MEDIATING ROLE OF CUSTOMER SATISFACTION ON SERVICE QUALITY AND CUSTOMER LOYALTY IN GROCERY STORE IN SHOPPING MALLS IN SAUDI ARABIA

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ABSTRACT

With a robust economic growth and a young population, Saudi Arabia is presently witnessing a high consumer's demand in the food and grocery sector. This has led to a transformation of its retailing industries from the aspect of small and unorganised markets to palatial grocery stalls in the shopping malls. As the number of choices for these markets increases with the entry of new players, retailers need to understand the customers' perceptions of the quality of services and products offered. This is crucial towards the survival and competitiveness in the market. The determinants of service quality vary in different industries, countries and individuals. The demographics and lifestyles of customers have been identified as the determinants of service quality. However, the studies done on these two factors are limited in Saudi Arabia. Thus this research attempts to examine the effect of perceived service quality on customer loyalty through mediation of customer satisfaction in the Saudi Arabia grocery store industry. Quantitative research method was employed. This research was conducted at selected major shopping malls in three cities in Saudi namely Riyadh, Jeddah, and Dammam. This is because the total number of people living in these three cities represented 60% of the total population of Saudi. Eight hundred questionnaires were distributed but only 408 questionnaires were found to be useable, yielding a response rate of 51%. The findings revealed that there is a direct relation between perceived service quality and customer loyalty. The findings also showed that a relationship has existed between perceived service quality and customer satisfaction and that the customer satisfaction partly mediated the relationship between the perceived service quality and the store loyalty. The study concludes with some recommendations that can be used to guide the retailers in Saudi Arabia in managing their stores' service quality and loyalty.

Keywords: perceived service quality, customer satisfaction, customer loyalty, grocery retailing, Saudi Arabia

ABSTRAK

Dengan pertumbuhan ekonomi yang kukuh dan penduduk yang muda, negara Arab Saudi telah menyaksikan permintaan pengguna yang tinggi dalam sektor makanan dan peruncitan. Hal ini telah menyebabkan berlakunya transformasi industri peruncitan daripada pasaran kecil dan tidak tersusun kepada pembangunan gerai-gerai runcit mewah di pusat membeli-belah. Apabila berlakunya pertambahan bilangan pilihan akibat kemasukan peserta baharu, peruncit perlu memahami persepsi pelanggan terhadap kualiti perkhidmatan dan produk yang ditawarkan kerana ia adalah penting bagi kelangsungan dan daya saing dalam pasaran. Penentu kualiti perkhidmatan berbeza-beza mengikut industri, negara dan ciri-ciri individu. Walau bagaimanapun, kajian yang mengkaji tentang demografi dan gaya hidup pembeli dalam persekitaran peruncitan adalah terhad terutamanya di rantau ini. Oleh itu, tujuan utama kajian ini adalah untuk mengkaji pengaruh tanggapan kualiti perkhidmatan terhadap kesetiaan kedai melalui kesan pengantara kepuasan pelanggan dalam industri peruncitan di Arab Saudi. Kajian ini dilakukan dengan menggunakan pendekatan kuantitatif. Kajian ini menggunakan borang soal selidik yang telah diedarkan kepada pelanggan runcit di pusat membeli-belah utama yang terletak di tiga bandar yang mewakili lebih daripada 60% daripada penduduk Arab Saudi iaitu Riyadh, Jeddah dan Dammam. Sebanyak 800 borang soal selidik telah diedarkan tetapi hanya 408 borang soal selidik yang boleh digunakan dan menghasilkan kadar respons sebanyak 51%. Dapatan kajian menunjukkan wujudnya pengaruh langsung antara tanggapan kualiti servis dan kesetiaan pelanggan. Dapatan kajian juga menunjukkan bahawa terdapat hubungan antara tanggapan kualiti servis dan kepuasan pelanggan, serta kepuasan pelanggan yang sebahagiannya pengantara hubungan antara tanggapan kualiti servis dan kesetiaan terhadap peruncit. Akhir sekali, kajian ini turut mengemukakan beberapa cadangan yang berguna kepada peruncit di Arab Saudi dan juga kepada para pengkaji akan datang.

Kata kunci: tanggapan kualiti perkhidmatan, kepuasan pelanggan, kesetiaan pelanggan, peruncitan runcit, Arab Saudi

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LIST OF ABBREVIATIONS

ACSI	American Customer Satisfaction Index
AIO	Activities, Interests and Opinions
AMA	American Marketing Association
CAB	Cognition Affect Behaviour
CAGR	Compound Annual Growth Rate
CDV	Customer Desired Value
CL	Customer Loyalty
CMA	Capital Market Authority
CPV	Customer Perceived Value
CS	Customer Satisfaction
ESCI	Emotional and Social Competency Inventory
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GRDI	Global Retail Development Index
HSQM	Hilbert Space Quantum Mechanics
Hyp	Hypermarket
KMO	Kaiser-Meyer-Olkin
PSQ	Perceived Service Quality
RSQ	Retail Service Quality
SERVPERF	Service Performance
SCSB	Swedish Customer Satisfaction Barometer
SL	Store Loyalty
VALS	Values, Attitudes and Lifestyles
WOM	Word of Mouth
WTO	World Trade Organisation
ACG	Acadimic Colleges Group
CSR	Corporate Social Responsibility
VIF	Variance Inflation Factor

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In Saudi Arabia, the retail sector is one of the fastest growing sectors of the economy. In 2009, the Middle East retail industry has more than US$ 425 billion worth economy (RNCOS Report, 2008). Most of the major retailers in Saudi Arabia have experienced a sound growth since 2008, and their development includes the growth made by shopping malls, superstores, clothes, and fashion retailers, footwear retailers, health, beauty retailers, home appliance retailers (RNCOS Report, 2008). In addition, retailing in general has benefited from Saudi Arabia's WTO membership and legislation which were introduced since 2000 in order to facilitate direct foreign investments. In 2000, Saudi government liberalised its investment law by allowing 100% ownership of projects by foreigners and thus easing the rules for recruiting foreign employees. The law authorizes foreigners' for ownership of property and reduces the corporate taxes.

The positive economic out look for Saudi Arabia is expected to support strong growth in retail sales in which rises disposable income levels.Ongoing urbanization will encourage customers, to shift from lower-priced independent players and souks (market), to shopping malls and chains offering wide range of products and a comfortable shopping environment. Considering thegrocery retailers, shopping malls and chained fore court retailers are expected to achieve better growth since they have expanded into new areas within the country and have gained CAGR of 10 % to 15% outlet volume (Datamonitor,

2010). Retailing is expected to be boosted by strong government investment with US$400 million being allocated to support infrastructure and industrial development.

As a country, with a steady economic growth and a young population, Saudi Arabia has witnessed a customer's high demand in food and grocery sector (Daou, 2009; Mzukisi Qobo & Mills Soko, 2010). At present, many giant retailers like Carrefour, Wal-Mart and Tesco have repenetrated the emerging and developing economics in every continent, in particulary Asia and Middle East. Despite the steady growth of the retail industry in Saudi Arabia, this industry has drawn significant attention from scholars and marketers. It is apparent that many issues regarding researches in this industry remain unknown (Mousa, 2012). Although the transformation of retailing industry, mainly the grocery store in most advanced countries is considered to be established as the format of the supermarket is fully diffused and adopted, the phenomena of shopping malls are relatively new in developing countries like Saudi Arabia. Thus, this scenario opens up a considerable amount of opportunities for the marketers to explore especially in this region.

Furthermore, it has been noted that the retailing sector in the Middle East has been basically ignored by the Western retail marketing and consumer behaviour scholars (Tuncalp, 1988). This might be because of retailing in Saudi Arabia is a high-contact service industry and is fragmented by small stores. Other reasons might be a lack of knowledge about other cultures and the way service quality is perceived in different cultures (Raven & Welsh, 2004). Nevertheless, as the sector grows in its significance (Frumkin, 2002), and the home markets are saturating, which results in retailers

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expanding into new markets (Raven & Welsh, 2004), this leadsto take up a research in this particular field.

The rapid expansion of retailing sector in Saudi Arabia as mentioned above requires significant information in order to take the appropriate policy the straterg by the Saudi government. The new retailers also need to have crucial information regarding the customer behaviour in order to offer relevant products, price, promotions, and places in this sector. Thus, it is necessary to conduct research on Saudi customer behaviour aspects in the retail sector.

Currently, Saudi customer demographics is changing due to the increasing economic affluence and globalization. Saudi customers are given many choices in terms of place to shop due to the abundance of shopping alternatives resulting from an increased number of retailers (Kim, Sullivan, & Forney, 2007). In addition, Saudi Arabia is also witnessing significant socio-economic changes such as an increase in dual-income families, an aging customer population, and an ever-growing concern over poverty, all of these have changed the customer demands for better value (Weitz & Whitfield, 2006). In this environment, retailers must understand not only what their customers perceive as an important, in relation to shopping but also how they define their shopping value (Kim, Lee, & Park, 2012). Thus, it is highly important for retailers to seek information about their consumers so that they could alter their marketing strategies based on the new information being sought.

Understanding customers' perceptions regarding the quality of the services and products received from retailers is crucial to enhance the customers' shopping experience. This is

why research is being perceived service quality among shoppers, particularly among retail shoppers, and has received great attention among scholars in the marketing field in various countries (Sinha & Banerjee, 2004). Parasuraman, Zeittheml and Berry (1988, p. 17) regards perceived service quality as "the degree and direction of the discrepancy between consumers' perceptions and expectations". In Saudi Arabia, this research area is still at its preliminary stage since the empirical studies conducted to assess the development of the retail industry are limited in its scope. It has been argued that shoppers differ in their behaviour depending on the place where they shop and their level of engagement in their shopping actions (Berman & Evans, 2005). Hence, it is essential to understand and evaluate the factors that drive consumers to behave accordingly in the retailing industry in the Kingdom of Saudi Arabia. This shopping behaviour is useful for marketers to formulate their marketing strategies to achieve their goals and objectives. However, it would ensure that their customers are satisfied, in turn remain loyal to these stores.

Customer loyalty towards a particular store and how it is impacted by the customers' perceived service quality have garnered considerable interest among the retailers (Sirgy & Samli, 1985). Reynolds, Darden, and Martin (1974) defined the customer loyalty as, the tendency for a person to continue showing similar attitude over the time in a situation, similar to those he/she previously encountered. Another important definition was given by Oliver (1997), who defined the construct of store loyalty as the process of re-patronising and favouring a preferred store consistently in the future, thereby resulting in repeatedly going to the same store or service provider despite situational influences or marketing efforts that may influence the customer to switch. Even though this assertion

was made twenty years ago, it is still relevant today. Since the costs of getting new customers are much higher than simply maintaining the current customers, it is reasonable that the objective of every distributor or retailer is to improve its current customer loyalty. In this context, Gillen (2005, p. 89) argues that *"Attracting a new customer can cost as much as 15 times more than retaining an existing customer"*. As such, this statement explains the continuing interest in the subject despite the idea that a great deal of research has been made in this area (Fullerton, 2005; Harris & Goode, 2004; Hartman & Spiro, 2005).

Retailers need to recognize the "criteria" in which their customers interested and in return affect their satisfaction. Customer satisfaction is the prerequisite for the development of customer loyalty (Hallowell, 1996). The definition of customer satisfaction was given by Anton (1996) who defined it as a state of mind in which the customer's needs, wants, and expectations throughout the product and service have been met or exceeded which in turn results in future repurchase and loyalty. Owners and managers of retail sector play vital roles in developing effective marketing strategies. Hence, it is essential that they have a deep understanding about factors that affect their customer satisfaction and customer loyalty. On the other hand organizations need to realise that providing quality services and products for customers, is of a great necessity if they wish to protect their niche or competitiveness in the business environment.

The general Arabic and the Gulf countries in particularly witnessed a dramatic development in the retail market (Aljazeera Capital Report, 2012). Saudi Arabia's retail sector is the largest among the Gulf Countries Council (GCC), representing 42% of the

council's market size, followed by the UAE (29%) and Qatar (11%) (Aljazeera Capital Report, 2012). The retail market in Saudi Arabia has evolved over time, but the industry witnessed key developments in the past ten years, which transformed the Kingdom's landscape from small and unorganised markets to palatial shopping malls. This transformation in the Saudi landscape was reflected on the level of investment attractiveness in which the country became an important destination for the retail investment. Based on the 2009 Global Retail Development Index (GRDI) findings, the position of Saudi Arabia in retail investment attractiveness shifted from tenth (10th) place in 2007 to fifth (5th) in 2009.

1.2 Problem Statement

The Saudi retail market has seen booming growth with a large number of shopping malls emerged as a result of foreign investment in the Saudi retail sector (GCC, 2012). The existence of new shopping malls, on the other hand, contributes to the development of grocery stores in the shopping malls. The increasing number of shopping malls in the Saudi retail sector could be due to several   factors such as the dramatic increase in the country's population, improved education, changing shopping habits of Saudi consumers and the urbanization of the country's rural areas (Business Monitor International, 2012). Despite, the widespread establishment of shopping malls all over the country, the statistics revealed that Saudi consumers, although trying grocery shopping in some shopping malls, still prefer to do their grocery shopping activities in traditional grocery stores and convenience stores (Othaim, 2012). The Retail ME Report (2012) indicates that most grocery retail services at present are still served by small local or traditional grocery stores. Meanwhile, another report by Al Rajhi Capital predicts that traditional

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stores would represent 59% of the retail market in Saudi Arabia in 2013 (Al Rajhi Capital, 2013). This clearly indicates that Saudi grocery shoppers experience lack of loyalty to grocery shopping in the shopping malls that they have tried.

The low loyalty level of Saudi consumers toward the grocery stores in the shopping malls could be due to several reasons. One of that could be suggested from the report by Saudi Standard, Metrology and Quality Organization (2012) which revealed that the grocery stores in the Saudi shopping malls had faced issues with the quality of products and services' quality provided to the Saudi shoppers. The report added that such issues had affected the confidence of the Saudi shoppers. Saudi Arabia grocery consumers still believed that products sold in the grocery stores in the shopping malls are not fresh compared to products that traditional grocery stores sell. Saudi Arabia grocery consumers also believed that service quality provided by the grocery stores in the shopping malls is still below their expectation. Saudi grocery consumers are used to do their grocery shopping in the traditional grocery stores in their neighbourhood, and they have close and personal relation, that they developed with the owner or workers. It is a contradictory situation that they find when they do their shopping in the grocery stores in the shopping malls. These perceptions pose a great challenge to Saudi grocery stores in the shopping malls (Mousa,2012; Othaim,2012) thus they have to find the solution in order to ensure their future survival.

Changes in Saudi Arabia consumer lifestyles and demographic factors could also contribute in the changing consumption pattern, satisfaction and loyalty. The dramatic increase in population, improvement of education, increasing expectations and urbanization of the country's rural areas may play a vital role in the current Saudi Arabia

consumer shopping pattern and behavior. Saudi customer's personal grooming, clothing, leisure habits, saving, investment, communication facilities, transport, traveling and tourism habits are also changed. In this context, Mc Carthy (2011) and Monroe (2003) asserted that consumers' demographic characteristics and their lifestyles do affect the choice of benefits they want and the importance of these benefits as well as their willingness to pay for them.

The importance of customer retail store loyalty in grocery retail has become significant area with priority in the field of marketing research (Berry, 2000; Fullerton, 2005; Harris & Goode, 2004; Hartman & Spiro, 2005; Reynolds & Arnold, 2000; Srinivasan, Anderson, & Ponnavolu, 2002; Wong & Sohal, 2003). Berry (2000) highlighted that studying retail store loyalty is crucial mainly because of the current phenomenon where customers find it difficult to distinguish between the stores, perceived from the brands of retailers that are on offer. Apart from that, loyal customers have to be reported as they have higher retention rates and committing a higher share of their category spending to the place where they buy their products as they are more likely to recommend a place to other potential customers (Kotler *et al.*, 2010). This idea of customers recommending the place to their friends and family members rooted in the lifestyles of Saudi people in which people are highly influenced by what their friends and family members recommend to them (Ahmad, 2012). Astonishingly, this concept or research area has yet to receive an appropriate interest in the marketing and consumer behaviour researches (Wallace, Giese, & Johnson, 2004).

In this context, the GRDI Report (2010) indicates that traditional grocery retailing remains dominant in Saudi Arabia, which has contributed to 51% of sales value in 2010.

This claim is also supported by Retail ME Report (2012) which indicates that most grocery retail services at present are still served by small local groceries. Another report predicts that traditional stores would represent 59% of the retail market in Saudi Arabia in 2013 (Al Rajhi Capital, 2013). Indeed, statistical report of Saudi Ministry of Municipal and Rural Affairs 2010 revealed that the retail sector in the Saudi market is fragmented which is characterised by the dominance of sales in individual stores (ACG, 2009).

As far as the grocery retail market in Saudi Arabia is concerned, there seems to be a few problems related to quality of services provided by the grocery retail stores in Saudi shopping malls. A report by Saudi Standard, Metrology and Quality Organization (2012) revealed that the grocery retail in Saudi shopping malls had faced many issues with the products and services' quality provided to Saudi shoppers. The report added that such issues affected the confidence of Saudi shoppers about the quality of the groceries offered by these shopping malls, leading to a waning trust among the shoppers. This lack of confidence in the quality of groceries translates into a fact where many of them are avoiding big shopping malls for their grocery shopping. Many shoppers believe that groceries stored in a big shopping malls are comparably less fresh than those available in a small grocery stores because the former is assumed to be kept for a long time.

Reports on the quality of services and products provided by official sources such as Standard, Metrology and Quality Organization in the Saudi are of great use to grocery retailers in the shopping malls as it would help them to evaluate their customers' satisfaction about service quality provided. However, such reports seem to be grounded in small scale studies and direct complaints from some customers who share their

dissatisfaction with their own grocery shopping experiences (small-scale perceived service quality). This is because there is a lack of actual research on the service quality perceived by customers regarding their grocery shopping experiences in Saudi Arabia.

Since most of those who do their grocery shopping at small local groceries and convenience stores appear to have the poor experience of buying their groceries from the leading retails of shopping malls (Mousa, 2012), this posed a real challenge for grocery retailers in ensuring customer loyalty. Despite the Saudi government's effort to introduce more systematic and organized shopping malls, Saudi consumers still prefer to shop in small and unorganized retail format and small grocery stalls (Mousa, 2012; Othaim, 2012). The Saudi government and the grocery retailers in the shopping malls are desperate to uncover factors that could contribute to Saudi consumer loyalty and satisfaction. This clue is crucial to ensure the success of the shopping malls business in Saudi Arabia. The findings from research conducted on this particular aspect provide empirical evidence necessarily that benefits the practical, holistic and strategic planning of the shopping malls industry. Thus, it is critical for grocery retailers in the Saudi shopping malls to continue evaluating the service quality provided to their customers in ensuring high customer loyalty.

Although researchers seem to agree on the link between products and services' quality and customer satisfaction which by itself constitutes an important determinant of store loyalty (Oliver, 1999; Rahim, Osman, & Ramayah, 2010; Wallace, Giese, & Johnson, 2004), the literature findings on the causal order of service quality and customer satisfaction, on which the two constructs is a better predictor for customer loyalty (Bolton & Drew, 1991; Cronin & Taylor, 1992) remain inconclusive. One group of researchers

believe that customer satisfaction is antecedent to service quality (Beerli, Martin, & Quintana, 2004; Bitner, 1990; Bolton & Drew, 1991; Brady & Robertson, 2001; Dabholkar, 1995; Winstanley, 1997).

Another group of researchers believe that service quality affects store loyalty through the mediating the influence of customer satisfaction (Balaji, 2009; Bedi, 2010; Kassim & Abdullah, 2010; Kumar, Kee, & Charles, 2010; Lee & Hwan, 2005; Naeem & Saif, 2009; Yee, Yeung, & Cheng, 2010). A third perspective maintains that there is a direct relationship between service quality and store loyalty (Taylor & Cronin, 1994). The non-conclusive findings of the said relationships show that the impact of service quality and customer satisfaction on customer loyalty is complex and it merits further investigation. Furthermore, Dabholkar (1995, cited in Brady & Robertson, 2001) argued that the relationship is specific to the situation which means that relationships between variables might be different, depending on the industry that is being examined and culture of the people where study is conducted.

In addition, Mousa (2013) said that Saudi Arabia has experienced rapid socio-cultural changes caused by the accelerating economy, which allowed Saudis to travel to Western countries for education and tourism, exposing them to Western foods and culture. Saudi young generation's eating habits are becoming like western food and culture. Thus, Brady and Robertson (2001) recommended that researchers should examine such relationships in their future studies based on their local culture. By conducting more research in this area, scholars will be able to understand more about the relationship between consumer loyalties, service quality and consumer satisfaction.

A number of research studies reported that the determinants of service quality vary across industries, countries and cultures (Donthu & Yoo, 1998; Imrie, Cadogan, & McNaughton, 2002; Veronica, 2011) and it differs from developed and developing countries (Malhotra, Ulgado, Agarwal, & Baalbaki, 1994). Despite the changes driven by globalization, society will still retain its fundamental cultural values and identities over many generations (Hofstede, 1984; Schwartz, 1997; Wong& Maher, 1998). Unfortunately, the findings of the studies on grocery service quality have not been validated in a cross-country setting (Devi & Sellappan, 2009). Consequently, a contextualised Saudi research is urgently needed in order to gain a deeper and richer understanding on how customers perceive the service quality provided by the Saudi grocery retailers.

In sum, the following summarizes the gaps that are still in existence, particularly within the retail marketing and research literature:

1. Studies that link customers' demographic characteristics and their lifestyles to their buying behaviour are limited and not thoroughly studied. In this context, the relationship between service quality, customer satisfaction and customer loyalty in the retail industry has recommended future researchers should look into the impact of individual characteristics such as the demographic profiles of customers on their buying behaviour and their selection of their favourite stores. The inclusion of the lifestyles of customers and their demographic characteristics while considering the service quality in the retail industry in future research. This study attempts to respond to such recommendations and in turn fill the gap in the literature by describing the demographic and lifestyles of shoppers and find out

how they are related to the service quality perceived by customers in the grocery retail industry.

2. There are studies conducted on general retail industry in Saudi Arabia, but they do not attempt to draw a connection between the service quality perceived by Saudi customers and their loyalty to the store. Although service quality and customer loyalty is linked through mediating the influence of customer satisfaction, as suggested by the literature, this relationship cannot be taken for granted in the context of different countries since culture and background differ across countries.

3. In the previous studies, there is an agreement on the link between perceived service quality, customer satisfaction, and store loyalty. However, there is no consensus among researchers on the nature of the links between these variables particularly on the causal ordering of service quality and customer satisfaction. The non-conclusive findings of the mentioned relationships show that the impact of service quality and customer satisfaction on customer loyalty is complex, and it merits further investigation.

4. Literatures indicate that studies on perception about quality of the grocery retail environment have been primarily conducted in the Western and Eastern countries, but only a few were conducted in the Middle East, particularly Saudi Arabia. As a result, our interpretation on the service quality perceived by customers and the factors that influence the provision of this service quality is somehow narrow view. This suggests the need for further investigation.

1.3 Research Questions

Based on the gaps identified above, the following research questions are asked:

1 What are the demographic characteristics of Saoudi Arabia grocery store customer?

2 What is the relationship between perceived service quality and customer satisfaction?

3 What is the lifestyle of grocery store customer in Saudi Arabia?

4 What is the relationship between customer satisfaction and customer loyalty in Saudi Arabia grocery store?

5 Does customer satisfaction mediate relationship between perceived service quality and customer loyalty?

1.4   Research Objectives

Based on the problem statement, present research investigates the service quality perceived by Saudi shoppers in the grocery retail market in Saudi Arabia and then examines its impact on store loyalty. This impact will be investigated through the mediating influence of customer satisfaction. This study specifically aims to accomplish the following objectives:

1 To measure the demographic characteristic of Saoudi Arabia grocery stores customer.

2 To measure the lifestyle of grocery store customer in Saudi Arabia.

3   To examine the relationship between perceived service quality and customer satisfaction in the Saudi grocery store.

4   To examine the relationship between customer satisfaction and customer loyalty in Saudi grocery store.

5   To examine whether customer satisfaction mediates the relationship between perceived service quality and customer loyalty in the Saudi Arabia grocery store.

1.5 Scope of the Study

The general objective of this study is to determine the mediating role of customer's satisfaction on service quality and customer loyalty in a grocery store in shopping malls in Saudi Arabia. Participants in this study comprised Saudi buyers who purchased their grocery in grocery stores in main shopping malls in three major cities of Riyadh, Jeddah and Dammam, which contain more than half of the population in the country. Business Monitor International, (2012) stated that there are numerous factors that contribute to the growing number of grocery store in shopping malls in Saudi Arabia and the urbanization of the country's rural areas in which statistics revealed that 82% of the population live in urban areas in 2010. Number of Population living in urban areas of Saudi Arabis was also supported by Othaim in 2012. Othaim, (2012) said, contradicts the previous fact that 82% of the population live in urban areas which are characterized by a vast availability of shopping malls where many sections are provided for the ease of grocery shopping.

The study attempts to evaluate the service quality provided by the Saudi grocery retailers in the grocery store in shopping malls from the customers' perspective and then examines

how these perceptions relate to customers' satisfaction. These services, which would in turn determine how loyal they are to these stores (store loyalty). As a result, grocery retailers in these grocery stores in shopping malls are expected to familiar with their lacking and weak areas of services. Then there is a chance for improvements. This research is limited to the grocery stores in shopping malls where questionnaires have been distributed to individual retail customers to determine the relationships that exist between customer's satisfaction, service quality and customer loyalty in a grocery store in shopping malls.

1.6 Significance of the Study

The present research is believed to have both theoretical and practical significance. The study adds to research in the field of perceived service quality and the factors affecting its provision and how these factors affect customer loyalty in the grocery store in shopping malls. At the same time, the study is also believed to benefit Saudi grocery retail markets as the study will make some recommendations that can be taken into consideration by these shopping outlets. This in turn will allow them to make informed decisions while devising appropriate marketing strategies to ensure continued customer satisfaction and loyalty. The following sections address the theoretical and practical significance of the present research.

1.6.1 Theoretical Significance

This study adds to knowledge generated from previous research and increases our understanding of existing literature on perceived service quality of grocery retail stores

particularly within the context of a developing country like Saudi Arabia. By expanding the body of research to include countries with diverse cultural and social backgrounds, this study gains an important theoretical significance. One could argue that the literature on the link between the three constructs of service quality, customer satisfaction and store loyalty is well-established in previous studies and thus, there is no need to examine this link in future studies.

However, the literature itself suggests that this connection cannot be applied across the board, bearing in mind that the behavioural differences exist between customers from different countries (Donahue & Yoo, 1998; Imrie, Cadogan, & McNaughton, 2002). In this context, Singh (2013) argues that service quality in the grocery stores is culture-specific and that researchers from different countries are encouraged to conduct studies on the behaviour of customers in their respective countries. Thus, the current study contributes to the body of research by examining the link between perceived service quality, customer satisfaction and store loyalty in the grocery store in shopping malls sector in an emerging country, namely Saudi Arabia.

In addition, there seems to be no agreement among researchers on the nature of link between perceived service quality, customer satisfaction and store loyalty (Oliver, 1999; Rahim, Osman, & Ramayah, 2010; Wallace, Giese, & Johnson, 2004). Specifically, there seems to be no clear agreement in the literature on the causal ordering of these three constructs whether service quality directly influences store loyalty or its influence on store loyalty is through the mediating impact of customer satisfaction (Bolton & Drew, 1991; Cronin & Taylor, 1992).

It has been mentioned above that researchers' view are divided on this matter. One group believes that service quality influences store loyalty through the mediating impact of customer satisfaction (Balaji, 2009; Bedi, 2010; Kassim & Abdullah, 2010; Kumar, Kee, & Charles, 2010; Lee & Hwan, 2005; Naeem & Saif, 2009; Yee, Yeung, & Cheng, 2010) while another group of researchers maintains that perceived service quality directly affects store loyalty (Taylor & Cronin, 1994). Thus, this research is regarded as theoretically significant as it validates such claims on the nature of link between the three constructs of perceived service quality, customer satisfaction and store loyalty in the grocery store in shopping malls environment and this would in turn contribute to the body of research on these links between perceived service quality, customer satisfaction, and store loyalty, particularly in the context of grocery store in shopping malls.

1.6.2 Practical Significance

The findings from this demographic and lifestyle will guide the managers in Saudi retail grocery stores to profile their customers. First, apart from the behavioural differences among consumers from different countries and the way such differences influence the perceived service quality in grocery store environment, consumers' own individual characteristics such as demographic and lifestyle (Carpenter & Moore, 2006; Fox *et al.*, 2004; Liu, Guo, & Hsieh, 2010; Medina & Ward, 1999). However, studies that attempted to examine the individual characteristics by descriptive analaysis and reduces the gap in the literature. In this context, a number of recent research studies recommended that individual characteristics of consumers should be examined (Ganesan-Lim, Russell-Bennett, & Dagger, 2008; Sasikala, 2013).

As finding about the factors that influence customer behaviour and their evaluation of the service quality would help mnagers to devise their marketing strategies as well as tackle the customers' shopping mentality. Hence, it is imperative for marketing managers in this country and region to understand the factors that could encourage the customers to continue patronising and remain loyal to their stores.

Third, studies in retailing have been receiving attention since late 1990s primarily from developed countries like the United States, United Kingdom, Europe and Australia due to the booming of the retail industry and the maturity of competition in these regions (Darke & Chung, 2005; Kumar, 2005; Mattila & Patterson, 2004; Noble, Griffith, & Adjei 2006; Sharma & Wood, 2006; Srivinasan *et al.*, 2002). But, in emerging economies like Asia and the Middle East, retailing is a growing industry and is booming over the past few decades. This study also will provide information regarding retail grocery stores in emerging economies in the context of Saudi Arabia business environment.

Furthermore, retailers from developed countries are penetrating the emerging countries and in turn contributing to the intensification of the competition with the local retailers. These intense competitions have forced some local stores, specifically the grocery stores in shopping malls that lack the marketing knowledge and experiences, to go out of business. Thus, the findings of the present study could help grocery store in shopping malls direct their marketing strategies to satisfy their customers' needs to ensure store loyalty.

1.7 Summary of the Chapter

The current study primarily aims to investigate the service quality perceived by Saudi shoppers in the grocery retail market in Saudi Arabia and its influence on store loyalty through influence of customer satisfaction as a mediator. The chapter is constructed in a way that reflects this goal. Firstly, the chapter began with an introduction about the retail industry in Saudi Arabia together with a general overview about the condition of the sector in the world today. The chapter continues by introducing the construct of service quality perceived by customers and its relationship with the store loyalty through the mediating influence of customer satisfaction. A statement of the problem was then introduced, followed by the research questions and objectives. The chapter further proceeds to present the significance of the present research which has been divided into theoretical significance and practical (managerial) significance. The chapter concludes with some operational definitions of related terms that represent the theoretical and conceptual framework of this study. The subsequent chapter (i.e., Chapter 2) will present the review of literature on the different variables that will be investigated in the present research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The second chapter primarily concerned with the literature on various major areas important to the research, focusing on consumers' service quality perception criteria when patronising retail grocery in Saudi Arabia. For most consumers, the true consumer experience of consumer usage starts from the minute the product is purchased in the market place. As such, how customers perceive service quality is an extremely crucial element for modern day consumers. This is mainly because consumers have a wide range of retailers to choose from; they have a relatively difficult task in determining the best retail outlet. This study therefore examines how perceived service quality perceived service quality influences Saudi Arabia consumers' satisfaction level and loyalty.

Correspondingly, this chapter is constructed in a way that responds to the Perceived Service Quality -Satisfaction-Loyalty link. Specifically, the chapter commences with an overview about the loyalty construct with a focus on store loyalty. The chapter proceeds with introducing the construct of customer satisfaction including its definitions, foundations and main six dimensions of perceived service quality. Finally, chapter concludes with the theoretical background and framework upon which the study is grounded. The following section addresses the dependent variable of the study, namely, the construct of loyalty.

2.2 Customer Loyalty

It is identified that customer loyalty as a construct is comprised of both customer's attitude and behavior. Customers' attitudinal component represents notions like: repurchase intention or purchasing additional products or services from the same company, willingness of recommending the company to others, demonstration of such commitment to the company by exhibiting a resistance to switching to another competitor and willingness to pay a price premium (Cronin & Taylor, 2007).

