



**ST.MARY'S UNIVERSITY COLLEGE  
SCHOOL OF GRADUATE STUDIES**

**ASSESSMENT OF SERVICE QUALITY AND ITS  
EFFECT ON CUSTOMER SATISFACTION AT  
YETEBABERUT BEHERAWI PETROLUM S.C. (YBP)**

**By: MESFIN KASSAHUN SGS /0015/2003**

**FEBRUAREY 2013  
ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY  
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## **DECLARATION**

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of \_\_\_\_\_. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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Signature

**February, 2013**

## **ENDORSEMENT**

This thesis has been submitted to St. Mary's University College, School of Graduate Studies for examination with my approval as a university advisor.

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Advisor

**St. Mary's University College, Addis Ababa**

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Signature

**February, 2013**

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## **List of Acronyms**

Ans	Answer
bp	beyond petroleum
Coco	Company Owned Company Operated
Codo	Company Owned Dealer Operated
Dodo	Dealer Owned Dealer Operated
ENEC	Ethiopian National Energy Committee
FPSO	Floating production storage and offloading
ISO	International Standards Organization
LNG	Liquid Natural gas
NOC	National Oil Company
Qn	Question
WAS	Walid al Sudan
YBP	Yetebaberut Beherawi Petroleum

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## **ABSTRACT**

Customer Satisfaction is a vital measure of service quality in oil industries. Evaluating the service quality provides an important feedback for the company (YBP) to assess and develop its service to its customers. Oil industries that look for getting competitive advantage in the future should search for innovative and effective methods to acquire, maintain and build stronger relationships with their customers. The main purpose of this paper is to evaluate customer's level of satisfaction on the service quality provided by YBP S.C. Furthermore, it aims at determine relationship between the five dimensions of service quality (tangibility, reliability, responsiveness, assurance and empathy) and customer satisfaction.

This research was conducted using a set of question to 100 customers in five service stations in Addis Ababa and interviewed 10 management and marketing department employees in the head office. The questionnaires prepared by using five likert scale used as an instrument to gather the relevant data and information. However, majority of customers were dissatisfied with the facilities provided by YBP. The findings of this study will provide the company with solutions to enhance its performance and increase the number of its customers. In general, the result indicates that the five dimensions of service quality are with customer satisfaction.

YBP managers should train employees, service station owners and pump attendants to improve visually attractive facilities and coordinate all people, departments and organizations involved with the quality services and also measure customer satisfaction and service quality periodically to keep the services corresponding with customers' opinions.

# CHAPTER I INTRODUCTION

## 1.1 Background of the study

Service quality and customer satisfaction are very important concepts that companies must understand in order to remain competitive in business and hence grow. It is very important for companies to know how to measure these from the consumers' perspective in order to better understand their needs and hence satisfy them. Service quality is considered very important because it leads to higher customer satisfaction, profitability, reduced cost, customer loyalty and retention.

According to Asubonteng & Swan, (1996), in order to increase intense competition and the hostility of environmental factors, service quality has become a cornerstone marketing strategy for companies. This highlight how important is improving service quality to organizations for their survival and growth since it could help them tackle the challenges they face in the competitive markets. This means that service-based companies are compelled to provide excellent services to their customers in order to have a sustainable competitive advantage.

Customer satisfaction is a measurement of how products and services supplied by a company or organization customers' expectation. It has been accepted as a key performance indicator for business organization. In a competitive market where business compete for customers in terms of service quality and customer satisfaction. Customers' satisfaction is a key differentiator and now has become a key element of business strategy.

In this study, the researcher's paper is focuses to assess service quality and its effect on customer satisfaction at Yetebaberut Beherawi Petroleum S.C. In order to increase market share in the current economic climate, it is important to understand the customer experience in the business. It has become increasingly important in the modern competitive economies to deliver a valuable customer experience.

The oil industry sector is characterized generally by an extremely tough competitive environment, relatively low gross margins and high stock turnover rates. It is both highly capital intensive from the point of view of oil companies and highly labour intensive for the sector as a whole. To increase gross margin as the same time to satisfy customers, service stations are access points for a whole range of other services like, car wash, supermarkets, restaurant, and tire shop. This has changed the face of the fuel retail-sector, allowing many marginal outlets' to survive while generating new income streams for established stations.

Oil companies have three different basic types of outlet options to compete in the marketplace. First, company owned, company operate outlets (COCO), integrated oil companies can own and operate the retail outlets themselves .Second, company owned ,dealer operated (CODO) is to franchise the outlet to an independent dealer and directly supply it with gasoline by paying rent to the oil company for the lease of property to operate the site themselves. Third, dealer owned, dealer operated (DODO) is to utilize a jobber, a person or firm who gains the right to franchise the brand in a particular area the stations are owned and operated by independent. This means that each fuel station can have only one option but the companies could have different options at different place.

## **1.2 Background of the Company**

Yetebaberut Beherawi Petroleum S.C (YBP) was established in May 2005 G.C by base of the regulation of the Council of Ministers on October 28, 2004 G.C. It is the first local oil company formed by 100% Ethiopian Shareholders to provide oil and oil products & services for different customers.

Before the year 2005, the distribution of petroleum products was totally monopolized by foreign companies. During the year 2004, the government enacted the law that allows private investors to involve in the oil industry. Based on this and the potential demand in the petroleum industry, a group of twenty-one Ethiopian individuals and transporters took the advantage and established the company with paid up capital of Birr 5,200,000.

YBP is one of the fuel and lubricant distributors in Ethiopia with an average of 12% market share in the Ethiopian oil industry, Industry Market Share Analysis, January (2012). It sells fuel in over 80 branded service stations in the country. The lubricant division has been supplying different kinds of lubricants to the market through branded service stations and direct customers in almost all parts of the country.

In collaboration with Beyond Petroleum (bp) of England, YBP supplies lubricants and greases for customers. bp is one of the largest and top three oil companies in the world. The main reason for selecting bp is to provide quality lubricants to customers.

Therefore, YBP has made an agreement with bp to import and supply to the market bp and Castrol brand lubricants and greases.

Importing petroleum products for local consumption is the sole responsibility of the state owned Ethiopian Petroleum Enterprise (EPE). It buys refined oil products on the international market and stores them in Djibouti.

Oil companies such as Total, OiLybya, Kobil, YBP, NOC, WAS, NILE, TAF and DALOL are the companies that undertake the local distribution of imported petroleum. Those distributors transport the petroleum themselves from Djibouti port and utilize their strategic depots found at different parts of the country. To perform the distribution and marketing of petroleum, they have more than 600 service stations throughout the country. The government bodies, Ethiopian Petroleum Enterprise together with Ministry of Trade and Industry, have an authority to control each activity of the companies.

The oil industry is engaged in the distribution of petroleum products like ethanol blended fuel gasoline, gasoil, kerosene furnace oil, lubricants and industrial products. Currently, there are nine oil companies operating in the country, of which four of them are locally owned. The oil industry is playing a vital role in the Ethiopian economy through providing oil and oil related products to the major companies that are engaged in the manufacturing, agricultural and service sectors.

### 1.3 Statement of the Problem

According to Saravanan & Rao, (2007) Service organizations have begun focusing on the customer perceptions of service quality and this service quality helps, in developing strategies that lead to customer satisfaction. YBP S.C. of Ethiopia is engaged in the distribution and retailing activities of oil products through service stations. The oil industry plays a vital role in the life of every individual because they provide goods and services of various categories in the form of fuel and lubricant. The oil industry is considered highly competitive and challenging. In this regard the oil companies in Ethiopia are facing intense competition which could be associated with the fact that they offer similar products and services to their customers. Hence, due to the competition faced by these oil companies, pump attendants at service stations should have a better understanding of quality services for all customers in order to compete and retain corporate customers that frequently visit the service stations and it also includes walk in customers nearby to service stations. Since the nature of the service in the oil companies is homogenous, each company needs to provide quality services from others. The researcher focused on YBP S.C as part of the service industry because it deals with retailing of fuel and lubricant to customers and in the course of retailing these goods they offer services in order to facilitate the service station experience of customers. The major problem in YBP S.C is inefficient service delivery when compared to other competitors. As a result complaints are arising from customers. Once the customer is dissatisfied, it would be very difficult to gain their trust back.

The major problems of YBP are;

- Shortage of fuel supply or product and its quality.
- Problem of customer handling and awareness.
- Lack of appropriate training regarding to service quality for pump attendants at service stations.
- Inaccessibility in entrance and exit of service station.
- Lack of awareness and visibility compared to other oil companies.
- Less of Financial capacity.



## 1.4 Research Questions

The research tries to answer the following questions;

- How important is service quality and its effect on the customer satisfaction?
- How can YBP S.C improve service quality in order to satisfy their customers?
- What is the current situation of YBP S.C. regarding service quality and its effect on customer satisfaction?

## 1.5 Objectives of the study

### General Objectives;

The general objective of this study is to assess service quality and its effect on customer satisfaction at YBP S.C. in Addis Ababa.

The specific objectives of the study are:

- Measuring the satisfaction level among customers with in YBP S.C.
- Identifying effect of SERVQUAL dimensions on the satisfaction level of customers.
- Identifying the key challenges and provide alternative options which enable the company to improve its service quality.

## 1.6 Significance of the Study

### The result of the research is expected to have the following benefits;

- It can be used as an input for YBP's top management and shareholders for better decision making in relation to quality service delivery.
- It is also expected to serve as a preliminary work or stepping stone for further study on the issue.

## **1.7 Scope (Delimitation) of the Study**

The study was conducted in YBP service stations. As a result, it may not be possible to generalize the findings to the oil industry as a whole and other service sectors in the country. On top of this, due to time and financial constraints the research mainly focused on the service stations of the company that are located in Addis Ababa only.

## **1.8 Limitations**

Customer expectations and perceptions are subjective and are in a state of constant change. Therefore, it may not represent the entire customers' level of satisfaction in the company.

