



## Impact of Performance and Expressiveness Value of Store Service Quality on the Mediating Role of Satisfaction

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### **Abstract [100 words]**

This study explores the extent to which store service attributes having appeal for consumer self-image impacts store satisfaction and patronage intentions and discovers that this ‘expressiveness’ value has significant associations with both. By using the adapted RSQS for measuring service quality in the Indian apparel retail context, this paper finds that service expressiveness value is distinct from the performance value obtained from service delivery. This paper provides empirical evidence that the mediation effect of satisfaction varies depending on consumer perceived value from service and that it is neither as universal nor as strong as retailers and researchers tend to believe.

## INTRODUCTION

Given the increasing competition, retailers can no longer afford to neglect customer service issues (Firoz and Maghrabi, 1994, Kassem, 1989). With greater choice and increasing awareness, consumers are more demanding of quality service in markets which were not customer oriented a few years ago (Angur, Natarajan and Jahera, 1999). Service quality is being perceived as a tool to increase value for the consumer; as a means of enhanced positioning (Mehta, Lalwani and Han, 2000) and to ensure consumer satisfaction (Sivadas and Baker-Prewitt, 2000), retention and patronage (Yavas, Bilgin and Shemwell, 1997).

Existing research indicates that consumers satisfied with service quality are most likely to become and remain loyal (Wong and Sohal, 2003). Retailer service quality focus is aimed at improving consumer satisfaction to ensure consumer retention (Sivadas and Baker-Prewitt, 2000) to an extent that satisfaction is often considered a proxy measure for patronage (Hutcheson, and Moutinho, 1998; Stank, Goldsby and Vickery, 1999). This evidence indicates that satisfaction is perceived as having a mediating impact on the relationship between service quality and store patronage intentions. Despite the recent explosion of research on service quality, there are few empirical studies examining the relationship between service quality, satisfaction with store and patronage (Parasuraman and Grewal, 2000; Wong and Sohal, 2003). Although there are several 'leading theories' about the mediating role of satisfaction (Babakus, Beinstock and Van Scotter, 2004, p 713), it has not been examined in a retail context till date at the level of individual patronage intentions.

For further theoretical advancement, a better understanding of these interrelationships is necessary (Fullerton and Taylor, 2002). From a practical perspective also, investment into service quality improvement programs will happen only if retailers are provided with the necessary confidence regarding the relationship of these variables (Anderson, Fornell and Lehmann, 1994). If satisfaction is not a mediator, retailers will need to refocus their service quality programs and discover ways to impact patronage intentions.

This study has a two-fold objective. First, using the apparel retail setting in India, this study explores the mediating role of satisfaction between service quality and patronage intentions. Second, this study expands the service quality construct beyond service delivery. In addition to the performance value that consumers associate with service delivery, this study measures 'expressiveness' of service as a significant consumer value determining service quality perceptions. Expressiveness value is obtained from the appeal of the store service attributes to the self-image of a consumer and is known to impact store attitude and patronage (Sirgy et al., 1991). Given that consumers obtain different kinds of 'value' from the store service (Cronin and Taylor, 1992; Mittal, Ross and Baldasare, 1998), retailers would be especially interested in knowing if the mediating role of satisfaction holds irrespective of what 'value' the targeted consumer obtains. If not, retailers would need to segment consumers based on what primary value they desire and then target specific service quality programs focusing on providing such value.

This paper begins with a review of literature on satisfaction, discussing the linkages with service quality and patronage intentions, emphasizing the need to examine the mediating role of satisfaction. This is followed by a discussion on the service quality construct, establishing the position that there is a need for exploring beyond the present service delivery and performance value focus. Given that shoppers obtain value from store service other than mere service delivery, this paper argues for examining the expressiveness value. Based on this argument, this paper proposes a conceptual framework for examining mediating role of satisfaction in the light of both consumer value dimensions of service quality – performance and expressiveness.

Using structural equation modeling and a series of regression models, this study examines the proposed model and finds that the mediation effect of satisfaction varies depending on consumer perceived value from service and that it is neither as universal nor as strong as retailers and researchers tend to believe.

Based on an understanding of these additional consumer value determinants, retailers are advised not to pursue a service quality program aimed at improving satisfaction without understanding how such a program would impact consumer value and patronage related behavioural outcomes. Researchers are encouraged to move away from the service delivery and performance value, focus to explore into other value dimensions impacting consumer service quality perceptions.

### **MODELING THE MEDIATING ROLE OF SATISFACTION**

The ultimate objective of a retailer service quality program is to influence consumer patronage. Of the few empirical studies examining this relationship, some indicate that service quality perceptions influence patronage related intentions such as intention to recommend store (Dabholkar, Thorpe and Rentz, 1996; Zeithaml, Berry and Parasuraman, 1996; Sivadas and Baker-Prewitt, 2000) and intention to repurchase (Sivadas and Baker-Prewitt, 2000). Other studies indicate that this direct relationship between service quality and consumer behavioural outcomes does not hold and it is important to map the intervening processes related to satisfaction (Babakus, Beinstock and Scotter, 2004). There is some evidence that consumers satisfied with service quality are most likely to display loyalty to store (Wong and Sohal, 2003). Many researchers consider satisfaction as the most 'significant antecedent' to patronage intentions (Bloemer and de Ruyter, 1998) influencing the likelihood of patronage related behaviour (Fornell et al., 1996; Reynolds and Beatty, 1999).

#### **Patronage Intentions**

Patronage intentions are the 'indicators that signal whether customers will remain with or defect from a company' (Zeithaml, Berry and Parasuraman, 1996, p31). The two most commonly examined dimensions of patronage intentions which are of interest to retailers relate to the intention to repurchase and the intention to recommend.

### **SATISFACTION**

Satisfaction is 'primarily' determined [1] by perceived quality which is defined as the 'extent to which a product meets a customer's needs or desires' (Reynolds and Beatty, 1999, p14). In the context of a store, consumer perceived quality can be associated with the three elements of store image: the product quality, the service quality and the quality of the store itself (Zimmer and Golden, 1988). Based on empirical evidence collected over time, researchers have included most relevant elements of the store quality within the purview of either product quality, such as store reputation; or service quality, such as store ambience, parking space and so on. As a result consumer perceived quality is related to only to the two retail elements of product and service (Babakus, Beinstock and Scotter, 2004).

There is some debate on what comprises the 'attitude' of satisfaction [2]. Some researchers conceptualize satisfaction as a mix of cognitive, affective and conative elements (Gotlieb, Grewal and Brown, 1994). The common approach however is to identify the conative element of satisfaction separately - as 'patronage intention', which is mapped as a consequence variable resulting from satisfaction (Bloemer and de Ruyter, 1998; Reynolds and Beatty, 1999).

Other researchers using the cognitive gap-based assessment, measure satisfaction as the outcome of the extent to which a store 'meets a customer's needs or desires' (Reynolds and Beatty, 1999, p 14). Such assessment is dependent on the subjective framework of the consumer - primarily the level of involvement and the ability to evaluate (Petty, Cacioppo and Schumann, 1983). This perspective makes the assumption that a consumer is capable of and does make an explicit comparison between own expectations and what the store delivers on each of those expectations. Research indicates that expectations need not necessarily be cognitive and satisfaction need not always be manifest (Bloemer and de Ruyter, 1998). If either consumer involvement in store choice or the ability to evaluate does not exist, the satisfaction would be 'latent' and not elaborated upon cognitively by the consumer (Bloemer and Poiesz, 1989). Also, the stated

expectations need not be the yardstick against which store performance is evaluated since ‘type’ of expectations differs across consumers (Schneider and White, 2004).

Several researchers conceive of satisfaction as a consumer judgment of how the service ‘emotionally affects the consumer’ (Schneider and White, 2004, p 51). This perspective, that satisfaction is primarily affective, is fast gaining acceptance amongst researchers because it better represents the formation of consumer attitudes – moving from cognitive assessment of store attributes [service quality] to an affective assessment [satisfaction] and subsequently to more complex constructs such as store loyalty and commitment (Oliver, 1999; Babakus, Beinstock and Scotter, 2004).

In this study satisfaction is defined as an overall affective state arising from a ‘feeling of parity between what is expected from the store and how the store performs’ (Morganosky, 1988, p311; Ganesan, 1994).

### Service Quality and Satisfaction

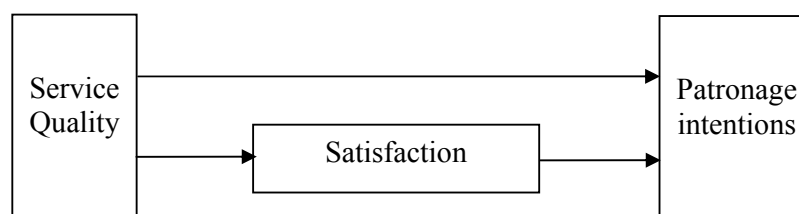
Service quality and satisfaction are distinct constructs with service quality considered as an antecedent to satisfaction with store (Taylor and Baker, 1994). Service quality is ‘a customer’s judgment of the overall excellence or superiority of a service’ (Zeithaml, 1988). It is a global evaluation by a consumer of a store’s service delivery system (Dabholkar, Thorpe and Rentz, 1996).

