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Determinants of customer satisfaction: a study of grocery stores in Norway.

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Abstract

Purpose: In recent times, grocery stores (superstores) can be considered as one of the basic needs of every person. The main purpose of this study therefore, is to find out what factors effect customer satisfaction of superstores industry in Norway.

Design/methodology/approach: Online survey and face to face interviews were the two approaches used in conducting this research. A total number of 113 respondents from Norway but having different nationalities participated in the experiment.

Findings: The empirical findings reveal that location, price, assortment, store and chain image positively influence customer satisfaction in Norway.

Research limitation: The main limitation is that, this study covers only a very small part of Customers of superstore industry in Norway. Which makes the research setting very limited thus, findings and results cannot be generalized.

Keywords: Customer satisfaction, Price, Location, Service quality, Assortment, Store image, Chain image, Superstores, Retailing,

TABLE OF CONTENTS

Thesis Structure

Chapter 1 of this thesis provides the background of the study; problem statement and main research questions are presented.

Chapter 2 of this thesis provides an in-depth theoretical understanding about the different elements in this research. Articles are collected by a desk research strategy. A desk research is a strategy where a researcher will make use of the data and reports of other researchers. Several books, articles and papers, in which earlier researcher have put their knowledge about the subject of service quality, assortment, price, location, store image, chain image and customer satisfaction, are used. Academic journals provide about the conceptual model and how customer satisfaction, service quality, assortment, price, location, store image, chain image are related to it. Moreover, a number of testable hypotheses are suggested based on the conceptual model of the study

Chapter 3 of this research will elaborate the research methodology which is about how to collect data and process the survey, which will be explained by the research philosophy and design. Moreover, the measurement of the construct and ethical consideration is briefly mentioned.

Chapter 4 is about Data analysis and presentation of findings. The chapter first presents descriptive statistics, and statistics related to reliability and validity of the measures used in the study. To test the conceptual model SPSS and PLS is used. The output derived from these statistical analysis is the input for both answering the research questions and the hypothesis made in the 2nd chapter.

Chapter 5 of this study will Offer a summary of findings and their interpretation. The chapter will also explain the limitation, implication and recommendation for future study.

CHAPTER ONE – INTRODUCTION

1.1 Background of the study

Earlier research has considered various store attributes in order to understand the factors affecting customer satisfaction. During their purchasing experience people formulate their experience in terms of satisfaction. Such satisfaction tends to be influenced by a number of grocery store and its chain related factors. For example, physical environment of the store and other factors related to basic offer of the retailer i.e. product variety, assortment, service quality and pricing policy have been found to influence customer satisfaction (Morschett et al., 2005). Consumer patronage behaviour can be enhanced by implementing an appropriate retail marketing strategy based on a profound understanding of the many factors and relationships that influence shoppers' attitudes favorably (Ravald and Gronroos, 1996; Pan and Zinkhan, 2006). Important components of a marketing strategy have been the creation of customer satisfaction and the construction of switching barriers (Fornell, 1992).

Additionally, other components, such as image building, have also been a recent focus (Bloemer and de Ruyter, 1998; Nguyen and Leblanc, 2001; Juhl et al., 2002). Images are formed by various constituencies about a variety of entities such as brands, stores and organizations (Fombrun et al, 1996; Lemmink et al., 2003). Another major study identified other critical success factors associated with superstores (Merrilees and Miller, 1997), that may potentially be related to customer satisfaction:

- The ability to meet the needs of consumers seeking a convenient, one stop way of shopping;
- A more innovative approach to store design; and
- A well-managed expansion plan that grows the new chain at an optimal speed.

As retailers have focused on creating successful retail formats, a natural distinction has developed between conventional and specialty format stores. Conventional grocery stores (e.g. Kroger, Meijer and Albertsons et al, 2009) operate under a traditional supermarket format offering a full line of groceries, meat and produce, with some operators offering a mix of general merchandise items. Additionally, conventional grocery stores are typically located as an anchor in a strip center or in a stand-alone location. Despite the growth of new product categories and new industry players, few studies have investigated customer satisfaction within the retail food industry. Yet, satisfaction is increasingly more important given the highly competitive environment in food retailing (Hare et al, 2003). Carpenter and

Mooreet al, (2006) acknowledge that the changing competitive landscape within the grocery industry makes it critical for retailers to better understand grocery customers. This includes an attempt to examine customer choice with respect to store format and the store attributes that drive that choice.

