

**THE IMPACT OF RETAIL SERVICE QUALITY ON STORE  
LOYALTY INTENTIONS OF THE GROCERY SHOPPERS WITHIN  
THE FRAMEWORK OF ORGANIZED RETAIL SECTOR OF  
CONSUMER PACKAGED GOODS IN TURKEY**



**UTKU HASDEMİR**

**JUNE, 2019**

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**BY**


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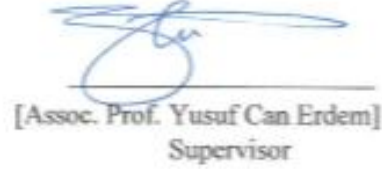
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## PLAGIARISM

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## ABSTRACT

As an organizing framework, this academic dissertation reveals an opportunity in the academic literature by exploring the impact of Retail Service Quality on Store Loyalty Intentions of the grocery shoppers from the perspective of Organized Retail Sector of Consumer-Packaged Goods (CPG) in Turkey.

It applies the 18-items, 4-dimensional and 5-point Service Quality in Retailing scale composed by Vazquez et al. (2001), which is a multi-layered component architecture combining the outcomes from their qualitative research with a careful examination of the relevant retail literature as well as the service quality constructs that were previously developed by the academicians who worked in the field.

The construct adapted by Sirohi and his colleagues (1998) was leveraged to gauge Store Loyalty Intentions, which is composed of three items, namely willingness to repurchase, willingness to purchase more in the future and willingness to recommend the store to others. Each item that will be assessing the dimensions of Store Loyalty Intentions will be accompanied by a 5-point likelihood scale.

The outcomes of the Principal Components and Multiple Regression & Correlation Analysis, managerial implications, restrictions of the study and recommendations for the upcoming studies in this field were discussed in a detailed way for contributing to the related academic research field.

## ÖZET

Bu çalışma, Türkiye’de Paketli Tüketici Ürünleri’nin satışını gerçekleştiren Organize Perakende Endüstri’si bağlamında; perakende hizmet kalitesinin alışverişçilerin mağaza sadakat davranışlarına etkilerini ölçümlemeye çalışarak, akademik literatürde bu alandaki boşluğu doldurmayı hedeflemektedir.

Vazquez ve meslektaşları (2001) tarafından geliştirilen, 18 soru, 4 boyut ve 5’li bir skaladan oluşan Perakende Servis Kalitesi ölçeği, sözü geçen akademisyenlerin gerçekleştirmiş oldukları kalitatif araştırmalara ait çıkarımların, SERVQUAL ve ilgili perakende literatürünün detaylı bir şekilde gözden geçirilmesi sonucunda ortaya çıkan bulgular ile bir araya getirilmesinden oluşan hiyerarşik bir faktör yapısına dayanmaktadır.

Sirohi ve meslektaşları (1998) tarafından adapte edilen ve Mağaza Sadakat Davranışları’nı ölçümlemeyi amaçlayan ölçek, tekrar satın alma istekliliği, ileride daha fazla satın alma istekliliği ve mağazayı başkalarına tavsiye etme istekliliği olmak üzere 3 farklı sorudan oluşmaktadır. Her bir soru Mağaza Sadakat Davranışları’nın alt boyutlarını 5’li bir skalada değerlendirmektedir.

Faktör analizi ve Çoklu Regresyon ve Korelasyon analizlerinin sonuçları, yönetimsel çıkarımlar, araştırmanın kısıtları ve ileriye dönük araştırma önerileri, ilgili alandaki akademik çalışmalara yön vermesi ve katkıda bulunması adına, çalışma kapsamı içerisinde detaylandırılmıştır.

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Last but not the least, I would like dedicate this dissertation to the memory of my grandfather, Hüseyin Bayri, who always encouraged me to have a higher education. You are gone but your affection, which I still feel deeply in my heart, and your faith in me has made this journey possible. As of today, I kept my promise to you when you died. I will continue doing my best to be a grandson you would proud of. I miss you and love you so much. Rest in peace.

## TABLE OF CONTENTS

LIST OF FIGURES .....	vii
LIST OF TABLES .....	vii
1. INTRODUCTION AND OBJECTIVE .....	1
1.1. Introduction .....	1
1.2. Goal of the Study and Its Significance	
in the Academic Literature .....	3
2. LITERATURE REVIEW .....	4
2.1. Retail Service Quality .....	4
2.2. Store Loyalty Intentions .....	8
3. METHODOLOGY .....	13
3.1. Sampling Procedure .....	13
3.2. Type of the Research Design .....	15
3.3. Proposed Research Model .....	15
3.4. Research Hypotheses .....	16
3.5. Measurement Methods .....	17
3.5.1. Principal Components Analysis (PCA).....	17
3.5.2. Multiple Linear Regression Analysis.....	21
4. RESEARCH FINDINGS .....	24
4.1. Principal Components Analysis (PCA) .....	24
4.2. Multiple Linear Regression Analysis .....	32
4.3. Hypothesis Tests - ANOVA and t-tests based on demographic and	

socio-economic variables.....	38
5. CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS .....	45
5.1. Conclusions and Discussions .....	45
5.2. Limitations of the Study .....	47
5.3. Future Directions .....	49
APPENDIX A: DEMOGRAPHIC & SOCIO-ECONOMIC DATA, RETAIL SERVICE QUALITY & STORE LOYALTY INTENTIONS SCALES .....	51
APPENDIX B: OPERATIONALIZATION OF VARIABLES .....	52
REFERENCES .....	54
CURRICULUM VITAE OF THE AUTHOR .....	56

### **LIST OF FIGURES**

Figure 3.1. Research Model.....	15
Figure 4.1. SPSS interface showcasing how to compute mean item scores.....	32
Figure 4.2. Scatterplot matrix of the independent and dependent variables.....	33
Figure 4.3. Normal P-P Plot of regression standardized residual.....	35
Figure 4.4. Scatterplot matrices between standardized error terms and variables of the regression model.....	36

### **LIST OF TABLES**

Table 3.1. Frequency distribution based on individuals' demographic profile.....	14
Table 4.1. Sampling adequacy measures.....	26
Table 4.2. Total variance explained output of the PCA analysis.....	27
Table 4.3. Summary of the final factor analysis for the retail service quality construct.....	28

Table 4.4. Output of the KMO and Bartlett's test.....	29
Table 4.5. Summary of the factor analysis for the store loyalty intentions construct.....	30
Table 4.6. Correlation coefficients of the independent and dependent variables...	34
Table 4.7. ANOVA table and t-test results of the independent variables.....	37
Table 4.8. Outputs of the multiple linear regression analysis.....	38
Table 4.9. Results of the independent samples t-test for gender.....	39
Table 4.10. Results of the one-way ANOVA for income levels.....	40
Table 4.11. Results of the one-way ANOVA for income generations.....	41
Table 4.12. Results of the one-way ANOVA for income for organized trade classifications.....	42
Table 4.13. Results of the independent samples t-test for working status.....	43
Table 4.14. Results of the independent samples t-test for civil status.....	44

## **1. INTRODUCTION AND OBJECTIVE**

### **1.1. Introduction**

Diversifying value propositions, proliferation of disruptive service delivery models, integration of emerging technologies and development of new management strategies and practices make the retail environment more complex and competitive than ever. In recent years, turbulent economic conditions which negatively reflect on the inflation rates, decreasing purchasing power of shoppers, easy access to product information and price comparisons across different brands and retail outlets, decreasing loyalties and increasing price sensitivity while compromising from various value added offers and fierce competition among the key sector players started to squeeze the profit margins of retailers in the grocery sector. In this highly complex and competitive retail environment, delivery as well as the measurement of superior service quality as a crucial component of the retailers' value propositions became more significant to outpace the competition in the long run.

However, measurement of retail service quality varies in a great extent from gauging the service quality of only service-based business models. Although more robust scales were designed to evaluate the service quality in retailing, they still need to be adapted and validated in different cross-cultural settings and varying product categories to prove that they are applicable across a wide range of research inquiries. Since only a few research initiatives have made an effort to measure the service quality in retailing, there is still a big opportunity that needs to be revealed and addressed. For this reason, this academic dissertation will point out towards this opportunity by applying the 18-items, 4-dimensional and 5-point retail service quality scale developed by Vazquez et al. (2001), which is a multi-layered component architecture combining

the outcomes from their qualitative research with a careful examination of the relevant retail literature as well as the service quality constructs that were previously created by the academicians who worked in the field. The results will justify whether the service quality in retailing inventory that was deliberately selected is applicable or not to the Organized Retail Sector of Consumer Packaged Goods in Turkey, as a cross-cultural and multi-product category setting.

Following the comprehensive analysis of the academic literature, service quality in retailing was proven to affirmatively affect behavioral intentions with regards to the Store Loyalty. The outcomes of the Multiple Linear Regression justify that Store Policies, followed by Customer Orientation and Convenience & Reliability, which were classified as being the key components of the Retail Service Quality, predict the dependent variable, namely Store Loyalty Intentions, at a certain extent.

Finally, the study also analyzed whether there were statistically crucial distinctions among the sub-groups of survey respondents from the perspective of Store Loyalty Intentions across multiple demographic variables.

The outcomes of the Principal Components and Multiple Regression and Correlation Analysis, managerial effects, restrictions of the study and suggestions for future research initiatives were discussed in a detailed way to contribute to the academic literature in this field.

