Key Factors Affecting Customer Satisfaction with Iranian Retailer Stores: Evidence from Hypermarkets and Supermarkets

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Modern retailers such as hypermarket/supermarket need to be more customer-oriented to survive in today's competitive business world. Therefore, these service organizations are looking for ways and means to deliver better consumer value, and to increase consumers' purchase intentions. Organizations can differentiate themselves by making their services easier to consume, that is, more convenient. The study aims to measure the key factors that can influence customer satisfaction in the retailing industry in two different types of grocery stores (hypermarket and supermarket). In order to assess these factors, a sample of 375 buyers was selected from Tabriz, one of the Iran's city. The findings reveal the factors that play a greater role in customer satisfaction, thereby enabling the retail management to meet the customers' needs.

Introduction

The service industry, and in particular the retail market, has been vital to the world economy, and has faced tough competition in the recent economic crisis. The modern retail industry is booming across the world. Therefore, it is essential for retailers to use strategies which focus on satisfying the current customers. Supermarkets and Hypermarkets have played an important role in the distribution of food since their arrival into the market. The existence of traditional markets is gradually being replaced by supermarkets which cater to the basic grocery needs of the people. Grocery stores have become the most important food source for many households.

Grocery shopping is an essential activity which provides the basic requirement of food acquisition (Khan, 1981). The pursuit of satisfying customers is considered as one of the most critical objectives undertaken by organizations (Oliver, 1997). Those organizations which satisfy the customers have been shown to benefit from higher revenues (Gomez *et al.*, 2004) and market shares (Anderson *et al.*, 2004). As a marketing

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satisfaction forms an affective judgment based on whether an experience (product, service, etc.) gratifies certain pre-conceived needs (Oliver, 1997).

Therefore, it would be interesting for grocery retailers, as service providers, to determine whether the main objective should be satisfying consumers through performance or delivering the maximum level of perceived service quality (Spreng and MacKoy, 1996). Providing an assortment of products and services is one of the basic functions of a retailer (Levy and Weitz, 2008). As a key component of the marketing mix, assortment represents a strategic positioning tool for customer acquisition and retention (Grewal et al., 1999; Kahn, 1999; Koelemeijer and Oppewal, 1999; and Stassen et al., 1999). From the consumers' perspective, assortment plays a fundamental role in store choice (Kelly and Stephenson, 1967; Zimmer and Golden, 1988; Kahn, 1999; and Briesch et al., 2009). The decision about the quality, price levels, and variety of the assortment determines the retailer's market position and image (Kunkel and Berry, 1968; Lindquist, 1974-1975; Mazursky and Jacoby, 1986; Ailawadi and Keller, 2004; and Mantrala et al., 2009). Assortment planning is one of the most challenging tasks in retailing. Especially, the dynamics in consumer perceptions and preferences (e.g., desire of variety and flexibility, preference instability), retailer constraints (e.g., physical space, budget), and changing environmental factors (e.g., competition-related assortment trends, economic conditions) contribute to the huge difficulty of assortment planning (Mantrala et al., 2009). Regardless of any strategic or operational challenges, consumers expect retailers to offer the right mix of products, at the right price, with the right promotions, at the right time and at the right place (Gruen and Shah, 2000).

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

Service organizations have begun focusing on the customer perceptions of service quality because it helps in developing strategies that lead to customer satisfaction (Saravanan and Rao, 2007). According to Gummesson (1994), there has been a shift from the focus on goods without much emphasis on services to a focus on services while paying attention to goods. This stresses the importance of services marketing to most service industries.

Due to the competition faced by grocery stores, it is crucial for retailers to gain a better understanding of the grocery consumer in order to attract and maintain them (Carpenter and Moore, 2006). The competition faced by these retail businesses has led them in seeking ways to be profitable through differentiating themselves in their activities. This is why there is a need for these retailers to measure service quality because some consumers consider quality aspects of goods and services while making a purchase. This

will also enable the service providers to identify the key items of service quality by assessing the perceptions of consumers and finding out which items or dimensions need improvement in case of any weaknesses.

Much research has been done to measure customer satisfaction and its relationship with service quality. However, few studies consider the potential effect of consumer perceptions of store attributes on the maximum level of customer satisfaction. The relative lack of investigation into maximal customer satisfaction seems surprising; a priori, it should be the objective of any retailer in the industry (Barsky, 1995; Al-Awadi, 2002; and Spiller *et al.*, 2006). In practice, since grocery retailers are keen on achieving maximum level of customer satisfaction, they make some decisions exclusively on the basis of this goal, which may cause them to underestimate some associated costs (e.g., Guerrero *et al.*, 2000; and Rubio and Yagüe, 2009).

This study focuses on grocery stores which carry out retailing activities since they deal with the sale of goods and also offer services to their customers in the event of selling goods. Grocery stores play a vital role in the lives of every individual because they provide goods and services of various categories in order to satisfy their needs.