## **1.9 Organization of the Study**

This research paper is organized in five chapters. Chapter One comprises the introduction part, including the background of the study, statement of the problem, research questions, objectives of the study, significance of the study, and scope and limitation of the study. The second chapter dealt with the review of related literature, which describes the theoretical framework of service quality and customer satisfaction in general and experience of different oil companies in particular. It deals with concepts, process, principles, objectives and dimensions of the subject matter of the study based on different books, journals, magazines, manuals, and other publications related to the topic. The third chapter describes research design and methodology of the study. The fourth chapter includes the findings, and results of the study following with their interpretation and discussion with the help of the literature consulted. The fifth chapter is the closing chapter which presented the summary of findings, conclusions and recommendation.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

In this chapter, literature review is organized under the following two major areas, which are conceptual and empirical review. The researcher has discussed issues on service quality and customer satisfaction and defined relevant concepts in order to enhance the understanding of the topic and provide answers to the research questions.

#### **2.1. CONCEPTUAL REVIEW**

##### ***2.1.1. Service Concept***

A study carried out by Johns, (1998) points out that the word ‘service’ has many meanings which lead to some confusion in the way the concept is defined. In management literature, service could mean an industry, a performance, an output or offering or a process. He further argues that services are mostly described as ‘intangible’ and their output viewed as an activity rather than a tangible object which is not clear because some service outputs have some substantial tangible components like physical facilities, equipments and personnel. An example is the services offered by the YBP S.C, which involve mostly retailing fuel and lubricant to customers. The researcher considers the tangible components when assessing retail activities offered by YBP stations in order to better understand service activities.

##### ***2.1.2 Understanding Quality Concept***

According to Hardie & Walsh (1993); Sower and Fair (2005); Wicks & Roethlein (2009), quality has many different definitions and there is no universally acceptable definition of quality. They claim it is because of the elusive nature of the concept from different perspectives and orientations and the measures applied in a particular context by the person defining it. Therefore, the definition of quality varies between manufacturing and services industries and between academicians and practitioners. These variations are caused by the intangible nature of its components since it makes it very difficult to evaluate quality which cannot be assessed physically. Some

definitions of quality pointed out by, According to Hardie & Walsh (1994); Quality is product performance which result in customer satisfaction freedom from product deficiencies and which avoids customer dissatisfaction. Juran (1985) said Quality is the extent to which the customers or users believe the product or service surpasses their needs and expectations. As Gitlow (1989) Quality is the totality of features and characteristics of a product that bear on its ability to satisfy stated or implied needs. Finally International Standards Organization (ISO) mentions Quality is the total composite product and service characteristics of marketing, engineering, manufacture and maintenance through which the product in use will meet the expectations of the customer.

### **2.1.3. Product Quality**

Garvin (1987) suggested eight dimensions of product quality which are very important to consumers since they lay much emphasis on quality when buying among many similar products and they include; *Performance*- primary operating characteristics of a product, *Features*- ‘bells and whistles’ of a product, *Reliability*- probability of a product falling within a specified period of time; *Durability*- measure of a product life; *Conformance*- degree that a product’s design matches established standards; *Serviceability*- speed and competency of repair; *Aesthetics*- subjective measure of how a product looks, feels, sounds, smells or tastes; *Perceived quality*- subjective measure of how the product measures up against a similar product. In the case of oil industry business, these factors play a very important role in knowing how consumers perceive service quality and therefore support in the measurement of service quality. Technical quality refers to what the customer receives as a result of his/her interaction with the service firm and functional quality refers to how the technical components are delivered to the customer Gronroos (1984).

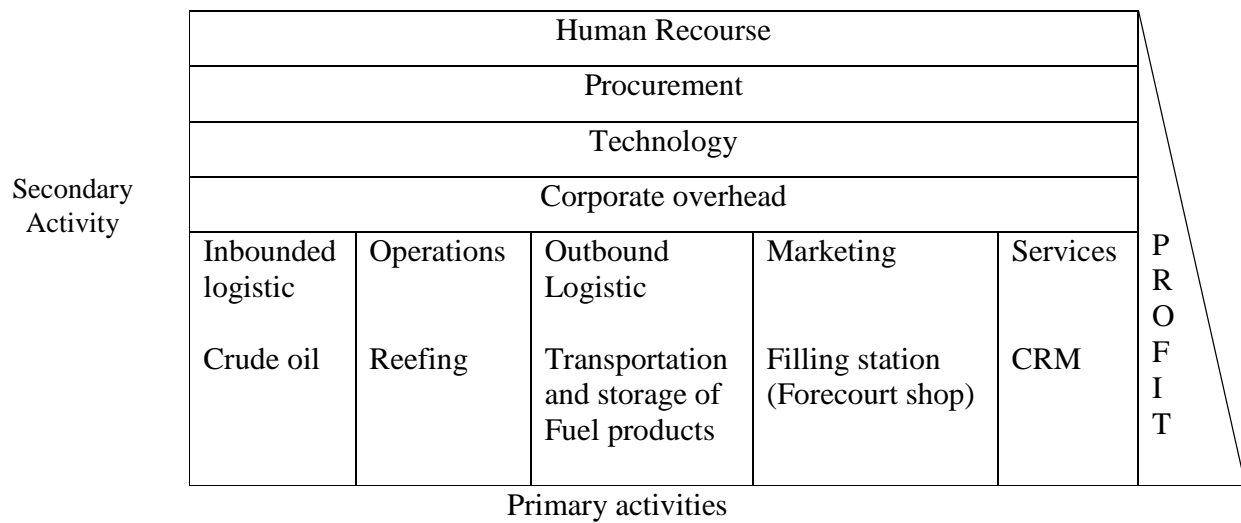
#### ***2.1.4. Service quality Concept***

Service quality is considered an important tool for a firm's struggle to differentiate itself from its competitors. Ladhari (2008) the relevance of service quality to companies is emphasized here especially the fact that it offers a competitive advantage to companies that strive to improve it and hence bring customer satisfaction. According to Negi (2009), Service quality has received a great deal of attention from both academicians and practitioners and Eshghi A., Roy, S. K., & Ganguli, S (2008) services marketing literature service quality is defined as the overall assessment of a service by the customer. Ghylin (2008) points out that, by defining service quality, companies will be able to deliver services with higher quality level presumably resulting in increased customer satisfaction. Parasuraman, A., Zeithaml, V. A., & Berry, L. L (1985); Ladhari (2008) Understanding service quality must involve acknowledging the characteristics of service which are intangibility, heterogeneity and inseparability. In that way, service quality would be easily measured. According to Asubonteng P., Mc Cleary, K.J. & Swan, J.E, (1996), Customer's expectation serves as a foundation for evaluating service quality because, quality is high when performance exceeds expectation and quality is low when performance does not meet their expectation. Parasuraman et al.,(1988) said expectation is viewed in service quality literature as desires or wants of consumer i.e., what they feel a service provider should offer rather than would offer. Perceived service is the outcome of the consumer's view of the service dimensions, which are both technical and functional in nature (Gronroos, 1984).

#### ***2.1.5. Competitive advantage in oil industry.***

With the exception of YBP, NOC, DALOL and TAF, the rest of the petroleum companies, (Total, Kobil, Oilbya, Wass and Nile) have a global presence and vertically integrated through exploration, drilling, refining and retailing activities.

Figure 1 Petroleum industry value chain



Source; COMPETITIVE ADVANTAGE, creating and sustain superior performance by, Michael E. porter (1985)

Petroleum companies have similar primary and secondary activities; however, it is the use and presence of resources that leads to profitability. Service stations are under the marketing department of in all oil companies and they remain a key revenue generator through the sales of petroleum products.

Porters (1985) value chain is depicted in figure 1 to delineate the firm's activity and gain insights in to the scale and scope effects as defined by Collis and Montgomery (2005). Porters (1985) aim was to divide a firm into different components in order to understand its potential and existing source of differentiation. The analysis of the value chain positions service stations retailing with in the marketing activities of the oil companies. Marketing is a primary activity, which is, according to porters (1985), one of the activities connected with the sale and transfer of the product to the customer. Monama's (2006) view that certain of these activities are ancillary to the core business of oil companies creates an opportunity for the state to use legislative power to intercept certain non-core items on the value chain for fulfillment broader socio-economic objectives.

### **2.1.6. Ethiopian oil industry concept**

The oil industry involves the distribution of petroleum products like gasoline, gasoil, furnace oil, lubricants and different chemicals. Currently, there are nine oil companies operating in the industry, of which four of them are locally owned. The oil industry is playing a vital role in the Ethiopian economy through providing oil and oil related products to the major companies that are engaged in the manufacturing, agricultural and service sectors. To perform the distribution and marketing of petroleum, they have a sum of 612 service stations throughout the country. The government bodies, Ethiopian Petroleum Enterprise together with Ministry of Trade and Industry, have an authority to control each activity of them.

Table 1 the number of service stations and the company's market share.

Company	Number of Service Stations			Market Share
	In Addis Ababa	Out of Addis Ababa	Sum	
Total	32	140	172	30%
OiLibya	41	112	153	22%
Kobil	9	56	65	4%
YBP	10	70	80	12%
NOC	18	107	125	26.5%
TAF	2	3	5	2%
Dalole	-	5	5	2%
NILE	-	2	2	0.5%
WAS	2	3	5	2%
<b>Total all</b>	<b>114</b>	<b>498</b>	<b>612</b>	<b>100%</b>

Source (Industry market Share Analysis Jan-Dec2011)

### **2.1.7 Service Concept in YBP S.C.**

The service concept in YBP S.C contributes the development of the country by providing quality and efficient petroleum products distribution services and Provide efficient, high quality value adding services combined with the highest ethical, safety and environmental standards locally it also Bring the distribution services of petroleum products to the international standard. Strive to operate at all times in a responsible manner which means fair and honest treatment of all those with whom the company deals and Provide good working atmosphere and opportunity for

creativity and growth for employees of the company to encourage each employee to develop his abilities to his fullest capacity.