 On the other hand, the behavioral aspect of customer loyalty represents- actual repeat purchase of products or services that includes purchasing more and different products or services from the same company recommending the company to others, and reflecting a long-term choice probability for the brand. It can be concluded that customer loyalty expresses an intended behavior related to the product or service or to the company. Customer loyalty is deemed as a vital component for enduring business success (Donnelly, 2009; Kumar, Batista & Roger, 2011; Roberts, 2009; Srinivasan, Anderson, & Ponnavolu, 2002). Customers who are loyal to specific products or brands do not mind being charged on a premium basis, engage in more positive words of mouth and are more hostile to competing firms' marketing communications (Mohammad, Tabriz, Chalous, & Aras, 2013; Srinivasan, Anderson & Ponnavolu, 2002.). *"These advantages enhance business operators to develop and launch customer loyalty as the ultimate goal in their firm marketing strategy".*

However, some scholars emphasised customer loyalty towards particular brands (Ali, Moradi, Arash, & Javad, 2013; Roberts, 2009; Srinivasan, Anderson & Ponnavulo,

2002). Other researchers defined customer loyalty by either using the focused or the behavioural method (Cunningham, 1966; Kahn, Kalwani, & Morrison, 1986; Tellis, 1988) or by combining an attitudinal element with consumer behaviour (Srinivasa *et al.*, 2002). However, the primary area of disagreement involved defining customer loyalty by either basing it mainly on behavioural outcomes (Cunningham, 1966; Kahn *et al.*, 1986; Tellis, 1988)" or attitudinal outcomes (Ali, Moradi, Arash, & Javad, 2013; Roberts, 2009; Oliver, 1999; Srinivasa *et al.*, 2002).

A number of researchers view customer loyalty as an attitudinal-based construct affirming that repeated purchasing behaviour is placed and entrenched in the attitude of the consumer that persuades a relative preference for one brand over another. Therefore, to reinforce customer loyalty within the consumer's attitude, researchers exploit the attitudinal construct comprising of the cognitive, affective and behavioural conditions of a person's attitude. In stimulating an individual's attitude, his/her allegiance towards a product or brand must reach the emotional condition of his attitude" (Oliver, 1999; Roberts, 2009.). Affective-based reaction concerninga merchandiseor brand will then be connected to fondness or other positive emotional responses towards that brand. Researchers emphasized the fondness or preferences that would generate or produce an attitudinal favour for one brand over another (Oliver, 1999; Roberts, 2009.).

Oliver (1997) described attitudinal customer loyalty as a strong hold of pledgeto re-purchase or patronise a preferred product or service constantly in the future, in so doing leading to recurringsame-brand or same brand-set buying. This behaviour occurs

regardless of situational influences and marketing efforts which could stimulate a switching behaviour.

Behavioural description of customer loyalty highlights that a consumer's repurchasing behaviour may emerge as an indication of customer loyalty but is truly the outcome of external situations for an instanceease of purchase or relative price difference among competing brand names (Curasi & Kennedy, 2002; Lee, Lee, & Feick, 2001). Roberts (2009) considered these categories of behaviours as spurious loyalty. They proposed that if external situations were to be altered, potential loyal consumers might change their purchasing behaviour. Another example of a consumer's behaviour being an illustration of customer loyalty is the re-buying patterns that are propagated through external forces that are separate from a preference towards a particular brand over another are usual, particularly in cases where cost plays a role (Lee *et al.*, 2001). If the costs that are linked to a consumer preferring to purchase from one brand to a preferred brand are adequately high, the likelihood of customers switching brands decrease. Consumers who maintain to continue using a similar brand mainly because of the switching costs that restrict their mobility to move to other brands or service providers, but who are not attitudinally loyal to those brands are usually known as prisoner or hostages (Curasi & Kennedy, 2002; Lee *et al.*, 2001).

However, what actually happens is that the consumer merely repurchases that product or brand as part of his/her efforts to mitigate specific conditions for example eases of shopping, relative price differentials and switching costs. This situation represents potential risks for business providers who misjudge their customer's loyalty level among

their existing list of buyers or users. In the short term, the firm's existing customers would continue to repurchase or re-patronise the firm's products or services. However, in the event that the external factors that could contribute to maintaining the repetitive purchases alter, most of the consumers would cease from buying or patronising the firms' offerings. This situation is basically a potentially dangerous illusion to the company who then might believe that this group of consumers is loyal, where in fact they are simply loyal to specific attributes exterior to the product or services such as the pricing or the convenience.

Loyalty behaviours are comprised of activities that include creating positive words of mouth, being less susceptible to price changes, buying in larger quantity and collections, in addition to disregarding or distorting competitor's offers (Mohammad *et al.*, 2013 ; Srinivasan *et al.*, 2002). Therefore, it is crucial for further examination of the attitudinal customer loyalty issue to be carried out to enhance the understanding on its dynamics and the related processes needed to sustain specific customer loyalty.

However, some scholars have emphasised that in creating a strong customer loyalty and attitudinal component of the portion of the consumer is compulsory in relation to the customer's purchasing behaviour (Chaudhuri & Holbrook, 2001; Jacoby & Chestnut, 1978; Oliver, 1999; Roberts, 2009). In such situation, it seems sensible to deduce that the consumer's attitudinal nature would contribute towards a more positive evaluation of the product or brand over others such as retail outlets. This creates a favourable attitude towards a particular brand that forces a person's purchasing behaviour. If a customer's behaviour is inclined to be more reliable and projecting in favour of the preferred product

or brand. In addition, the firm can expect other supplementary aforesaid benefits linked to customers' attitude towards loyalty on the portion of these buyers or users. In a nutshell, one can deduce comparative view point towards particular merchandiseis forceful, then the consumer purchasing that customer loyalty is an indicatorof store loyalty**.**

Researchers in customer loyalty has studied customer loyalty in areas such as loyalty in banking (Auka et. al., 2013; Ball *et al.*, 2003; Baumann *et al.*, 2004; Beerli & Quintana, 2004; Caruana, 2002; Filip *et al.*,2009; Hafeez & Muhammad, 2012 ; Larai, 2009; Lee & Cunningham, 2001; Menon & O'Connor's report, 2007; Pont & Mc Quilken, 2004; Szuts & Toth, 2008; Titko & Lace, 2010; Veloutsou *et al.*, 2004) hotel industry (Kandampully & Suhartanto, 2000; Guzzo, 2010;   Lee *et at.,* 2003; Poku *et al.*, 2013;   Ramzi & Mohamad,2010; Stone *et al,.*2013 and Torres & Kline, 2006) retail industry (Mustafa, 2011; wong & sohal, 2003   and Yan & Yoo-Kyoung, 2008) and education industry (Helen &Wong, 2010; Intrepid Learning Solutions, 2010; Robert M Brown, 2006).

In addition, some of these studies were conducted on online shopping behaviour (Yan & Yoo-Kyoung, 2008). Other researchers conducted a comparative study in which different service industries were compared in an attempt to find out whether individual differences appear due to the difference in the service industry (Bei & Chiao, 2006). Some other studies were conducted on loyalty to a retail store in general without a focus on a particular type of retail (Thomas, 2013). The scientific literature illustrates a multiplicity of attempts to empirically analyse customer loyalty programmes in organisations like shopping centres (Gomez *et al.*, 2006; Lacey, 2009), sports clubs (Daryanto *et al.*, 2006), grocery shops (Meyer-Waarden, Benavent, 2009), restaurants (Jang, Mattila, 2005), book-shops (Wendlandt, Schrader, 2007) and others following the sample of customer

oriented business. Attempts are also observed to analyze loyalty programmers in the business-to business sector (Lacey, Morgan 2009). However, there are few studies on the grocery stores in shopping malls in Saudi Arabia.

On the relationships, the findings are mixed. In banking industry those authors (cited above) tested factors that significantly affect customer loyalty such as distinctive experience, service quality, customer satisfaction, profitability, productivity, loyalty program, market characteristics, commitments, causal relationships, switching costs, trust, communication, transaction costs, interpersonal bonds, environment of bank and customer retention. The findings show that some factors such as service quality, demographic characteristic, customer satisfaction, price, image, advertisement, lifestyle, environment and structure of institutions, trust, relationship commitment, relationship marketing have significant impact on customer loyalty.

On the contrary, Castelo, (1999) found that Service quality and satisfaction had no statistical significance in determining service loyalty. Wong, C.B. (2005) as mentioning that customer satisfaction, which has become nothing more than the price of entry to a category is there fore the starting point to build customer loyalty. However, customer satisfaction in itself does not guarantee loyalty because in some cases 65% to 85% percent of customers who defect to competitors brands say they are either satisfied or very satisfied with the product or service they left (Reichheld, 1990; Sivadas & Baker-Prewitt, 2000 ; Storbacka and Lehtinen, 2001).

A part from that, the findings of previous studies are mix on the relationship between service quality, customer satisfaction and customer loyalty. In addition, there are few

studies that measure the loyalty in the grocery store in shopping malls. There are studies conducted on the general retail industry in Saudi Arabia, but they do not attempt to draw a connection between the service quality perceived by Saudi customers and their loyalty to the store (Mustafa, 2011). The relationship among different variable cannot be taken for granted in the context of different countries since culture and background differ across countries (Donthu & Yoo, 1998 and Imrie, Cadogan, & McNaughton, 2002). So, further investigation on the relationship between customer loyalty, customer satisfaction and customer perceived quality is recommended.

Because the goal of this study is to examine grocery store loyalty, it is necessary to address the construct of customer loyalty first before introducing grocery store loyalty. The following section presents retail store loyalty.

2.2.1 Retail Store Loyalty

Purgailis and Zaksa, (2012) discusses that during the past few decades, the retailing sector has undergone major changes that influenced the purchase patterns and shopping behaviour of customers. For example, the development of information technology, wide availability and the introduction of new merchandise and services in addition to the growth of retail stores and channels have created consumers that are more complicated and demanding (Terblanche & Boshoff, 2004). At present, the shopping experience has turned out to be a significant component of consumers' lives and for the current contemporary consumers, consuming products or services has been converted into means of enjoying new experiences and a reflection of their identity and their self-image (Firat & Dholakis, 1998). In responding to such occurrence, many retailers have revitalized

their strategies to convert shopping into a high-value quest (Woodruff, 1997) by offering superior service quality as a significant source of competitive advantage.

Sirgy and Samli (1985) emphasised the significance of store loyalty as the utmost pivotal concept in retailing. This thought has been proposed for over 20 years and the notion remains applicable in the market place until the present day. A trader encounters problems with the provision of finances between two crucial marketing aims that are attaining latest customers and maintaining current customers. The costsrelated to winning new customers is known to be greater than that those of maintaining existing customers (Karunanayake, 2011). As a result, activities to intensify retail store loyalty are a dominant goal for any retailer. However, despite the importance of retail store loyalty, it is astonishing that only a modest amount of research has been devoted to this issue (Wallace *et al.*, 2004). However, in recent years the significance of customer retail store loyalty has come into view as a priority area in marketing studies (Berry, 2000; Fullerton, 2005; Harris & Goode, 2004; Hartman & Spiro, 2005; Macintosh & Lockshin, 1997; Reynolds & Arnold, 2000; Srinivasa *et al.*, 2002; Wong & Sohal, 2003).

However, there are common grounds among scholars regarding customer brand loyalty and retail loyalty. They jointly highlight the importance of establishing relationships with consumers through their attitudes in creating customer loyalty. This study takes an approach defining customer retail loyalty from Oliver's (1999) study on customer attitudinal loyalty towards brands. Hence, this research describes customer retail loyalty as a thoughtful commitmentto revisit a favoured retail store repetitively in the future, in so doing causing repeated buyingat that retail outlet.

Though, there are conditional factors and marketing attempts that influence and pose some threats in switching behaviour to alternative retail establishments. The foundation of such dedication or commitment must be in the attitude of the consumer. Some scholars researching this have highlighted how important consumer allegianceis firmly established within the affective state of a person's attitude to enable one to accomplish attitudinal customer loyalty (Oliver, 1999; Roberts, 2009). Consumer self-concept theory advocates that if a consumer discovers an external factor that is congruent to a person's self-concept, the consumer could realize affective-based responses towards that outside factor (Grubb & Grathwohl, 1967; Underwood, 2003).

The fundamental element of customer retail loyalty is the associations that can be cultivated amongst the customers and also the retail services offered (Fullerton, 2005; Hartman & Spiro, 2005; Harris & Goode, 2004; Macintosh & Lockshin, 1997). In developing significant relationships between consumers and brands to produce brand loyalty (Ball & Tasaki, 1992; Fournier, 1998), scholars recommend that such relationships have to be established among consumers and retail offerings (Macintosh & Lockshin, 1997; Reynolds & Arnold, 2000; Wong & Sohal, 2003).

It can be criticiszed that according to the above studies, customers' behaviour can be influenced by those rapports, causingin a tendency for consumers to constantly make comparisons between one shop/store to another. Studies focusing on customer loyalty towards a particular brand name certified that loyalty deep-rootedin a consumer's mind-set can be a more significant indicator of present and prospect loyalty behaviours towards a preferred brand. However, this general focus of relationships in both customer retail

loyalty and brand loyalty emphasize the significance of generating potent consumer-retail relationships.

Grocery retail stores have realized the importance of store loyalty for their long-term survival and securing competitive advantage in the market. Ashman (2000) stated that consequently, the grocery store industry seems to be adopting the use of store loyalty programs in an attempt to retain existing customers. According to Robinson (2011), approximately 50 per cent of all the retailers in the market have launched a customer loyalty program at one point in time. Because retaining existing customers to mean business success or failure, it is thus important for grocery retailers to understand what influences store loyalty. The following section addresses these antecedent factors.

Looking at the argument above and realizing the critical role loyalty plays in the success and long-term survival of organisations in general and grocery retailers in particular, and taking into account that despite all this importance for loyalty, limited research has attempted to examine the construct particularly in Middle Eastern and Saudi context, a decision was made to examine the construct of loyalty in this study. Another reason the loyalty construct was included in this study is the fact that Saudi grocery shoppers have been reported to experience lack of loyalty to the grocery stores inside the various shopping malls distributed around the country despite the fact that many of these shoppers have tried to buy grocery products from the malls. The reasons behind this reluctance of Saudi shoppers to continue patronage their grocery stalls inside the shopping malls is not fully understood and this study attempts to understand this issue (Mustafa, 2011).

In reference of Mustafa (2011) he more focused on the long-term survival of organisations in general and grocery retailers, but he doesn't provide the enough justification about the variables and method he applied in his study. This study more focused on the issue rather than problems behind this issue. He studied the customer loyalty and argues that Saudi grocery shoppers have been reported to experience lack of loyalty to the grocery stores inside the various shopping malls distributed around the country but the researcher doesn't provide the cause of low level loyalty of the shoppers.

2.2.2 Antecedents of customer loyelty

Researches have been accomplishedon customer loyalty for their possible antecedents in forming strong relationships with consumers. The antecedents to retail loyalty include a number of factors.

Various factors have been studied in determining customer grocery retail loyalty. Among the most salient factors studied are customer satisfaction, service quality and role of sales people (Pandey & Darla, 2012). Previous studies on service quality recommended that, retail loyalty between two types of retailers should be more or less similar. In addition, service quality has a propensity to be less standardized than product quality. As a result, it is difficult to get an equivalent level of service quality neither between retailers nor within the identical retailer on a progressing basis (Yuen & Chan, 2010).

This study does not take into account the role of sales people as a precursor loyalty within the retail industry. This is partly due to the fact that several theoretical causes. Initially, it has been argued that the duty of sales staff in creating retail store loyalty is significantly

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dependent on merchandises that are distinctively multifaceted, costly, specialty items, or unsought items (Lamb, Hair, & McDaniel, 2006).

However, in so far as this study is concerned, the retailers normally do not offer products that are in tandem with these criteria. Wong and Sohal (2003) discovered that in establishing the outcome of quality of services on customer loyalty can be observed at two levels namely the level of sales personnel and also the company. It has been discovered that the service quality at the level of the company proved to be considerably greater in establishing customer loyalty in comparison to service quality at the salesperson rank. One of the groundsis of arguments is that consumers might perceive sales people as a depiction of the business provider and not as a distinct entity.

In addition, Poujol and Pellet (2012) as well as Wong and Sohal (2003), argued that sales person loyalty is a precursorto company loyalty. Hence, the scholars strongly argue that the level of loyalty of the consumers is extremely high to his sales person, he will also be highly loyal to the business that hires that sales person. Therefore, sales person loyalty is redundant in this research as sales people are not considered as persistent characteristics of a retail store. For that reason, if a consumer frequentsa retail store it is mostly due to the fact that he/she has established a trust worthy rapport with the store sales person, he/she could not be truly loyal to the retail store itself, but merely to the sales person. This situation indicates an unreliable or spurious loyalty whereby a consumer who is loyal to the sales person and not a retail store may one day decide not to continue shopping at a retail store if the sales person were to leave his/her position.

Finally, the justification why sales people are not the main focus of the current study is because it has been argued that most consumers purchase products or services not based on the said rapport as many are not interested in developing interpersonal relationships with sales people. This opinion was supported by a study initiated by Macintosh and Lockshin (1997) where they found that only 38% expressed the necessity to establish an interpersonal relationship with sales people. This justifies why including sales people in this current research would not be relevant to the considerable number of respondents. The Saudi buyer's interest, trust, the customer's loyalty, quality of service and items provided in grocery stores in shopping malls are main issues. There is also a lack of actual research on the service quality perceived by purchaser and customer's loyalty regarding their grocery shopping experiences in Saudi Arabia (Metrology and Quality Organization, 2012).

The following table (Table 2.1) represents a summary about some of the research studies that have been conducted on loyalty together with the antecedent factors that have been proposed and examined.

Table 2.1
Summary of Pervious Studieson Loyalty

No.	Authors	Dimensions	Finding
1	Thomas (2013)	Customer satisfaction, customer loyalty, store image.	Store image had an optimisticimpressionon customer loyalty through the interveningvariable of customer satisfaction. A positive impact on customer loyalty through the mediating variable customer satisfaction was also reported.
2	Yan and Yoo-Kyoung (2008).	Customer loyalty, Customer satisfaction, customer services quality.	The study acknowledges three facility attribute measurements. All three facility attribute measurements were importantly and positively linked to satisfaction at customer favourite department stores and overall loyalty behaviour to those stores.
3	Mosahab, Mahamad and Ramayah (2010)	Perception about the quality of service, customer loyalty to the brand, customer loyalty.	Positive relation was found between all dimensions of perception about service quality and customer loyalty and customer satisfaction; intervening function of customer loyalty was confirmed.
4	Bei and Chiao (2006)	Perception about services and product quality, perceived price fairness customer loyalty.	Customer satisfaction acted as a full or partial mediator between perceptions and loyalty of consumers. The direct or indirect effects were attributed to different intangible service aspects linked with each of the three service industries chosen for the study.

Table 2.1 (Continued)

No.	Authors	Dimensions	Finding
5	Hafeez and Muhammad (2012)	Service Quality, Customer Satisfaction and Loyalty	The research concluded that service quality, customer satisfaction and loyalty programs are the important factors that can increase the loyalty of a customer
6	Castelo (1999)	Disconfirmation of expectations.	Service quality and satisfaction had no statistical significance in determining service loyalty.
7	Caruana (2002)	Service quality and customer satisfaction.	The results indicate that customer satisfaction does play a mediating role in the effect of service quality on service loyalty.
8	Lee and Cunningham (2001)	Perceived service quality and transaction/switching costs.	It develops potential determinants of service loyalty based on service quality, transaction costs and switching costs literature.
9	Ball *et al.* (2003)	Customer satisfaction, communication and trust.	Loyalty is explained less than expected by trust and more by communication, at least in the banking sector. The relationship between image and loyalty, although important, is mainly indirect and mediated through satisfaction and trust.
10	Beerli, Martin y Quintana (2004)	Satisfaction and personal switching costs.	This paper shows that the degree of elaboration in the bank selection process does not have a moderating influence on the causal relationships between satisfaction/switching costs and customer loyalty.
11	Pont and McQuilken (2004)	Customer satisfaction.	Satisfaction was found to have a significant impact on three dimensions: loyalty, paying more and external response.

Despite the number of antecedents that have been hypothesised to influence loyalty, only customer satisfaction would be measured and tested towards customer loyalty in this study. The following section addresses the construct of customer satisfaction or dissatisfaction.

Literatures indicate that studies on perceived service quality are mostly conducted in the Western and Eastern countries, but only a few were conducted in the Middle East, particularly Saudi Arabia. As a result, our interpretation on the service quality perceived by customers and the factors that influence the provision of this service quality is somehow of the narrow view. This suggests the need for further investigation (Rahman, 2012).

2.3 Customer Satisfaction

Customer satisfaction is a well-known and established concept in several areas like marketing, consumer research, economic psychology, welfare-economics, and economics. The most common interpretations obtained from various authors reflect the notion that satisfaction is a feeling which outcome of the process of evaluating what has been received against what was expected, including the purchase decision itself and the needs and wants associated with the purchase. However, satisfaction is the customers' evaluation of a product or service in terms of whether that product or service has met their needs and expectations (Bitner & Zeithaml, 2003). According to Boselie, Hesselink, and Wiele (2002) satisfaction is a positive, affective state resulting from the appraisal of all aspects of a party's working relationship with another. Hence, the concept of customer satisfaction has aroused the attention of academics and practitioners for more than thirty

years as customers are said to be the primary source of most firms' revenue. In the early 1960, Cardozo (1965) firstly introduced the concept of customer satisfaction into the field of marketing. Thereafter, many scholars started to research on this concept. According to Cengiz (2010), customer satisfaction is a key issue for all organizations that wish to create and keep a competitive advantage in today's highly competitive world. Therefore, it was precise when Czepiel and Rosenberg (1977) stated three decades ago that there is probably no concept in marketing that is at once more fundamental and pervasive than consumer satisfaction.

Literature of customer satisfaction reveals that the definition of customer satisfaction can be categorised according to three perspectives: (1) disconfirmation model theory; (2) transaction costs theory; and (3) transactional-specific theory.

- *Disconfirmation Model Theory*

Donnelly (2009) was probably the principal scholar in propagating customer satisfaction based on disconfirmation model theory. He looked at satisfaction via disconfirmation of expectations and perceptions (evaluation). Donnelly (2009) defined satisfaction as the anticipation (adaptation) level as well as perceptions of feeling of discomfort. Disconfirmation is determined jointly by the combination of expectation and performance. What it means is actually a difference between the two variables which are expectation and performance. Donnelly (2009) developed Expectation Disconfirmation Model Theory where the customer has two expectations prior to conducting a purchase: high expectation and low expectation. Expectations have an important impact on decision making in a wide variety of consumption settings.

Churchill and Surprenant (1982) affirmed that expectations of a person are attained when a product functions as expected; the expectations are negatively verified when the product functions worse than the initial expectations; and positively verified when the product functions enhanced than the customers' initial hope. Concluding that, when a person's expectations are negatively verified assuming to be customer dissatisfaction. However, Fornell and Wernerfelt (1987) claimed that customer dissatisfaction will continue to emerge due to the differences of customer preferences in terms of products type and customer desire for diversity.

Kotler (2000) stated that the common agreement exists that dissatisfaction gives a person a positive sense of gratification or frustration resulted from contrasting a product's perceived performance (effect) relative to his anticipation (expectation). For that reason, satisfaction is intimately related to consumers' anticipation. Explicitly, the smaller the gap between the consumers' anticipation as well as the exact capabilityof the goods or services, the greater the consumer's satisfaction would be (Hutcheson & Moutinho, 1998). Therefore, Trasorras, Weinstein, and Abratt (2009) assert that in service markets, customer satisfaction is commonly governed by the disparity amidservice expectations and level of experience. Levy and Weitz (2009) stated that satisfaction is a course of assessing a product or service after its use to find out and confirm a customer's expectations levels, either expectation is met or exceeded. If the expectations are surpassed, the customer is considered as significantly fulfilled while he/she is considered as dissatisfied with the product or service if these expectations are not met (Kotler & Armstrong, 2010).

- *Transaction Costs Theory*

Another theory that could explain customer satisfaction is transaction cost theory. This theory describes customer satisfaction as an effect of procurementas well as consumption when buyers' compare the returnsand costs of the procurementin relation to the expected outcomes (Churchill & Surprenant, 1982). The model acknowledges that the satisfaction is generated by a reasoning method of associating what customers obtain known as incentivesas opposed to what they must relinquish to gain the facility known as charges. Following such proposition, Woodruff, Scott, Schumann, Gardinal, and Bums, (1991) and Rust and Oliver (1994) consistently described customer satisfaction as an emotional reaction that results from a cognitive process of assessing the service received against the costs of attaining the service. However, Westbrook (1985) viewed customer satisfaction slightly differently and regarded it as an emotional condition that arises as a response to the assessment of service within a specified period. This indicates that the satisfaction is an emotional sensation resulting from an evaluative process of a specific transaction known as the moment of truth. Howat, Crilley, and McGrath (2008) supported this idea and further clarified that customer satisfaction is can be attributed to the emotive state of thoughts that reassesses the advantagesor effect of an encounter in conjunction withot her impacts. In most cases, general satisfaction is achieved after the service has been delivered. In evaluating the products and services, Vesel and Zabkar (2009) asserted that the such assessment is only possible subsequent to purchasing or consuming them. This understanding has altered their definition of satisfaction as an emotional sentiment or stance someone has on a product or service following purchasing or consuming it.

- *Transactional-specific Theory*

Transaction-specific satisfaction is a theoretical model of customer satisfaction that is concerned with consumer dissatisfaction or satisfaction resulting from a discrete encounter with a particular service (Bitner & Hubbert, 1994). In the context of this research, service encounter can be briefly defined as the extent of time that the customer spend interacting with some aspect of the service organisation (e.g. hotels, golf courses, restaurants, theme parks, and shopping centers), often in a marketer-controlled environment (Fisk, Grove, & John, 2004; Shostack, 1987). Specifically, transaction-specific satisfaction is the degree of satisfaction of some need, desire, or other pleasurable end state resulting from a specific exchange transaction between the consumer and firm (Oliver, 1997).

A research study that was led by Parasuraman (1985) pointed out examples in which the customers indicate a certain level of satisfaction although the expectation of the level of high quality was not obtained. This is mainly caused by the fact that most cases featuring customer satisfaction relate to a specific reference to a particular service episode. This is supported by Singh (1990) who asserts that customer satisfaction is often viewed in relation to specific incidents. However, a number of researchers reported a significant relationship between the transaction-specific satisfaction and overall satisfaction (Andaleeb & Conway, 2006). Transaction-specific satisfaction also functions as an antecedent variable in predicting revisit intention (Lee, 2010).

Measuring customer satisfaction can be conducted in two ways: either as single-item or as multi-item constructs that evaluate each dimension of the service. According to Cronin

and Taylor (1992) customer loyalty can be measured on the basis of one element tierby probing customers' general sentiment regarding the store or market place. In this instance, customer satisfaction is assessed on a single episode or transaction based on the moment of truth. Customer satisfaction can also be cumulative where it is viewed by researchers as an entire encountera customer encounters with a facility supplier thus far (Olsen, 2007). For a hybrid business provider such as a grocery retailer, an overall or cumulative satisfaction is required for such satisfaction to move on to loyalty (Vesel & Zabkar, 2009; Levy & Weitz 2009). If customers are not contented or fulfilled with the services, they may prefer to find alternative grocery stores or select different brands (Levy & Weitz, 2009).

In measuring overall customer satisfaction, there have also been efforts to measure the construct on a national or industry wide basis. Fornell (1992) for instance introduced the nation-wide customer satisfaction which signifiesa new form of customer-centred assessing method for assessing as well as improving the operation rating of businesses, manufacturers, economic divisionsas well as national markets. Following are the various definitions of customer satisfaction found in the literature.

Donnelly (2009) defined; Satisfaction is a function of the expectation (adaptation) level and perceptions of disconfirmation. In a similar manner, the revised post-purchase attitude of satisfaction can be viewed as the purposeof the initial attitude at expectations and the influence of one's loyalty/dissatisfaction. The post-purchase model can be expanded further by including purchase intentions. Westbrook (1980) said not only cognitive perception of product outcomes but also intrapersonal affective variables

(e.g., mood, generalized attitudes) will impact on consumer satisfaction. Yi (1989) said customer satisfaction is a combined variable which includes how one perceives, evaluate and react to the spending encounter with a merchandise/facility. Kim (2011) defined that, overall customer satisfaction (or accumulative customer satisfaction) is a to talassessment constructedon the overall encounter which involve both purchasing and consuming encounter of merchandise or services over time. Kotler (2000) said satisfaction is defined as a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance or outcome in relation to his or her expectations. Jamal and Naser (2002) defined as; customer satisfaction is defined as the sentiments or outlook of a customer towards a product or service after consumption. Furthermore, the following sections review some of the satisfaction models that emerge in the literature.

2.3.1 National Customer Satisfaction Index Models

Marketing and consumer behaviour scholars in advanced countries have studied customer satisfaction since 1970s (Churchill & Suprenant, 1982; Donald, 2010). The investigation continued when Fornell, Johnson, Anderson, Cha, and Bryant (1996) in Michigan University developed the first national level measurement system of customer satisfaction in Sweden known as the Swedish Customer Satisfaction Barometer (SCSB) (Fornell, 1992), followed by the development of the American Customer Satisfaction Index (ACSI) in 1994 (Fornell *et al.*, 1996), which was derived from reports representing around 200 companies from 34 industries in the country. In following the trend, the Norwegian Customer Satisfaction Barometer (Anderson & Lervik, 1999; Andreassen &

Lindestad, 1998) was introduced in 1996 based on reports from 42 companies in 12 different industries. According to Eklof (2000), the most current progress amongst customer satisfaction indices is a pilot test of the European Customer Satisfaction Index (ESCI) across four industries and 11 countries in the European Union.' Since then, a number of countries such as Austria, Germany, Korea, New Zealand and Taiwan also have also embarked on such indices (Fornell *et al.*, 1996; Johnson, Herrmann, & Huber, 2006).

In evaluatingthe national indices, particular focus is given to the two pioneer models, which are the Swedish Customer Satisfaction Barometer (SCSB) and the American Customer Satisfaction Index (ACSI). Accordingly, the ASCI model is an evolution of the original Swedish model and has been adopted on a smaller scale in the recent customer satisfaction index of countries such as New Zealand and Taiwan (Fornell *et al.*, 1996), Austria (Hackl, Scharitzer, & Zuba, 1996) and is the basis for the models being used in Norway and the European Union. Critical evaluations of the two models are therefore important to develop the best possible model specification.

2.3.2 The Original Swedish Customer Satisfaction Barometer (SCSB)

The original SCSB model includes two major antecedents of satisfaction namely perceptions of the customer's performance encounter with a product or service, and customer expectations regarding that performance. Perceived performance is similar to perceive value or the perceived level of quality received relative to the price paid. The assessment of quality or value is a common denominator that consumers employ in

comparing identical brand name and product categories (Laura & Mazzulla, 2009). It is theorized that as perception about services quality, satisfaction quality.

Another antecedent of satisfaction is linked to the capabilityof the product or service based on customer expectancy. Boulding, Kalra, Staelin, and Zeithaml (1993) described customer expectations as a customer prediction relative to normative standard or benchmark. Donnelly (2009) argues that these expectations tend to lean towards customer satisfaction as they function as cognitive variables in the evaluation process. Despite the fact that perceived performance may reinforce the individual's latest interaction; customer expectations reinforce a customer's prior experience with the product or services in addition to advertising and word-of-mouth information. A firm's ability not only estimates its future performance, it also has a positive effect on satisfaction in the SCSB model (Fornell, 1992). As expectations are positively related to perceived performance, customers could gain knowledge from their previous encounter and envisage the service level that they currently get.

The SCSB model was developed based on Hirschman's (1970) theory of 'exit-voice' in particular the impact of satisfaction. This theory illustrates the behaviour of a customer when he/she is dissatisfied with the product or services that an organisation offers. The organisation can identify its failures to offer customer satisfaction through two response methods namely exit and voice. The customer has two choices, they can choose to exit or stop purchasing from the business provider or they can communicate their voice through making a complaint to the business provider in an attempt to acquire appropriate reimbursement. Consequently, this act would enhance customer satisfaction while at the

same time diminishing the customer complaints and promote customer loyalty (Bloemer & Kasper, 1995).