The paper first focuses on the characteristics attributed to the grocery stores identified in the relevant literature. It then gives the methodological aspects with an emphasis on questionnaire development, sample selection and data collection, and estimation approach. The data was obtained from a sample of 375 customers gathered in retail grocery stores (in particular, hypermarkets and supermarkets). Factors providing these attributes are shown which are similar to those found in literature. The paper then presents a series of hypotheses relative to the model development, followed by regression analysis, which allows in knowing which of the identified factors present greater influence on customer satisfaction. Therefore, in addition to establishing a general model about the effects of the different variables on customer satisfaction (Model 1), we also consider another model that includes different sub-samples from consumers according to different kinds of store formats (Model 2). Then, the results of this study are presented. Finally, the paper concludes with a discussion of implications for researchers and managers.

Literature

Service providers and scholars have long recognized the importance of customer satisfaction as contributing to market share and return on investment for companies. Several definitions and models of customer satisfaction have been proposed by various scholars. The focus of much of the research is on the 'disconfirmation of expectations' theory which explains that "the customer is satisfied when he or she feels that the product's performance is equal to or more than what was expected (confirmation). But if the perceived performance falls short of his/her expectations (disconfirmation), then the customer is dissatisfied" (Oliver, 1980).





Customer satisfaction is conceptualized and based on the customer's experience on a particular service encounter, (Cronin and Taylor, 1992) and also some think that customer satisfaction is cumulative, based on the overall evaluation of service experience (Jones and Suh, 2000). According to Wicks and Roethlein (2009), customer satisfaction can be formed through an affective evaluation process done following the purchase experience by the consumer.

These highlight the fact that customer satisfaction is based on experience with the service provider and also the outcome of service. The goal of improving service encounters is to increase positive consumer outcomes, where satisfaction is one such outcome (Voss and Parasuraman, 1995; and Grace and O'Cass, 2004). A positive association was found between consumer satisfaction and behavioral intentions, including loyalty and repurchase intentions (Cronin *et al.*, 2000; Wong, 2004; Mason *et al.* 2006; and Zboja and Voorhees 2006). However, research also suggests that satisfaction influences consumers' preferences and positive recommendations to others (Bloemer *et al.*, 1999; and Cronin *et al.*, 2000).

In recent years, retail competition has intensified, generally as a consequence of new technologies, more sophisticated management practices and industry consolidation. These trends have been particularly pronounced in the food channel (Sirohi *et al.*, 1998). In the case of grocery stores, there is some relationship between the customer and the service provider, and customer satisfaction will be based on the evaluation of several interactions between both parties. Therefore we will consider satisfaction as a part of overall customer attitude towards the service provider that makes up a number of measures (Levesque and McDougall, 1996).

Perceived value has thus become a new strategic imperative for retailers (Gale, 1994; Sweeney et al., 1997; Sweeney and Soutar, 2001; and Levenburg, 2005). Cognitive definitions of perceived value, whereby the concept is posited as a trade-off between benefits and sacrifices, have traditionally been prevalent among marketers (e.g., Zeithaml, 1988; Dodds, 1991; Chang and Wildt, 1994; Lapierre et al., 1999; and Cronin et al., 2000). Perceived service quality has been found to have a positive impact on perceived service value (Bolton and Drew, 1991). Holbrook (1994 and 1999) has developed a useful 'typology of value' that captures diverse aspects of consumption experience: (1) economic value (including quality and price); (2) social value; (3) hedonic value; and (4) altruistic value.

According to Holbrook (1999), the dimension of 'excellence' involves a reactive appreciation of the potential ability of an object or experience to accomplish a goal or to perform a function. The notion of 'excellence' thus has a utilitarian emphasis with similar connotations to the concept of 'quality' (Holbrook, 1999). Lapierre *et al.* (1999) contended that quality is an important element of value, and that improving quality is the best way to give the customer better value; moreover, the variety of dimensions that comprise quality makes it possible to differentiate products or services in many ways to enhance their value to customers.

The IUP Journal of Marketing Management, Vol. XI, No. 4, 2012

Magi and Julander (1996) showed a positive relationship between perceived service quality, customer satisfaction and customer loyalty among the grocery stores in Sweden. It was proven that customer satisfaction results from high perceived service quality and makes the customer loyal. However, it could be possible that a satisfied customer must not necessarily become a loyal customer.

According to Negi (2009), the idea of linking service quality and customer satisfaction existed for a long time. A study was carried out to investigate the relevance of customers' perceived service quality in determining the overall satisfaction in the context of mobile services (telecommunication). The results not only show that reliability and network quality (an additional factor) as the key factors in evaluating the overall service quality, but also highlight that tangibles, empathy and assurance should not be neglected when evaluating perceived service quality and customer satisfaction.

In the last two decades, marketing research has moved to normalize perceived quality by a price component because the same quality at lower prices leads to higher satisfaction (Fornell, 1992; Anderson and Sullivan, 1993; and Oh, 1999). Perceived quality was thus replaced by perceived value, i.e. perceived quality in relation to the price (Fornell, 1992; Anderson *et al.*, 1994; McDougall and Levesque, 2000; and Ball *et al.*, 2004).