### ***2.1.8. Customer satisfaction***

As Solomon (2009) mentions those who buy the goods or services provided by companies are customers. In other words, a customer is a stakeholder of an organization who provides payment in exchange for the offer provided to him by the organization with the aim of fulfilling a need and to maximize satisfaction. Sometimes the term customer and consumer are confusing. A customer can be a consumer, but a consumer may not necessarily be a customer. Therefore a customer is the person who does the buying of the products and the consumer is the person who ultimately consumes the product.

When a consumer/customer is contented with either the product or services it is termed satisfaction. According to Kotler & Keller (2009), satisfaction can also be a person's feelings of pleasure or disappointment that results from comparing a product's perceived performance or outcome with their expectations. As a matter of fact, satisfaction could be the pleasure derived by someone from the consumption of goods or services offered by another person or group of people; or it can be the state of being happy with a situation.

Satisfaction varies from one person to another because it is utility. "One man's meal is another man's poison," an old adage stated describing utility; thus highlighting the fact that it is sometimes very difficult to satisfy everybody or to determine satisfaction among group of individuals.

Client happiness, which is a sign of customer satisfaction, is and has always been the most essential thing for any organization. Customer satisfaction is defined by an author Tse & Wilton, (1988) as the consumer's response to the evaluation of the perceived discrepancy between prior expectations and the actual performance of the product or service as perceived after its consumption hence considering satisfaction



as an overall post-purchase evaluation by the consumer Fornell, (1992). Customer satisfaction has also been defined by another author as the extent to which a product's perceived performance matches a buyer's expectations (Kotler et al., 2002). According to Schiffman & Karun (2004) Customer satisfaction is defined as the individual's perception of the performance of the products or services in relation to his or her expectations. In a nutshell, customer satisfaction could be the pleasure obtained from consuming an offer. Measuring customer satisfaction could be very difficult at times because it is an attempt to measure human feelings. The simplest way to know how customers feel, and what they want is to ask them this applied to the informal measures (Levy, 2009). According to Levy (2009) in his studies suggested three ways of measuring customer satisfaction:

1. A survey where customer feedback can be transformed into measurable quantitative data:
2. Focus group or informal where discussions orchestrated by a trained moderator reveal what customers think.
3. Informal measures like reading blogs, talking directly to customers.

### ***2.1.9. Relationship between service quality and customer satisfaction***

According to Sureshchandar et al., (2002), customer satisfaction should be seen as a multi-dimensional construct just as service quality meaning it can occur at multi levels in an organization and that it should be operationalized along the same factors on which service quality is operationalized. Parasuraman et al. (1985), suggested that when perceived service quality is high, then it will lead to increase in customer satisfaction. Saravana & Rao, (2007) and Lee et al., (2000) acknowledge that customer satisfaction is based upon the level of service quality provided by the service provider. These authors support the fact that service quality leads to customer satisfaction. According to Negi, (2009), the idea of linking service quality and customer satisfaction has existed for a long time. He carried a study to investigate the relevance of customer-perceived service quality in determining customer overall satisfaction in the context of mobile services (telecommunication) and he found out

that reliability and network quality (an additional factor) are the key factors in evaluating overall service quality but also highlighted that tangibles, empathy and assurance should not be neglected when evaluating perceived service quality and customer satisfaction. As Fen & Lian, (2005), found that both service quality and customer satisfaction have a positive effect on customer's re-patronage intentions showing that both service quality and customer satisfaction have a crucial role to play in the success and survival of any business in the competitive market.

#### ***2.1.10. Service Quality Gaps and Models***

As stated earlier service quality has been defined differently by different people and there is no consensus as to what the actual definition is. This study adopted the definition by Parasuraman et al., (1988), which defines service quality as the discrepancy between a customers' expectation of a service and the customers' perception of the service offering. Measuring service quality has been one of the most recurrent topics in management literature, Parasuraman et al., (1988), Gronroos, (1984), Cronin et al., (1992) Parasuraman et al., (1985) developed a conceptual model of service quality where they identified five gaps that could impact the consumer's evaluation of service equality in four different industries (retail banking, credit card, securities brokerage and product repair and maintenance). These gaps are;

##### **Gap 1: Consumer expectation - management perception gap**

Service firms may not always understand what features a service must have in order to meet consumer needs and what levels of performance on those features are needed to bring deliver high quality service. This results to affecting the way consumers evaluate service quality.

##### **Gap 2: Management perception - service quality specification gap**

This gap arises when the company identifies what the consumers want but the means to deliver to expectation does not exist. Some factors that affect this gap could be

resource constraints, market conditions and management indifference. These could affect service quality perception of the consumer.

### **Gap 3: Service quality specifications – service delivery gap**

Companies could have guidelines for performing service well and treating consumers correctly but these do not mean high service quality performance is assured. Employees play an important role in assuring good service quality perception and their performance cannot be standardized. This affects the delivery of service which has an impact on the way consumers perceive service quality.

### **Gap 4: Service delivery – external communications gap**

External communications can affect not only consumer expectations of service but also consumer perceptions of the delivered service. Companies can neglect to inform consumers of special efforts to assure quality that are not visible to them and this could influence service quality perceptions by consumers.

### **Gap 5: Expected Service – perceived service gap**

From their study, it showed that the key to ensuring good service quality is meeting or exceeding what consumers expect from the service and that judgment of high and low service quality depend on how consumers perceive the actual performance in the context of what they expected. Parasuraman et al., (1988), later developed the SERVQUAL model which is a multi-item scale developed to assess customer perceptions of service quality in service and retail businesses. The scale decomposes the notion of service quality into five constructs as follows: Tangibles, Reliability, Responsiveness, Assurance and Empathy. It bases on capturing the gap between customers' expectations and experience which could be negative or positive if the expectation is higher than experience or expectation is less than or equal to experience respectively. The SERVPERF model developed by Cronin & Taylor, (1992), was derived from the SERVQUAL model by dropping the expectations and measuring service quality Brady & Cronin, (2001), proposed a multidimensional and

hierarchical construct, in which service quality is explained by three primary dimensions; interaction quality, physical environment quality and outcome quality. Each of these dimensions consists of three corresponding sub-dimensions. Interaction quality made up of attitude, behavior and expertise; physical environment quality consisting of ambient conditions, design and social factors while the outcome quality consists of waiting time, tangibles and valence. According Brady & Cronin, (2001) , hierarchical and multidimensional model improves the understanding of three basic issues about service quality: (1) what defines service quality perceptions; (2) how service quality perceptions are formed; and (3) how important it is where the service experience takes place and this framework can help managers as they try to improve customers' service experiences. Saravanan & Rao, (2007), outlined six critical factors that customer-perceived service quality is measured from after extensively reviewing literature and they include;

- (1) Human aspects of service delivery (reliability, responsiveness, assurance, empathy)
- (2) Core service (content, features)
- (3) Social responsibility (improving corporate image)
- (4) Systematization of service delivery (processes, procedures, systems and technology)
- (5) Tangibles of service (equipments, machinery, signage, employee appearance)
- (6) Service marketing

From their study, they found out that these factors all lead to improved perceived service quality, customer satisfaction and loyalty from the customer's perspective. According to Brady & Cronin, (2001), based on various studies, service quality is defined by either or all of a customer's perception regarding 1) an organisations' technical and functional quality; 2) the service product, service delivery and service environment; or 3) the reliability, responsiveness, empathy, assurances, and tangibles associated with a service experience. Mittal and Lassar's SERVQUAL-P model reduces the original five dimensions down to four; Reliability, Responsiveness, Personalization and Tangibles. Importantly, SERVQUAL-P includes the Personalization dimension, which refers to the social content of interaction between service employees and their customers Bougoure& Lee(2009).

### 2.1.11. The Development and Evolution of the SERVQUAL Model

According to Parasuraman et al. (1985) and Kumar et al., (2009) identified 97 attributes which were found to have an impact on service quality. These 97 attributes were the criteria that are important in assessing customer's expectations and perceptions on delivered service. These attributes were categorized into ten dimensions Parasuraman et al., (1985) and (1988) later subjected the proposed 97 item instruments for assessing service quality through two stages in order to purify the instruments and select those with significant influences . The first purification stage came up with ten dimensions for assessing service quality which were; tangibles, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding, knowing, customers, and access. They went into the second purification stage and in this stage they concentrated on condensing scale dimensionality and reliability. They further reduced the ten dimensions to five which were;

**Tangibility:** physical facilities, equipment, and appearance of personnel

**Reliability:** ability to perform the promised service dependably and accurately

**Responsiveness:** willingness to help customers and provide prompt service

**Assurance:** knowledge and courtesy of employees and their ability to inspire trust and confidence

**Empathy:** caring individualized attention the firm provides to its customers

Assurance and empathy involve some of the dimensions that have been done away with like communication, credibility, security, competence, courtesy, understanding/knowing customers and access. This is because these variables did not remain distinct after the two stages of scale purification, Parasuraman et al., (1988). These original five dimensions are subject to 22 statements derived from Parasuraman et al, (1985).

This scale was further tested for reliability with the use of five independent samples in five different service industries. These are the same as the ones used in the

purification stages. The variables proved to be very reliable and displayed very low levels of correlation between each other in the five independent samples. This qualified them as independent or linear factors that can be used to assess service quality Parasuraman et al., (1988). Further a validity test was carried out on this scale and using the same samples. Normally reliability is a first criterion for validity. To be able to determine content validity they analyzed the thoroughness with which the hconstruct to be scaled were explicated and then the extent to which the scales items represent the construct domain. However the procedures used in developing the SERVQUAL satisfied these conditions assuring the content validity Parasuraman et al., (1988).

According to Parasuraman et al.(1988) assess the scale validity they did an empirical assessment by examining the convergent validity. This was by looking at the association of the SERVQUAL scores and the question that was asked to respondents to provide an overall quality rating for the companies they were evaluating which was valid. Primarily the SERVQUAL model was developed for service and retail businesses and its objective is to know how customers of a business rate the services offered to them Parasuraman et al., (1988). This is very crucial for growth and profitability. Parasuraman et al., (1988), propose that this model be used on a company three to four times a year to measure the quality of its service over different times, to know the discrepancies between perceived and actual services so as to know what reaction is possible. They also recommend that the model should be used in conjuncture with other models like in a retail business another model could be used to rate the perception of service quality by the employees, and try to find out from these employees what they recommend to improve on the quality of their services. They equally require that in applying the model we should try to measure the relative importance of each dimension. This can be considered as weighted SERVQUAL model Cronin & Taylor, (1992). The SERVQUAL model is important in grouping customers of a company into different quality ranks by determining their SERVQUAL score which is of course very important to know how to target the various ranks.

