



T.C.
BİNGÖLÜNİVERSİTESİ
SOSYAL BİLİMLER ENSTİTÜSÜ
İŞLETME ANABİLİM DALI

**CUSTOMERS PURCHASING BEHAVIOURS EFFECTS OF
SERVICE QUALITY**

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YÜKSEK LİSANS TEZİ

DANIŞMAN
Prof. Dr. Sait PATIR

BİNGÖL – 2020



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BİLİMSEL ETİK BİLDİRİMİ

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KAMARAN TAHER HAMZA ZRARI

BİNGÖL ÜNİVERSİTESİ
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ÖNSÖZ

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ÖZET

Bingöl Üniversitesi Sosyal Bilimler Enstitüsü Yüksek Lisans Tez Özeti

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Son on yılda, very tekniklerinde çeşitli önemli gelişmeler olmuştur. Bu gelişmelerden bazıları müşteri ilişkilerini geliştirmek için özelleştirilmiş hizmetlerde uygulanmaktadır. Özel hizmet, perakende pazarlarında çok önemlidir. Pazarlama yöneticileri, müşteri davranışlarındaki değişiklikleri tespiti tedip öngörebilecekleri takdirde müşterilerle uzun vadeli ve hoş ilişkiler geliştirebilirler. Dinamik perakende pazarında, müşteri davranışındaki değişikliklerin anlaşılması, yöneticilerin etkili promosyon kampanyaları oluşturmasına yardımcı olabilir. Bu çalışma, müşteri davranışındaki değişikliklerinin bir yöntemini oluşturmak için müşteri davranış değişkenlerini, demografik değişkenleri ve işlem very tabanını tamamlar. Değişim kalıpları için, farklı zaman dilimlerinde kalıplararasındaki benzerlik derecesini analiz etmek için iki genişletilmiş benzerlik ve beklenmedik ölçüt tasarlanmıştır. Müşteri davranışındaki değişiklikleri için önerilen yaklaşım, yöneticilere daha iyi pazarlama stratejileri geliştirmelerinde yardımcı olabilir.

Anahtar Kelimeler: Dernek kuralları; Perakende; Müşteri tutumu.

ABSTRACT

Bingol University Institute of Social Sciences Abstract of Master's Thesis

Title of the Thesis: Customers Purchasing Behaviours Effects Of Service Quality
Author: KamaranTaher Hamza ZRARI
Supervisor: Assoc Prof. Dr.Sait PATIR
Department: Business
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<p>During the past decade, there have been a variety of significant developments. Some of these developments are implemented in customized service to develop customer relationship. Customized service is actually crucial in retail markets. Marketing managers can develop long-term and pleasant relationships with customers if they can detect and predict changes in customer behavior. In the dynamic retail market, understanding changes in customer behavior can help managers to establish effective promotion campaigns. This study integrates customer behavioral variables, demographic variables, and transaction database to establish a method of changes in customer behavior. For change patterns, two extended measures of similarity and unexpectedness are designed to analyze the degree of resemblance between patterns at different time periods. The proposed approach for changes in customer behavior can assist managers in developing better marketing strategies</p>
Keywords : Association rules; Retailing; Customer behavior; Change patterns

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GİRİŞ

Customized service is actually crucial in retail markets. Customized service has become a key issue in developing customer relationships. Marketing managers can develop long-term and pleasant relationships with customers if they can detect and predict changes in customer behavior. In the past, researchers generally applied statistical surveys to study customer behavior. Recently, however, data mining techniques have been adopted to predict customer behavior.¹ Datamining techniques search through a database without any specific pre-determined hypothesis to obtain implicit, previously unknown, and potentially useful information including knowledge rules, constraints and regularities . Data mining is a stage in Knowledge Discovery in Databases, involving the application of specific algorithms for pattern extraction. Various successful applications have been reported in areas such as marketing, finance and banking. Applications in these domains generally involve the collection and storage of large amounts of data. Data mining brings various techniques together to discover patterns and to construct models from databases. Currently businesses face the challenge of a constantly evolving market where customer needs are changing all the time. In such a situation, change mining can enable market analysts to better understand changes in customer needs and how those needs change. Change mining is more appropriate in dynamic business environments, and involves extensive human intervention. Retail market managers must not only provide highquality products and services, but also must react appropriately to changes in customer needs. Data mining can be applied to identify useful customer behavior patterns from large amounts of customer and transaction data. As a result, the discovered information can be ascertained to support better decision-making in retail marketing. Data mining techniques have mostly been adopted to generate predictions and describe behaviors. Relatively little research has focused on mining changes in databases collected over time.

In the dynamic retail market, understanding changes in customer behavior can help managers to establish effective promotion campaigns. Liu et al. devised a method of change mining in the context of decision trees for predicting changes in customer behavior. Since decision tree is a classification-based approach, it cannot detect complete sets of changes. Association rule

¹ Mu-Chen Chena etc. (2005) Mining changes in customer behavior in retail marketing, ELSEVIE Journal pp, NO.774.

extraction was widely used for analyzing the correlation between product items purchased by customers, and to support sales promotion and market segmentation. Song et al. employed an approach based on association rules to identify changes in customer behavior. Most previous customer behavior studies applied customer demographic variables to analyze customer behavior. However, valuable customer behavioral variables, such as recency, frequency, and monetary, can be used to differentiate customer contributions to a business. Researchers have observed that RFM is a widely used technique for customer behavioral analysis that can effectively investigate customer values and segment markets. Customer behavioral variables, respectively, measure the recency of customer purchasing behavior, the frequency of purchasing, and the average monetary expenditure on purchasing. can be transformed using customer and transaction databases. This study attempts to integrate customer behavioral variables, demographic variables, and transaction database to establish a method of mining changes in customer behavior. Song et al. designed two measures of similarity and unexpectedness to analyze the degree of resemblance between patterns at different time periods. However, these two measures are limited to the analysis of patterns with a single attribute on the right-hand side of an association rule. This study designs two modified measures of similarity and unexpectedness to overcome the above limitations. In this study, the data required for analysis are integrated and transformed from customer, product, and transaction databases. The proposed approach for mining changes in customer behavior can assist managers in developing better marketing strategies.

Studies of customer behavior in retail stores usually deal with identification of customers and their buying behavior patterns ² The aim of such studies is to ascertain who buys where, what, when and how. In addition, such studies endeavor to learn about customer response to sales promotion devices. The results of these studies are useful in the solution of an array of marketing problems. These studies are gaining importance in marketing research. It is safe to predict that interest in them will increase greatly in the next decade. This paper summarizes the writer's experience with such studies in grocery stores.[^] However, the principles and techniques discussed here are also applicable to other types of retail stores. The "why" of customer behavior is a separate and very difficult subject; it is not treated here. A knowledge of customer behavior must precede any consideration of the reasons for the behavior.

² William Applebum(1951), Studying Customer Behavior in retail storespp, NO.172.

CHAPTER ONE

CUSTOMER'S PURCHASING BEHAVIOUR CHANGES

1.1. IDENTIFICATION OF CUSTOMERS

The terms customer and consumer are not synonymous. a customer is a purchaser of a product or a service; a consumer is a user of a product or a service. Bed-ridden invalids in hospitals are food consumers but hardly food store customers. Purchasers of rat poison are not the consumers of the product. The buying behavior of the customer is influenced by the needs and preferences of the consumers for whom the products are purchased. As a dog owner I can testify that our Cocker influences her purchasing agents in the choice of brands of dog food. A devoted housewife will buy for her husband his favorite, extra-strong cheese, even though she prefers not to subject her sensitive nostrils to the penetrating, if not overpowering, bouquet. Here, however, we are primarily concerned with customers' buying behavior rather than with consumer preferences. The strict definition of customer as purchaser, valid as it may be, is sometimes impractical because it is not always simple to identify a purchaser in a store. A husband and wife shopping together may represent two customers, or one customer and one bundle carrier, and it is not always possible to tell which is which. A boy accompanying his mother may influence decisions in selection and purchase of several items, even if the youngster has no purchasing power of his own. Therefore practically every person who enters a store is a potential purchaser and represents a unit in the store's customer traffic. Identification of customers seeks to ascertain who the customers are. It is not sufficient to study buying behavior patterns without knowing whose buying behavior is involved. Hence it is necessary to identify the competition and origin of customers.

In general, customers divide their purchases among a number of stores. They shop in more than one department store and in many specialty stores. Even in buying food there is a division of purchases. Many customers do not buy their meats or fresh fruits and vegetables where they buy their dry groceries, although all these goods may be available in the same store. The specialty food store, the milkman, the produce huckster, and the "hole-in-the-wall" are all getting a share of the total food business. Where customers have the choice of purchasing the same goods in a

number of stores, their patronage loyalty to any one store is by no means permanent. Witness the grand opening of a new super market! Many of the customers who flock to the opening are abandoning old patronage loyalties. Hence, length of patronage also deserves study. Studies of customer buying behavior patterns with respect to place of purchase are useful in selecting store locations, in choosing distributors for a product, and in merchandising.

Existing e-service quality scales mainly focus on goal-oriented e-shopping behavior excluding hedonic quality aspects. As a consequence, these scales do not fully cover all aspects of consumer's quality evaluation. In order to integrate both utilitarian and hedonic e-service quality elements, we apply a transaction process model to electronic service encounters. Based on this general framework capturing all stages of the electronic service delivery process, we develop a transaction process-based scale for measuring service quality (eTransQual). After conducting exploratory and confirmatory factor analysis, we identify five discriminant quality dimensions: functionality/design, enjoyment, process, reliability and responsiveness. All extracted dimensions of e-TransQual show a significant positive impact on important outcome variables like perceived value and customer satisfaction. Moreover, enjoyment is a dominant factor in influencing both relationship duration and repurchase intention as major drivers of customer lifetime value. As a result, we present conceptual and empirical evidence for the need to integrate both utilitarian and hedonic e-service quality elements into one measurement scale.³

The academic marketing literature increasingly focuses on customer relationships, a focus that is also apparent in marketing practices and in firms' significant investments in customer relationship management (CRM) systems (Reinartz 2005). Loyalty programs can be popular marketing tools for developing relationships, stimulate product usage, and help retain customers. We define a loyalty program as an integrated system of individualized marketing actions that aims to increase customers' loyalty through personalized relationships that stimulate their purchase behavior. In general, loyalty program rewards are based on cumulative buying and thus may involve switching costs. Psychological, sociological, and relational drivers also may enhance customers' trust and affective commitment to a company, and programs may induce feelings of pride about having won something without having to pay the regular price (Morgan and Hunt

³ Bauer H. H. etc. A transaction process-based approach for capturing service quality in online shopping, *Journal of Business Research* (2006) vol.59 NO.7 pp,866.

1994). Beyond driving repurchase behavior, companies are interested in data tracking. Tesco's loyalty program features a business model of program efficiency and a customer model of data-driven knowledge, which enables the firm to undertake tailored strategies and incentives to appeal to different segments (Humby et al. 2004). Although loyalty programs have become widespread, empirical results on the strength and direction of effects on customer behavior remain limited and contradictory. Nako (1997) and Bolton et al. (2000) found that loyalty programs positively influence customers' choice of company, transaction values, resistance to counterarguments, and retention. Lewis (2004) and Taylor and Neslin (2005) have suggested that retailers' loyalty programs increase purchasing. Kivetz et al. (2006) found that progress toward a reward can accelerate customers' purchases. Still other researchers contend that programs that rely on the type of reward systems prevalent today are expensive to establish and that there is little evidence of changes in customers' behavior to justify such expenditures (Sharp and Sharp 1997). Thus, Mägi (2003), Meyer-Waarden and Benavent (2006), and Leenheer et al. (2007) indicate mixed support for the impact of loyalty cards on customer share of wallet (SOW). Benavent et al. (2000) question the profitability of programs that involve massive card distribution on the basis of findings that loyalty cards have only weak effects on purchase behavior. Reinartz (1999) and Meyer-Waarden (2007) provide mixed support for the impact of programs on customer lifetime. Finally, Leenheer et al. (2007) emphasized the primary role of selection, and Liu (2007) noted the differentiated effects of different segments in terms of purchase size. Such ambiguous results derive partly from limitations that hinder proper assessments of the effects of loyalty programs. For example, aggregated panel data fail to take into account customer heterogeneity (see Nako 1997; Sharp and Sharp 1997). Internal store data allow for only limited use of competitive information about purchasing behavior (see Benavent et al. 2000; Bolton et al. 2000; Kivetz et al. 2006; Lewis 2004; Reinartz 1999; Taylor and Neslin 2005). There are also well-documented reliability problems with declarative survey data (see Mägi 2003). To the best of our knowledge, none of these investigations had access to loyalty program enrollment dates. Thus, the studies compare purchase behavior between only cardholders and no cardholders, and ignore the relationship between program self-selection and previously heavy purchasing behavior. Although Leenheer et al. (2007) partially test self-selection for some variables (e.g., attitudes toward programs, household characteristics), they ignore former purchase behavior and do not compare behavior before and after loyalty program inscription. Finally, existing research fails to consider

sector differences (e.g., competition, switching costs, rewards), which makes generalizing the results difficult.⁴

Research on the relationship between service quality and profits has begun to accumulate, and one thing is clear: The link between service quality and profits is neither straight forward nor simple. The intermediate links between service quality and profits have not been well understood. To delineate the complex relationship between these two variables, researchers and managers must investigate and understand many other relationships, each of which is an integral part of the composite. One such relationship-between service quality and behavioral intentions-is the primary focus of our present research. In the remainder of this introductory section, we provide a general overview of the extant knowledge about the link between service quality and profits. We then outline our specific objectives and how our study attempts to extend current knowledge. Seminal studies using the PIMS (Profit Impact of Market Strategy) data set have uncovered significant associations among service quality, marketing variables, and prof stability. Findings from these studies show that companies offering superior service achieve higher-than-normal market share growth, that the mechanisms by which service quality influences profits include increased market share and premium, and that businesses in the top quintile of relative service quality on average realize an 8% higher price than their competitors (Gale 1992). Evidence from companies large enough to have multiple outlets also suggest a positive quality-profitability relationship: The Hospital Corporation of America found a strong link between perceived quality of patient care and profitability across its many hos petals and the Ford Motor Company has demonstrated that dealers with high service-quality scores have higher-than-normal profit, return on investment, and profit per new vehicle sold (Ford Motor Company 1990). Although the previous findings document the financial and strategic impact of service quality across firms or out lets, the evidence is often too general to answer the questions foremost in executives' minds: If I invest in servicequality, will it pay off for my company? How will service quality pay off? How much should we invest in service quality to receive the best return? In addressing such questions, researchers distinguish between offensive effects (capturing new customers) and defensive effects (retaining customers). Determining the offensive impact of service quality parallels the age-old search for the advertising-sales connection. Service quality's effects similar to advertising's

⁴ Lars Meyer-Waarden& Christophe Benavent (2008), Grocery retail loyalty program effects: self-selection or purchase behavior change? pp. NO3.

effects-are cumulative, and therefore evidence of the link may develop slowly. And, similar to advertising, service quality is one of many variables-including pricing, advertising, efficiency, and image-that simultaneously influence profits. Furthermore, spending on service per se does not guarantee results, because strategy and execution must both be considered. On the other hand, evaluating the defensive impact of service quality through customer retention promises to help companies gauge the financial impact of service quality. The relationship between retention and profits recently has been estimated by a variety of researchers and companies. If the relationship between service quality and retention can be similarly documented, the financial implications for a given company or even a given service initiative can be calibrated. Zahorik and Rust (1992) distinguish among five tasks that must be completed to model the impact of service on profits:

- 1 identifying the key service attributes to include in the model.
- 2 selecting the most important attributes.
- 3 modeling the link between programs and attitudes.
- 4 modeling behavioral response to service programs.
- 5 modeling the impact of service programs on profits.