In this environment, it is essential for firms to focus on the 'right' current customers. In the face of slow growth and highly competitive markets, a good defense is critical (Fornell, 1992). Marketing tools such as coupons and promotions are not only often minimally effective, but also attract the wrong customers by adverse selection (Reichheld and Frederick, 1996). For example, temporary price cuts and coupons tend to attract cherry pickers, whose purchases often actually detract from profits. Perceived value relates to the value for money that the consumers receive and pay for, "What you get for what you pay" (Sirohi et al., 1998). Store loyalty intentions of current customers for a multi-store grocery retailer were studied by Sirohi et al. (1998). They argue that value in supermarket shopping is attributed to various components such as quality, service, variety, nutrition, convenience, freshness and facilities. They found that service quality is by far the most critical determinant of merchandise quality perception. Perceived value for money depends on perceived relative price and sales promotion perceptions and to a lesser extent on service quality and merchandise quality perceptions. Store loyalty intentions, measured by intent to continue shopping, intent to increase purchases and intent to recommend the store depend on service quality and merchandise quality perception (Sirohi et al. 1998). Whereas recommendation, repurchase, price premiums and loyalty have been accepted as positive customer behavioral intentions, complaints and negative word-of-mouth reporting have been seen as negative intentions. The behavioral intentions of the customers at the last stage of their experiences indicate whether a customer will continue with or leave a company or a destination. They include actions such as making favorable comments about the company or destination, recommending it, paying a higher price for it or remaining loyal to it (Gonzalez et al., 2007).



In the marketing literature, limited empirical evidence appears to exist concerning the relationship between behavioral intentions and their potential determinants, service quality dimensions and perceived value (Bolton and Drew, 1994).

Sánchez and Iniesta (2009) developed a conceptual framework and measurement scale for the two components, efficiency and quality. The relationship between economic value and consumer satisfaction was also examined. The study also describes an empirical study that confirms the validity and usefulness of the proposed model. The results provide an operational tool for measuring economic value that will allow retailers to design suitable strategies for creating and delivering value to consumers. Furthermore, they demonstrate the usefulness of economic value as a concept in the study of consumer satisfaction.

Researchers are also increasingly interested in understanding the effects of convenience on consumer behavior, and the recent empirical studies indicate that convenience influences critical marketing consequences, including customer evaluation and purchase behavior (Rust *et al.*, 2004; and Seiders *et al.*, 2005).

The presence of service can reduce the non-monetary sacrifices made by shoppers (e.g., time) and also increase the benefits of shopping (e.g., convenience through facility design, etc.). In the late 1950s convenience was used as an important variable when planning shopping centers (Kelley, 1958). It has been a variable to categorize different types of commodities (Holton, 1958). Later research has focused on convenience as a consumption orientation (Anderson, 1972; Gehrt and Yale, 1993; and Berry *et al.*, 2002), giving a typical characteristic for specific consumer groups.

Convenience is the ability to reduce consumers' non-monetary costs (i.e., time, energy and effort) when purchasing or using goods and services (Berry et al., 2002; Seiders et al., 2007; and Farquhar and Rowley, 2009). Some firms position themselves as convenience-focused and use this benefit as a source of competitive advantage (Seiders et al., 2000). Time-poor consumers are looking for providers offering value that is convenient in terms of search, access, purchase and use (Seiders et al., 2000). Consumers are not simply concerned with the core benefits that services deliver; they want services that are available when and where they want to consume them, that is, services that are easy to consume (Seiders et al., 2000). It is those five types of convenience, namely, decision, access, transaction, benefit and post-benefit, which influence the consumers' satisfaction with a particular service. Seiders et al. (2007) sought to empirically test the validity of the five dimensions, which they refer to as the SERVCON construct.

Chang and Polonsky (2011) use mediated regression to examine the influence of the five types of convenience on consumers' behavioral intentions and the mediating role satisfaction plays in the relationship. These findings indicate that only benefit convenience and post-benefit convenience are associated with improved behavioral intentions and that satisfaction partially mediates the relationship between those two types of convenience.

Bauer et al. (2011) found a significant positive relationship between the Grocery Assortment Perception (GAP) scale and customer satisfaction. Their findings suggest

that consumers use only a limited number of informational cues to form perceptions about four higher-level assortment dimensions: (1) the assortment's pricing; (2) quality; (3) variety; and (4) presentation. In line with the attitude theory, they found that consumers integrate these higher-level assortment dimensions into a summary evaluation of the grocery category's attractiveness.

Some researchers suggest that people like to socialize outside their homes, for e.g., Tauber (1972) asserts that certain groups of people like to shop at particular stores because the stores offer them opportunities to socialize with fellow shoppers, and also shoppers prefer to shop at stores where they find friendly and courteous personnel. Employee behavior is vital in a service company since employees act as a link between the organization and its customers. Furthermore, according to Gwinner *et al.* (1998), employees represent a critical factor in developing effective working relationships with customers. Lemmink and Mattson (1998) showed that the degree of personal warmth displayed by service employees towards customers was related significantly and positively to service quality perceptions and customer satisfaction.