The premise that service quality improvements will result in greater consumer satisfaction (Dick and Basu, 1994; Bitner, Booms and Mohr, 1994) is supported by a limited amount of empirical evidence (Iacobucci, Ostrom and Grayson, 1995; Sivadas and Baker-Prewitt, 2000; Fullerton and Taylor, 2002). One of the earliest studies in a retail context by Sivadas and Baker-Prewitt (2000) reports satisfaction linkages with service quality as significant for US department store shoppers. Kim and Jin (2001), while validating a service quality scale using discount store shoppers in different cultural contexts reported similar findings regarding the significance of service quality in determining satisfaction. Another study by Wong and Sohal (2003) of shoppers of a large department store in Australia reported significant service quality impact on satisfaction at both the interpersonal (customer-to-employee) level and the store (customer-to-store) level.

### Satisfaction as a Mediator

Based on the above interrelationships between service quality, satisfaction and patronage intentions, a framework can be developed as below which indicates that satisfaction acts as a mediator between service quality perceptions and patronage intentions.

**Figure 1: Modeling the interrelationships between Service Quality, Satisfaction and Patronage Intentions**



There are few empirical studies examining the mediating role of satisfaction. One such study by Caruana (2002) found satisfaction a significant mediator between service quality and patronage intentions for retail banking services. Another by Fullerton and Taylor (2002) reports satisfaction as having at least a partial mediation effect on intention to recommend for auto-repair and hair-

styling services. Several other researchers have posited that satisfaction acts as a mediator between service quality and patronage (Houston and Nevin, 1981; Fornell, 1992; Fornell et al., 1996; Oliver, 1997, 1999) but empirical support in a retail context is absent.

One of the objectives of this study is to examine if satisfaction is a significant mediator between service quality and patronage intentions.

### CONSUMER VALUE FROM STORE SERVICE

While a significant amount of service quality literature has been focused on measurement issues, service quality has nevertheless remained a difficult construct to explicate and measure (Cronin and Taylor, 1992). One key issue that needs research focus relates to the accuracy of treating all store service attributes as contributing equally to consumer perception of service quality (Mittal, Ross and Baldasare, 1998). Schneider and White (2004) suggest that research measuring importance of attributes is 'worthwhile and should be undertaken' (p 50). However, while importance ratings have been largely rejected given evidence that using them actually reduces predictive power of service quality scales (Carman, 1990; Angur, Natarajan and Jahera, 1999), researchers are still unwilling to dismiss this endeavour. This is due to the intuitive premise that consumers would have some basis of distinguishing between service attributes based on some 'value-percept' (Szymanski and Henard, 2001).

This premise has led several researchers to distinguish service attributes on various dimensions; such as having either 'mechanistic or humanistic qualities' (Carman, 1990, p 33), as being 'visible or invisible indicators of quality' (Carman, 1990, p 40), as being 'tangible or intangible' (Finn and Lamb, 1991) and so on. However, using these existing bases researchers find it difficult to explain consumer perceptions (Carman, 1990). This is because all these classifications of service aspects are retailer strategy centric (Gagliano and Hathcote, 1994; Mitchell, 2001) and not consumer value focused. In fact, this service-delivery focused, performance-measurement based, retailer-centric approach has led some researchers to argue that service quality is a retailer concern and not a consumer relevant construct at all (Iacobucci, Ostrom and Grayson, 1995). In order to measure, control and better deliver service, there is an increasing research need felt for the 'identification of the determinants of service quality' (Wong and Sohal, 2003, p 496) perceptions from the consumer point-of-view.

Gronroos (1990) believed that store service offered different types of consumer value and that service delivery provided only one kind of value. Kelly, Donnelly and Skinner (1990) reported that consumers find a distinction between different values obtained from store service impacting their service quality perceptions. This study refers to the consumer value obtained from service delivery as 'performance' value.

Cronin and Taylor (1992) in their study found that consumers do not always 'buy the best quality service' evaluated as store service performance and proposed future research could examine other 'attitude-based conceptualizations' (p 65) to understand how consumers prioritize attributes. They suggest consumers could have 'different assessments of the value of service' (p 65) impacting their attitude and behavioural intentions. Amirani and Baker (1995) found consumers perceived quality cues differently though they did not attempt to identify the underlying value dimension(s) that could explain why this happens. Mitchell (2001) used risk perceptions to classify store attributes a priori and argue that in addition to performance value, consumers' attitude and behaviour is distinct based on risk reduction related value obtained from the store.

To improve current understanding of the service quality construct it may be useful to evaluate and classify service attributes based on the 'contribution of each individual form of service offered' (Cristini, 1992, p 198) in terms of what value it offers the customer. In this study, in addition to consumer performance value associated with service delivery, we propose the 'expressiveness value' of service attributes as significant in determining service quality perceptions. A definition of these two values is provided before the proposed hypotheses to be tested are specified.

### **Performance Value from Store Service**

As stated previously, service quality is defined as ‘a customer’s judgment of the overall excellence or superiority of a service’ (Zeithaml, 1988). Schneider and White (2004) observe that this excellence and superiority relates to service delivery issues. And service delivery provides one kind of consumer value (Gronroos, 1994) - performance value. This performance value is reflected in present definitions of service quality (Szymanski and Henrad, 2001). Performance value is thus defined as the value obtained by a consumer based on the ‘global evaluation’ of the store capability regarding its ‘service delivery system’ (Dabholkar, Thorpe and Rentz, 1996).

### **Expressiveness Value from Store Service**

This study proposes that apart from performance value, the ‘expressiveness’ value would also be significant in impacting satisfaction and patronage intentions. The concept of expressiveness value is obtained from two streams of research related to store image studies.

Congruity literature provides evidence that ‘shoppers seek stores’ whose image attributes match with consumer own self-image (Doyle and Fenwick, 1974, p41). Consumer store related attitude and patronage behaviour depends on the extent to which the store image attributes are associated with own self-image (Hem and Iversen, 2002). This appeal of the store attributes to own self-image provides ‘expressiveness’ value to the consumer.

Perceived risk reduction literature - another stream of research into store image, indicates that consumers desire ‘psychosocial’ value from a store; where ‘psychosocial’ risk reduction is obtained from the appeal of store image attributes to consumer self-image and esteem (Mitchell, 2001).

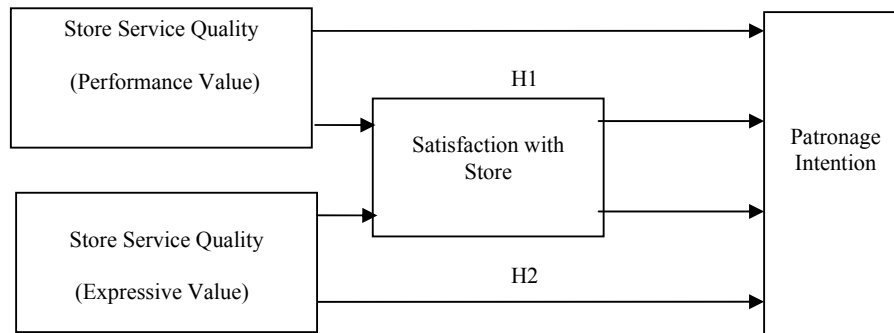
Since service quality is considered a component of store image (Kandampully, 1997; Flint, Woodruff and Gardial, 2002), and store image is believed to be associated with satisfaction and patronage intentions (Mazursky and Jacoby, 1986; Bloemer and de Ruyter, 1998); by extension one expects that the appeal of store service attributes to consumer self-image would be significant in determining store satisfaction and patronage intentions.

Service attributes of a store can be thus classified depending on what appeal they hold for consumer self-image into ‘expressive’ and basic (Sirgy et al., 1991). Some store attributes are expressive of the ‘consumer self-image related values’ while others are too common to hold any such appeal (Johar and Sirgy, 1991, p 27). Stern, Bush and Hair (1977), based on their study, argued that expressiveness of store attributes are meaningful only when they are ‘dissimilar to those of competing stores’ (p 69).

Expressiveness value is defined as the consumer value obtained through an evaluation of the store uniqueness based on the extent to which there is a ‘cognitive matching’ of the store service attributes with the consumer self-image (Johar and Sirgy, 1991, p27). Consequently non-expressive attributes are attributes that are common across similar stores. These ‘basic’ attributes have no special appeal to consumer self-image and are associated with the shopping experience in general rather than any specific store.

### **MODEL SPECIFICATION AND RESEARCH HYPOTHESES**

We thus propose two value dimensions associated with store service – performance and expressiveness value, that impact satisfaction with store and patronage intentions.

**Figure 2: The Mediating Role of Satisfaction**

Research has evidence supporting the cognitive evaluation → affect → behaviour movement of attitude as proposed by Bagozzi (1982) in the retail consumer context (Babakus, Beinstock and Van Scotter, 2004). Since expressiveness value is also a cognitive evaluation similar to performance value evaluation, we expect that satisfaction would have a mediating effect in both instances of value. The direct effect and the mediating effect on patronage intentions are depicted separately for each value dimension in Figure 1. Thus our model (Figure 2) is based on the premise that satisfaction acts as a mediator on the relationship between service quality and patronage intentions irrespective of the value obtained by the consumer. The mediating effect is indicated in the figure as a set of interrelationships between the three variables.