## **1.2. Goal of the Study and Its Significance in the Academic Literature**

As an organizing framework, this academic dissertation reveals an opportunity in the academic literature by exploring the impact of Retail Service Quality on Store Loyalty Intentions of the grocery shoppers from the perspective of Organized Retail Sector of Consumer-Packaged Goods (CPG) in Turkey. Our study gets ahead of the existing academic literature in certain aspects:

- 1) Only a limited number of academic articles encompass store loyalty intention measures that were taken into regard here.
- 2) Customer store loyalty intention research that is existent focused on the service sector in general while we narrowed down the scope to encompass Organized Retail Industry (national and local supermarkets, discounters, cash & carry stores) of Consumer Packaged Goods where both the quality of the merchandise and service attached to it have crucial parts.
- 3) We will try to adapt and validate Service Quality in Retailing and Store Loyalty Intentions constructs in a specific industry (Organized Retail) as well as a different cultural background (Turkey) and with a specific product category (Consumer Packaged Goods) to see if they fit by taking the coefficient of determination (R-Square) as the pivotal point. If not, we will conclude that we need a more solid construct that we can apply in these circumstances.
- 4) The outcomes of the study will provide valuable inputs for the executives who work for the Organized Retail Industry or Consumer Packaged Goods companies as well as the academicians.

## **2. LITERATURE REVIEW**

### **2.1. Retail Service Quality**

The nature of the retail landscape evolves faster than ever. We started to observe an escalating rivalry from both local and multi-national enterprises, company unifications, new acquisitions and divestitures, better equipped and challenging customers who have expectancies in terms of the shopping experience provided to them (Dabholkar et al., 1996). As a genuine consequence of this, retailers today should adopt a new strategic direction to diversify themselves in terms of the provision of a superior service than their opponents which is articulated in general as one of the most effective retailing strategies for outpacing the competition (Reichheld and Sasser, 1990).

In this respect, development of scale, namely SERVQUAL, which was a valuable contribution to the relevant academic literature, initiated an intense debate and brought Parasuraman as well as his colleagues into the spotlight. SERVQUAL basically functionalize service quality by measuring the variance between expectancies and discernments with regards to the instrument that includes 22 items representing service quality aspects (Vazquez et al., 2001).

Service quality is associated with the concepts of discernments and expectancies. In this respect, service quality can be evaluated by comparing the service quality level they demand from the service provider and their subjective judgements of the retailer's actual delivery of the service. If the latter exceeds the previous one, then we can treat the provision of the service as frictionless. If they are equal, then we can assume that

the service quality is adequate. If the expectancies are not fulfilled, then the service quality can be labelled as insufficient or poor (Parasuraman et al., 1988).

Although SERVQUAL has been adopted in a number of studies, it has not been successfully configured to and justified in a retailer setting. That is why, Dabholkar et al. (1996) claimed that it was essential to conduct further research to figure out different aspects and dimensions of the service quality in retailing in order to construct a scale depending on the theory.

Gathering the outputs of their qualitative research studies with the careful examination of the theories developed before concerning the retail landscape and service quality, they proposed a multi-layered factor structure composed of several aspects as well as sub-dimensions.

The first aspect they suggested was labelled as *physical aspect*, which corresponds to the easiness provided to the customers thanks to the configuration of the physical facilities in addition to their general outlook.

Both the theory and their qualitative research implied that there were 2 sub-dimensions with regards to this aspect. First one is *store appearance*. Over the course of the depth interviews they conducted with the subjects, social scientists led by Dabholkar (1996) describes it as the hygiene and general outlook of the outlet. Moreover, retail literature argues that customers attribute a value to the easiness of shopping that the physical configuration of the store can provide to them.

*Reliability* was the second aspect that they included into the scope. They found out that customers view reliability as a mixture of *keeping promises* and *doing it right*.

*Personal interaction* was the third dimension that was included into the inventory. During their personal interviews, subjects articulated the significance of *not being intimidated about shopping from a store in particular*. Benevolence of the retail outlet staff, which can be labelled as *courteousness/helpfulness*, was another aspect that was mentioned.

Fourth dimension that was introduced by the academicians was labelled as *problem solving*, which addresses to the administration of returns as well as official complaints.

Fifth dimension, namely *policy*, encapsulates aspects of service quality that are directly influenced by the rules and regulations that were set in the retail outlet. Convenient working hours, available parking lots, credit card usage, and frictionless check-out options valid for the purchase of few items (less than 5 items for instant) can be enumerated to concretize the concept (Dabholkar et al., 1996).

Vazquez et al. (2001) argue that the service clusters that were taken into consideration while creating the previous scales were different than the ones in merchandise retailing and they were much closer to pure-service. In this respect, consumers would most probably embrace different criteria to appraise opponent retailers who sell a mixture of goods and services than they adopt to evaluate retailers that can categorized as pure service delivery enterprises. Then, they conclude that the inventory needs to be personalized according to the specificities of the service sector

to which it is applied. Following this inference, they decided to compose a new scale to gauge the service quality in retailing delivered by the supermarkets, which encapsulates 18 items and 4 attributes, namely *physical aspects*, *reliability*, *physical interaction* and *policies*, depending on the previously developed theories as well as their qualitative research they conducted in supermarket outlets. In the last part of their academic article, where they share their recommendations for future research on the field, the authors conclude that other trade classifications (hypermarkets, discounter stores, convenience stores, etc.) and other sectors than food & beverage retailing (ready-to-wear, durable goods etc.) should be investigated to justify if the instrument they created is solid and convenient enough to gauge retail service quality. This is important in terms of finding out if a more comprehensive analysis, tailored to the trade classifications and industries in concern.

SERVQUAL or various adaptations of the scale have been subject to many academic studies. It provoked a discussion on its generalizability and descriptive strength. Academicians, who participated into the discussion, were questioning whether it is required to incorporate expectations or not. In other words, it would be enough or not to conduct the research by depending on the perceptions. Those who believe that measuring perceptions would be enough initiated another debate on how to develop a scale, which would be appropriate to directly measure service quality by depending solely on perceptions. Universality of the scale as well as its dimensions (Lapierre et al., 1996) and its applicability in different service sectors were also subject to criticisms.

Cronin and Taylor, in their article which was published in July 1992 in the Journal of Marketing, suggest that service quality should be evaluated as a predisposition. Furthermore, they argue that their construct which is based on the actual provision of the service, namely SERVPERF, is more effective in terms of reducing the number of items by 50%. They claim that only the model that uses SERVPERF was validated repeatedly in different use cases.

## **2.2. Store Loyalty Intentions**

Recently competition in the retail industry has escalated due to the deployment of new technological solutions, more effective management strategies that are translated into actions and mergers. It has been proven that the financial performance of the retailers can be increased when strategies take the customer loyalty as the focal point since the cost of winning new customers is higher than keeping the current ones. Even improvements which positively affect the retention rates can significantly improve the bottom line. Retention rate goes hand in hand with the improvement in the bottom line and explains it better than any other metric such as value share, position with regards to the operational costs or any other variable associated with it.

When retailers can achieve keeping their current customers, they can keep the footfall, which is a significant parameter within the growth equation, in a period of time during which the sales growths are flat. If retailers can retain their current customer base, they will also be able to ensure the lifetime value of them given the fact that the profit obtained from each particular customer grows over the long run as long as the customers stay loyal to the firm (Rose, 1990).

Keeping the current customer base also has side effects that can be neglected such as triggering the positive buzz. In the meantime, finding out different aspects of the store loyalty intentions is crucial to identify how retailers should take the preemptive actions in order to keep customers loyal to their retail outlets. Uncertainty and wrong assumptions prevail especially in the CPG retail sector in terms of the understanding what matters the most to customers with regards to the store loyalty intentions they internalize. It has been discovered that professionals in the retail sector overemphasizes the ratio of consumers who actively look for and respond to the price promotions (Urbany et al., 1996).

Retailers should position the provision of superior service quality as a vital strategy for staying in the business in the mid and long run. In 1980s, academicians and sector professionals focused on anticipating different components of the service quality from the customer perspective and formulating strategies to fulfill the needs and expectancies of customers (Zeithaml et al., 1996). In this respect, many institutions have introduced methodologies and instruments to gauge their service quality and formulated management approaches and practices to increase their service level. The service quality agenda has been re-configured in recent years to encompass other consideration points such as the correlation of service quality with the key financial metrics of the organization and the impact of it to the bottom-line figures (Rust et al., 1995).

Although there are evidences validating the financial effects of service quality across different industries and enterprises, there are still ambiguities to find out if superior quality will pay off for the company compared to the additional effort and

investment to deliver it, how it will pay off and what should be the level of investment to maximize the return on investment (Zeithaml et al.,1996).

Zahorik and Rust (1992) identify 5 different tasks that must be accomplished to build a solid model to investigate the effect of the service quality on the bottom-line, which are enumerated as identifying the key service aspects to be included, choosing the most important ones from the customer perspective, building the link between the programs and predispositions, demonstrating the behavioral reactions to the formulated programs and finally the impact of the service programs on the financial performance of the company in concern.

Zeithaml, Berry and Parasuraman (1996) focused on the fourth task, namely, demonstrating the behavioral reactions to the formulated service programs. They argued that all these tasks were subject to many research initiatives over the last decade while the effect of service quality on the behavioral reactions mostly stayed out of the scope and attracted the attention of only a few scholars (Cronin and Taylor, 1992).

Previous studies on the field have not covered yet an exhaustive set of range of prospective behavioral reactions that can be initiated through the provision of service quality. Cronin and Taylor (1992) directed their attentions on purchase intentions and included a single-item scale for measurement. Although they discovered that service quality can be associated with the customer satisfaction, they could not detect a statistically significant impact of service quality of the purchase intentions of the subjects. On the other hand, Boulding and colleagues (1993) revealed a significant

relationship among service quality and behavioral intentions, namely repurchase intentions and willingness to recommend.

Zeithaml and colleagues (1996) conducted a factor analysis to examine the dimensionality of the items composing the behavioral intentions scale. 13 items loaded on 5 components can be rephrased as loyalty to the firm, tendency to switch, inclination to pay more, external and internal response to problem.

The factor which includes the highest number of behavioral intention items compared to other factors was loyalty. The items were enumerated as: (1) initiating a positive word-of-mouth about the firm, (2) suggesting the firm to someone who is looking for an advice from someone credible in his or her own perspective, (3) encouraging others to convert their transactions in favor of the firm, (4) positioning the firm as top-of-mind which would significantly affect an individual's purchase decision, (5) making more purchases from the firm over the next couple of years. Pay more includes two affirmative items: staying loyal to the firm despite a slight increase in prices and paying a higher price than the competitive offers in return to the benefits currently acquired from the firm.