Customer loyalty is the customer's mental tendency to procure a product or service repetitively from a given provider or retailer. According to Fornell (1992), loyalty is the definitive endogenous variable in the model mainly because of its importance as a surrogate for real customer retention and succeeding profitability. He also argues that the SCSB model also encompasses relationship behaviour from complaint behaviour to customer loyalty. Even though there is no prediction ever made pertaining to this association, he asserts that the direction and magnitudeof this association mirror the effectiveness of a firm's customer service and complaint management systems (Fornell, 1992). If the connection is positive, a firm may productively turn the complaining customers to become loyal customers. Based on this model, if the connection is pessimistic, irritable customers are inclinedto depart. The following figure illustrates SCSB overall model.
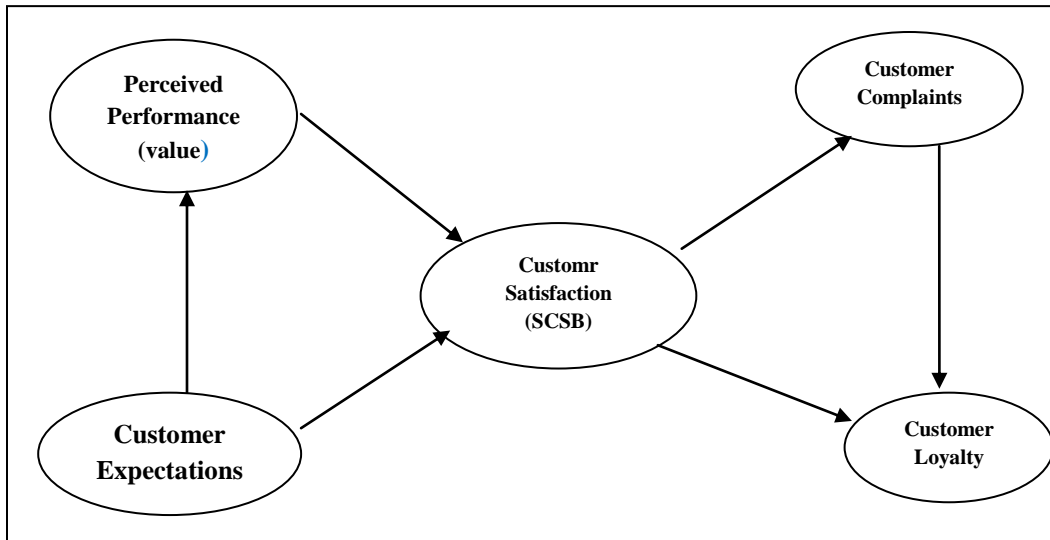
Figure 2.1
The Original Swedish   Satisfaction Barometer (SCSB) Model

2.3.3 The American Customer Satisfaction Index (ACSI)

The American Customer Satisfaction Index (ACSI) model was developed in 1994 and is built based on the initial SCSB model specification. This development of the model was based on nearly 200 firms, and about 250 of the firm's customers were selected based on random sampling. Fifteen questions were utilisedto mobilise the six conceptsin the constructand respondents were asked to choose from 1 to 10-point scale except for price tolerance and complaint behaviour. In each instance, the variables measured were identified indicators that are introspective of the underlying constructs in the model.

Major differences resulted from the comparison amongstthe initial SCSB construct, and ACSI construct are as follows: (1) perception about quality element is added as different from perceived value and (2) customer expectations measures are introduced. Quality scholars such as Deming (1982) and Juran and Manu (2011) described two most important elements of the qualityencounter. They are, (1) refers to the level to which the

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merchandise or service could fulfil customer needs, which is labelled as customisation and (2) how consistent these requirements are delivered to the customer, which is labelled as reliability. The instrument required customers to evaluate customisation quality, reliability quality and overall quality that enabled the ACSI model to differentiate two common types of perception about quality, merchandise or tangible excellent quality and facility quality. It should be noted that this amendment was created specifically for manufacturing durables as they include a large merchandise and service component. The constructs to gaugeperception about quality such as the level of customization, how reliable it is and how excellent it is in other sectors were kept independently according to the merchandise and service offerings.

The constructs for perceived value were measured using two different instruments as stated in the initial Swedish construct which comprise of ratesshelled outrating for the quality received and prices paid rating for the quality expected. The ACSI model measures perceived value and perception about quality that enhance customer satisfaction. Anticipated customisation and consistency were later included to the study to calculate customer expectations using three main measurements i.e. entireanticipations, predictable customization and anticipated dependability. Fornell *et al.* (1996) in his paper cautioned that the insertion of both perception about quality and perception about worth into the ACSI model offers vital analytical data. It is this analytical information that will contribute significantly to the current study. As the worth to quality increases, price turns into a crucial antecedent for satisfaction. ACSI construct also connects quality to the concept of worth because quality is considered as a worth element.

Two major constructs of customer loyalty have been developed in the ACSI model. The first is the rating of repurchase likelihood, and second is the degree to which a firm could elevate its prices or reduce its prices in promoting future repurchase. Figure 2.2 below summarises the model in the diagram. The section on the left represents customer expectations, perception about quality and perceived worth; the centre is satisfaction (ACSI), while the right represents outcomes of satisfaction that include customer complaints and customer loyalty.
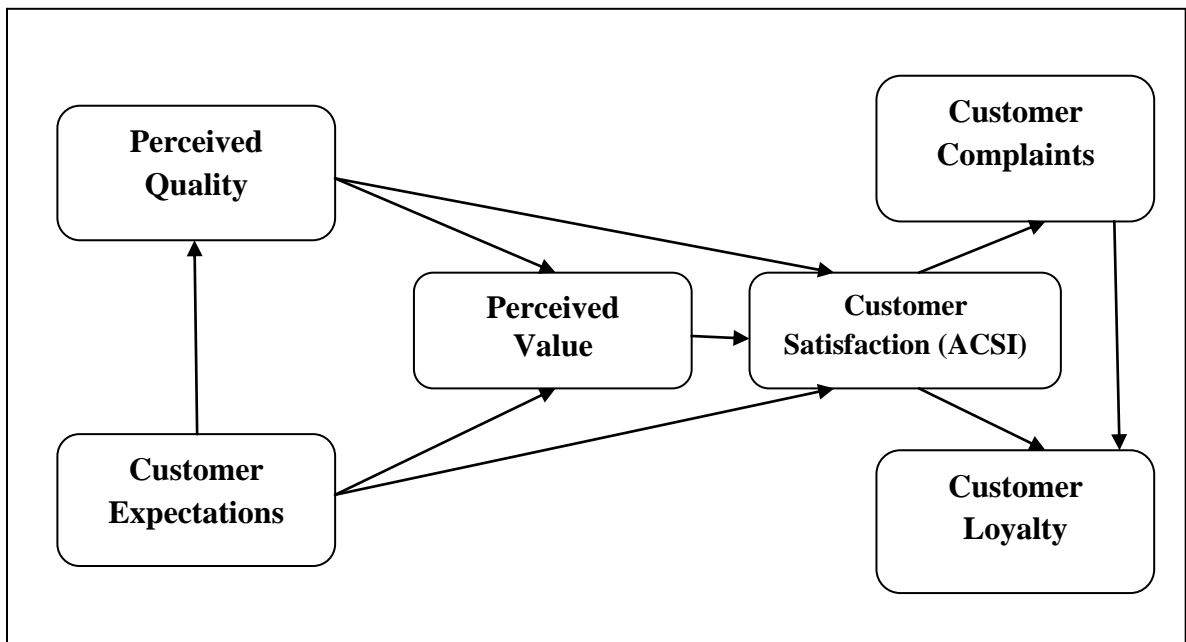
Figure 2.2
The American Customer Satisfaction Index (ACSI)

Table 2.2
Summary of Pervious Studieson Loyalty

No.	Authors	Dimensions	Finding
1	Storbacka. and Lehtinen, (2001) and Sivadas and Baker-(2000)	Customer satisfaction	Customer satisfaction in itself does not guarantee loyalty because in some cases 65% to 85% percent of customers who defect to competitors" brands say they are either satisfied or very satisfied with thequality of product or service they left .
2	Wong, C.B. (2005)	Loyelty, customer satisfaction and price	Mentioning that customer satisfaction, which has become nothing more than the price of entry to a category is, therefore, the starting point to build customer loyalty.
3	Castelo, (1999)	Service quality and satisfaction service loyalty.	found that Service quality and satisfaction had no statistical significance in determining service loyalty.
4	Min-Hsin Huang (2009)	Quality of retail services, perception about quality, store brands.	Delivery of high service quality of retailers increased the perception about quality of their store brands. In particular, reliability and personal interaction had the strongest effects among the five dimensions of retail Service quality.
5	Wu and Chan (2011)	Service quality; self-concept; attitude; purchase intention and behaviour; satisfaction; loyalty.	The type of channel significantly influenced the relationships between all perspectives, such as perception about the quality of service, manner,buyingpurposeas well as conduct, satisfaction, and loyalty.

Table 2.2 (Continued)

No.	Authors	Dimensions	Finding
6	Malik, Naeem, and Arif (2011).	Perceptions about services quality scope(clarity, dependability, attentiveness, promise and understanding), satisfaction	Assurance brought more satisfaction to the customers than reliability did. Favourable perceptions regarding remaining SERVQUAL dimensions did not emerge instrumental in satisfying customers.
7	Ismail, Abdullah and Francis (2009)	Services quality features (promise, understanding; attentiveness), perception about worth (moderator), customer satisfaction.	Perceived worth partially moderated in the services quality models of the organizational sample. Interaction of perception about worth with attentiveness and promisewas not notablycomparedwith customer satisfaction whereas relationsbetween perception about worth and empathy were fundamentally linkedwith customer satisfaction.
8	Haque, Sarwar, Yasmin, Anwar, and Nuruzzaman (2012)	Personal support, attention to customer, hospital services, customer satisfaction.	Personal support strongly impacted customer satisfaction. Hospital services acted as mediator. No significant relationship was detected between attention to customer and customer satisfaction.

Furthermore, regarding the links among variables, there are different arguments about the link between sutomer loyalty, customer satisfaction and service quality. There is a link between products, services' quality and customer satisfaction whichare an important determinant of store loyalty (Oliver, 1999 ; Rahim, Osman, & Ramayah, 2010; Wallace, Giese, & Johnson, 2004). The findings of the literature about the service quality, and customer satisfaction are better predictors for customer loyalties (Bolton & Drew, 1991 ; Cronin & Taylor, 1992) remain inconclusive. One group of the researchers believes that customer satisfaction is antecedent to service quality (Beerli, Martin, & Quintana, 2004; Bitner, 1990; Bolton & Drew, 1991; Brady & Robertson, 2001; Dabholkar, 1995; Winstanley, 1997). Another group of researchers believes that service quality affects store loyalty through the mediating influence of customer satisfaction (Balaji, 2009; Bedi, 2010; Kassim & Abdullah, 2010; Kumar, Kee, & Charles, 2010; Lee & Hwan, 2005; Naeem & Saif, 2009; Yee, Yeung, & Cheng, 2010). A third perspective maintains that there is a direct relationship between service quality and store loyalty (Taylor & Cronin, 1994). Perceived service quality, customer satisfaction, and store loyalty all are interlinked (Oliver, 1999; Rahim, Osman, & Ramayah, 2010; Wallace, Giese, & Johnson, 2004).

Haque, *et al.*, (2012) found that Personal support strongly impacted customer satisfaction. Hospital services acted as mediator. No significant relationship was detected between attention to customer and customer satisfaction. The researcher just reports the results but don't provide the enough justification about the significant relationship between attention to customer and customer satisfaction.

In the literature on customer satisfaction in the retail industry in general and grocery retail in particular, there are a significant amount of research on the construct of customer satisfaction and how this is connected to perception about services quality. These studies are founded on the construct of customer satisfaction in various service-oriented industries such as banking (Al-Hawari & Ward, 2006; Hafeez & Muhammad, 2012; Larai, 2009; Szuts & Toth, 2008; Titko & Lace, 2010;)   hotel industry (Kandampully & Suhartanto, 2000; Lee et at., 2003; Poku *et al.*, 2013 ; Torres & Kline, 2006) education industry (Brown, 2006). Others were conducted on internet use (Wu & Chan, 2011) while other studies were carried out on the retail industry in general without a specific focus on a particular type of retail (Yuen & Chan, 2010).

The findings show that some factors such causal relationships, Image, perceived quality, switching costs, customer relations, human resource management, customer service management and low price have the significant impact on customer satisfaction. Castelo, (1999) found that Service quality and satisfaction had no statistical significance in determining service loyalty. Wong, (2005) cited Clarke (2001) as mentioning that customer satisfaction, which has become nothing more than the price of entry to a category is, therefore, the starting point to build customer loyalty. However, customer satisfaction in itself does not guarantee loyalty because in some cases 65% to 85% percent of customers who defect to competitors brands say they are either satisfied or very satisfied with the product or service they left (Reichheld & Sasser, 1990; Sivadas, & Baker-Prewitt, 2000; Storbacka & Lehtinen, 2001).

There is an agreement on the link between perceived service quality, customer satisfaction, and store loyalty (Oliver, 1999; Rahim, Osman, & Ramayah, 2010; Wallace,

Giese, & Johnson, 2004). However, there is no consensus among researchers on the nature of the links between these variables particularly on the causal ordering of service quality and customer satisfaction. The non-conclusive findings of the mentioned relationships show that the impact of service quality and customer satisfaction on customer loyalty is complex. Tor Wallin Andreassen, Bodil Lindestad, (1998) found that corporate image impacts customer loyalty directly whereas customer satisfaction does not. This finding was consistent with high and low service expertise. These results challenge the dis confirmation paradigm which predicts customer satisfaction as the primary route to customer loyalty. So, the findings of previous studies are mix on the relationship between customer satisfaction and customer loyalty.

In short, we are not sure whether the mediating affect of customer satisfaction will exist between the relationship of customer loyalty, perceived service quality and customer satisfaction. Laraqui (2009 stated that further studies should test the relationship between the customer satisfaction and customer loyalty. The present study responds to the recommendation and focuses on grocery retail as, there are few researches attempted to explore mediating role of customer satisfaction in grocery retail environment, particularly in the Arab countries.

Furthermore, there is an agreement on the link between perceived service quality, customer satisfaction, and store loyalty (Oliver, 1999; Rahim, Osman, & Ramayah, 2010; Wallace, Giese, & Johnson, 2004). However, there is no consensus among researchers on the nature of the links between these variables particularly on the causal ordering of service quality and customer satisfaction. The non-conclusive findings of the mentioned

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relationships show that the impact of service quality and customer satisfaction on customer loyalty is complex, and it merits further investigation.

2.4 Perceived Service Quality

Traditionally, service quality has been conceptualized as the difference between customer expectations regarding service to be received and perceptions of the service being received (Grönroos, 2001). It is considered difficult to define quality (Lagrosen, 2004). However, a clearer picture has been offered by ISO 9000: 2000, in which quality has been defined as a scaleto which a groupof in-built features fulfils conditions. Furthermore, anything perceived important by consumers are indicative of several probable aspects of quality (Clemes, Gan, Kao, & Choong, 2008), which is also characterized as an assessment of service in general (Ismail, Abdullah, & Francis, 2009). As such, when customer expectations are met or surpassed, it can be inferred that a positive perception has occurred about quality creating lasting effects in the consumer's mind (Tuan, 2012).

However, it is comparatively easier to assess the quality levels of goods using certain technical criteria, but service quality offers Challenges in its measurement due to its predominant links with several factors that can be critical to the success. Although service quality has been termed differently by different researchers (Haque, Sarwar, Yasmin, Anwar, & Nuruzzaman, 2012), it is generally conceptualized as zero defects, following Crosby (1980).

In addition, Juran (1980) opined that the quality is measurable through internal and external breakdown. However, these kinds of distinctions that exist in the manufacturing

sector are difficult to get imitated in the service sector (Haque *et al.*, 2012). In the context of the service sector, a sense of balance between what customers expect and what they are offered in terms of service is considered a major criterion to measure service quality (Lewis & Booms, 1983).

However, the consumer's evaluation about the distinction or dominance of business can be termed as perception about services quality (Parasuraman, Zeithaml, & Berry, 1988) which can be further simplified by calling it an evaluation by a consumer who through his/her encounter conducts an evaluation between their service expectations and the actual service offered to them (Jiang & Wang, 2006). Perception about services quality is usually can be briefly defined as 'the extent to which service delivery is able to match up with or exceed the expectations of consumers' (Laroche, Ueltschy, Abe, Cleveland, & Yannopoulos, 2004). Perceptions related to service quality are also said to be a global judgment or in other way an attitude pertaining to the service's superiority (Kumar, Mani, Mahalingam, & Vanjikovan, 2010; Zeithaml & Bitner, 2003). As such, superior service quality primarily seeks to build trust among buyers as well as sellers and therefore plays an integral role in the formation of consumer choices (Liu, Guo, & Hsieh, 2010).

Customer evaluations of service quality do not totally depend on service attributes; instead, they also take into consideration other aspects like the feelings or memory of the customer (Jiang & Wang, 2006) and as such it can be inferred that facility quality is calculated by the customers in terms of the pleasure they derive from a particular service (Malik, 2012). This is in line with Dabholkar's (1996) study that compared alternative service delivery options where he found that customer evaluations of an option and intention to use that option increased due to the potential enjoyment derived from that

particular option. Enjoyment, reliability and perceptions regarding speed of delivery had also been found to be significantly impacting service quality perceptions (Shamdasani, Mukherjee, & Malhotra, 2008).

Customer-perception about services quality has been assessed so far using the following renowned methods: (1) SERVQUAL, which stresses on the comparison between customer's prior expectations and the services, received (Parasuraman *et al.*, 1988); (2) SERVPERF, which deals only with service quality perceptions (Cronin & Taylor, 1992); (3) EP, which elucidates the differences between quality perceptions and customer-desired state (Teas, 1993); and (4) HSQM, which focuses on using service quality as a multi-level construct with three dimensions namely communication quality, settingquality and result quality (Brady & Cronin, 2001). The SERVQUAL method is clustered into five service elements: tangibles, dependability, alertness, promise and understanding.

However, the quality perceptions of customers can also be based on several other factors which are yet to be investigated and the earlier models of perceived quality and satisfaction are now posed with a number of drawbacks mostly because, overall environment and knowledge level related to perceived quality as well as satisfaction have all improved with changing times and consequently there is a need to update the knowledge on these two (Purgailis & Zaksa, 2012).

In general, perceived service quality has been found to be driving the perceptions and behaviour of customers significantly. In that regard, merchandise quality, prices and

service quality play a significant role in driving perceived worth which further leads to customer loyalty (Parasuraman & Grewal, 2000; Zeithaml, 1988).

It is also important to point out that it is easier to imitate merchandise quality and prices but it is hard to replicate the service quality aspects (He & Li, 2011), which is why this research considers perception about services quality as an important aspect for further scrutiny. Furthermore, there are several other issues related to its formation which are not yet clarified (Urban, 2010). For instance, several studies conducted in different countries indicate that there exists a consequence of perceived service quality on customer satisfaction and store loyalty (Al-Hawari & Ward, 2006; Bei & Chiao, 2006; Malik, Naeem, & Arif, 2011; Mosahab *et al.*, 2010).

However, this study extends the issue further by investigating several antecedents and consequences of perceived service quality in a single model, unlike previous researchers that tended to look at the perceived service quality formation issues separately. Indeed, researchers have highlighted that in the marketing literature, perceived service quality has emerged as one of the most important, yet unsettled constructs (Laroche, Ueltschy, Abe, Cleveland, & Yannopoulos, 2004).

Oliver (1996) asserts that perceived service quality serves as an input to both customer satisfaction as well as worth, which have an effecton the loyalty of the customers (Mohammad *et al.*, 2013). Prior to actual consumption encounter, customers are said to possess a range of expectations based on their past encounters or from advertising/word of mouth which in turn serve as a benchmark for interpreting quality at the point of service offering (Laroche *et al.*, 2004).

2.4.1 Dimensions of Perceived Service Quality

Knowing service quality perceptions and the influence of these perceptions on the behaviour of customers has remained a critical issue affecting business performance and the long-term viability of the firm (Carrillat, Jaramillo, & Mulki, 2007; Kim, Kim, & Lee, 2011) which is why this research endeavours further to understand the service quality perception aspect by examining its determining factors, as elaborated below.

2.4.1.1 Physical Aspects

Customers seem to give great importance to the physical aspects while pursuing their shopping activities in retail outlets. Supporting factors in terms of physical services are related to both environments and capacities, and they also include the kinds and friendliness of employees' interaction with their customers (Raza, Siddiquei, Awan, & Bukhari, 2012). According to Parasuraman *et al.* (1988), an organisation's physical environments are part of the tangibles dimension that covers various kinds of services, equipment, and materials for communication. However, the physical amenities and staff appearance often give rise to the largest incongruity between expectation and perception (Urban, 2010) although it unanimously agrees that physical environments must be supportive and convenient for the customers (Tuan, 2012) for them to have a favourable perception of service quality.

2.4.1.2 Reliability

Reliability in the retail sector refers to the time liness and precision of service employees' ways of handling customer issues and meeting their promises to the customers (He & Li, 2011). It can immensely affect the service quality perception of customers. Early research suggested reliability as one of the significant attributes on which customers form their expectations on service quality (Dabholkar, 1996). Moreover, reliability as per (Parasuraman, Zeithaml, & Berry, 1988) is a fundamental driver for the overall service quality which relates to the establishment's capacityto implement the undertaken pledge to provide services in an accurate as well as dependable manner.

2.4.1.3 Confidence

The service quality perception of customers is largely dependent on the ability of employees in instilling confidence among their customers. It also is linked with the employees' aptness in understanding customer needs and the quantum of knowledge they possess for answering the questions of the customers (Kumar, Mani, Mahalingam, & Vanjikovan, 2010). In order to be in line with customer's expectations, service workers need to allocate appropriate time to serve their customers in order to enhance their confidence (Haque, Sarwar, Yasmin, Anwar, & Nuruzzaman, 2012). Moreover, ability to gain trust and confidence has been part of assurance that is one of the key aspects proposed in Parasuraman *et al.,* (1988) model Sellers need to offer all kinds of assurance to their customers so that these customers are at ease when making their merchandise selection. On the contrary, any failure to do so may lead to an adverse impact on customer confidence (Liu, Guo, & Hsieh, 2010).

2.4.1.4 Helpfulness

Customer service quality perception can be affected by the way service workers deal with them. Helpfulness is in line with responsiveness according to Parasuraman *et al.,* (1988) model that indicates the willingness and enthusiasm of service staff in offering responsive and helpful service (Urban, 2010). Cooperative and helpful staff leads an organization towards winning customer confidence which in turn leads to enhancing their perception towards that organization's service quality (Haque, Sarwar, Yasmin, Anwar, & Nuruzzaman, 2012). The longer service is used by the customers, the more frequent and consistent service is perceived by them from the service staff and this perception is sustained by the customers during every visit (Urban, 2010). As such, it is the responsibility of the service staff to stay helpful throughout the encounter of customers in an appropriate manner.

2.4.1.5 Problem Solving

To create a positive and stronger perception regarding service quality among customers, services must be offered by personnel who are professionally competent, who can act as advisors to their customers, and who always focus on problem solving (Gummesson, 1978, p. 90). It was found that customer satisfaction is enhanced by different aspects of service quality like problem handling and credibility (Malik, Naeem, & Arif, 2011; Siu & Mou, 2005). Moreover, a service provider is expected to stay proactive in terms of relationship building with the customers so that it knows on an on-going basis what problems are persisting and how they can be fixed without disturbing, stressing, or embarrassing the buyer (Melville, 1999, p. 70).

2.4.1.6 Policy

Company's policies have got a considerable say in facilitating a customer's perception about service quality. It has been suggested that an effective and steady marketing policy can stimulate future customers and further enhance the customer's service quality perceptions in addition tothe revenue of organisations (Haque, Sarwar, Yasmin, Anwar, & Nuruzzaman, 2012). Similarly, effective operational policy can lead an organization towards offering the best service quality performances which in turn can help it build a strong brand image (Gursoy, Chen, & Kim, 2005; Kim, Kim, & Lee, 2011). Service quality is also based on the extent of personal relationships which can be ensured by avoidance of improper human resource policies by companies particularly some situations like rapid staff exchange (Urban, 2010). Even the compensation policies of firms that take into account the interest of the buyer as well as the seller may have an impacton the formation of perceptions about service quality among the customers (Jun, Yang, & Kim, 2004; Liu, Guo, & Hsieh, 2010; Yang & Jun, 2002).

Based on the discussion above, this current research contends that the perception about services quality can be affected by the abilities of organisations to handle and deal with issues like physical aspects, reliability, confidence creation, helpfulness, problem solving and policy.

2.5 Causal Ordering of Service Quality, Customer Satisfaction and Customer Loyalty

In previous studies, researchers seem to agree on this point that there is a link between products, services quality and customer satisfaction which are an important determinant of store loyalty (Oliver, 1999; Rahim, Osman, & Ramayah, 2010; Wallace, Giese, &

Johnson, 2004). Several empirical studies have been over seen to investigate the effect of service quality on result variables such as customer satisfaction and customer loyalty which translated to purchase intentions (e.g., Cronin, Brady, & Hult 2000; Taylor *et al.* 1997; Wallace, Giese, & Johnson 2004). Despiteit is the significant role that it plays in an economy that is on the rise, there is a distinct lack of agreement about the extent to which the service quality has impacted key marketing variables, as well as a theoretical model of service quality and its consequences (Carrillat, Jaramillo, & Mulki, 2009).

Literature review illustrates that although there is an agreement on the link amidst perception about services quality, customer satisfaction, and store loyalty (Oliver, 1999; Rahim, Osman, & Ramayah, 2010; Wallace, Giese, & Johnson, 2004), there is no consensus among researchers on the nature of links between these variables particularly on the causal ordering of service quality and customer satisfaction. In other words, there is a no consensus among researchers that revolves around the idea of which of the two constructs is a better determinant of customer loyalty (Bolton & Drew, 1991; Carrillat, Jaramillo, & Mulki, 2009; Cronin & Taylor, 1992).

To elaborate more on this matter, researchers were divided on the causal ordering of the variables of service quality, customer satisfaction and store loyalty (Carrillat, Jaramillo, & Mulki, 2009; Olajide, 2011; Prabhakar & Ram, 2013). There are three schools of thought. The first group of scholars argues that customer Satisfaction is a precursorto service quality (Beerli, Martin, & Quintana, 2004; Bitner, 1990; Bolton & Drew, 1991; Brady & Robertson, 2001; Dabholkar, 1995; Winstanley, 1997). The second group argues that service quality affects store loyalty through the mediating influence of customer satisfaction (Balaji, 2009; Bedi, 2010; Kassim & Abdullah, 2010; Kumar *et al.*,

2010; Lee & Hwan, 2005; Naeem & Saif, 2009; Yee, Yeung, & Cheng, 2010). Finally, the third group of researchers argued that there emerged a direct connection between service quality and store loyalty without the mediating influence of customer satisfaction (Taylor & Cronin, 1994).

To complicate this issue, findings regarding these constructs have differed widely in terms of statistical consequence, focus, and scaleof service quality achieved. The ambiguity that surrounds the service quality and store loyalty connection heightens with research unable to locatean important connection between these two variables (e.g., Roberts, Varki, & Brodie, 2003). Such inconsistencies set forth crucial query concerning the strength of the impact of service quality on customer result (Carrillat, Jaramillo, & Mulki, 2009). Hoffman and Bateson (2002) argued despite its importance; the link between customer satisfaction and service quality and the way these two concepts relate to repeat purchase behaviour intentions are essentially inexplicable. As the issue of the causal ordering of the variables of service quality, customer satisfaction and store loyalty is one of the gaps in this study, the following section provides a greater elaboration.

It should be noted that service quality and as well as customer satisfaction are distinct concepts, closely related, and yetthe exact nature of these customer acumens and the relationship between them remains unclear (DeRuyter *et al.*, 1997; Prabhakar & Ram, 2013). There are a number of scholars that point to the extensive overlap between the two concepts to the extent of conceiving the terms as synonymous and interchangeable (Boulding *et al.*, 1993; Gronroos, 1982; Rust & Keiningham, 1993). Consequently, this has led some authors to describe it as Siamese twins (Danaher & Mattsson, 1994; Jamali, 2007) and close cousin (Rust *et al.*, 2000).

2.5.1 Customer Satisfaction is an Antecedent to Service Quality

Many scholars have argued that customer satisfaction dictates service quality (e.g., Bitner 1990; Bolton & Drew 1991). They argued that customer satisfaction represents an antecedent to service quality (Bolton & Drew, 1991 ; Carman, 1990). In this context, the authors reasoned that customer pleasingen counter may have a positive impact on customer attitude and coherently his or her assessment of perception about services quality. Therefore, customer satisfaction with a specific dealmay result in positive global assessment of service quality (Holjevac, Markovic, & Raspor, 2013). In elaborating this argument, Brink and Berndt (2008) based their thesis of the argument on the definition of the service quality itself. The authors defined service quality as the ability of an organisation to determine customer expectations correctly and to deliver the service at a quality level that will at least equal customers' expectation. Based on that definition, it is argued that an organization can only meet its service quality when their customers are satisfied with the level of services rendered.

Adigun (2004) supported this proposition. He asserts that the level of service quality can be measured mainly by asking customers to rate the service they received. In other words, customer satisfaction remains the indicator to the determination of service quality, and therefore, the direction of causality is from customer satisfaction to service quality. Parasuraman, Zeithaml, and Berry (1988) agreed with this finding by positing that satisfaction is more transaction specific and that incident of satisfaction over time results in perceptions of service quality. Finally, a number of researchers (Beerli, Martin, & Quintana, 2004; Bolton & Drew, 1991; Bloemer & Ruyter, 1998; Owolabi, 2001) all

supported the views of Brady and Robertson (2001), Adigun (2004) and Parasuraman *et al.* (1994) that customer satisfaction leads to service quality.

2.5.2 Service Quality Affects Store Loyalty through the Mediating Influence of Customer Satisfaction

While there are different arguments and propositions on the causality of the link between service quality and customer satisfactions, the proponents of the group that argues service quality affects store loyalty through the mediating influence of customer satisfaction tend to receive the most support (Balaji, 2009; Bedi, 2010; Kassim & Abdullah, 2010; Kumar *et al.*, 2010; Lee & Hwan, 2005; Naeem & Saif, 2009; Yee, Yeung, & Cheng, 2010). The strongest support comes from leading service quality scholars i.e. Parasuraman, Zeithaml, & Berry (1985, 1988). They viewed that service quality results in customer satisfaction. They argued that since customer satisfaction is an affective state, and service quality is a cognitive state, cognition precedes emotions in the causal chain of psychological processes rests on a solid theoretical ground (Oliver 1997).

In addition, Spreng and Mackoy (1996) while studying the relationship between service quality and satisfaction tested Oliver's model in which the relationship between service quality and customer satisfaction is explained. The researchers concluded that service quality leads to customer satisfaction. This group of authors suggests that service quality is a cognitive evaluation, which may lead to satisfaction (Jamali, 2007; Zeithaml & Bitner, 2003). Therefore, service quality was considered as an antecedent of customer satisfaction.

In addition, the service quality to customer satisfaction chain-of-effects has also found ample empirical support across numerous service settings (e.g., Cronin & Taylor 1992; Fornell 1992; Gotlieb, Grewal, & Brown 1994; Kim, 2011; Olsen 2002). On top of that, compelling evidence is also provided by findings of Dabholkar, Shepherd, and Thorpe's (2000) longitudinal study, which showed that service quality precedes customer satisfaction.

Research work in this field affirms the importance of service quality as is a fundamental gaugeof customer satisfaction (Spreng & Mackoy, 1996). In addition, Mittal and Lassar (1998) state that research work in the field of service quality has recently begun to tackle whether or not service quality differentially influences satisfaction depending on particular service settings or situations (Mittal & Lassar, 1998). This idea of quality/satisfaction processes operating under different conditions is relatively well accepted in the case of tangible goods (e.g. Cengiz, 2010; Churchill & Surprenant, 1982; Tse & Wilton, 1988). However, not much research has been done to test if the same applies to services (Prabhakar & Ram, 2013).

Finally, customer satisfaction has been hypothesised to be an important antecedent in fostering customer retention (Gil, Hudson, & Quintana, 2006) since it can influence a purchaser's decision to continue their relationship with the organisation or the service provider (Ndubisi, Malhotra, & Chan, 2009). Magi & Julander, (2009) studied that among grocery stores in Sweden showed a positive relationship between perception about services quality, customer satisfaction and customer loyalty. It was shown that customer satisfaction resulted from high perception about services quality, and this made customers loyal. Yeung *et al.* (2002) and Luo and Homburg (2007) concluded that customer

satisfaction positively affects business profitability. Studies that have investigated customer behaviour patterns (Chi & Qu, 2008; Dimitriades, 2006; Faullant, Matzler, & Fuller, 2008; Kandampully & Suhartanto, 2000; Olorunniwo, Hsu, & Udo, 2006; Soderlund, 1998) found that customer satisfaction increases customer loyalty, influences repurchase intentions and leads to positive word-of-mouth. However, in te case of saoudi Arabia, , there are studies conducted in the general retail industry in Saudi Arabia, and they do not attempt to draw a connection between the service quality perceived by Saudi customers and their loyalty to the store (Mustafa, 2011).

2.5.3 There is a Direct Relationship between Service Quality and Store Loyalty

In this third group school of thought, it is maintained that there is a direct link between the relationship between service quality and loyalty, without the mediation effect or influence of customer loyalty. It is argued that although it could not be denied that there is sub stantial evidence that customer satisfaction is correlated with loyalty, most scholars share the opinion that not all satisfied customers will be loyal; neither will all dissatisfied customers abandon a retail chain due to dissatisfaction with a particular store (Ellram, Londe, & Webber, 1999; Vazquez-Carrasco & Foxall, 2006).

It has been suggested by Shankar *et al.* (2003) that if customers went through an unpleasant encounter and became dissatisfied with a service provider, there is always the possibility that they might gain a higher level of satisfaction by switching to a new provider. Nevertheless, in these circumstances, the customer also faces the risks of incurring losses in the form of loyalty benefits, such as emotional investment and the advantages lost from a rewards program. In addition, he/she could face a potentially

unaccustomed service encounter with a new company. These factors hence act as a deterrent.