Specifically the hypotheses we propose to examine are as follows:

H1: Satisfaction has a mediating effect on the relationship between the performance value associated with store service quality and patronage intentions.

H2: Satisfaction has a mediating effect on the relationship between the expressiveness value associated with store service quality and patronage intentions.

These two hypotheses related to mediation effects of satisfaction for the two different value dimensions are shown against the relevant arrows in the figure.

## METHODOLOGY

### Measures

#### Service Quality

Arguing that service quality in retail is different from other settings, Dabholkar, Thorpe and Rentz (1996) developed a retail specific scale - the RSQS proposing five dimensions of retail service quality (*Appendix I*) from the *SERVPERF*. The RSQS conceives of service quality as a five-factor structure. But this five-factor structure is not 'universally applicable' (Schneider and White, 2004, p33). Carman (1990) finds a seven or eight factor structure, others have found two (Mels and Boshoff, 1997) and some researchers discovered the service quality construct to be unidimensional (Cronin & Taylor, 1992). The factor structure could vary depending on the situation (Schneider and White, 2004) and it is considered necessary to adapt the RSQS to account for contextual variations both in terms of the industry setting (Carman, 1990; Babakus and Boller, 1992; Dabholkar, Thorpe and Rentz, 1996; Winsted, 1997, 1999; Furrer, Liu and Sudharshan, 2000) and the region of study given a difference in cultural and environmental factors (Malhotra, Ulgado and Baalbaki, 1994; Herbig and Genestre, 1996; Furrer, Liu and Sudharshan, 2000; Mehta, Lalwani and Han, 2000; Kim and Jin, 2002). Depending on the



context, adaptation of the service quality scale may not be simple and the specific application needs to be examined in detail (Brown, Churchill and Peter, 1993).

To adapt the RSQS, we examined both the RSQS and the SERVPERF scale from which the RSQS items were selected. Using the procedure adopted by Dabholkar, Thorpe and Rentz (1996), 18 of the 22 items in SERVPERF were selected for inclusion. The three items not included (Appendix III - SERVPERF) were found to be ambiguous, indirect (as compared to the equivalent item in RSQS) or repetitive. This process of examining face validity of the items for inclusion/exclusion was as adopted by Dabholkar, Thorpe and Rentz, 1996 when developing the RSQS. An improvement in this study was the use of an independent expert with extensive academic and consulting experience in Indian retailing, and two store managers for examining the items. All four examiners including the author selected the items independently by examining the face validity and applicability to the Indian context. Only those items identified by all were excluded from the scale. Using the same process, of the 28 items in RSQS, only 25 were included in the final list of items. Of the three items that were dropped, two items were identified by all four examiners as not being applicable in the Indian context - pertaining to telephonic interaction with customers and store own credit cards (*Appendix I - RSQS*). The third item in the RSQS scale – relating to quality of merchandise, was perceived as product and not service quality related and so this was replaced with an item on ‘guarantees provided on product’.

Schneider and White (2004) recommend that the same detailed process adopted by those developing a scale should be carried out even when adapting scales. For this reason, in addition to examining the SERVQUAL and the RSQS, in-depth interview of three shoppers was conducted and content analyzed to identify additional dimensions. These shoppers were selected because they had visited at least three different chains/local large format stores in at least two different cities in India in the last three months and had spent a significantly large amount on shopping during such store visits. Prior to these shopper interviews, in-depth interviews were conducted with two store managers to understand their current perceptions of what the retail consumer desires in terms of service quality.

Based on the shopper interviews, we added twelve more items apart from guarantees on product. This process has been used in past studies when developing/adapting service quality scales (Dabholkar, Thorpe and Rentz, 1996; Kim and Jin, 2001). These items pertained to store ambiance (2 items), merchandise availability when promised (1), employee availability for advice (1), store nearness to other stores (1), prestige of location (1), store mailers (2), loyalty programme (1), freedom of self-service (1), comforting presence of employees (1) and repairs and alterations performed on time (1). The final list had 45 items of which eleven were common to both SERVPERF and RSQS, seven were from SERVPERF, fourteen from RSQS and thirteen were added based on interviews. Appendix I lists the items in the adapted RSQS and the source of item selection.

### **Other Measures**

Additional items for assessing scale validity were based on the measures used by Boshoff and Terblanche (1997) when validating the RSQS. Only the item on ‘complaint behaviour’ to be used for measuring discriminant validity was modified to include informal cribs made to friends and relatives apart [3].

There are many relatively valid and reliable scales available to measure satisfaction (Reynolds and Beatty, 1999). Satisfaction, conceived as an affective state, was measured using the scale by Ganesan (1994) and found applicable in similar studies (Reynolds and Beatty, 1999).

Most studies in the past have employed single item scales to measure patronage intentions where reliability is not established (Boshoff and Terblanche, 1997; Sivadas and Baker-Prewitt, 2000). Some studies have employed as many as fourteen items (Kim and Jin, 2001) to measure behavioural intentions. Since the adapted RSQS was a fairly lengthy 45 item scale, in this study a balance was maintained between need for parsimony and need for scale reliability. For this

reason and based on past literature, patronage intention was measured using a simple two item scale pertaining to repurchase intention and intention to recommend respectively.

### **The Instruments**

There were two instruments for measuring each of the two value dimensions of service attributes. Each of the two instruments contained the 45 items measuring service quality. In addition each instrument had measures of satisfaction, patronage intentions and items for assessing validity of the adapted RSQS. In the performance instrument respondents were required to rate the performance of their preferred store on a scale of 1-7 from 'strongly disagree' to 'strongly agree'. In the expressiveness instrument, ratings on the same 45 items were obtained on a similar seven point scale from 'completely common across similar stores' to 'completely unique in my preferred store'. A sample 'performance' instrument and the instructions provided to respondents in the 'expressiveness' instrument are attached at the end of this paper.

### **Samples**

There were two sets of respondents: one for measuring performance of preferred store on service quality attributes and a second sample for measuring expressiveness value of store service attributes. A sample quota of 180 respondents for each instrument was fixed based on income, gender and age since these are known to impact perceptions of service quality (Gagliano and Hathcote, 1994). Each sample was divided equally across SEC A and SEC B (income categories), gender, and age groups 18-25 and greater than 25. Respondents were at least 18 years old since by this age one is definitely shopping for oneself in India. 25 years and above was taken as a second group because by the age of 25 one is usually more independent of parental influence in India; working and/or married; with greater discretionary amount to spend; increased travel and consequent exposure to a variety of stores and so on. These differences could impact expectations, store preferences and store patronage behaviour.

The sample was selected from the city of Bangalore because regional cultural effects that would bias the expressiveness value of attributes would be washed out in a cosmopolitan city that has people from different parts of India [2]. Another reason is that Bangalore is among the first cities in India where large format retail stores were introduced and consequently has a greater degree of stability in consumer expectations as compared to other cities. This was important to ensure that our study findings are not very 'short-term' retail evolution stage specific (Woodruffe, Eccles and Elliott, 2002). For the same reason, we also selected apparel shoppers as the respondent base for our study since large format apparel stores have been in existence far longer in India as compared to say, large format grocery stores or hyperstores.

The MAP sampling process was used to select respondents. In this process, the entire city is divided into five zones (East, West, North, South and Central) and 'starting points' (SP's) randomly selected from amongst the identified SECA and SECB residential localities. Within each SP, a pre-specified number of responses are obtained. In our sample, four SP's were randomly identified in each zone and eighteen respondents targeted in each to arrive at the targeted total of 360 respondents. The two instruments were administered at the residence of shoppers over a period of two months during the evenings and weekends to one adult member of a household who had most recently shopped and was willing to respond. The data was collected from respondents at their residence based on a mix of convenience and quota sampling. A research agency familiar with the city of Bangalore was commissioned to administer the questionnaire and the investigators were trained by the researcher till they were familiar with the instrument.

For final analysis, after deleting incomplete records we had a sample of 144 responses each in the performance and expressiveness data sets, almost equally divided across the specified demographic categories. The profile of these respondents is given in Appendix II.

## ANALYSIS AND RESULTS

A variable is considered as a mediator to the ‘extent that it accounts for the relation between the predictor [service quality] and the criterion [patronage intentions]’ (Baron and Kenny, 1986, p 1176). If satisfaction has a mediating effect, then the relationship between satisfaction and patronage would be stronger than the relationship between service quality and patronage (Baron and Kenny, 1986).

The analysis was conducted in two stages following a process as used by Kim and Jin (2001) when assessing relationship between service quality, satisfaction and patronage intentions. First we examined the dimensions of service quality in each sample set. For this purpose we used principal factor analysis (PFA) with oblique rotation as used by Dabholkar, Thorpe and Rentz (1996) when developing the RSQS. After examining the reliability of the dimensions and validity of our scale, in the second stage we used the factor scores as independent variables in a series of structural equation models and regression analyses to examine the mediating effect of satisfaction and the relationship between service quality, satisfaction and patronage intentions within each sample set.