The second and fourth factors include all negative connotations with regards to the behavioral intention items. For instance, switch includes decreasing the transactions in the next few years and shifting some transactions to a competitor offering more affordable prices. External response is more associated with the service problems that a retailer should resolve such as complaining to other customers articulating that there is a gap between the service standard that is expected from the retailer and the actual level of service delivered. Internal response encompasses only one item, which is

related to the resentment that is reflected towards the retail staff in case of the existence of a service problem.

Finally, Sirohi et al. (1998) examined the impact of service quality perception (store operations, store outlook and personnel service) on store loyalty intentions (*willingness to repurchase, willingness to purchase more in the future and willingness to recommend the store to others*). They found out that the quality of goods had a crucial direct impact on customer store loyalty intentions. Another important output of the research was that value perceptions did not appear to be important in affecting store loyalty intentions when the degree of local retail rivalry is limited.

### **3. METHODOLOGY**

#### **3.1. Sampling Procedure**

Convenience sampling will be applied in this research. Lack of precision about the sampling frame, limited time and resources are the main reasons why we proceed with this sampling technique.

Among the sampling techniques that were put forth over the years, convenience sampling requires the least cost, time and effort. The sample set is easily reachable and supportive. Although it has a lot of advantages for a scholar, this technique has some drawbacks that should not be neglected. Convenience sampling does not allow determining the likelihood of choosing any specific element for addition in the sample. Therefore, the estimates cannot be statistically attributed to the entire population. In other words, theoretically it is not possible to make generalizations or inferences about the population from a convenience sample (Malhotra, 2009).

Table 3.1 Frequency and percentage distribution based on individuals' demographic profile

	<i>Frequency</i>	<i>Percent</i>
<b><i>Generations</i></b>		
Silent Generation (73+)	1	0,4%
Baby Boomer (54-72)	81	29,7%
Generation X (38-53)	90	33,0%
Generation Y (22-37)	99	36,3%
Generation Z (18-21)	2	0,7%
<b><i>Gender</i></b>		
Male	144	52,7%
Female	129	47,3%
<b><i>Education Status</i></b>		
Primary School Graduate	1	0%
Secondary School Graduate	2	1%
High School Graduate	8	3%
University Student	10	4%
University Graduate	151	55%
Master or Doctorate Student	14	5%
Master or Doctorate Graduate	87	32%
<b><i>Working Status</i></b>		
Full-time employee	198	72,5%
Part-time employee	16	5,9%
Unemployed	6	2,2%
Retired	52	19,0%
Student	1	0,4%
<b><i>Income Level</i></b>		
No Income	1	0,4%
Below 1,500 TL	4	1,5%
1,501-2,500 TL	17	6,2%
2,501 TL - 3,500 TL	18	6,6%
3,501-5,000 TL	58	21,2%
5,001-7,500 TL	55	20,1%
7,501-10,000 TL	37	13,6%
10,000 TL +	83	30,4%
<b><i>Organized Trade Classification</i></b>		
National Supermarket	197	72,2%
Local Supermarket	43	15,8%
Discounter	29	10,6%
Cash & Carry	4	1,5%
<b><i>Civil Status</i></b>		
Single	63	23,1%
Married	191	70,0%
Divorced	16	5,9%
Widow	3	1,1%

### 3.2. Type of the Research Design

The study will be quantitative and it will take a snapshot of time, differing than a longitudinal study which involves a sequence of measurements during a certain time period. A sample of the target population will be designated, and the inferences will be depending on the statements and/or behavioural implications of the survey respondents, assuming that they reflect the general attitudes and general behavioural tendencies of the entire population in concern.

### 3.3. Proposed Research Model

As mentioned before, this academic dissertation reveals an opportunity in the academic literature by exploring the impact of Retail Service Quality on Store Loyalty Intentions of the grocery shoppers from the perspective of Organized Retail Sector of Consumer-Packaged Goods (CPG) in Turkey. Independent and dependent variables were hypothesized on the following illustration:

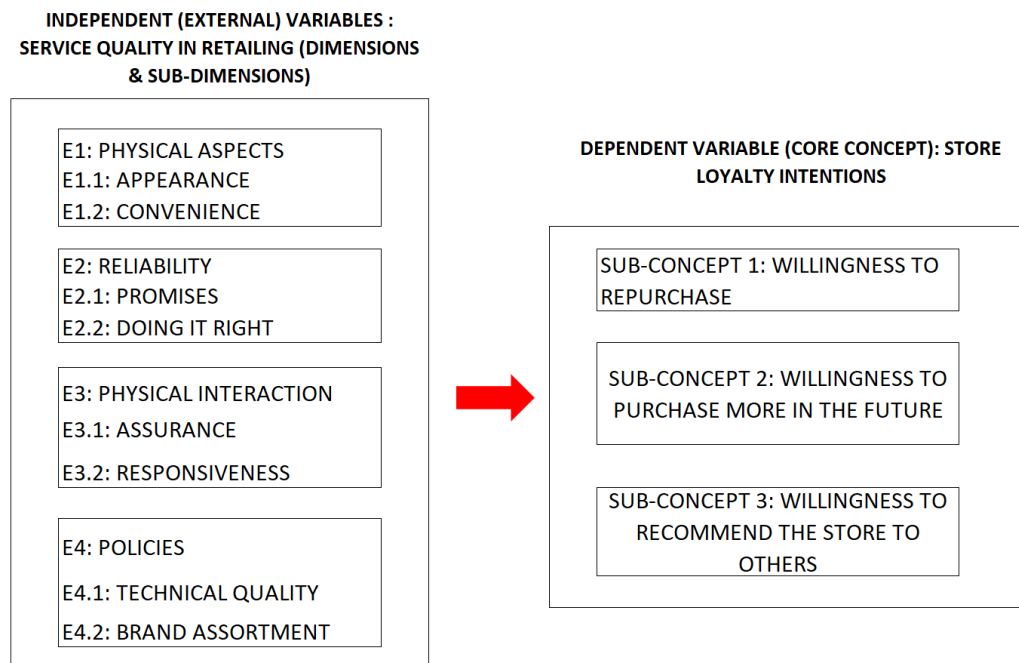


Figure 3.1 Research Model

### **3.4. Research Hypotheses**

Following an exhaustive examination of the related academic articles, we propose the following hypotheses to be tested and justified with the research methodologies that will be applied:

H1: Physical aspects of an organized retail store significantly and positively affect store loyalty intentions of the shoppers.

H1a: Appearance of an organized retail store significantly and positively affects store loyalty intentions of the shoppers.

H1b: Convenience of an organized retail store significantly and positively affects store loyalty intentions of the shoppers.

H2: Reliability of an organized retail store significantly and positively affects store loyalty intentions of the shoppers.

H2a: Promises of an organized retail store significantly and positively affects store loyalty intentions of the shoppers.

H2b: Doing it right of an organized retail store significantly and positively affects store loyalty intentions of the shoppers.

H3: Physical interaction with the store employees of an organized retail store significantly and positively affects store loyalty intentions of the shoppers.

H3a: Assurance of an organized retail store significantly and positively affects store loyalty intentions of the shoppers.

H3b: Responsiveness of an organized retail store significantly and positively affects store loyalty intentions of the shoppers.

H4: Policies of an organized retail store significantly and positively affects store loyalty intentions of the shoppers.

H4a: Technical quality of an organized retail store significantly and positively affects store loyalty intentions of the shoppers.

H4b: Brand assortment of an organized retail store significantly and positively affects store loyalty intentions of the shoppers.

### **3.5. Measurement Methods**

#### **3.5.1. Principal Components Analysis (PCA)**

This method is included within Exploratory Factor Analysis group of methods. Therefore, it enables us to categorize the variables within an unforeseen variable set based upon their common properties. Basically, the method has two purposes;

1. Since all the variables that are grouped into each category are supposed to have a common denominator, the multiple-item instrument that is composed of these variables is presumed to measure one and a specific subject. Essentially, the result that is obtained through the instrument, which is formed, based upon this assumption is the result that is given by the newly created variable. Consequently, the sum of all variables that are included within that category would give the newly created variable. In this research report, these newly created variables will each be labeled as “New Independent/Dependent Variable”. As a genuine result of the process, the number of New Independent/Dependent Variables will be less than the number of independent and dependent variables in the initial model. This would realize the first purpose of the Principal Components Analysis.
2. The second purpose of this method is to obtain the new variables set having a new profile. PCA method can be the sole method to be used in a research inquiry

whose only purpose is creating a new profile. In addition to this, PCA method is used to reduce the number of variables in the model before conducting Multiple Regression and Correlation Analysis. Based upon the structure of the variables, there are 3 different ways to reduce the number of variables in a model, namely Summated Scale, Averaged Scale and Most Important Scale.

Since our variables set in our model is composed of Likert type variable structures having equal number of scale points, we will proceed with Summated Scale method in order to decrease the number of dimensions with regards to the initial research design illustrated before.

If the number of scale points in the Likert type scale differed from one item to the other, the use of summated scale would cause systematic error. In this case, the appropriate scale to be used should be Averaged Scale. However, if there are alterations in the magnitudes of values of the items that were included into the variables set and/or there were differences in the unit of measurement types of the said variables, then either Summated or Averaged Scale cannot be used in the model. Instead of these two methods, we would have to proceed with the Most Important Scale, which presumes to include the most important variable of each component having the highest loading.

Before running the Principal Components Analysis, we should check the validity of the following assumptions;

1. Kaiser/Meyer/Olkin Sampling Adequacy Coefficient should be greater than 0.50 in order to conclude that the set of variables is homogenous which satisfies the first assumption. In case of a lower coefficient than the minimum magnitude accepted, we should either increase the sample size or omit those variables with heterogeneous structural features (PCA analysis should be re-conducted without these variables)
2. Bartlett Test of Sphericity. As a result of the Bartlett Test, if the correlation matrix is found to be significant, the Bartlett test is assumed to be valid which means that the correlation matrix is suitable as an input data for Principal Components Analysis.