### 2.1.12. Functioning of the SERVQUAL

Parasuraman et al., (1988) mentions SERVQUAL represents service quality as the discrepancy between a customer's expectations for a service offering and the customer's perceptions of the service received, requiring respondents to answer questions about both their expectations and their perceptions. According to Parasuraman et al., (1988) the use of perceived as opposed to actual service received makes the SERVQUAL measure an attitude measure that is related to, but not the same as, satisfaction. The difference between expectations and perceptions is called the gap which is the determinant of customers' perception of service quality as shown on figure 2 below;

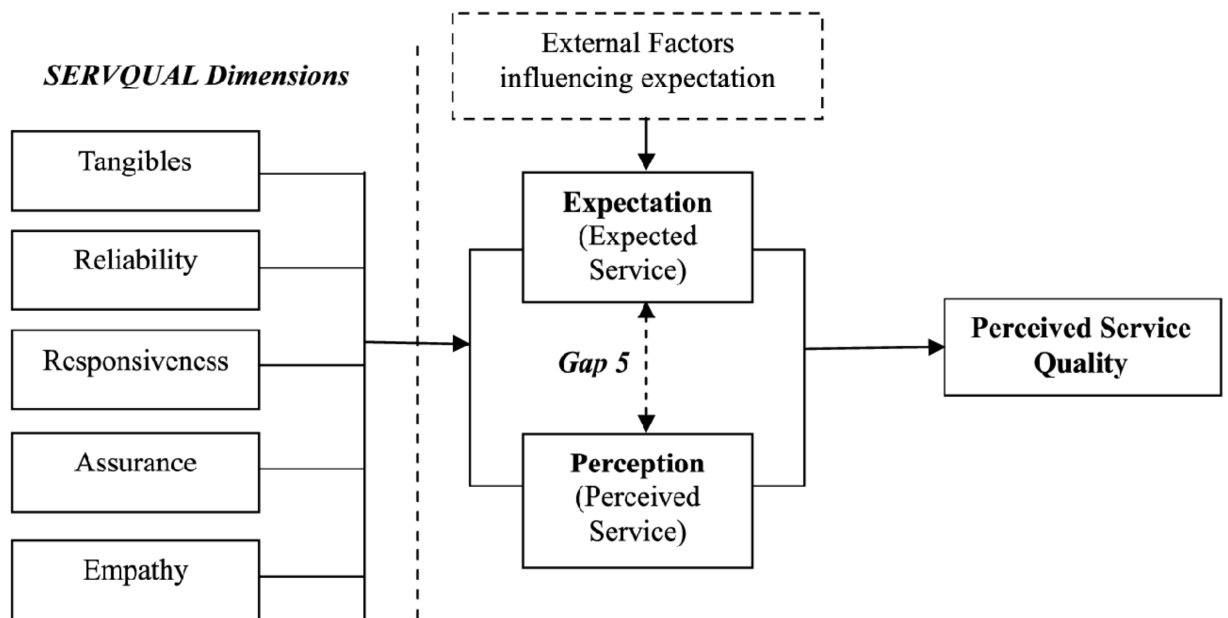


Figure 2 Measuring service quality using SERVQUAL model (Kumar et al, 2009)

The expectations of customers are subject to external factors which are under the control of the service provider as shown on the diagram. According to Kumar et al., (2009) the gap 5 on the diagram represents the difference between customers' expectations and customers' perceptions which is referred to as the perceived service quality.

## **2.2 EMPIRICAL REVIEW**

### **2.2.1 World energy sources**

According to U.S. Energy Information Administration, Short-Term Energy Outlook, (January 10, 2012) Oil demand in 2011 was 88.1 million barrels per day worldwide, an increase of 1.0 million barrels per day over 2010. Demand is projected to increase to 89.4 million barrels per day in 2012 and 90.9 million barrels per day in 2013.

Most of the expected growth for oil demand in 2012 came from non-OECD (Organization for Economic Cooperation and Development) countries, most notably China, the Middle East and Brazil, more than offsetting the demand decline in Europe. (Source: U.S. Energy Information Administration, Short-Term Energy Outlook, January 10, 2012).

U.S. petroleum consumption was an estimated 18.87 million barrels per day in 2011, and is expected to increase to 18.96 million barrels per day in 2012 and 19.09 million barrels per day in 2013. (Source: U.S. Energy Information Administration, Short-Term Energy Outlook, January 10, 2012).

As US Census Bureau, (2012) says the energy needs of the world population of 6.82 billion are currently fulfilled by the conversion of oil, gas, coal, biomass, nuclear sources, wind and water to energy . The major sources of energy are oil, gas and coal. Global oil and natural gas consumption are estimated to be 85.98 million barrels per day (bbl/day) and 3.16 trillion cubic meters respectively (CIA, 2012). Petroleum products are synthesized from coal, natural gas, crude oil or biomass. Petrol, diesel and jet fuel are products of petroleum which are instrumental in providing low cost fuel for the transport industry and equipment used in various industries. These products are produced at crude oil refineries, Coal-to-Liquid (CTL) plants and Gas-To-Liquid (GTL) plants. The service of the world petroleum refining industry has been moving from regional and local markets to one that serves global markets as the world refining capacity utilization has increased (Walls, 2009:1). Table 2.2.1 provides world refining capacity data from 1970 to 2011.



## 2.2.2 World Oil industry

The functioning of the oil industry can be characterized by:

- an activity, by which the functioning relies on the exploitation of a natural resource which is physically non-reproducible by human means;
- an industry that is global and multi-product; being made up of various activities in terms of exploration, production, transport, refining and distribution;
- an industry with market inconsistencies since crude oil has a variable production cost in time and space; and
- an industry where surplus distribution brings together oil exporting and importing countries and the multinational firms Badour, (1997).

**TABLE 2.2.1: TOP TEN PETROLEUM CONSUMERS OF 2011 (IN BARRELS PER DAY)**

<b>RANK</b>	<b>Country</b>	<b>Consumption</b>
1	United States	19 498 000
2	China	7 831 000
3	Japan	3 4 785 000
4	India	2 962 000
5	Russia	2 916 000
6	Germany	2 569 000
7	Brazil	2 485 000
8	Saudi Arabia	2 376 000
9	Canada	2 261 000
10	South Korea	2 175 000

**Source:** U.S. Energy Information Administration, 2012

It is evident, from Table 2.2.1, that the United States of America is currently the largest single consuming country of petroleum.

The global market leaders of the petroleum industry are ranked in Table 2.2.2 Refiners, distributors, marketers and others maintain inventories of crude oil and petroleum products to ensure a continuity of supply to customers. The primary

inventory system comprises production sites, pipelines, tankers and barges. The supply infrastructure of the Petroleum industry comprises of pipelines, barges, vessels, marine terminals and storage tanks. Road tankers and rail tankers distribute a small fraction of the products. Pipelines are generally the least expensive mode of petroleum products and oil distribution. Waterways, ports and vessels are the primary constituents of the marine transport system Walls, (2009).

According to Ernst & Steinhubl (1999), mergers between major oil companies have created companies with advantages based on scale, size and increased performance of which Exxon Mobile and the merger between Mobil and Amoco is an example. It enhanced their influence, because they present such a large share of industry know-how and downstream capacity that they have advanced their negotiating positions against the national oil companies of the USA.

**TABLE 2.2.2: THE WORLD'S TOP 10 LARGEST OIL COMPANIES**

Rank	Company	Worldwide Liquids Reserves (109 bbl)	Worldwide Natural Gas Reserves (109 ft3)	Total Reserves in Oil Equivalent Barrels (106 bbl)	Company	Production (106 bbl/d)
1	Saudi Aramco	260	254	303	Saudi Aramco	11
2	National Iranian Oil Company	138	948	300	National Iranian Oil Company	4
3	Qatar Petroleum	15	905	170	Kuwait Petroleum Corporation	3.7
4	Iraq National Oil Company	116	120	134	Iraq National Oil Company	2.7
5	Petróleos de Venezuela	99	171	129	Petróleos de Venezuela	2.6
6	Abu Dhabi National Oil Company	92	199	126	Abu Dhabi National Oil	2.6

Company						
7	Kuwait Petroleum Corporation	102	56	111	Petróleos Mexicanos	2.5
8	Nigerian National Petroleum Corporation	36	184	68	Nigerian National Petroleum Corporatin	2.3
9	Libya NOC	41	50	50	Libya NOC	2.1
10	Sonatrach	12	159	39	Lukoil	1.9

(Source: Petro strategies, 2012; Wikipedia, 2012)

### ***2.2.3. Product-service in oil and gas***

With the term “oil and gas” is indicated the industry composed of the companies producing oil-based and natural gas products. The global process goes from the exploration to the distribution phase, including the extraction, refining and marketing phases. Manufacturers and services providers working in this area mainly provide products and services for international oil companies (IOC) and national oil companies that operate in the sector. These industries also cover the liquefied natural gas (LNG) sector, refineries, chemical industry and power generation. According to Bandinelli, Gamberi, (2011) The industry is usually divided into three major segments: upstream, midstream and downstream (which often includes also the midstream category). The upstream oil and gas sector includes all the operations of seeking for potential underground or underwater oil and gas fields, drilling of exploratory wells, recovery and production of crude oil and natural gas. The upstream oil sector is also known as the exploration and production sector. With the term downstream all the operations of crude oil refining, selling and distribution of natural gas and crude oil derived products are indicated. This sector is composed by a large number of different companies, such as oil refineries, petrochemical plants, petroleum product distribution firms, retail outlets and natural gas distribution companies.