The research we describe involves the first four tasks that Zahorik and Rust (1992) propose and concentrates on the fourth, namely, modeling behavioral response to quality service. All four of these tasks are firmly in the domain of marketing and the first three have been studied extensively in the last decade (for a review, see Zahorik and Rust 1992). In contrast, the fourth attribute, the impact of service quality on behavioral response, has been the subject of only a few marketing studies to date (Boulding et al. 1993; Cronin and Taylor 1992).⁵

The emotional nature of shopping has been characterized by researchers for some time. Oxenfeldt (1974) suggests customers will have both opinions and feelings toward certain stores that will influence their perceptions. Consumer-behavior research has heavily reflected the influence of cognitive psychology, focusing and relying upon the traditional information-processing paradigm to explain or predict consumer decision making processes and their

⁵ Valarie A. Zeithaml, Leonard L. Berry and A. Parasuraman (1996) *The Behavioral Consequences of Service Quality*, pp. 31-32.

outcomes (Bettman, 1979). Belk (1975) asserted that the situation must influence the consumer, and offered a topology of situations. One of the antecedent states, suggested by Belk, included the consumer's mood. Until then, mood was not legitimized as a variable of concern in consumer research. It was, however, being studied by psychologists, and much of what we know about the concept has come from those efforts (e.g., Bower, 1981; Clark, 1982; Clark & Isen, 1982; Isen, 1984; Isen et al., 1982; Mandler, 1979). In recent years, affect has been recognized as more important in decision making. An individual's mood can apparently influence behavior without interfering with other cognitive processes (Clark, 1982; Clark & Isen, 1982). Thus, moods may be thought of as feeling states that gain ascendancy and "describe a phenomenological property of an individual's subjectively perceived affective state which will refer to the general, pervasive, affective states that are transient and particularized to specific times and situations" (Gardner, 1985, p. 284). Most recent explorations on the influence of mood have been conducted within the confines of the laboratory, with the use of carefully delineated tasks and techniques. Specifically, researchers "have attempted to study mood effects by using a mood manipulation to induce a 'positive' or 'negative' affective state in experimental subjects" (Hill & Ward, 1989, p. 97). However, as in any laboratory research, the question of external validity arises. As Hill and Ward (1989) point out, "commonly used mood manipulations may influence more than subjects' moods and thus confound studies" (p. 97). With regard to consumer behavior, laboratory studies indicate that mood interacts with involvement and shopping experiences (Swinyard, 1993).⁶

1.2. CUSTOMER'S PURCHASING BEHAVIOURS

In this study, we identified and explored how store environment and emotional states may influence various dimensions of purchase behavior. This research confirms that although cognitive factors may largely account for store selection and for most planned purchases within the store, the environment in the store and the emotional state of consumers may be important determinants of purchase behavior. Although it differs on some factors with the research of Donovan et al. (1994), the present study reaffirms that retailers should pay attention to consumer's in-store emotional state (pleasure and arousal), because the emotions of consumers are important factors in buyer behavior. In the present study, social factors and the design of the

⁶ Elaine Sherman and Anil Mathur (1997) Store Environment and Consumer Purchase Behavior: Mediating Role of Consumer Emotions, pp, NO. 362-363.

store had a positive impact on pleasure, and ambience positively affected arousal. This research also found that pleasure had a positive influence on money spent and liking the store, and arousal had a positive impact on money spent in the store, time spent in the store, and the number of items purchased in the store. These findings differ from those of Donovan et al. (1994). Although their research indicates that pleasure is a significant predictor of both extra time and unplanned spending, our study suggests that pleasure is more closely associated with store liking and money spent in the store. Together with the traditional utilitarian explanation of shopping behavior, these more recently identified reasons for behavior in the store present a new challenge to the marketer. Efforts have shifted from a sole concern with merchandise breadth, depth, and quality to include an emphasis on creating a pleasant, entertaining experience for the consumer who is interested in more than just the product. Unless a store has a distinct product offering or pricing strategy, retailers must distinguish their store by building on the relationship between store atmosphere and consumers' emotional states. Arousing the consumer by bright colors, or upbeat music, as suggested by Holbrook and Garner (1993), may have a positive effect on profitability. As Donovan et al. (1994) indicate, care needs to be taken that in unpleasant environments, arousal might need to be dampened. Furthermore, as they suggest, more research should be undertaken to measure the pleasure and arousal dimensions prior to entering the store, because some of the motives for spending may have been to relieve negative emotions. First, the utilitarian shopper who goes to the store to buy a specific product may purchase additional items if his or her attention is captured by creative displays or demonstrations. Second, the shopper who goes to the store because she or he likes the environment may unexpectedly spend more money as a result of a positive-mood-inducing atmosphere in the store. Even if a consumer is in a negative emotional state upon entering, she or he may become more emotionally uplifted while in a store where the atmosphere creates positive feelings, and may spend more than intended. In fact, more research is needed on this aspect. It should be noted, of course, that just as a positive in-store experience may induce a positive emotional state and subsequent positive affirmative behavior, a negative in-store experience could nullify the influence of preexisting good feelings, enhance a negative state, or even create a mood state. Thus, the retailer must not only ensure that positive good feelings remain positive or become even more so, but must also take steps to help change negative feelings to positive ones. For some customers, this may amount to simply not being offended by discourteous salespeople, unpleasant odors or noise, or temperatures in store. This study indicates

that a consumer's emotional state may affect his or her shopping behavior after the decision to shop has been made. At the point of purchase there are many ways to make a customer feel better: suitable layout, cleanliness, colors, and salesperson training. These findings seem important for retailers to note, especially if all that is necessary is to properly train salespeople and to make even small capital investments such as adjusting the light level or store layout in ways that would appeal to the store's clientele. Such atmospheric changes or additions would be well worth the effort if they positively influence consumers' emotions and stimulate positive purchasing behavior, such as buying and spending more. Having a pleasant experience can also encourage a shopper to build a more lasting relationship with the store and seek to return.⁷

Customer buying habits or behavior patterns are not permanently fixed, and certainly not sacred, even though some habits tenaciously resist change. Many factors are operating in combination to change customer food-buying behavior patterns. Among these are the automobile, the super market and self-service, the progress in the development and merchandising of frozen foods, prepared flour mixes, brown-and-serve baked goods and concentrated fresh milk; the increasing availability of suitable facilities in the customer's home for preserving these and other highly perishable raw and prepared foods; and the public's receptive disposition to easier and less time-consuming ways of living. Similar and perhaps even more pronounced changes are affecting customer buying behavior patterns of non-food commodities. Customer buying behavior patterns can be grouped in relation to:

1. Place of Purchase
2. Items Purchased
3. Time and Frequency of Purchase
4. Method of Purchase
5. Response to Sales Promotion Devices

Place of Purchase In general, customers divide their purchases among a number of stores. They shop in more than one department store and in many specialty stores. Even in buying food

⁷ Elaine Sherman and Anil Mathur, (1997) Store Environment and Consumer Purchase Behavior: Mediating Role of Consumer Emotions, pp, NO.373-375.

there is a division of purchases. Many customers do not buy their meats or fresh fruits and vegetables where they buy their dry groceries, although all these goods may be available in the same store. The specialty food store, the milkman, the produce huckster, and the "hole-in-the-wall" are all getting a share of the total food business. Where customers have the choice of purchasing the same goods in a number of stores, their patronage loyalty to any one store is by no means permanent. Witness the grand opening of a new super market! Many of the customers who flock to the opening are abandoning old patronage loyalties. Hence, length of patronage also deserves study. Studies of customer buying behavior patterns with respect to place of purchase are useful in selecting store locations, in choosing distributors for a product, and in merchandising.

Items Purchased Every customer purchase and every store sale consists of a transfer of one or more specific commodities. No one customer purchases all the different items for sale in a store. Over a period of time a customer will purchase a substantial selection of the total items available in the store, but that selection will vary somewhat with each customer. Therefore, in studying customer buying behavior patterns it is necessary to ascertain (a) what items and (b) how much of each item customers purchase. The purchase of many necessity items —soap or bread, for example—is common and ubiquitous. Luxury items, such as caviar or avocado pears, are purchased by a relatively small group of customers. The purchase of some items has a strong regional demarcation— grits or live lobster, for example. Rarely does a customer purchase a single potato or a single carrot. On the other hand, very seldom does a customer purchase more than one watermelon at a time. The amount of each item purchased depends on many factors, of which the following are probably the most important: number of consumers for whom the item is intended; perishability of the item; storage requirements and facilities available; purchasing power and ready cash; unit of sale; and price. The introduction of new products and changes in dietary habits also affect the customer's choice of items and the amount purchased. As previously pointed out, in so far as the customer is the purchasing agent for a family or a number of consumers, the purchases reflect the characteristics of all the consumers involved. From the distributor's, manufacturer's and producer's point of view it is essential to study what items and how much of each the customer buys by brand or quality, by size or weight, by price, by type of container, and by season.

Time and Frequency of Purchase Store operations must be geared to mesh with the customers' time of purchase pattern. Store buyers and merchandisers must keep on schedule with it. Merchandise must be available in the store in adequate supply if maximum sales are to be achieved. Woe to him whose Christmas trees arrive to market on December twenty-sixth! In studying time of purchase patterns it is necessary to relate these to the seasons, weather, and regional differences. Every retailer knows from experience that his volume of sales is not uniform by days of the week, nor by hours of the day. The variations are very pronounced, especially in the food business. Attempts[^] by retailers to modify customer time of purchase behavior patterns, with the view of improving service to customers or raising efficiency of operation, have by no means been entirely successful. The long lines of customers waiting impatiently to be checked out in super markets during peak periods in contrast to the buying inactivity at other times illustrate a continuing troublesome store operations problem created by the customers' time of purchase pattern. Frequency of purchase depends primarily upon the type of commodity involved. In the course of a lifetime, a man rarely purchases more than two wedding rings—most men try to manage with the original acquisition, even if it does not turn out to be quite the bargain expected. An automobile—which in American life has become indispensable to the pursuit of happiness—is turned in for a new model every few years. On the other hand, the addicted pleasures of cigarettes go up in smoke so rapidly that the frequency of purchase is generally a daily performance and, allegedly, men will walk a mile for their favorite brand. Frequency of purchase also varies among customers. Some shop in food stores daily, others only once a week. The size of the total purchase, the number of items and the quantity of each item bought all vary with frequency of purchase. The more frequently a customer visits a store, the more is that customer exposed to the impact of sales promotional devices used in the store.

Method of Purchase Whether a customer buys on a cash and carry or on a charge and delivery basis, whether a customer shops alone or is accompanied by someone else, and whether a customer walks or rides to the store are some of the elements in method of purchase. The importance of providing adequate parking facilities to accommodate the customer who shops or who would like to shop by automobile needs no elaboration. Even department stores are building branch units to meet, among other things, the parking problem. Size and frequency of purchase in grocery stores are definitely affected by the mode of travel to make the purchase. Couples shopping in super markets buy more per transaction than does a woman or man shopping alone.

The same applies in other type stores. Many a woman will invite her husband to help her select a purchase; the husband influences the choice and frequently approves the acquisition of a more expensive item.⁸

In this study, customer behavior patterns are first identified using association rule mining. Following the association rules of customer behavior are discovered, the changes in customer behavior are identified by comparing two sets of association rules generated from two datasets of different periods. Based on previous studies, changes in customer behavior include emerging patterns, added patterns, perished patterns, and unexpected patterns (Dong & Li, 1999; Liu & Hsu, 1996; Liu, Hsu, Mun, & Lee, 1999; Padmanabhan&Tuzhilin, 1999; Song et al., 2001). The discovered change patterns can be further explained and assessed to provide a basis for formulating marketing strategies. Fig. 1 illustrates the flowchart of change mining for customer behavior. Further details of the change mining procedure are discussed below.

Data pre-processing Prior to analysis data accuracy and consistency must be ensured to obtain truthful results. Generally, some useful variables can be hidden in a large quantity of raw data, and thus can be obtained through data integration and transformation. Customer behavioral variables (RFM) are hidden in customer and transaction databases, and can be extracted from data integration and transformation. Since the data required for analyzing association rules must be discrete, continuous variables are transformed to discrete variables, and a simple 3-4-5 rule is applied (Han &Kamber, 2001). In RFM, recency represents the interval between the most recent transaction time of individual customers and the evaluation time (Stone, 1995). Moreover, frequency represents the number of purchases by individual customers during a specific period. Additionally, monetary represents the average expenditure of a customer during a specific period. Individual customers' recency, frequency, and monetary are scored to calculate the value of the purchasing behavior of each customer.

Customer segmentation Customers are segmented into various target markets in terms of customer value obtained by scoring RFM. Marcus (1998) conducted market segmentation based on customer values obtained from the growth matrix of Boston Consulting Group (BSG), and classified customers into four clusters in terms of average purchase expenditure (monetary) and

⁸ WILLIAM APPLEBAUM, STUDYING CUSTOMER BEHAVIOR IN RETAIL STORES, pp, NO. 173-175.

purchase frequency. These four customer groups include best customers, frequent customers, spenders, and uncertain customers, as illustrated in Fig. 2. To develop a target market, another customer behavioral variable, recency, can be used for cross analysis to differentiate customer contributions to businesses

Mining customer behavior Association rules were initially applied to analyze the relationships of product items purchased by customers at retail stores (Agrawal, Imielinski, & Swami, 1993; Srikant, Vu, & Agrawal, 1997). In data mining, association rules are descriptive patterns of the form $X \Rightarrow Y$, where X and Y are statements regarding the values of attributes of an instance in a database. X is termed the left-hand-side (LHS), and is the conditional part of an association rule. Meanwhile, Y is called the right-hand-side (RHS), and is the consequent part. The most typical application of association rules is market basket analysis, in which the market basket comprises the set of items (namely item set) purchased by a customer during a single store visit. In customer behavior research, association rules can be applied to identify the correlations between customer profiles represented by demographic variables and purchased products by examining customer and product databases (Song et al., 2001). In Song et al. (2001), LHS of association rules chooses customer profile variables such as gender, age, yearly income, and so on; whereas RHS includes the product items bought. Customer behavioral data are generally the most effective predictive data in customer relationship management (Rud, 2001). In this study, the customer behavioral variables (RFM) are associated with demographic variables to predict customer purchasing behavior. The association rules discovered at different periods of time are adopted for change mining to identify customer behaviors that vary over time. Association rules can include any number of attributes on either side of the rule. Not all association rules are interesting to decision makers. Rule support and confidence are two measures of rule interestingness. An interesting rule must satisfy the minimum support and confidence determined by domain experts. In the algorithms for association rule mining, Apriori is one of the most widely used algorithms (Srikant et al., 1997). In this study, Apriori is applied to discover customer behavior patterns.

Change meaning In this study, measures of similarity and unexpectedness are developed for rule matching to investigate changes in customer behavior. This study first explains the changes in customer behavior, and then mathematically designs the similarity and unexpectedness measures.

Change patterns Based on previous studies, four patterns are identified to measure changes in customer behavior (Dong & Li, 1999; Liu & Hsu, 1996; Padmanabhan&Tuzhilin, 1999; Song et al., 2001). These patterns include emerging pattern, added pattern, perished pattern, and unexpected change. These four change patterns are explained below.

2.4.1.1. Emerging patterns. Emerging patterns are defined as rules whose supports increase extensively between time stamped datasets (Dong & Li, 1999; Song et al., 2001). In marketing management, emerging patterns imply the same consumer behavior that exists in different periods of time with trend. The positive pattern growth rate (i.e. the support of a rule increases over time) indicates that the customer behavior becomes robust over time. Meanwhile, a pattern growth rate below zero indicates that the customer behavior is getting weak. For emerging patterns, the conditional and consequent parts are identical for $r_{t1 i}$ and $r_{t2 i}$, but support for the two rules differs significantly between different time periods.

2.4.1.2. Added patterns. A rule at period $t2$, $r_{t2 j}$, is identified as an added pattern if all conditional and consequent parts differ significantly from any rule, $r_{t1 i}$, at period $t1$ (Lanquillon, 1999; Song et al., 2001). The rule matching threshold (RMT) is used to measure the degree of change.

Perished patterns. A rule at period $t1$, $r_{t1 i}$, is identified as a perished pattern if all conditional and consequent parts differ significantly from any rule, $r_{t2 j}$, at period $t2$ (Lanquillon, 1999; Song et al., 2001). A perished.

1.3. IMPLEMENTATION

A prototype system for mining for changes in customer behavior is devised based on the scheme discussed above. The data for analysis are derived from a sample database, Food mart, in Microsoft SQL Sever 2000. This database includes the product, customer, and transaction databases of a chain store. Since this study is intended to identify the patterns of changes in customer behavior during different periods, the dataset is first segmented into two for periods of $t1$ and $t2$.

1.4. DATA TRANSFORMATION

Customer behavioral variables (recency, frequency, and monetary, RFM) are the important variables hidden in the database. To reduce the complexity in data explanation, the recency is assessed using five-score in terms of customer value. Customer purchase frequency is calculated based on weighted average and is differentiated using five-score. The monetary quantity of customer purchase indicates average customer expenditure and divides into five behavior scores for market segmentation.

The total customer value scores for individual customers are calculated to analyze market segmentation and target marketing. In retailing, recency of store visit is a more important indicator than purchase frequency and average spending per visit; hence, recency is assigned a greater weight (say 5) than frequency (say 3) and monetary amount (say 2). Consequently, the maximum score of individual customer value is 50 (i.e. $5 \times 3 \times 5$), whereas the minimum score is 10 ($5 \times 1 \times 2$). The score of customer value provides a basis for customer clustering intended to demonstrate significant difference in customer behavior scores of individual customer clusters. Customers are divided into four clusters based on differentiated value scores. Following customers are grouped based on customer values, the growth matrix of Boston Consulting Group (BSG) is employed to differentiate the value of each customer cluster based on purchase frequency and average monetary expenditure and to segment customers into four clusters with different values based on purchase frequency and average monetary expenditure. The clusters are: best customers (most valuable), frequent buyers, spenders, and uncertain customers (least valuable). Cluster 4 represents the most valuable customers, while Clusters 1 and 2 represent peripheral customers with lower purchase frequency and monetary expenditure. When recency is used for cross analysis of the four customer clusters, customers in Clusters 1 and 2 have not made regular purchases recently. Meanwhile, Cluster 4 consists of customers who have recently made regular purchases, and also have higher average purchase size and purchase frequency. Therefore, Cluster 4 is concluded to be the most valuable for the business. This study applies association rules to discover patterns and changes in the behavior of customers in Cluster 4 (Fig. 3).