In order to conduct Principal Components Analysis, there should be 4 variables at minimum in the variables set. The reason for this is the necessity of having at least two variables within the components following the PCA analysis. In other words, in case of having a component with one variable after conducting the PCA analysis, this component should be omitted from the model and the analysis should be re-conducted. Omission process continues until we do not obtain a component with one variable at the end of the analysis.

We will apply the Principal Components Analysis in order to reduce the data dimensionality by lowering down the number of variables and identifying the same patterns among them for classification.

**Reliability Analysis (RA)**

What is meant by the word reliability in this research report is the reliability of the instrument. The reliability of the research instrument means the ability of the result that is driven by the instrument in concern can be generalized. The more the result can be generalized the better the measurement ability of the research instrument. In order to conclude that the research instrument is reliable, the measurement in concern should be repeated at least twice by the same instrument. Reliability of a measurement made only once by a research instrument cannot be measured.

Reliability of an instrument is composed of internal consistency and stability. In a measurement that is made at least twice, if the research instrument is a multi-item instrument, the result that is derived in each measurement should be at least 0.70 in terms of internal consistency. The measurement of internal consistency in concern is only applied to multi-item instruments. If the multi-item instrument gives a result of at least 0.70 in each measurement, it means the consistency is stabilized. The consistency that cannot be stabilized indicates to an unreliable research instrument. In the case of single-item instruments, the derivation will be made based upon the level of likeness of the two measurements of the same instrument. If the level of correlation that is driven following the measurement of the single-item instrument at least twice is 0.70 and higher, this means that stabilization is realized, and the single-item instrument is reliable.

In our research, we will calculate the Cronbach's Alpha coefficients of each multi-item instrument. Two important factors that affect Cronbach's Alpha coefficient can be enumerated as the number of items in the instrument and the number of scale points

in each item. The third factor that can be included to the same list would be the number of observations which is related to Pearson correlation coefficient that is used in the measurement of Cronbach's Alpha coefficient. If the sample size is not equal to or greater than 30, Pearson correlation coefficient cannot be used. In this case, Spearman Rho coefficient is recommended to be used instead. In case the number of items within the instrument is too much or the number of scale points within the item is higher than the optimum number, which is 5, then Cronbach's Alpha coefficient would artificially increase.

In our research, we will compute Cronbach's Alpha coefficients of the instruments starting from the ones that measure the dependent variable and continuing with those belonging to independent variables. If the Cronbach's Alpha coefficient is below 0.70, then we will be removing those items deteriorating internal consistency and we will compute Cronbach's Alpha once again. The process of removing items will continue until the Cronbach's Alpha coefficient is equal to 0.70. At the end of all these removal processes, if the item's Cronbach's Alpha coefficient did not reach to 0.70, then this instrument in concern will be included within the scope of the model as a single-item instrument and will be represented by that single item.

### **3.5.2. Multiple Linear Regression Analysis**

The stages of the MRCA can be enumerated as linearity, multi-collinearity (homoscedasticity or constant variance and normality of the error terms),  $R^2$  and F-Test, Autocorrelation Analysis and Beta coefficients & T-tests.

### **1. Linearity**

Multiple regression model is represented with a linear equation. Because of this, each of the independent variables that take place in the model is supposed to have a linear relationship with dependent variable. In order to conclude that the relationship is linear, the correlation coefficient should at least be 0.70. If there is an independent variable having a correlation coefficient below 0.70, this variable should be removed from the model.

### **2. Multi-collinearity**

Contrary to linearity, it's an unfavorable case within the model. Multi-collinearity means that the relationship between an independent variable with another one in the model is linear. If we encounter this situation during our analysis, we should remove the independent variable having lower level of relationship with the dependent variable. The one having a higher correlation coefficient is kept in the model. T-test results pertaining to Beta coefficients of those independent variables causing multi-collinearity happen to be insignificant.

### **3. $R^2$ and F-Test**

$R^2$ , or coefficient of determination, reflects the explanatory power of the research model. In other words, coefficient of determination explains how much of the variability of the dependent variable can be caused by its relationship to independent variables. A model having a high explanatory power should at least have a coefficient of determination ( $R^2$ ) of 0.50. A result that is lower than this indicates that the model does not have a sufficient explanatory power.

Since the number of independent variables that are included into the model artificially increases  $R^2$ , we will use adjusted  $R^2$  as the coefficient indicating the descriptive power of the model. In order for the adjusted  $R^2$  can be taken into consideration and included into the model, the outcome of its F-Test should be significant.

#### **4. Autocorrelation**

This analysis is conducted if the outcome of the F-test is statistically significant. What is meant by a significant F-test result is that independent variables possess a valid impact on the dependent variable. If this effect came into being under the existence of autocorrelation, then we will not associate the changes in the dependent variable in concern to the ones in the independent variables. In other words, the existence of autocorrelation reflects that the result of the F-test is not significant thanks to the relationship between independent and dependent variable, but it is the consequence from the relationship between the data that is composed by the model which is created by the variables. If autocorrelation is valid, then we will consider the result of the F-test which happened to be significant as insignificant and the model as invalid. Autocorrelation refers to the relationship between the error terms. It is usually encountered when the linearity assumption is violated.

#### **5. Beta Coefficients & T-Tests**

At the last stage, in order to decide which independent variables contributed to the model, we conduct the T-test. Those variables having Beta coefficients with significant T-test result are kept in the model. Those ones that have insignificant T-test results are detached from the model and the analysis is re-conducted.

## **4. RESEARCH FINDINGS**

### **4.1 Principal Components Analysis (PCA)**

As explained in a detailed way in the Measurement Methods part, Principal Components Analysis (PCA) was conducted as an extraction method to categorize different variables in the given variable sets of Service Quality in Retailing and Store Loyalty Intentions, which were composed of 18 and 3 statements respectively, based on their common properties. Statements that appear in both scales were incorporated into the survey after an exhaustive examination of the relevant academic articles. In other words, PCA is used to lower down the number of dimensions in the model before running the Multiple Regression & Correlation Analysis.

Referring to the proposed research model, Service Quality in Retailing is hypothesized to be consisted of 4 dimensions and 8 sub-dimensions whereas the Dependent Variable (Core Concept), namely Store Loyalty Intentions, is anticipated to be composed of 3 sub-concepts.

Likert scale is used throughout the research and each item was scored by the survey respondents within a range of 1 (strongly disagree) to 5 (strongly agree).

A scholar takes into consideration the sampling adequacy measures to understand if the data that is captured through the questionnaire is convenient for conducting the factor analysis.

Bartlett's Test of Sphericity indicates if there is a sufficient level of correlation among the variables, which is the prerequisite of the factor analysis. If the p value of the Bartlett's Test of Sphericity is less than 0.05 significance level, then we can infer

that there is a sufficient level of correlation among the variables to run the factor analysis. The opposite would be true, if the result of the test is not significant.

Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy also measures the level of correlation among the variables and gives a direction to the scholar if the level of relationship is sufficient to run the factor analysis. KMO value ranges between 0 and 1. If the KMO value is higher than or equal to 0.80, this indicates that variables are perfectly suitable for the factor analysis. We can conclude that the level of relationship among the variables is well enough in terms of meeting the requirement if the KMO value ranges between 0.70 and 0.80. If the KMO value actualizes between 0.60 and 0.70, then we can interpret that the adequacy is moderate and if it ranges between 0.50 and 0.60, then the adequacy is relatively low. A KMO value which is less than 0.50 implies an insufficient level of correlation among the variables which is contradictory to the pre-requisite of running the factor analysis (Sipahi et al., 2006)

While Kaiser-Meyer-Olkin (KMO) gauges the suitability of the entire construct to conduct the factor analysis, Measures of Sampling Adequacy (MSA) value gauges the relevancy of each item to the factor analysis. In general, scholars were aligned on the same inferences about the MSA values, which are similar to KMO figures. MSA values are positioned on the Anti-Image Correlation Matrix, referring to the SPSS output. There is an 'a' letter on the top-right corner of the correlation values which appear on the diagonal of the Anti-Image Correlation Matrix. Those figures are the MSA values associated with each statement. If the magnitude of the value is lower than 0.50, then the statement in concern should be left outside of the analysis. In case

none of the values is lower than 0.50, the scholar can move forward with further examination of other outputs extracted from the SPSS tool.

As seen in the below table, p value obtained from the Bartlett's Test of Sphericity is less than 0.05. The result is significant so that the correlation matrix is suitable as an input data for PCA. KMO value of 0.894 indicates that variables are perfectly suitable for the factor analysis.

Table 4.1 Sampling Adequacy Measures

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0,894
Bartlett's Test of Sphericity	Approx. Chi-Square	2355,936
	df	153
	Sig.	0,000*

We should then take a glance at the Anti-Image Correlation Matrix to find out whether the Measures of Sampling Adequacy (MSA) figures are higher or not than the acceptable level. Since none of the MSA values are less than the minimum acceptable level of 0.50, we move forward with the analysis of other SPSS outputs.

Total Variance Explained output of the PCA analysis indicates that Service Quality in CPG Retailing is composed of 3 factors and **58.9%** of the total variance can be attributed to the these components.

Table 4.2. Total Variance Explained output of the PCA analysis

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7,025	39,028	39,028	3,696	20,531	20,531
2	1,938	10,767	49,795	3,571	19,837	40,368
3	1,642	9,124	58,919	3,339	18,551	58,919
4	0,922	5,124	64,042			
5	0,809	4,494	68,536			
6	0,794	4,413	72,949			
7	0,668	3,710	76,658			
8	0,562	3,122	79,780			
9	0,535	2,972	82,752			
10	0,496	2,753	85,506			
11	0,469	2,607	88,112			
12	0,390	2,168	90,280			
13	0,347	1,930	92,210			
14	0,336	1,867	94,077			
15	0,307	1,708	95,785			
16	0,275	1,529	97,314			
17	0,260	1,446	98,760			
18	0,223	1,240	100,000			

Extraction Method: Principal Component Analysis.