Other studies done in the banking sector have revealed the direct influenceof service quality on the loyalty of bank customers (Bloemer *et al.*, 1998; Mohammad *et al.*, 2013). Bloemer *et al.* (1998) in their analysis of the same industry revealed that the reliability and efficiency of service impacts on the level of customers loyalty Zeithaml *et al.* (1996) in an early study investigating several services companies found a solid connection between service quality and service loyalty. Meanwhile, according to a meta-analysis conducted by Carrillat *et al.*, (2009), service quality impacts purchase intentions and thus customers' loyalty in a direct as well as in an indirect way through satisfaction. Similarly, Kheng *et al.* (2010) found a direct positive link between quality factors such as reliability, empathy and assurance and customer loyalty. In more recent study, Kraniasa and Bourlessab (2013) findings showed that the convenience proximity dimension of quality influenced strong customer loyalty in the banking sector.

Theoretically, the service quality–customer loyalty relationship can be explained by cognitive evaluations of the service which finally lead to a behavioural response from the customer (Bagozzi 1992). This can be seen where evidence for the service quality–customer loyalty relationship can be found in a number of studies (e.g., Brady, Cronin, & Brand 2002; Durvasula *et al.* 2004). In fact, research researchingthe relationships among service quality, satisfaction, and behavioural intentions has shown that service quality has a direct effect on purchase intentions (Cronin, Brady, & Hult 2000; Carrillat *et al.*, 2009; Taylor *et al.*, 1997).

Thus, it is plausible that the reason behind the direct relationship is that customer satisfaction scores itself may not be an accurate indicator of the re-purchase behaviour. As mentioned earlier, it is important to stress Seiders, Vos, Grewal, and Godfrey"s (2005) argument that those managers who are convinced that a higher satisfaction score will undoubtedly lead to a stronger re-purchase behaviour may be putting their businesses at risk. Just like in the earlier argument, studies have shown for instance in the optometric industry; it has been proven that 85% of patients who prefer to defect to other service providers were satisfied with the service received just before defecting (Dillehay, 2006).

Table 2.3
Summary of Past Studies on Perceived services Quality

N	Authors	Dimensions	Finding
1	Castelo, (1999)	Customer Service quality, satisfaction , loyalty	Found that Service quality and satisfaction had no statistical significance in determining service loyalty.
2	Storbacka, (2001), Sivadas, et al,. 2000).	Service quality, customer satisfaction, customer loyalty	Customer satisfaction in itself does not guarantee loyalty because in some cases 65% to 85% percent of customers who defect to competitors" brands say they are either satisfied or very satisfied with the product or service quality they left because of high price.
3	Mohammad, Tabriz, Chalous, and Aras (2013)	Service quality, customer behavioural intentions.	Strong evidence is presented showing that service quality influenced customer behavioural intentions.
5	Shamdasani, Mukherjee, and Malhotra (2008)	Perceived speed of delivery, perceived ease of use, perceived reliability, perceived enjoyment, perceived control, perception about services quality, intention to continue, perceived customer worth, and customer satisfaction.	The study found that perceived control, perceived speed of delivery; reliability and enjoyment had a significant impact on service quality perceptions. Perceived customer worth played a key role in prompting continued interaction even though perceived service quality, perceived risk and satisfaction were the significant predictors of continued interaction.

Table 2.3 (continued)

N	Authors	Dimensions	Finding
6	He and Li (2011)	Service quality dimensions, overall brand equity, perceived worth (mediator), overall service quality (mediator).	Empathy, network quality, reliability, and assurance significantly influenced service quality and worth perception, however, tangibles and responsiveness did not. Perceived worth partially mediated the effect of overall service quality on brand equity. Empathy and network quality directly impacted brand equity.
7	Purgailis and Zaksa (2012)	Dimensions characterizing quality (service results – skills, readiness for the labour market, academic staff quality, contents, administrative staff quality, premises, library, e-courses, information systems,internationalization), student-perceived quality, image, student satisfaction, student loyalty.	Perceived quality directly impacted satisfaction that further influenced the image perception subsequently forming loyalty. Student-perceived service quality correlated with aspects like academic staff, study content, readiness for labour market and acquired skills which subsequently influenced student loyalty. Other factors like services, library, administrative staff, and information system did not significantly

Table 2.3 presents a summary of some of the past studies that have been conducted on perceived service quality in different industries.

Thus, it could be seen that research studies reported different views on the nature of causal links between the three constructs of service quality, customer satisfaction and customer loyalty. Specifically, one group reported a direct relationship between service quality and loyalty while another group reported a mediating influence of customer satisfaction on the relationship between service quality and customer loyalty when a third group believed that customer satisfaction is an antecedent to service quality. This clearly indicates that the nature of links between the three variables is complex and in need for further analysis and validation. Thus, this study attempts to validate these different views by examining the various relationships between them.

Consequently, it could be seen that most of these studies on perceived service quality were conducted on other sectors such as banking (Auka et. al., 2013; Filip *et al.*,2009; Fragata, 2009; Hafeez & Muhammad, 2011; Kazi Omar Siddiqi, 2011; Lee *et at.,* 2003; Rahim Mosahab, 2011; Szuts & Toth, 2008 & Titko & Lace, 2010), car industry (Samani *et al.,* 2011) hotel industry (Hansen *et al.*, 2010; Poku *et al.,* 2013; Stone *et al.,* 2013) retail industry (wong & sohal, 2003) and education industry (Intrepid Learning Solutions, 2010; Robert Brown, 2006). The researcher didn't find any study that examine the mediating affect of customer satisfaction on the relationship between customer loyalty and perceived service quality particularly in grocery stores in shopping malls in Saudi Arebia. Furthermore, the relationship among different variable cannot be taken for granted in the context of different countries since culture and background differ across countries (Donthu & Yoo, 1998; Imrie, Cadogan, & McNaughton, 2002). There are

studies conducted on the general retail industry in Saudi Arabia, but they do not attempt to draw a connection between the service quality perceived by Saudi customers and their loyalty to the store (Mustafa, 2011).So, there is the need for further investigation.

In the refrence of a relationship, the findings are mixed on the relationship between the customer satisfaction customer loyalty and the relationship between the perceived service quality and customer satisfaction. Service quality and as well as customer satisfaction are distinct concepts, closely related, and yet the exact nature of these customer acumens and the relationship between them remains unclear (DeRuyter *et al.*, 1997; Prabhakar & Ram, 2013).

Castelo, (1999) found that service quality and satisfaction had no statistical significance in determining service loyalty. Wong, (2005) cited Clarke (2001) as mentioning that customer satisfaction, which has become nothing more than the price of entry to a category is therefore the starting point to build customer loyalty (Reichheld & Sasser, ,1990; Sivadas & Baker-Prewitt,2000; Storbacka & Lehtinen, 2001). Some studies show a positive relation between perceived service quality, customer satisfaction and customer loyalty. Perceived service quality influences the level of customer satisfaction (Parasuraman *et al.*, 1994; Rust & Keiningham, 1996) which in turn has an impact on customer loyalty (Hallowell, 1996; Harris & Goode 2004; Rust & Keiningham, 1996), it can be postulated that perceived service quality also influences customer loyalty (Bei & Chiao, 2001; Cronin, Brady & Hult, 2000; Mohammad *et al.*, 2013;)

Furthermore, there are studies conducted on the general retail industry in Saudi Arabia, but they do not attempt to draw a connection between the service quality perceived by Saudi customers and their loyalty to the store (Mustafa, 2011). Although service quality

and customer loyalty is linked through the mediating influence of customer satisfaction, as suggested by the literature, this relationship cannot be taken for granted in the context of different countries since culture and background differ across countries. (Donthu & Yoo, 1998; Imrie, Cadogan, & McNaughton, 2002).

Taking into account that most of the previous research studies on these links in grocery retail context have been conducted in Western and Eastern countries, the findings of these studies may not be applicable in the Middle Eastern country like Saudi Arabia, which is characterised by distinct culture as compared to most countries around the world. The culture and lifestyles of Saudi consumers of grocery shopping are different from most countries in the world and it is even different from many neighbouring Arabic countries. An example about these differences in the Saudi culture could be seen in the country's strict rules that do not allow forms of entertainment and amusement activities such as cinemas and music and songs inside public places. This could highly influence the nature of the Saudi shopping experience and may give different and probably contradictory findings to the ones reported in previous research studies.

2.6 Individual Characteristics of Consumers

In previous research on service quality in marketing, a number of factors have been hypothesised to influence perceived service quality. Some of these factors include image, brand, store format, price, etc. However, in this present research, a set of factors are considered and an attempt has been made to examine their impact on service quality in the Saudi grocery retail context. These antecedent factors include individual demographic

profiles of customers, geographic factors, and finally lifestyles factors. The following

section addresses these antecedent factors.

2.6.1 Demographic Characteristics

Several researchers have suggested that customer worth and their service quality

perception are influenced by individual characteristics of consumers. This may include

factors such as personality and attitude, knowledge and encounter, personal worth and

demographic characteristics such as age, education and income (Grewal, Baker, Levy, &

Voss, 2003; Huber, Herrmann, & Morgan, 2001; Lai, 1995). There is a between link

customer service and demographic characteristics, as well as store format choice

(Sasikala 2013; Ganesan-Lim, Russell-Bennett & Dagger, 2008). Demographic features

which encompass age, gender, marital status, income, female working status, education,

occupation and family size have showed to have a strong effect on the selection of store

format in grocery retailing (Arnold, 1997; Bawa & Ghosh, 1999; Bellenger &

Korgaonkar, 1980; Carpenter & Moore, 2006; East, 1997; East, Gill, Hammond, &

Hammond, 1995; Fox *et al.*, 2004; Kopp, Eng, & Tigert, 1989; Mason, 1996;

McGoldrick & Andre, 1997; Sampson & Tigert, 1992; Sinha & Banerjee, 2004; South &

Spitze, 1994; Stone, 1995; Zeithaml, 1985).

In a recent study on customer service quality perception and satisfaction, Hsu *et al.*

(2006) compared a model between female and male bank customers and found significant

differences in all measured relationships except one. Among other things, men seemed to

perceive merchandise and service quality as more important in their overall worth

assessments than women did. Service quality perception and worth also were more

strongly related to satisfaction for men than for women. Calls for studies adding customer characteristics to the picture have come from several researchers. For example, Grewal *et al.* (1998), who studied customer's perception of quality leading to worth formation in a price-comparison advertisement framework, suggested that their model should be tested on different segments of buyers in terms of, for example, worth consciousness. Furthermore, they added that it would be beneficial to scrutinize the individual featuresof the subjects more closely and assess such variables as involvement, price consciousness, knowledge and inclination to take risks (Grewal *et al.*, 1998).

Based on a study of relationships between service worth, quality, satisfaction and behavioural intentions, Cronin *et al.* (2000) suggested that further research should be conducted on the influence of individual consumer characteristics on service quality and how they influence the way customers worth some service attributes over the other attributes. Specifically, they pointed to the viablesubsiding effects of such individual characteristics as risk aversion, involvement and merchandise category encounter/expertise as areas for future research. The potential influence of risk perceptions also is acknowledged by Sweeney *et al.* (1999), who suggested that there is a need for segmentation studies to identify the potential for different model solutions. Apart from that, Hsu *et al.* (2006) recommended that future researchers who attempt to examine the service quality provided by various service-oriented companies ought to include the individual characteristics as one of the antecedent factors as personal differences between individuals do have an influence on their buying behaviour. Hsu *et al.* (2006) added that studies that do not include individual characteristics as an

antecedent factor which influences service quality could have a potential problem in their generalizability of the findings in the local context where the study is conducted.

Socio-economic category refers to a number of individuals who share the same characteristics in their actions . As a result from their economic status such as education, occupation and income in the market place (Engel, Ito, & Lin, 1990). Substantial studies in consumer behaviour discipline depict that consumers from all social strata are inclined to demonstrate characteristically distinguished psychological and behavioural patterns that ultimately establishtheir store preference behaviour (Bathaee, 2011; Juggessur, 2009; Morganosky, 1995; Pandey, & Kumar, 2013; Sheth, 1983; Shim & Kotsiopoulos, 1993; Shim & Bickle, 1994; Ting, 2009).

Overall, the nearer the consumers are to a shop or marketplace, the greater the possibility of purchasing from that store. Conversely, the further the consumers are from a store, the greater the number of intruding factors that reduce the possibility to utilise the store (Karlsson, 2012). The journey time taken by the customer to get to the store is believed to evaluate the effort, both physical and psychological, to arrive at a retail outlet. Nevertheless, the outcome of the journey time differs by merchandise. For certain merchandises, consumers are prepared to travel extremely far without worrying about the extra effort or money they put (Hawkins, Best & Coney, 2002; Vidich, 2009).

2.6.2 Lifestyles of Consumers

Lifestyles of consumers in general and grocery consumers in the context of this study is a construct which is sometimes referred to as psychographics which is concerned with

describing and determining consumers lifestyles through their activities, interests and opinions (Tam & Tai, 1998). The dimensions of lifestyles represent the evaluation of a consumer's thoughts, and it identifies how a person thinks, feels, reacts and reflects (Roy & Goswami, 2007). Sasikala (2013) stated that there is a between link customer service and demographic characteristics, lifestyle as well as store format choice. Research on lifestyles of consumers is conducted to establish understanding of the market segments based on consumer activities, interests, opinions needs, motives, perceptions, lifestyles and attitudes (Goswami, 2007) because conventional demographic variables have failed to recognise the absolute characteristics of consumers in the retail market as they pose tremendously different psychographic features though they come from a similar demographic group (Sinha, 2003). Psychographics or lifestyle research also consider attitudes or evaluation on people, place, ideas and merchandises in assessing consumer buying behaviour (Gonzalez, Fernandez, & Bello, 2002; Hawkins *et al.*, 2002).

Prior studies have tried to cluster or segment customers according to their service quality perception and worth (Huang, 2014; Kotler & Keller, 2009), activities, interests and opinions (Swinyard & Scott, 2011). Cosmos (1982) affirmed that the entire classification or arrangement of merchandise and services consumed by the customer through his/her activities, interests and opinions (AIO) variables. King and Liu (1997), who studied learning and reading habits as a way of life of user and non-users segmented customers into seven groups based on their diverse patronage/support or optimistic intentions and reading preferences. Wu (2003) also establish edan important connection between consumer lifestyle and online shopping behaviour. Similarly, Nijmeijer, Worsley, and Astil (2004), who examined the association of food lifestyle and vegetable consumption

using personal worth, lifestyle components, food beliefs and attitudes ascertained that personal ethicshad considerable effects on purchase customary and consumption frequency. In a recent study, Roy and Goswami (2007) asserted that lifestyles showed a clear association between merchandise or service categories with similar buying frequencies among the customers in online shopping.

It is believed that the inclusion of the factor of lifestyles of grocery consumers is a good theoretical contribution keeping in mind that the construct of lifestyles did not receive great attention from the previous research studies that attempted to examine the impact of individual characteristics on consumer behaviour and perceived service quality in the grocery retail market (Hamilton, 2007). Taking into account that the construct of lifestyles is related to the study of personality, values, attitudes, interests of individuals or communities, investigating these opinions, values and attitudes of the Saudi shoppers' constitute a necessity for Saudi grocery retailers. In this context, Liao and Wang (2009) argued that the number of research that badeto investigate the influenceof cultural values, opinions, beliefs and attitudes is scarce. Also, Chen (2011) highlighted the importance of measuring the impact of cultural opinions, beliefs and attitudes of individuals on perceived service quality and recommended that future researchers ought to include constructs that cover these cultural values and attitudes in their studies. This study is therefore a response to the call that has been made by Chen (2011) in which the factor of lifestyles, which covers cultural issues, is included and described in the study.

In addition, Sasikala (2013) conducted an analysison the relationship between service quality, customer satisfaction and customer loyalty in the retail industry. The researcher

made a recommendation for future researchers that the construct of lifestyle should be included as one of the antecedents causes influencing service quality. Furthermore, the construct of lifestyles appeared in the recommendation section in another study (Ganesan-Lim, Russell-Bennett, & Dagger, 2008) who recommended the inclusion of the lifestyles construct together with a full range of demographic characteristics in future research studies on service quality in the retail industry. Thus, this study attempts to respond to such recommendations and in turn fill in this gap in the literature by researchingthe impact of a number of factors, namely the demographic, geographical and lifestyles on the service quality perceived by customers in the grocery retail.

In sum, one could argue that many previous studies that attempted to explore the impact of antecedent factors on service quality have not paid attention to examine the impact of individual characteristics such as the demographic, lifestyles and geographical characteristics of the participants despite the importance of these characteristics and despite the many recommendations in the literature on including these individual characteristics in future work studies (Hamilton, 2007). Such individual characteristics are believed even to explain the variance in individuals' responses of their service quality perceptions. This current research, however, pays attention to the importance of including a number of individual characteristics thus responding to the recommendations given by researchers. In this context, Mokhlis (2012) asserted that the individual characteristics are not given the attention it deserves in perceived service quality studies and that future studies should pay attention to the way individual characteristics influence customers' perceptions towards the quality of services they receive. Table 2.4 shows the number of studies on the impact of the demographic and lifestyles factors on service quality. There

are few studies that include individual characteristics (Grewal, Gotlieb, & Marmorstein, 2000; Jun, Yang, & Kim, 2003; Tam, 2012).

Table 2.4
Summary of Past Studieson of Perceived Service Quality

N	Authors	Dimensions	Finding
1	Tam (2012)	Service quality, satisfaction, tru\st, loyalty, health-care services.	This finding is consistent with the results of previous studies that found satisfaction played a significant role in loyalty intentions. Although improved health status is the ultimate goal of health-care services, it is not easy to determine, and there are many factors that can influence the outcome. Satisfaction is a post purchase response influenced by customer's perceptions of the quality of the service. Satisfied customers are more likely to revisit the health-care provider when the need arises in the belief that they will receive high Standards of care.
2	Jun, Yang, and Kim (2003)	Reliable/prompt responses, access, ease of use, attentiveness, security, and credibility, customers' perceived overall service quality, satisfaction.	Access dimension impacted significantly overall service quality but had no impact on satisfaction. Reliable, prompt responses, attentiveness, and ease of use showed to have significant influence on both customers' perceived overall service quality and their satisfaction. A positive relationship was found between overall service quality and satisfaction.
3	Yang and Jun (2002)	Extending knowledge on service quality dimensions in the context of internet commerce.	Reliability, access, ease of use, personalization, security, and credibility emerged as six key service quality dimensions perceived by the internet purchasers. However, internet non-purchasers perceived security, responsiveness, ease of use, reliability, availability, personalization, and access as the seven important dimensions of service quality.

Table 2.4 (continued)

N	Authors	Dimensions	Finding
4	Parasuraman, Zeithaml, and Berry (1988)	SERVQUAL multiple-item scale development.	SERVQUAL has potential to facilitate research on antecedents and consequences of service quality; it can help retail and service organisations in evaluating consumer anticipations and perceptions of service quality.
5	Natalisa and Subroto (2003)	Management commitment to service quality, service quality perception, customer satisfaction.	Five dimensions of service quality had a positive impact on customer satisfaction. Management commitment showed to have a direct negative effect on customer satisfaction.

However, the studies that link customers' demographic characteristics and their lifestyles to their buying behaviour are limited and not thoroughly studied. In this context, Sasikala (2013) who studied the relationship between service quality, customer satisfaction and customer loyalty in the retail industry has recommended that future researchers should look into the impact of individual characteristics such as the demographic profiles of customers on their buying behaviour and their selections of their favourite stores. In addition, another researcher (Ganesan-Lim, Russell-Bennett & Dagger, 2008) also recommended the inclusion of the lifestyles of customers and their demographic characteristics while considering the service quality in the retail industry in future research. This study attempts to respond to such recommendations and in turn fill the gap in the literature by describing the demographic and lifestyles of shoppers and find out how they are related to the service quality perceived by customers in the grocery retail industry.

2.7 Theoretical Underpinnings - Means-end Theory

In understanding quality perceptions, it is imperative thoroughly to comprehend the development of the model of consumer behaviour since its birth in the marketing field. Since its inception in 1950, marketing concepts have received numerous attentions from scholars and practitioners about what satisfies consumers' needs and wants. Most of the evidence found was centred on factors known as cognition, affect, and behaviour, which were then modelled as COB (Cognition Affect Behaviour outside) model. This model presumes that the consumption process that involves consumer cognition, affect and behaviour (C→O→B).

This model postulates that cognition variable which is an information seeking process determines affective responses that represent the condition of a predisposition. This affective response will then influence the cognitive or behavioural affects which represent the selection process and purchase. The focus of COB model is on a logical or sensible person who seeks utilitarian benefits. This model has been well-accepted in the consumer behaviour research for over five decades (Yu, 2006). The conventional COB model from the practitioner's view considers possession and acquisitionof goods, service and information as the major purposesof consumer behaviour. This is considered as rational characteristics.

In contrast to the practitioner's view, consumer's perspective depicts a different picture where shopping involves both rationality and irrationality. The irrational shopping elements include cognitive, emotional, sensory and physiological factors. For consumers, the act of shopping is not identical to purchasing but it is the executionof diverse requirements and wants through multiple processes. Therefore, it can be argued that

shopping is not merely concerning merchandises and services but also concerning encounters during the buying process. This reveals that shopping and shopping encounters are not only vital to signify consumers' lifestyle but more importantly it is necessary to evaluate purchasing and consuming merchandises and services pattern in the marketplace.

Retrospectively, the COB model acknowledges rational and irrational characteristics of consumer behaviour through utilitarian and hedonic encounters as rational characteristics while irrational characteristics include cognition, emotion, sensory, and physiological factors. From the consumers' view, the COB model reveals the significance of shopping encounter to consumers and claims that consumer behaviour is a result of delivering worth to the consumer that can be possible by offering superior service quality. This consumer-focused view acknowledges not only a consequence of shopping encounter but the overall quality perception and worth of marketplace encounter to consumer as well.

Most of the studies in the marketing field advocate the notion of COB by showing that consumers are encouraged to shop for diverse motives other than merely merchandise attainment (Buttle, 1992; Buttle & Coates, 1984; Tauber, 1972; Westbrook & Black, 1985). There are consumers who get pleasure from simply shopping with or without purchasing. As far as this type of consumers is concerned, shopping is regarded as a short-term and long-term connection with the firm or marketplace which is largely influenced by various factors including the characteristics of the encounter, information search, the type of merchandise or service sought, and the price point of the goods being contemplated. Time, money, safety, availability of alternative choices, perceived service

quality and worth are a number of factors consumers consider they can manage and direct.

Means-end theory introduced by Gutman (1982) describes the significant interpretation that a person has related to the merchandises and services they bought, used and encountered. This theory is regarded as a cognitive relationship that links consumers' worth to merchandise selections (Reynolds & Gutman, 1988).

In other words, means-end theory attempts to portray a link between certain object attributes or behaviours as the means and the result or effect of the merchandise use as well as personal values that are significant to an individual as the ends. This formation of the links from features to end results and from consequences to personal values characterizes a unique configuration labelled as a means-end chain (Gutman, 1982). This model hypothesizes that personal values are the eventual objective that the consumers are struggling for in their life (Manyiwa & Crawford, 2001). This theory has been well-accepted in the consumer behaviour field to enhance deeper understanding on factors affecting consumer choices and decision-making behaviour.

Bagozzi (1992) continued the work by Gutman (1982) to describe further the hypothetical rationalisation regarding customers' values that are formed by their perceptions about service quality. Dai and Salam (2011) asserted that there is a link between qualities, worth, and satisfaction whereby the early service assessment such as an appraisal would incline consumers to an emotional response that stimulate their behaviour. The adaptation of Bagozzi's (1992) framework to a service context suggests that cognitively-oriented service quality and worth appraisals precede satisfaction (e.g.,

Chenet, Tynan & Mondy, 1999; Dai & Salam, 2011; Hutchinson, Lai, & Wang 2009; Kim, 2011; Patterson & Sperng, 1997; Woodruff, 1997).

A means-end chain starts with an attribute, tangible features of the merchandise, and moves on to a series of outcomes and ends with a value (personally important to the consumer) that is satisfied by the merchandise. The central suppositionof this model is that customers selectbehaviour that yield desired effects and minimize undesired outcomes (Peter & Olson, 1990). It further specifies what truly the customer perceives or wishes to take place in a certain specific condition along with the aid of a merchandise or service for the purpose of achieving the desired aim or goal. Means-end theory is increasingly being used as the foundation for exploration into perceived service quality (e.g., Beverland & Lockshin, 2003; Flint, Woodruff & Gardial, 1997; Flint, Woodruff, & Gardial, 2002; Holbrook, 1994; Huber, Herrmann & Morgan, 2001; Veronica, 2011; Van der Haar, Kemp, & Omta, 2001; Woodruff, 1997; Zeithaml, 1988). Our work relates closely with the work of other researchers (e.g., Koo, 2006; Paul, Hennig-Thurau, Gremler, Gwinner, & Wiertz, 2008) in incorporating the means-end chain theory to the research framework.

Personal values or personality characteristics and some characteristics of the demographics are argued to form the underlying beliefs of customers, which can clarify the reason customers prefer particular service quality traits (Koo, 2006). Coherently, the evaluations of various perceived service quality characteristics are hypothesized to represent consumer's means to achieve their preferredend-states and ultimately become the basis for preferringa specific grocery store (Shim & Eastlick, 1998). To illustrate our point, Swinyard (1998) investigated the relationships amidsteach item encompassed in

the measures of personal values and mall visits. This study empirically showed that personal values can be predictors of mall visiting behaviour.

Erden, Ben, and Tuncalp (1999) also empirically showed the direct and positive relationships between personal values and assessments of store attributes. Brunso *et al.* (2004) implemented a means-end chain theory and empirically substantiated the sequential outcomesof terminal values on the way of lifeand then situation-specific merchandise observations and behaviors. Shim and Eastlick (1998) investigated the consequences of personal values on an aggregate measure of attributes and mall visits.

Therefore, this research argues that customer's purposeto buy repeatedly from a service provider results from the means–end categories of attributes, benefits and personal values. Repeat purchase behaviour revealsthe behavioural dimension of customer loyalty (Roberts, 2009), which implies that this study is interested in any kind of repeat purchase behaviour, irrespective of whether repeat purchases occur because of attitudinal loyalty. The following figure (Figure 2.3) elaborates on the philosophy of Means-end perspective in which there are the personal traits such as the demographic characteristics that influence perceived service quality attributes (means), and this leads to a behaviour that is the store loyalty (end). Having addressed the variables that constitute the study's framework and which also constitute the antecedents and consequences of perceived service quality in the grocery sector, the following section addresses some of the related studies on perceived service quality in general and in grocery retail market in particular.

