroleum retail consumers are aware of service quality indicators in this sector and select the petrol station to patronize based on how well they rate the presence of those parameters in the petrol station in question. From the study, it also emerged that service quality indicators are used by consumers to determine choice of retail outlet to a very large extent judging by the high average mean score noted in all the questions that were answered by the respondents.

The study also confirms that besides service quality parameters, there are other key factors that influence consumers in their choice of petrol station. Factors rated highly in influencing the consumer choice includes, friendly management, convenient location of the retail outlet, quality of products on offer, secure location, good accessibility, free parking and wide range of products on offer. Factors such as offering of giveaway by stations, offering discounts, accepting of credit cards were not regarded highly by the respondents in terms of influencing their choice of service station to patronize.

It is also worthy noting from the study that the aspect of the influence of cheaper price was generally rated highly by all the respondents as a factor that influences their choice of retail outlet. This therefore means that although service quality plays a major role in influencing consumer preference, petroleum retail marketers and practitioners can not ignore the role played by cheaper or reasonable petroleum prices in determining consumer preference.

In the cross tabulation of the tangibles attributes in service quality dimension and the gender of respondent, it emerged that female respondents rated factors such as clean facilities, well lit station at night, clean and modern equipments, neat and well groomed staff and well provisioned toilets facilities highly compared to male respondents. This result is important to petroleum retail practitioners who intend to attract female consumers in their petrol service station.

From the study, it also emerged that diversification parameters in the petroleum retail business in the area of convenience store/shop plays a significant role in influencing consumer choice while the influence of presence of ATMs and food courts/cafes in retail outlets were not rated very significantly.

5.4 Recommendations

From the summary and conclusions, the study recommends that petroleum retail marketers and practitioners pay attention to service quality indicators in order to safeguard and improve consumer preference for their retail outlets. In order to improve on service quality all the aspects of service quality dimensions in the areas of reliability, responsiveness, assurance, empathy and tangibles need to be emphasized in petroleum retailing.

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. There is also need for marketers and practitioners to commence annual consumer surveys to gauge the rating of various service quality indicators in the petroleum retail channel so as to make the relevant interventions aimed at augmenting service quality in the sector.

5.5 Limitations

The research assistants encountered difficulties where some petrol station operators were suspicious of the research being done. Some were quite uncooperative in allowing the research to be undertaken in their stations.

5.6 Areas of Further Research

From the study, the researcher suggests further research in the area of service quality in petroleum retailing in the major cities of Kenya such as Nairobi and Mombasa. Another area that may require further research is to relate service quality in petroleum retailing to actual retail profitability performance.

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APPENDICES

Appendix I: Introduction Letter

University of Nairobi
School of Business
Po Box 30197
NAIROBI
9th September, 2009

Dear Respondent,

RE COLLECTION OF RESEARCH DATA

I am a Masters student at the School of Business, University of Nairobi. In order to fulfil the MBA degree requirements, I am undertaking a Management Research project on the influence of Service Quality on Consumer preference in Petroleum Retailing. The study is entitled:

“The influence of Service Quality on Consumer preference in Petroleum Retailing in Thika District”

I therefore kindly request you to provide the information sought for by completing the attached questionnaire as guided by the research assistants. There are no right or wrong answers.

The information that you provide shall be used exclusively for academic purposes. My supervisor and I assure you that the information you give will be treated with strict confidence.

Your cooperation will be highly appreciated.

Yours Faithfully,

Wambugu A.G
MBA Student.

Mrs Mary Kinoti
Project Supervisor
School of Business,
University of Nairobi.

SECTION TWO

Please answer by ticking in one of the boxes given in each of the statements labelled 1-5 below that indicate what you consider an important indicator of service quality in your choice of petrol service station.

5(Very important), 4(Important),3(Neutral), 2 Not Important 1(Not very important)

	5	4	3	2	1
1. Fast,fuel service at the pumps	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.Dependable service at the pumps	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.Accurate fuel service at the pumps	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.Under the bonnet service checks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.Quick Windscreen cleaning service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.Fast,free, Tyre pressure check service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Quick, perfect and accurate service at pit/	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.Quick processing of payment/receipts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.Being handled by well trained employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.Neat and well groomed staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.Dealing with courteous employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12.Being handled by honest employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13.Being welcomed by friendly employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Wished good day by service provider	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15.Station efficiency in handling customer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.Consistent in service performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17.Quality of customer information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18.Willingness to help customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19.Fast action on customer complaints	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20.Clean facilities with good ambience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Modern and efficient service equipments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22.Clean and provisioned toilet facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23.Well lit station at night due to insecurity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24.Service done in an orderly sequence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25.Receipts and service tags	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SECTION 3

Please indicate by way of ticking in the box labelled 1-5 your agreement or disagreement with the statements below that show the influence of the following station characteristics to your choice of petrol service station

5(strongly agree),4 (agree),3(Neither agree nor disagree),2(Disagree) 1(strongly disagree)

	5	4	3	2	1
1.Station name and image is appealing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.Offers quality products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.Station well stocked and merchandised	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.Station has wide range of products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.Station service offers free parking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.Price of fuel is cheaper	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.Station offers discounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8..Station offers giveaways	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.Station offers fuel on credit/invoice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.Station offers quality products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.Service is well priced	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.Station near my home	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12.Station has ample parking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13 Station is secure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Station equipments are modern	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15.Station has a convenience shop	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Station has a food court/cafe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Station location is convenient	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Station has good accessibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19.Station accepts credit cards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20.Station management is friendly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21 Station has other facilities such as ATM	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22.Station has good visibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23. Any other(specify).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Appendix III: List of Retail Petrol Stations Surveyed In Thika District

1. ENGEN PETROL STATION-KAHAWA SUKARI
2. DELTA PETROL STATION-RUIRU
3. SHELL PETROL STATION-RUIRU
4. OILIBYA PETROL STATION-RUIRU
5. KENOL PETROL STATION-RUIRU
6. GULF OIL PETROL STATION -RUIRU
7. JET PETROL STATION- JUJA
8. MAXWAY PETROL STATION -JUJA
9. EVERTON PETROL STATION-THIKA
10. CALTEX HIGHWAY PETROL STATION -THIKA
11. SHELL PETROL STATION -THIKA
12. OILIBYA PETROL STATION -THIKA
13. ENGEN PETROL STATION -THIKA
14. TOTAL PETROL STATION-THIKA

15.TOTAL PETROL STATION-MAKONGENI-THIKA

16.KOBIL PETROL STATION-GATUKUYU

17TOTAL PETROL STATION-KAMWANGI.