According to Hong *et al.* (2011), quality will be measured using variables like personnel service, friendly staff, and courteous and knowledgeable staff. The speed at which problems are solved is also an important variable. They also consider the ability of the staff to offer personalized service such as being able to recognize frequent customers and even greet them by name (Hong *et al.*, 2011).

A common approach to select a site for a retail outlet considers spatial demandsupply models. Using this approach, the retailer selects the site according to demand and supply conditions which determine the market potential of these various locales (Hoch et al. 1995; Reinartz and Kumar 1999; and Kumar and Karande 2000). But the direct observation of retail demand in the trade area is difficult, as it does not necessarily comport with the population density. In addition, retail concentration allows the development of public facilities, incentives, the location of firms providing services that otherwise should be internalized by the store, and often increases the frequency of suppliers' visits, sometimes at lower costs (Hirschman, 1978 and 1979). High density agglomerations of retailers are not the only source of performance enhancement; on the other extreme of the density continuum, the local demand finding—too onerous to shop far from their homes or workplaces—might become the base of competitive advantage for retailers conveniently located. That is, retailers may find it profitable to select sites relatively isolated from other stores of the same or different type. This way, they can hold the market power, i.e., the relative space monopoly, given by their competitive advantage in proximity (Eaton and Lipsey, 1975). The location of any store is always very important. Location can mean convenience and accessibility. Location can also refer to the number of stores in a particular geographical setting. According to Martinéz et al. (2010, p. 280), once the location of the store is close to the home, then transaction costs associated with purchase such as transport costs and time spent are likely to be reduced.





Additional services will consist of four elements: (1) Membership card; (2) Parking lot; (3) Baby areas; and (4) Delivery of goods. Customers always look for convenience benefit in the modern environment (Martinéz et al., 2010). Additional services are essentially important in the retail business and play a role in determining customer satisfaction through creation of convenience. For example, Grewal et al. (2002) concur those additional services like the availability of parking can create convenience for customers with vehicles, thus leading to a positive effect on customer satisfaction. Other additional services like the membership card/loyalty card also provide access to discounts and promotional goods.

Numerous studies have shown that consumers' propensity to regularly buy retail brands depends on a variety of different constructs, and specifically on a favorable attitude toward those products (Burger and Schott, 1972; Dick et al., 1996; and Richardson et al., 1996). In order to address the varied nature of offerings, two categories of retail brands identified by Ailawadi and Keller (2004) will be incorporated when analyzing the measurement of the influence of attitude; the focus is on what consumers can readily perceive and that is the 'store's visible or invisible involvement' in those brands. Retail brands are one of the features of the store's offerings and must be capable of working for better differentiation of the store's assortment (Collins and Lindley, 2003). Retail brands today have achieved an adequate standard of quality (Dhar et al., 2001). A consumer who is loyal to a retail brand will have a more favorable perception of the overall retailer brand (De Wulf et al., 2005). Scattone (1997) and Burton et al. (1998) contributed to the correlating attitude toward retail brand products with purchase or purchase intention for retail brands. Many observers have pinned down a natural interdependence between retail brands and the name and image of the store (Richardson et al., 1996; and Sprott and Shimp, 2004) and noted that this has an impact on consumer loyalty (Dick et al., 1995; and De Wulf et al., 2005). In general, these findings take it as an implicit fact that a retail brand is clearly perceived as a brand belonging to the store that sells it.

According to Inman *et al.* (2009), a grocery store is described as a place of sensory stimuli where consumers find colorful product displays coupled with fruits and flowers with perfectly displayed packages of snacks and advertisements covering the floor. They further argue that some customers use the in-store stimuli as cues to remind them of what groceries they need and also assert that certain consumers enter shops without the intention of buying certain goods but end up buying a particular set of goods because the instore stimuli has triggered unrecognized needs and desires leading to instore decision making.

In view of the importance of the emotional value associated with purchasing in the store as a fundamental determining factor of customer loyalty in the four retail sectors, it is inferred that there is a need for the retailer to use its physical and human resources to create a pleasant store atmosphere where the customer feels good and enjoys shopping in this establishment, contributing in this way to repeat patronage (Gil and Ruiz, 2008). Several authors and researchers in marketing and consumer behavior have reported

studies on the consumers' emotional responses to retail environments by incorporating the Mehrabian and Russell's (1974) approach (S-O-R model) to environmental psychology. They examined store loyalty determinant as one of the behavioral responses (Donovan and Rossiter, 1982; and Burns and Neisner, 2006). However, much research focused on the environmental stimulus related to the store itself such as store image elements, especially store atmosphere (Donovan and Rossiter, 1982; Donovan *et al.*, 1994; Spies *et al.*, 1997; and Bell, 1999), and have not yet taken into account the customers themselves (such as culture) as stimulus.