Association rules for customer behavior Association rules are used to analyze the patterns of customer behavior of different time periods for each customer cluster. For mining changes in customer behavior during different periods, the data in this study are grouped into two periods. The data for each observation period is divided into four market segments of uncertain, spender, frequent, and best based on the scores based on customer behavior. To analyze the relationship between customer profile and purchased products, LHS (conditional part) of association rules consists of customer demographical and behavioral variables, and RHS (consequent part) consists of the products purchased by customers. This study uses the Apriori algorithm to mine customer behavior patterns. The minimum support and minimum confidence of the association rules are set to 20% and the frequent itemset is assumed to include up to six items. Following the generation of association rules, the association rules of Cluster 4 for two different time periods are compared to understand the customer behavior patterns of the most valuable customers. The generation of customer behavior changes for the most valuable customers is illustrated in the following.

Changes in customer behavior The most valuable customers in Cluster 4 are used to provide an example to explain the generation of patterns of change in customer behavior. The association rules of customer behavior generated by the Priory algorithm for the first and second periods involve 111 and 78 rules, respectively. The rules obtained from the two periods are then entered into the system for rule matching for customer behavior. The rule matching threshold (RMT) is set to 0.4. Owing to the large number of changes in customer behavior patterns, a few examples of change pattern are selected from each change category to provide an explanation.

Online system Many patterns of change in customer behavior require the review of various related data to obtain valuable information for market analysts. In this study, four types of behavior changes obtained from rule matching are saved. An online query system is then built to facilitate the timely searching of change patterns. All customer behavior patterns generated by association rule mining can be recorded, as illustrated in Fig. 4. Moreover, Fig. 5 shows that the user can select a customer behavior rule for a specified time period and observe whether the rule implies emerging patterns, added patterns, perished patterns, unexpected condition patterns, or unexpected consequent patterns. By searching for change patterns, market analysts can rapidly acquire the required information) via visualization, and can devise appropriate marketing strategies by searching for possible changes in customer behavior over time.

Conclusions of this chapter The advent of data mining has enhance the customer behavior prediction accuracy. Mining changes for customer behavior is useful for satisfying customer needs in dynamic business environments. Change mining can extract further value from customer, product and transaction databases. In this study, the behavioral variables, RFM, coupled with growth matrix of customer value, are applied to estimate the value that individual customers contribute to the business. Association rules are used to identify the association between customer profile and product items purchased. The improved measures of similarity and unexpectedness are developed for mining changes in customer behaviors at different time snapshots. Finally, an online query system provides marketing managers a tool for rapid information search, and valuable information based on prompt feedback. The developed system enables marketing managers to rapidly establish marketing strategies.

The average customer made eight unplanned purchases while the average number of specifically planned purchases was only 2.5. The mean number of purchases for any of the other intentions-outcomes categories was less than 1.0. In absolute terms then unplanned purchasing was by far the more frequent. Table 1 gives the dispersion of respondents for two major intentions-outcomes categories. The maximum number of unplanned purchases made by a shopper was 40, the minimum 0 and the standard deviation 9.2. Both the ranges and standard deviations of the remaining intentions-outcomes categories are considerably smaller. It is apparent that the incidence of unplanned purchasing varies greatly for shoppers, absolutely and relatively, from the customer variation in other intentions-outcomes categories. Percentage of Purchases The intentions-outcomes categories can also be expressed in percentages. The percentage refers to the number of purchases in a given intentions-outcomes category for one respondent divided by the total of different products purchased by t In terms of relative frequency, the average customer purchased 50.5 percent of the products on an unplanned basis. In contrast, , the mean percentage specifically planned purchases is 25.9 percent, and the highest mean for any of the remaining categories is only 8.2 percent. In percentage terms the incidence of unplanned purchasing is greater than the combination of all other intentions-outcomes categories. The wide variation in the percentage of unplanned purchases is demonstrated by the nearly equal distribution of shoppers across the percentage categories (Table 1). Specifically planned and other intentions-outcomes categories display considerably less variation among shoppers. Overall, then unplanned purchasing is the most common intentions-outcomes category, expressed in either

absolute or percentage terms. Also, shoppers vary widely in the number and percentage of unplanned purchases. Only the proportion of unplanned purchases will be the dependent variable. In this manner the effects of number of purchases are netted out, allowing number of products sought to be a possible explanatory variable. Two stages of analysis are necessary for understanding customer unplanned purchasing behavior. The first stage is to determine which variables are associated with the occurrence of different rates of unplanned purchasing, but this stage does not explain how unplanned purchasing occurs or what it involves. The second stage attempts to reconstruct some of the precipitating conditions that lead to an unplanned purchase.⁹

The customer-commitment hypothesis uses a simple learning theory paradigm to account for the relationship [4]. Products having high purchase frequencies also usually have an extended purchase history. Thus during any shopping trip, a customer is more likely to purchase products with higher purchase frequencies. Thus, frequently purchased products have lower unplanned purchase rates; it is easier for the shopper to remember that she plans to purchase them.¹³ Shopping List A shopping list influences unplanned purchasing only when more than 15 products are purchased; shoppers with a list have lower unplanned rates. The exposure hypothesis assumes that a shopper who expects to purchase a small number of items has clearly defined needs and is less susceptible to in-store stimuli. A shopping list does not affect this behavior. However, the shopper with plans to purchase a large number of products, according to the exposure hypothesis, uses in-store stimuli to identify shopping needs. According to the customer-commitment hypothesis, when few products are purchased, the time and effort commitments involved in itemizing purchase plans are small and are only marginally reduced by a shopping list. If a large number of products are purchased, the effort and time commitments are high, and are greatly reduced by a shopping list.

Years Married The exposure hypothesis can account for the increased rate of unplanned purchasing as years married increase. First, as years married increase and the children grow, both the quantity and variety of their food consumption increase. Pre-planning becomes more time consuming and difficult, so the shopper may rely more on in-store stimuli. Also, other household members may accept the housewife's purchases so that she can make more in-store purchase

⁹ David T. Kollatand Ronald P. Willett, Customer Impulse Purchasing Behavior (1967), Journal of Marketing Research, Vol. 4, No. 1 (Feb., 1967), pp. 22 – 23.

decisions. Finally, older shoppers have probably had more shopping experience and may feel better qualified to evaluate purchase alternatives in the store. The customer-commitment explanation assumes that shoppers married for shorter times can give a more accurate itemization of purchase intentions. Since younger shoppers usually have smaller incomes, they may plan grocery expenditures. Younger households may have greater husband-wife participation in determining grocery expenditures, and their purchases may be thought out before the shopping trip. Since the number and variety of purchases usually increase when the size of the household increases, it may be easier for younger couples to give a more complete listing of purchase plans.

Types of Unplanned Purchases Most unplanned purchases represent either out-of-stock same brand or inventory-addition same brand purchases. In-store stimuli usually remind shoppers of present or future needs rather than evoking new needs. Out-of-stock same brand unplanned purchases do seem consistent with the customer-commitment hypothesis. That is, most of these purchases are probably routine, so the customer could probably identify them as purchase intentions given an appropriate research design. However, inventory-addition same brand purchases may have actually been planned, others were probably precipitated by in-store stimuli. Unplanned purchasing can be described as a blend of the hypothesis. Some unplanned purchases are probably precipitated by exposure to in-store stimuli. Others are not unplanned at all but are caused by the way in which the behavior is usually measured. These purchases are classified as unplanned because measured purchase intentions deviate from actual purchase plans because of the customer's inability or unwillingness to give the time and thought necessary to tell the interviewer her purchase plans. Unfortunately, the data do not seem to permit a conclusion about these two explanations for customer unplanned purchasing behavior.¹⁰

1.5. CUSTOMER BEHAVIOR AND INTERNET PURCHASING

Several opinion polls have found that many consumers resist making purchases via the Internet because of their concerns about the privacy of the personal information they provide to Internet merchants. Using the theory of planned behavior as its basis, this study investigated the relationships among beliefs about Internet privacy and trustworthiness, along with beliefs about perceived behavioral control and the expectations of important others, and online purchasing

¹⁰ David T. Kollat and Ronald P. Willett, Customer Impulse Purchasing Behavior (1967), *Journal of Marketing Research*, Vol. 4, No. 1 (Feb., 1967), pp. NO. 30.

behavior. Data were collected from 193 college students. Analysis of the data indicates that beliefs about trustworthiness positively affect attitudes toward buying online, which in turn positively affect purchasing behavior. Beliefs about self-efficacy regarding purchasing positively affect perceived behavioral control, which in turn affects online purchasing behavior. In short, respondents who believed in the trustworthiness of the Internet and in their own abilities to buy online were more likely to make Internet purchases than were those without such beliefs.

Some 53 percent of Internet users in the USA have used the Internet to make purchases (Horrigan, 2002). Total e-tailing sales in the USA for 2002 were estimated at between US\$45 billion (Regan, 2003) and US\$52 billion (Jupiter Research, 2003). By 2005, the proportion of total retail sales conducted over the Internet in the USA should increase from the current 1.8 percent to 5 percent of total retail sales (Green, 2002). Not everyone buys online, however. For example, some 74 percent of Internet users did not use the Internet to purchase gifts during the 2001 holiday gift buying season. Their primary reason for not buying gifts over the Internet? A total of 36 percent of those who did not use the Internet to buy gifts over the holidays reported they did not want to risk using their credit card online (Rainie, 2002). A more recent study found similar sentiments: 28 percent of undergraduate students and 31 percent of nonstudents surveyed said they did not buy online due to concerns about privacy and security, their number one reason for not shopping online (Ahuja et al., 2003). These findings square with results of past studies of the reasons Internet users have been hesitant to buy online. For example, Ernst & Young (2001, p. 37), in a report on e-tailing, reported that “for millions of Web site visitors, privacy is the overriding concern: they want their history, behavior, and data protected.” An October 2001 study revealed that 72 percent of respondents were either “extremely concerned” or “very concerned” about their control over the release of private information after they had bought something online (Better Business Bureau, 2001). In this same survey, 56 percent of respondents reported they would be more willing to make online purchases if they had access to a secure ordering process. The purpose of this paper is to examine the relationships between Internet purchasing and beliefs about the privacy and trustworthiness of the Internet. Specifically, how do individual beliefs about privacy and trustworthiness of the Internet affect individual intentions to make Internet purchases and actual purchasing behavior? To answer this question, a theoretical framework using the theory of planned behavior (TPB) as its basis was established. Using measurement scales created to assess different aspects of privacy and trustworthiness, as well as perceived behavioral control

and subjective norms, a survey instrument was developed to test the various relationships implied by TPB. Data were collected from undergraduate students during the 2001 holiday season, and the analysis of this data helps answer questions about the relationship of beliefs about Internet privacy and trustworthiness to actual online purchasing behavior. A past paper (George, 2002) investigated similar issues but used secondary data collected as part of the GVU Internet surveys at the Georgia Institute of Technology. Because the data collected as part of the GVU effort had been originally collected for other purposes, the findings from that initial study were necessarily limited. For this study, it was possible to include measures that enabled testing of most aspects of the TPB as it relates to Internet purchasing. The plan for this paper is as follows: first, the TPB is briefly reviewed, as are the relevant literatures on Internet privacy and trustworthiness. Next, the research model and hypotheses are presented, followed by a discussion of the research method and findings from the data analysis. A discussion of the meaning of the results and their implications ends the paper.¹¹

¹¹ Arch G. Woodside, J. William Davenport and Jr (May, 1974), The Effect of Salesman Similarity and Expertise on Consumer Purchasing Behavior *Journal of Marketing Research*, Vol, pp, NO. 198-200.

CHAPTER TWO

PROBLEM STATEMENT

2.1. PROBLEM STATEMENT

Factors determining customer satisfaction have been brought to light by marketing research. But, this information still is far away for some producers engaging in the productions and services. Even though, immense of information available in the marketing environment, their success will be reached only when acting upon them. In Iraq/ Erbil, there are a variety of supermarkets doing in retail sector. But, some of them are focusing on different status of peoples and some of them are treating same type of consumers. However, some retailers are very successful than their competitors even during the period of credit crunch. This emerge us to do the research on the above. The researchers hope this research will answer the following question regarding customer satisfaction and loyalty.

1. What are main factors determining customer satisfaction in retail supermarket?.
2. What are main factors demining the customer loyalty?.
3. Is there any relationship between customer satisfaction and loyalty?.

2.2 OBJECTIVS

Objectives In line with the issues identified above, the main purpose of the study is to examine the relationship between customer satisfaction and loyalty of retail supermarkets in Iraq/ Erbil. In order to materialize this broad objective, the following sub objectives have been considered.

1. To find out the variables determining customer satisfactions.
2. To focus on the variables determining the loyalty.
3. To identify the impacts of customer satisfaction and loyalty in Erbil/ Iraq retail sectors.
4. To suggest some measures to enhance the customer satisfaction and customer loyalty in Iraq/ Erbil Supermarkets.

2.3. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

This section is dedicated to discussing past empirical research conducted with regard to customer satisfaction and loyalty. According to Kotler, Armstrong, Wong and Saunders (2008), satisfied customers are more likely to tell about the company and its product, and as a result they will have the bulk of the marketing share. Because positive speech has a strong impact on a customer's mind and behavior. Customer satisfaction with a product or service is likely to occur when a product or service performance / meets customer expectations. It is clear that customer expectations for a product / service are formulated through past customer experience, recommendations of friends (loyal customers) and relatives, and information provided by the marketer and competitors (Kotler et al., 2008). Keeping a customer with a particular supplier affects a variety of factors such as product quality, price, quality of service, credit, available information, relationship marketing, and so on. However, the effects of these factors may vary with customer awareness. Some customers are price conscious while others are keen on quality or service.

Spiller & Kennerknecht (2006) has examined the quality of service and factors of service that affect customer satisfaction (CS) and customer enthusiasm (CE) as well as how CS and CE relate to customer loyalty as well as how CS and CE influence the economy the performance of small retailers in the organic market In different German cities. The study found that CS and CE affect economic performance. According to Sivadas and Baker - Prewitt (2000) loyalty is affected by the recommendation and intention repurchase. The study also tested a four-stage loyalty model: (1) cognitive (quality of service); (2) Emotional (relative position and contentment); (3) Conative (intent to repurchase and recommend to others) and work (share visits).

According to Grønholdt (2000), the relationship between customer satisfaction and loyalty is closely related positively. However, their findings also reveal that the effects of customer satisfaction on customer loyalty are strongly influenced by the degree of market achievement. When discussing the marketing strategy that the sample uses, most of the approved samples were the lowest pricing strategy as a major competitor weapon. So they can earn much more loyalty compared to corresponding customer satisfaction. But no companies that invested a lot of energy into their brand achieved a higher level of customer satisfaction with loyalty.

Wong & Sohal (2003) noted that the quality of service is positively associated with customer loyalty. Cunningham, Cowell, Aksoy & Andreassen (2007) examined different measures of satisfaction and loyalty (satisfaction, expectations, value, etc.) and tested their relationships with customer retention and recommendation as well as portfolio share. The results indicated that the intention of the recommendation alone was not an indication of customer loyalty, but the use of multiple indicators was more beneficial and practical and performed better in predicting and retaining customer recommendation.

H1: There is an important relationship between customer satisfaction and loyalty.

H2: Customer satisfaction has a greater impact on customer loyalty.

According to Reichhold et al. , (2000) found that some situations sometimes do not have a relationship between loyalty and the purchase of goods (cars) based on an analysis of satisfaction scores (90%) versus expulsion rate (50%). Generally speaking, loyal customers, that is, they are satisfied with the products, are expected to buy back. This situation is due to the economic value of buyback customer loyalty. The study also indicated that simply analyzing customer satisfaction is not meaningful to create value for the company. Because there are some factors that affect satisfaction that do not help in providing value to customers. Customer loyalty along with other variables such as quality, service, and communication. Much research has been done. But, there is also some research on loyalty and customer satisfaction. But there is no research examining the relationship between customer satisfaction and loyalty in the Iraq grocery retail markets.