When we take a glance at the Rotated Component Matrix, we do not encounter any significant problem (single statement loaded under any factor, factor weights close to each other under multiple factors, any statement possessing a factor weight lower than 0.50) to remove a variable from the instrument and iterate the analysis.

Factor analysis is conducted to test the validity of the construct. After running the factor analysis, it is essential to check the reliability of each factor in quantitative terms. Cronbach's Alpha value reflects the overall reliability of the variables located under each factor. Cronbach's Alpha value should be higher than or at least equal to 0.70 to conclude that the factor in concern is reliable. Acceptable threshold is generally accepted as 0.60 (Sipahi et al., 2006). The outcomes of the reliability analysis in our case are as follows.

Table 4.3. Summary of the Final Factor Analysis for the Retail Service Quality

## Construct

COMPONENT	STATEMENT	FACTOR LOADINGS UNDER ROTATED COMPONENT	% OF VARIANCE	RELIABILITY
CONVENIENCE & RELIABILITY	THE SECTION LAYOUT ENABLES CUSTOMERS TO EASILY FIND THE PRODUCTS THEY NEED	0,820	20,531	0,840
	THE OUTLET DESIGN ENABLES CUSTOMERS TO MOVE AROUND WITH EASE	0,755		
	THE PRODUCTS ARE APPROPRIATELY DISPLAYED ON THE SHELVES	0,691		
	IN THIS OUTLET PRODUCT PRICES ARE CLEARLY INDICATED	0,627		
	THIS OUTLET GIVES APPROPRIATE AND PUNCTUAL INFORMATION ON ITS SALES PROMOTIONS	0,617		
	THE STORE IS CHARACTERIZED BY ITS CLEANLINESS AND EFFICIENT RUNNING	0,609		
	CLEARLY SPECIFIED SELLING SLIPS ARE GIVEN OUT	0,567		
STORE POLICIES	THE FISH SECTION IS CHARACTERIZED BY ITS FRESH AND QUALITY PRODUCTS	0,777	19,837	0,857
	A BROAD ASSORTMENT OF PRODUCTS AND BRANDS IS OFFERED	0,756		
	THE MEAT SECTION IS CHARACTERIZED BY ITS FRESHNESS AND	0,706		
	THE BRANDS OF THE STORE ASSORTMENT ARE VERY WELL KNOWN	0,703		
	THE RETAILER'S OWN BRAND PRODUCTS ARE HIGH QUALITY	0,625		
	THE OUTLET IS CHARACTERIZED BY THE FRESHNESS OF PRODUCTS IN ITS FRUIT AND VEGETABLE SECTION	0,624		
CUSTOMER ORIENTATION	WAITING TIME IN CASH REGISTERS IS SHORT	0,758	18,551	0,833
	EMPLOYEES ARE ALWAYS WILLING TO HELP CUSTOMERS	0,723		
	THE PUBLIC-CONTACT STAFF (SHELF STACKERS, REGISTERS, PERISHABLES SECTION AND INFORMATION) ARE ALWAYS POLITE TO CUSTOMERS	0,700		
	THERE ARE ALWAYS STOCK OF PRODUCTS / BRANDS DESIRED BY CUSTOMERS	0,686		
	EMPLOYEES (PERISHABLES SECTION) INSTIL CONFIDENCE IN CUSTOMERS, ADVISING THEM ON THE BEST POSSIBLE BUY	0,676		
<b>TOTAL</b>			<b>58,919</b>	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy				0,894
Bartlett's Test of Sphericity Approx. Chi-Square				2355,936
df				153
Sig.				0,000

When we compare our findings to the retail service quality scale developed by Vazquez et al. (2001), we can conclude that only 3 out of 4 dimensions were validated following our factor analysis. When we plunge into the outcomes of the analysis, we notice that all the variables that were originally located under the 'Store Policies' dimensions seem to be loaded under the same component. Therefore, we kept the label of this component as it is. On the other hand, variables which were categorized under the Reliability and Physical Interaction dimensions in the original instrument seem to be loaded under one component. When we take a closer look at the statements, we realized that this component was reflecting another aspect of the service quality in retailing, which can be labelled as 'Customer Orientation' instead. Finally, some of the variables that were originally classified under 'Physical Aspects' and 'Reliability'

dimensions seem to be loaded under one component, which characterizes the aspects of both ‘convenience’ and ‘reliability’ of a retail store. This component was labelled accordingly.

As a next step, we conducted the Principal Components Analysis for the dependent variable, which is called as ‘Store Loyalty Intentions’. As seen in the below table, KMO value of 0.722 indicates that set of variables is homogeneous, which satisfies the first condition to conduct the factor analysis. p value obtained from the Bartlett’s Test of Sphericity is less than 0.05. The result is significant so that the correlation matrix is suitable as an input data for PCA.

Table 4.4. Output of the KMO and Bartlett’s test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0,722
Bartlett's Test of Sphericity	Approx. Chi-Square	374,100
	df	3
	Sig.	0,000*

Then we check the Measures of Sampling Adequacy (MSA) values through the Anti-Image Correlation Matrix. Since none of the MSA values are lower than the minimum acceptable level of 0.50, we move forward with the examination of other SPSS findings.

Subsequent to the Reliability Test of the component, we obtain the following summary table:

Table 4.5. Summary of the Factor Analysis for the Store Loyalty Intentions Construct

COMPONENT	STATEMENT	FACTOR LOADINGS UNDER ROTATED COMPONENT	RELIABILITY
STORE LOYALTY INTENTIONS	LIKELIHOOD TO CONTINUE SHOPPING	0,762	0,851
	LIKELIHOOD TO USE THE STORE FOR MORE OF YOUR GROCERY NEEDS IN THE NEXT TWELVE MONTHS	0,679	
	LIKELIHOOD TO RECOMMEND THE SUPERMARKET TO A FRIEND	0,736	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy			0,722
Bartlett's Test of Sphericity Approx. Chi-Square			374,100
df			3
Sig.			0,000

### Computation of Mean Item Score

At this stage, we will calculate the factor values benefiting from the categorization of those variables that were included into the construct to measure the concepts examined within the context of this research endeavor.

There are two main methods to calculate the factor values, namely calculation of the total value of the questions and calculation of the factor scores. Out of these two main calculation methods, we will proceed with the method which requires the computation of the total value or average of the questions that were loaded under each factor. Unlike the other method, when calculating factor values, only the group of questions that make up the factor is used, not all questions. Therefore, reliability analysis should be performed before applying this method. Calculation of the total value makes it possible to generalize in different sample groups. The key benefit of this method is that it can be easily calculated in studies. However, the fact that the calculated factor values are not independent is the main disadvantage.

In calculating the total value, we can also take the average of all the questions that compose the factor. Interpreting the results of this method is much easier than taking the sum of the questions. Let's assume that we obtained two factors which were

composed of 5 and 4 questions respectively following the survey to gauge the service quality of the BSM firm.

If we take into regard that we expected from the survey respondents to reply in a range of 1=Strongly Disagree to 6=Strongly Agree, it is clear that the minimum value of any factor would be the number of questions multiplied by 1 while the maximum value would be the number of questions multiplied by 6. If we choose the summation method, for the first factor which is composed of 5 questions, the minimum value would be 5 ( $1 \times 5$ ) and the maximum value would be 30 ( $6 \times 5$ ). For the second factor, minimum value would be 4 and maximum value would be 24. If the total value equals to 24 for the first and second factor for any survey respondent, then it would be impossible to make inferences about these values. On the other hand, if we would have taken the average of the questions for the same survey respondent, then we would have calculated 4.8 for the first factor and 6 for the second factor. As can be seen from this example, interpreting the average value of the factor would be much easier than the total factor value.

As a conclusion, we took the average of all the questions that composed the factors of both service quality in retailing and store loyalty intentions.

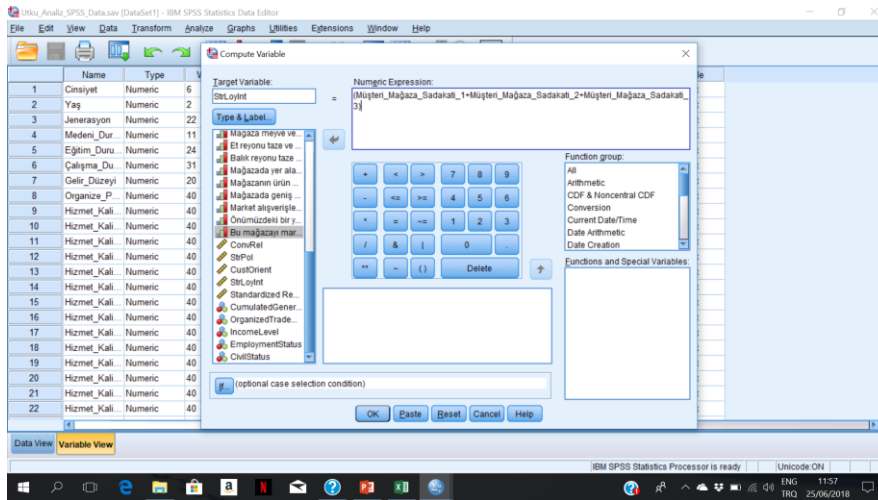


Figure 4.1. SPSS interface showcasing how to compute mean item scores

## 4.2. Multiple Linear Regression Analysis

As explained in a detailed way in the Measurement Methods part, we need to test the assumptions of the Multiple Regression and Correlation Analysis (MRCA).

### Linearity & Multi-collinearity

As can be seen from the below Scatterplot Matrix of the independent and dependent variable, score distribution is completely random and they are not moving towards any specific direction. Therefore, we infer that there is no proof validating that the correlations between independent and dependent variables are not linear. Furthermore, it indicates that there are no outliers for these variables in the data set of the Scatterplot Matrix.