Marketing literature identifies several store attributes that can differentiate retailers and offer positive value to consumers (e.g., Hackl et al., 2000; Gómez et al., 2004; and Spiller et al., 2006) including price, sales promotions, quality, commercialized brands (including the store's own brand), proximity, assortment, customer attention, additional services, store atmospherics and opening times. The finding of a research by Martinez et al. (2010) reveal that among consumers who buy from hypermarkets, perceptions of the quality image, as well as perceptions of service and convenience, have a positive and significant influence on the maximum level of customer satisfaction. However, for those consumers who buy from supermarkets, only the perception of services and convenience influence their maximum level of satisfaction. This research outlines the features which can help retailers focus their strategies on appropriate consumer targets, according to the retailer's own features, and thus attain a sustainable competitive advantage through their differentiation. Based on a recent study by Martinez et al. (2010), our research was performed in order to assess these factors in Iran and make a comparison with theirs.

Hypotheses Development

As mentioned earlier, this research is based on the study of Martinez *et al.* (2010) on Iranian retailing market. Methodology of data collection and statistical analyses are the same as the study of Martinez *et al.* (2010).

The paper describes the data collection process and analysis of customer perceptions of different characteristics of stores, as well as the factors that underlie these characteristics. Hypotheses regarding the effect of these factors on customer satisfaction with purchase carried out in the store are generated.

Sample and Data Collection

Questionnaire

Questionnaires were distributed to customers in different retail grocery stores with various formats located in the city of Tabriz (Iran) during the period between April 1-30, 2011.

The sampling technique was probabilistic. Questionnaires were randomly distributed in two types of stores—supermarket and hypermarket, and clients over 18 years of age randomly offered to complete the questionnaire from the cashiers. The number of valid responses was 375 (see technical specifications in Table 1).

Key Factors Affecting Customer Satisfaction with Iranian Retailer Stores: Evidence from Hypermarkets and Supermarkets



Table 1: Que	estionnaire Specifications
Universe	1,378,935 Individual residents, the city of Tabriz, (Iran) ^a
Unit Sample	Consumers greater than 18 years of age (923,551 people)
Geographic Scope	City of Tabriz
Data Collection Method	Questionnaire
Place for Carrying out the Survey	Hypermarkets and supermarkets located in the selected metropolitan area
Sample Size	375 Questionnaires
Level of Confidence	95%; $Z = 1.96$, $p = 0.5$; $q = 0.5$
Sampling Procedure	Probabilistic
Date of Field Work	April 1-30, 2011
Note: ^a Based on the results of the late	st national census (2006).

Variables Measurement

Question Nos. 2-11 of the questionnaire measured store characteristics perceptions, while the last question discussed the overall satisfaction (see definitions in Table 2 pertaining to the questions). Customers rated the store on a 5-point scale (1 = Poor to 5 = Excellent) for 11 questions on attribute perceptions and customer satisfaction. In order to prepare the statements in these questions, we present the main features and characteristics that have been used in the previous studies. Table 2 summarizes the variables considered in the study, specifying if they are introduced as explanatory, endogenous or classification variables, their scales and denominations.

Table 2: Variables Used in the Study			
Name of the Variable	Measurement Scale	Type of Variable in the Model	Definition
Type of Establishment	Categorical	Classification	Type of establishment in which individuals make the purchase: (1) Hypermarket (2) Supermarket.
Reduced Price	Metric	Explanatory	Reduced price perception regarding the whole shopping experience (5-point scale): (1) Poor to (5) Excellent.
Sales Promotions	Metric	Explanatory	Sales promotion perception regarding the whole shopping experience (5-point scale): (1) Poor to (5) Excellent.

The IUP Journal of Marketing Management, Vol. XI, No. 4, 2012



Table 2 (Cont.)

Name of the Variable	Measurement Scale	Type of Variable in the Model	Definition
Quality of the Offer	Metric	Explanatory	Quality perception regarding the whole shopping experience (5-point scale): (1) Poor to (5) Excellent.
Commercialized Brands	Metric	Explanatory	Brand perception regarding the whole shopping experience (5-point scale): (1) Poor to (5) Excellent.
Proximity to the Home	Metric	Explanatory	Proximity perception regarding the whole shopping experience (5-point scale): (1) Poor to (5) Excellent.
Assortment	Metric	Explanatory	Assortment perception regarding the whole shopping experience (5-point scale): (1) Poor to (5) Excellent.
Customer Attention	Metric	Explanatory	Customer service perception regarding the whole shopping experience (5-point scale): (1) Poor to (5) Excellent.
Additional Services	Metric	Explanatory	Additional services perception regarding the whole shopping experience (5-point scale): (1) Poor to (5) Excellent.
Store Atmospherics	Metric	Explanatory	Store atmospherics perception regarding the whole shopping experience (5-point scale): (1) Poor to (5) Excellent.
Opening Times	Metric	Explanatory	Opening times perception regarding the whole shopping experience (5-point scale): (1) Poor to (5) Excellent.
Overall Satisfaction	Metric	Endogenous	Satisfaction after shopping (5-point scale): (1) Poor to (5) Excellent.