### Factor Analyses

Since the sample sizes were not very large, we first conducted the sampling adequacy tests for each of the three samples. The Bartlett’s test is extremely sensitive to examine the null hypothesis that correlations among items are zero and is recommended only when item : N ratio is less than 1: 5. The KMO measure of sampling adequacy is a ratio of the sum of squared correlations to the sum of squared and partial correlations where values greater than 0.6 are required for good factor analysis (Tabachnick and Fidell, 1989). The KMO nears 1 when partial correlations are small. The KMO and Bartlett’s tests for both samples (Table 1) indicated sample sizes are adequate and both data sets are highly suitable for factor analysis.

**Table 1: Tests of Sampling Adequacy**

	Performance	Expressiveness
N	144	144
KMO measure of sampling adequacy	.922	.902
Bartlett’s test: Chi-square	5041.541	4505.458
df	990	990
Significance	.000	.000

### I Performance Perceptions

An exploratory factor analysis of the 45 items using principal axis factoring with direct oblimin rotation, and default delta value in SPSS-X, yielded 9 factors explaining 71.094% of the variance. As recommended by Tabachnick and Fidell, 1989, only loadings greater than 0.45 or ‘fair’ loadings are included in the factor for scale assessment purposes. This resulted in eight and not nine factors since one factor did not have any item loadings greater than 0.45. Following the process used by Kim and Jin (2001), the single item factor was eliminated and alpha coefficient examined to assess internal validity of each of the remaining seven factors.

Table 2.1 indicates that the seven factors are easily interpretable and can be labeled using our present understanding of service quality. The table also provides the alpha reliability for each factor. Taking 0.7 and above as indicator of reliability (Nunnally, 1978), we find all factors have good internal consistency.

**Table 2.1: Performance Factors and Item Descriptions**

Factors in Performance	Item code and description	Factor loadings	Alpha Reliability
<b>Factor 1: Transaction Assurance</b>	18. The store has fast and error-free transactions (relating to billing, returns etc.)	0.497	0.8651
	27. Employees in this store tell customers exactly when services will be performed	0.532	
	31. The employees of the store make the customer feel comfortable at the store	0.537	
	46. The store accepts all major credit cards	0.487	
	Note: The third item in the Factor is likely to have been interpreted as relating to comfort in transactional interactions.		
<b>Factor 2: Store Ambiance</b>	2. The store and its physical facilities (trial rooms and restrooms) are visually appealing	0.498	0.7674
	6. The store ambiance (such as the music, lighting, architecture etc is attractive	0.527	
	7. The store atmosphere (use of colours schemes, lighting, music and architecture) gives a feeling that the store always has something new to see.	0.727	
<b>Factor 3: Perceived Efficiency</b>	8. The store employees are well dressed	0.500	0.7133
	17. The store has merchandise available when the customers want it	0.568	
<b>Factor 4: Promotional services</b>	47. The mailers and other promotional material of the store (brochures, catalogs etc)	0.714	0.7418
	48. The loyalty programme at the store is excellent	0.502	
	49. The store informs customers (through mailers or advertising) about stores' new deals, promotions and latest merchandise	0.456	
<b>Factor 5: Physical Facilities</b>	1. The store has modern-looking equipment and fixtures	0.627	0.7090
	3. Materials associated with the store's service (such as shopping bags, carry bags etc. are appealing	0.632	
<b>Factor 6: Employee presence</b>	20. The store employees are always present when a customer needs some advice or clarification	-0.766	-
<b>Factor 7: Problem Solving</b>	32. The store willingly handles returns and exchanges	-0.594	0.8385
	33. When a customer has a problem, this store shows a sincere interest in solving it	-0.548	
<b>Factor 8: Shopping Convenience</b>	45. The store has operating hours convenient to all their customers	0.583	0.7427
	50. Customers can pick up and try as many things as they want at the store even without buying anything	0.687	

Table 2.2 indicates that the factors have low (<.32) to medium (0.32-0.85) correlation amongst each other (Garson, 2004).

**Table 2.2: Performance Factor Correlation Matrix**

Factor	1	2	3	4	5	6	7	8	9
1	1.000								
2	.280	1.000							
3	.378	.215	1.000						
4	.325	.324	.265	1.000					
5	.390	.374	.251	.338	1.000				
6	-.404	-.254	-.310	-.357	-.254	1.000			
7	.267	.153	.176	.227	.200	-.202	1.000		
8	-.338	-.310	-.223	-.355	-.304	.314	-.246	1.000	
9	.456	.318	.241	.347	.334	-.360	.353	-.417	1.000

The validity tests (Table 2.3) indicate that the adapted scale has good convergent and predictive validity. Discriminant validity could not be established. This can be explained if one understands the Indian consumer hesitation in complaining at a store. In our interviews with shoppers we recognized this tendency of consumers to avoid complaining and instead display ‘passive protest’ by not revisiting a store where they faced problems with product and service quality. For this reason we had modified the item to include informal complaints to friends and family. But despite this modification, this item remained unsuitable for assessing discriminant validity.

**Table 2.3: Validation of Adapted RSQS – Performance value perceptions**

Tests of Validity	Measures	Correlation results
Convergent Validity	Overall service quality	0.698 (p<0.001)
Predictive validity	Repurchase Intentions	0.602 (p<0.001)
Predictive validity	Intention to recommend store	0.569 (p<0.001)
Discriminant Validity	Past complaint behaviour	-0.035 (p<0.681)

## II Expressiveness Perceptions

Exploratory factor analysis using a similar process as used for performance data was conducted using the expressiveness data as well. Expressiveness factor analysis yielded ten factors explaining 69.971% of the variance. Of these, three factors contained single items and were eliminated. Of the remaining seven, all factors except the first are easily interpreted (Table 3.1) given our present understanding of consumer service quality perceptions. The first factor can be labeled as relating to ‘psychosocial risk reduction value’ comprising attributes such as employee helpfulness and store reputation Mitchell (2001). All the seven factors had a standardized alpha reliability greater than 0.7 and were retained for further analysis. Most of these factors show low correlation amongst each other, with some indicating modest correlation – the highest correlation is 0.381 (Table 3.2).

**Table 3.1: Expressiveness Factors and Item Descriptions**

Factors in Expressiveness	Item code and description	Factor loadings	Alpha Reliability
Factor 1 Psychosocial risk	35. Employees can handle complaints directly	0.579	0.8598
	48. Store accepts all major credit cards	0.549	
	37. Employees are always willing to help	0.526	
	45. Store is in a prestigious location	0.495	
Factor 2 Physical facilities	3. Physical facilities are appealing	0.779	0.7964
	5. Clean and convenient facilities	0.635	
Factor 3 Personal interaction	24. Employee behaviour instills confidence	0.751	0.7180
	30. Employees give individual attention	0.467	
Factor 4 Assurance	21. Employees always present for advice	0.527	0.7459
	32. Make customer feel comfortable at store	0.470	
Factor 5 Perceived Efficiency	12. If store promises to do repairs, it will do so	0.533	0.7805
	2. Modern looking equipment and fixtures	0.495	
	18. Store has merchandise when customers want it	0.476	
Factor 6	49. Mailers/promotional material is appealing	0.858	-
Factor 7 Customer empathy	39. Store has my best interest at heart	-0.569	0.7758
	38. Employees know exactly what my needs are	-0.475	
Factor 8	11. Layout makes it easier to find things	0.578	-
Factor 9 Transactional services	25. Customer feel safe in their transactions	-0.641	0.7807
	27. Store provides prompt service	-0.464	
Factor 10	4. Service materials are appealing	-0.593	-

**Table 3.2: Expressiveness Factor Correlation Matrix**

Factor	1	2	3	4	5	6	7	8	9	10
1	1.000									
2	.361	1.000								
3	.368	.244	1.000							
4	.327	.199	.306	1.000						
5	.364	.298	.222	.277	1.000					
6	.338	.344	.312	.287	.320	1.000				
7	-.321	-.265	-.259	-.308	-.265	-.332	1.000			
8	.323	.285	.229	.233	.225	.321	-.253	1.000		
9	-.354	-.211	-.240	-.259	-.256	-.302	.269	-.246	1.000	
10	-.352	-.381	-.292	-.238	-.244	-.274	.232	-.291	.180	1.000

Since the expressiveness value is quite distinct from performance value, it was necessary to examine criterion-validity for both instances of consumer value. The validity tests (Table 3.3) indicate that the adapted scale has good convergent and predictive validity in case of expressiveness value as well.

**Table 3.3: Validation of Adapted RSQS – Expressiveness value perceptions**

Tests of Validity	Measures	Correlation results
Convergent Validity	Overall service quality	0.665 (p<0.001)
Predictive validity	Repurchase Intentions	0.510 (p<0.001)
Predictive validity	Intention to recommend store	0.522 (p<0.001)
Discriminant Validity	Past complaint behaviour	-0.031 (p<0.715)

Cronbach's alpha for satisfaction was high across both the samples: 0.8224 for performance and 0.8441 for expressiveness.

The new parsimonious two-item scale for measuring patronage intentions in both performance and expressiveness data sets had good convergent validity with overall store image (correlation 0.422, p<.001 for performance and 0.551, p<.001 in case of expressiveness); and overall satisfaction (correlation 0.513, p<.001 and 0.499, p<.001 respectively); good discriminant validity with past complaint behaviour (correlation -0.172, p<.039 and -0.223, p<.008); and acceptable reliability with Cronbach's standardized item alpha of 0.8032 and 0.7493 in the performance and expressiveness data sets respectively. As expected based on the interviews with shoppers, complaint behaviour had significant negative correlation with patronage intentions.