Table 2.2.3 shows all the applications, classified by industry segment, where the manufacturing companies operate by providing products and services for the petroleum companies.

Upstream			Downstream		
Drilling	Production	FPSO	LNG	Pipeline	Refinery

Table .2.2.3 Oil and gas industry segments

The first two applications are Drilling and Production, which cover the activities of exploration and oil and gas extraction. The Floating Production, Storage and Offloading vessel application is a type of floating tank system used by the offshore oil and gas industry to recover, store, and distribute petroleum and gas products. In other words they are designed to take process and store the oil or gas until it can be offloaded onto tankers or transported through pipelines. LNG applications perform gas extraction and conversion to liquid form in order to facilitate natural gas storage and transportation. The liquefaction process starts with the removal of undesired components, such as dust, acid gases, helium, water, and heavy hydrocarbons and terminates with the gas condensation. The Pipeline applications cover the oil and gas transportation and distribution, while the Refinery is the final step of the process, where the raw materials are refined and converted into valuable products.

#### **2.2.4 Ethiopia's Oil industry**

According to M. Bendi - Modified (11.Nov.2012) Ethiopia is endowed with energy resources such as coal, biomass, solar energy and natural gas and is not a great consumer of petroleum fuels. Current natural gas reserves are estimated to be 24 million cubic meters.

The industry is regulated by the Ministry of Mines and Energy. The Ethiopian National Committee (ENEC) was established to deal with issues related to the energy sector and to assist in policy making and setting of priorities. ENEC operates through the Ministry of Mines and Energy as a planning secretariat. Energy parastatals and

the agencies established for geothermal and petroleum exploration report to the Permanent Secretary of the Ministry or to the Minister directly.

Ethiopia's current proven hydrocarbon reserves are minimal, but the potential to increase reserves to commercial viability is seen as promising. The country's geology is similar to that of its oil-producing neighbors to the east (on the Arabian Peninsula) and the west (Sudan). In April 2001, the Ministry of Mines and Energy reported that hydrocarbon seeps had been discovered in several regions.

With the closure of the Assab refinery in 1997, Ethiopia is totally reliant on imports to meet its petroleum requirements. Some petroleum imports are received at the port of Djibouti, and shipped via rail and tanker truck to Ethiopia. With the recent development of oil in Sudan, however, Ethiopia has begun importing oil which, under COMESA, is not subject to tariffs. Oil imports from Sudan began in January 2003 transported by tanker trucks along a new road between the two countries. (Source: MBendi - Modified: 11.Nov.2012).

### **2.2.5 Ethiopia Crude Oil Consumption**

**Crude Oil Definition:** A mixture of hydrocarbons that exists in liquid phase in natural underground reservoirs and remains liquid at atmospheric pressure after passing through surface separating facilities. Depending upon the characteristics of the crude stream, it may also include; small amounts of hydrocarbons that exist in gaseous phase in natural underground reservoirs but are liquid at atmospheric pressure after being recovered from oil well (casing head) gas in lease separators and are subsequently comingled with the crude stream without being separately measured. Lease condensate recovered as a liquid from natural gas wells in lease or field separation facilities and later mixed into the crude stream is also included; small amounts of non hydrocarbons produced with the oil, such as sulfur and various metals; drip gases, and liquid hydrocarbons produced from tar sands, oil sands, gisonite, and oil shale. Liquids produced at natural gas processing plants are excluded. Crude oil is refined to produce a wide array of petroleum products, including heating oils; gasoline, diesel and jet fuels; lubricants; asphalt; ethane,

propane, and butane; and many other products used for their energy or chemical content (United States Energy Information Administration, 2012).

The following table describes the daily consumption from year to year in thousands and its percentage change for each year.

**Table 2.2.3 Ethiopian crude oil consumption by the year 2000 to 2010 thousand barrels per day.**

year	consumption	change
2000	22.73	6.94 %
2001	23.31	2.56 %
2002	25.64	10.00 %
2003	27.55	7.46 %
2004	28.59	3.78 %
2005	29.81	4.27 %
2006	33.71	13.08 %
2007	37.33	10.73 %
2008	46.99	25.89 %
2009	48.00	2.14 %
2010	47.00	-2.08

**Source:** United States Energy Information Administration, 2012

As shown in the above table the change percentage has been calculated by taking the difference of each year multiplied by hundred and divided by the consumption for the former year (as an example for year 2001 & 2000 =  $23.31 - 22.73 = 0.58$ ,  $0.58 * 100 =$  which is 58 and  $58/22.73 = 2.56\%$ ).

## **CHAPTER THREE RESEARCH METHODOLOGY**

This chapter presents brief description of the research methodology used in the research. This includes, research design, sample size and sampling technique, source of data collection, procedure of data collection and method of data analysis.

### **3.1 Research Design**

The research is designed to be conducted based on descriptive and explanatory research method.

### **3.2 Sampling Size and Sampling Technique**

The study is conducted at YBP five service stations in Addis Ababa, there are nine service stations out of these, and five service stations are selected by purposive sampling method based on sales volume, accessibility and its convenience. Simple random sampling technique was applied to select sample respondents. The company statistical records mentioned that on average 200 corporate customers and walk in customers nearby the service stations visit each fuel stations to get service on daily basis and  $200 \times 5 = 1000$  customers were considered for the study and out of this 10% of customers were selected as a sample (100 in number). In addition to this there are six marketing department supervisors and four department heads were considered as a sample to collect data.

### **3.3 Source of Data collection**

#### **A) Primary Data**

**Interview:** The primary data was gathered by conducting interview with department heads and marketing department supervisors.

**Questionnaires:** The primary data was collected through questionnaire dispatched to 100 (hundred) selected customers. Simple random sampling technique

is applied to select sample respondents in service stations who come to the service stations for receiving different service on daily basis.

## **B) Secondary Data**

The secondary data gathered from different sources such as, the firm's documents, customer suggestion found on the open suggestion box, published books, research papers, oil company's monthly and annual market share reports, and various YBP publications.

### **3.4 Procedure of data collection**

First pilot test was made for ten customers to check the reliability of the questionnaire. As stated in the data sources above, the primary data in relation to service quality and its effect on customer satisfaction collected from 100 customers through questionnaires consisting list of service attributes (based on different service dimensions). Side by side, primary data was also gathered using interview with management members to determine the role of the management in delivering customer service as well as to identify the supervision the management provides to the front line service providers to understand their interface and handling of customers. On the other hand, secondary data was collected from YBP official statistics report, books and Company documents.

### **3.5 Method of data analysis**

The data collected both from primary and secondary sources obtained from the respondents were analyzed by using tables, figures, and percentages. The collected data was interpreted based on findings.

After analyzing the data and properly interpreting them, findings are summarized based on the major findings, appropriate conclusions drawn and finally possible recommendations forwarded for the company.



## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS & INTERPRETATION

#### 4.1 Results and Discussion

The data was collected from management and employees from YBP S.C and customers from five service stations in Addis Ababa. Practically observed facts about service quality and its effect on customer satisfaction has been analyzed and interpreted as follows.

#### 4.2. Characteristic of the Sample respondents

Sample size of 110 was determined, collected and investigated among which 100 were customers and the rest 10 were management and marketing department employees. Out of 100 questionnaires distributed to the customers, 80 (80%) were filled and collected back and 10 (100%) were responded.

Table 4.1: YBP Staff Biography

No.	Item	Number of Respondent	Approximate Percentage
1	Sex:		
	Male	8	80 %
	Female	2	20 %
	Total	10	100%
2	Age:		
	18-30	4	40 %
	30-45	4	40 %
	46 and above	2	20 %
	Total	10	100 %
3	Level of education		
	a) Diploma	1	10 %
	b) First Degree	7	70 %
	c) Second Degree	2	20 %
	d) Other (specify)	-	-
	Total	10	100 %

4	Work experience		
	a) 0-1 years	1	10 %
	b) 1-2 years	3	30 %
	c) 2-3 years	6	60 %
	d) >3 years	-	-
	Total	10	100 %

Source: Interview analysis, 2012.

As indicated in item 1 of Table 4.1 sexual grouping of management and marketing department personnel is overwhelmed by males who covered 80% of the total 10 respondents. Females accounted for only 20%. These figure shows, females are less represented in the sample from Marketing Department Supervisors.

Item 2 of Table 4.1 depicts that 40% of the personnel respondents lie within the age groups between 18-30 & 30-45. Only 20% of them are 46 and above.

In item 3 of table 4.1, 70% and 10% of the personnel respondents have got first degree and diploma respectively, where as 20% of the respondents possess second degree. Therefore, it is safe to suggest that, they have good academic background to serve their customers properly. In addition to this, it is reasonable to rely on the suggestions they gave concerning customers and the company.

### 4.3. Interview Responses

Responses from interviewees of YBP four department managers are presented below. This interview represents the summary of the result which the majority of the management group agreed.

Qn. What is customer for you?

Ans. In YBP customer is the back bone of the company without the customer the company cannot move one step. So in YBP customer is the King of kings.

Qn. How would you manage the overall service of YBP?

Ans. The overall service of YBP is managed by following day today activities of the service stations by visiting the station through assigned sales force and by communicating the service station owners through telephone. Out of the service station customer by facilitating appropriate service through marketing department representatives based on appropriate internal control system.

Qn. Have you established a convenient way of receiving customer suggestion / complaints? If no, how would you entertain it?

Ans. We have not prepared an office or suggestion box to handle customer complaints but all the management office is open listen to customer complaints without any delay and give immediate response for complaints and suggestions. And the management members also visit the service station randomly to gather customer satisfaction and to follow service quality of the stations as well as the company over all activity.

Qn. What is your effort to improve the service quality of YBP?

Ans. The effort to improve the service quality of YBP is designing a strategy on how to handle customers, give the necessary training about service quality to the concerned staff, and arrange appropriate training for service station owner and pump attendant to handle customers properly and to give attractive service quality to esteemed customers.

Qn. Do you believe that your service has been satisfying your customers? And how do you measure that?