2.4. SERVICE QUALITY DIMENSIONS

Parasuraman et al. (1988) identified five dimensions of service quality (viz. reliability, responsiveness, assurance, empathy, and tangibles) that link specific service characteristics to consumers' expectations. (a) Tangibles - physical facilities, equipment and appearance of personnel; (b) Empathy - caring, individualized attention; (c) Assurance - knowledge and confidence of employees and their ability to convey trust and confidence; (d) Reliability - ability to perform the promised service dependably and accurately; and (e) Responsiveness - willingness to help customers and provide prompt service. After a comprehensive review of service quality studies, Asubonteng, McCleary, and Swan (1996) concluded that the number of service quality

dimensions varies in different industries. For example, Kettinger and Lee (1994) identified four dimensions in a study of information systems (IS) quality, which did not have tangible dimension. Cronin and Taylor (1992) developed a one-factor measurement instrument instead of the five-factor measures proposed by Parasuraman et al. (1988). Besides SERVQUAL, Sureshchandar, Rajendran, and Anantharaman (2003) have identified five factors of service quality from the customers' perspective. Those are: a) Core service or service product, b) Human element of service delivery, c) Systematization of service delivery: non-human element, d) Tangibles of service, and e) Social responsibility. After a close inspection it could be safely concluded that the newly defined construct of service quality by Sureshchandar et al. (2003) has some resemblance with the definition provided by Parasuraman et al. (1988). For this study the researchers have employed the five dimensions of service quality proposed by Parasuraman et al. (1988).¹²

The conceptualization of service quality has its roots in expectancy disconfirmation theory. Many early marketing researchers adopted this theory as the foundation for measuring service quality (Gronroos 1982, 1984; Parasuraman, Zeithaml, and Berry 1985, 1988). One of the first service quality models, called SERVQUAL by Parasuraman, Zeithaml, and Berry (1985, 1988), measured service quality using the expectancy disconfirmation framework on the five dimensions of tangibles, responsiveness, reliability, assurance, and empathy. The SERVQUAL model has come under extensive criticism by marketing researchers because of the difficulty in replicating its dimensions (Babakus and Boller 1992; Carman 1990; Cronin and Taylor 1992). In addition, Cronin and Taylor (1992) maintained that expectations were not necessary in the measurement of service quality, thus conceptualizing their own model, called SERVPERF. Current research has started to show more and more support for the exclusion of expectations in measuring service quality (Brady and Cronin 2001; Dabholkar, Shepherd, and Thorpe 2000; Mentzer, Flint, and Hult 2001). With this movement away from using expectations, the theoretical background of service quality is moving from expectancy disconfirmation to the theory of reasoned action. The theory of reasoned action states that individuals' behavior can be predicted from their intentions, which can be predicted from their attitudes about the behavior and subjective norms (Ajzen and Fishbein 1980; Fishbein and Ajzen 1975). Recent research by Zeithaml, Parasuraman, and Malhotra (2002) states that expectations are not well formed in e-service quality. This adds further support that

¹² WILLIAM APPLEBAUM, STUDYING CUSTOMER BEHAVIOR IN RETAIL STORES, pp, NO. 173-175.

perceptions and reasoned action should be the basis for measuring e-service quality. Recently, marketing researchers have begun to conceptualize service quality on process dimensions and outcome dimensions. Mentzer, Flint, and Hult's (2001) research in logistics service quality states that service quality perceptions are based on the dimensions of order placement (process) and order receipt (outcome). The order placement (process) dimensions included personal contact, order release, ordering procedures, and information quality. The order receipt dimensions included order accuracy, order condition, and order quality.

The Mentzer, Flint, and Hult (2001) model for logistics service quality is a good reference for conceptualizing a model for e-service quality because, similar to logistics customers, online customers require information quality and ease of order during the process, along with order condition and accuracy in the outcome of online transactions. As well, online transactions and logistics service transactions both share the characteristics of the customer and service provider being separated during the transaction. Research by Lovelock (1983) and Bienstock, Mentzer, and Bird (1997) have shown that when a service provider and service customer are physically separated, it has a significant impact on the criteria used to evaluate service quality. This separation of customer and retailer during an online transaction also highlights the importance of considering the issue of service recovery in e-service quality.

The ability to handle questions, concerns, and frustrations from the customer is essential to the customer's perception of e-service quality. Recent research has demonstrated that service recovery has a direct relationship with factors such as trust, repurchase intention, commitment, and word of mouth, which all play a crucial role in success for retailers (Blodgett, Hill, and Tax 1997; Goodwin and Ross 1992; Mohr and Bitner 1995).

A company must be able to deal with these problems when they occur because the resolution of these problems ultimately has an effect on repeat patronage and customer loyalty (Bitner, Brown, and Meuter 2000; Holloway and Beatty 2003). Additional research has shown that the responsibility for a service failure and the likelihood that another failure will occur affect both customer satisfaction and quality perceptions (Curren and Folkes 1987; Folkes 1984; Gooding and Kinicki 1995). Therefore, service recovery should play an important role in the formation of overall e-service quality perception in the mind of the customer.

Service quality is a widely studied, and debated, construct (cf., Babakus and Boller, 1992; Brown, Churchill, and Peter, 1993; Carman, 1990; Peter, Churchill, and Brown, 1993; Cronin and Taylor, 1992, 1994 ;Parasuraman, Zeithaml, and Berry, 1988; Teas, 1993). However, for the purpose of explaining variance in dependent constructs, the weight of the evidence in the extant literature supports the use of performance perceptions in measures of service quality (Parasuraman, Zeithaml, and Berry, 1994; Zeithaml, Berry, and Parasuraman, 1996). As a result, two multiple item performance-based service quality measures were included in the reported studies. Because of the comprehensive nature of the study, the number of items used to measure each variable became a major concern. Thus, the first performance-based service quality measure (SQP) consisted of ten questions derived from Parasuraman, Zeithaml, and Berry's (1985) 10 dimensions of service quality (see the Appendix). Similar scales have been developed and used by Gotlieb, Grewal, and Brown (1994), McAlexander, Kaldenberg, and Koenig (1994), Hartline and Ferrell, (1996), and Voss, Parasuraman, and Grewal (1998). A procedure recommended by Boyle, Dwyer, Robicheaux, and Simpson (1992) was used to develop the 10-item service quality scale. Initially, multi-item scales were developed for each of the 10 dimensions of service quality identified by Parasuraman, Zeithaml, and Berry (1985). After assessing the face validity of the items, and several rounds of data collection and refinement (cf., Churchill, 1979), a 47-item scale was identified and tested on a large (n = 278) convenience sample of students in the basic marketing courses of a large state university with approximately 30,000 students. The item with the highest inter correlation with the other measures in its scale was selected from each of the ten individual dimensions to define the ten-item service quality scale used in the reported research. The second measure consisted of three overall direct measures of service quality (OSQ) that were adapted from Oliver's (1997) work, but are also similar to other OSQ indicators used elsewhere in the literature (cf., Babakus and Boller, 1992; Cronin and Taylor, 1992). A nine-point Likert-type scale was used ranging from "very low" to "very high" to assess the SQP set of measures. The OSQ items also use a nine-point Likert-type scoring format, ranging from "poor" to "excellent," "inferior" to "superior," and "low standards" to "high standards." The parameter estimates ranged from 0.58 to 0.85 for SQP and 0.76 to 0.91 for OSQ, with corresponding construct reliabilities of 0.94 and 0.88, and with average variances extracted of 53 and 72%. The shared variance between the two dimensions of service quality (SQP and OSQ) was 52% whereas the shared variances between the two dimensions of service quality and all other scales ranged between 0 and 29%.

2.5. SERVICE VALUE

Zeithaml's (1988) exploratory investigation of the value construct identifies four unique definitions upon which consumers appear to base their evaluations of service exchanges. However, she further argues that the four can be summed into a single definition ". . . perceived value is the consumers' overall assessment of the utility of a product based on perceptions of what is received and what is given" (Zeithaml, 1988, p. 14). Two direct measures of value were included in the survey to capture the value construct. A nine-point Likert-type scale was used ranging from "very low" to "very high." The parameter estimates ranged from 0.86 to 0.89, with a construct reliability of 0.88, and an average variance extracted of 78.4%. The shared variance between the service value scale and all other scales ranged between 2 and 34%.¹³

2.6. SATISFACTION

Because of its potential influence on consumer behavioral intentions and customer retention (Anderson and Fornell, 1994; Anderson and Sullivan, 1993; Bolton and Drew, 1994; Cronin and Taylor, 1992; Fornell, 1992; Oliver, 1980; Oliver and Swan, 1989), consumer satisfaction has been the subject of much attention in the literature (Bitner and Hubbert, 1994; Cardozo, 1965; Oliver, 1977, 1980, 1981; Olshavsky and Miller, 1972; Olson and Dover, 1979; Rust and Oliver, 1994). Satisfaction is described as "an evaluation of an emotion" (Hunt, 1977, pp. 459–460), suggesting that it reflects the degree to which a consumer believes that the possession and / or use of a service evokes positive feelings (Rust and Oliver, 1994). Because satisfaction with a service provider is perceived as being both an evaluative and emotion-based response to a service encounter (Oliver, 1997), two sets of items were employed. The first set of "emotion-based" measures (SAT1) was adapted from Westbrook and Oliver (1991), whereas the second "evaluative" set of satisfaction measures (SAT2) was developed for this study but is similar to Oliver's (1997) cumulative satisfaction measures. The scoring format for the SAT1 scale is a nine-point Likert-type scale ranging from "not at all" to "very much." The SAT2 scoring was also of a Likert-type format ranging from "strongly disagree" to "strongly agree." The parameter estimates ranged from 0.58 to 0.92 and 0.78 to 0.84 for SAT1 and SAT2, respectively. The construct reliabilities for SAT1 and SAT2 are 0.88 and 0.85, with average variances extracted of 61 and

¹³ Hans H. Bauer etc. A transaction process-based approach for capturing service quality in online shopping, *Journal of Business Research* (2006) pp,866.

67%. The shared variance between the two dimensions of satisfaction was 26%, whereas the shared variances between the two dimensions of satisfaction and all other scales ranged between 1 and 31%.

2.7. BEHAVIORAL INTENTION

The indicators of behavioral intentions are the final set of items included in the analysis. Theory suggests that increasing customer retention, or lowering the rate of customer defection, is a major key to the ability of a service provider to generate profits (Zeithaml, Berry, and Parasuraman, 1996). Specifically, Zeithaml, Berry, and Parasuraman (1996) suggest that favorable behavioral intentions are associated with a service provider's ability to get its customers to :

say positive things about them.

recommend them to other consumers.

remain loyal to them.

spend more with the company.

pay price premiums. We used three items to measure this construct that are similar to the domains assessed in the first four of these five outcomes. The items are also similar to those reported and used throughout the services marketing literature (cf., Babakus and Boller, 1992; Cronin and Taylor, 1992). A nine-point Likert-type scale was used ranging from “very low” to “very high.” The parameter estimates ranged from 0.78 to 0.87, with a construct reliability of 0.87, and an average variance extracted of 68%. The shared variances between the behavioral intention scale and all other scales range between 2 and 52%.

To date the study of service quality, service value, and satisfaction issues have dominated the services literature. The crux of these discussions has been both operational and conceptual, with particular attention given to identifying the relationships among and between these constructs. These efforts have enabled us to better discriminate between the three variables and have resulted in an emerging consensus as to their interrelationships.

This interest has certainly not escaped practitioners' attention, as they have tied these variables to service employee evaluations and compensation packages. This is no doubt due to the implicit assumption that improvement in perceptions of the quality, value, and satisfaction in a service encounter should lead directly to favorable outcomes. Nevertheless, it is here where confusion remains. Service managers who refer to the literature to help evaluate the effectiveness of firm strategies or to set employee goals will find conflicting information as to which of these variables, if any, is directly related to a service firm's bottom line (Bolton, 1998).

Indeed, even a cursory evaluation of the literature reveals a myriad of conflicting results, as no research has simultaneously compared the relative influence of these three important constructs on service encounter outcomes. This gap in the literature has generated a new call for research. Referring to the effects of quality, value, and satisfaction on consumer purchase intentions, Ostrom and Iacobucci (1995) report “. . . it would be interesting to examine these consumer judgments simultaneously in one study to compare their relative effects on subsequent consequential variables ”(p.18). This leads to a number of unanswered questions. Is it necessary to measure all three of these variables or, as is suggested in the literature, will a subset of the three suffice? Do greater levels of service quality only indirectly encourage patronage by increasing the value and / or satisfaction associated with an organization's services? Are there other indirect effects on behavioral intentions that may have been overlooked? The purpose of this research is to answer these questions, and others. Therefore, a central premise of the reported research is that examining only a limited subset of the direct effects of quality, value, and satisfaction, or only considering one variable at-a-time, may confound our understanding of consumers' decision-making. This, in turn, can lead to strategies that either overemphasize or underappreciate the importance of one or more of these variables. The study is presented in seven additional sections. First, in the conceptual background section, a discussion of both the convergent and divergent theory that underlies the model is presented. In the second section, several competing models of how consumers evaluate service encounters are identified based on a review of the literature. Three of the models emanate from the quality, satisfaction, and value literatures, whereas the fourth is an integrated model that builds on these three. Third, a consideration of indirect effects is presented. The fourth section reports the methods and results of the empirical assessments. These results are then discussed in the fifth, and the conclusions are presented in the sixth section. The limitations of the research are considered in the final section.

In addition to measurement issues, developing an understanding of the conceptual relationships between service encounter constructs has preoccupied services researchers over the past two decades. The objective has been to develop an improved understanding of not only the constructs themselves, but also how they relate to each other and subsequently drive purchase behavior. It is noted above that quality, value, and satisfaction have taken center stage in these discussions. Indeed, it was not long ago that the development of a working model of the conceptual interrelationships between them was placed at the top of future research directions (Rust and Oliver, 1994, p. 14). Of specific interest was the specification of the “antecedent, mediating, and consequent” relationships among these three variables. Since then, numerous studies have endeavored to model these links (eg, Athanassopoulos, 2000; Chenet, Tynan, and Money, 1999; Clow and Beisel, 1995; Fornell et al., 1996; Garbarino and Johnson, 1999; Roestand Pieters, 1997; Spreng, Mackenzie, and Olshavsky, 1996; Zeithaml, Berry, and Parasuraman, 1996). The result is that at least a partial consensus has emerged (Taylor, 1997) that is captured by the following excerpts.

The service management literature argues that customer satisfaction is the result of a customer’s perception of the value received. . . where value equals perceived service quality relative to price. . . (Hallowell, 1996, p. 29).

The first determinant of overall customer satisfaction is perceived quality. . . the second determinant of overall customer satisfaction is perceived value. . . (Fornell et al., 1996, p. 9).

Customer satisfaction is recognized as being highly associated with ‘value’ and. . . is based, conceptually, on the amalgamation of service quality attributes with such attributes as price. . . (Athanassopoulos, 2000, p. 192). As is reflected above, Rust and Oliver’s (1994) call for research into interrelationships did not go unanswered. Specifically, there has been a convergence of opinion that favorable service quality perceptions lead to improved satisfaction and value attributions and that, in turn, positive value directly influences satisfaction. Theoretical justification for these links can be attributed to Bagozzi’s (1992) appraisal 3 emotional response 3 coping framework (Gotlieb, Grewal, and Brown, 1994). Bagozzi’s (1992) model suggests that the initial service evaluation (i.e., appraisal) leads to an emotional reaction that, in turn, drives behavior. Adapting the framework to a services context suggests that the more cognitively-oriented service quality and value appraisals precede satisfaction (e.g., Alford Quality, Value, and

Satisfaction in Service Environments 195 and Sherrell, 1996; Anderson, Fornell, and Lehmann, 1994; Anderson and Sullivan, 1993; Cronin and Taylor, 1992; Chenet, Tynan, and Money, 1999; de Ruyter et al. 1997; Ennew and Binks, 1999; Gotlieb, Grewal, and Brown, 1994; Kelley and Davis, 1994; Patterson and Spreng, 1997; Spreng and Mackoy, 1996; Woodruff, 1997).

- The service management literature argues that customer satisfaction is the result of a customer's perception of the value received. . . where value equals perceived service quality relative to price. . . (Hallowell, 1996, p. 29).

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2.8. DIRECT EFFECTS

Although convergence seems to have emerged from the study of interrelationships, ambiguity persists relative to Rust and Oliver's (1994) third directive, the study of consequences. That is not

to say that direct links to outcome variables have not appeared in the literature. Numerous studies, have specified relationships between quality, value, satisfaction and such consequences as customer loyalty, positive word of mouth, price premiums, and repurchase intentions. In fact, model structure appears highly dependent on the nature of the study. For instance, if the research objective is to assess customer satisfaction implications, then the model tends to be “satisfaction dominated,” such that the primary link to outcome measures is through satisfaction (see Table 1). This is also true of studies that focus on either service quality or service value. It should be noted that we do not suggest that these studies are incorrect; rather, most are just limited in scope. Therefore, managers who look to the literature as a means of setting service goals risk being misled by the objective of the research as well as the time period (i.e., wave) in which it was written. That is, as shown in Figure 1, depending on the source, several competing models of direct effects can be identified. The first model depicted in Figure 1 is based on the service value literature, where value is suggested to lead directly to favorable outcomes (eg, Chang and Wildt, 1994; Cronin et al., 1997; Gale, 1994; Sirohi, McLaughlin, and Wittink, 1998; Sweeney, Soutar, and Johnson, 1999; Wakefield and Barnes, 1996). The second model is derived from the satisfaction literature that, contrary to the value literature, defines customer satisfaction as the primary and direct link to outcome measures (eg, Anderson and Fornell, 1994; Andreassen, 1998; Athanassopoulos, 1999; Bolton and Lemon, 1999; Clow and Beisel, 1995; Ennew and Binks, 1999; Fornell et al., 1996; Hallowell, 1996; Mohr and Bitner, 1995; Spreng, Mackenzie, and Olshavsky, 1996). The third model emanates from the literature that investigates the relationships between service quality, satisfaction, and behavioral intentions. Although the majority of studies indicate that service quality influences behavioral intentions only through value and satisfaction (eg, Anderson and Sullivan, 1993; Gotlieb, Grewal, and Brown, 1994; Patterson and Spreng, 1997; Roest and Pieters, 1997; Taylor, 1997), others argue for a direct effect (eg, Boulding et al., 1993; Parasuraman, Zeithaml, and Berry, 1988, 1991; Taylor and Baker, 1994; Zeithaml, Berry, and Parasuraman, 1996). The third model adopts the former perspective; that is, the depicted relationship between service quality and behavioral intentions is indirect.