Marketers should promote a good store layout to maximize the convenience of the consumer (Crawford and Melewar, 2003). A well-trained salesperson can decrease frustration by guiding and aiding the consumer in the purchase process and activate impulse buying behavior (Crawford and Melewar, 2003). Store atmospherics is important to stimulate impulse purchase (Crawford and Melewar, 2003). Store managers can look at several environmental design variables to increase stimulation in their shops. Impulsiveness sometimes depends on store type (Wong and Zhou et al, 2003). For example, it has been shown that many impulse purchases take place in grocery shops.

Product price is another variable of impulse buying. Consumers tend to be more impulsive when there are sales or product discounts, low marginal need for the item, short product life, smaller sizes, and ease of storage (Wong and Zhou et al, 2003). The likelihood that a product will be purchased on an impulse depends on the product category. It has been found that impulse buying occurs more in the case of hedonic products because of the symbolic meaning they convey (Mai et al., 2003).

Moreover, customer evaluate their stores by combining all the attributes which is explained above in order to decide their degree of satisfaction, (Finn and Louviere et al, 1996; Kasulis and Lusch et al, 1981; Pan and Zinkhan et al, 2006). There are number of past studies that have found,that many of these attributes are related to customer satisfaction, (Bloemer and De Ruyter et al, 1998; Gail and Scott et al, 1995; Hackl et al., 2000).

1.2 Problem statement

The purpose of this study is to examine the determinants of customer satisfaction of grocery store customers in the Norwegian context. The studies that have examined satisfaction of customers related to grocery stores in the Norwegian context are scarce, and the few studies that have examined this issue have mainly investigated direct effects of different factors on customer satisfaction or have used customer satisfaction as a mediator instead of the main dependent variable. Given the lack of research, this study seeks to delineate a model that involves a network of direct and indirect relationships in determining customer satisfaction. The study examines location, price, service quality and assortment as both proximal and

distal antecedents of customer satisfaction while chain and store image as two mediating mechanisms. Consequently, this study will advance our understanding regarding the effects of the above factors when developing customer satisfaction directly and through improving the customers' perception of the image of individual store and the chain in which the store is embedded.

1.3 Research approach

Main research question:

This thesis present three main research questions, which are as follows:

1. Which factors influence customer satisfaction of grocery stores in Norway?
2. Do chain and store image acts as mediators to transmit the effects of service quality, assortment, price on customer satisfaction? Does store image mediate the impact of chain image on customer satisfaction?
3. Do age, gender and cultural differences matter in the customer satisfaction of grocery store customers?

CHAPTER TWO – LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1 Introduction

This chapter provides a detailed description of the concepts used in the study and offers a comprehensive review of literature on the links between the concepts. In the first part of this chapter, an overview of all the possible links between independent variables e.g. price, location, service quality, store image, chain image, assortment with the customer satisfaction are explained. This part is then followed by hypothesis development of all positive and negative relationships. This part provides a theoretical grounding for the proposed relationships. In the final section, a graphical representation of the predicted relationships is provided followed by presentation of the research hypotheses.

2.2 Literature Review

According to Kotler et al, (1991, p, 19) There is a general agreement among researchers that customer satisfaction may play an important role in giving a boost to the company profits. It is therefore necessary to understand which factors determine customers satisfaction. The determinants of customer satisfaction have long been a subject of study for consumer research, (e.g., Cardozo 1965, Churchill and Suprenant 1982; Oliver 1977, 1980; Oliver DeSarbo 1988; Oliver and Bearden 1985; Tse and Wilton 1988; Westbrook 1981; Yi 1991). Customer satisfaction is an important measure of a firm's success and the attitudes related to repurchase and word of mouth communication are influenced by it. Write the reference in the bracket (Sivadas and Baker-Prewitt, et al, 2000). In other words customer satisfaction is a predicator of future purchase behavior, (Kasper et al, 1988). In addition to this, customer satisfaction has also been found related to greater customer retention (Day et al, 1994). According to Huber et al, 2002 satisfied customers are even inclined to pay higher prices that may lead to high company profits.