### Model Assessment

Using the process applied by Fullerton and Taylor (2002), first the hypothesized measurement model was subjected to a confirmatory factor analysis using AMOS 4.0 before examining the structural models. To overcome the problem of smaller samples, researchers use item parceling by combining significant items within a factor and taking an average to generate multi-item scales (Brooke and Price, 1988). Using this process we obtained seven multi-item scales based on the seven factors of service quality obtained in each data set. Item parceling also requires that the unidimensionality of scales be examined (Bagozzi & Heatherton, 1994; Bagozzi & Edwards, 1998; Little et al., 2002) since multidimensional scales could inflate fit indices (Holt, 2004). An item-scale correlation of 0.4 is considered as an acceptable level for indicating unidimensionality. In our study, except for one single item-scale correlation within the 'promotional service' performance factor with a correlation of 0.38, all other item-scale correlations in remaining 13 factors were well above the 0.4 level. The four items measuring satisfaction and the two items for patronage intentions were not parceled as SEM researchers advocate 2-4 indicators for each latent variable (Mossholder, Bennett and Wesolowski, 1998).

Contrary to typical results and similar to the findings of Fullerton and Taylor (2002), the normality tests indicated some degree of negative skewness. The most skewed variable was the 'Sad/Happy' dimension of satisfaction (skewness = -1.586) in the expressiveness data set, but this is not significant enough to violate the SEM assumptions of multivariate normality (Fullerton and Taylor, 2002).

To assess model fit, there is no one set of fit indices that can be examined for judging goodness-of-fit and it is necessary to examine a variety of indices.

The chi-square fit index tests the hypothesis that an unconstrained model fits the covariance/correlation matrix as well as the default model. The ratio of chi-square to degrees of freedom should be closer to 1 for good fit models, though values less than 3 are considered as indicating an acceptable fit (Carmines and McIver, 1981). The Root Mean square Residual (RMR) is the square root of the mean squared amount by which the sample variances and covariances differ from the corresponding estimated variances and covariances. The smaller the RMR, the better is the model fit. Adjusted Goodness of Fit Index (AGFI) is obtained from GFI and uses mean squares in the numerator and denominator of  $1 - GFI$ . Parsimony Adjusted Goodness of Fit (PAGFI) Index is obtained from GFI by multiplying it with the ratio formed by the degrees of freedom in the default model and degrees of freedom in the independence model. Higher GFI/AGFI/PAGFI values indicate relatively better fit. A GFI of greater than 0.9 is considered acceptable and  $>0.95$  a good fit. AGFI value of  $>0.8$  is indicative of an acceptable fit.

Values of the Normed fit (NFI) and the Relative fit (RFI) closer to .95 or above indicate a good fit (Hu & Bentler, 1999).

### Confirmatory Factor Analysis

For assessing a measurement model (Figure 1) one can examine the Comparative Fit Index (CFI) to assess overall fit and the Root Mean Square Error of Approximation (RMSEA) which takes into account the observed and predicted covariance matrices and the parsimony criterion and is the most often quoted fit index along with Chi-square, GFI and AGFI. By convention, low RMSEA values accompanied with probability of close fit (PCLOSE)  $>0.5$  indicate a good fit. RMSEA less than or equal to .05 is considered a good fit and an acceptable fit if  $<.08$  (Fullerton and Taylor, 2002). A small RMSEA value needs to be supported with the high PCLOSE values. PCLOSE tests the null hypothesis that RMSEA is no greater than 0.05. If PCLOSE is small, the null hypothesis is rejected indicating lack of a close fitting model.

Confirmatory factor analyses of the hypothesized model showed a very good fit in both data sets (Table 4): performance (CFI=0.966, RMSEA = .060, PCLOSE = 0.238) and expressiveness (CFI=0.996, RMSEA = .019, PCLOSE = 0.904). To examine for the common method variance problem, another measurement model was examined where all indicator variables loaded on one single factor. If common method variance is a problem then this model would show a good fit. Neither data set provided even a reasonable fit for the single factor model: performance  $\chi^2/df = 7.106$ , RMR = .369, GFI = .602, AGFI = .442, RMSEA = .207, PCLOSE = 0.000 and expressiveness  $\chi^2/df = 6.072$ , RMR = .424, GFI = .627, AGFI = .447, RMSEA = .191, PCLOSE = 0.000.

### Structural Model Analysis

The most common procedure to test a mediation effect (Hunt and Morgan, 1994; Mossholder, Bennett and Wesolowski, 1998; Fullerton and Taylor, 2002) is to use structural equation modeling. In this process three models are compared on the basis of their fit indices:

1. Partial effects model: This model is also called the most saturated model as all paths (from service quality scales to both satisfaction and patronage intentions latent variables as well as satisfaction to patronage intentions) are specified.

2. Full Effects model: In this the direct links from service quality to patronage intentions are constrained. The only effect of service quality is through satisfaction. If this model shows best fit, then we have reason to believe that satisfaction acts as a mediating variable.
3. Direct Effects model: In this model, the linkages between service quality and satisfaction are constrained. Both service quality and satisfaction are treated as independent variables impacting patronage intentions.

Using these three models, we cover all possible relationships between the three variables of service quality, satisfaction and patronage intentions.

Table 4 provides the fit indices for the three models across the two data sets of performance value and expressiveness value respectively. Once all the paths are specified, the partial effects model has the same fit indices as the confirmatory measurement model (Mossholder, Bennett and Wesolowski, 1998).

**Table 4: Model Fit Indices**

Model → Fit index ↓	Performance value Models			Expressiveness Value Models		
	Partial Effects/ CFA Model	Full Effects	Direct Effects	Partial Effects/ CFA Model	Full Effects	Direct Effects
$\chi^2$	94.118	133.754	134.841	65.245	90.595	103.485
df	62	63	63	62	63	63
$\chi^2/df$	1.518	2.123	2.140	1.052	1.438	1.643
RMR	0.073	0.172	0.231	0.067	0.159	0.302
GFI	0.911	0.881	0.884	0.933	0.909	0.905
AGFI	0.870	0.829	0.833	0.902	0.868	0.863
PAGFI	0.621	0.610	0.612	0.636	0.629	0.627
NFI	0.908	0.870	0.868	0.933	0.907	0.894
RFI	0.885	0.838	0.837	0.916	0.885	0.869
CFI	0.966	0.925	0.924	0.996	0.969	0.955
PR	0.795	0.808	0.808	0.795	0.808	0.808
PANFI	0.722	0.702	0.701	0.742	0.733	0.722
PACFI	0.768	0.747	0.746	.0792	0.783	0.771
RMSEA	0.060	0.089	0.089	0.019	0.056	0.068
PCLOSE	0.238	0.002	0.002	0.904	0.331	0.106

In case of performance value the partial effects model (Table 4- column 2) has a good fit ( $\chi^2/df=1.518$ , GFI=0.945, AGFI=0.893, RMSEA is 0.060 and PCLOSE is >.238). The other two models – full mediation and direct effects, show poor fit as indicated by the GFI <0.9, RMSEA >0.8 and PCLOSE values near zero. This provides partial support for H1 indicating that satisfaction has a partial mediating effect on the relationship between performance value of service quality and patronage intentions.

In case of expressiveness value, all three models indicate an acceptable fit. The least relative fit is of the direct effects model. The parsimony indices indicate that the partial mediation model (Table 4 – column 5), despite being the least parsimonious, possesses the best comparative fit (PAGFI=0.621, PANFI=0.722 and PACFI=0.768). This indicates that satisfaction has at least a partial mediating effect between expressiveness value of service quality and patronage intentions providing support for H2.



## Regression Analysis

In addition to the above fit indices, we examined a series of regression models as suggested by Baron and Kenny (1986) to understand the effects of mediation and to use the data to identify the significant service quality variables impacting patronage intentions. These OLS regression models and the related regression coefficients are simpler to understand and interpret though they can be used only as a supplement to SEM models because of the related reliability issues. Baron and Kenny (1986) suggest examining the following set of three regression models and the related conditions to examine if mediation effect exists:

Model I: Regressing the mediator (satisfaction) on the independent variable (service quality).

Condition to be satisfied: Service quality must affect satisfaction.

Model II: Regressing the dependent variable (patronage intentions) on the independent variable (service quality).

Condition: Service quality must affect patronage intentions.

Model III: Regressing the dependent variable (patronage intentions) on both the independent variable (service quality) and the mediator (satisfaction). This model is the same as the direct effects model.

Condition: Satisfaction must affect patronage intentions when both service quality and satisfaction are used as regressors. The effect of service quality in Model III must be less than in Model I.

Perfect mediation would happen if the impact of service quality in Model III is insignificant despite being significant in Model II. As this is seldom the case and since Model III is likely to have a high degree of multicollinearity, Baron and Kenny (1986) suggest that the absolute value of the coefficients should be examined to understand the 'reduced power in the test of the coefficients' (p 1177).