In line with the different conceptualizations of electronic services, previous efforts to measure e-service quality also display different approaches and outcomes. In their seminal work on quality planning and analysis in the offline world, Juran and Gryna (1970) suggest four quality dimensions: capability (does the product perform as expected), availability (is the product usable

when needed), reliability (is the product free from failure) and maintainability (is the product easy to repair when broken). These generic quality dimensions for traditional products and services are – at least partially – reflected in many of the following quality scales. Therefore they may serve as helpful starting points for substantiating a quality concept for e-services. Barnes and Vidgen (2001) draw upon the SERVQUAL model in order to generate a pool of quality items. Based on an analysis in the field of online book trade, the authors extract five key dimensions each of which encompasses two sub dimensions: tangibles (aesthetics, navigation), reliability (reliability, competence), responsiveness (responsiveness, access), assurance (credibility , security) and empathy (communication, understanding the individual). Overall, the developed Web Qual scale focuses on technical quality aspects like ease of use and is therefore more useful for the field of interface design than for holistic quality measurement. We argue that not considering hedonic aspects of online shopping (e.g. fun or enjoyment) is a major omission. Van Riel et al. (2001) propose a classification of service components which is based on the “technical / functional quality framework” by Grönroos et al. (2000) and comprises the following aspects: core services, facilitating services, supporting services, complementary services, and user interface. In doing so, they attempt to assess the quality of e-services by measuring customer satisfaction with these components of an e-service. By means of exploratory and confirmatory factor analysis four quality dimensions emerge: fulfillment / reliability, Web site design, customer service and security / privacy. The extracted factors are represented by 14 items and explain 70% of the variance of a global e-tail quality judgment. Despite the high reliability and validity of the developed e -Tail Q scale, the elimination of quality items referring to hedonic aspects of online shopping has to be criticized. Based on the explorative study by Zeithaml et al. (2002), Parasuramanetal. (2005) provide the most comprehensive work on e-service quality so far. They empirically test a multiple item scale (E-S-QUAL) for assessing service quality of online shopping providers. Their findings correspond to the insights of their explorative study: two different scales are necessary to measure electronic service quality. The E-S-QUAL scale addresses core service quality aspects and consists of four quality dimensions (efficiency, fulfillment, system availability andprivacy). Additionally, the E-Rec S-QUAL scale is proposed to be relevant when customers face “no routine encounters” during the online-shopping process which are related to service recovery like product returns, dealing with problems, etc. (Parasuramanetal., 2005) .This latter scale is composed of three quality dimensions

(responsiveness, compensation and contact). Despite their sophisticated scale development process and the sound statistical methods used, we express two concerns. First, analogue to e-Tail Q (Wolfenbarger and Gilly, 2003), ES-QUAL lacks of items referring to hedonic service quality elements. Parasuraman et al. (2005) state that “other experiential aspects such as fun or pleasure do not fall within the conceptual domain of service quality because such hedonic aspects are distinct benefits that may not be relevant in all contexts or to all customers” (p. 229). However, as noted by Babin et al. (1994, 2005), if shopping trips are assessed solely on the utilitarian benefits of products or services attained, the numerous intangible and emotional aspects related to a shopping experience are excluded. This idea is supported by implications from environmental psychology indicating that especially the tangible / physical environment generates more emotional than cognitive customer reactions during the service experience (Bitner, 1990). For example Wakefield and Blodgett (1999) extend traditional service quality research by empirically demonstrating that the design of the physical facilities (e.g. store layout) and ambient factors (e.g. music) induce customers' affective responses. Therefore, these studies propose that emotional components should be incorporated when assessing service quality in a retail context. Comparable to the physical environment in the real world, we expect the Web site interface to provide extrinsic cues in virtual service encounters which trigger emotional responses (Van Riel et al., 2001; Yoo and Donthu, 2001). Furthermore, according to flow theory such feelings are aroused during electronic service encounters especially by Internet characteristics such as multi-media, interactivity and a high level of control during navigation (Childers et al., 2001; Csikszentmihalyi, 1988; Hoffman and Novak, 1996). The fact that affective reactions are of crucial importance for the evaluation of e-services is reflected in the finding that fun and enjoyment, which characterize a flow experience, are major determinants of Internet usage behavior (Van Riel et al., 2001).¹⁴

Thus, emotional elements need examination as well. Electronic service quality measures should integrate online shopping's potential entertainment and emotional value in order to capture an online shopping activity fully. This view is reflected by perceived enjoyment and excitement of buying at a Web site rather than by the act of task completion (Babin et al., 1994; Holbrook and Hirschman, 1982). Garvin (1987) encourages this view by introducing “aesthetics” as a quality dimension that addresses the consumer's subjective evaluation of how a product looks,

¹⁴ Valarie A. Zeithaml, Leonard L. Berry and A. Parasuraman (1996) *The Behavioral Consequences of Service Quality*, pp. NO. 31-32.

feels, sounds, tastes or smells. Transferring the idea of this quality criterion to an electronic service context, characteristics like Web site design or fun and playfulness of Web site usage become essential. A second concern regarding the Parasuraman et al. (2005) study is that the authors do not consider that consumers infer about the quality of no routine services provided in the after sales phase long before problems actually take place. According to information economics services are mainly characterized by experience and credence qualities due to their inseparability and intangibility (Zeithaml, 1984). As such, a quality assessment can only take place after consumption which may result in pre-purchase insecurity on the customer side. Offering a broad range of support and after-sales services which indicates the providers' responsiveness to customer problems may serve as an instrument for signaling unobservable process quality attributes. This in turn reduces insecurity. Therefore, we propose that especially responsiveness items are relevant core quality aspects independent of actual problems. For deriving a comprehensive e-service quality scale encompassing both utilitarian and hedonic quality elements along with responsiveness issues, we introduce a process-based framework for electronic service encounters in the next section.

2.9. TRANSACTION PROCESS-BASED FRAMEWORK FOR ELECTRONIC SERVICES

Given the variety of approaches for measuring e-service quality and given the lack of hedonic and responsiveness facets, we suggest a comprehensive conceptual framework in order to capture all relevant quality aspects of the virtual service transaction. According to our transaction process-based framework, traditional offline transactions may be subdivided into four transaction stages. In the first stage, market offerings are examined and compared. Next, the market participants negotiate and ideally conclude a contract. While the first two stages are dominated by information gathering and processing, the third stage deals with the exchange of goods and services. Finally, the fourth stage addresses the importance of relationship related activities (Bauer et al., 2005). The idea of improving the measurement of service quality by grouping user activities into a number of discrete stages is supported by the task completion approach (Montgomery et al., 2004; Sismeiro and Bucklin, 2004). Each of the tasks within the four stages must be completed for service delivery to take place (e.g. selection of product, placement into shopping cart, provision of shipping information, etc.). Such a process-based approach provides richer diagnostic information

and managerial implications for improving service quality. As several empirical findings show, Web site users are able to separate their evaluations of an online shopping experience according to discrete stages (Dellaert and Kahn, 1999). This broad description of offline transactions is well applicable to investigate electronic interactions between customers and e - tailers (Bauer et al., 2005; Zimmermann, 1997). Fundamental customer expectations remain the same comparing online with offline environments, but most of them are now fulfilled electronically (especially in stages 1, 2 and 4). Nevertheless, the complete electronic shopping experience consists of more than just Web site interactions so that offline elements (fulfillment, delivery) continue to be important for customers. In order to identify Internet specific quality aspects in the transaction process chain, we describe the phases in more detail. In the first stage, customers search for information about eservice offerings. Prices, reputation of the provider, order delivery time, etc. are all assessed by navigating through the Web site content in order to structure the purchase decision. These activities are comparable with an individual entering the service provider's brick and mortar store in the real world. However, the Internet dramatically expands the possibilities for customers to efficiently compare and evaluate offers by providing analyses and decision tools (search engines, purchase agents, etc.). At this stage, the user's quality assessment refers mainly to the extent to which the site provides extrinsic and intrinsic value to him (Childers et al., 2001) On the one hand, the Web site is assessed whether it minimizes customer search efforts through a playful and smooth navigation and logical structuring of information. This assessment is accomplished by a high degree of usability, such as accurate representations of the products on the Web site and well-arranged content categories. On the other hand, the perceived fun of using the Web site and the personalization of content and features seem to be important quality criteria (Zeithaml et al., 2002). In the agreement stage, service suppliers and customers agree on the conditions of their transaction. At this stage, the perception of superior quality is determined by the tools offered to facilitate the communicational exchange between users and the online provider (C2B communication) as well as the interaction among the users themselves (C2C communication). Here, various communication instruments are available including e-mails, fax, chats, discussion forums, newsgroups, voice over IP, "call me back" buttons and feedback forms (Barnes and Vidgen, 2001; Jayawardhena, 2004). The transaction negotiated on beforehand is accomplished in the fulfillment phase. The ordered goods or services are delivered in exchange to the payment of the order. In the fulfillment phase the users' quality perception depends on how

efficiently (easy and quick) he is able to place an order into the online subscription system (Parasuraman et al., 2005; Wolfinbarger and Gilly, 2003). In this phase errors and service breakdowns have to be avoided so that transactions can be completed. Moreover, prompt order confirmation and delivery tracking are relevant service features in this stage. Finally, the provider should deliver the ordered service or product as promised, i.e. in time and proper condition (Meuter et al., 2000).¹⁵

In the last phase, quality evaluation refers to the capability to care for the customers beyond the completed transaction and to build long-term relationships. Relevant quality criteria refer for instance to the ability and willingness to promptly respond to customer problems (inquiries, complaints) occurring after the purchase (Parasuraman et al., 2005). Moreover, the provider should also be keen on informing customers about special offers and complementary services / products. Even if the after-sales stage cannot be assigned to the actual transaction, this stage impacts quality judgments in two ways. First, being able to contact the service provider in case of questions or requests is of vital importance for customers. This aspect is also reflected in the so-called functional quality discussed in the Net Offer model by Grönroos et al. (2000). Second, by gathering and analyzing data on their customer's needs, service providers can improve their offerings and target marketing actions. In view of the previous argumentation, we consider the four stage transaction model applicable as a universal framework for a profound investigation of electronic service quality. Incorporating all four phases in an e-service quality concept continues Juran and Gryna's (1970) fundamental idea proposed for physical products. The following discussion describes a pool of relevant service quality indicators along the four stages. These items constitute a comprehensive quality measurement scale for virtual services that will be empirically tested for reliability, validity and economic relevance.

2.10. GENERATION OF E-SERVICE QUALITY ITEMS

The item generation is based on the findings of our literature review which covers vital elements of the transaction chain proposed above. In order to fill the gaps that were left by previous research, especially aspects related to enjoyment of Web site use and after-sales support, we conducted semi structured interviews (Thompson et al., 1989). Marketing research assistants trained in qualitative interviewing carried out a total of 30 interviews with online shopping users.

¹⁵ H.H. Bauer et al. (2006) *Journal of Business Research*, pp, NO. 866—875.

The informants were all either graduate-level students or university staff, a group likely to be early technology adopter shaving prior experience in using online shopping. Interviews ranged from 30 to 60 min in duration. The focus of the interviews was to tap consumers' feelings and expectations regarding online shopping. This was achieved by asking the informants to describe their experiences with online shopping transactions. To ensure that all relevant aspects of an electronic service transaction were captured, we capitalized on the above described four-stage framework in the semi-structured interviews. As a result, 53 quality items were generated for further data collection. The main findings of the literature review and the qualitative interviews are summarized in Fig. 1 following the logical structure underlying the transaction process model.

ERVICE industries are playing an increasingly important role in the overall economy of the United States (Bateson 1989; Ginzberg and Vojta 1981; Koepp 1987). In fact, the proportion of the U.S. population employed in the service sector increased from 30% in 1900 to 74% in 1984 (Bateson 1989). Koepp (1987) suggests that this sector is continuing to increase, as 85% of all the new jobs created since 1982 have been in service industries. Bateson (1989) further suggests that the growing importance of the service sector is not limited to the United States, as services currently account for 58% of the total worldwide GNP. There even appears to be executive consensus in the United States that service quality is one of the most important problems facing management today (Blackiston 1988; Cound 1988; Cravens 1988; Langevin 1988; Sherden 1988). Interest in the measurement of service quality thus understandably high and the delivery of higher levels of service quality is the strategy that is increasingly being offered as a key to service providers' efforts to position themselves more effectively in the marketplace (cf. Brown and Swartz 1989; Parasuraman, Zeithaml, and Berry 1988; Rudie and Wansley 1985; Thompson, De Souza, and Gale 1985). However, the problem inherent in the implementation of such a strategy has been eloquently identified by several researchers: service quality is an elusive and abstract construct that is difficult to define and measure (Brown and Swartz 1989; Carman 1990; Crosby 1979; Garvin 1983; Parasuraman, Zeithaml, and Berry 1985, 1988; Rathmell 1966). In addition, to date the important relationships between service quality, customer satisfaction, and purchasing behavior remain largely unexplored. Our research has two objectives. First, we suggest that the current conceptualization and operationalization of service quality (SERVQUAL) is inadequate. The SERVQUAL scale is based on Parasuraman, Zeithaml, and Berry's (1985) gap theory, which suggests that the difference between consumers' expectations about the performance of a general

class of service providers and their assessment of the actual performance within a specific firm within that class drives the perception of service quality. However, little if any theoretical or empirical evidence supports the relevance of the expectations-performance gap as the basis for measuring service quality (Carman 1990). In fact, the marketing literature appears to offer considerable support for the superiority of simple performance based measures of service quality (cf. Bolton and Drew 1991a, b; Churchill and Surprenant 1982; Mazis, Ah tola, and Klippel 1975; Woodruff, Cadotte, and Jen kins 1983). We therefore develop and test a performance-based alternative to the SERVQUAL measure. The second objective is to examine the relationships between service quality, consumer satisfaction, and purchase intentions. Though these relationships have been discussed theoretically (cf. Bitner 1990; Bolton and Drew 1991a, b; Brown and Swartz 1989; Parasuraman, Zeithaml, and Berry 1988; Zeithaml, Parasuraman, and Berry 1990), they have not been subjected to a thorough empirical test.

2.11. OPERATIONALIZING SERVICE QUALITY

The current measurement of perceived service quality can be traced to the research of Parasuraman, Zeithaml, and Berry. These authors originally identified 10 determinants of service quality based on a series of focus group sessions (1985). They subsequently developed SERVQUAL (1988), which recasts the 10 determinants into five specific components: tangibles, reliability, responsiveness, assurance, and empathy (Figure 1). The basis for identifying these five components was a factor analysis of the 22-item scale (see Appendix) developed from focus groups and from the specific industry applications undertaken by the authors (see Parasuraman, Zeithaml, and Berry 1985, 1988; and Zeithaml, Parasuraman, and Berry 1990 for a comprehensive review).

The scale development procedures employed appear to support the face validity of the 22 scale items (individual questions) included in the scale, but the issue of how the service quality measure should be constructed and whether the individual scale items actually describe five separate service quality components is problematic. In fact, some empirical evidence suggests that the proposed delineation of the five components is not consistent when subjected to cross sectional analysis (Carman 1990). Specifically, Carman found that some of the items did not load on the same component when compared across different types of service providers. However, though the veracity of conceptualizing the SERVQUAL scale as consisting of the five distinct

components identified by Parasuraman, Zeithaml, and Berry (1988) has been questioned (Carman 1990), the validity of the 22 individual performance scale items that make up the SERVQUAL scale appears to be well supported both by the procedures used to develop the items and by their subsequent use as reported in the literature (cf. Carman 1990).

We therefore conclude that these 22 performance items adequately define the domain of service quality and we use the same performance items to examine the proposed alternative to the SERVQUAL scale and in the analyses of the relationships between service quality, consumer satisfaction, and purchase intentions Relationships Between Service Quality, Customer Satisfaction, and Purchase Intentions Figure 2 identifies the two models used to investigate P2, P3, and P4 and to further the comparison of the performance- and disconfirmation-based measures of service quality Models 1 and 2 are identical with the exception that SERVQUAL is used to measure service quality in model 1 whereas SERVPERF is used in model 2. The models conceptualize a no recursive ("two-way") relationship between service quality and satisfaction in order to test simultaneously the effects hypothesized by Parasuraman, Zeithaml, and Berry (1985, 1988) (service quality is an antecedent of customer satisfaction) and by Bitner (1990) and (1988). The second step indicates that the SERVPERF scale explains more of the variation in service quality than does SERVQUAL. Both the literature review and the analysis of the structural models (see Figure 2 and Table 5, models 1 and 2) suggest that the SERVQUAL conceptualization is in fact flawed: (1) it is based on a satisfaction paradigm rather than an attitude model and (2) the empirical analysis of the structural model suggests that the SERVQUAL model (see Figure 2 and Table 5, model 1) confirms in only two of the four industries. Thus, the weight of the evidence clearly supports the use of performance-based measures of service quality. The second question investigated is the causal order of the satisfaction-service quality relationship. Much of the recent literature has suggested that satisfaction is an antecedent of service quality (cf. Bitner 1990; Bolton and Drew 1991a, b). However, the analyses of the research model indicates that this may not be the case and provides empirical support for the notion that perceived service quality in fact leads to satisfaction as proposed by Parasuraman, Zeithaml, and Berry (1985, 1988). The third question pertains to the effects of service quality and satisfaction on purchase intentions (see Figure 2 and Table 5). The analysis of the LISREL estimates (model 2; see Table 5) suggests that satisfaction has a significant ($p < .05$) effect on purchase intentions in all four samples whereas service quality does not have such an effect in any of the four industries. From

the significance tests summarized in Table 5, satisfaction appears to have a stronger and more consistent effect on purchase intentions than does service quality.