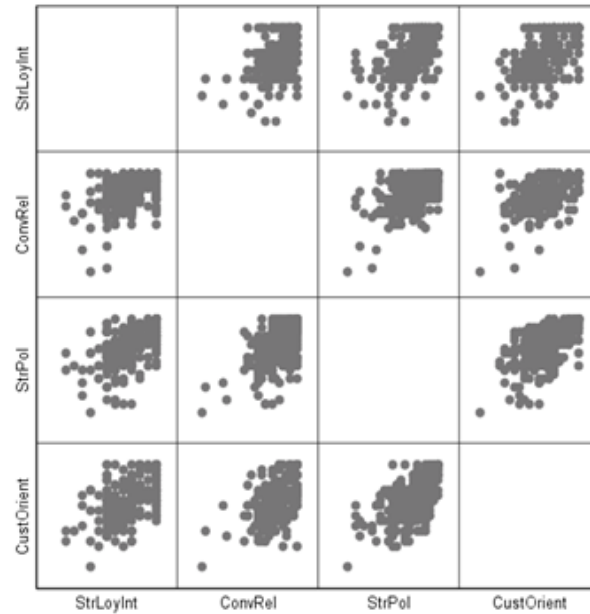


Figure 4.2. Scatterplot Matrix of the independent and dependent variables

When we take a glance at the correlation coefficients of the independent and dependent variable, although positive & significant relationships were identified between independent variables, we can conclude that there is no multi-collinearity by taking into regard that correlation coefficients are less than 0.70. In order to validate the lack of multi-collinearity, we need to check other criteria.

Table 4.6. Correlation coefficients of the independent and dependent variables

		StrLoyInt	ConvRel	StrPol	CustOrient
StrLoyInt	Pearson Correlation	1	.416**	.514**	.508**
	Sig. (2-tailed)		.000	.000	.000
	N	273	273	273	273
ConvRel	Pearson Correlation	.416**	1	.500**	.495**
	Sig. (2-tailed)	.000		.000	.000
	N	273	273	273	273
StrPol	Pearson Correlation	.514**	.500**	1	.560**
	Sig. (2-tailed)	.000	.000		.000
	N	273	273	273	273
CustOrient	Pearson Correlation	.508**	.495**	.560**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	273	273	273	273

\*\* . Correlation is significant at the 0.01 level (2-tailed).

### Normality of the Error Terms

When we examine the Normal P-P Plot of Regression Standardized Residual, we can conclude that the normality assumption of the error terms is satisfied since the error terms were lined up on the line in the diagonal.

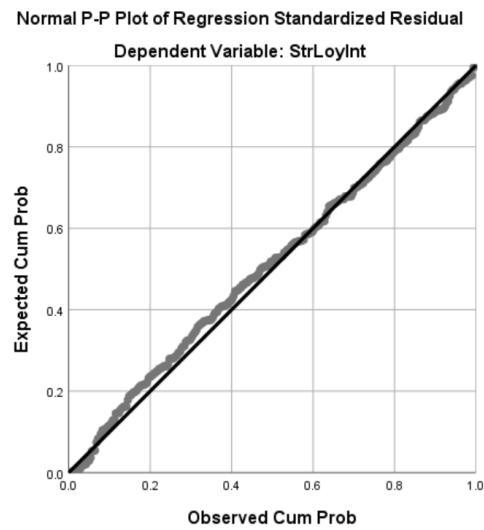


Figure 4.3. Normal P-P Plot of Regression Standardized Residual

### **Homoscedasticity**

Homoscedasticity designates a condition in which the error term is identical across all values of the independent variables. Based on the scatterplot matrices between standardized error terms and variables of the regression model, we can conclude that error terms are randomly distributed. This indicates that there is no problem of homoscedasticity.

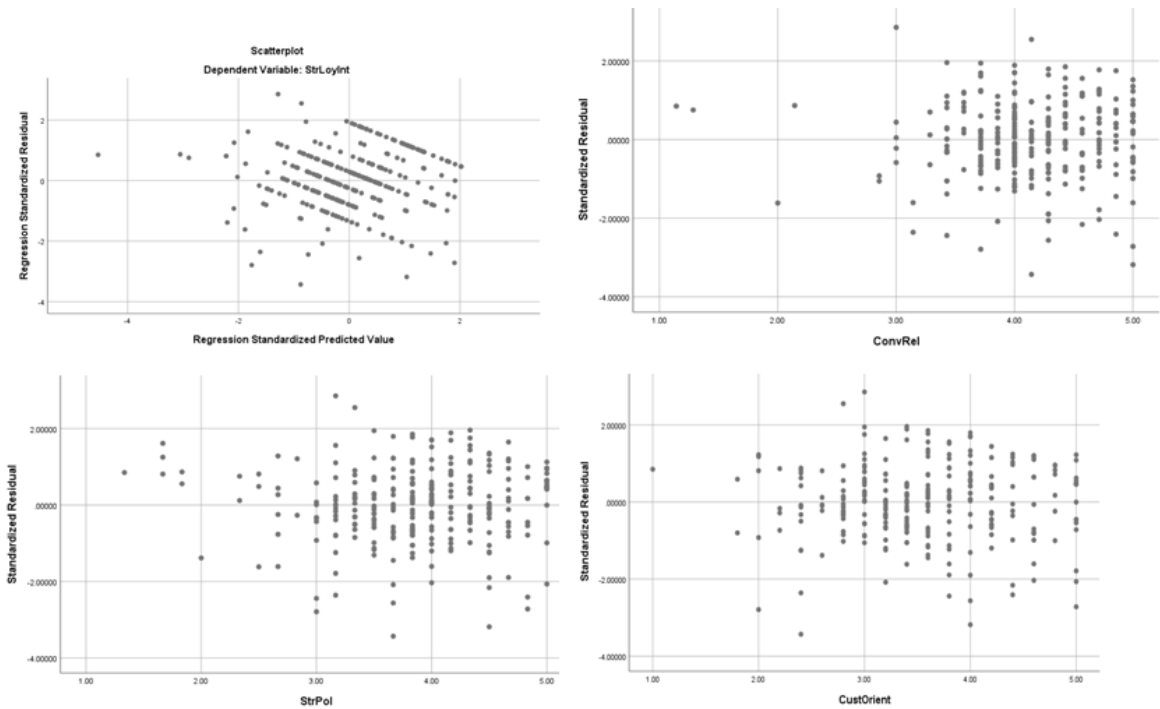


Figure 4.4. Scatterplot matrices between standardized error terms and variables of the regression model

### Beta Coefficients & T-Tests

When we examine the ANOVA table below, we can see that the F statistic is 47.537 with a p value (sig.) of 0.000, we decide to discard the null hypothesis and infer that it is statistically possible to predict the dependent variable with at least one of the independent variables.

In order to reveal which independent (predictor) variables are contributing to the model in a valid and meaningful way, we need to run the t-tests for each coefficient. When we take a glance at the t statistics of each variable, we realize that their p values (sig.) are lower than 0.05. Then, we conclude that the entire set of independent variables can be kept in the regression equation to predict the dependent variable.

Table 4.7. ANOVA table and t-test results of the independent variables

ANOVA <sup>a</sup>							
Model		Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	53.430	3	17.810	47.537	.000 <sup>b</sup>	
	Residual	100.783	269	.375			
	Total	154.213	272				

a. Dependent Variable: StrLoyInt  
b. Predictors: (Constant), CustOrient, ConvRel, StrPol

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.926	.277		3.350	.001		
	ConvRel	.167	.076	.132	2.206	.028	.683	1.465
	StrPol	.314	.068	.290	4.640	.000	.620	1.613
	CustOrient	.278	.062	.281	4.498	.000	.625	1.601

a. Dependent Variable: StrLoyInt

### Outcomes of the Multiple Linear Regression Analysis

When we examine the table below, we can conclude that independent variables, namely Convenience & Reliability, Store Policies and Customer Orientation, predict the dependent variable (Store Loyalty Intentions) in proportion as 34.6% based on the R Square value. Then, we refer to the Standardized Coefficients column of the t-tests results and figure out that Store Policies as a key component of the service quality in retailing seems to be the most important independent variable which explains the Store Loyalty Intentions followed by Customer Orientation and Convenience & Reliability respectively.

Table 4.8. Outputs of the Multiple Linear Regression Analysis

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.589 <sup>a</sup>	.346	.339	.61209

a. Predictors: (Constant), CustOrient, ConvRel, StrPol  
b. Dependent Variable: StrLoyInt

### 4.3. Hypothesis Tests - ANOVA and t-tests based on Demographic and Socio-economic Variables

#### Results of the Independent Samples t-test for Genders

When we examine the output of the Levene Test for Equality of Variances, we can conclude that the F statistic is 0.735 with a p value of 0.392. Since the p value is greater than 0.05, we accept the null hypothesis indicating that the variances with respect to store loyalty intentions of men and women are equal.

If we take a glance at the first line of the independent samples t-test, we accept the null hypothesis since the p value (sig. 2-tailed = 0.958) is greater than 0.05. Finally, we conclude that there is no statistically significant difference between store loyalty intention mean values of men and women.

Table 4.9. Results of the Independent Samples t-test for Genders

	Cinsiyetiniz?	N	Mean	Std. Deviation	Std. Error Mean
StrLoyInt	Kadın	129	3.8243	.79394	.06990
	Erkek	144	3.8194	.71706	.05976

		Levene's Test for Equality of Variances		t-test for Equality of Means			95% Confidence Interval of the Difference			
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
StrLoyInt	Equal variances assumed	.735	.392	.053	271	.958	.00484	.09145	-.17520	.18489
	Equal variances not assumed			.053	259.423	.958	.00484	.09196	-.17624	.18593

### Results of the One-Way ANOVA for Income Levels

To create sample sets with a sample size greater than 30 and close to each other, we recoded those survey participants having an income between 0 and 5,000 TL as 1, 5,001-10,000 TL as 2, and 10,000 TL + as 3. Since the p value (sig.) of the Levene statistic is greater than 0.05, equality of variances of the independent groups, which is a pre-requisite to conduct One-Way ANOVA, is accepted.