Tables 5 and 6 provide the standardized parameter coefficients and the squared multiple correlations obtained from AMOS 4.0 for each set of regression models for both patronage intentions across the two data sets respectively. Both patronage intentions were examined separately to understand if the factors influencing each intention were different.

When interpreting we supplement the findings from the three regression models proposed by Baron and Kenny (1986) with the SEM fit indices from Table 4.

## Mediating Role of Satisfaction on Performance Value and Patronage Intentions

All relationships (Table 5) are in the hypothesized direction except for the impact of 'problem solving' (factor 7) on satisfaction which is significant and negative. In case of both patronage intentions also, the relationship of 'problem solving' is negative though not significant. To resolve any product and service problems, the consumer would be required to complain to the store. Complaint behaviour, as reflected in our interviews with shoppers, is seldom displayed by Indian consumers. Thus, the problem solving items are associated more with the occurrence of problems, and not as being reflective of store service recovery ability. Even if consumers believe the store is sincere/store accepts returns, they would hesitate to complain and 'create a scene'. Thus the mere occurrence of such problems with the store has negative impact on satisfaction and patronage behaviour.

**Table 5: Significant Standardized Parameter Estimates and SMC's for Performance Value Data – Baron and Kenny (1986) regression models**

Performance Factors as independent variables → Dependent variable	Model I (SQ→ SAT <sup>a</sup> )	Intention to Repurchase		Intention to Recommend	
		Model II (SQ→ PAT <sup>b</sup> )	Model III (SQ+SAT→ PAT <sup>c</sup> )	Model II (SQ→ PAT)	Model III (SQ+SAT → PAT)
(Store ambience→ SAT)	.327				
(Promotional services→ SAT)	.225				
(Employee presence→ SAT)	.205				
(Problem Solving→ PAT)	-.164				
(Transaction assurance→ PAT)		.377	.415		
(Store ambience → PAT)		.296	.242	.399	.364
(Promotional services → PAT)		.179		.207	.178
(SAT→ PAT <sup>c</sup> )			.290		.221
SMC	.255	.466	.448	.394	.364

<sup>a</sup> SAT = Satisfaction as dependent variable and SQ = Service quality as independent variable

<sup>b</sup> PAT = Patronage Intention as specified in header row as the dependent variable

<sup>c</sup> Service Quality multi-items and satisfaction as independent variables

<sup>d</sup> Satisfaction as Independent variable and Patronage intention as the dependent

Service quality performance value has a significant impact on satisfaction (squared multiple correlation = .255) and intention to repurchase (0.466).

The significant variables are 'store ambience' determining satisfaction ( $\beta=.327$ ) and intention to purchase ( $\beta=.296$ ) as well as 'promotional services' (satisfaction  $\beta=.225$ , intention to repurchase  $\beta=.179$ ). Satisfaction is also impacted by two other factors: employee presence ( $\beta=.205$ ) and problem solving ( $\beta=-.164$ ) neither of which significantly impact intention to purchase. Transaction assurance is significant in determining intention to repurchase ( $\beta=.377$ ) but is not significant for satisfaction.

When both satisfaction and service quality are used as independent variables in Model III, the explanatory power on intention to repurchase decreases (squared multiple correlation = .448). Though satisfaction is still significant ( $\beta=.290$ ), and the impact of store ambience decreases to  $\beta=.260$ ; the significance of transaction assurance increases from  $\beta=.377$  to  $\beta=.415$ . This result supports the partial mediation effect of satisfaction as reflected in the fit indices (Table 4). The factors impacting satisfaction and intention to repurchase are different. Because of this variation, a retailer pursuing satisfaction as a goal may not necessarily reap the benefits in terms of influencing consumer patronage intentions. However, to the extent that store ambience and promotional services are common factors, focus on satisfaction improvement would help increase intention to repurchase. This helps us understand why H1 is partly supported.

Service quality has a significant impact on intention to recommend (squared multiple correlation = .394). For this patronage intention also store ambience ( $\beta=.399$ ) and promotional services are significant ( $\beta=.207$ ) but not transaction assurance – which was significant for intention to repurchase. Employee presence and problem solving which impact satisfaction have no significant impact on intention to recommend.

When both satisfaction and service quality are used as independent variables on intention to recommend, satisfaction is significant ( $\beta=.221$ ) and the significance of both service quality factors decreases – store ambience to  $\beta=.364$  from  $.399$  and promotional services to  $\beta=.178$  from  $.207$ . This indicates that satisfaction has a stronger mediation effect on intention to recommend than on repurchase intentions. This is because the factors impacting intention to recommend also impact satisfaction. Unlike the case with repurchase intention, a retailer pursuing satisfaction as a goal will definitely be able to influence intention to recommend.

Combining these findings with the fit indices (Table 4 – Performance Value models), we are able to understand why there is partial support for the mediating role of satisfaction.

### Mediating Role of Satisfaction on Expressiveness Value and Patronage Intentions

All significant relationships in regression models (Table 6) are in the expected direction. Similar to performance value, the expressiveness value of service quality also has a significant impact on satisfaction (squared multiple correlation =  $.225$ ) and intention to repurchase ( $0.300$ ).

Satisfaction is impacted most significantly by ‘efficiency’ ( $\beta=.335$ ). ‘Customer empathy’, the only variable significantly impacting intention to repurchase ( $\beta=.233$ ) is also significant in determining satisfaction ( $\beta=.241$ ). Thus the factor impacting intention to repurchase also impacts satisfaction.

When both satisfaction and service quality are used as independent variables in Model III, the effect of ‘customer empathy’ decreases sharply from  $\beta=.233$  to  $\beta=.188$  (Table 6) indicating a strong mediating role of satisfaction and explaining the reason for a good fit of the full effects model in the expressiveness data (Table 4). The explanatory power on intention to repurchase decreases but marginally (squared multiple correlation =  $.292$ ) as compared to Model II.

**Table 6: Significant Standardized Parameter Estimates and SMC's for Expressiveness Value Data – Baron and Kenny (1986) regression models**

Expressiveness Factors as independent variables → dependent variable	Intention to Repurchase			Intention to Recommend	
	Model I (SQ→ SAT <sup>a</sup> )	Model II (SQ→ PAT <sup>b</sup> )	Model III (SQ+SAT → PAT <sup>c</sup> )	Model II (SQ→ PAT)	Model III (SQ+SAT→ PAT)
(Efficiency → SAT)	.335				
(Customer empathy → SAT)	.241				
(Physical facilities → PAT)				.184	
(Customer empathy → PAT)		.233	.188		
(Transactional services → PAT)				.283	.270
(SAT→ PAT <sup>d</sup> )			.319		.231
SMC	.225	.300	.292	.325	.299

<sup>a</sup> SAT = Satisfaction as dependent variable and SQ = Service quality as independent variable

<sup>b</sup> PAT = Patronage Intention as specified in header row as the dependent variable

<sup>c</sup> Service Quality multi-items and Satisfaction as independent variables,

<sup>d</sup> Satisfaction as Independent variable and Patronage intention as the dependent

When both satisfaction and service quality expressiveness value are used as independent variables on intention to recommend, satisfaction is significant ( $\beta=.231$ ) and the significance of the service quality factor of ‘transactional services’ decreases from  $\beta=.283$  from  $\beta=.270$ . This indicates support for the mediating effect of satisfaction on intention to recommend also. The overall

explanatory power decreases (squared multiple correlation from .325 to .299). Combining these findings with the fit indices (Table 5 – Performance Value models), we are able to understand why the full effects model has a good fit.

Combining the fit indices (Table 4 – Expressiveness Models) with the Baron and Kenny (1986) decision rule, we conclude that satisfaction has at least a partial mediating effect on the relationship between expressiveness value of service quality and both patronage intentions.

### **Conclusions and Managerial Implications**

This study provides several interesting insights into the mediating role of satisfaction between service quality perceptions and patronage intentions. This is attributable to the conceptual study of two different value dimensions that consumer associate with store service quality – performance value and expressiveness value. The mediating role of satisfaction is different across these two types of consumer value. Service quality and satisfaction linkages are stronger in case of expressiveness value. This is because expressiveness addresses several needs of the consumer. Greater the expressiveness, greater is the ability of the store service to ‘satisfy’ the consumer’s ‘self-esteem’, ‘self-consistency’ as well as ‘social consistency’ needs (Sirgy et al., 1991). Though the findings suggest that satisfaction has at least a partial mediating effect irrespective of performance or expressiveness value of service quality, the full mediation effect model is not supported for performance value. Since performance value is the existing accepted association with service quality, retailers who are using satisfaction as a proxy measure for patronage need to rethink. International players especially those planning a foray into India need to assess if satisfaction can indeed be used as the single measure of retail success.

Even if the study findings are considered specific to the Indian context given its culture and the relatively early stage of retail evolution in the country, the evidence requires retailers to re-evaluate their existing strategy which heavily draws from international formats and experiences of retailers in developed countries causing them to focus on satisfaction as the goal. This is a cause for concern since aspects of service quality impacting satisfaction and patronage intentions are different.