CHAPTER THREE

CONCLUSION

3.1. DISCUSSION

The results presented in the preceding section indicate that the research model fits well and outperforms the competing models. They also support the heretofore-untested indirect effects that service quality and values have on behavioral intentions. Collectively, the results both support and build on the extant literature. As to the former, our findings indicate that both service quality and service value lead to satisfaction. Thus, these findings add weight to Bagozzi's (1992) suggestion that cognitive evaluations precede emotional responses. The results also provide empirical support for Woodruff's (1997) conceptualization of value and satisfaction. From a managerial standpoint, this stresses the importance of value as a strategic objective and underscores the recent wave of research investigating the construct. In addition, they suggest that service quality perceptions are also an important determinant of customer satisfaction. An unexpected finding concerned the antecedents of service value. The literature is clear in depicting value as a tradeoff between quality and sacrifice (e.g., Chang and Wildt, 1994; Monroe, 1990; Sirohi, McLaughlin, and Wittink, 1998; Sweeney, Soutar, and Johnson, 1999). However, the empirical results presented here indicate that the value of a service product is largely defined by perceptions of quality. Thus, service consumers seem to place greater importance on the quality of a service than they do on the costs associated with its acquisition. The lone exception to this finding was in the fast food industry where value integration did occur. This can perhaps be explained by the emphasis on value in this industry as is evident by the popularity of value menus. From a managerial standpoint, this emphasizes the importance of quality as an operational tactic and strategic objective. For theory, these results add further evidence that service quality is an important decision-making criterion for service consumers. The premise of this study was that confusion remains as to the direct antecedents of behavioral intentions. We argued that the direct links established in the literature were largely a derivative of project scope and construct inertia. The findings support our position and justify the efforts to improve quality, value, and satisfaction collectively as a means of improving customer service perceptions. In his book *Managing Customer Value*, Gale (1994) describes the evolution of the Baldrige Award from its origin in quality control to its more recent focus—as an integrated program that jointly considers quality,

satisfaction, and value management. Our empirical results support this repositioning and reiterate the attention given to the study of service quality, service value, and satisfaction in the literature. The results also emphasize the importance of assuming a simultaneous, multivariate analytical approach. Establishing initiatives to improve only one these variables is therefore an incomplete strategy if the effects of the others are not considered. This is also true for behavioral models that fail to incorporate the collective effects of these constructs. In addition to the direct effects, we also argue for consideration of the indirect effects that service quality and service value have on consumers' behavioral intentions (i.e., service quality through service value and customer satisfaction and service value through customer satisfaction). The results indicate that these indirect paths are consistently significant across industries and multiple methods. This enhances the position set forth above that consumers' decision-making relative to their purchases of service products is a complex and comprehensive process. That is, the significant indirect paths indicate that models of consumers' evaluations of services that consider only individual variables or direct effects are likely to result in incomplete assessments of the basis of these decisions. Thus, the services manager who only considers the likely effect of a service quality initiative on his or her customers' behavioral intentions errs if he or she does not also consider the impact of such a strategy on the value and satisfaction attributed to his or her firm's services. Likewise, an evaluation of the performance of value-added strategies should incorporate the indirect effects on consumers' behavioral intentions through service value's influence on customers' satisfaction with a service provider. Nonetheless, it seems that new insights are possible, if not likely, from the investigation of such integrated decision-making models.

This study was not an attempt to discover relationships among affective variables. Rather, on the basis of previous empirical work, a theoretical structure was hypothesized in advance. This study was carried out to evaluate the usefulness of that structure in terms of (a) the degree to which further empirical data could be represented by that theoretical structure and (b) whether valid assessment techniques could be developed from it. By these criteria, the structure appears valuable. Simple, reliable, and valid scales were developed to assess the affective quality attributed to places, and the relationship among these scales corresponded within the margin of reliability of psychological data to the proposed theoretical structure. Together with previous evidence (e.g., Russell et al, Note 1), the present evidence thus indicates that the proposed concepts and scales adequately describe the affective quality attributed to places. These concepts

and scales should prove valuable to environmental (and perhaps social) psychologists in a number of ways. They may be used as dependent variables in an attempt to understand what objectively specifiable properties of environments (or social situations) produce a given affective reaction. This concern is exemplified by Berlyne's (1971, 1974) work on aesthetics, in which he investigated how analogues of pleasure and arousal reactions varied as a function of various stimulus parameters. These scales could also be used as predictor variables in an attempt to explain behavioral reactions to environments or situations. This concern is exemplified by work on the behavioral effects of stressors (e.g., Stokols, 1972); by Patterson's (1978) work on behavioral consequences of arousal; by Freedman's (1975) notion that pleasantness interacts with crowding to influence behavior; or, more generally, by Mehrabian and Russell's (1974) proposal that the affective reaction to places influences diverse behaviors, including social interaction, drug consumption, and work performance. On a conceptual level, it may be possible to help integrate the empirical findings of these various investigations by viewing their findings within the broader framework offered by the proposed model. The proposed conceptualization may also prove to be valuable in designing and evaluating research. The results with distressing quality, for example, offer suggestions on the notion of psychological stress, which has been used by some investigators to mean any response to a negative (unpleasant) situation but by others as synonymous with arousing quality. Defined so broadly it is no wonder that diverse results are obtained in studies of environmental stressors. The proposed conceptualization suggests that stress might better be defined as occurring only when the situation is both unpleasant and arousing to the subjects involved. The scales of Table 4 should provide a means of actually assessing the subject's perception of the "stressful" situation. Moreover, the perceived affective quality of the "nonstressful" control condition is equally important in determining the results of experiments on stress. Suppose that in one study, the stressor is highly arousing and only slightly unpleasant and the control condition is unarousing but also slightly unpleasant (e.g., the control group receives a slightly boring task). In this case, the difference between the experimental and control conditions would actually be a difference in arousal with no difference in pleasantness. In a second experiment on stress, it is conceivable that the stressor would be highly unpleasant and only moderately arousing, and the control condition would be pleasant but also moderately arousing (e.g., an interesting task). In this second case, the difference between experimental and control conditions would be mainly a difference in pleasantness with no difference in arousal.

There is every reason to expect that these two experiments on stress should produce different results. The same reasoning suggests that in this way improvements can be obtained in research on the effects not only of stress but of arousal, anger, aversive events, discomfort, mood, positive-negative affective states, or any of the other affective variables increasingly studied in social psychological research. In short, the proposed description of affective quality should offer a means of replacing broad and vaguely defined two-valued categories (such as stressful vs. nonstressful) with a conceptualization capable of more precise specification.

3.2. QUESTIONNAIRE AND RESULTS

Sampling is the selection of individuals from a sample group among members of a defined society, based on specific principles and rules. In addition, according to the sample selection formula for the volume n of a society, according to the purpose, the accuracy and the type of problem that is being raised are carried out in different ways. Methods such as simple random, systematic, and clustered sampling, census sampling, etc., are the most commonly used simple random sampling methods. Simple random sampling methods are used when representations of the generalizable goals are of much greater importance. In fact, the sample is called the sum of the parts that together carries all the characteristics of the studied society. In this research, simple random sampling method was used, the number of samples was determined, and the distribution of the questionnaire was performed. In the simple random sampling method, the subjects are selected in a way that the probability of being elected is equal to all the people of the community and the selection of each person is independent of the selection of others.

Simple random sampling can be done using the lottery method, using a random number table, or using computer programs.

Since the size of most societies is large, it is sometimes impossible to carry out statistical calculations based on all the members of the community in practice, in which case the researcher uses sampling. A sample is a subgroup or subset of society that is selected by appropriate methods of society. In this research, the unrestricted statistical society and variables are of a qualitative type. Since the number of statistical population of this research is limited, all the members of the statistical society were selected as the sample for completing the questionnaires

Validity means correctness and legitimacy. The purpose of the narrative is that the measuring device can measure the characteristic and the feature. The significance of narrative is that inadequate and inaccurate measurements can undermine any scientific research. The measurement tool should have appropriate validity and reliability so that an individual can collect the appropriate data with the research and test the hypotheses through these data and analyze them . One of the methods of content validity checking for the questionnaire is to review the literature of previous research and tools and methods used for similar research. Previous researches also help determine the content validity of this questionnaire. In order to confirm the paired comparison questionnaire with a great reliance on the subject literature and referring to the elite as the most important reference, other researchers, experts, university professors and managers familiar with the subject of research were referred, and opinion polls were conducted through structured qualitative interviews. The basis of feedback from them, paired with the comparison questionnaire, was revised. Based on the opinions of these individuals, the questionnaire was given the ability to correctly receive and measure the data, and its validity was confirmed.

3.3. QUESTIONS

In this study I conducted a field survey regarding customer satisfaction with the quality of services and their expectations in two vital fields, by comparison between modern markets such as the mall and huge markets and in contrast to traditional local markets

Likewise, a comparison has been made between luxury restaurants that usually provide Western food and seafood, and in contrast to local restaurants and fast food, which often provide cheap traditional cuisine, and took into account the extent of price increases, the quality of goods and the quality of their offer to customers, even the comfort of the customer, such as the presence of air conditioning and refrigeration devices Feeling safe, this questionnaire was conducted in the city of Erbil / Iraq, 120 questionnaires were published, and in the result I got a response from 106 of them, with the participation of all spectrums of society of both sexes, from the age of 20 to 74.

We see in the first table, that customers are more precious that goods in malls are more expensive, but they prefer shopping there, because they are reassured about the quality, presentation and cleanliness of the goods, thus they feel more safer and more comfortable than

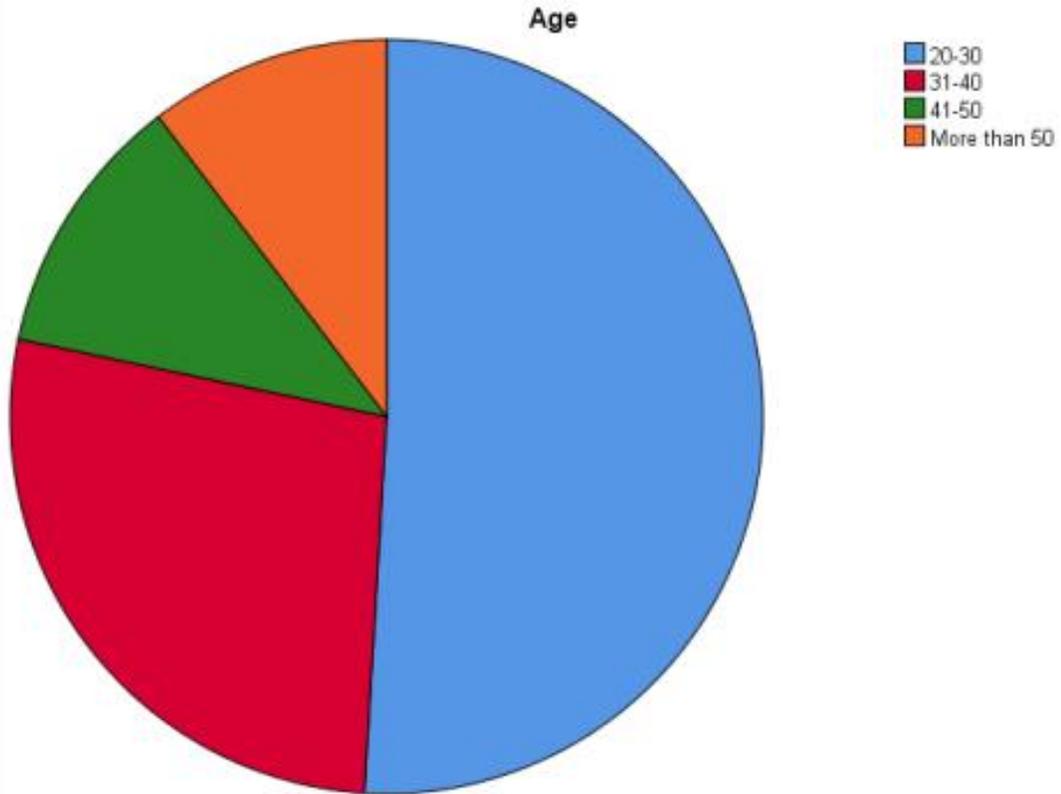
they encounter in the local and popular markets, on the other hand, in Some occasions, like festivals, are held in traditional markets during a specific season, when they prefer to shop there.

In the second table, we see that the majority of customers and consumers prefer traditional restaurants and fast food even though their services are poor compared to luxury restaurants, and the diversity of their meals is not that way, but you usually have specific and simple options, and one of these reasons is the high price of luxury restaurants, and some Their meals and the quality of their foods are unfamiliar to residents here, on the other hand, despite all that In some cases and special occasions, people usually prefer fine restaurants, where they are given the opportunity to enjoy their time, perhaps twice a year, below you will find most important questions we asked in the questionnaire :

- I am proud to tell others that I am shopping in this market
- I am happy when I consume these products
- I really trust this market's products.
- I would accept higher price if it's quality is better.
- My loyalty is to this market because I satisfy its services.
- I often feel anxious when I'm shopping in a market I've never been shopping there.
- I am loyal to this restaurant because I have visited it a lot, emotionally, socially, and economically.
- I am loyal to this restaurant because I fear what risks my health faces
- Things are better when you find all you want and know where are they in the market
- When I'm shopping in a market I'm loyal to, I don't lose my time for searching.
- I feel comfortable when I know all foods present in the menu
- sometimes products not ranked well, I have to report to an employee.
- in vacations I would like to try some new restaurants service especially abroad.
- some products it is not what they look like in the cover
- I'm satisfied employee's responding in this market
- when I find a restaurant's service is good, I tell my friends and encourage them.

3.4. PERSNETAGE EAVALUATIONS

The distribution of the respondents over the demographic variables is shown in Figures . The respondents of the survey questionnaires were 106 person Figure 1. Respondents' age



For discussing the age of the respondents, figure 1 shows that the majority of the Customers normal people who responded the questionnaire their age is between 20 to 30 years old. This range of age makes 50.9% of the total respondents. The second range of age was 31-40 that made 27.4% of the total respondents. 11.3% of the total respondents were between 41-50 years old and 10.4% were more than 50 years old.

Figure 2. Respondents' Gender

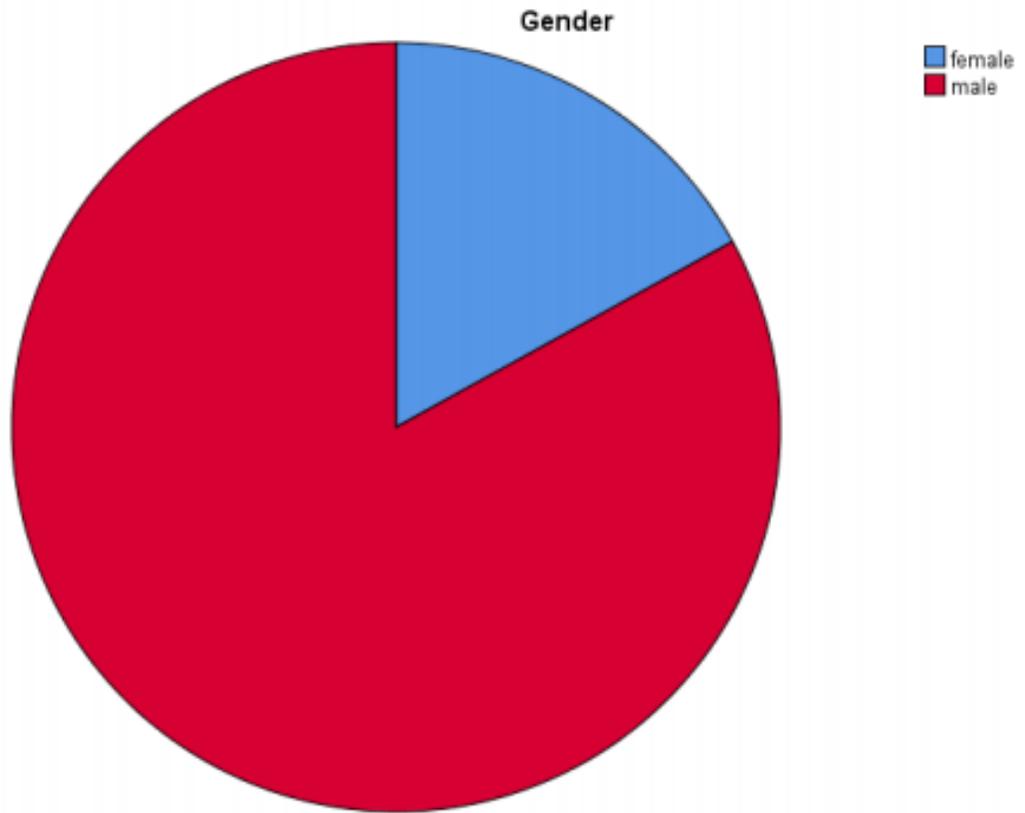


Figure 2 demonstrates that the majority of the respondents were males, and that shows us that the Female till now shy if participate in activities, when in the fact they go to Market more than Males do .