Formulation of Hypotheses

Considering the relationship that the literature establishes between the different explanatory variables considered as well as the high degree of correlation existing among them, it goes on to follow a factorial analysis of principal components. The development of this methodology can identify a more reduced set of factors that, without being



correlated to each other, manage to explain in the highest possible degree of variability found in the answers to all of them. As a previous step to the factorial analysis, it is necessary to analyze the sampling adequacy. We use the Kaiser-Meyer-Olkin measure of sampling adequacy, which acquires a value of 0.752, value superior to the established limit of this index (0.5). In addition, Bartlett's test of Sphericity takes a high value with a significance level of 0.000 and rejects the hypothesis that the correlation matrix is an identity matrix, which would indicate that the factor model is inappropriate (George and Mallery, 1995).

We show the factor loadings for the three-factor solutions in Table 3. These three factors account for 55.77% of the variation in the 10 attributes. We define the three factors as follows:

- Customer Services and Convenience (CSC) accounts for 24.82% of the variance and is related to the variables, 'assortment variety', 'attention to customer', 'additional services', 'store atmospherics' and 'opening times'.
- Quality Image (QI), accounts for 16.11% for the variance and is associated with the variables, 'perceived quality of the products offered', 'brands' and 'proximity to the home'.
- Economic Value (EV) of the purchase accounts for 14.83% of the variance and is associated with the variables, 'price' and 'sales promotions'.

Internal consistency for all attributes and each of these factors was assessed by Cronbach's α coefficient. Internal consistency was found to be good for all attributes (Cronbach's α coefficient = 0.705). It was good for Factor 1 (α = 0.759); poor for

Table 3: Factors of the Establishment Perceived by Customers			mers
Identified Factor	Reliability α	Survey Elements – Factor Specific Attributes Loading	
Customer Services and	0.683	Assortment Variety	0.522
Convenience (CSC)		Customer Attention	0.638
		Additional Services	0.695
		Store Atmospherics	0.605
		Opening Times	0.545
Quality Image (QI)	0.223	Quality of the Offer	0.507
		Commercialized Brands	0.624
		Proximity to the Home	0.502
Economic Value of the Purchase	0.365	Price	0.524
(EV)		Promotion	0.444

The IUP Journal of Marketing Management, Vol. XI, No. 4, 2012



Factor 2 (α = 0.431); and moderate for Factor 3 (α = 0.601). In general, a level of α that indicates an 'acceptable' level of reliability has traditionally been 0.70 or higher (e.g., Nunnally, 1978; and De Vaus, 2002), although interpretation of α in specific contexts such as social sciences is generally more complicated than that, and some use smaller levels. These findings are coincident with those obtained by other previous works in the relevant literature. Thus, for example, the work of Gomez *et al.* (2004) indicates the presence of these three factors as determining elements of differentiating capacity of the establishment. It also coincides with the impact that the client's perception has on these factors and the exertion on overall satisfaction that is obtained from the purchase. Abundant works show the importance of the services offered to the client, quality image and the monetary value of the purchase, which are also regarded as antecedents of customer satisfaction. Nevertheless, according to the type of product, services, store formats and business sectors considered, the weight that each factor shows is different (Szymanski and Henard, 2001; and Grace and O'Cass, 2005).

Dhurup et al. (2006) found that convenience (i.e., space availability and information dissemination) influences satisfaction for leisure and recreation consumers, which, in turn, influences their loyalty. Chang et al. (2010) reported that in a Taiwanese fast-food context, convenience influences satisfaction, and satisfaction in turn, influences loyalty. The findings of Dai et al. (2008) also suggest that convenience influences Chinese Internet shoppers' level of satisfaction, which in turn influences their loyalty and word-of-mouth intentions. These studies confirm that convenience is an important service attribute that influences consumers' evaluation of service encounters, and that behavioral intentions are important outcomes of consumer satisfaction.

Fen and Lian (2005) found that both service quality and customer satisfaction have a positive effect on customer's re-patronage intentions showing that both service quality and customer satisfaction have a crucial role to play in the success and survival of any business in the competitive market. This study proved the close link between service quality and customer satisfaction.

Some empirical studies of the relationship between economic value and satisfaction have shown that satisfaction is positively influenced by perceived value (Danaher and Mattsson, 1994; Cronin *et al.*, 2000; McDougall and Levesque, 2000; Chen and Dubinsky, 2003; Tam, 2004; and Yang and Peterson, 2004). This finding is in accordance with the thesis that consumers who receive high value from a retailer should be more satisfied than those who receive low value (Liu *et al.*, 2005). However, some researchers have proposed that the causative relationship operates in the opposite direction (Bolton and Drew, 1991; and Petrick *et al.*, 2001); in particular, Oliver (1999) has suggested that satisfaction generates consumption value, which then provides value-based satisfaction. In addition, other authors have proposed a moderating role for value in the quality-satisfaction relationship (Woodruff and Gardial, 1996; Oliver, 1999; and Day, 2002).

Key Factors Affecting Customer Satisfaction with Iranian Retailer Stores: Evidence from Hypermarkets and Supermarkets

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Based on the previous theories and literature, the following hypotheses referring to the relationships between customer services and convenience, quality image, economic value of the purchase and customer satisfaction were proposed.