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┌─────────────────────┐      ┌─────────────────────┐      ┌─────────────────────┐
│     Personality     │      │                     │      │ Retail store loyalty│
│                     │      │    Tangibility      │      │  Store Commitment   │
│        Age          │      │    Reliability      │      │                     │
│                     │  →   │   Responsiveness    │  →   │         +           │
│       Gender        │      │      Empathy        │      │ Re-patronage Intention │
│                     │      │     Confidence      │      │                     │
│      Education      │      │                     │      │                     │
│                     │      │                     │      │                     │
│    Marital status   │      │                     │      │                     │
└─────────────────────┘      └─────────────────────┘      └─────────────────────┘
          │                            │                            │
┌─────────────────────┐      ┌─────────────────────┐      ┌─────────────────────┐
│ End State of Existence │    │       Means         │      │                     │
│                     │  →   │                     │  →   │      Behavior       │
│                     │      │  Perceived service  │      │                     │
│                     │      │  quality attributes │      │                     │
└─────────────────────┘      └─────────────────────┘      └─────────────────────┘
```
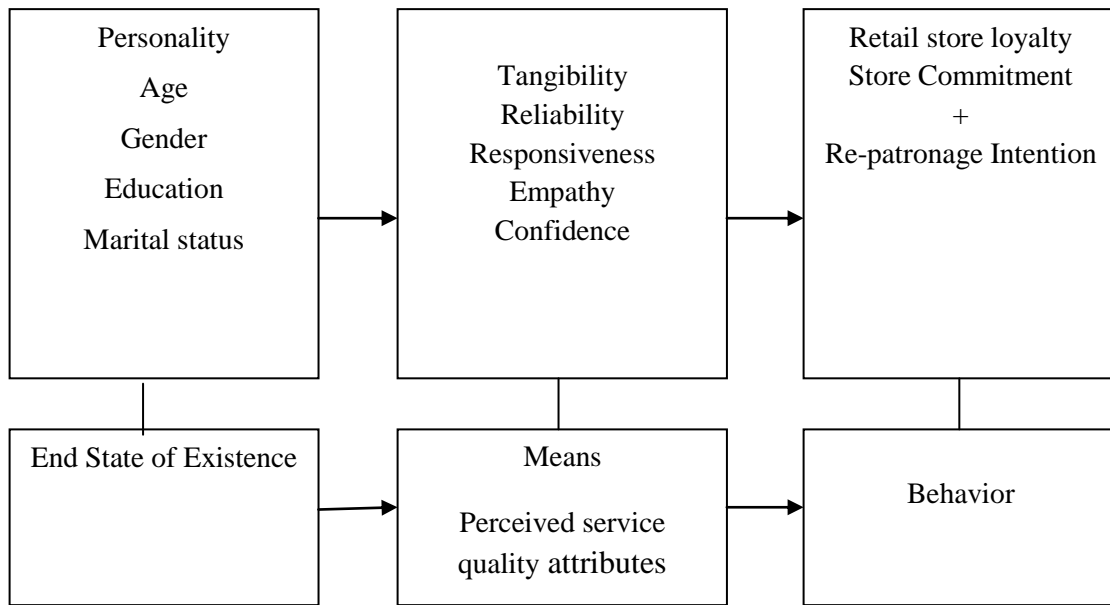
Figure 2.3
Model of Service Quality-attributes- Store Loyalty
Source: (Koo, 2006)

2.8 Related Articles on Perceived Service Quality in the Retail Industry

With reference to the literature on service quality in general and grocery retail service quality in particular, many studies have been conducted worldwide. Some of these studies were conducted in developed countries context while others were conducted in developing and emerging countries context. A part from that, limited service quality research studies were conducted in Saudi Arabia, a country where this study is conducted. The following sections of this chapter address some of these research studies in the retail service quality in general and grocery retail service quality in particular whether in developed countries, developing countries or in the context of Saudi Arabia. The following section begins with service quality research studies that have been conducted in developed countries context.

2.8.1 Perceived Service Quality Studies in Developed Countries

Merrilees and Miller (2001) conducted a study that aimedat developing constructs of two main types of interactivity amongst the store and the customer i.e. namely personal service and store design and atmosphere and analyses their influence on store loyalty. In their research, a sample of an Australian university student was chosen on the basis of convenient sampling and also since the theoretical constructs are somehow new. A survey instrument on rating scale of one to ten was developed which is an indication of the literature, and got answers especially with respect to personal service, store design and layout, store atmosphere, merchandise selection, and customer loyalty. In addition, other variables representing low prices (two items), convenient location (one item) and a wide range of merchandise (one item) were included in the study. For the purpose of analysis and drawing inferences the statistical tools used are AMOS for the sake of conducting confirmatory factor analysis, SPSS software, paired sample t-test, and multiple regression analysis were also used in the study. The study found key distinction between the services given by superstores as compared to traditional specialist stores in regarded of store design beside satmosphere. Apart from that, the study also successfully establishedand confirmedtwo constructs that shapethe interactivity between the store and the customers, as perceived by the shopperin terms of personal service, store design and atmosphere.

Otieno, Harrow, and Greenwood (2005) conducted a study that aimed to explore fashion availability, fit and affordability in the UK stores particularly for those females who wore size 16 and above, and investigates their satisfaction/dissatisfaction with the retail

encounter they had. For the purpose of the study, a convenience sample of 250 women participated in the study. The majority of the respondents (80 per cent) of the females were aged 18-40. Ninety-three (37.2%) wore size 16 and above. Majority of the respondents (65.6 %) of the 93 women wore size 16 to 18. The survey was administered to collect the data by way of the questionnaire. For the purpose of analysis and drawing inferences the statistical tools used are exploratory design, quantitative and qualitative approaches and analytic procedure. The findings of the study revealed that a large percentage of females, especially those who wear size 16 and over, were reported to be dissatisfied with retail environments, fashion and sizing provision among major UK market players. The study also revealed that most women shopped from the high street and department stores, the larger woman had great difficulty in finding well-fitting fashionable clothing in general, and with certain categories being most problematic. Finally, the research recommended that the future work could include a wider sample from more cities.

Schmidt and Pioch (2005) conducted a study that attempted to explore the potential of retail branding as a tool for independent pharmacists who liked to complement their role as therapeutic experts with a strong retail proposition and enhance their competitive positioning.For the purpose of the study, asample of pharmacies representing a spectrum that ranges from small pharmacies in rural places to medium-sized pharmacies that formed part of small chains that consist of several branches in particular locations in the city. In addition, fully independent and quasi-branded outlets were selected. The survey was administered to collect the data by way of interviews. For the purpose of analysis and drawing inferences, the statistical tools used are NVivo qualitative analysis softwareto

develop theoretical categories. The findings of the study revealed that UK pharmacy market is polarized into the highly branded large scale multiples and independent sector which still fails to make full use of the chances for retail marketing support that is available. Apart from that, the respondents also fail to embrace the opportunities offered by the marketing and retail branding to the detriment of overall business success.

Wong and Sohal (2006) conducted a study that aimedat examining consumer perceptions of their shopping encounter in a retail environment. For the purpose of the study, a sample of consumers in a chain departmental store setting in Victoria, Australia has taken part in the study. In addition, a structured questionnaire with questions in a perceived arranged order was used to collect the data. For the purpose of analysis and drawing inferences, the statistical tools used are LISREL VIII as the proposed research model. The findings of the study were reported to be consistent with hypotheses from the marketing/management literature. The study recommended that the future work could test the strength of the model in an experimental setting utilizing scenarios to manipulate key constructs and additional constructs. The study also recommended that future comparative studies could be conducted to examine multiple firms within each service type to provide an assessment of the differences/similarities that exist across service types.

Carpenter and Moore (2006) conducted a study that aimed to provide a general understanding of grocery consumers' retail format choice in the marketplace in the US.For the purpose of the study, a random sample of US grocery customers that consist of 454 consumers was chosen to participate in the study. In the study, a self-administered

questionnaire was utilized to collect the data. For the purpose of analysis and drawing inferences, the study employed a statistical tool in which descriptive and inferential statistical techniques (regression, ANOVA) were used. The findings of the study revealed that respondents with higher incomes were more likely to shop in specialty grocery stores. The study recommended that the future work could focus on examining the situations under which consumers patronize different grocery formats such as extensive shopping trips versus short shopping trips or the accessibility of format types. The studies also recommended the examination of the benefits of the dimensions of consumer access limit or expand retail patronage behavior on grocery retailers.

Jin Ma and Niehm (2006) conducted a study that aimedat examining the relationship between older customers' (18-27) shopping tendencies and their expectations for retail services. The study also aimed at assessing the importance and influence of service expectations and perceptions on customer satisfaction and loyalty in the case of shopping for apparel in assorted categories of retail outlets. In other words, the study aimed to compare customers' expectations about service quality to their perceived service quality and then compare the gap between the expectations and perceptions to their satisfaction and in turn loyalty. In this study, a convenience sampling technique was utilized of female college students attending a major Midwestern university. Self-administered data collection procedure was used in which the research distributed to questionnaire to the targeted respondents. For the purpose of analysis and drawing inferences, the study employed descriptive analysis, exploratory factor analysis, F-tests, and regression analysis using SPSS software. The findings of the study indicated that shopping orientations had a relationship with older customers' expectations for retail services and

patronage in all the three settings of apparel retail. In addition, the study also confirmed that older customer' expectations for service differed by store type, and their service expectations, service perceptions and service quality were related to retailer satisfaction and store loyalty.

The study also revealed that the three dimensions (Brand-Consciousness/Loyalty Convenience/Time-Consciousness, and Economic/Price-Consciousness) were identified in the study suggesting that all these three dimensions are important elements of merchandise and service offerings for this customer cohort. As for future research, the study recommended that future research could be conducted with more diverse generation customer groups to identify differences in service expectations and the influence of service expectations and perceptions on their purchase intentions. The study also suggested that future researchers in the field are encouraged to examine the influences of service expectations and perceptions on young customers' purchase behaviors in regard to merchandise assortments or degree of merchandise involvement.

Another study was conducted by Lee, Fairhurst and Young Lee (2009). The study attempted to observe the means in which service quality carried out by self-service kiosks impact the intentions of consumers' retail patronage. For the objective of the study to be fulfilled, a sample of participants from a consumer panel from an online survey agent and a convenience sample of 196 college students from a major Southeastern university was used.

In this study, two forms of the survey questionnaire were planned and developed for the kiosk settings. The survey questionnaire that was used in this study was refined through

conducting a perceived-test. The questionnaire was conducted with a convenience sample of 196 college students from a major Southeastern university. In addition, members of a consumer panel were given email invitations were sent to consumer panel members who constituted the respondents for the main study in which a total number of 1,230 e-mails were sent. For the purpose of analysis and drawing inferences, the study employed a confirmatory factor analysis (CFA) and structural equation modeling. The results of the study revealed that service quality provided by self-service kiosks had a direct and at the same time indirect relationship with consumers' retail patronage intentions. A part from that, the study also confirmed that the service quality provided by self-service kiosks had a direct impact on consumers' retail patronage intentions.

Moreover, the findings of the study indicated that service quality provided by self-service kiosks had an indirect impact on consumers' retail patronage aims across three dimensions of retail service quality (reliability, personal interaction, and problem-solving). For future work, the study suggested that future researchers could extend the findings of the study by empirically examining the elements that have probable significance in determining service quality delivered by self-service kiosks. The study also recommended that future studies could use a sample that is more representative of the entire consumer population for the sake of providing additional support for the findings of this study.

Moerloose, Antioco, Lindgreen, and Palmer (2005) conducted a study that aimed to examine the way information technology assists firms in delivering assistances by providing information booths. For the purpose of the study a sample of specialized

retailers that sell an array of various forms of merchandises in the region of Brussels, the capital city of Belgium was utilized. To fulfill the objectives, a sample of customers comprising 47 female respondents and 37 male respondents were gathered.

In the study, 14 hypotheses were constructed that were examined by means of two exploratory surveys, one with 84 customers and one with nine retailers. Apart from that, a total of 22 exploratory interviews were also utilized with key informants in the retail and other sectors, in Belgium and France. The findings of the study indicated that information kiosks can be executed effectively with up to three easy-to-use kiosks at the entrance of the mall or inside the store and if retailers allow Internet access to a few websites. The study also suggested that retailers ought to keep their information centrally updated and relevant, and customers are not concerned in ranking all types of merchandises and services. The study observes that the future work could examine in more depth what customers need and desire out of an information kiosk so that an appropriate balance is struck between being customer and technology led.

The findings of Moerloose *et al.*'s (2005) study are significant to the current research as it draws the attention of retails to the most-preferred service features by customers so that retails could focus on these preferred service features. In this context, Liu, Guo, and Hsieh (2010) argues that the problem with many retailers is that they assume what customers want and direct their marketing strategies or their merchandise formation based on these assumptions without asking the customers themselves how they would want their services or merchandises to be delivered. Another way retailers could ensure better service quality outcomes is through constant evaluation their customers'

perceptions towards the services that have been delivered to them by these retailers and what influences the formation of these perceptions in customers' minds. This is one of the main goals of the current study by examining the impact of a number of antecedent factors on perceived service quality in the Saudi grocery retail context.

Kenzie (2006) conducted a study that aimed to present the empirical findings of two qualitative studies of Estonian consumers and the way they interpret and perceive retail service quality. To ensure the aim of the study is fulfilled, a sample of students and staff at three Estonian universities were selected. An e-mail survey questionnaire was administered in the study. The findings of the study confirmed that retail service quality is an appropriate concept for investigation in Estonia and that there is an expectation by consumers to reinforce their sense of shopping capabilities. The study also found that consumers expect the sales personnel to be authoritative, and to display thoughtfulness to the consumer through different acts of politeness and courtesy and an expectation that policies will ensure the correct procedures will be followed in the case when a problem takes place. For future research, the study suggested that other venues of future work include this type of research in similar economies, cultures, and also in different retail sectors. Furthermore, future qualitative research could examine additional retail drivers that include psychological relationships between the perceptions of consumer and pricing practices, public policy and pricing.

Another study was conducted by Tsoukatos and Mastrojianni (2010) in which it aimed at building a retail-banking specific quality scale for the purpose of providing deeper understanding of excellent determinants in the banking industry. Other aims of the study

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include offering further contribution to the debate over generic against setting/industry/time-specific quality metrics.

In this study, a convenience sample of 91 retail-banking customers, in three downtowns Athens branches of the two leading Greek banks were involved in the study. The instrument used in the research consisted of five sections (demographics, service expectations, service performance, overall satisfaction, and word-of-mouth communication). Descriptive and regression analysis were used together with personal interviews on the spot inside branch premises. In addition, is Cronbach's alpha reliability analysis, exploratory factor analysis and linear regression analysis were used. The findings of the study revealed that the BANQUAL-R metric were presented, with key elements assurance/empathy, effectiveness, reliability and confidence, a combination of SERVQUAL and perceived service quality dimensions. The findings of the study have also affirmed that the setting-specific method of service quality and the notion that SERVQUAL provides the skeleton on which setting-specific scales should be built. The study recommended that further research is needed to improve the knowledge on service quality measurement in retail banking and the proposed BANQUAL-R metric provides a sound, reliable comparison basis for future research.

Yip, Chan, and Poon (2012) conducted a study that attempted to identify the common attributes of the physical retail outlets that are favored by the youths in Hong Kong. The study also aimed at assessing the relative importance of hard and soft elements of the retail marketing mix in appealing to this consumer segment. For the purpose of the study, a convenience sample of 89 Hong Kong youngsters who were aged 15 to 21 was chosen for data collection. The methodology of the study employed a face-to-face interview in

which the respondents were asked to take pictures of their favorite retail outlets. For the purpose of analysis and drawing inferences, the study employed a comparison analysis method and extended marketing mix.

The findings of the study revealed that the two types of shop most frequently named were reported to be food outlets and apparel retailers. The study also revealed that the attractiveness of these stores was mainly based on merchandise or service quality and price. In addition, the location of the shop as well as the behavior of the shop assistants was also reported as important factors that influence the respondents' perceptions. As for future work recommendations, the study recommended that future researchers could apply the video ethnography approach (Belk & Kozinets, 2005) as well as the photo-elicitation interviews (Venkatraman & Nelson, 2008) to improve young consumers' in-store shopping encounter and attitudes toward the visual presentation of retail shops or what is referred to as the physical aspect (tangibility) in the dimensions of SERVQUAL model.

Sharma, and Chen (2013) conducted a study that attempted to test the moderating impact of important contextual variable, namely shopping motivation on the service evaluation process. For the purpose of the study, a sample of 2,727 shoppers who shop at six retail categories that included cosmetics, electronics, fashion, jewelry, telecommunication services, and department stores in Hong Kong was selected. In this study, a qualitative method was utilized with a number of focus groups (4) and in-depth interviews (20) that were conducted in a central location with shoppers who were recruited from a cross-section of all these retail categories. For the purpose of analysis and drawing inferences,

the statistical tools used are confirmatory factor analysis and maximum likelihood method using AMOS.

The study revealed that relationships among sacrifice, value, satisfaction, and behavioral intentions are stronger in retail categories with utilitarian versus hedonic shopping motivation. In addition, the study also found that the relationships among service quality, value, satisfaction, and behavioral intentions are stronger in hedonic versus utilitarian retail categories. The study recommended that future research could investigate more intangible hedonic (e.g. spas, holiday cruises) and utilitarian (e.g. bus and commuter train) services for the purpose of finding out whether similar findings are gained. In addition, the study recommended that future researchers could examine the impact of shopping motivation on the evaluation of online retail services.

Lang and Hooker (2013) conducted a study that aimedat investigating whether the impact of shopping encounter on consumer satisfaction in the context of non-food retail sectors has a similar influence in food retailing, especially with large-scale grocery retailers. The study also aimed at investigating differences in shopping encounter and their impact across different retail settings. For the purpose of the study,a sample of 2,200 shoppers was called using the telephone as to answer questions about their primary food store and their satisfaction with the services provided. For the purpose of the analysis and drawing inferences, the study employed the statistical tools of multiple regression, one-way ANOVA, ANCOVA and SPSS case option. Among the hypotheses put forward in the study, the findings revealed that three of these hypotheses were confirmed.

The first hypothesis suggested that food shopping encounter effects overall consumer satisfaction for grocery retailers. The second hypothesis that was confirmed in the study suggested that shopping encounter varies across different grocery retail settings. Finally, the third confirmed hypothesis in the study suggested that the effect of food shopping encounter on consumer satisfaction varies across grocery retail settings. As for the future work, the study recommended that other factors that could influence the relationship between the experiential dimension of food shopping and key consumer outcomes should be investigated. The study also suggested to further research studies could examine the relationships discussed by introducing additional important retailing factors and investigating aspects of heterogeneity in store locations and consumer responses.

A comparative study was conducted by Rym, Olfa, and Capatina (2013) aimed at comparing perceptions of retail logistics service quality among Romanian and Tunisian customers. The study also aimed atdetermining which dimensions of logistics service quality have the biggest impact on customer satisfaction and loyalty. For the purpose of the study, two convenience samples of customers in shopping malls that consisted of 100 customers in Romania and another 100 customers in Tunisia were selected. A self-administered questionnaire was utilized to collect the data. For the purpose of analysis and drawing inferences, the statistical tools used in the study were confirmatory factor analysis, ANOVA and linear regression analysis. As for the Logistics service quality, it was measured using two dimensions, namely the relational LSQ (The perception of Carrefour employees' assurance, responsiveness, and caring) and the operational LSQ (Carrefour reliability).

The findings of the study revealed that respondents in both countries reported high levels of perceived logistics service quality in Carrefour while on the other hand Romanians reported higher perceived logistics service quality than Tunisians for both dimensions. In addition, the study also found that relational LSQ was the most important predictor of satisfaction in the Tunisian sample. Whereas the most important predictor of loyalty was the operational LSQ; in the Romanian sample and relational LSQ was the most important predictor of both satisfaction and loyalty. As for the future work suggestions, the study recommended that further research exploration should be done to validate the results of the study by using representative and larger samples. Apart from that, the study also suggested that future research studies should be replicated in other countries, specifically those with different cultural, social and economic environments factors and environments as to improve the specific knowledge on cross-cultural aspects related to logistics service quality, by further investigate the nature and implications of cultural gaps on customers' satisfaction and retention levels.

Kayaman and Arasli (2007) conducted a study that aimed at exploring the interrelations of the four brand equity components which are brand awareness, brand loyalty, perception about quality and brand image in the hotel industry. The study attempted to improve the conceptualization of customer-based hotel brand equity. For the purpose of the study, a sample of 345 customers who hailed from 11 different countries and who stayed in North Cyprus hotels was used. In the study, self-administered questionnaires were administered to collect the data. For the purpose of analysis and drawing inferences, the study employed the statistical tools of Cronbach's alpha and confirmatory factor analysis.

The findings of the study supported the three-dimensional model of customer-based brand equity in the context of the hotel industry. However, the findings of the study indicated that brand awareness dimension was not reported to be significant in the tested model for hotels. As for future work, the study recommended that further research studies should attempt to examine brand equity across many different hotel categories as this would give the opportunity to make comparisons between different hotels' merchandises.

The following section presents a number of related service quality studies in the context of developing countries.

2.8.2 Perceived Service Quality Studies in Developing Countries

Devi and Sellappan (2009) conducted a study that aimed to examine the perceived service quality in the retail industry in the Indian context. The study also aimed to investigate the relationship between the demographic characteristics of the retail customers and their perceived service quality. The demographic characteristics of the respondents included their age, gender, occupation and income. In addition, another goal the study aimed at achieving was examining the link between perceived service quality and customer loyalty through their repeated purchase and word of mouth (WOM). For the purpose of the study, a convenient sample of 170 customers was selected at leading retail stores in Chennai.

The study employed a mixed methodology of quantitative and qualitative research techniques. The quantitative part of the research utilized a questionnaire instrument which was constructed on five scale rating. On the other hand, the qualitative part of the

research utilized the use of semi-structured personal interview. For the purpose of analysis and drawing inferences, the study employed the statistical tools of Cronbach Alpha, percentage analysis, Factor analysis, ANOVA, inter connection and regression analysis techniques. The six factors namely, reliability, matching customer needs, and merchandises, customer handling, customer convenience, tangibles and quality of staff were identified with the use of factor Analysis. The findings of the study indicated that the demographic characteristics of the respondents were related to their service quality. The study also revealed that the higher customers' perception on service quality at retail stores will result in higher customer loyalty indicating a significant relationship between service quality and customer loyalty. The study recommended that further cross-cultural and cross-countries studies could be conducted as to verify the findings of the study.

The objectives and findings of Devi and Sellappan (2009) study are significant for the purpose of the current study. It has been mentioned earlier in the research problem that the there is no clear indication in the literature on the causal ordering of service quality and customer satisfaction particularly which of the two constructs is regarded as a better predictor of customer loyalty (Bolton & Drew, 1991; Cronin & Taylor, 1992). While some research studies reported that service quality is indirectly related to customer loyalty through the mediating factor of customer satisfaction, the findings of Devi and Sellappan (2009) study show that service quality is directly related to customer loyalty keeping in mind that their study did not include the construct of customer satisfaction in the framework of the study and objectives.

Thus, the current study takes a step further by examining the mediating impact of customer satisfaction on the relationship between perceived service quality and customer loyalty in the grocery retail environment.

Sasikala (2013) conducted a study that attempted to examine the interrelationships between service quality attributes, customer satisfaction and customer loyalty in the retail banking sector in Vellore District in India. Another goal the study aimed at achieving was also to examine the impact of a number of demographic characteristics of the respondents on their service quality perceptions and in turn their satisfaction and loyalty. The study utilized mixed quantitative and qualitative research approaches. The research employed SERVQUAL scale to measure the customers' service quality. A sample size of 200 retail banking customers was utilized from different banks in Vellore District and constituted the sample of the study. A banking-specific scale was constructed, initially with 36 items with seven points Likert scale from the literature and focus groups, and used for data collection in a convenience sample in Vellore. It was administered by personal interview and an online questionnaire.

The findings of the study revealed that a relationship exists between marital status and customer satisfaction and also between income and customer satisfaction. The findings also indicated that a relationship exists between gender and high quality, satisfaction and loyalty. In addition, the findings of the study revealed that age and high quality, satisfaction and loyalty are related. Apart from that, the findings also showed that there is an association between marital status and high quality, satisfaction and loyalty. The study

also reported there is a relationship between employment status and high quality, satisfaction and loyalty.

However, the study revealed that there is no association between education and high quality, satisfaction and loyalty. In Sasikala's (2013) study, a number of limitations and future directions have been discussed. For example, the researcher addressed the idea of the poor sampling in the study, and also that the study drew from a single industry and a single geographical location. The researcher also recommended that future researchers could investigate service quality in different retail sectors and also could take the construct of the respondents' psychographics into consideration.

Another study that was conducted Randheer, AL-Motawa, and Vijay (2011) aimed at examining the perception of commuters towards service quality that is offered by the public transport services in the two cities of Hyderabad and Secunderabad in India. For the purpose of the study, a survey instrument was utilized among the commuters who were regularly using public transport services for travelling purposes. A random sample of 534 respondents was utilized for data collection while 512 were used for final analysis. For the purpose of analyzing the data, factor analysis was used resulting in the elimination of one dimension: tangibility and three items, further bringing down the item count to twenty-three revealing that the remaining dimensions are reliable and valid. The study found that the delivery of service quality met the commuters' perception. People of the two cities of Hyderabad and Secunderabad made use of the service quality delivery by public transport services. The study showed a service quality image that could be adopted by other cities whose people depend on public transportation services. One of the

limitations of the study was that cultural factors were not taken into account and was not fully explored.

Cultural factors could include values, ethos, individualism, language, etc. Which have been hypothesized to influence service quality. Thus, the study recommended that further research could take into account the cultural factors. In addition, the study also recommended that further studies could be done at regular time intervals over the years to reinforce the arguments. A part from that, the study recommended that future researchers could conduct a comparative study that aims at comparing between public and private operation services. Finally, the study also suggested that further research could be extended to semi-urban and rural area to obtain their perception too.

Ihtiyar, Ahmad, and Osman (2012) conducted a study that aimed at indicating the factors and also the sub-factors within the sector-specific measurement scale which is known as model of service quality. The study also identifies the influencing factors for the food retail industry in Turkey, which contributes to appropriate for the future strategies of the sector. For the purpose of the study, a perceived-test with a sample of 32 respondents was conducted in Turkey. However, in the instrument used in the study, 7 items were deleted. The reason of the deletion of the items was that these items were not appropriate in terms of meaning in the research. In addition, 357 questionnaires on a seven-point Likert scale were gained by online survey. For the purpose of the analysis and drawing inferences, the study employed the statistical tools of component factor analysis with varimax rotation for data reduction. The six factors namely, personnel interaction, physical appearance, policy, promises, problem solving, and convenience was identified with the use of

component factor Analysis. The findings of the study revealed that Turkish retailers fell short in providing what customers expected them to provide when expected service quality exceeded perceived service quality. The study recommended that retailers in Turkey ought to be more responsive to the consumer's needs and demands when implicating the service strategies in food retail industry. The implementation of more effective and competitive strategies would result in improving customer satisfaction and in turn the profitability of retail service providers.

Plooy, Jager, and Zyl (2012) conducted a study that aimed at assessing customer satisfaction with the quality of service delivery by types of informal stores in Gauteng. The study also aimed at identifying the dimensions of service quality that help in describing perceived levels of service quality, and also the intention to shop at the informal retailers in the future. For the purpose of the study, 371 consumers who visit informal grocery retail stores were gathered across Gauteng. In the study, questionnaires surveys were administered at over 100 stores and the convenience sampling technique was followed for the purpose of data collection. For the purpose of the analysis and drawing inferences, the study employed the statistical tools of composite mean score. In addition to the inclusion of service quality items, other items that assess the demographic characteristics of the participants were also included in the questionnaire.

The demographic characteristic of the respondents included their gender, age, level of education, and income. The findings of the study revealed that the drivers of service quality do differ across demographic groups. The findings of the study also revealed that service quality dimensions such as empathy, tangibility, reliability and assurance were

regarded as the main motives for perceived levels of service quality among shoppers at informal grocery retail outlets. The study recommended that further research on perceived service quality could be conducted in other parts of the world taking into account the cultural differences between people from different countries.

Sengupta (2008) conducted a study that specifically sought to capture the history of the evolution of modern-format food and grocery retail in India from 1971 to 2001. For the purpose of the study, a sample of organized and unorganized retailers together with fast-moving consumer goods manufacturers and opinion-leaders were chosen to take part in the study. The primary part of the research included depth interviews and survey through questionnaire for the purpose of collecting the data. In addition, secondary research was also utilized in which it involved a review of the existing literature that is available on Indian retail. The findings of the study affirmed that the emergence of modern retail in India is not just an outcome of the increase in consumer purchasing power; manufacturers and unorganized retailers have also played critical roles in this process at the macro-level.

Goswami and Mishra (2008) conducted a study that aimed at understanding whether consumers in Indian are likely to move from traditional Kirana stores to large organized retailers such as shopping malls while shopping for groceries. For the purpose of the study, 409 respondents across four Indian cities two major and two smaller cities were chosen in which a stratified systematic sampling design was followed. Interviews were conducted with a structured questionnaire to collect the data. For the purpose of the analysis and drawing inferences, the study employed multivariate statistical techniques to analyze the data collected with the help of a structured questionnaire. The findings of the

study confirmed that organized retailing is preferred for their cleanliness, offers, exclusive store brands, whereas Kiranas were preferred because of their location and possibility of MS. The study also revealed that the organized retailers score better over the Kiranas, which is indicative that the consumers' need for better attributes in terms of their demand for offers, cleanliness and store brands.

Apart from that, the study also indicated that there should be a modernization of commerce. As for the recommendation section, the study recommended that a similar study of non-grocery retailers could be undertaken. The study also suggested that it would be interesting to compare various formats of organized retail. Furthermore, the study also recommended that it would be interesting to study thoroughly and separately, both the Kiranas that were negatively affected by organized retailers and the Kiranas that have not suffered from the impact.

The findings and objectives of Goswami and Mishra (2008) are significant for the current research keeping in mind that in the context of Saudi Arabia grocery retail and despite the widespread availability of organised grocery retail in shopping malls distributed around the country.

Hossain and Leo (2009) conducted a study that aimed at evaluating the service quality in retail banking in the Middle East in general and the country of Qatar in particular. For the purpose of the study, 120 customers who were chosen on a convenient basis from four banks, namely QNB, Doha Bank, QIIB, and Arab Bank took part in the study. Scientifically developed questionnaire was utilized to collect the primary data in this analytical study. The findings of the study revealed that customers' perception has been

reported to be the highest in terms of tangibles area while it has been reported to be the lowest in the competence area. For the sake of improving the existing body of knowledge on customer satisfaction within the banking sector in the Middle East region in general and the country of Qatar in particular, the study recommended that similar future research studies could be conducted taking in all countries in the Middle East and including more sample sizes. A part from that, the study also suggested that future researches could consider the difference between customer perception in the Islamic and non-Islamic banking sectors.

Khare (2013) conducted a study that aimed at understanding the definition of retail service quality in small retailers and the influence of hedonic and utilitarian shopping values in determining consumers' expectations towards small retail service quality in India. For the purpose of the study, the data were collected in four cities in India, namely Allahabad, Meerut, Ghaziabad, and Noida. The study employed a self-administered questionnaire which was measured on a five point Likert scale. The questionnaire was administered using mall/retail store intercept survey technique. The survey questionnaire included the demographic factors of gender and age, and it contained 28 items. For the purpose of the analysis and drawing inferences, the study employed an exploratory factor analysis technique. A factor analysis was used as it was thought to enable an examination of the dimensionality of the scale for the purpose of measuring consumers' service quality and construct measurement model. The findings of the study revealed that small retail service quality for Indian consumers comprised ambience, layout, and service/relationships dimensions.

The findings of the study also indicated that hedonic and utilitarian shopping values influence consumer service quality evaluations. Apart from that, the findings of the study suggested that including the demographic factors into future study i.e. income, education, and occupation on consumers service quality expectations taking into account that these demographic factors can present a different insight about consumers' service quality expectations.

As for the recommendation part, the study suggested that a further work could attempt to understand the influence of culture on service quality expectation as this can be interesting to add meaning to the findings. Apart from that, the study recommended that research could also be carried out to understand if consumer service quality assessments are different with respect to retail formats. Finally, the study recommended that a sample from the Southern part of the country could provide a different perspective about consumer service quality assessment. The current study benefited from the findings and recommendations of Khare's (2013) study as a response is made to include demographic and lifestyle characteristics of respondents and examine their relation to their perceived service quality.

Kimani, Kagira, Kendi, Wawire, and Fourier (2012) conducted a study that aimed at determining the perceptions of shoppers regarding the service quality offered in Kenyan supermarkets and small convenience stores. For the purpose of the study, a cross sectional design of an exploratory nature was adopted to determine the shoppers' perception of a small convenience shops and supermarkets. Pilot study with a sample of 120 respondents was conducted prior to conducting the main study. Data was collected by means of a structured questionnaire.

As for the purpose of analysis and drawing inferences, the study employed the Pearson correlation coefficient and factor analysis techniques. Ten important factors have been revealed in the study and these ten factors included the following: the first factor is the ability to solve their problems, the second factor is the physical services and displays, the third factor is assistance/helping the customer, the fourth factor is variety and deep assortment, the fifth factor is cleanliness, the sixth factor is accurate records, the seventh factor is responsiveness-dealing with complaints efficiently and promptly, the eighth factor is appearance, the ninth factor is individualized attention and finally the tenth factor is convenience.