Figure 3. Respondents' Education Level

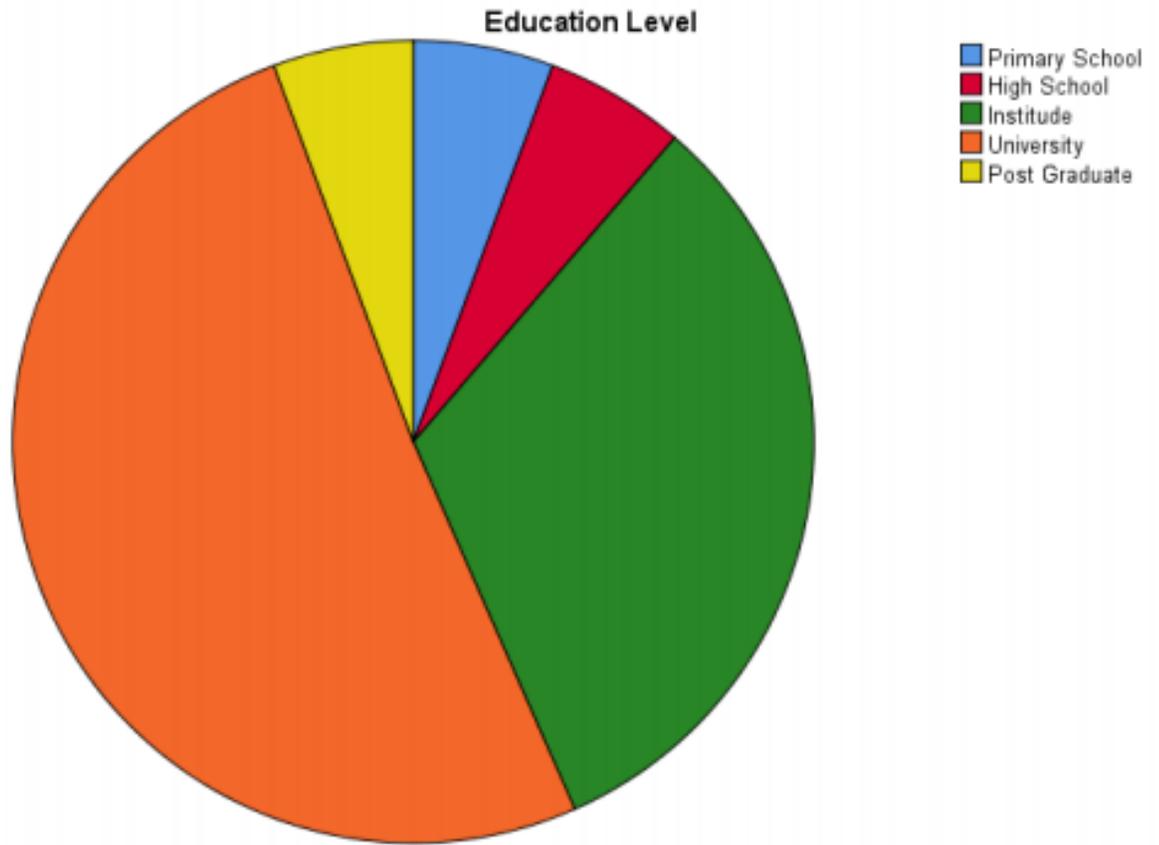


Figure 3 explains the education level of the respondents that is showing most of them are university graduates which made 50.9% of the total respondents, and the second large group was 32.1% who were institute graduates including 5.7% were post-graduate degree holders, 5.7% high school graduates, and 5.7% primary school graduates. the importance of this point is shown us if there are differences and effects of how purchasing behavior between different education levels. and where do they find themselves satisfied of services, especially in these fields we questioned them .

Respondents were asked a list of questions to show what they prefer . The responses are shown in below figures.

Figure 4

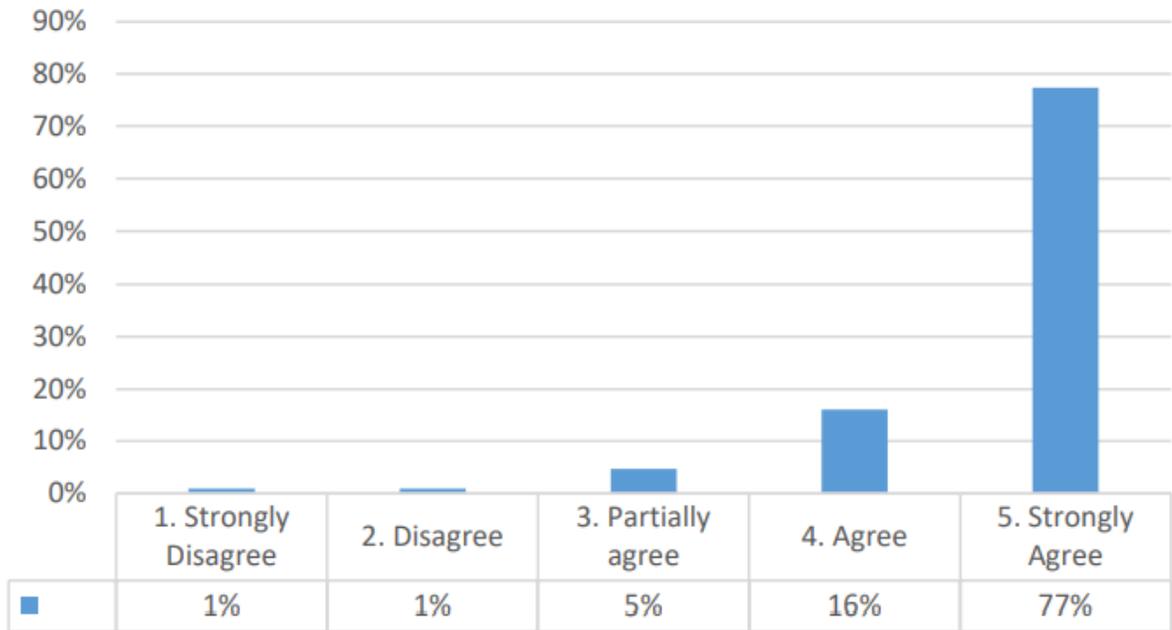


Figure 4 shows the first question that was about affective commitment and the question was “Modern Malls and big Market Centers are better than local and classic markets, even they are expensive some more ” and 77% of the respondents answered as “strongly agree”, 16% as “agree”, 5% “partially agree”, 1% “disagree”, and the remaining 1% “strongly disagree”.

Figure 5

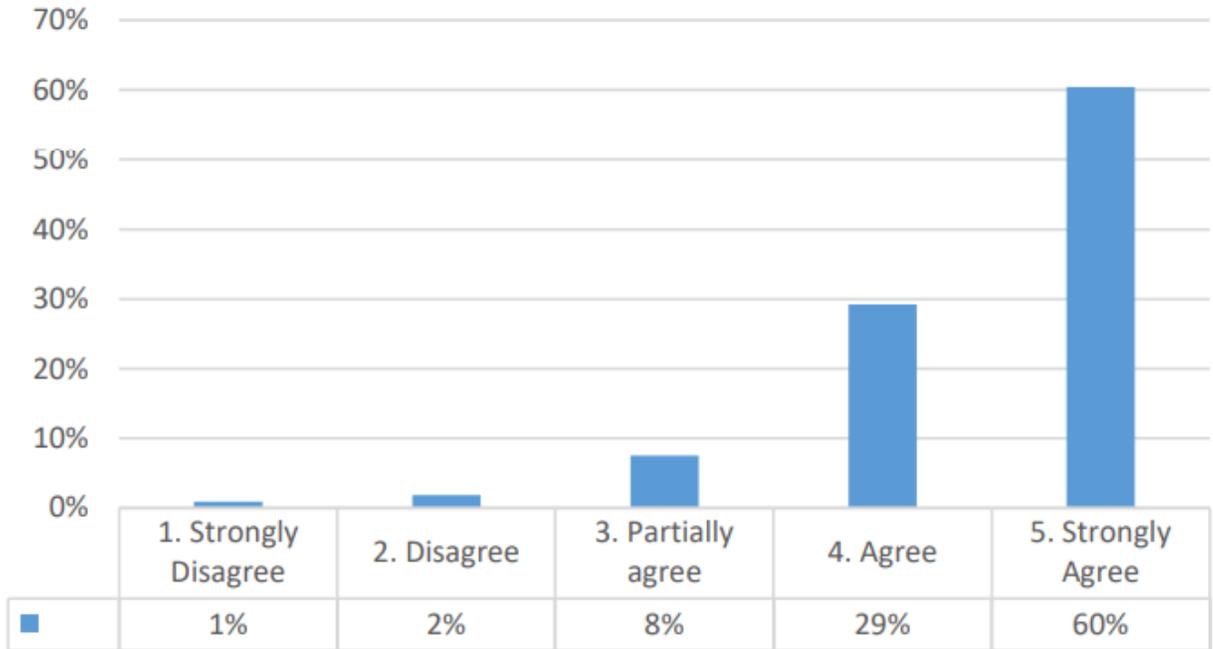


Figure 5 shows the second question that was “daily if I couldn't go home for the meal, I prefer fast-food, local foods, not luxury restaurants” and 60% of the respondents answered as “strongly agree”, 29% as “agree”, 8% “partially agree”, 2% “disagree”, and the remaining 1% “strongly disagree”.

Figure 6

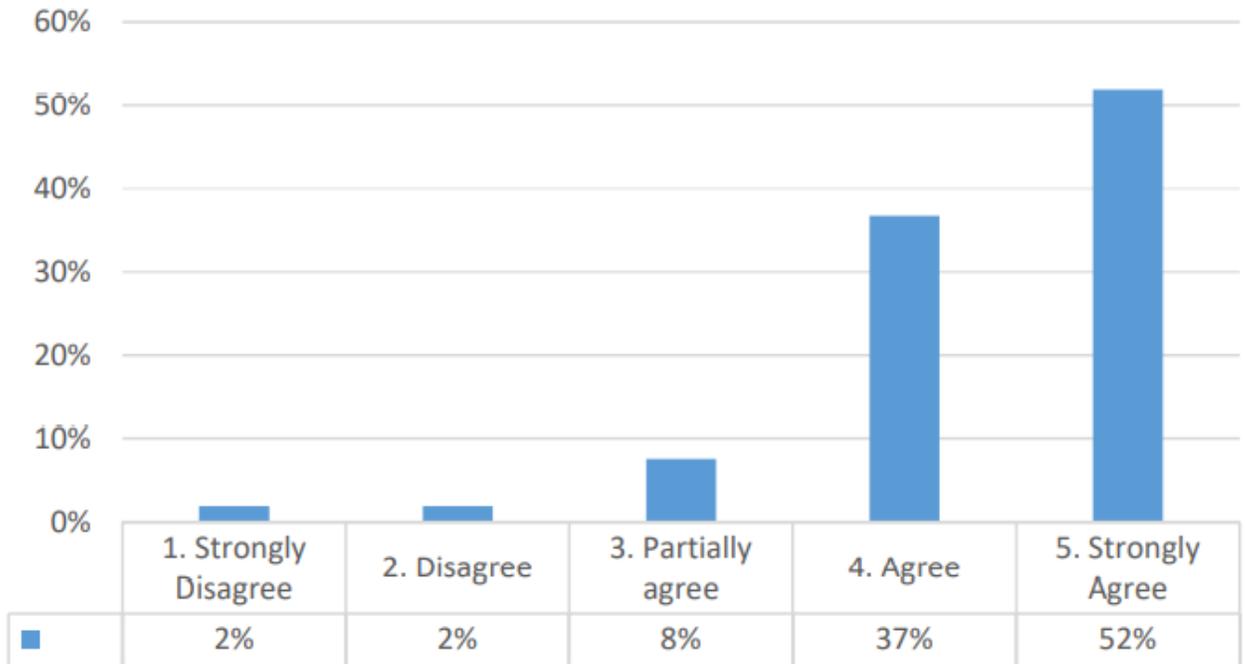


Figure 6 shows the third question that was “in special occasions, usually I prefer luxury restaurants, to enjoy my vacations” and 52% of the respondents answered as “strongly agree”, 37% as “agree”, 8% “partially agree”, 2% “disagree”, and the remaining 2% “strongly disagree”.

Figure 7

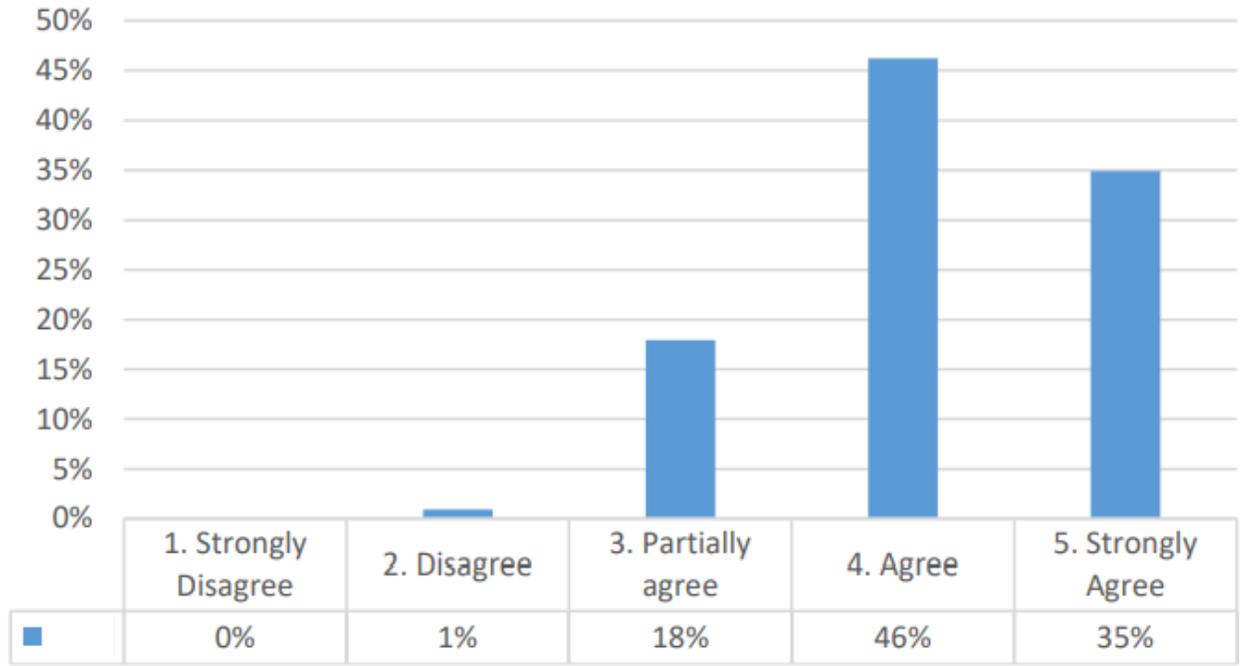


Figure 7 shows the fifth question that was “I prefer to shop in Malls and Modern Markets, because I feel comfort, safe, and their products better arrangement, is it true ?” and 35% of the respondents answered as “strongly agree”, 46% as “agree”, 18% “partially agree”, 1% “disagree”, and none of them chose “strongly disagree”.