Ans. We are not satisfying all customers because customers have different satisfaction levels but our company tries to satisfy the majority of our customers by providing quality product and appropriate service. We measure our customer satisfaction by our sales volume and feedback of the customers. These managers believed that increase in sales volume is the result of customer satisfaction.

The following feedback represents the stand of the majority of six supervisors from Marketing Department.

Qn. Are you happy with your job? If not what are the reasons?

Ans. Yes/No because most of the employees like their job but the benefit they expect and the company offers is not attractive compared to other oil companies due to this gap most of the employees are trying to find better opportunities.

Qn. How is your interaction/communication with customers?

Ans. The communication with customers is by visiting customer on site at service stations face to face, by telephone and through electronic media.

Qn. What are the main problems you face in your day to day activities /job accomplishment?

Ans. The main problem faced in day to day activity is resource problem, financial problem, lack of training and development and lack of smooth relationship with management.

Qn. Do you believe that you are satisfying your customers? How do you measure it?

Ans. No we are not satisfying our customer because we have not visited all our customers due to lack of resources. We have not given the necessary training to pump attendants and supervisors, we have not also provided promotional item and we have not also the capacity to give our customers more product due to lack of financial resources. Due to this and different reasons our customers are not satisfied fully.

#### 4.4. Data Presentation and Analysis of Customer Responses

**Table 4.2 Selected service stations**

No.	Description	Number of Customers	10%	Responded
1.	Kaliti	200	20	20
2.	Mekanisa	200	20	18
3.	Old Airport	200	20	16
4.	CMC	200	20	14
5.	Jomo	200	20	12
	<b>Total</b>	<b>1000</b>	<b>100</b>	<b>80</b>

A total of 100 questionnaires were distributed to five of YBP service station, out of which 80 were returned. Four questionnaires were rejected due to missing data and sixteen were returned unfilled. All (20) response from Kaliti YBP, 18 response from Mekanisa YBP, 16 response from Old Air port YBP , 14 response from CMC YBP and 12 response from Jomo YBP that is a total of 80 YBP customers replied. Therefore, 80 questionnaires served as data sources for analysis to present the findings and draw conclusions.

**Table 4.3 Demographic distribution**

No	Item	Number of Respondent	Approximate Percentage
1	Distribution Of Demographic		
	Gender		
	a. Male	67	83.75%
	b. Female	13	16.25%
	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Questionnaire analysis, 2012.

Table 4.3 reveals the demographic information of the respondents. When we see the first demographic variable that is gender division of the respondents, majority of the respondents were males, i.e. 83.75% representing a bigger part of the sample group. However, 16.25% percent of the respondents were females. This study was only aimed at those customers that were users of services at YBP service stations. The main reason for not involving the response of other service stations customers of the

company is due to inconvenience of time and resource. However, it seems that the information gained was sufficient enough to conduct the analysis.

**Table 4.4 Educational distribution**

No.	Item	Number of Respondent	Approximate Percentage
2	Distribution of Education		
	a. Post Graduate	13	16.25%
	b. Under Graduate	27	33.75%
	c. Diploma	23	28.75%
	d. Other	17	21.25%
	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Questionnaire analysis, 2012.

As indicated in table 4.4 the distribution of the second demographic variable which is the level of education, the respondents have different educational level. When we see the specific qualification level 28.75% of the respondents have college diploma, 16.25 % have a second degree qualification, 33.75% of the respondents have a first degree qualification and 21.25 % of the respondents have an educational qualification of certificate and other qualification levels.

**Table 4.5 Frequency of the station Visit**

No.	Item	Number of Respondent	Approximate Percentage
3	How frequently do you come to the YBP service station?		
	a. Daily	32	40%
	b. Weekly	17	21.3%
	c. Bi-weekly	27	33.7%
	d. Every month	4	5%
	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Questionnaire analysis, 2012.

The other main variable that the people who purchase fuel and lubricant were asked was the number of visits they make to YBP service stations. For this question majority (40%) of the respondents answered they Visit YBP stations daily , 33.7 % of the respondents answered the number of visit to the station is bi - weekly, 21.3% of the respondents answered weekly and 5 % answered the visit is every month. Most

of the individual customers visit the service stations when they need to refuel their car or when they are in need of oil, greaser, supermarket, cafeteria and car wash service from the stations.

**Table 4.6 Responses regarding Tangibility**

No.	Item	Number of Respondent	Approximate Percentage
<b>1</b>	The physical facilities (building, YBP logo, Dispensing pump light etc.) at service stations satisfied you.		
	a. Strongly Disagree	1	1.3%
	b. Disagree	7	8.7%
	c. Neither Agree nor Disagree	20	25%
	d. Agree	30	37.5%
	e. Strongly Agree	22	27.5%
	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Questionnaire analysis, 2012.

From the above table the researcher observed that 37.5% & 27.5% of the respondents agreed and strongly agreed with attractiveness of YBP physical facilities. This shows that the company provides adequate materials in order to facilitate the customers' requirement.

No.	Item	Number of Respondent	Approximate Percentage
<b>2</b>	Pump attendants are well dressed and appear neat.		
	a. Strongly Disagree	6	7.5%
	b. Disagree	12	15%
	c. Neither Agree nor Disagree	8	10%
	d. Agree	35	43.75%
	e. Strongly Agree	19	23.75%
	<b>Total</b>	<b>80</b>	<b>100%</b>

Source; Questioner analysis, 2012

43.75% of the respondents replied that at YBP service station the pump attendants are well dressed and neat. This indicates that the company is concerned for well dressing of its pump attendants in order to serve customers in company's disciplined manner.

No.	Item	Number of Respondent	Approximate Percentage
3	The working environment at the service station is convenient for work.		
	a. Strongly Disagree	1	1.3%
	b. Disagree	5	6.25%
	c. Neither Agree nor Disagree	15	18.75%
	d. Agree	36	45%
	e. Strongly Agree	23	28.7%
	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Questionnaire analysis, 2012.

45% and 28.7% of the respondents agree and strongly agreed that the working environment of the station is convenient for work .This is a good feed back to YBP. The company tries to create a good working environment to customers this indicates YBP has more concern about the selection of the site and construction of the station is more focused on satisfaction of customer and service quality.

No.	Item	Number of Respondent	Approximate Percentage
4	You get full service when you fuel your car; wiping, tire checking, car wash, etc.		
	a. Strongly Disagree	31	38.75%
	b. Disagree	20	25%
	c. Neither Agree nor Disagree	15	18.75%
	d. Agree	10	12.5%
	e. Strongly Agree	4	5%
	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Questionnaire analysis, 2012

More than 60 % of the respondents confirmed that additional services like wiping, and tire checking are not given at YBP service stations which is not good for YBP because customers may shift to other competitor to get this additional services. Due to this YBP may lose more customers and profit due to lack of full services.



No.	Item	Number of Respondent	Approximate Percentage
5	The service stations have up to date technology/equipment (such as quality and fast dispensing pump).		
	a. Strongly Disagree	1	1.25%
	b. Disagree	17	21.25%
	c. Neither Agree nor Disagree	24	30%
	d. Agree	19	23.75%
	e. Strongly Agree	19	23.75%
	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Questionnaire analysis, 2012.

30 % of the respondents neither agree nor disagree, 23.75% of the respondents agreed and strongly agreed respectively by the station's dispensing pump but 21.25% of customers are not satisfied with the stations pump. This data indicates YBP should check the pumps from time to time because more than 50% of the respondents are not satisfied with the dispensing pump and the technology YBP uses.

The above tables show the condition in the tangibility area. The researcher observed that the working environment of YBP service stations is very convenient for work and this means there could be also comfortable situations for customers as well to get service. Even if the working environment is good, in some service stations there is no full and attractive service at the time of refueling the car.

**Table 4.7 Responses regarding Reliability**

No.	Item	Number of Respondent	Approximate Percentage
1	YBP respects its promises to fulfill customer requirements		
	a. Strongly Disagree	2	2.5%
	b. Disagree	17	21.25%
	c. Neither Agree nor Disagree	30	37.5%
	d. Agree	20	25%
	e. Strongly Agree	11	13.75%
	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Questionnaire analysis, 2012

37.5% & 25% of respondents are neither agree nor disagree and agreed to promises of YBP fulfill customer requirements, respectively. Majority of the respondents i.e.; 38% do not mention their feeling clearly then YBP should do more to convince this kind of customers by providing immediate response to customer requirements.

No.	Item	Number of Respondent	Approximate Percentage
2	YBP representative will show a sincere interest in solving it, When a customer has a problem.		
	a. Strongly Disagree	7	8.75%
	b. Disagree	9	11.25%
	b. Neither Agree nor Disagree	23	28.75%
	c. Agree	33	41.25%
	d. Strongly Agree	8	10%
	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Questionnaire analysis, 2012

41.25 % of the respondents agreed that YBP representatives show a sincere interest in solving customer's problem. As mentioned by the respondents YBP representative show interest to solve the problems. This is good, but to get more customers the company representative should do more customer relation to retain and attract additional new customers.

No.	Item	Number of Respondent	Approximate Percentage
3	YBP is providing its services at the time it promises to do so (24/7 service).		
	a. Strongly Disagree	1	1.25%
	b. Disagree	4	5%
	c. Neither Agree or Disagree	10	12.5%
	d. Agree	42	52.5%
	e. Strongly Agree	23	28.75%
	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Questionnaire analysis, 2012

52.5% and 29 % of the customers mention that YBP provides its service at the time of its promise which is 24/7. 80% of the respondents are satisfied by the service it is

a good feedback for YBP to handle customers and it is also one strong part of YBP to give appropriate service to esteemed customers.

No.	Item	Number of Respondent	Approximate Percentage
<b>4</b>	I feel safe on the delivery of services.		
	a. Strongly Disagree	2	2.5%
	b. Disagree	5	6.25%
	c .Neither Agree nor Disagree	19	23.75%
	d. Agree	41	51.25%
	e. Strongly Agree	13	16.25%
	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Questionnaire analysis, 2012

More than 67 % of the respondents feel safe on the delivery of service. This implies that the customers are satisfied by service of YBP. However, the company should still try to improve its day to day activities by providing the customer need to have better position in the customer heart and to become the first choice in the customer mind.