Performance value associated with transactional assurance is the most significant determinant of repurchase intention. This supports the assertion by Malhotra et al. (1994) that consumers in developing economies - where retail is in the early stages of evolution, would pay greater attention to store ability to provide functional benefits aiding simplification of the basic shopping tasks. Retailers focusing on satisfaction may disregard transactional assurance since it is not significant and miss the opportunity to increase repurchase intentions of the consumer. Conversely, by focusing on employee training and implementing policies to ensure better problem solving, satisfaction with store may increase with no resultant benefit in terms of consumer patronage. The lack of impact of well trained employees and consumer friendly policies on repurchase intentions could be attributed to the low level of present expectations of Indian consumers. Thus, these factors probably delight the consumer thereby adding to their satisfaction but the decision to repurchase is primarily based on aspects such as transactional assurance, store ambience and benefits associated with store loyalty programs.

To the extent that store ambience and promotional services are significant in determining satisfaction and patronage intentions - both intention to repurchase as well as intention to recommend, retailers improving the performance value of these service attributes are likely to mistakenly assume that using satisfaction as a proxy is justified. This assumption may benefit the retailer in the short term because satisfaction is strongly related to repurchase intention and the significant aspects of service quality influencing the two constructs are similar. Not being able to perceive the distinct influences on satisfaction and patronage intentions could be a reason why several retail ventures in India whether in apparel, grocery or furniture have been unable to capitalize on their first few years of launch success.

Satisfaction with store is also impacted by expressiveness value associated with store service attributes related to store efficiency as well as empathy with customer though only the expressiveness value of empathy significantly impacts repurchase intentions. This is again indicative of the low level of consumer expectations from store personnel. Even after several years since advent of organized retail in India, shoppers do not really 'expect' a store to be efficient and are delighted if repairs are completed on time as promised.

Expressiveness of store physical facilities and transactional services has significant association with intention to recommend. Consumers derive both performance value as well as expressiveness value from these two aspects of store service. An interesting fact is that a store having modern equipment, good, clean physical facilities and ease in transactions are service aspects that determine satisfaction and patronage intentions, for both their performance as well as expressive value. This reflects the nascent stage of retail in India where basic service performance issues provide expressiveness value to make a store distinct enough to become a preferred store.

The expressiveness value has been largely ignored by retailers and researchers alike till date. This study indicates that expressiveness is a significant value in determining satisfaction and patronage intentions. The role of satisfaction as a mediating variable is dependent on whether the value obtained from service attributes is performance or expressiveness based. Though satisfaction has at least a partial mediating effect irrespective of value obtained by consumer from the store services, it has a full mediating effect for expressiveness value, and is stronger for intention to repurchase than for intention to recommend. Retailers are advised that that satisfaction is not necessarily a 'proxy' measure for patronage intentions. Gronroos (1990) had remarked on the blind pursuit of satisfaction as a goal without an understanding of how it would impact profitability in the long run. This study has evidence that the dimensions of service quality influencing satisfaction and patronage intentions are different, especially when considering the performance value. Retailers pursuing a service quality programme focused on service delivery for enhancing satisfaction need to keep in mind not just the qualified mediating role of satisfaction but need also to assess if the quality dimensions influencing satisfaction and patronage intentions are the same.

### **Implications and Directions for Future Research**

Researchers examining the service quality construct are provided evidence in this study that store service provides not just performance but also expressiveness value to consumers. The dimensions (factors) obtained based on each value are considerably different but both have significant explanatory power on satisfaction and patronage intentions. Researchers have long suspected this difference in perceptions amongst service attributes (Blanchard and Galloway, 1994). This study is among the first to provide supporting empirical evidence that such perceptual differences can be traced to value obtained. Retailers and researchers need to focus in understanding the different value associations that consumers obtain from each service attribute. For this reason, the service quality construct needs to move away from a purely service delivery focus and gain greater consumer relevance (Iacobucci, Ostrom and Grayson, 1995). Service quality is definitely a consumer psychological construct but shoppers evaluate the store service attributes on parameters other than just performance as related to service delivery. For this reason, we believe that service quality, when referring to the consumer perspective, needs to be re-defined to include all those cognitive assessments that influence the consumer perception of the overall 'superiority' of store service, including superiority in terms of expressiveness.

The adapted RSQS scale developed in this study is very promising given its reliability and the easily describable factor structure. This study is the first extensive effort to develop a scale specifically for measuring retail store service quality in India. A wider application of the scale across different contexts is necessary to better assess its reliability and perhaps result in a unique scale for measuring service quality in emerging economies where retailing has not reached a stage of maturity.

This study also indicates a high correlation of both performance and expressiveness value scales with overall service quality. This study recommends developing a service quality scale which includes even non-performance dimensions of consumer value. As a first step, researchers need to examine a way of combining the performance and expressiveness value dimensions when assessing overall service quality from the consumer perspective. Other relevant consumer value dimensions also need to be explored. In the past, researchers have stressed the need to examine the specific context while developing a service quality scale. This study suggests that scale adaptation and item development needs to focus not just on performance assessment but examine the expressiveness value dimension as well. The explanatory power of the two different value dimensions may well be additive increasing our understanding of overall service quality as well as our ability to predict satisfaction and patronage intentions.

This study also invites researchers to examine the satisfaction construct differently. This study indicates that satisfaction is impacted by dimensions other than just the performance perceptions related to service. Other researchers in the past have also arrived at this conclusion (Taylor and Baker, 1994). Oliver (1997) conceptualized satisfaction to indicate more than just the parity between expected and obtained performance by defining it as “a judgment that a product or service feature, or the product or service itself, provided a pleasurable level of consumption-related fulfillment, including levels of under-or over fulfillment” (p 13). It may be more appropriate to not restrict satisfaction to just the sense of pleasure related to performance experience and instead define it as the *overall affective response to experiencing the product or service or features thereof*. This would encourage researchers to examine different value dimensions of a product or service and its impact of satisfaction and move away from the existing performance parity centric measures which are restrictive.

#### **Limitations of this study**

This study has several limitations which require a mention so that findings and results can be evaluated accordingly. The most obvious limitations relate to measurement. Despite existing and somewhat established scales, for reasons of parsimony this study had to employ a new two item scale for measuring patronage intentions. Second was the inability to establish discriminant validity of the adapted RSQS because the ‘complaint behaviour’ item was unsuitable. Third, the study had a modest sample size due to which we required that items be parceled for SEM. Another limitation is that we obtained performance and expressiveness value perceptions from two separate samples because of which we were unable to develop even a preliminary service quality scale combining the two value dimensions despite all available data indicating that such a combined scale may be extremely fruitful in explaining service quality perceptions.

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**NOTES**

[1] The ‘non-primary’ determinants of satisfaction with store include consumer characteristics, situational factors, consumer shopping orientations/desired benefits and so on. This study is focused on the retailer controllable factors.

[2] Some researchers conceive of satisfaction as being ‘transaction specific’ (Gotlieb, Grewal and Brown, 1994; Boulding et al., 1993). Transaction specific satisfaction is a post choice evaluation of a store and has been considered as part of store image by some researchers (Zimmer and Golden, 1987). In this study, we define satisfaction as being a cumulative attitude based on past shopping experiences and past transactions with the store (Sivadas and Baker-Prewitt, 2000; Bloemer and de Ruyter, 1998; Fornell, 1992; Morganosky, 1988). It is based on the inferential beliefs derived from all store image variables (Erickson, Johansson and Chao, 1984) including service quality (Kandampully, 1997; Flint, Woodruff and Gardial, 2002) and is a better indicator of patronage intentions since it is not subject to the variation of specific shopping visit encounters (Anderson, Fornell and Lehmann, 1994). Unless a specific encounter is exceptional, a consumer would rely on past judgments to reduce information processing load (Lehmann, 1982) and hence cumulative satisfaction would be used for determining store patronage (Sivadas and Baker-Prewitt, 2000; Bloemer and de Ruyter, 1998; Morganosky, 1988).

[2] This was important since global self-image is partly comprised of an individual’s ‘social self’ (Hem and Iversen, 2002) and hence influenced by cultural norms and values. We wanted to avoid a regional cultural bias on the expressiveness value of attributes.

[3] In our in-depth interviews, we found that shoppers preferred ‘not to create a scene’. For this reason we modified the item to include not just complaints and protests made at the store but also informal complaints and cribs to family and friends. It is possible that having been the recipient of poor service may be seen as ‘loss of face’ and so consumers tend not to speak about their negative service experiences to relevant others.