Figure 8

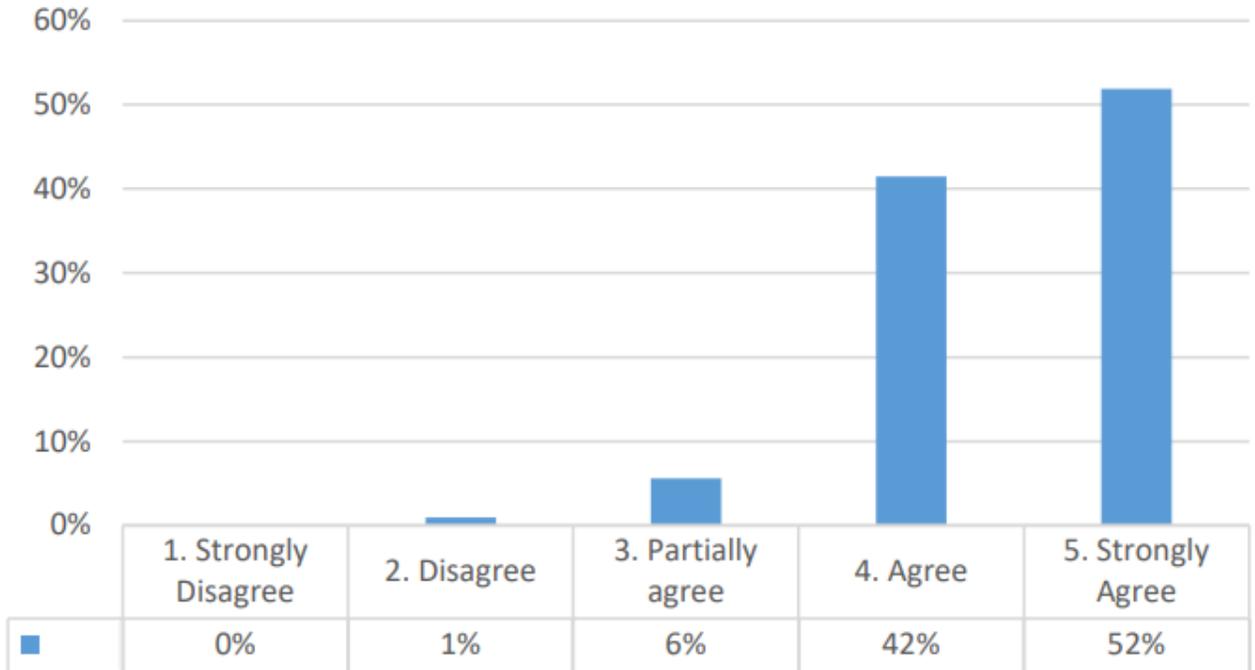


Figure 8 shows customer response for this question “for fruit, vegetables, I prefer go to local and folk markets, because these products there are more cheaper and fresh”. 52% of the respondents answered as “strongly agree”, 42% as “agree”, 6% “partially agree”, 1% “disagree”, and none of them chose “strongly disagree”.

In this questionnaire, it becomes clear to us the behavior of customers and what they want, how important it is in guiding large capital owners in how to design commercial centers and services. On the other hand, we see that customers and how they see them and their behaviors are also affected by the quality of services, as it becomes clear to us that both fields are influential in The other is also affected by it.

And in the restaurant services that we took in this questionnaire, we reach this conclusion as to why local restaurants and fast food are more prevalent compared to luxury restaurants, and it is more desirable, because people often in normal times and working days do not use expensive and

luxurious services even though they are more comfortable. Rather, they depend on the most appropriate choice.

3.5. MATERIALS AND METHODS

This section is divided into five subsections. The first subsection presents the research methodology. In the second sub-section, the sampling strategy is discussed. The third subsection describes data sources. The fourth subsection explains the choice of metrics and tool properties. The fifth subsection shows reliability and validity.

Research methodology as this study is a research in the field of business and management, it has positive and positive features and also includes deductive approach as well as inductive approach. Combining these two research approaches into the same research piece is feasible and quite useful for research.

Sampling strategy five leading supermarkets (such as Team Mart, Las Market, Hafta Bazar, Aya Market and Holand Market) were involved in food stalls across the city of Erbil, as cluster sampling due to time and travel restrictions and other costs related to data collection. In the case of customer respondents, ten clients aged 18 years or older per sampling supermarket are considered a purposeful and random sample for study. The sample procedure has paid more attention to the selection of suitable samples, so that the samples can cover a different background from people as Erbil is a multicultural city in the Iraq.

Data sources the study complied with the help of preliminary data. Initial data were collected through a mail questionnaire. Moreover, the desk study covered many published and unpublished subjects in this field.

Measuring devices the survey was administered to five of Erbil leading retail stores and ten clients per supermarket. Based on the ethics and expert advice questionnaire, it should be designed. In the questionnaire, Likert summarized seven points a scale of 7 of Strongly Disagree (-3) was approved to strongly agree (+3) to determine variables of customer satisfaction and loyalty. The study has the idea of pre-testing the questionnaire in order to get the optimum results from the study.

Reliability and Validity the reliability value for our surveyed data was 0.883 and 0.897 for the variables of customer satisfaction and loyalty, respectively. If we compare our reliability value with the 0.7 alpha standard advocated by Cronbach (1951), a more accurate recommendation (Nunnally& Bernstein's 1994) or with the standard value 0.6 as recommended by Bagozzi& Yi's (1988). Researchers find that the metrics used by us are very reliable for data analysis. Verification procedures included a preliminary consultation with expert researchers. Experts also considered facial health and the content of the questionnaires as sufficient. Based on their comments, some contents and words have been modified to clarify the meaning. Hence, researchers are satisfied with the content and assess the validity.

3.6. TESTING HYPOTHESIS

Correlation analysis was performed to test the strength and direction of the endothelium relationship between two sets of variables; Customer satisfaction and loyalty. Moreover, preliminary analyzes were performed to ensure that the assumptions of normal, linear and gay life were not violated.

Figure 9: Pearson Product - the instant relationship between measures of customer satisfaction and loyalty

		Total CS	Total CL
Total CS	Pearson Correlation	1	0.715**
	Sig (2-tailed)		0.000
	N	50	50
Total OC	Pearson Correlation	0.715**	
	Sig (2-tailed)	0.000	
	N	50	50

** Correlation is important at 0.01 level (two-tailed)

According to the results of Table 3, there was a positive correlation between the two variables [$r = 0.715$, $n = 50$, $P < 0.01$], with customer satisfaction and loyalty. The first hypothesis was supported, which stated that there is a significant relationship between customer satisfaction and customer loyalty. However, as many authors suggest in this field, focus should be directed at the moment of common contrast, rather than focusing on statistics

11 Significance (Pallant, 2005), the determination coefficient of the two variables above was calculated. With the correlation $r = 0.715$, it can be said that customer satisfaction helped explain approximately 51% of the variance (0.715×0.715) in respondents' ratings about customer loyalty.

The second hypothesis was tested after using an input wise variable selection in the regression analysis and Table 4 provides coefficients to predict total customer loyalty.

Figure 10: CL Prediction Coefficients

Models	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Effor	Beta		
1 Constant	.553	.181		3.052	.004
Total Customer Satisfaction	.682	.097	.715	7.008	.000

In the above model, t value for CS is highly significant at 1 percent level. Which means that with increasing level of CS, will be increased 7.008 levels. Hence hypothesis two is also accepted.

3.7. CONCLUSION

The first hypothesis (H1) is supported by the results, as a positive correlation was found between the two variables; customer satisfaction and customer loyalty. Thus, the findings are in line with those of Keiningham et al., (2007) and Grønholdt (2000) In addition, the second hypothesis (H2) is sustained by the results, as a regression was originated between the two variables; the result reveals that customer satisfaction has great impact on customer loyalty. The

contribution of this study to the literature is that of customer satisfaction and loyalty outcomes not only other sectors but in retail super market in Erbil.

Policy implications this study attempts to indicate the policy implementation of the retail supermarket to improve customer satisfaction, win loyal customers and make loyal customers more loyal, i.e. improvement along with the loyalty pyramid. In this context, the following policy actions may be considered worthwhile.

Customer service through quality employee service customer service should be improved further by improving service quality to make customers dissatisfied with customer satisfaction; Satisfy customers for loyal clients and loyal clients to the most loyal ones. Since these are large large markets, most of the employees are concerned about the job assigned to them.

More employees in shop floor in most cases, when customers need an employee, they cannot find anyone nearby on the store floor. Since spending on food items is much less than customers' full budget and technical knowledge is not needed, they put little effort into shopping. Moreover, the existing customers are more busy. Therefore, quick purchase with little effort is highly appreciated by almost all customers.

Training on Customer care and product it is rare to find an employee who knows products well. Some employees do not worry about clients' needs when it is outside the scope of their duty. Thus, more well-trained employees in customer service are needed to improve customer satisfaction and illuminate the unpleasant situation.

“Companies increasingly look to quality, satisfaction, and loyalty as keys to achieving market leadership. Understanding what drives these critical elements, how they are linked and how they contribute to your company’s overall equity is fundamental to success.” (AC Nielsen, 2000). Our objective for this study was to clarify the relationships between quality, value, satisfaction, and behavioral intentions. We suggest that the consumer decision-making process for service products is best modeled as a complex system that incorporates both direct and indirect effects on behavioral intentions. We believe the evidence presented supports this position. Moreover, as is evident from the quote above, this appears to be a worthy area of pursuit. Reiterating our initial set of questions, is it necessary to measure all three of these variables? The answer is yes as the effect of these variables on behavioral intentions is both comprehensive and complex.

Specifically, we provide evidence that quality, value, and satisfaction directly influences behavioral intentions, even when the effects of all three constructs are considered simultaneously. This not only underscores the practical significance of each construct, but also emphasizes the need to adopt a more holistic view of the literature. Do greater levels of service quality only indirectly encourage patronage by increasing the value and/or satisfaction associated with an organization's services? Contrary to the literature, the answer to this question is no. It is clear that the role of quality is far more complex than previously reported. Not only does quality affect perceptions of value and satisfaction, it also influences behavioral intentions directly. Are there other indirect effects on behavioral intentions that may have been overlooked? Our results suggest that the answer is yes; the influence of perceptions of service quality and value on behavioral intentions is considerably more integrated than is reported in the literature. There are a number of implications of this study for future research projects. The obvious implication is the need for further consideration of similar composite models. Additional decision-making variables should also be included. Potential measures include the physical or tangible quality of service products, the quality of the service environment (i.e., the servicescape), and consumers' expectations. The influence of individual consumer and product class differences might also be a fruitful area of inquiry. Answers to questions as to how differences in consumer and product characteristics affect the importance of the various decision-making variables could prove insightful. Indeed, although our results were rather consistent across the six investigated industries, there was some variation worthy of attention. This is especially true if we are to better understand the complexities of how service quality influences customer service behavior. Replication is another area where marketing research should direct greater attention. The possible moderating effects of such individual characteristics as risk aversion, involvement, and product category experience/expertise might also be relevant pursuits in future research. Finally, this research also illuminates the need for additional research that considers the influence of service value on consumer decision-making and corporate profits.

3.8. MANAGERIAL IMPLICATIONS

The major conclusion from our study is that marketing's current conceptualization and measurement of service quality are based on a flawed paradigm. We present empirical and

literature support suggesting that service quality should be measured as an attitude. The performance-based scale developed (SERVPERF) is efficient in comparison with the SERVQUAL scale; it reduces by 50% the number of items that must be measured (44 items to 22 items). The analysis of the structural models also supports the theoretical superiority of the SERVPERF scale (see Table 5); only the model that uses the SERVPERF scale consistently confirmed (model 2). These factors, along with the failure of the 5-component SERVQUAL model to confirm (see Table 1), support the use of a performance based measure of service quality. The remaining are essential managerial issues. The results suggest that service quality is an antecedent of consumer satisfaction and that consumer satisfaction exerts a stronger influence on purchase intentions than does service quality. Thus, managers may need to emphasize total customer satisfaction programs over strategies centering solely on service quality. Perhaps consumers do not necessarily buy the highest quality service; convenience, price, or availability may enhance satisfaction while not actually affecting consumers' perceptions of service quality. Finally (see Table 4), the results from step 1 also suggest that the scale items that define service quality in one industry may be different in another. Perhaps high involvement services such as health care or financial services have different service quality definitions than low involvement services such as fast food or dry cleaning. Managers and researchers therefore must consider the individual dimensions of service quality when making cross-sectional comparisons. Managers should also be able to adjust their marketing strategies more effectively when the full set of individual scale items are considered vice sector simply underscores the need for managers and researchers alike to increase the attention directed at the important issues in the marketing of services.

3.9. LIMITATIONS

As is the case with any research project, the studies presented exhibit limitations that should be considered. First, we stress that this model is not designed to include all possible influences on consumer decision-making for services. We limit our consideration to the identified variables simply because the focus of the investigation is on the composite set of links between consumers' service quality and value perceptions, the satisfaction they attribute to the service provider, and their behavioral intentions. In addition, the LISREL methodology may be construed as a limitation. The results presented here are based on the analysis of a causal model with cross-

sectional data. Because the model is not tested using an experimental design, strong evidence of causal effects cannot be inferred. Rather, the results are intended to support the a priori causal model. Third, the use of additional items, while increasing the survey length, might improve the inherent reliability and validity of the measures used. Finally, measures of actual purchase behavior, as opposed to behavioral intentions, could also enhance the validity of the study. Unfortunately, such data are often difficult and costly to gather.

In designing our study, we attempted to minimize its limitations. However, generalizations beyond the four specific service industries investigated are tenuous. Future studies should incorporate multiple measures of all of the constructs examined. Limiting the study to the two highest market share firms in each category may also have affected the variable distributions and, hence, the importance of the predictors. In addition, with the possible exception of banking, the services investigated are all low involvement service categories. Perceived quality may play a bigger role (in comparison with satisfaction) in high involvement situations, where a firm may need to do more than simply meet customers' "minimum requirements." Finally, the number of constructs other researchers could add to the models examined is probably unlimited.

This study compares a newly developed scale, eTransQual, vis-à-vis two scales well established in the literature—the eTailQ scale developed by Wolfinbarger and Gilly (2003) and the E-S-Quall Scale presented by Parasuraman et al. (2005) (Fig. 3). We integrate hedonic quality aspects which result from intrinsic shopping motives. Neither e-TailQ nor E-S-Quall considers this dimension. Strong evidence for the importance of hedonic aspects for evaluating online shopping experiences is demonstrated both by the results from the scale validation procedure as well as the exploration of their impact on marketing outcome variables. Their strong influence on perceived value indicates that shopping behavior cannot be described as purely goal oriented and rational as suggested by several authors. Instead, hedonic and emotional motives play an important role. By providing a “flow experience” online retailers can strongly improve quality perceptions and thereby enhance perceived value. The weak relationship to satisfaction provides some evidence that experiencing fun and excitement during Web site usage is expected from consumers without explicit articulation as this lies in the nature of multimedia technologies. Thus, assuring hedonic quality can be interpreted more as a “dissatisfaction inhibitor” than a “satisfier”. Given the strong correlation between the responsiveness dimension and the other dimensions, and

also given the strong loadings of all dimensions on a higher order quality construct, this study illustrates that responsiveness should be integrated together with the remaining factors in one scale. Thus, in contrast to Parasuraman et al.'s (2005) findings, in our study responsiveness (which is in Parasuraman et al.'s study mainly covered by the separated Rec-S-Qual scale) does not emerge as a distinct scale which is only relevant when users run into problems. As a basis for their decision to use a Web site, users make judgments about the quality of the prospective recovery services far before actual problems occur.

Therefore measurement should not be done separately. The study shows that the aesthetic appeal of the Web site relates strongly to the judgment of the functionality and usability of a Web site. As our findings suggest, users strongly associate the efficiency of a Web site and the quality of the content with the visual appeal of the Web site design. The extracted quality dimensions cover all stages of the service transaction process enabling a full assessment of an online service experience. From a marketing management point of view, the reliability dimension has to be emphasized due to its most importance in predicting customers' perceived value and satisfaction. Service managers should especially concentrate on issues such as accurate order delivery, providing timeliness information and broad service and product offerings. Nevertheless, from an economic point of view, enjoyment and responsiveness prove to be strong enablers for enhancing future customer cash flows. To address the limitations of our study we point out the following issues. Even though the study succeeds in validating the measurement scale, generalizability concerns may arise. The results refer only to a population of Internet users which have made actual purchase experiences with the shopping site. As a result, a potential sample bias could occur by excluding people who browsed the Web site but did not choose to buy from this provider. This could be due to various reasons, including poor Web site design or process failures during the electronic service encounter. Future studies could test the e-TransQual scale for other populations of web users like browsers and non-buyers in order to confirm the generalizability of our results. In addition, the constant technological changes along with the growing externalization of service deliveries call for greater attention paid to the time dependency of research on electronic services. Existing research reflects only electronic service quality assessments focusing on a specific point in time rather than comprising longitudinal quality evaluations. Finally, research into the determinants of e-service quality could be a promising field for further studies in

this area. In this context, the roles of a service provider's market orientation and innovativeness seem worthy of further investigation.

Survey Questionnaire of Customer's Behaviour Effects on Service Quality

Centre: **Enquiry No:**

Title:

Please complete the following questionnaire with specific regard to the above enquiry, by placing a CROSS in the appropriate box

	strongly agree	agree	uncertain/ not applicable	disagree	strongly disagree
1. I am proud to tell others tha I'm shopping in this Market .	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I am happy when I consume these products .	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. I really trust this Market's Products.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. I would accept hogher price if it's quality is better.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. My loyalty is to this market because I Satisfy it's services.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. I feel anxious when I'm shopping in market I've never been shopping there.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. I am loyal to this resurant because I've visited a lot, emtionally, socially, and economically.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. I am loyal to this resturant because I fear what risks my health would face.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Things are better when you find all you want and kno where are they in the market .	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. I feel comfortable when I know all foods present in the menu.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Sometimes products not ranked well, I have to report to an employee there.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. in vacations I would like to try some new resturants service quality especially when I go abroad.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Some products are not what they look like in the cover.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. I'm satisfied employee's responding in this market.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Figure 11. Questionnaire Sample .

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