When we take a glance at the ANOVA table, we can realize that the p value (sig.) of the F statistic (0.117) is greater than 0.05. Therefore, we accept the null hypothesis and conclude that store loyalty intentions variable does not differ based on different income levels.

Table 4.10. Results of the One-Way ANOVA for Income Levels

		Levene Statistic	df1	df2	Sig.
StrLoyInt	Based on Mean	1.005	2	270	.367
	Based on Median	1.008	2	270	.366
	Based on Median and with adjusted df	1.008	2	266.775	.366
	Based on trimmed mean	1.136	2	270	.323

StrLoyInt					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.427	2	1.214	2.159	.117
Within Groups	151.786	270	.562		
Total	154.213	272			

### Results of the One-Way ANOVA for Income for Generations

In order to have a sample size greater than 30 for each independent group, we recoded those survey participants belonging to Z and Y generations (18-37) as 1, Generation X (38-53) as 2 and Baby Boomer and Silent Generations (54-73+) as 3. Since the p value (sig.) of the Levene statistic is greater than 0.05, equality of variances of the independent groups, which is a pre-requisite to conduct One-Way ANOVA, is accepted.

When we take a glance at the ANOVA table, we can realize that the p value (sig.) of the F statistic (0.367) is greater than 0.05. Therefore, we accept the null hypothesis and conclude that store loyalty intentions variable does not differ across generations.

Table 4.11. Results of the One-Way ANOVA for Income for Generations

		Levene Statistic	df1	df2	Sig.
StrLoyInt	Based on Mean	1.076	2	270	.342
	Based on Median	.983	2	270	.375
	Based on Median and with adjusted df	.983	2	254.044	.375
	Based on trimmed mean	1.061	2	270	.348

StrLoyInt					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.140	2	.570	1.006	.367
Within Groups	153.073	270	.567		
Total	154.213	272			

### Results of the One-Way ANOVA for Income for Organized Trade Classifications

In order to have a sample size greater than 30 for each independent group, we recoded those survey participants who prefer to shop mostly from National Accounts as 1, Local Chains as 2, Discounters and Cash & Carry Stores as 3. Since the p value (sig.) of the Levene statistic is greater than 0.05, equality of variances of the independent groups, which is a pre-requisite to conduct One-Way ANOVA, is accepted.

When we take a glance at the ANOVA table, we can realize that the p value (sig.) of the F statistic (0.682) is greater than 0.05. Therefore, we accept the null hypothesis and conclude that store loyalty intentions variable does not differ based on organized trade classifications.

Table 4.12. Results of the One-Way ANOVA for Income for Organized Trade Classifications

		Levene Statistic	df1	df2	Sig.
StrLoyInt	Based on Mean	.327	2	270	.722
	Based on Median	.279	2	270	.757
	Based on Median and with adjusted df	.279	2	269.981	.757
	Based on trimmed mean	.386	2	270	.680

ANOVA					
StrLoyInt					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.436	2	.218	.383	.682
Within Groups	153.777	270	.570		
Total	154.213	272			

### Results of the Independent Samples t-test for Working Status

We recoded full-time employees as 1 and all others as 2 (part-time employees, students, retired or unemployed people).

When we examine the output of the Levene Test for Equality of Variances, we can conclude that the F statistic is 0.008 with a p value of 0.930. Since the p value is greater than 0.05, we accept the null hypothesis indicating that the variances with respect to store loyalty intentions of full-time employees and all others are equal.

If we take a glance at the first line of the independent samples t-test, we accept the null hypothesis since the p value (sig. 2-tailed = 0.341) is greater than 0.05. Finally, we conclude that there is no statistically substantial difference between store loyalty mean values of full-time employees and all others, namely part-time employees, students, retired or unemployed people.

Table 4.13. Results of the Independent Samples t-test for Working Status

	Working_Status	N	Mean	Std. Deviation	Std. Error Mean
StrLoyInt	1.00	198	3.8485	.73472	.05221
	2.00	75	3.7511	.79995	.09237

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
StrLoyInt	Equal variances assumed	.008	.930	.954	271	.341	.09737	.10211	-.10366	.29840
	Equal variances not assumed			.918	124.087	.361	.09737	.10611	-.11264	.30739

### Results of the Independent Samples t-test for Civil Status

We recoded married people as 1 and all others (single, widow or divorced) as 2.

When we examine the output of the Levene Test for Equality of Variances, we can conclude that the F statistic is 2.269 with a p value of 0.133. Since the p value is greater than 0.05, we accept the null hypothesis indicating that the variances with respect to store loyalty intentions of married people and all others are equal.

If we take a glance at the first line of the independent samples t-test, we accept the null hypothesis since the p value (sig. 2-tailed = 0.809) is greater than 0.05. Finally, we conclude that there is no statistically substantial difference between store loyalty intention mean values of married people and all others, namely single, widow or divorced.

Table 4.14. Results of the Independent Samples t-test for Civil Status

Group Statistics					
	Civil_Status	N	Mean	Std. Deviation	Std. Error Mean
StrLoyInt	1.00	191	3.8290	.79462	.05750
	2.00	82	3.8049	.64989	.07177

Independent Samples Test										
		Levene's Test for Equality of Variances					t-Test for Equality of Means		95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
StrLoyInt	Equal variances assumed	2.269	.133	-.242	271	.809	.02409	.09958	-.17196	.22015
	Equal variances not assumed			-.262	185.725	.794	.02409	.09196	-.15733	.20551

## **5. CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS**

### **5.1. Conclusions and Discussions**

Although we could not detect any statistically significant difference between samples, which were composed based on the different aspects of their demographic profiles, with respect to their store loyalty intentions, we should delve deep into the results of the multiple linear regression analysis.

Based on PCA, RA and MRCA, we can conclude that independent variables, namely Convenience & Reliability, Store Policies and Customer Orientation, significantly and positively affect the dependent variable, namely Store Loyalty Intentions. When we examine the Beta Coefficients of the multiple linear regression equation, we realize that Store Policies has a higher impact on Store Loyalty Intentions of the CPG shoppers in the organized retail industry in Turkey.

First of all, we need to take in consideration our inferences that derive from the analysis of the Frequency Distribution table revealing that the survey respondents are composed of well-educated, full-time employees who earn relatively higher income and mostly prefer to shop from National Accounts when it comes to their Consumer Packaged Goods purchases. National accounts mostly try to justify their higher prices and profit margins by providing a pleasant, convenient and comfortable store layout as well as shopping environment, appealing shelves carrying a wide range of product categories, variants and brands (well-known national brands and import products), fresh vegetable, fruit, meat and fish sections, loyalty programs, personalized CRM activities based on the demographic and behavioral data gathered through the transactions via loyalty cards and online shopping easiness and flexibility. It seems

that the survey respondents are much more concerned with the wide product and brand assortment including private labels having relatively higher quality perceptions and freshness of the meat, fish and fruit and vegetable sections, which all fall under the 'Store Policies' component of the Service Quality in Retailing. When we match the demographic profile of the survey participants with the value proposition of the National Accounts, it seems reasonable that they rather to prefer to pay a price premium in return to a richer product portfolio which is mostly composed of well-known national brands and better product quality blended with freshness when it comes to meat, fish, vegetable and fruit sections. These features clearly distinguish national accounts from the discounter stores, which mostly carry their own private label brands with higher profit margins in addition to a few well-known, high-selling national brands to create the store traffic. Moreover, discounter stores are not claiming that they are offering more fresh vegetables and fruits and they are only keeping packaged meat products.

In terms of the level of its impact on the dependent variable, namely Store Loyalty Intentions, Customer Orientation comes after the Store Policies when we examine the Beta coefficients of the multiple linear regression analysis. We labeled this component after we conducted the factor analysis because the items that were loaded under this component are concerned with the willingness and politeness of the store staff when they interact with the customers to help them to make more informed and better choices while they navigate among the shelves. From this respect, we can conclude that the customer orientation creates a competitive advantage in favor of national accounts versus the discounter stores, which keep only 2 store employees in general who are responsible to replenish the stocks and carry out the transactions in the store.

If we take into consideration that most of the survey respondents prefer to shop from the national accounts, it is reasonable that customer orientation is positioned in the second place in terms of its effect on the Store Loyalty Intentions.

Convenience & Reliability aspect of the Service Quality in Retailing has a relatively lower effect on the dependent variable, namely Store Loyalty Intentions. Although the root causes should be further investigated in a more detailed way with the help of the qualitative research techniques, our assumption is that the survey respondents are taking as granted the convenience and reliability aspects of the retail service quality by attributing more importance to other features that we already discussed above. In other words, cleanliness, efficient running of the store and convenience related properties seem to be the prerequisites in terms of their effect on store preferences and Store Loyalty Intentions of the survey respondents.

## **5.2. Limitations of the Study**

A model having a high explanatory power should at least have a coefficient of determination (R Square) of 0.50. Since R-square value is 34.6%, we can conclude that the model has a limited prediction ability.

When we take into consideration the value share of discounters, we realize that it corresponds to 39.1% of the total Consumer Packaged Goods (CPG) spending when we exclude alcohol and tobacco. On the other hand, only 17 out of 273 respondents who agreed to answer the survey questions mostly prefer to shop from discounters. The value proposition of discounters totally depends on ready-to-display, perforated cases, limited number of store staff to place the products on the shelves and help the customers, relatively simple shelf layouts, fewer variants from each product types,

limited number of national brands for each product category accompanied by private labels and stronger negotiation power against the suppliers thanks to the number of convenient stores around the corners and the gradually increasing value share taken out of the total CPG trade. Although discounter shoppers compromise from a better service quality, more product types and variants, appealing shelf layout and better shopping experience that were offered by national accounts, they can provide access to more affordable prices, which is something that becomes more crucial especially during turbulent economic times negatively reflecting on the purchasing power of an average shopper. That is why, the sample should have been composed of more discounter shoppers in line with the value shares of main organized trade classifications to figure out the distinctions between different groups of shoppers in terms of the effect of their service quality perceptions to their store loyalty intentions.