The results of the study showed that the main determinants of service quality within MSEs are tangibles, responsiveness, and reliability in that order while the main determinants within the supermarkets are reliability, responsiveness, empathy and tangibles in that order. The findings of the study also showed that different service factor structures have been reported in Kenya in relation to the order of importance compared to the USA, a place where Parasuraman *et al.* (1991) did their survey. As for the recommendations section, the study recommended that future research studies could work to widen the scope of the study both geographically and sample-wise as this would help in allowing for generalization of the findings in the future research.

Beneke, Hayworth, Hobson, and Mia (2012) conducted a study that aimed at investigating the antecedents of customer satisfaction in the supermarket sector and the impact of customer satisfaction on store loyalty. The study also aimed at establishing the key to customer satisfaction, through contemplationof retail service quality dimensions,

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and the follow through impact on supermarket store loyalty in the context of the retail sector in South Africa. For the purpose of the study, the sample comprised of individuals who regularly shopped at mainstream supermarket chains in South Africa. The sample was slightly skewed in favour of female respondents, younger adults, and respondents who earned middle to high level of income. The study employed a non-probability sampling technique using convenience sampling to collect the data in both face-to-face and online environments.

For the purpose of the analysis and drawing inferences, the study employed reliability tests and Partial Least Squares (PLS) analysis techniques. The findings of the study revealed that the results from the analysis deduced that two constructs, specifically physical aspects and personal interaction were reported to have a direct relationship with customer satisfaction. The findings also confirmed that customer satisfaction was also positively linked to store loyalty. The study recommended that future research could include more demographic characteristics such as income and educational level. The researchers also recommended that further research could be conducted in other retail context and other countries in order to validate the findings of their study.

Muyeed (2012) conducted another study. The study aimed at evaluating the service quality in retail banking in the developing countries in general and the country of Bangladesh in particular. For the purpose of the study, a sample size of 250, chosen from four banks in Bangladesh located in the northern district of Kushtia has been selected. The study utilised the use of a questionnaire that has been directly administered to the sample of respondents. The questionnaire that was used in the study has been designed on

the basis of the study of scholars who conducted similar research studies in the service quality encounter such as Parasuraman *et al.* (1985), Hossain and Shirely (2010).

The study discovered eleven dimensions of service quality that included reliability, responsiveness, competence, access, courtesy, communication, credibility, security, competence, understanding the customer and tangibles. The questionnaire was also designed to include a number of demographic features for the respondents. These demographic features included the respondents' age, their gender, their education, and their occupation. The SPSS software was utilized to run a statistical analysis, and the regression analysis was used to investigate the relationship between the studies variables. The resultsof the study revealed that customers' perception has stretchedon highest in the prompt and precisionin transactions of the bank and lowest in the service of modern equipment and décor. The findings of the study also indicated that the maximum customers' perceptions reach in quickand precisionin transactions followed by security of customers' investments and retain confidentiality of account and transactions. The study recommended that in future research to expand the sample size and the inclusion of more respondents as this could the customers' satisfaction ranking.

Ahmad, Awan, Raouf, and Sparks (2009) conducted a study that aimed to createa scale for the measurement of service quality in pharmaceutical supply chains in the country of Pakistan. For the purpose of the study, the research process was initiated by refining the Parasuraman *et al.* (1988) service quality measurement scale. The study utilised a sample of 413 pharmaceutical retailers functioning in the two biggest cities of Pakistan. The study employed the use of questionnaires for the aim of collecting the study's data. For

the purpose of the analysis and drawing inferences, the research employed a confirmatory factor analysis technique using the SPSS software. The findings of the study revealed that there is no universal set of elements and items that govern service quality across a section of service industries and that these dimensions vary according to the industry and the country where the study is conducted.

The findings of the study also indicated that service quality measurement should be altered to take into consideration of the context of the different studies. As for the recommendations section, the study recommended that future research studies could focus on the distributors-retailers interface of pharmaceutical supply chains in other cities of Pakistan and other countries to observe whether the service quality dimensions and items identified in the study are important some where else in such circumstances keeping in mind the cultural differences between people from different countries around the world.

Mandhachitara and Poolthong (2011) conducted a study that aimed to investigate the functions of corporate social responsibility (a non-service-related concept) and perceived service quality (a service-related concept) in deciding the attitudinal and behavioral loyalty of customers in the retail banking sector in Bangkok, Thailand. For the purpose of the study, a sample of 275 bank customers living in Bangkok, the capital of Thailand with a population of 10 million was selected to take part in the survey. Questionnaires were administered among the respondents to collect the data. For the purpose of the analysis and drawing inferences, the study employed Partial least squares (PLS), a path modeling analytical approach and a variance-based structural equation modeling method. The results of the research established that corporate social responsibility (CSR) has a

considerably strong and positive link with attitudinal loyalty. The findings of the study also revealed that perceived service quality mediated the relationship between CSR and repeat patronage intentions (behavioral loyalty).

The findings of the study also revealed that direct effects were stated between perceived service quality and both attitudinal and behavioral loyalty. As for the recommendations section, the study recommended that future research studies could be conducted for the purpose of testing the proposed relationship model by means of distinctive composite loyalty measurements to discover whether the strengths and courses of variables are found to be in the same direction as shown in the study. A part from that, future research studies could include additional constructs such as trust, satisfaction or commitment to be examined as mediating factors.

Thus, the previous two sections presented some of the related studies on perceived service quality in the different contexts of developed and developing countries. It should be taken into account that the developed countries context has more available literature as far as perceived service quality is concerned while on the other hand, the developing countries contexts has less available literature in perceived service quality. However, the Middle East in general and Saudi Arabia in particular seem to suffer from scarce research studies in the perceived service quality in the retail sector on the whole and the grocery retail sector in particular. The following section presents some of the research studies that have been accomplished on perceived service quality in Saudi Arabia, a country where the current study is conducted.

2.8.3 Perceived Service Quality Studies in Saudi Arabia

AlGhamdi, Drew, and Ghaith (2011) conducted a study that aimed at looking into the diffusion of the adoption of online retailing in the context of Saudi Arabia in which 16 retailers' views about the adoption of electronic retailing systems were examined. However, the study attempted to examine aimed to focus on diffusion of the adoption of online retailing in Saudi Arabia from the retailers' perspectives. For the purpose of the study, a sample of retail sector decision makers in Saudi Arabia participated in the study. Both positive and negative issues influencing retailer adoption of electronic retailing systems in Saudi Arabia were identified. The study employed qualitative research methodology in which semi-structure interviews were conducted to collect the data.

A number of impediments which included cultural, business and technical issues were reported in the study. In addition, facilitating factors included access to educational programs and awareness building of e-commerce, government support and assistance for e-commerce, trustworthy and secure online payment options, developing strong ICT infrastructure, and provision of sample e-commerce software to trial. The findings of the study revealed a number of perceived impediments relating to cultural, business and technical issues. Apart from that, the findings of the study also highlighted several potential facilitators of retailer adoption of e-retailing practices that will aid the development towards the e-retail growth in Saudi Arabia. The researchers recommended that policy makers and developers in the country ought to pay attentions to these factors as this aids in facilitating e-retail growth in KSA.

The findings and objectives of AlGhamdi, Drew, and Ghaith's (2011) study are significant for the purpose of the current study as their study attempted to examine the perceptions about retailing but from the perspective of retailers themselves rather than examining the perceptions of customers. It has been mentioned earlier that one of the problem with many retailers is that they assume what is good and bad for their customers and based on these assumptions, retailers direct their marketing strategies or their merchandise formation (Liu, Guo, & Hsieh, 2010). Liu, Guo and Hsieh (2010) further elaborate that retailers are required to constantly evaluate their services by examining the perceptions of their customers on the services provided and this would ensure securing competitive advantage and long-term survival for these retailers.

The current study is different from AlGhamdi, Drew, and Ghaith's (2011) study in the sense that the study aims at examining the perceptions on service quality from the customers' perspectives by examining the perceived service quality in the grocery retail market in Saudi Arabia. It is hoped that grocery retailers would be able to view the perceptions of their customers so that they direct their marketing strategies and services based on these evaluations by customers rather than based on their own assumptions of what customers want and desire.

Another study that was conducted by Albarq (2013) designedat evaluating the impact of service quality underlying the SERVQUAL model on customer loyalty. This effect reconciling was examined through the mediating impact of customer satisfaction. The dimensions of service quality used in the study included the following, tangibles, reliability, responsiveness, assurance, and empathy. Thus, the relationships between these

dimensions and customer satisfaction, and customer loyalty were investigated. For the purpose of the study, 422 respondents were selected from five local banks in the city of Riyadh in Saudi Arabia to constitute the respondents in the study. The study employed the use of questionnaires as the study's instrument and these questionnaires were personally administered to the respondents. The questionnaire included questions about the respondents' demographic profile, as well as items to measure the constructs. SERVQUAL were adapted for measuring service quality. For the purpose of the analysis and drawing inferences, the study employed the SPSS software in which descriptive analysis was used to report the findings for each variable and the regression analysis was utilized to examine the relationships between the study's variables.

The finding of the study revealed that increasing service quality can indeed assist to enhance customer loyalty and empathy, assurance, and reliability are the service quality dimensions that play significant functions in this equation. However, this influence of service quality dimensions on customer loyalty is mainly done through the mediating impact of customer satisfaction. The findings of the study also indicate that while on overall the respondents evaluate the banks positively, improvements can still be made. The study recommended that future research ought to integrate new technologies as an aspectthat can be used to measure service quality. The study also suggests that studies and related questionnaires must also take into account the new banking requirements of the customer.

Ahmad (2012) conducted a study that aimed to investigate the attractiveness aspects that influence shoppers' satisfaction, loyalty, and personal recommendations in the Saudi

shopping mall centers. For the purpose of the study, a purposive sampling technique was employed in which a sample of 600 shopping mall customers, representing all of the shopping malls purchasers in the city of Jeddah, Saudi Arabia was selected. In addition, structured questionnaires were distributed through personal interviews with shopping malls mangers and shops and outlets owners to collect the data. For the purpose of the analysis and drawing inferences, the study employed multiple regression analysis techniques to show the influence of shopping malls attractiveness factors on the shoppers' satisfaction.

The findings of the study showed that aesthetic, convenience and accessibility, merchandise variety, entertainment, and service quality have an influence on shopper satisfaction. The findings of the study also revealed that the most note worthy factor was merchandise variety. The study recommended that the future research should be simulated with other region and cities in KSA or other Gulf countries to further investigate the luring factors in the other industry. The study also recommended that future research should study the proposed model in service sector such as spa villages, or hotels in order to gain more substantiation for the model and additional general findings. The study also suggested that future research should investigate whether the model could be used for different dependent variables e.g. market share or profits.

Bostanji (2013) conducted a study that expectedto determine the impact of service quality (quick responsiveness, empathy, and tangibility) on customer's loyalty in five stars hotels in Saudi Arabia. The population of the study consists of all hotels customers in Riyadh. To serve the objectives of the study, a convenience sample was utilised after conducting a

pilot study with nearly 10% of the sample. A questionnaire that includes the 22-statement scale of service quality that was developed by (Parasuraman, Berry, Ziethmail, 1988) in which five dimensions for service quality were identified. 500 questionnaire were distributed while only 333 were recalled accounting for (70%) of response rate from the sample. For the purpose of the analysis and drawing inferences, the study employed the SPSS software in which Varimax analysis and Factor analysis were used.

The outcomes of the study revealed that there is a positive statistically important impact of the following hotel service quality dimensions: quick responsiveness, tangibility, empathy on hotels customer loyalty variable in Riyadh. The results of the research also specified that previous hotel service quality dimensions interpret (57.7 %) of changes in customer loyalty. The study also showed that there is no contribution of some hotel service quality dimension elements (quick responsiveness, tangibility, and empathy) equally in achieving customer loyalty, since empathy ranks the first, quick responsiveness ranks the second, and finally tangibility ranks the third in terms influencing loyalty level. As for the recommendations sections, the researcher recommended that future research studies could it conduct future studies that deal with the impact of other factors affecting customer loyalty, such as the study of the impact of customers perceived image on their loyalty level. Among the other factors that have been suggested for further examination was the impact of value obtained by customers upon using the service on their loyalty level. Finally, the study recommended that future researchers could examine the impact of internal marketing on customers' loyalty.

2.9 Summary of the Chapter

The goal of this research is to determine the influence of consumer service quality perception gap on consumer satisfaction and loyalty in the retail grocery market. Subsequently, the research hopes to ascertain describe of perceived service quality. Hence, this chapter started with an overview of previous works on perceived service quality. It also discussed in great detail the foundations and definitions of perceived service quality. This was followed by the dimensions and the outcomes of perceived service quality, i.e. the dependent variable. Then the effects of the customer service quality perception were presented. A section with reference to the retailing context was also highlighted and discussed in this chapter. Next, the theoretical underpinning of the means-end theory was elaborated and it was explained how the theory justifies the theoretical framework adopted for this research. Finally this chapter ends with gap in previous studies.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

To recapitulate, this study aims to examine the relationship between perceived service quality and loyalty through the mediating factor of job satisfaction in the Saudi grocery stores in shopping malls. This chapter discusses how the study was practically carried out to achieve the objective. After conceptualizing the theoretical framework, operational definitions and measurement, the relationship between factors derives the four hypotheses of the study. In the end the researcher extracts the research design, population and sampling followed by data collection procedures. Finally, this chapter ended with a detailed explaination about techniques of analysis and some ethical considerations.

3.2 Theoretical Framework

In the previous chapter, discussion of the Cognition Affect Behaviour (CAB) model and means-end theory that underpin the current research was offered. To recap, in the CAB model, it is argued that a consumer's evaluation of certain merchandises or services influences his/her effective evaluation, which leads to a specific behavior. The model can be understood from the practitioner's point of view where consumers are seen as seeking utilitarian benefits and possession and purchase of merchandises, service and information are the major objectives of consumer behavior. This is considered as rational characteristics. In contrast to the practitioners' view, the consumers' perspectives

postulate shopping behaviour as involving both rational and irrational aspects. The irrational shopping elements include emotional, sensory and physiological factors. For consumers, the act of shopping is not identical to purchasing. Rather, it is the accomplishment of diverse needs and wants through multiple processes. Therefore, shopping is not merely concerning merchandises and services but also concerning encounters during the buying process. In other words, from the consumers' view, the CAB model reveals the significance of shopping encounter of consumers and claims that consumer's behaviour is a result of delivering value to the consumers that can be made possible by offering superior service quality. This consumer-focused view acknowledges not only the consequence of the shopping encounter but the overall quality perception and value of marketplace encounter to consumers as well.

In addition, means-end theory introduced by Gutman (1982) explains consumer encounter in purchasing behavior by emphasizing the relationship between consumers' values and merchandise selections (Reynolds & Gutman, 1988). In other words, means-end theory attempts to portray a link between certain objects attributes or behaviors as the means and the result or effect of the merchandise use, as well as personal values that are significant to an individual. As the end, this formation of a link from features and consequences to personal values characterizes a unique configuration called a Means-end chain (Gutman, 1982). This theory was further extended by Bagozzi (1992) who proposed that customer values are formed by their perceptions of service quality perceived service quality, which lead to an emotional response that would stimulate the behaviour (Dai & Salam, 2011). The adaptation of Bagozzi's (1992) model to a service perspective suggests that cognitively-oriented service quality and value appraisals

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precede satisfaction (e.g., Chenet *et al.*, 1999; Dai & Salam, 2011; Hutchinson, Lai, & Wang, 2009; Kim, 2011; Patterson & Spreng, 1997; Woodruff, 1997). In the field of customer's service quality perception, numerous research studies have utilized perceived service quality as the key factor which leads to satisfaction and ultimately, customer loyalty.

Based on the models, theories and literatures discussed in the preceding chapter and research framework is developed as shown in Figure 3.1. This framework elaborates the perceived service quality. It further proposes the linkage between perceived service quality and customer satisfaction. It also postulates that customer satisfaction mediates the relationship between perceived service quality and customer loyalty.
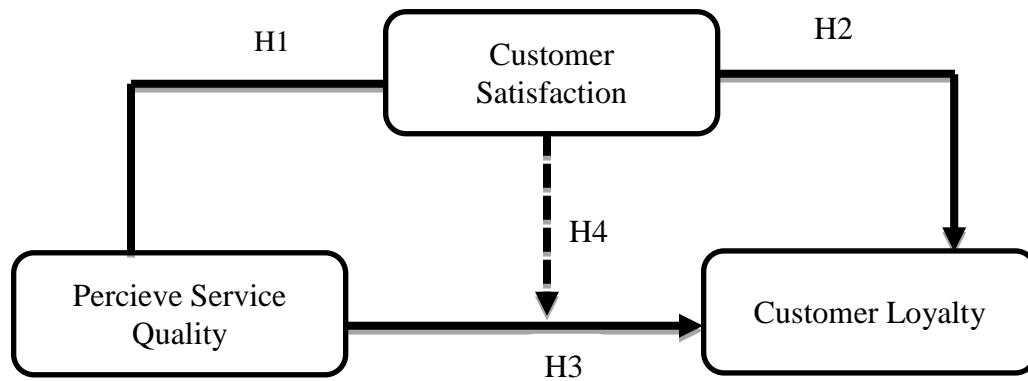
Note:
The dotted line represents the mediating effect

Figure 3.1
Theoretical framework

Figure 3.1 shows the links between the study's main three variables, namely perceived service quality, customer satisfaction and customer loyalty. Thereafter, Perceived service

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quality seeks to influence customer satisfaction that in turn influences customer loyalty. Moreover, customer satisfaction plays an intervening role between perceived service quality and customer loyalty relationship.

3.3 The Research Variables

Demographic variables, lifestyle, customer's loyalty, perceived service quality and customer satisfaction are the main variables of this study. The following section discusses the questionnaire design, definitions and measurements of the main factors used in the research framework. Lifestyle, customer's loyalty, perceived service quality and customer satisfaction question was measured using a five-point Likert scale where 'one' refers to "strongly disagree" and '5' refers to "strongly agree" with reference to the given statement.

3.3.1 Perceived Service Quality

Zeithaml (1988, p.3) defines perception about quality as the consumers' judgment about an entity's overall quality or superiority. Parasuraman, Zeittheml and Berry (1988, p. 17) regards perceived service quality as the degree and direction of the discrepancy between consumers' perceptions and expectations. In this context, customers' perceptions represent perceived service quality in which customers evaluate the performance of the products and services that they received from the providers. Expected service quality, on the other hand, represents the customers' expectations and desires that they wish to obtain from the providers. The first type of service quality is dependent on the use of the service or product while the second type is independent of the use of the product or the service.

Contrary to this, Voss, Roth, Rosenzweig, Blackmon, and Chase (2004, p. 213) maintained that service quality is based on the meeting or exceeding of certain established service standards. Here, the expectations are determined by the supplier since the laymen who are the customer do not have a clear ideas on what they can expect (they either have exaggerated or minimal expectations towards the service). This definition of service quality is also grounded in the work of Parasuraman, Zeithaml, and Berry, (1988) in which perceived service quality rather than expected service quality is argued to be a stronger indicator of service quality. This definition is adopted to form the conceptual and theoretical ground of the current research.

Furthermore, a survey instrument known as Retail Service Quality (RSQ) proposed and constructed by Dabholkar *et al.* (1996) was adopted to measure the quality dimensions and the gap in customer value. Twenty-six items were related to each of the five-quality dimensions. First, physical aspects were included which consisted of physical components, such as store layout, privacy and design and visual components, for example, the architecture, color, components and style of the store. Second, reliability, it includes the amalgamation of meeting promises and doing it right. Third personal interaction like the politeness of the staff, being beneficial, inspiring confidence and faith in customers. Fourth problem-solving behavior that includes the management of returns and replacements, as well as grievances. Fifth, the general policy which includes a set that guides management to operate within certain rules such as quality products, suitable operating hours, sufficient parking spaces and payment alternatives. Table 3.1 shows the questions measuring the perceived service quality construct. In total, there are 26

questions/items. Each question was measured using a five point likert scale where 1 refer

to strongly disagree and 5 refer to strongly agree.

Table 3.1
Questions on Perceived Service Quality

Perceived Service Quality

1	This store has modern-looking equipment and fixtures.
2	The physical features of the services at this store are visually appealing.
3	Materials associated with this store's service (such as shopping bags, or statements) are visually appealing.
4	This store has clean, attractive and convenient public areas (restrooms).
5	The store layout makes it easy for customers to find what they need.
6	The store layout makes it easy for customers to move around in the store
7	When this store promises to do something by a certain time, it will do so.
8	This store provides its services at the time it promises to do so.
9	This store performs the service right from the first time.
10	This store has merchandise available when the customers want it.
11	This store insists on error-free sales transactions and records.
12	Employees in this store have the knowledge to answer customers' questions.
13	The employees' behaviour instils confidence in customers.
14	Customers feel safe in their transactions with this store.
15	Employees in this store give prompt service to customers.
16	Employees in this store inform customers exactly when services will be performed.
17	Employees in this store are never too busy to respond to customers' requests.
18	This store gives customers individual attention.
19	Employees in this store are consistently courteous with customers.
20	This store willingly handles returns and exchanges.
21	When a customer has a problem, this store shows a sincere interest in solving it.
22	Employees of this store are able to handle customer complaints directly and immediately.
23	This store offers high quality merchandise.
24	This store provides adequate, convenient parking for customers.
25	This store accepts most major credit card.
26	This store has operating hours convenient to their customers.

Source: Dabholkar, Thorpe, and Rentz (1996).

3.3.2 Customer Satisfaction

Customer satisfaction follows the disconfirmation paradigm of consumer satisfaction/dissatisfaction (CS/D) in which CS/D is the result of interaction between the consumer's re-purchases expectations and post purchase evaluation (Cadotte, 1987). Another definition of customer satisfaction was given by Anton (1996) who defined the construct as a state of mind in which the customer's needs, wants, and expectations throughout the product and service have been met or exceeded which in turn results in future repurchase and loyalty. In this study, the researcher adopted Anton's (1996) definition of customer satisfaction as customers in this study are asked to evaluate their satisfaction level by comparing their expectations against perceptions which would in turn lead to the state of mind which is the satisfaction level.

This study measures the customer satisfaction scale developed by Eroglu, Machleit, and Barr (2005). They used four items measure for customer satisfaction and these items were adopted and used in this study. Each question was measured using a five point likert scale where 1 refer to strongly disagree and 5 refer to strongly agree.

Table 3.2
Questions on Customer Satisfaction

Customer Satisfaction
1. Overall, the service of my favourite grocery shopping centre meets my expectations.
2. Overall, I am satisfied with the services and products offered by my favourite grocery shopping outlet.
3. Overall, I am normally pleased with my grocery shopping outlet after each shopping trip.
4. Overall, I am satisfied with my relationship with my favourite grocery outlet.

Sources: Eroglu, Machleit, and Barr (2005), and Machleit, Eroglu, and Mantel (2000).

3.3.3 Customer Loyalty

Reynolds, Darden, and Martin (1974) defined the term as the tendency for a person to continue showing similar attitude over time in a situation similar to those he/she previously encountered. Another important definition was given by Oliver (1997), who defined the construct of store loyalty as the process of re-patronising and favouring a preferred store consistently in the future, thereby resulting in repetition of going to the same store or service provider despite situational influences or marketing efforts that may influence the customer to switch. These two interrelated definitions are adopted to form the theoretical and conceptual ground of the construct of customer loyalty to the store which constitutes the dependent variable in the present research.

In this study, customer loyalty was measured the instrument developed by Eggert and Ulaga (2002). Eggert and Ulaga (2002) instrument was grounded in the work of Oliver (1997) who defined store loyalty as the process of re-patronising and favouring a preferred store repeatedly in the future. They are constant going to the same store or service provider despite situational influences or marketing efforts that may influence a customer to switch to other service providers. The measure used in a number of research studies in the literature on store loyalty in many other retail industries such as the telecommunication industry and healthcare sectors (Ishaqa, 2012; Kumar, Batista, & Maull, 2011). Table 3.3 shows the questions measuring the customer loyalty construct. In total, there are five question/items. Each question measured using five point likert scales where 1 refer to strongly disagree and 5 refer to strongly agree.

Table 3.3
Questions on Customer loyalty

Customer loyalty

1. I would recommend my favourite grocery store to others.

2. I have said nice things of my store to others.

3. Despite the opening of new grocery stores within my area, I would continue to shop at my existing grocery store.

4. I will continue shopping at my current grocery store although competing stores try to lure customers in with various promotions.

5. I will continue shopping at my current grocery store for the next few years.

Source: Eggert and Ulaga (2002).

3.3.4 Demographic Variables

Demographic characteristics are one of the antecedent factors of perceived service quality in the present research. Demographics are used to identify quantifiable subsets within a given population which characterize that population at a specific point in time. These types of data are used widely in public opinion polling and marketing (Power & Elliott, 2006 and Wilson, 2004). Demographics commonly examined include gender, age, and ethnicity, knowledge of languages, disabilities, mobility, home ownership, geographic and employment status. In the present study, the demographic characteristics of the respondents include a number of factors, namely, gender, marital status, age, education, family members and geographic variables.

Gender is measured through two groups which are male and female, coded 1 and 2 respectively. The study measures the marital status in two groups married and unmarried, coded 1 and 2 respectively. Education level is taken to be the maximum year of schooling

completed (expressed in years). Conducting the study two groups were arranged about education; undergraduate and post graduate group. The age of the respondent is defined as the phase of time from her birth to the time of the interview (expressed in years). Customer's age is divided into two groups, 44 years old and above 44 old. Income was also measured through two groups, below and up to SR: 1500 and above SR: 1500. Family size was calculated by the number of individuals who lived in the same household and ate together (expressed in numbers). Geographic factors were measured by asking them about distance, time and easiness of travel from their house to grocery stores in shopping malls. The measurement of demographic factor was adopted from Prasad and Aryasri (2011) while, measurement of geographic factor was adopted from Wilson, Alexander and Lumbers (2004). Table 3.4 shows all questions measuring the demographic factors. Open-ended or closed-ended questions were used to ask demographic factors.

Table 3.4
Questions on demographic variables

Demographic factors

1. Gender

2. Are you married?

3. Would you be willing to indicate the range that best describes your age?

4. What is the highest level of education you have completed?

5. Which of these ranges best describe the total monthly income of your household including all members of the household?

6. How many family members makeup your permanent household, including you?

Source:Prasad and Aryasri (2011)

Geographic factors

1. What is the average distance between your home and the supermarket you normally shop at?

2. How long does it take you to arrive at your normal supermarket?

3. Travelling to your normal supermarket is easy.

Source: Wilson, Alexander and Lumbers (2004)

3.3.5   Lifestyles of Customers

Generally, lifestyle is the study of personality, values, attitudes, interests and lifestyles of individuals or communities (Rajamohan, 2012). Lifestyle is also called IAO variables Interests, Activities, and Opinions (IAO). They can be contrasted with demographic variables (such as age and gender), behavioural variables (such as usage rate or loyalty) and firm graphic variables (such as industry, seniority, and functional area). Lifestyle can also be seen as an equivalent of the concept of culture as most commonly used in national segmentation.

Lifestyle measures how the customer's thoughts dictate their perception, feeling and responses (Roy & Goswami, 2007). In the current study, the lifestyles of consumers were measured based upon the customers' activities, interests and opinions (Goswami, 2007), which are likely to influence their needs, motives, perceptions and lifestyles. Kotler and The items in their study were taken from the VALS Survey (Kelly, 2004; Wu, 2003; Gonzalez, Fernandez, & Bello, 2002). The measurement of lifestyle factor was adopted from Goswami (2007). The construct pertaining to lifestyle factors comprised 17 items. Each question was measured using a five point likert scale where 1 refer to strongly disagree and 5 refer to strongly agree.

Table 3.5
Questions on Lifestyle Sectors

Lifestyles factors
Activities
1. I am involved in community projects
2. I attend a charitable event
3. I work in a business organization
4. I travel for business reasons
Interests
1. I like doing things that are new and different
2. I like to use new and innovative products in my lifetime
3. I like the challenge of doing something that I have never done before
4. I like to lead others
5. I like being in charge of a group
6. I usually organize people to get things done

Table 3.5 (Continued)

Lifestyles factors

Opinions

1. I am more independent than most people

2. I have more ability than the most people

3. I think I have more self-confidence than most people

4. I feel confident in my ability to shop

5. I know how to choose the right products

6. What you think of yourself is reflected by what you buy

7. I am clever

Source: Goswami (2007)

3.4 Hypotheses Development

The hypotheses of the present research are formulated based on the research framework as shown in Figure 3.1 above. The following section addresses this relationship and their arguments from the literature.

3.4.1 Relationship between Perceived Service Quality and Customer Satisfaction

Customer satisfaction can be an outcome of customer's perception of quality associated with a product or service provider during or prior to interaction or encounter with the product or service provider (Jajaee & Ahmad, 2012). In this regard, Weiner (1986) also suggested that customer perception of service quality may affect customer satisfaction level. Apart from this, Donnelly, (2009) argues based upon Oliver's disconfirmation theory, tells customer satisfaction is defined as the outcome of an item's comparison

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from a customer's set of requirements (expected value) with the item performance. If the performance surpasses the requirements or expectations, then customer satisfaction is further enhanced. However, if the performance fails to meet the requirements (expectations/desired), then customer satisfaction is reduced. Positive or negative disconfirmation effects occur when perceived performance deviates from the requirements. In this theory, consumer satisfaction is hypothesized principally as a function of disconfirmation. Disconfirmation theory is also highly related to the notion of perceived service quality (Rust & Keiningham, 1996). A favourable perception of service quality would lead to higher levels of customer satisfaction (Parasuraman, Zeithaml, & Berry, 1994).

Previously, many studies have examined perceived service quality and its relationship with customer satisfaction in different service-oriented industries. For instance, Tuan (2012) and Ragavan and Mageh (2013) tested the link between perceived service quality and customer satisfaction. In both studies, they revealed that consumers' perceived service quality was related to their satisfaction level. In addition, Naeem and Saif (2009) conducted a study that attempted to examine the impact of perceived service quality on customer satisfaction, and they reported a significant relationship between these two constructs. Similarly, Yee, Yeung, and Cheng (2010) also reported that the two constructs of perceived service quality and customer satisfaction are significantly related. Thus, the following hypothesis is generated:

Hypothesis H1: There is a relationship between perceived service quality and customer satisfaction.

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3.4.2 Relationship between Perceived Service Quality and Customer Loyalty

Literature suggests that customer satisfaction leads to customer loyalty; however, there is a plausible reason that perceived service quality (either positive or negative) would lead directly to customer loyalty in a particular service industry as the customer encounters the "moment of truth" at that point of time. This linkage between perceived service quality and customer loyalty is evident in the light of previous studies (e.g., Bei & Chiao, 2001; Cronin, Brady, & Hult, 2000; Mohammad, Tabriz, Chalous, & Aras, 2013). In this context, Bei and Chiao (2006) and Shpetim Cerri (2012) examined the possible impact of perceived service quality on customer loyalty. They demonstrated that although there was a relationship between perceived service quality and customer loyalty through the mediating impact of customer satisfaction, there was still a relationship between perceived service quality and customer loyalty. Thus, based on such argument, it is appropriate to postulate as follows:

H2: There is a relationship between perceived service quality and customer loyalty.

3.4.3 Relationship between Customer Satisfaction and Customer Loyalty

The literature pertaining to service marketing contains many studies that draw the main attention towards the concept of customer satisfaction (e.g., Donald, 2010; Olshavsky & Miller, 1972; Rust & Oliver, 1994). The literatures also recognize a positive relationship between customer satisfaction and behavioral intentions, as well as other loyalty related outcomes in general (Anderson & Fornell, 1994; Bolton & Drew, 1994; Cronin & Taylor, 1992; Fornell, 1992; Harris & Goode, 2004). Many scholars have investigated the direct

relationship between customer satisfaction and customer loyalty and many have revealed a strong positive relationship between these two constructs (Anderson & Sullivan, 1993;Batista, & Roger, 2011; Biong, 1993; Hallowell, 1996; Harris & Goode 2004; Kim, 2011; Kumar, Rust & Keiningham, 1996; Taylor & Baker, 1994). Hence, based on the extant research findings, the following hypothesis is proposed:

Hypothesis H3: There is a relationship between customer satisfaction and customer loyalty.

3.4.4 The role of Customer Satisfaction as the mediator on the Relationship between Perceived Service Quality and Customer Loyalty

As the discussion stated above signifies that perceived service quality influences the level of customer satisfaction (Parasuraman *et al.*, 1994; Rust & Keiningham, 1996) which in turn has an impact on customer loyalty (Hallowell, 1996; Harris & Goode 2004; Rust & Keiningham, 1996), it can be postulated that perceived service quality also influences customer loyalty (Bei & Chiao, 2001; Cronin, Brady & Hult, 2000; Mohammad *et al.*, 2013;). Furthermore, in the literature on service quality in the retail market in general and grocery retail in particular, many studies have examined the mediating impact of customer satisfaction on the relationship between perceived service quality and customer loyalty. For example, Mosahab, Mahamad and Ramayah (2010) examined the mediating impact of customer satisfaction on the relationship between perceived service quality and customer loyalty in the Pakistani context and revealed that customer satisfaction mediated the relationship between perceived service quality and customer loyalty. Thus, it is hypothesized based on the aforementioned studies that:

H4: Customer satisfaction mediates the relationship between perceived service quality and customer loyalty.

3.5 Questionnaire Design

The questionnaire is divided into four sections. Section A asking respondents regarding their shopping behaviour and geographic variables. All these questions will answer research question number one. Section B questions are related to perceived service quality. There are twenty six items in this section. All these questions will give information regarding the research question number three. Section C questions are related to customer satisfaction and customer loyalty. There are nine items in this section. All these questions will give information regarding the research question number three, four and five. Section D questions are related to customer lifestyle (eighteen items) and demographic variables (six items); all these questions will give information regarding the research question one and two.

3.6 Research Design