### Appendix I: Generation/Inclusion/Exclusion of items in the Adapted RSQS

	Item description	Present in our scale	Present in SERV PERF	Present in RSQS
1	The store has modern-looking equipment and fixtures	√	√	√
2	The store and its physical facilities (trial rooms and restrooms) are visually appealing	√	√	√
3	Materials associated with the store's service (such as shopping bags, carry bags etc.) are visually appealing R	√		√
4	The store has clean and convenient physical facilities (trial rooms, restrooms)	√		√
	The store is not so crowded as to make me uncomfortable	Dropped during pre-test as found ambiguous		
5	The store ambiance (such as the music, lighting, architecture etc.) is attractive	√ I <sup>a</sup>		
6	The store atmosphere (use of colours schemes, lighting, music and architecture) gives a feeling that the store always has something new to see	√ I		
7	The store employees are well dressed	√	√	
	The appearance of the physical facilities of the store is in keeping with the kind of services provided	(SERVPERF deleted: found to be ambiguous)		
8	The layout at the store makes it easier for customers to find what they need	√		√
9	The store layout makes it easier for customers to move around in the store	√		√
10	When the store promises to do something (such as repairs, alterations) by a certain time, it will do so	√	√	√
	When you have a problem, Store is sympathetic and reassuring	(SERVPERF : related item in RSQS on problem solving more precise and selected for inclusion)		
11	This store provides its services at the time it promises to do so	√	√	√
12	The store completely guarantees the quality of merchandise it sells (Policy-merchandise	√		
	Store belongs to a well reputed national chain of stores	Dropped during pre-test as found not applicable in most cases		
13	The store makes merchandise available (such as ordering your size garment in the style you wanted) on the date promised	√ I		
14	This store performs the service right the first time	√		√
15	The store has merchandise available when the customers want it	√		√
16	The store has fast and error-free transactions (relating to billing, returns etc.)	√		√
17	The store keeps its records (purchase details, loyalty points earned etc.) accurately	√	√	
18	The store employees are always present when a customer needs some advice or clarification	√		
19	The store makes all repairs and alterations right the first time	√ I		
20	Employees in the store have the knowledge to answer customers' questions	√		√
21	The behaviour of employees in this store instills confidence in customers	√		√
22	Customers feel safe in their transactions with this store	√	√	√
23	You can trust the employees of the store to be fair in their dealings with customers	√	√ modified	
24	Employees in this store give prompt service to customers	√	√	√
25	Employees in this store tell customers exactly when services will be performed	√	√	√
26	Employees in the store are never too busy to respond to customer's requests	√	√	√
27	The store gives customers individual attention	√	√	√



	Item description	Present in our scale	Present in SERV PERF	Present in RSQS
	Employees of Store do not give me personal attention.	(SERVPERF, deleted: similar to item on individual attention)		
28	Employees in the store are consistently courteous with customers	√	√ (polite)	√
	Employees in this store treat customers courteously on the telephone.	(RSQS item deleted as not applicable in Indian context)		
	Employees get adequate support from Store to do their job well	(SERVPERF deleted: indirect compared to RSQS item on complaints)		
29	The employees of the store make the customer feel comfortable at the store	√		
30	The store willingly handles returns and exchanges	√		√
31	When a customer has a problem, this store shows a sincere interest in solving it	√		√
32	Employees of the store are able to handle customer complaints directly and immediately	√		√
33	The store is dependable	√	√	
34	Employees of the store are always willing to help me	√	√	
35	Employees of the store know exactly what my needs are	√	√	
36	The store has my best interest at heart	√	√	
	The store offers high quality merchandise	RSQS item deleted as not part of service quality		
	Other customers are also as service quality conscious as I am	Dropped during pre-test as found ambiguous		
37	The store provides plenty of convenient parking for customers	√		√
38	The store is located close to other stores that customers would want to visit (such as other apparel stores, food courts etc)	√ I		
39	The store is in a prestigious location	√ I		
40	The store has operating hours convenient to all their customers	√	√	√
41	The store accepts all major credit cards	√		√
42	The mailers and other promotional material of the store (brochures, catalogs etc.) are visually appealing	√ I		
43	The loyalty programme at the store is excellent	√ I		
44	The store informs customers (through mailers or advertising) about stores' new deals, promotions and latest merchandise	√ I		
45	Customers can pick up and try as many things as they want at the store even without buying anything	√ I		
	The store has its own credit card	(RSQS item deleted as not applicable in Indian context)		

<sup>a</sup> Indicates item included based on the in-depth interviews

**Appendix II: Profile of the respondents****GENDER**

	Performance			Expressiveness		
	Frequency	Percent	Cum Percent	Frequency	Percent	Cum Percent
Male	64	44.4	44.4	69	47.9	47.9
Female	80	55.6	100.0	75	52.1	100.0
Total	144	100.0		144	100.0	

**INCOME (SOCIO-ECONOMIC CLASSIFICATION)**

	Performance			Expressiveness		
	Frequency	Percent	Cum Percent	Frequency	Percent	Cum Percent
SEC A	71	48.6		62	43.0	
SEC B	63	43.8		69	47.9	
not specified	11	7.6	100.0	13	9.0	
Total	144	100.0		144	100.0	

**AGE**

	Performance			Expressiveness		
	Frequency	Percent	Cum Percent	Frequency	Percent	Cum Percent
18-25	68	47.2	47.2	68	47.3	47.3
>25	76	52.8	100.0	76	52.7	92.7
Total	144	100.0		144	100.0	

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### Sample Performance Perceptions Instrument

Below are some statements describing your most preferred apparel store \_\_\_\_\_.  
Please mark 1 or 7 or ANY of the numbers in between to **best indicate the extent to which you agree or disagree with the given statement**. Even if you have not actually experienced any of the store features described, please indicate the extent to which you believe the store is likely to have the feature described. (Scale 1-7 provided along with each statement):

Strongly Disagree                      Strongly Agree  
1-----2-----3-----4-----5-----6-----7

1. The store has modern-looking equipment and fixtures
2. The store and its physical facilities (trial rooms and restrooms) are visually appealing
3. Materials associated with the store's service (such as shopping bags, carry bags etc.) are visually appealing
4. The store has clean and convenient physical facilities (trial rooms, restrooms)
5. The store ambiance (such as the music, lighting, architecture etc.) is attractive
6. The store atmosphere (use of colours schemes, lighting, music and architecture) gives a feeling that the store always has something new to see
7. The store employees are well dressed
8. The layout at the store makes it easier for customers to find what they need
9. The store layout makes it easier for customers to move around in the store
10. When the store promises to do something (such as repairs, alterations) by a certain time, it will do so
11. This store provides its services at the time it promises to do so
12. The store completely guarantees the quality of merchandise it sells
13. The store makes merchandise available (such as ordering your size garment in the style you wanted) on the date promised
14. This store performs the service right the first time
15. The store has merchandise available when the customers want it
16. The store has fast and error-free transactions (relating to billing, returns etc.)
17. The store keeps its records (purchase details in case of returns/exchanges, loyalty points earned etc.) accurately
18. The store employees are always present when a customer needs some advice or clarification
19. The store makes all repairs and alterations right the first time
20. Employees in the store have the knowledge to answer customers' questions
21. The behaviour of employees in this store instills confidence in customers
22. Customers feel safe in their transactions with this store
23. Customers can trust the employees of the store to be fair in their dealings with customers
24. Employees in this store give prompt service to customers
25. Employees in this store tell customers exactly when services will be performed
26. Employees in the store are never too busy to respond to customer's requests
27. The store gives customers individual attention
28. Employees in the store are consistently courteous with customers
29. The employees of the store make the customer feel comfortable at the store
30. The store willingly handles returns and exchanges
31. When a customer has a problem, this store shows a sincere interest in solving it
32. Employees of the store are able to handle customer complaints directly and immediately
33. The store is dependable
34. Employees of the store are always willing to help me
35. Employees of the store know exactly what my needs are
36. The store has my best interest at heart
37. The store provides plenty of convenient parking for customers
38. The store is located close to other stores that customers would want to visit (such as other apparel stores, food courts etc.)
39. The store is in a prestigious location.
40. The store has operating hours convenient to all their customers



41. The store accepts all major credit cards
42. The mailers and other promotional material of the store (brochures, catalogs etc.) are visually appealing
43. The loyalty programme at the store is excellent
44. The store informs customers (through mailers or advertising) about stores' new deals, promotions and latest merchandise
45. Customers can pick up and try as many things as they want at the store even without buying anything

Please answer these additional questions:

Will you purchase again at this store (the most preferred store that you mentioned)?	Never	Always
	1-----2-----3-----4-----5-----6-----7	
Will you recommend this store to anyone who asks for advice?	Never	Certainly
	1-----2-----3-----4-----5-----6-----7	

Describe your feelings with respect to the experiences with this store in the past one year:

Pleased	Displeased
1-----2-----3-----4-----5-----6-----7	
Sad	Happy
1-----2-----3-----4-----5-----6-----7	
Contented	Disgusted
1-----2-----3-----4-----5-----6-----7	
Dissatisfied	Satisfied
1-----2-----3-----4-----5-----6-----7	

#### Personal Details:

Name:

Age:

Gender: Male/Female

Marital Status:

Family Income per Year (GROSS):

- Less than 5 lakhs
- More than 5 but less than 10 lakhs
- More than 10 but less than 15 lakhs
- More than 15 but less than 20 lakhs
- More than 20 but less than 25 lakhs
- More than 25 lakhs

#### Instructions in Expressiveness Instrument

Think of all stores which are similar to \_\_\_\_\_. Some store features are very basic and common to ALL these stores that sell clothes, including your store. But some other features of your store make it unique and special for you. These store features result in the unique personality of your store which you just described in Section 2 (you can refer to Section 2 again if needed). Please mark 1 or 7 or ANY of the numbers in between to best indicate the extent to which the feature makes your store's personality UNIQUE as compared to other similar stores. You would mark 1 if feature is common to all stores; 4 if somewhat unique and 7 if completely unique to you store. Even if you have not actually experienced any of the store features described, please indicate the extent to which the feature would make your store's personality unique IF your store actually had that feature.