- H_1 : There is a positive relationship between the perceptions of the services and the convenience that the store offers to clients and their impact on customer satisfaction.
- H_2 : There is a positive relationship between the quality image that the store offers to clients and their impact on customer satisfaction.
- H_3 : There is a positive relationship between the perceptions of the economic value that the store offers to clients and their impact on customer satisfaction.

Models and Analysis of Results

In order to test the previous hypotheses and starting off from the customer database, a parametric linear regression analysis was performed. In our model, 'customer services and convenience', 'quality image' and 'economic value' are the predictor variables considered in order to predict purchase satisfaction.

Table 4: Model Summary - Total Sample of Customers		
R	R ² Standard Error of Estimate	
0.602	0.363	0.6226

Note: The ANOVA table test was considered in order to assess the acceptability of the model. In particular, the significance value of the F statistic was less than 0.05, which means that the variation explained by the model is not due to chance.

Table 4 shows the values of the coefficient of determination R^2 that quantifies the proportion of variation explained by the model. Regarding the total sample of customers, it shows that about 36.3% of the variation of customer satisfaction is explained by the model. With this model, the error of the estimate is about 0.62.

Table 5 shows the analysis for the total group of customers. For the group of considered consumers, the parameter estimates show how the services and convenience offered by the distributor as well as the quality image constitute, in this order and with confidence

Table 5: Relationship of the Explicative Variables and Overall Satisfaction – Total Sample of Customers		
Factor	Estimated Parameters	
Constant	3.173***	
CSC	0.460***	
QI	0.085***	
EV	0.008	
Note: ***p < 0.01.		

The IUP Journal of Marketing Management, Vol. XI, No. 4, 2012



levels of 99%, the factors that most influence customer satisfaction. The existing differences in the values of the parameter estimates show that while the services offered by the distributor present the greatest contribution to satisfaction, the quality image represents the smallest. Nevertheless, any significant influence is not detected on the economic value offered by the grocery retailer.

These findings support the first and the second of the previously formulated hypotheses, confirming that for the total sample of customers, the services and the convenience offered by distributor as well as its quality image influence the satisfaction obtained from the purchase experience. Thus, H_1 and H_2 are supported.

Table 6: Statistical Description				
Explanatory Variables	Total Sample $(N = 375)$	Hypermarket $(N = 120)$	Supermarket $(N = 255)$	Significance
Average CSC	0.0000	0.4464	-0.2101	
Standard Deviation	1.0000	0.9345	0.9617	
Variance	1.0000	0.8730	0.9250	***
Median	0.0052	0.4812	-0.1703	
Average QI	0.0000	-0.2967	0.1396	
Standard Deviation	1.0000	0.8831	1.0227	
Variance	1.0000	0.7800	1.0460	***
Median	0.0073	-0.2497	0.1844	
Average EV	0.0000	-0.4873	0.2293	
Standard Deviation	1.0000	1.0062	0.9128	
Variance	1.0000	1.0120	0.8330	***
Median	0.0262	-0.4483	0.2082	

Note: ***p < 0.01; ^aThe Kruskal-Wallis test, the non-parametric analogue of a one-way ANOVA test, is used to compare three or more samples. It tests the null hypothesis that the population medians are the same.

However, the findings are different if we consider different sub-samples of customers based on one of the key elements of retail patronage behavior, such as the store format. Table 6 considering different sub-samples of customers based on the store format in which the purchase is made (hypermarket vs. supermarket) shows the descriptive statistics obtained.

Table 6 shows how the highest average on the factor of services and convenience is detected in those consumers who buy in hypermarkets, and the lowest in those who make their purchases in supermarkets. But the highest average with respect to the second factor is detected in that set of buyers that purchase their products of great consumption in supermarkets, and the lowest in the buyers that make them in hypermarkets. Finally, with respect to the last one of the identified factors referring to the economic value of the purchase, the highest average falls also on those buyers that make their purchases in



supermarkets, and the lowest on the buyers who make them in hypermarkets. Also, the Kruskal-Wallis test shows how in this case, the different sub-samples are independent, coming from different populations.

Table 7 displays the R^2 values for the different identified sub-samples of customers. The values of the R^2 are reasonable in all the considered sub-samples. The greater explanatory capacity falls on the model made on the sample of buyers that make their purchases in supermarkets, where the model is able to explain 34.8% of the variability of the customer satisfaction, whereas the smaller explanatory capacity falls on the model made in the sub-sample of those buyers that make their purchases in hypermarkets, where the model explains 33.3% of the variation in customer satisfaction.

Table 7: Model Summary – Different Sub-Samples of Customers According to the Store Format			
Store Format	R	R^2	Standard Error of the Estimate
Hypermarket	0.577	0.333	0.641
Supermarket	0.590	0.348	0.608

Note: The ANOVA table test was also considered in order to assess the acceptability of this model. In particular, the significance value of the *F* statistic was less than 0.05 when considering hypermarkets and supermarkets, which means that the variation explained by the model is not due to chance.

In addition, Table 8 shows how for the sample of consumers who have made their purchase in the hypermarket, the factor that contributes most to the overall satisfaction is services and convenience factor, followed, in this order, by the quality image factor and finally the economic value factor. In the supermarket, the factor that contributes most to overall satisfaction is the services and convenience one.