It has been pointed out in the literature that research design is a master plan that is prepared by the researcher to direct his steps in the undertaking of the research project through the data collection and data analysis stages (Zikmund, 2003). From the research methodology point of view, there are different research designs that can be deployed in doing research. As pointed out by Zikmund (2003), those are four-research methods for descriptive and causal research. These methods are survey, experiments, secondary data study, and observation. In addition, from another standpoint, the literature of social

science has identified four major categories of research designs. These categories are descriptive, correlation, experimental, and quasi-experimental (Leary, 2004). A study that investigates the relationships between various variables can be categorized as a correlational study. When correlation studies are conducted in organizations, they are called field studies (Sekaran, 2003).

Since there is no hard and fast rule in choosing the best research design, deciding which research design to be followed in doing research is fully dependent on the research purpose and the research context (Zikmund 2003).

Qualitative data collection method uses the words as the description of circumstances, people, and situations while quantitative data collection method is the numerical description that is precisely reported (Cooper & Schindler, 2006; Zikmund, 2003). In other words, quantitative research is a way of precisely measuring variables through operational definitions (Cooper & Schindler, 2006).

The present study is grounded on research design that is quantitative in nature as quantitative data were collected on the variables of the study namely perceived service quality, customer satisfaction and customer loyalty in the context of grocery stores in shopping malls in Saudi Arabia. For this research, the researcher has used cross-sectional design for this study because of time constraint, and also given that the study's primary aim is to validate the proposed model.

The researcher also examined the mediating effect of customer satisfaction on the relationship between perceived service quality and customer loyalty. As the purpose of

the study is to identify and verify the proposed relationships, quantitative approach was deemed as the most appropriate research method. Since this method is designed to test hypotheses, the employment of statistical tests and analyses is central quantitative to confirm or disconfirm the hypotheses developed. Quantitative approach refers to the systematic empirical investigation of quantitative properties and phenomena and their relationship. It deals with numerical measurements and is preferred in an empirical study which aims to test hypotheses. The objective of quantitative research is to develop and employ mathematical models, theories and hypotheses pertaining to a phenomenon. The process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of quantitative relationships. In short, the quantitative method is preferable to the qualitative method due to higher generalizability of the results (Cooper & Schindler, 2006).

3.6.1 Research Method

This study utilized a survey design. According to Zikmund (2008), a survey elaborates a phenomenon and examines the causes of any specific activity. According to Neuman (1997), this method is very useful as it assists the researcher in data collection from a large sample size in order to measure multiple variables and test multiple hypotheses. The survey method is quite popular and is commonly used for conducting quantitative research in the domain of business management (Cooper & Schindler, 2006; Hair, Bush, & Ortinau, 2003).

3.6.2 Unit of Analysis

As defined, a unit of analysis is who or what that is being studied in a given research. Evidences from the social science research have established a unit of analysis as an organization, individual, social interaction or a group of organization/individual. According to Neuman (1997), unit of analysis refers to the object of study for measuring the variables. It refers to an individual, group or organization (McDougall & Oviatt, 2000). In the present study, individual retail customer was taken as a unit of analysis. Therefore, customers in retail stores in Saudi Arabia were contacted from whom data was collected.

3.7 Data Collection

The main approach used to collect data was a survey. A survey research is a popular method of collecting data in the applied social research and is considered quite reliable (Babbie, 1990). A survey can range from a brief paper-and-pencil feedback form to an elaborative individual in-depth interview. In this study, self-administered questionnaires were used. According to Bryman and Bell (2003), self-administered questionnaires are useful as they cover wider geographical area, offer convenience to respondents and contain well-structured questions. Self-administered questionnaires were also chosen because, in Saudi Arabia, a mail survey is not practical although it is much easier and cheaper to conduct. This is because complete residential addresses are not available in Saudi Arabia, and postal services do not deliver letters to home (all mails are directed to a PO Box, and not all residents use the service).

Questionnaires were distributed to retail customers in the grocery stores inside the major shopping malls (Hyper Panda, Carrefour, Tamimi, Othaim, and Danube) located in three cities (Riyadh, Jeddah, and Dammam) of Saudi Arabia. These cities were selected as they represent more than 60% of the population residing in Saudi Arabia. Other cities such as Abha and Jezan were not chosen because of their small population and low number of shopping malls. Makkah and Madinah were also not chosen. Since they are holy places, it will be difficult to get permission from the relevant authorities to conduct surveys there.

In this research, data was collected by five qualified enumerators who intercepted the potential respondents in shopping malls. This method is also known as mall intercept technique described by Bush, Ronald, and Henry (1991) and is part of the non-probability sampling technique. This method was also utilised by Brady and Cronin (2001), Cronin, Brady, and Hult (2000), and Taylor and Baker (1994). The five enumerators who helped the researcher in data collection process are believed to be qualified as all of them used to be researchers themselves, and thus, they have good understanding on the process of research. Prior to data collection, the researcher briefed the enumerators about the nature of research and its objectives and discussed with them the best possible ways to run the data collection process.

Once the questionnaires were completed by the respondents, they were returned directly to the enumerators. The purpose of this approach was to avert procrastination (that is an accepted practice in the country) in filling up the survey due to their polychromic reference of time. The major benefit of this approach is in its enhanced ability in obtaining adequate and precise information (Zikmund, 2008). Both male and female

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enumerators were used for the collection of data based on the cultural orientation of the country.

The process of data collection took about five weeks and took place at various times including week days, weekends and alternating period of the day to enhance the data collection of both frequent and infrequent patterns. According to extant research, the frequency with which the service is provided influences the level of importance that the customer assigns to the service quality delivery.

The respondents were approached at the grocery stores inside the shopping malls after they have finished their shopping. Boshoff and Terblanche (1997) asserted that this technique is effective because respondents are more attentive and provide meaningful responses. The evaluation of service quality is said to have conducted within the evaluated environment. As such, issues of memory loss and relapses are avoided. However, the researcher might encounter a moderate level of refusal as some potential respondents are in a hurry to leave the environment or feel reluctant to speak to a stranger. Patrons shopping alone has a higher willingness to participate than couples with young children as they need to keep an eye on their children that would be distracting. In addition, the nature of the Saudi people is described as highly patriarchal in which men are very protective of their women and children especially in the situation that involves talking to strangers. Being Saudis themselves and familiar with this culture, the researcher and enumerators withdrew and thanked those who refused to take part in the research.

3.7.1 Population of the Study

According to the Saudi Arabia Central Department of Statistics and Information (2010), the country's population is estimated at 27 million people and 82% of them live within the urban area. The capital city of the country is Riyadh, which is also the largest and the most populous city with a population estimated at eight million. This is followed by Jeddah at four million and Dammam, one million. These three major cities comprise almost half of the country's population. Attracted by the large population in each city, a survey there was conducted.

3.7.2 Sampling Method

A sample is a group of individuals or firms that are chosen in a particular study. Meanwhile, sampling is the application of a subset of the population to represent the whole population. The approach of choosing the categories of individuals can be done by using several sampling techniques. There are two types of sampling techniques: non-probability and probability sampling. In selecting a suitable sampling technique, one is required to make sure that the sample represents the whole population and can be generalised to other contexts.

The non-probability sampling is a method whereby there are unequal chances for every subject to be chosen as a sample. What it means is that some individuals may have a higher chance of being selected than the others. The drawback of non-probability sampling is that the results cannot be generalized to the whole population (Bryman & Bell, 2003). In comparison, probability sampling is a method where every individual has

an equal opportunity of being chosen as a sample at random. However, when the population of the study is too big, non-probability sampling technique becomes more feasible and applicable (Wretman, 2010). Taking into account that the population in this study includes shoppers in three major cities in Saudi Arabia and thus it is not feasible to conduct a probability sampling technique. A non-probability sampling technique known as convenient sampling technique was used in this study. The researcher and the enumerators selected the respondents in a systematic way in which every fifth customer who passed by and did their grocery shopping in the grocery section inside the mall was asked to fill in a questionnaire. The choice of every fifth customer was a result of a discussion between the researcher and the enumerators in which an agreement was made to include each fifth customer for personal record and easier calculations.

To avoid sample attrition problem as mentioned by Bryman and Bell (2003), 800 questionnaires were distributed. In total, 420 questionnaires were received. However, only 408 questionnaires were use able as 12 questionnaires were found to be incomplete. Hence, the survey yielded a response rate of 51% from the total number of questionnaires distributed.

3.7.3 Determination of Sample Size

The main purpose of the survey research is to collect data that is representative of the population. One of the fundamental advantages of a quantitative method is its ability to use smaller groups of people to make inferences about larger groups that would otherwise be prohibitively expensive to study (Holton & Burnett, 1997). Hence, the researcher utilized information collected from the survey to make generalisations of the results to

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the population within the limits of random error. However, in order to be able to generalize well, an appropriate sample size should be considered.

Numerous authors such as Krejcie and Morgan (1970), Cochran (1977) and Bartlett, Kotrlik and Higgins (2001) have laid out the foundation for determining the sample size of a research project. In determining the sample size, issues such as primary variables of measurement, error estimation, variance estimation and types of data should be considered (Bartlett, Kotrlik, & Higgins, 2001) Based on these criteria, scholars (e.g., Bartlett, Kotrlik, & Higgins, 2001; Cochran, 1977; Krejcie & Morgan, 1970) have developed a formula for sample size determination by taking into account the size of the population, the acceptable margin of error and the desired confidence interval. The result of the formula is shown in tabular form. The table of sample size developed based on the formula proposes the most favourable sample size. Using a sample size table developed by Bartlett, Kotrlik, and Higgins (2001), a sample size of 384 respondents was determined based on Krejcie and Morgan's (1970) formula.

3.8 Data Analysis Technique

The study employed a number of techniques for data analysis. Firstly, data screening and data cleaning was done in order to deal with any missing values, removing the outliers and making the data normal. Reliability and validity tests were conducted to minimize the measurement errors. Cronbach's alpha was calculated to estimate the internal consistency of items measuring a construct. A panel of experts ensured content validity. Factor analysis assisted in identifying constructs validity and it was useful in providing criterion validity. Factor analysis is a statistical tool that provides a means of reducing the original

information of the factors into smaller factors with little item deletion. The findings of factor analysis show a number of factors and corresponding factor loadings for each variable in the study. Ideally, each variable should load on only one factor indicating that the variable makes a significant contribution to the factor. The factor loadings refer to the correlation coefficients between the variables and factors. As far as the loadings values are concerned, Hair *et al.* (2010) state that loadings above 0.6 are considered high. Consequently, validity values that were reported less than 0.6 were eliminated in the context of this study.

Kaiser-Meyer-Olkin (KMO) and Bartlett's Test was conducted prior to conducting factor analysis in order to verify the factorability of the data. KMO measures were sampling adequacy to estimate the amount of variance within the data that could be explained by the factors. Exploratory factor analysis using the principal component technique with varimax rotation was performed. The orthogonal varimax rotation was used for this study in order to maximize the separation of factors (Hair *et al.*, 2010).

Correlation analysis was conducted for data analysis. Correlation analysis is a bivariate measure that determines the strength or degree of the linear relationship between two variables (Berry & Fledman, 1985). Pearson correlation was employed to find out the relationship between independent variables and dependent variables. Furthermore, multiple regression analyses were employed to analyse the predictive ability of the dimensions of the independent variables towards the dimensions of the dependent variable.

A test of the mediating effect of customer satisfaction between perceived service quality and customer loyalty was conducted based on the suggestion of Baron and Kenny (1986). In determining the effect of the mediation, Sobel test was employed. This provided an approximated significance for the indirect effect between the independent and the dependent variable through a mediating variable (Sobel, 1982). In mediation analysis, it is hypothesized that the independent variable could have an influence on the dependent variable indirectly via a third variable which is referred to as a mediator. When the mediator is included in the regression analysis along with the independent variable, the impact of the independent variable on the dependent variables is said to be reduced or diminished. What the Baron and Kenney (1986) test focuses on after the introduction of the mediating variable is whether the direct influence of the independent variable on the dependent remains significant or not. However, it explains nothing about whether the indirect effect is significant or not. On the other hand, the Sobel test is introduced as a specialized t-test that provides a technique for determining whether the indirect effect is significant or not. To be precise, the tests examine if the reduction in the influence of the independent construct when the mediator is accounted for in the model, is a significant reduction. Finally, SPSS 19 version was used as the basic software for analysing the data.

3.8.1 Pilot Study

The first draft of the questionnaire has gone through many phases of revisions to rectify the problems and clear the ambiguity arose. Following that, it was a crucial step to conduct a pilot test using the data collected from a sub-set of the participants to test for the validity and reliability of the measure (Sproull, 2004). While pretest evaluation of the

questionnaire involved two academicians and professionals, the pilot test involved respondent from the same pool of respondents of the study from which the real data were collected (Bradburn *et al.*, 2004). A pilot study was conducted not to get data per se, but to learn about the research process. It was also used to check whether the language and substance of questions and statements were appropriate and can be clearly understood. The pilot study would also enlighten the researcher about the research topic itself (Glense, 1999).

In order to establish the internal consistency of the instrument, a pilot study was conducted a month before conducting the actual study. To conduct a pilot study, samples of 40 respondents were surveyed to ensure the validity and reliability of the items adopted and adapted. The respondents who participated in the pilot study were Saudi shoppers who were doing their grocery shopping in the three-shopping outlets, namely Al-Othaim Shopping Mall, Al-Tamimi Shopping Mall, and Panda Shopping Complex. The researcher approached the 40 random shoppers from the three selected malls that did their grocery shopping and asked if they were willing to take part in the pilot study after explaining the nature and objectives of research to them. The number of respondents selected for the pilot study (40 shoppers) represents 10% of the overall sample of the study that is believed to be sufficient for pilot testing (Hully, Cummings, Browner, Grady, Hearst, & Newman, 2001; Lackey & Wingate, 1998). The respondents were assured that their personal data would not be revealed and their participation in the pilot testing would be used solely for academic purposes. Apart from that, during pilot testing, efforts were made to make sure that the pilot study was done under conditions similar to those existed during the real study.

Table 3.6
Reliability Coefficients for Pilot Study

Variable	Number of Items	Alpha
Physical Factors	06	0.809
Reliability	05	0.800
Confidence	03	0.818
Helpfulness	05	0.814
Problem solving	03	0.728
Policy	04	0.799
Activity	05	0.934
Interest	06	0.958
Opinion	07	0.966
Customer satisfaction	04	0.808
Customer loyalty	05	0.935

Reliability coefficients of variables used in the study shown in Table 3.6 exhibits high internal consistency among items of each variable as the value of Cronbach's alpha ranges from 0.728 to 0.966.

3.8.2 Convergent Validity of the Measures

Convergent validity is exhibited when all the measures of a certain construct correlate and 'stick' together in terms of the concept they reflect (Hair *et al.*, 2006). To establish convergent validity, many criteria like the factor loadings, composite reliability (CR) and average variance extracted (AVE) were used simultaneously, as proposed by Hair *et al.* (2010). In items' loading, individual item loadings greater than 0.7 are considered appropriate (Fornell & Larcker, 1981). Items that have loadings more than 0.5 are also acceptable for multivariate analysis (Hair *et al.*, 2010). The second aspect of convergent validity is the composite reliability which indicates the degree to which a set of items consistently indicates the latent construct (Hair *et al.*, 2010). In this context, the recommended value of 0.7 was suggested (Fornell & Larcker, 1981; Hair *et al.*, 2010).

To confirm the convergent validity of the outer model, the values of the average variance extracted (AVE) were examined. The average variance extracted (AVE) reflects the average of the variance extracted among a set of items relatively to the variance shared with the measurement errors. More specifically, AVE measures the variance captured by the indicators in relation to the variance assignable to the measurement errors. If the AVE values are at least 0.5, this suggests these set of items has an adequate convergence in measuring the concern construct (Barclay *et al.*, 1995).

3.8.3 Discriminant Validity of the Measures

To verify the construct validity of the outer model, it is important to establish discriminant validity. This step is mandatory prior to testing the hypotheses through path

analysis. The discriminant validity of the measures shows the degree to which items differentiate among constructs. It depicts that the items used different constructs do not overlap. Compeau, Higgins and Huff (1999) concluded that if the discriminant validity of the measures is established, it means that the shared variance between each construct and its measures should be greater than the variance shared among distinct constructs.

In this study, the discriminant validity of the measures was verified by employing the method of Fornell and Larcker (1981). The square root of the average variance extracted (AVE) for all the constructs were placed at the diagonal elements of the correlation matrix. The diagonal elements were higher than the other element of the row and column in which they were located; this verifies the discriminant validity of the outer model.

3.9 Summary of the Chapter

This chapter basically explained the research methodology and hypotheses. Initially, the chapter started by defining the adopted variables proposed in this study by operationalising them. Subsequently, it expounded the sampling and the data collection procedures. Finally, the chapter discussed the data analysis techniques that were used to test the proposed hypotheses. In the next chapter, findings of the data analysis particularly on hypotheses testing are presented.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

The results of the analysis of data in this study are presented in this chapter. This begins with an explanation of the sample of this study followed by an elaboration on data screening procedures on dealing with missing data, identification of outliers and detection of multicollinearity. The chapter then examines the goodness of measure by conducting validity and reliability tests using factor analysis and Cronbach's alpha respectively. Then, hypothesis testing using Multiple Regression Analysis and Mediation Analysis is then presented. Finally, factors related to demographic profiles of the customers such as gender are discussed. The chapter concludes with a summary of the chapter.

4.2 Sample

This study focuses on the retail market in Saudi Arabia. As the retail customers in this country (population frame for this study) are in millions, the sample was determined using the tables proposed by authoritative statisticians such as Krejcie and Morgan (1970), Cochran (1977), Mendenhall, Reinmuth and Beaver (1993), and Barlett, Kotrlik and Higgins (2001). Based on the table of sample size developed by Krejcie and Morgan (1970), the size of the sample should be 384. However, Bryman and Bell (2003) recommended a larger sample size than the required sample size in order to overcome the problem of sample attrition. Following their suggestion, 800 questionnaires were personally distributed using systematic sampling to retail customers in major shopping

malls (Hyper Panda, Carrefour, Tamimi, Othaim, and Danube) located in three cities (Riyadh, Jeddah and Dammam) of Saudi Arabia. These cities were selected as they represent more than 60% of the population residing in Saudi Arabia.

Out of 800 questionnaires distributed, 420 were returned. However, only 408 questionnaires were useable as 12 questionnaires were found incomplete. Hence, the survey yielded a response rate of 51%.

4.3 Data Screening

Various procedures were performed to verify that the data were clean from coding errors through a thorough screening. The following sections show the data screening procedures that were followed in this study.

4.3.1 Missing Data

Hair *et al.* (2010) proposed that cases should be deleted if more than 50% of data are missing for a particular respondent. As a result, the researcher excluded 12 out of 420 questionnaires from further analysis. Thus, 408 complete responses were used for data analysis.

4.3.2 Detection of Outliers

It is quite imperative to detect any influential outliers before moving further with an analysis of data. Mahalanobis distance (d2) was employed to detect the outliers. The researcher employed the method proposed by Tabachnick and Fidell (2007) to detect the outliers. The researcher used the number of variables (i.e. 6) to represent the degree of

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freedom at p > 0.001 and found chi-square cut off value of 22.45. Thus, each case for which Mahalanobis distance exceeded 22.45 was identified as outlier, as shown in Table 4.1.

Table 4.1
Detection of Outliers

Number	Observation cases	Mahalanobis d^2
1	256	211.4234
2	327	210.5235
3	342	55.7623

Three cases were then excluded from further analysis, making 405 cases valid for the next analysis.

4.4 Profile of Respondents

4.4.1 Respondents' Demographic Characteristic

The profile of the respondents' background is depicted in Table 4.2. In terms of gender, 94.1 percent of the respondents were male while 5.9 percent were female. In terms of age, the majority (70.9%) were 44 years old or below while minority (29.1) was above 44 years old. With respect to education, 94.6 percent of the respondents were undergraduates, and the rest (5.4%) were postgraduates. In terms of income, 26.8 percent were below and Up to SR15000 while 73.2 percent had above SR15000. Almost 40.25 percent respondents belonged to households comprising less than seven family members while, 59.75 percent have large family size that was more than seven household members. In terms of distance, majority (90.4%) stated 0-7 km; only 9.6% stated more

than 7 km. As for the ease of travel dimension is concerned the majority (95.1%) stated

that it was easy for them to go to the retail outlets while 4.9% stated that it was not easy.

Table 4.2
Respondents Demographic Characteristics

Characteristics	Frequency	Percent (%)	Cumulative (%)
Gender			
Male	365	94.1	94.1
Female	23	5.9	100.0
Marital			
Married	362	93.3	93.3
Single	26	6.7	100.0
Age			
44 years old or below	275	70.9	70.9
44 years and above	113	29.1	100.0
Education			
Undergraduate	367	94.6	94.6
Postgraduate	21	5.4	100.0
Monthly Income			
Below and Up to SR15000	104	26.8	26.8
Above SR15000	284	73.2	100.0
Family Size			
Below and up to 7	163	40.25	40.25
Seven or More	242	59.75	100
Distance			
Above 7 Km	39	9.6	9.6
Below and up to 7 Km	366	90.4	100
Ease of travel			
Not easy	20	4.9	4.9
Easy	385	95.1	100

4.4.2 Lifestyle of the Customer of Grocery Store in Saudi Arabia

Descriptive statistics of mean and standard deviation for each dimension of life style was calculated. To measure qualitative constructs lifestyle, a 5-point Likert-type scale was used where '1' = minimum value and '5' = maximum value. Table 4.3 displays the result.

Table 4.3

Mean and Standard Deviation lifestyle

Variables	Mean	Std. Deviation
Activity Community oriented	3.62	1.24772
Business oriented	3.572	1.14392
Interests		
Innovative interests	3.29	1.30953
Leadership interest	3.41	1.30137
Openions		
Autonomous related	3.40	1.24977
Intellectual related	3.51	1.31017

Looking at the above table, the mean for community oriented is 3.62, business oriented mean is 3.57. With reference to innovative interest, the mean value is 3.29 while the average of leadership interest is 3.41. In the case of autonomous related opinion, a mean value is 3.40 and the mean value of intellectual related opinion is 3.51.

4.4.3 Descriptive Analysis of Other Key Factors

Descriptive statistics of mean and standard deviation for each variable were calculated. To measure qualitative constructs such as lifestyle factors, perceived service quality,

customer satisfaction, and customer loyalty, a 5-point Likert-type scale was used where '1' = minimum value and '5' = maximum value. Table 4.4 displays the result.

Table 4.4
Mean and Standard Deviation of Major Variables

Variable	Mean	Standard deviation
Perceived service quality	3.40	0.571
Customer satisfaction	3.67	0.968
Customer loyalty	3.69	1.125

With reference to perceived service quality, the value of 3.40 indicates that the respondents perceived the service quality of retail stores as medium to high level or above average. For customer satisfaction, a mean value of 3.67 indicates that the respondents were relatively highly satisfied with their visits to the retail stores. In the case of customer loyalty, a mean value of 3.69 indicates a relatively higher level of respondents' propensity to remain loyal to the retail outlets they mostly visited for shopping.

4.5 Goodness of Measure

As far as analysis techniques are concerned, researchers seem to agree that it is necessary to ensure that the measures used are good and that the instrument is regarded as "good" when it is both reliable and valid (Narsky, 2003). Sekaran (2003) states that a valid instrument is an instrument that seeks to measure what it is purported to measure, while a reliable instrument measures the degree of consistency of the instrument across time. Most researchers tend to use factor analysis and reliability analysis in which Cronbach's alpha coefficients were used. Factor analysis aims at breaking up a relatively large set of

variables into a smaller number of themes, dimensions, components or factors (Meyers, Gamst, & Guarino, 2006). In factor analysis, only a part of the construct is represented by one item while a set or collection of items are required to represent the whole construct.

Furthermore, factor analysis enables only the most relevant items to represent the construct, hence, demonstrates good construct validity. Tabachnick and Fidell (2001) recommended that a suitable sample size for performing factor analysis be 300. Thus, the sample size of 405 was adequate to conduct a factor analysis. Factor analysis was conducted on lifestyles variable (activity, interest, and opinion), perceived service quality, perceived customer satisfaction and perceived customer loyalty.

4.5.1 Goodnessof Measure for Perceived Service Quality

Principal component analysis was performed in the factor analysis for perceived service quality. All of the components of perceived service quality were included in one analysis. The finding of factor analysis is mentioned below in Table 4.5. The result of Kaiser-Meyer-Olkin (KMO) on sampling adequacy shows the values of 0.738. This indicates good factorability of the construct. It is quite evident that factor loadings for all items representing perceived service quality construct were substantially high and exceeded the cutoff value of 0.5 as stated by Hair *et al.* (2010) and Igbaria, Iivari, & Maragahh (1995). The Cronbach's coefficient alpha values for the latent factors ranged from 0.690 to 0.850 which signifies higher internal consistency among the construct items (Nunnally, 1978).

Three items from the physical construct such as item no. 1 (This store has modern-looking equipment and fixtures), item no. 2 (The physical features of the services at this

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store are visually appealing) and item no. 6 (The store layout makes it easy for customers to move around in the store) were omitted from the factors analysis. In addition, two items were deleted from the reliability construct; these are iteming no. 4 (This store has merchandise available when the customers want it) and item no. 5 (This store insists on error-free sales transactions and records). In addition, item no 1 from the helpfulness (Employees in this store give prompt service to the customer) was removed from the factor analysis to resolve cross loading issue. The factor analysis result for perceived service quality is shown in Table 4.5 below. One item was deleted from the policy construct; this is no.1 (This store offers high quality merchandise).

Table 4.5
Result of Factor Analysis for Perceived Service Quality

Construct	Items		Factor loading	Variance %	KMO	Alpha
Reliability	1.	When this store promises to do something by a certain time, it will do so."	.904	71%	0.738	0.850
	2.	This store provides its services at the time it promises to do so."	.879			
	3.	This store performs the service right from the first time."	.826			
Helpfulness	1	Employees in this store inform customers exactly when services will be performed	.857			0.801
	2	Employees in this store are never too busy to respond to customers' requests"	.838			
	3	This store gives customers individual attention."	.771			
	4	Employees in this store are consistently courteous with customers."	.699			
Policy	1.	This store provides adequate, convenient parking for customers."	.897			0.821
	2.	This store has operating hours convenient to their customers."	.848			
	3.	This store accepts most major credit cards."	.822			

Table 4.5 (Continued)

Construct		Items	Factor loading	Variance %	KMO	Alpha
Confidence	1.	Employees in this store have the knowledge to answer customers' questions.	.904			0.829
	2.	The employees' behavior instills confidence in customers."	.844			
	3.	Customers feel safe in their transactions with this store."	.836			
Physical	1	Materials associated with this store's service (such as shopping bags, catalogs, or statements) are visually appealing."	.884			0.795
	2.	This store has clean, attractive and convenient public areas (restrooms).	.853			
	3.	The store layout makes it easy for customers to find what they need."	.783			

Table 4.5 (Continued)

Construct	Items		Factor loading	Variance %	KMO	Alpha
Problem	1.	This store willingly handles returns and exchanges.	.898			0.690
solving	2.	When a customer has a problem, this store shows a sincere interest in solving it."	.806			
	3.	Employees of this store are able to handle customer complaints directly and immediately."	.614			

Bartlett's sig: 0.000

Note: *Three items from physical, two items from reliability, one from helpfulness and one from the policy were deleted while conducting factor analysis to resolve the cross loading issue.

4.5.2 Goodness of Measure for Customer Satisfaction

A principal component analysis was performed in the factor analysis for customer satisfaction. All of the components of customer satisfaction were included in one analysis. The factor analysis result is mentioned below in Table 4.6. A value of 0.763 for measuring KMO indicates good factorability of the construct. It is quite evident that factor loadings for all items representing customer satisfaction construct were fairly high and larger than the threshold value of 0.5. The values of factor loadings ranged from 0.629 to 0.900. The coefficient of Cronbach alpha value for the items was 0.819, good reliability measure among the items of the construct. In addition, the variance explained by the factor was 65.378.

Table 4.6
Result of Factor Analysis for Customer Satisfaction

Construct	Items	Factor loading	Variance %	KMO	Alpha
Customer satisfaction	1. Overall, I am satisfied with the services and products offered by my favorite grocery shopping outlet."	0.900	65.387	0.763	0.819
	2. Overall, I am satisfied with the services and products offered by my favorite grocery shopping outlet."	0.860			
	3. Overall, I am normally pleased with my grocery shopping outlet after each shopping trip.	0.817			
	4. Overall, I am satisfied with my relationship with my favorite grocery outlet.	0.629			

4.5.3 Goodness of Measure for Customer Loyalty

A principal component analysis was performed in the factor analysis for customer loyalty. All of the components of customer loyalty were included in one analysis. The result of factor analysis for items representing customer loyalty is displayed in Table 4.7. A value of 0.850 for measuring KMO indicates high factorability of the construct. Factor loadings for all items representing a Customer loyalty construct were fairly high and larger than the threshold value of 0.5. The values of the factor loadings ranged from 0.814 to 0.919. The coefficient of Cronbach alpha value for the items comprising the construct Customer loyalty was 0.916, which indicates good measure of reliability among the items of the construct. In addition, the variance explained by the factor was 74.897.

Table 4.7
Result of Factor Analysis for Customer loyalty

Construct	Items	Factor loading	Variance %	KMO	Alpha
Customer loyalty	1. I would recommend my favorite grocery store to others	0.814	74.897	0.850	0.916
	2. I have said nice things of my store to others.	0.837			
	3. Despite the opening of new grocery stores within my area, I would continue to shop at my existing grocery store	0.919			
	4. I will continue shopping at my current grocery store although competing stores try to lure customers in with various promotions.	0.887			
	5. I will continue shopping at my current grocery store for the next few years.	0.861			

The aforementioned results verify that the instrument was valid and reliable as the factor loadings for all items were much higher than the suggested cut-off value of 0.5, indicating construct validity. Similarly, the values of the coefficient of Cronbach's alpha for all constructs were in excess of 0.7, indicating the internal consistency of items. Alternatively, in other words, the reliability of the construct was verified. Next the results of the correlation analysis and hypothesising are presented.

4.5.4 Convergent Validity of the Measures

Table 4.8 shows that the composite reliability values ranged from 0.822 to 0.937. These values exceeded the recommended value of 0.7 (Fornell & Larcker, 1981; Hair *et al.*, 2010). The average variances extracted (AVE) values ranged between 0.611 and 0.757, indicating a good level of construct validity of the measures used (Barclay *et al.*, 1995). These results confirm the convergent validity of the outer mode. Fornell & Larcker (1981) introduced the following formula to calculate AVE. An AVE should above 0.50 indicate adecuate convergency. Lower thn 0.5 indicates that the items have more error than the explained variance.

$$\rho_\eta = \frac{[\sum \lambda i^2]}{(\sum \lambda i)^2 + \sum(\theta)}$$

$$AVE = \frac{\sum \lambda i^2}{\sum \lambda i^2 + \sum(\theta)}$$

Notes:
λ =standardized indicator loadings
θ =measurement error variances
$\sum$ =summation of indicators of the latent variable

Table 4.8
Convergent Validity Analysis

Construct	Items	Factor loading	Alpha	Cr[a]	AVE[b]
	1	0.904	0.850	0.903	0.757
Reliability	2	0.879			
	3	0.826			
	1	0.857	0.801	0.871	0.630
Helpfulness	2	0.838			
	3	0.771			
	4	0.699			
	1	0.897	0.821	0.892	0.733
Policy	2	0.848			
	3	0.822			
	1	0.904	0.829	0.896	0.743
Confidence	2	0.844			
	3	0.836			
Physical	1	0.884	0.795	0.879	0.707
	2	0.853			

Table 4.8 (Continued)

Construct	Items	Factor loading	Alpha	CR[a]	AVE[b]
	3	0.783			
	1	0.898	0.69	0.822	0.611
Problem solving	2	0.806			
	3	0.614			
	1	0.9	0.819	0.881	0.653
	2	0.86			
Customer satisfaction	3	0.817			
	4	0.629			
	1	0.814	0.916	0.937	0.747
	2	0.837			
Customer loyalty	3	0.919			
	4	0.887			
	5	0.861			

Note. [a] Composite Reliability (CR) = $(\Sigma \text{ factor loading})^2 / \{(\Sigma \text{ factor loading})^2) + \Sigma \text{ (variance of the error)}\}$ [b] Average Variance Extracted (AVE) = $\Sigma \text{ (factor loading)}^2 / (\Sigma \text{ (factor loading)}^2 + \Sigma \text{ (variance of error)}\}$.

4.5.5 Discriminant Validity of the Measures

The discriminant validity of the measures was confirmed by employing the method of Fornell and Larcker (1981).Cock et a (2008) stated *"The discriminant validity of a measurement model containing latent variables is genrally considered to be acceptable if the square root of the average variance extracted for each latent variables is higher than any of te correlations invoving the latent variables in question"*. However, sun and Wu (2011), Nicholas et al (2005), Sattler. H et, al (2010), Pedro S. Coelho (2012) and Ned Kock used the same method of showing correlation between latent variables and square roots of average variance extracted. In Table 4.9, the square root of the average variance extracted (AVE) for all the constructs were placed at the diagonal elements of the correlation matrix. As the diagonal elements were higher than the other elements of the row and column in which they were located, this confirms the discriminant validity of the outer model. In sum, having established the construct validity of the outer model, it is assumed that the obtained results pertaining to the hypotheses testing should be valid and reliable.

Table 4.9

Correlation between latent variables and square roots of average variance extracted

Constructs	1	2	3	4	5	6	7	8
1) Reliability	**0.722**							
2) Helpfulness	0.235	**0.641**						
3) Policy	-0.023	0.038	**0.674**					
4) Confidence	0.26	0.203	0.096	**0.687**				
5) Physical	0.134	0.201	0.054	0.144	**0.632**			
6) Problem solving	0.067	0.311	0.02	0.069	0.326	**0.476**		
7) Customer satisfaction	0.069	0.291	-0.005	0.012	0.092	0.072	**0.670**	
8) Customer loyalty	0.095	0.478	0.039	-0.022	0.115	0.195	0.467	**0.839**

4.6 Multiple Regression Analysis

Hair *et al.*, (2010) suggested that before examining the hypothesized model, the regression assumptions must be tested. In order to confidently draw conclusions from regression analysis, the assumptions of regression analysis were evaluated. It involved assumptions namely multicollinearity, normality, linearity, homoscedasticity and the independence of errors as reported in the statistical analysis discussed later; it can be concluded that the regression analysis performed in this study satisfied the assumptions required to ensure the validity of its results. All these assumptions were examined through output of regression analysis.

4.6.1 Detecting Multicollinearity

The term Multicollinearity refers to as the extent to which the effect of any independent variable in the model is high on the other independent variable of the same model (Hair *et al.*, 2010). High-multicollinearity causes difficulty in the interpretation of the effects of variables. This study revealed here the tolerance value and the Variance inflation Factor (VIF) values were used in assessing the presence of multicollinearity issues among the independent variables. According to Hair *et al.*, (2010), tolerance indicates the unaccounted variability in the other variable while VIF is reciprocal of the tolerance value.

As shown in Table 4.10, the tolerance values for all the variables were shown to range between 0.101 and 0.971 during the values for VIF range between 1.030 and 9.937. The results of the tolerance values are below the threshold value of 0.1 and VIF values are

lesser than the threshold value of 10 as recommended by Hair *et al.* (2010). Conclusively, it was revealed that the value of the tolerance and VIF of this study fall within the recommended threshold values. As such, this research concluded that multicollinearity issue is not a threat in this study.

Table 4.10
Multicollinearity Test

Variables	Tolerance Value	Variance Inflation Factor
Perceived service quality	0.967	1.034
Customer Satisfaction	0.967	1.034
Customer Loyalty	0.971	1.030

4.6.2 Normality Testing