From the above tables about the reliability, the researcher understood that service delivery at the service station is moderate. Except for few problems YBP provides services as required and as promised. Even if there is good service delivery in service stations, it has limitations; some customers do not feel safe because of different reasons like dissatisfaction by pump attendants, product shortage and lack of attractive service.

**Table 4.8 Responses regarding Responsiveness**

No.	Item	Number of Respondent	Approximate Percentage
1	Employees will tell customers exactly when services be performed.		
	a. Strongly Disagree	1	1.25%
	b. Disagree	5	6.25%
	c. Neither Agree nor Disagree	20	25%
	d. Agree	37	46.25%
	e. Strongly Agree	17	21.25%
	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Questionnaire analysis, 2012

Most of the respondents (67.5%) agreed and strongly agreed that the employees tell to customers when services will be performed. This means the employees are willing to help customers in order to enhance quality service delivery at the service stations.

No.	Item	Number of Respondent	Approximate Percentage
2	Employees give prompt service to customers		
	a. Strongly Disagree	4	5%
	b. Disagree	10	12.5%
	C .Neither Agree nor Disagree	13	16.25%
	d. Agree	39	48.75%
	f. Strongly Agree	14	17.5%
	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Questionnaire analysis, 2012

66.25 % of the respondents agree and strongly agreed that YBP employees give on time service to customers. This gives good feed back to YBP to do more on time service to handle customer better than competitors.

No.	Item	Number of Respondent	Approximate Percentage
3	Employees are always willing to help customers.		
	a. Strongly Disagree	0	
	b. Disagree	11	13.75%
	c. Neither Agree nor Disagree	25	31.25%
	d. Agree	29	36.25%
	e. Strongly Agree	15	18.75%
	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Questionnaire analysis, 2012

36.25% of the respondents agreed employees are willing to help customers but 31.25% of the respondent neither agree nor disagree this implies YBP should make better effort to change this figure by giving the necessary training to its employees to handle customers properly.

No.	Item	Number of Respondent	Approximate Percentage
4	Employees will never be too busy to respond to customers' request.		
	a. Strongly Disagree	4	5%
	b. Disagree	10	12.5%
	c. Neither Agree nor Disagree	30	37.5%
	d. Agree	26	32.5%
	e. Strongly Agree	10	12.5%
	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Questionnaire analysis, 2012

37.5% of the respondents do not agree or disagree on employees never be too busy to respond to customer request. Majority of the respondents replied that neither agree nor disagree so YBP should make more effort to change the respondent's attitude in one direction by giving concerned follow up and give the necessary training to its employees to convince customer in one direction.

No.	Item	Number of Respondent	Approximate Percentage
5	The company has a mechanism to measure customer satisfaction.		
	a. Strongly Disagree	10	12.5%
	b. Disagree	29	36,25%
	c. Neither Agree or Disagree	22	27.5%
	d. Agree	14	17.5%
	e. Strongly Agree	5	6.25%
	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Questionnaire analysis, 2012

36.25% of the respondents do not agree with the mechanism of measuring customer satisfaction. Most of the respondents mention that the company has not a mechanism to measure customer satisfaction level and this is a big gap the company has. The company should take immediate action to facilitate a mechanism to measure customer satisfaction level to become effective competitor in the industry.

From the above tables, the researcher observed that the responsiveness part has positive points, as such; the company designed its own system and mechanism to evaluate its activity which is related to customer service and satisfaction of customers.

**Table 4.9 Responses regarding Empathy**

No.	Item	Number of Respondent	Approximate Percentage
1	YBP Service stations have operating hours convenient to all its customers.		
	a. Strongly Disagree	2	2.5%
	b. Disagree	0	
	c. Neither Agree nor Disagree	10	12.5%
	d. Agree	38	47.5%
	e. Strongly Agree	30	37.5%
	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Questionnaire analysis, 2012

47.5% of the respondents agreed and 37.5% strongly agree that YBP Service stations operating hours are convenient. This implies the majority of the respondents are satisfied with the operating hours of YBP. This may create a good image and satisfaction of customers.

No.	Item	Number of Respondent	Approximate Percentage
2	YBP gives quality services to its customers?		
	a. Strongly Disagree	0	
	b. Disagree	6	7.5%
	c. Neither Agree nor Disagree	26	32,5%
	d. Agree	29	36.25%
	e. Strongly Agree	19	23.75%
	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Questionnaire analysis, 2012

Most of the respondents agree and strongly agree with YBP giving quality services to its customers. This builds a good image for YBP to create confidence and reliability among customers.

No.	Item	Number of Respondent	Approximate Percentage
3	YBP creates responsibility and accountability for the service.		
	a. Strongly Disagree	2	2.5%
	b. Disagree	18	22.5%
	c. Neither Agree or Disagree	32	40%
	d. Agree	20	25%
	e. Strongly Agree	8	10%
	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Questionnaire analysis, 2012

40% of the respondents replied that they neither agree nor disagree on whether YBP creates responsibility and accountability for the service. In this part the company should give clear directions to service station owners and pump attendants about responsibility and accountability for services because the respondents have not clear direction about this aspect.

No.	Item	Number of Respondent	Approximate Percentage
4	YBP will understand the specific needs of its customers.		
	a. Strongly Disagree	11	13.75%
	b. Disagree	25	31.25%
	c. Neither Agree nor Disagree	16	20 %
	d. Agree	25	31.25%
	e. Strongly Agree	3	3.75%
	<b>Total</b>		

Source: Questionnaire analysis, 2012

In understanding the specific needs of its customers equal number of respondents agreed and disagreed. Based on the reply of respondents YBP should do much about the needs of customers.

The above tables discuss about empathy. The researcher observed that here the company has positive and weak points. The positive parts are the company gives priority for customer satisfaction by working at convenient time for customers and providing quality service. On the contrary the company fails to consider the electric power problem in our country, therefore, in some service stations there is service interruption when there is no power to give quality service.

**Table 4.10 Responses regarding Assurance**

No.	Item	Number of Respondent	Approximate Percentage
1	The behavior of pump attendant's is good.		
	a. Strongly Disagree	4	5%
	b. Disagree	13	16.25%
	c. Neither Agree or Disagree	22	27.5%
	d. Agree	26	32.5%
	e. Strongly Agree	16	20%
	<b>Total</b>	<b>80</b>	

Source: Questionnaire analysis, 2012

32.5% & 20% of the respondents confirmed that the behavior of pump attendants is good. YBP focus and does better work on pump attendants because the first front line employees are pump attendants. The company should give priority training and the



necessary follow up because the customer first contact is with pump attendant. Pump attendants are ambassadors of the company.

No.	Item	Number of Respondent	Approximate Percentage
2	Customers feel assured that service requests are dully followed up		
	a. Strongly Disagree	0	7.5%
	b. Disagree	6	7,5%
	c. Neither Agree nor Disagree	11	13.75%
	d. Agree	41	51.25%
	e. Strongly Agree	22	27.5%
	<b>Total</b>		

Source: Questionnaire analysis, 2012

78.75 %of the respondents confirmed that the customers feel assured that service requests are dully followed up. This creates a good opportunity for YBP to retain customers. If the company provides all the customer needs the customer cannot shift to other competitors.

No.	Item	Number of Respondent	Approximate Percentage
3	Service station owners provide services in courteous and friendly manner.		
	a. Strongly Disagree	4	5%
	b. Disagree	13	16.25%
	c. Neither Agree or Disagree	17	21.25%
	d. Agree	30	37.5%
	e. Strongly Agree	16	20%
	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Questionnaire analysis, 2012

37.5% and 20% of the respondents replied agree and strongly agree whether service station owners provide services in courteous and friendly manner. This shows customer become familiar in the business and also have a sense of ownership.

No.	Item	Number of Respondent	Approximate Percentage
4	The pump attendants have knowledge to answer customers' questions.		
	a. Strongly Disagree	8	11,42%
	b. Disagree	19	23.75%
	c. Neither Agree or Disagree	29	36.25%
	d. Agree	19	23.75%
	e. Strongly Agree	5	6.25%
	<b>Total</b>		

Source: Questionnaire analysis, 2012

36.25% the customers replied neither agree nor disagree on the knowledge of pump attendants to answer customer's question. This implies negative consequences to the company because the pump attendant is front line employee and the company should give appropriate training to them to respond to customers questions.

No.	Item	Number of Respondent	Approximate Percentage
5	The service station owners give customers individual attention		
	a. Strongly Disagree	6	7.5%
	b. Disagree	15	18.75%
	c. Neither Agree or Disagree	32	40%
	d. Agree	19	23.75%
	e. Strongly Agree	8	10%
	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Questionnaire analysis, 2012

40% of the respondents replied neither agrees nor disagree and 33.75% agreed and strongly agreed that service station owners give individual attention to customers. This implies that the Service station owners should give more time to meet individuals' attention and follow the activities of the customers.

From the above tables, one can observe that among the five service stations in Addis Ababa, in most of them the facilities are attractive. The researcher also understood

that because of individual differences there are employees who are courteous, polite and committed and vice versa.

Even if the result based on SERVEQUAL dimensions is satisfied, on average 20% of the customer are at neutral position this indicates that there is high probability to switch to nearby other competitors service stations. Therefore, the company might lose its loyal customers and is difficult to trace back again.

From all dimension of service quality the company exercises assurance widely. This is depicted by the following pie chart.