Table 8: Relationship Betwee Summary – Different Sub-Sam		
Estimated Parameters for the Explained Variables	Hypermarket	Supermarket
Constant	3.231***	3.108***
CSC	0.465***	0.422***
QI	0.109	0.087**
EV	-0.056	0.087**

Therefore, the results show how H_1 related to the perception of the services and convenience that the establishment offers to the client is possible to support both the

22

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

Table 9: Summary of Hypotheses Supported and Rejected			
Models	Sample Description	Hypotheses	
Model 1	Total Sample of Consumers: 375	$H_{_{I}}$ Supported $H_{_{2}}$ Supported $H_{_{3}}$ Rejected	
Model 2	Different Sub-Samples of Consumers According to Store Format Choice: Hypermarket = 120 Consumers Supermarket = 255 Consumers	Hypermarket: H_1 Supported; H_2 and H_3 Rejected Supermarket: H_1 , H_2 and H_3 Supported	

purchases made in hypermarkets and supermarkets. H_2 related to the quality image of the store can be accepted in the purchases made in hypermarkets. And finally, H_3 related to the economic value of the purchase is only possible to support in the purchases made in hypermarkets. Table 9 presents below a summary of the hypotheses supported and rejected.

Conclusion

A great portion of the competitive advantage of a retailer directly depends on the amount of information obtained from customers. So, knowing and suitable management of the information associated with customers are very important. This information enables retailers to identify the factors related to customers' evaluation, and they can determine the factors that have a stronger relationship with customers' satisfaction. These factors can help firms to strengthen their strategy performing in order to surpass their rivals and to respond appropriately to the customers' needs.

According to Martinez *et al.* (2010), and the factors obtained, we have covered these aspects through a factorial analysis of main components, and all these have been expressed with the purpose of analyzing which factors have a greater impact on customer satisfaction. In order to initiate the purported analysis, we have used a sample of 378 buyers in two different contexts of retail stores in one of Iran's city (Tabriz). This analysis considered the store type as a key factor in retailers which was previously observed in Martinez *et al.* (2010).

The findings show how the perceptions associated with services and convenience offered by retail stores as well as the quality image perceptions have a positive and significant impact on satisfaction, and these results are in accordance with Martinez et al. (2010). In addition, different results can be obtained from different sub-samples of buyer according to store type (supermarket and hypermarket). These findings show that the perceptions of image quality and economic value offered by the retailers only in the supermarkets had a positive and significant impact on satisfaction, whereas in Martinez et al. (2010), this hypothesis was supported in hypermarkets. On the other hand, the



services and convenience offered by stores had a positive and significant impact on the satisfaction offered by the supermarket and hypermarket that was also supported in Martinez et al. (2010). The difference observed in this research about the customer perceptions of image quality and economic value of shopping in supermarkets can be explained due to the different pattern of consumer purchasing in Iran with Spain. Despite the growth and development of hypermarket retailers in Iran, purchasing patterns are still based on small supermarkets and local groceries. Despite the major facilities provided by the hypermarkets for image quality and economic value factors, the Iranian customers believe that these factors are covered more by supermarkets compared to hypermarkets. The other important point is the much higher influence of service and convenience factor offered by hypermarkets than supermarkets on customer satisfaction, indicating the importance of store management with respect to providing services as self-service.

This research primarily helps to identify the crucial factors that are more important to the customers. Focusing on the factors that are of greatest importance and have a higher share in customer satisfaction results in more effective strategies adopted by the capital owners in order to understand the strengths, weaknesses, coverage and optimized use of the opportunities, and stand against the environmental threats. On the other hand, identifying and determining the key factors of customer satisfaction and assessing the overall influence of each of these factors on providing customer satisfaction will help to develop and adopt effective marketing strategies. It is very important that retailing managers handle the value-added services well such as better product assortments, stronger distribution system, more powerful applications with regard to the client, additional services, creating better atmosphere in the store and increasing the number of opening hours. It is inferred from the results that the more the assortments provided in a store, the more the choices that the customers will make and increase the physical access in stores, Therefore, it helps to create and strengthen the use of Internet as a buying channel and quick distribution of product among customers, and be effective in creating an effective management program in customer satisfaction as a part of the Customer Relations Management (CRM) strategy, and also help to facilitate the activities of employees in a fair environment and encourage customer retention. Additional services like home delivery or free parking outside the store can increase its attractiveness, and finally a positive atmosphere can lead to more satisfying buying experience.

Limitations of the Study: The important factors considered in this study and the analysis of their impact on customer satisfaction have aided in identifying and explaining only some parts of the involved components.

Recommendations: Future research can focus on the review and consideration of other factors such as shopping frequency of the customers, the value of their purchases and other components that may explain more aspects of customer satisfaction. Also, other factors concerning customer satisfaction, such as hospitality, banking etc., can also be studied.



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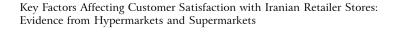


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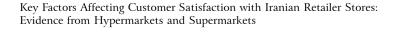
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