Assessing normality is very important to meet the assumption of multivariate analysis (Hair at el., 2010). It ensures that effective and powerful interpretation can be made from the data collected. To examine the normality, skewness values, which indicate the symmetry of the data around the mean, and kurtosis values, which indicate the peakedness of the data distribution, for the major variables used in the study were investigated (Hair *et al.*, 2010). The acceptable statistical values (Z) for skewness and kurtosis are < 3 and < 8, respectively (Hair, Black, Babbie, & Anderson, 2006; Kline, 2005). As can be seen in Table 4.11, the skewness values range between -0.112 and 1-.881 which fell within the acceptable range. Similarly, the kurtosis values range between -1.228 and 0.710, indicating that the data were not highly peaked and hence were normally distributed.

To do so, some researchers such as Kline (1998) and Pallant (2005) suggested assessing the normal distribution of scores for the independent and dependent variables by examining their skewness and kurtosis values. In social sciences, since constructs have many scales results may skew positively or negatively (Pallant, 2005). In addition, kurtosis is also a score for measuring distribution that represents the degree to which observations around the central mean are gathered. According to Hair *et al.* (2006), the values of skewness outside the range of +1 to -1 are substantially skewed distribution.

Table 4.11
Skewness and Kurtosis

Variables	Mean	Std. deviation	Skewness	Kurtosis
Perceived service quality	3.406	0.573	-0.110	0.700
Customer satisfaction	3.677	0.972	-0.857	0.176
Customer loyalty	3.687	1.128	-0.872	0.019

In addition, the confirmation of the assumption of normality was done by applying the Kolmogorov-Smirnov test as reported in Table 4.12. The result showed that the normality assumption was achieved at 0.05 significant levels.

Table 4.12
Normality test of the Residuals

	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Standardized Residual	.039	394	.160	.993	394	.058

Following the above mentioned discussion, the study evidenced the confirmation of the normality of the error term. Upon the confirmation of the normality of the terms of error, the next step to be annuance books is to test for the assumption of linearity, homoscedasticity and independence of the error terms. The following section presents

the as discussion of the achievement of the linearity, homoscedasticity and independence errors.

4.7 Testing of Hypotheses

To examine the stated hypotheses of this study, Multiple Regression Analysis and Mediation Analysis were performed. Multiple regression analysis demonstrates the effect of independent variables on the dependent variables. Mediation analysis verifies whether the variable hypothesized as a mediating variable (customer satisfaction in the present study) partially or fully mediates the relationship between the predictor and criterion construct.

4.7.1 Perceived Service Quality and Customer Satisfaction

Multiple regression analysis was used to evaluate H1, which seeks to examine whether perceived service quality is related to customer satisfaction. Specifically, the purpose was to measure the power of perceived service quality in predicting customer satisfaction regarding the quality of products and service provided in the shopping outlets. In other words, the aim was to observe to what extent customer satisfaction is influenced by perception about quality of the products and services provided by the shopping outlets.

Hypothesis 1: There is a relationship between perceived service quality and customer satisfaction.

To test the hypotheses, researcher carried out multiple regression and the results of the analysis are depicted in Table 4.13. The results pertain to the effect of perceived service

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quality on customer satisfaction regarding the quality of products and service provided in the shopping outlets. Cohen, (1988) said as the value exceeded 0.02, it shows an acceptable model fit. However, coefficient of determination, R², of 0.033 indicates weaker but an acceptable model. A significant F value of 0.000 indicates that the model was significant at $p < 0.01$. Thus, the overall result indicates good predictive power of perceived service in explaining customer satisfaction. It is demonstrated that perceived service quality significantly determines customer satisfaction. Therefore, on the basis of the above mentioned indicators of model fit, hypotheses H1 is supported. The histogram and p-plot also shown the data is normally distributed. Scattered plot also indicate there is linear relationship betweenindependent and dependent variable.Refer to appendix 6.

Table 4.13
Effect of Perceived Service Quality on Customer Satisfaction

Variable	Standardized coefficients Beta	t value	p value
Perceived Service Quality	0.182	3.706	0.000
R Square			0.033
Adjusted R Square			0.031
F Value			13.736
F Value Sig			0.000

***$p < 0.01$;**$p < 0.05$;*$p < 0.10$

4.7.2 Perceived Service Quality and Customer loyalty

After verifying, the effect of perceived service quality on customer satisfaction, multiple regression analyses were run to test H2. The purpose was to measure the power of

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perceived service quality in predicting customer loyalty to the shopping outlets based on the provision of the quality of products and services. In other words, the aim was to observe to what extent customer loyalty is influenced by perception about quality of the products and services provided by the shopping outlets.

Hypothesis 2: There is a relationship between perceived service quality and customer loyalty.

Table 4.14 shows the influence of perceived service quality on customer loyalty to the shopping outlets. The coefficient of determination, R^2, of 0.108 indicates weaker but an acceptable model fit in the light of the suggestion by Cohen (1988) said as the value exceeded 0.02 indicating an acceptable model fit. A significant F value of 0.000 indicates that the model was highly significant at $p < 0.001$. Thus, the results indicate a good predictive power of perceived service quality in explaining customer loyalty. It is demonstrated that perceived service quality significantly impacts customer loyalty. Therefore, on the basis of the above mentioned indicators of model fit, hypotheses H2 supported.

Table 4.14
Effect of Perceived Service Quality on Customer Loyalty

Variable	Standardized coefficients beta	t value	p value
Perceived Service Quality	0.328	6.970	0.000
R Square			0.108
Adjusted R Square			0.105
F Value			48.578
F Value Sig			0.000

***$p < 0.01$;**$p < 0.05$;*$p < 0.10$

4.7.3 Customer Satisfaction and Customer Loyalty

After examining the effect of perceived service quality on customer loyalty, multiple regression analyses were employed to assess H3. The purpose was to measure the predictive power of customer satisfaction in explaining customer loyalty with reference to the grocery retail sector in Saudi Arabia. In other words, the aim was to observe to what extent customer loyalty is influenced by customer satisfaction in relation to the products and services provided by the shopping outlets.

Hypothesis 3: There is a relationship between customer satisfaction and customer loyalty.

The results of the regression analysis are presented in Table 4.15. The results pertain to the effect of customer satisfaction on customer loyalty to the shopping outlets. The coefficient of determination, R^2, of 0.218 indicates a high-model fit in the light of the suggestions by Cohen (1988), as the value exceeded 0.26 indicating a substantially good model fit. A significant F value of 0.000 indicates that the model was highly significant at $p < 0.001$. Thus, overall the results indicate quite a good predictive power of customer satisfaction in explaining customer loyalty. It is demonstrated that customer satisfaction significantly impacts customer loyalty. Therefore, on the basis of the above mentioned indicators of model fit, hypothesis H3 is supported.

Table 4.15
Effect of Customer Satisfaction on Customer Loyalty

Variable	Standardized coefficients Beta	t value	p value
Customer Satisfaction	0.467	10.611	0.000
R Square			0.218
Adjusted R Square			0.216
F Value			112.598
F Value Sig			0.000

***p < 0.01;**p < 0.05;*p < 0.10

4.8 Mediation Effects of Customer Satisfaction

The mediating effect of customer satisfaction on the relationship between perceived service quality and customer loyalty, mediation analysis was conducted following the method proposed by Baron and Kenny (1986). In the Baron and Kenny (1986) methodology, a significant relationship must exist between the predictor and the criteria constructs. In addition, the effect of the predictor constructs on the mediator and the effect of the mediator on the criterion construct must be significant. These conditions must be fulfilled before the mediation effect is concluded. To decide whether the mediation is full or partial, one should examine the effect of the independent variable on the dependent variable when the mediator is accounted for. If the effect of the independent construct on the dependent construct is still significant, the mediating construct is partial. However, if the effect significance has diminished, the mediating construct is said to be full mediation effect.

Figure 4.1 depicts the significance of the relationship between the independent variable (perceived service quality) and the dependent variable (customer loyalty) without accounting for the mediation effect of customer satisfaction. This relationship is denoted as C. The coefficient value of 0.328 shows a highly significant relationship at $p < 0.01$ without taking mediation effect into consideration.
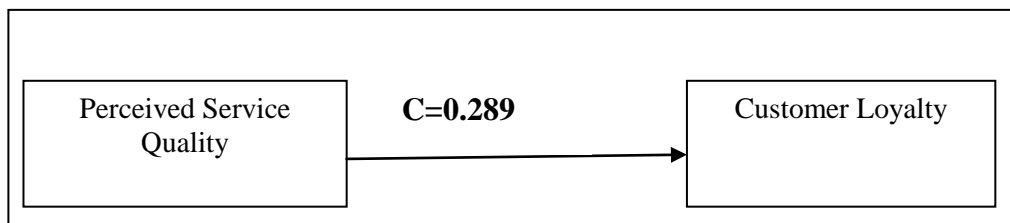

Figure 4.1
Direct Relationship between Perceived Service Quality and Customer Loyalty

Hypothesis 4: Customer satisfaction mediates the relationship between perceived service quality and customer loyalty.

After examining the direct effect of perceived service quality on customer loyalty, the next step was to examine the relationship while taking into account the effect of mediating construct (customer satisfaction). Figure 4.2 depicts the significance of the relationship between the independent construct (perceived service quality) and the dependent construct (customer loyalty) along with accounting for the effect of the mediator (customer satisfaction). This relationship is denoted as C.' The coefficient value of 0.251 also shows a highly significant relationship when the mediating effect of customer satisfaction is taken into account. Thus, it is verified that customer satisfaction did mediate the relationship between perceived service quality and customer loyalty.
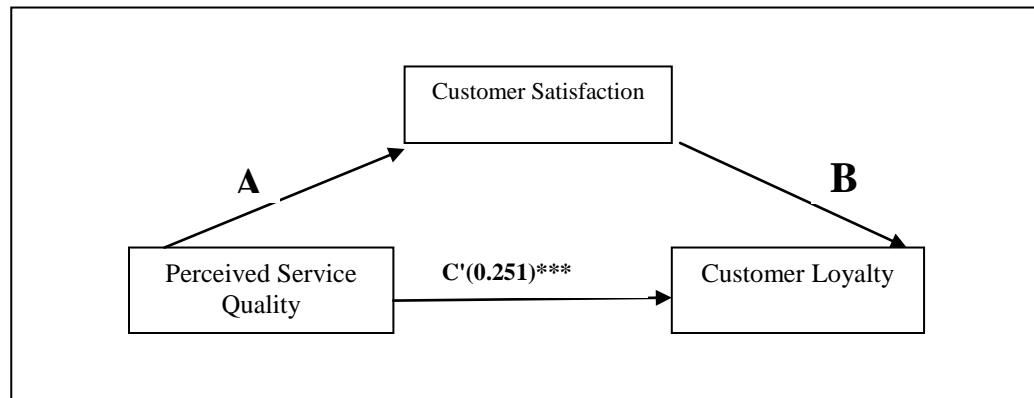
Figure 4.2

Mediating effect of Customer Satisfaction on the Relationship between Perceived Service Quality and Customer Loyalty

It is however crucial to note that determining whether the mediator variable partially mediates or fully mediates the relationship between independent and dependent constructs, the values corresponding to C and C' must be compared (Baron & Kenny, 1986). If C is greater than C,' it shows that the mediation effect is partial if vice versa, it refers to full mediation effect.

Table 4.16 demonstrates that as the value of C, which refers to the direct relationship between perceived service quality and customer loyalty, is greater than the value of C.' It takes into account the mediating effect of customer satisfaction; it can be said that customer satisfaction partially mediated the relationship between perceived service quality and customer loyalty. In addition to Baron and Kenny (1986) method, Sobel test was also employed to verify the mediation effect. Significant p value of 0.01 confirmed the mediation effect. Therefore, H4 is supported.

Table 4.16
Mediating Effect of CS on the Relationship between PSQ and CL

Hypothesis	C	c'	a*b	Baron and Kenny (1986) decision	Sobel test	
					p value	Decision
PSQ→CS→CL	0.328***	0.251***	0.084***	Partial Mediation	0.000	Mediation

Note: ***p < 0.01;**p < 0.05;*p < 0.10

PSQ = Perceived Service Quality; CS = Customer Satisfaction; CL = Customer loyalty

To conclude the findings of multiple regression analyses and mediation analysis, Table 4.17 presents the summary of the result as follows:

Table 4.17
Summary of Multiple Regression and Mediation Analysis

Hypothesis	Description	Decision
H1	The service quality perceived by the Saudi shoppers in the grocery retail market in Saudi Arabia significantly influence customers' satisfaction regarding the quality of the services and products provided.	Hypothesis is supported
H2	The service quality perceived by the Saudi shoppers in the grocery retail market in Saudi Arabia influence customers' loyalty to these shopping outlets.	Hypothesis is supported
H3	There is a positive relationship between customer satisfaction and customer loyalty in the Saudi grocery retail market.	Hypothesis is supported
H4	Customers' satisfaction mediates the relationship between perceived service quality and store loyalty in the Saudi grocery stores in shopping malls.	Partial Mediation

4.9 Summary of the Chapter

This chapter began with a discussion of the sampling procedure followed by a description of techniques of data screening. In ensuring that the instrument used is reliable and valid, factor analysis was conducted and the Cronbach's alpha values of latent variables were assessed. Following the assessment of the factor analysis, the evaluation of the hypotheses was done through the conduct of multiple regression analyses which examined the predictive ability of the independent constructs. In addition, mediation analysis was conducted following the recommendation of Baron and Kenny (1986) in order to determine the mediation effect. Sobel test was also used to confirm the effect of mediation. Overall, the findings revealed many stimulating linkages between the variables. A discussion on the findings and the implications of the study are discussed in detail in the next chapter.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the study, elaborates on the findings and highlights the contributions of the study to the existing literature. It also pinpoints the future course of direction that might help policy makers to set up an attractive environment for grocery stores in shopping malls in Saudi Arabia. This chapter further entails the constraints encountered in this study and suggests future explorations based on the encountered limitations. Finally, this chapter draws conclusions to the study.

5.2 Discussion

In the discussion, this study provides the respondents' demographic characteristic on perceived services quality, lifestyle of grocery store customer and empirical findings. However, the detail is given below.

5.2.1 Respondents Demographic Characteristic

The profile of the respondents' background is depicted in Table 4.2. A glance at the profile of respondents shows that they had diversified characteristics relating to their gender, marital status, age, level of education, income and family size. In terms of gender, 94.1 percent of the respondents were male. It is not surprising that in the Arab culture, females hesitate to talk to strangers as it is considered against their religious and cultural norms.In Saudi Arabia usually males work in shops, shopping malls, traditional

stores, hypermarkets and genral store, Arab females feel shy and hazitate to talk and getting information from males' strangers so, the Saudi females avoid going for shopping, independently. In addition, there are many forginers who work in Saudi Arabia and are not able to speak Arabic so; most of the Saudi females can't communicate in second language. Arab females avoid tocomunicate with strangers.

Most of the respondents are married. It can explain that majority of the customers get married in their young age in Saudi culture. In terms of age, the majority (70.9%) are 44 years old or below. The result shows that most of the young or middle-aged people visit grocery stores more than old people. In Saudi culture when people reach in middle age his/her children look after them and most of the time they do shopping for them by themselves in respect and to save them from troubles and traffic. So usually the old people stay at home and young people visit more than elders in the markets.

With respect to education, 94.6 percent of the respondents were undergraduates, and the rest (5.4%) are postgraduates. In terms of income level, 67 percent of the respondents had a monthly income in the range of SR5001-15000, representing the middle-income class while 26.8 percent had a monthly income above SR15001, representing the upper-income class. Those who represented middle-income class, they prefer more to buy from grocery stores in malls. In the terms of family size, most of the respondents had a large family size as almost 59.75 percent of them had seven or more members in their family.

In terms of distance, majority (90.4%) stated 0-7 km; only 9.6% stated more than 7 km. As per the ease of travel dimension is concerned the majority (95.1%) stated that it was

easy for them to go to the retail outlets. In reference to geographical factors, the majority of customers don't face any trouble while traveling to grocery stores in shopping malls.

5.2.2 Lifestyle of the Customer of Grocery Store in Saudi Arabia

The means for community oriented is 3.62 based on the 5 likert scale . This shows that most Saudi customers believe that they are involved in social organizations and take part in the community project. With reference to business orientation, the value 3.57 indicates that the respondent's involvement in business orientation. They like to attend charitable event, work in a business organization and travel for business reasons.

With reference to innovative interest, the mean value is 3.29 while the average of leadership interest is 3.41. This shows that the respondents had innovative and leadership interests as a medium to high level. Average customers of grocery stores liked doing things that are new and different. Saudi customers liked leading their life to others. They liked the challenge of doing something that they had never done before.

In the case of autonomous related opinion, a mean value is 3.40 and the mean value of intellectual related opinion is 3.51. Results show more than average customers of grocery stores think that they are independent, had more efficiency, self-confidence than others. They trust in their ability while buying and they know how to choose the right products.

5.2.3 Influence of Perceived Service Quality on Customer Satisfaction

The current study found that consumer perceived service quality of grocery stores in Saudi Arabia significantly influenced the level of customer satisfaction as shown in Table

4.14. In other words, the higher, the customer perception of the retail's service quality, then the higher is the level of customer satisfaction.

In addition, as the value of standardized beta coefficient is found highly significant for overall service perceived quality, it shows the strong relationship of policy with overall customer satisfaction being followed by problem solving, helpfullness and reliability. So, high quality merchandise, convenient parking for customers, operating hours of the outlet, acceptance of credit card facility, confidence and helpfulness emerged as the significant variables having a strong influence on customer satisfaction. Interest in solving a customer problem and employees in the outlet handle the complaints directly and immediately. These variables show a significant influence on customer satisfaction. If outlet services like repair; alterations etc. at right time, services at right time, and right services at first time, error-free and fast transactions etc is prvided by grocery stores, which will enhance the customer satisfaction.

In addition, this finding resembles the result of past studies conducted by Donnelly (2009), Bolton and Drew (1991), Boulding, Kalra, Staeli, and Zeithaml (1993) and Caruana, Money, and Berthon (2000), who demonstrated that the customers' sense of contentment is an outcome of perception about quality of service they received. The result implies that retailers need to emphasize service quality in order to enhance the level of customer satisfaction associated with shopping experience in their retail stores.

5.2.4 Influence of Perceived Service Quality on Customer Loyalty

It can be deduced from the findings of this study that customers' perception of service quality influences the customers' loyalty to their shopping outlets. Influence of perceived service quality on customer loyalty could be explained as follows, in the facets of perceived service quality and the way these facets are related in securing the repurchase habits by Saudis. Saudis appreciates employees who could help them with their purchase activities. The knowledgeable employees regarding the products and the promted actions but the employee also contribute to customer loyalty in the Saudi grocert market. On the other hand, the physical environment of grocery stores in shopping malls which is clean, well-structured and adequately maintained also affects suctomer loyalty in Saudi grocery retail market. Orher factors such as ample parking space, conveneient hours of business and accepting credit card for purchases also play important role in building Saudi customer loyalty.

These findings concur with the results from past literatures that emphasize the significance of perceived service quality and its impact on the customers level of loyalty (e.g., Bei & Chiao, 2001; Cronin, Brady, & Hult, 2000; Mohammad *et al.*, 2013). Past literature suggests that perceived service quality leads directly towards customer loyalty in a particular service industry as the customer experiences the moment of truth at certain point in time. The finding suggests that retail customer exhibit repurchase intentions and loyalty when they perceive that a particular store offers the higher level of quality associated with its products and services.

5.2.5 Effect of Customer Satisfaction on Customer Loyalty

The findings of the current research show that the effect of customer satisfaction is significant towards customer loyalty to the grocery store. The result of the current study is consistent with that of past literatures that draw the main attention towards the concept of customer satisfaction (e.g., Donald, 2010; Olshavsky & Miller 1972; Rust & Oliver, 1994) and usually recognize a positive collective impact of customer satisfaction towards customer loyalty (Anderson & Fornell, 1994; Bei & Chiao, 2001; Biong, 1993; Bolton & Drew, 1994; Boulding *et al.*, 1993; Caruana, 2002; Cronin, Brady, & Hult, 2000; Cronin & Taylor, 1992; Fornell, 1992; Hallowell, 1996; Harris &Goode, 2004; Mohammad *et al.*, 2013; Rust & Keiningham, 1996; Taylor & Baker, 1994). Generally it can be argued that Saudi Arabia customer who frequent grocery stores also have similar behavior with other customers around the world which is when they satisfied they will be loyal. This finding suggests that retailers need to focus on maximizing the level of customer satisfaction by augmenting the perception of service quality associated with merchandise and services they offer to their customers.

5.2.6 Mediating effect of Customer Satisfaction on the Relationship between Perceived Service Quality and Customer Loyalty

An attempt was made in the present study to examine the intervening impact of customer satisfaction on the link within the service quality and store loyalty and in this study this relationship was referred to as (c'). On the same note, an attempt was also made directly to examine the influence of service quality on store loyalty without the mediating effect of customer satisfaction and this relationship was referred to as (c) in this study. Looking at figures (Figure 4.5 and Figure 4.6), it can be deduced that the (c) value is higher or

stronger than the (c') value indicating that the direct impact of perceived service quality on store loyalty is stronger than the impact of satisfaction is involved. It can be explained as follows: Saudi grocery stores in the shopping malls have the modern-looking equipment and fixtures, their physical features appeal to costumers. Store layouts make it easy for Saudi customers to find what they need. In addition, stores have merchandise available when the customers want it. Grocery stores in shopping malls in Saudi Arabia try to insist on error-free sales transactions and records and provide its services in time according needs. For this reason, a good service quality of grocery retails in Saudi Arabia makes satisfied to their consumers. Grocery stores in Saudi Arabia care about their customer's wants and expectations throughout product and service. As a consequence, customers are re-patronizing and favoring a preferred store consistently in the forthcoming period. Owing to this reason, they recommend grocery stores to others appreciating the service. In short, a higher quality of service, perceived value and high levels of satisfaction result in positive behavioral intentions and ultimately loyalty. It indicates the customer's satisfaction mediating the relationship between perceived service quality and customer's loyalty. In other words, it shows that the satisfied customers become loyal to their respective grocery shop through repurchasing intention and positive word of mouth. This is consistent with the findings of Magi and Julander (2009); Chi and Qu (2008); Faullant *et al.*, (2008) who found that customers' satisfaction increases customer loyalty. Hence, the findings of the study highlight the significance of customer satisfaction as an outcome of perceived service quality and as a determinant of customer loyalty in the context of grocery retailing in Saudi Arabia.

5.3 Implications of the Study

This study extends the understanding of consumer behavioural studies on retail grocery customers particularly in the Middle East and the overall retail industry in general. As retailing sector is increasingly becoming global, it is imperative to fulfil the requirements and expectations of customers of differing cultures. This study is an early effort in analyzing the perceived service quality of customers in Saudi Arabia and the diverse determinants they characterize. As discussed earlier, this region is a booming market with high growth of population and a significant economic power that will continue to develop drastically in the upcoming years. The following sections will discuss the implications of this study in terms of practical and theoretical standpoints.

5.3.2 Managerial and Practical Implications

The findings of the study highlight a number of managerial implications. As pointed out earlier, there is a need to comprehend what constitutes perceived service quality and how it can generate value and contribute in delivering higher levels of customer satisfaction. It is of utmost importance that customer perceptions or assessment of the services provided are constantly evaluated by store retailers. Grocery retailers need to understand what aspects or traits of value (quality) customers consider crucial when assessing the grocery outlets. Merchants should consider adopting customer friendly measures and market driven in order to assess underlying information about the expectations and needs of the customers (Lindquist, 2006) and actively oversee them instead of providing the best services and products and expect the best in return (Hoots, 2005). Customer evaluation of retail service or quality and how customer satisfaction is expressed are the essential

contribution to the development of marketing strategies (Ofir & Simonson, 2001). Customer satisfaction is the rationale for operating customer-oriented business practices for firms that operate in various industries and global market (Szymanski & Henard, 2001). Consequently, the information on consumer priorities (expectations) and satisfaction could ultimately guide companies in determining their effort towards improving their performance by determining the direction of their effort.

As this study also shows that overall perceived service quality has a significant influence on customer satisfaction. From this study it was found that physical aspect, reliability, confidence, helpfulness, policy, problem solving are the significant predictors of overall customer satisfaction. Hence managers need to understand these dimensions carefully and they should develop their strategies for delivering in the market, by understanding these dimensions for attaining the maximum customer satisfaction level. It can be argued that the high quality merchandise, convenient parking for the customers, operating hours of the outlet etc. Emerged as the significant variables, where managers should deliver maximum for achieving the maximum customer satisfaction level. Managers need to handle the customer returns and exchanges, as well as they should provide the immediate solutions for the customer problems to achieve the maximum customer satisfaction level. Managers should take care about confidence and helpfulness of the customer; they need to work towards error-free transactions with the customers and right transactions for the first time. By this way managers can achieve maximum customer satisfaction in the retail outlets.

It appears that grocery stores in shopping malls in Saudi Arabia should therefore place a premium layout on their premises, as well as the reception and treatment of their

customers. The aesthetic appeal of the grocery stores in shopping malls needs to be favourable, the layout of merchandise should be logical and orderly, and a high degree of cleanliness ought to be maintained at all times. It is worth investing in marketing research in order to ensure that expectations are met and exceedin this regard. Furthermore, staff of grocery stores in shopping malls should adopt a friendly disposition, and possess the required store knowledge through internal training programmes.

In Addition, Retail firms should aim to minimize the gap between perceived service quality and actual quality delivered in a bid to maximize customer satisfaction. This is because, as the findings showed; customer satisfaction is perceived as tools to achieving strategic objectives like repurchase behaviour and retention of customers (Mittal & Kamakura, 2001) and this has a direct impact on the profits and overall performance of the firm. Therefore, it is a necessity for grocery retailers that wish to develop relationships with customers to track their levels of satisfaction with reference to service quality in the supermarket environment. The analysis of the real determinants of customer satisfaction or dissatisfaction will indicate the precise aspect of the grocery shopping elements which greatly influence the customer satisfaction or dissatisfaction. A correct detection of the determinants of customer satisfaction, its significance and relative influence will enable grocery retailers to set priorities of where and what should be improved to boost customer satisfaction and ultimately customer loyalty.

The findings of the study have shown that customer satisfaction is perceived as important in the establishment of long-term relationships (Patterson, 1997; Karna, 2004) as many businesses may not survive without a solid relationship with their customer (Morgan &

Hunt, 1994). Additionally, the contented customers might speak to others about the outstanding services they received. This piece of information especially in the Middle Eastern cultures is critically important and reliable as their social lives are fashioned, in a way that public interaction with other people boosts and inspires the society (Jamal & Naser, 2002). Grocery retailers are, therefore, required continuously to improve the satisfaction of their customers for it represents the central focus of the strategy for customer-oriented firms (Szymanski & Henand, 2001). However, despite the fact that many firms or retailers know that satisfying the demands of their customers is important to their success, initiating and understanding towards attaining the goal is gradually becoming harder and challenging in the present global era (Darling & Taylor, 1996). It is also significant to point out that lacking sufficient information on both the quality of services expected and perceptions of services attained from the customer feedback; surveys can be very misleading from both a policy and operational perspective (Singh & Khanduja, 2010). Therefore, constant measuring the way they perceive quality and the state of customers' satisfaction with the value of products and services offered by the retailers should become a routine operating process for these firms.

Retail customers in various parts of the world would anticipate and expect different types and levels of service experience. While it is believed that this study should be tested or replicated to examine the differences between perceptions of quality of service encounters in other parts of the country, it can be deduced from the analysis of the data can be utilised by forward thinking global retailers to fully appreciate the local culture in Saudi Arabia. To fully benefit, employees for outlets should be trained in order to

develop their skills to provide the types and levels of service anticipated by customers from differently cultural backgrounds based on antecedents established by this study.

Finally, the findings on the customer grocery shopping patterns should strengthen the strategy of retail operators. The results demonstrated that choice of retail store ways affected by customers' demographic characteristics such as gender, age, family size and income. Thus, the retailers can make use of segmentation strategies to satisfy the particular needs of various segments. In terms of geographic factors such as distance from retail store and ease of travelling, it is clear that closer retail stores and stores that meet the needs of their customers are obviously the preferred choice of grocery customers. However, customers are not weakened by their busy schedule to shop on a frequent basis to their favourite retail store. Similarly, retailers can segment their customers based upon their activities, interests and opinions as discussed in the current study.

5.3.2 Theoretical Implications

This research adds new empirical evidence to the linkages between perceived service quality, based on Arab Saudi grocery store market.The lack of the universality of the findings generated from various studies on service quality around the world has been exhibited by a significant number of researchers who study about service quality and shopping behaviour (Rahman, 2012). Furthermore, although the literature on the link between service quality, customer satisfaction, and customer loyalty is established in the literature, this relationship cannot be taken for granted taking into account differences between customers from different countries (Donthu & Yoo, 1998; Imrie, Cadogan &

McNaughton, 2002). Failing to take into account the differences between customers from different countries might lead to inaccuracy of practices and responses to customers' needs and desires (Rahman, 2012). The present study is conducted in Saudi Arabia, as an emerging country in the Middle East located in the heart of the Arab World. Taking into account that most of the research conducted on service quality perceived by customers in grocery retail environment has been conducted in the Western and Eastern countries context while emerging countries from the Middle East have been left with scarce research the present study gained its theoretical contribution through investigating such uncharted territory of the research context. This is not to say that the findings made from the other research that has been conducted on Western or Eastern countries are not useful or beneficial; it is just that such findings might not.

One of the important theoretical implications in this study is that, this study inserts the factor of lifestyles in particular to constitute one of the dimensions of individual characteristics. Taking into account that the construct of lifestyles involves the investigation of character, principles, outlooks, interests, and lifestyles of individuals or communities (Hamilton, 2007), investigating such opinions, values and attitudes of the Saudi shoppers becomes a necessity for Saudi grocery retailers in shopping malls. Apart from that, the inclusion of the lifestyles construct is believed to have added to the body of knowledge in the field of retail service quality as past studies have shown that cultural factors affect consumer behaviour (Ruvio & Shoham, 2007). In this context, Chen (2011) highlighted the importance of measuring the impact of cultural opinions, beliefs and attitudes of individuals on perceived service quality. Chen (2011) recommended that future researchers ought to include constructs that cover these cultural values and

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attitudes in their studies in order to examine whether they affect customer perception about quality.

This present research utilizes the retail service quality scale developed by Dabholkar *et al.* (1996). The scale is regarded as a generalized scale which can be utilised for analysing the retail business that offers a mix of services and goods (Yuen & Chan, 2010). The findings depicted that in general the dimensions in the retail service quality measurement are consistent although some of the items may not be relevant in the Saudi context. Therefore, more replication studies need to be done using the scale to improve its universality and validity in the cross-cultural context.

5.4 Limitations of the Study

Similar to any other research, this study is also not without limitations that may confine the generalization of the findings. Firstly, the numbers of male respondents were considerably larger than that of the female respondents. Studies have indicated that women, in comparison to men, are more involved in making purchasing decisions (Slama & Tashlian, 1985) and are more observant to the services of sales personnel (Gilbert & Warren, 1995). However, in the context of Saudi Arabia, it is considered unethical or culturally offensive to talk to women researcher do not know and ask them to respond to surveys. Furthermore, Saudi Arabia is considered to be a patriarchal society and men do not like it when strangers talk to women even if these strangers are of the same gender (females) out of being very protective of their wives or family members (Kelly & Breslin, 2010). It is worth mentioning, however that when it comes to grocery shopping, Saudi men normally reflect their women's desires and needs, hence arguably their views

represent the women's perceptions (Yavas, Babakus, & Delener, 1994). Though this claim may be regarded as a defence against this study's limitations, future research should consider this element when investigating related issues in Saudi Arabia particularly.

Secondly, during the process of data collection, the researcher and the enumerators faced some difficulties in getting the permission from the management of some of the malls to conduct the research. Some management personnel expressed concerns over disturbing their customers by asking them to fill up a questionnaire. At some stage, the enumerators were escorted out of the mall by the security guards. Nevertheless, on the overall, the responses were considered satisfactory. Perhaps, as the researcher had an official letter from the university and proved to the authority that this is an academic exercise, getting the approval from the mall management was straightforward. Wearing the official Saudi clothes (thobe and abaya), a researcher and the enumerators were also able to convince the management on the authenticity of the research project. Other visible identifications such as name tags and logo representing a leading local university in the country (King Saud University) were able to ease the worries and concerns of the management of some of the shopping malls.

Another limitation of this study is the choice of the sampling technique. Specifically, a non-probability sampling technique was used which is the convenient sampling technique. It is better to use probability sampling techniques such as random sampling technique or other probability sampling techniques as they help to generalise the findings. However, in this study due to the absence of a sampling frame and the population of the

study, the non-probability convenient sampling technique was preferred as it suits the selection of respondents in this study. Thus, the findings should be viewed with careful deliberation as possible issues may arise with regards to the generalisation of its findings.

5.5 Suggestions for Future Research

The research is exploratory in nature. Therefore, it creates various prospects for future studies to further broaden the scope of the study. Firstly, future studies should consider exploring further demographic issues as the findings of this study tended to reflect the perspective of male patrons. In other countries, on the other hand, most of the grocery purchasers encompass of women customers. Therefore, it would be very important to get a balanced view on what customer value in grocery shopping with regards to the composition of gender. Secondly, future researchers could also concentrate on examining consumers' desired value and their perceptions of other forms of retail stores such as specialty outlets or online stores that are becoming very prominent for today's consumers. Thirdly, future study should also explore constructing valid scales that could recognize the various categories of shoppers based on their desired value to facilitate relative work. Fourthly, the present study is cross-sectional in nature because of time and cost constraints. In the future, longitudinal studies should be conducted in order to have a deeper insight and understanding of the behaviour of retail customers over a long period. Finally, this study should be replicated in other parts of the world so as to validate the findings and improve the research theoretical model.

5.6 Summary of the Chapter

This study has extended previous works carried out on the service quality of firms specifically in the retailing context. Although research on service quality began more than 30 years ago, the subject remains an important area of research inquiry in marketing and continues to draw attention from new researchers. This study offers a different insight as compared to previous studies since this study looked at the customers perceived service quality using Dabholkars *et al.* (1996) Retail Service Quality Scale. Although various scholars have acknowledged the possible linkage between customer expectations and customer satisfaction, there is limited empirical evidence linking this construct to customer satisfaction and loyalty. In this study, the results provided empirical evidence in determining the significance of perceived service quality value towards customer satisfaction and customer loyalty in grocery retailing. The results of the findings pave the way for future studies to be done in this area.

5.7 Conclusion

The main objective of this study is to examine the influence of perceived service quality on store loyalty through the mediating impact of customer satisfaction in the grocery retail industry in Saudi Arabia.Cross-sectional data consisting on 408 customers was collected from major shopping malls (Hyper Panda, Carrefour, Tamimi, Othaim, and Danube) located in three cities (Riyadh, Jeddah and Dammam) of Saudi Arabia. Multiple regression was used for analysis. Mediation analysis was conducted by following the recommendation of Baron and Kenny (1986). The results indicate that, the service quality perceived by the Saudi shoppers in the grocery retail market in Saudi Arabia significantly

affect customer satisfaction regarding the quality of the services and products provided. The perceived service quality influence customer loyalty. There is a positive relationship between customer satisfaction and customer loyalty in the Saudi grocery retail market. The results show that customer satisfaction mediates the relationship between perceived service quality and store loyalty in the Saudi grocery retail market. This study contributes in different aspects like, theoretical, practical, policy making, cross-culture understnding and managerial aspect. This study recommends that future research should concentrate on examining consumer desired value and their perceptions of other forms of retail stores such as specialty outlets or online stores that are becoming very prominent for today's consumers.

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