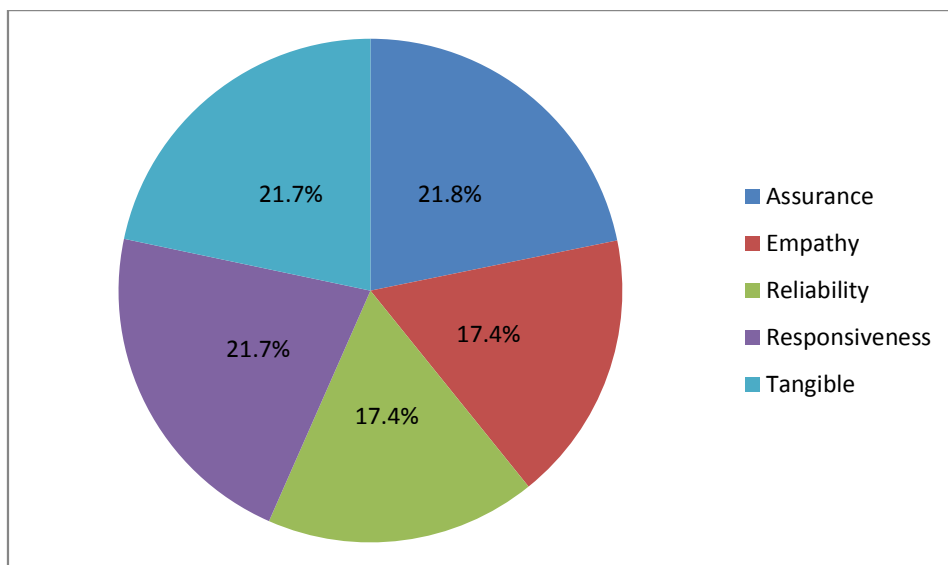


Figure 3 YBP SERVQUAL dimension chart

## **CHAPTER FIVE**

### **CONCLUSIONS AND RECOMENDATION**

#### **5.1 Conclusions**

This study used SERVQUAL framework to model and analyze the customer gap between expected and perceived service with respect to the oil industry service attributes as indicator of the perceived service quality and customer satisfaction. In this paper the five dimensions and their respective attributes of the model are expressed using a five point Likert scale in the following manner: strongly disagree, disagree, neither agreed nor disagreed, agree and strongly agree. Hence satisfied customers must have received perceptions equal or more than expectations.

As described in the pie chart, among the five SEVQUAL dimensions the highest percentage goes to Assurance (employees' knowledge and courtesy and ability to inspire trust and confidence) and the lowest percentage fall on Empathy (caring easy access, good communication, customer understanding and individualized attention given to customers). This implies that, in order to enhance and build the competitive strengthens, YBP management and shareholders should work on the remaining dimensions; reliability, tangibility and responsiveness. On top of this give emphasis for empathy.

In addition to this the findings are summarized as follows:

- ✚ Delivering quality service is a critical activity for the existence of the YBP S.C. However, even if there are satisfied and highly satisfied customers, SERVEQUAL measurement result shows that the company requires improvements towards quality of service delivery in order to stay in the market with its competitors.
- ✚ According to customers reply customer handling service in the service stations is very week. But majority of customers are happy with the 24/7 service.

- ✚ Even if the result based on SERVEQUAL dimensions is satisfied, on average 20% of the customer are at neutral position this indicates that there is high probability to switch to nearby other competitors service stations. Therefore, the company might lose its loyal customers and is difficult to trace back again.
- ✚ Customers have highest expectations on the service quality and accuracy of transactions such as availability of product, uninterrupted service, cleanliness, customer handling, etc. Based on the questionnaire result it is reported that YBP customers are not fully satisfied on the service quality given by the company which needs improvement in its service quality based on customer requirements.

## **5.2 Recommendations**

Investigating towards customer satisfaction and service quality, upgrade the staff's efficiency level through training. Services are generally dependent on customer; especially the esteemed customers' can make difference. The management should be committed to show employees what the company is about, how and why they are decisive and what management support is available to them. If the company does not care or appreciate its staff, customers, service station owner and employees they might move or transfer to other competitors. Enhancing the image of the company via consistent customer service depend on continuous training and motivation packages. Ultimately customer satisfaction will be enhanced and that is all the company expects of its marketing efforts.

Therefore, based on the mentioned points above, the following recommendations are forwarded by the researcher:

- ✚ YBP management should strive to satisfy both external and internal customers and show their commitment towards achieving the desired goal. This includes, acknowledge employees effort, create good communication with service stations owners, and monitor the overall activity of the company, schedule for reward & motivation package.

- ✚ In order to retain loyal customers and attract the new one, YBP should upgrade itself with different services on the fuel stations, such as promotional items, conducive entrance and exist area, Quality product and service, etc.
- ✚ Training should be conducted for pump attendants so that they can exert their maximum possible efforts to improve service quality and retain loyal customer.
- ✚ The company should strive to gain more information about service stations customer attitude and prepare plans to improve weak points.

The five dimensions of the SERVQUAL model customers of YBP are not fully satisfied with the perceived services and it warns managers to focus on customers' expectations. The company should strive to gain more information about service stations customer attitude and prepare plans to improve weak points.

In assurance, the company has satisfied its employees and evaluates its performance consistently. To keep this result the management providing informative feedback on employees' performance, using differential rewards and consistently training, YBP management can improve its employees' performance and subsequently its customer' satisfaction.

With regard to tangibility, YBP should provide some visually appealing equipment or some attractive new customer satisfaction services like 24/7 service.

Regarding responsiveness, managers should give priority to required actions for achieving effective and immediate outcomes to measure customer satisfaction.

Concerning to reliability, YBP should pay serious attention. In the mean time, managers should increase their controlling, commanding, monitoring and coordinating effort.

To improve empathy in YBP, managers should study their target market precisely; what they really want and how they can satisfy their customers. On the way customers will turn into loyal customers that they can help YBP to survive in competitive environments.

As per the researcher's visit and data collection result in five service stations in Addis Ababa, the biggest service station with high consumer transaction is Kality service station which is found in a better position compared to other service stations. Whereas CMC YBP service station is found at lowest position in terms of customer handling, product shortage. Based on the customer response and observation the overall service quality of the company in Addis Ababa results 60% in good service quality position 20% in neutral and 20% are dissatisfied by providing service. However, based on the above mentioned SERVQUAL result YBP management has to consider the following points to improve its service quality.

1. Improving communication amongst staff members, using updated systems to process complaints, and ensuring error-free transactions.
2. Training of staff to enable them in assisting customers and provide them with relevant and timely information. Courtesy, etiquette and communication skills could be honed through continuous training of the staff.
3. Improvements in the ability to perform the promised service dependably and accurately, appearance of physical facilities, equipment, personnel and written materials and willingness to help customers and provide prompt service to improve the overall service station experience for customers.
4. Apply continuous service quality measurement tool in order to create loyal customer in the oil Industry.

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# **APPENDIXES**

## **Appendix A.**

### **Interview**

**ST. MARY’S UNIVERSITY COLLEGE**

**SCHOOL OF GRADUATE STUDIES**

**DEPARTEMENT OF MBA**

This interview is designed to gather information on “service quality and customer satisfaction on YBP S.C”. The purpose of the study is to fulfill a thesis requirement for the Masters of Business Administration (MBA) at St. Mary’s University College. Your highly esteemed responses for the questions are extremely important for successful completion of my thesis. The information that you provide will be used only for the purpose of the study and will be kept strictly confidential. You do not need to write your name. Finally, I would like to thank you very much for your cooperation and sparing your valuable time for my request.

Interview, guiding questions to be held with the management members of YBP

1. What is customer for you?
2. How would you manage the overall service of YBP?
3. Have you established a convenient way of receiving customer suggestion / complaints? If no, how would you entertain it?
4. What is your effort to improve the service quality of YBP?
5. Do you believe that your service has been satisfying your customers? And how do you measure that?

Interview, guiding questions to be held with employees- Marketing Department Supervisors

1. Are you happy with job? If not what are the reasons?
2. How is your interaction/communication with customers?
3. What are the main problems you face in your day to day activities /job accomplishment?
4. Do you believe that you are satisfying your customers? How do you measure it?

## Appendix B. Questionnaire

ST. MARY'S UNIVERSITY COLLEGE  
*SCHOOL OF GRADUATE STUDIES*  
DEPARTEMENT OF MBA

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### I Demographic questions

1. Gender; -                      Male                          Female
2. Level of Education;-              Diploma                          Masters      
                                                 Undergraduate                          Others
3. How frequent do you come to YBP service station?
- Every Day                          Every two week
- Every week                          Every month

## II Related Questionnaires

<b>Tangibles</b>	Strongly Disagree	Disagree	Neither Agree/disagree	Agree	Strongly Agree
The physical facilities (building, YBP logo, Dispensing pump light etc.) at service stations satisfy you.	1	2	3	4	5
Pump attendants are well dressed and appear neat.	1	2	3	4	5
The working environment at the service station is convenient for work.	1	2	3	4	5
You get full service when you fuel your car; such as wiping, tire checking, car wash, etc.	1	2	3	4	5
The service stations have up to date technology/equipment (such as quality and fast dispensing pump)?	1	2	3	4	5
<b>Reliability</b>					
YBP respect its promises to fulfill customer requirements.	1	2	3	4	5
YBP representatives show a sincere interest in solving it, When a customer has a problem.	1	2	3	4	5
YBP is providing its services at the time it promises to do so (24/7 service)?	1	2	3	4	5
I feel safe on the delivery of services.	1	2	3	4	5
<b>Responsiveness</b>					
Employees tell customers exactly when services be performed.	1	2	3	4	5
Employees give prompt service to customers.	1	2	3	4	5
Employees are always willing to help customers.	1	2	3	4	5
Employees are never too busy to respond to customers' request.	1	2	3	4	5
The company has a mechanism to measure customer satisfaction?	1	2	3	4	5



<b>Assurance</b>					
The behavior of pump attendants is good.	1	2	3	4	5
Customers feel assured that service requests are dully followed up.	1	2	3	4	5
Service station owners provide services in courteous and friendly manner.	1	2	3	4	5
The pump attendants have capacity to answer customers' questions.	1	2	3	4	5
The service station owners give customers individual attention?	1	2	3	4	5
<b>Empathy;</b>					
YBP Service station has operating hours convenient to all their customers.	1	2	3	4	5
YBP gives quality services to its customers.	1	2	3	4	5
YBP creates responsibility and accountability for the service.	1	2	3	4	5
YBP understands the specific needs of its customers.	1	2	3	4	5