When we examine the frequency distribution table comprised of the demographic profiles of the survey participants, we realize that the sample is mostly composed of well-educated, full-time employees who earn relatively higher income which do not reflect in a great extent the realities of the Turkish urban population. To concretize the argument, if we could achieve to obtain sample clusters composed of varying income brackets, which are closer to each other in terms of their sample sizes, we could have more chance to detect statistically significant and reasonable distinctions among them with regards to their store loyalty intentions.

Finally, we moved forward with Convenience Sampling, in order to decrease the search costs, time and effort. Although it served our purpose, we missed the chance for selecting a sample group that might better represent the entire population in concern.

### 5.3. Future Directions

As explained in the 'Limitations of the Study' part, the model has a finite explanatory power when we take into consideration that the coefficient of determination, namely R-square, is lower than 0.50. Therefore, development of a more robust 'Retail Service Quality' inventory that can be better adapted and validated in different cross-cultural settings and varying product categories to prove that they are applicable across a wide range of research inquiries can be a future direction of this study. In other words, researchers who will engage in creating a new scale can reveal that different dimensions of retail service quality can be associated with different product categories or can be peculiar to different cultural norms.

Researchers should also look for the mediating roles of other variables which might alter the cause and effect relationship between the independent variables, namely dimensions of service quality in retailing and dependent variable, namely Store Loyalty Intentions. When viewed from this angle, 'customer perceived value' seems to be a prospective mediating variable based upon the relevant academic literature.

If we narrow down our scope into retailing, Sweeney and Soutar (2001) developed a scale to gauge perceived value, which is called by the authors as PERVAL. Development of this scale, followed by reliability and validity analysis, represents a further step from the perspective of other hypothetical methodologies, which allows measurement of perceived value at the retail outlets (Ruiz-Molina and Gil-Saura, 2008). Following the scale cleansing stage, driven by the exploratory factor analysis

of the remaining 19 items, PERVAL scale reveals 3 core dimensions of value, namely emotional value (the value resulting from the emotional states that a product creates), social value (the value resulting from the product's usefulness to augment the social self-concept) and functional value, which is composed of the sub-dimensions of price and quality (Sweeney and Soutar, 2001).



## APPENDIX A:

# QUESTIONNAIRE – DEMOGRAPHIC & SOCIO-ECONOMIC DATA, RETAIL SERVICE QUALITY & STORE LOYALTY INTENTIONS SCALES

### A DEMOGRAPHIC AND SOCIO-ECONOMIC DATA

#### A1. Gender

Female	1
Male	2

#### A2. Age

18-21	1	(Generation Z)
22-37	2	(Generation Y - Millennials)
38-53	3	(Generation X)
54-72	4	(Baby Boomer Generation)
73+	5	(Silent Generation)

#### A3. Civil Status

Single	1
Married	2
Widow	3
Divorced	4

#### A4. Çalışma durumunuz

Full-time employee	1
Part-time employee	2
Unemployed	3
Student	4
Retired	5

#### A5. Education Status

Primary School Graduate	1	Master / Doctorate Graduate	6
Secondary School Graduate	2	Master / Doctorate Graduate	7
High School Graduate	3	Other (Please specify)	8
University Student	4		
University Graduate	5		

#### A6. Income Level

No Income	1	3.501 - 5.000 TL	5
Below 1.500 TL	2	5.001 - 7.500 TL	6
1.501 - 2.500 TL	3	7.501 - 10.000 TL	7
2.501 - 3.500 TL	4	10.001 TL +	8

#### A7. Please mark in the table below the organized trade classification that you mostly prefer in your CPG\* (Consumer Packaged Goods) purchases and fill-in the survey questionnaire in section B by considering the option that you've selected

\*Consumer Packaged Goods include those products such as food & beverage, cosmetics & personal care and household cleaning products that we frequently use in our daily lives.

NATIONAL SUPERMARKET (MIGROS, CARREFOUR, TESCO KİPA)	1	DISCOUNTER (BİM, A101, ŞOK VB.)	3
LOCAL SUPERMARKET (ÖZKURUSLAR, MOPAS, ÇAĞRI, ÜÇLER, GİMSA, ÇAĞDAŞ, ALTUNBİLEKLER, ŞAYPA, PEHLİVANÖĞLU, GÜRMAR, ADESE, GROSERİ, ÖZDİLEK VB.)	2	CASH & CARRY (METRO, TESPO VB.)	4

### B RETAIL SERVICE QUALITY & STORE LOYALTY INTENTIONS SCALES

This survey questionnaire, which has been created as part of the Yeditepe University PhD graduation thesis study, aims at investigating the effects of Retail Service Quality dimensions on Store Loyalty Intentions of the shoppers. Please indicate the degree\* to which you agree with each statement by taking into regard your CPG (Consumer Packaged Goods) purchases that you make from the organized trade classification marked above. There is no right or wrong answer in the entire questionnaire. Therefore, please evaluate first opinions that come into your mind about the statements and try to fill-in the related areas as soon as possible. Thank you for your time to fill-out the survey questionnaire.

\* Scale of measurement: Strongly Disagree =1, Disagree =2, Neither Agree Nor Disagree=3, Agree=4, Strongly Agree=5

RETAIL SERVICE QUALITY					
	1	2	3	4	5
1 THE STORE IS CHARACTERIZED BY ITS CLEANLINESS AND EFFICIENT RUNNING	1	2	3	4	5
2 THE SECTION LAYOUT ENABLES CUSTOMERS TO EASILY FIND THE PRODUCTS THEY NEED	1	2	3	4	5
3 THE OUTLET DESIGN ENABLES CUSTOMERS TO MOVE AROUND WITH EASE	1	2	3	4	5
4 THE PRODUCTS ARE APPROPRIATELY DISPLAYED ON THE SHELVES	1	2	3	4	5
5 IN THIS OUTLET PRODUCT PRICES ARE CLEARLY INDICATED	1	2	3	4	5
6 THIS OUTLET GIVES APPROPRIATE AND PUNCTUAL INFORMATION ON ITS SALES	1	2	3	4	5
7 CLEARLY SPECIFIED SELLING SLIPS ARE GIVEN OUT	1	2	3	4	5
8 WAITING TIME IN CASH REGISTERS IS SHORT	1	2	3	4	5
9 THERE ARE ALWAYS STOCK OF PRODUCTS / BRANDS DESIRED BY CUSTOMERS	1	2	3	4	5
10 THE PUBLIC-CONTACT STAFF (SHELF STACKERS, REGISTERS, PERISHABLES SECTION AND INFORMATION) ARE ALWAYS POLITE TO CUSTOMERS	1	2	3	4	5
11 EMPLOYEES (PERISHABLES SECTION) INSTIL CONFIDENCE IN CUSTOMERS, ADVISING THEM ON THE BEST POSSIBLE BUY	1	2	3	4	5
12 EMPLOYEES ARE ALWAYS WILLING TO HELP CUSTOMERS	1	2	3	4	5
13 THE OUTLET IS CHARACTERIZED BY THE FRESHNESS OF PRODUCTS IN ITS FRUIT AND VEGETABLE SECTION	1	2	3	4	5
14 THE MEAT SECTION IS CHARACTERIZED BY ITS FRESHNESS AND QUALITY	1	2	3	4	5
15 THE FISH SECTION IS CHARACTERIZED BY ITS FRESH AND QUALITY PRODUCTS	1	2	3	4	5
16 THE RETAILER'S OWN BRAND PRODUCTS ARE HIGH QUALITY	1	2	3	4	5
17 THE BRANDS OF THE STORE ASSORTMENT ARE VERY WELL KNOWN	1	2	3	4	5
18 A BROAD ASSORTMENT OF PRODUCTS AND BRANDS IS OFFERED	1	2	3	4	5
STORE LOYALTY INTENTIONS					
	1	2	3	4	5
1 LIKELIHOOD TO CONTINUE SHOPPING	1	2	3	4	5
2 LIKELIHOOD TO USE THE STORE FOR MORE OF YOUR GROCERY NEEDS IN THE NEXT TWELVE MONTHS	1	2	3	4	5
3 LIKELIHOOD TO RECOMMEND THE SUPERMARKET TO A FRIEND	1	2	3	4	5

## **APPENDIX B:**

### **OPERATIONALIZATION OF VARIABLES**

This study will use the **18-items & 4-dimensional retail service quality scale developed by Vazquez et al. (2001)** which is a hierarchical factor structure combining findings from their qualitative research with the review of the relevant retail literature and of SERVQUAL.

The first dimension, **Physical Aspects**, comprises of two sub-dimensions, which are labeled as **Appearance** and **Convenience**. Appearance will be measured by only 1 item. On the other hand, Convenience will be measured by 3 items.

The second dimension, **Reliability**, encompasses two sub-dimensions, which were entitled as **Keeping Promises** and **Doing It Well**, comprising of 1 item and 4 items respectively.

The third dimension **Physical Interaction** includes two sub-dimensions, which are labeled as **Responsiveness** and **Assurance**. Assurance will be operationalized via 2 items while Responsiveness will be measured by only 1 item.

Last dimension, namely Policy, encompasses two sub-dimensions, which can be entitled as **Technical Quality** and **Brand Assortment**, which will be measured by 4 items and 2 items respectively.

As recommended by **Parasuraman et al. (1991)**, the **seven-point rating scale** used in SERVQUAL will be **reduced to a 5-point scale (1 = strongly disagree, 5 = strongly agree)**.

The study will be using the construct adapted by Sirohi et al (1998) to measure *Store Loyalty Intentions*, which is composed of three items, namely

- **willingness to repurchase,**
- **willingness to purchase more in the future,**
- **willingness to recommend the store to others.**

Each item that will be assessing the dimensions of **Store Loyalty Intentions** will be accompanied by a **5-point likelihood scale (1 = Not at All Likely, and 5 = Extremely Likely)**.

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