While Huber et al. (2001) found satisfied customers were willing to pay higher prices. Despite that abundance of literature on customer satisfaction (Cardozo, 1965; Oliver, 1997; Giese and Cote et al, 2000) acknowledge that a generally accepted definition of customer satisfaction has not been established. Giese and Cote's et al, (2000) multi-method study elicited the following definition: customer satisfaction is identified by a response (cognitive or affective) that pertains to a particular focus (i.e. a purchase experience and/or the

associated product) and occurs at a certain time (i.e. post-purchase, post-consumption). Given this definition, a customer's satisfaction with his/her shopping experience may be an outcome of the value provided by the shopping experience.

Individual customers have different motivations for shopping. These include diversion from daily routine, learning about new products or trends, or enjoyment of bargaining (Tauber et al, 1972). Some customers are more task-oriented while others are more activity-oriented (Babin et al., 1994). These differences mean that they will find value in and gain satisfaction from diverse aspects of the shopping experience. Retailers must understand these differences to create store formats and offer-related attributes that meet the needs of their target segments. Among apparel retailers, for example, department stores have different target markets, and, thus, different market strategies (product assortment, quality, price and services) than specialty apparel retailers (Ma and Niehm et al, 2006). As such, customer expectations surrounding the retail experience may vary across retail stores and products which can, in turn, mean that satisfaction will also vary by the type of retailer and/or type of product offered at retail.

2.2.1 Customer satisfaction

Satisfaction is important to the individual consumer because it reflects a positive outcome from the outlay of scarce resources and/or the fulfilment of unmet needs (Day and Landon et al, 1977). Customer satisfaction has been as the feeling of happiness or unhappiness because of comparing the perceived performance of a service/product with our expectations (Olivera, 1980; Pritchard, Havitz, and Howard et al, 1999; Russel-Bennet, McColl-Kennedy, and Coote et al, 2007).

Past research suggests a number of consequences of customers satisfaction. It increases loyalty, reduces price elasticity, insulates market shares from competitors, lower transaction costs, reduces failure rates and the cost if attracting new customers and improves the firm's reputation in the marketplace (Sheth and Sisodia et al, 1999). Customer satisfaction can be considered a highly subjective concept, so claims that it leads to greater loyalty should be treated as generalizations and with an element of scepticism (Egan et al, 2001). It was Mittal and Lassar et al, (1998) that suggested that dissatisfied customers may continue his patronage, and a satisfied customer may search for an alternative in hope of a more satisfying result. However, a frequently underrated element in customer satisfaction is inertia, it states that satisfaction is not always the result of positive input, but may be the result of thing not

going wrong. This type of behaviour might be defined as behaviour that would happen regardless of external stimuli (Egan et al, 2001).

There are five categories to manage satisfaction ability to listen to the customer as suggested by (Jones and Sasser et al, 1995). Which are as follows:

1. Customer satisfaction: surveying customers about their level of satisfaction and plotting the results will help the manager to understand the satisfaction level of the customer but this concept is criticized by the (Strandvik and Storbacka et al, 1996, p. 76) that, how the questions are asked is also considered a problem, as different results can be achieved with the same survey dependant on how it was operationalized.
2. Feedback
3. Market research
4. Frontline personnel
5. Strategic activities

Customer satisfaction has also a variety of definitions (Giese and Cote et al, 2000; Oliver et al, 1997), e.g. as ''a person's feelings of pleasure or disappointment resulting from a consumption experience when comparing a product's perceived performance or outcome in relation to his or her expectations'' (Lovelock and Wirtz et al, 2007, p. 631), or as ''a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under- or overfulfill'' (Oliver et al, 1997, p. 13). In the context of this study, customer satisfaction refers to the customer's satisfaction with the store and can be defined as ''a post-experience, subjective evaluation of the extent to which this store answers or even exceeds the customer's expectation'' (Demoulin and Zidda, 2008, p. 387). Customer satisfaction thus relies on a comparison between the perceived and expected performance of the store. Consumers who have positive experiences keep visiting the store.

`Customer satisfaction', therefore, means the extent to which customers are satisfied with the products or services they buy. This satisfaction is produced when actual performance of products or services is higher than expected. This means that customers are satisfied when the actual performance of products or services is higher than the specified quality or expected quality, or even has surprising quality (Ho et al, 1998). What expectations does `customer satisfaction' produce? Cinna pointed out that: customer satisfaction is a relation between the expectation of customers and their actual experience of being served. If the

service experience does not match with the expectation, they will feel cognitive dissonance. If the service experience exceeds the expectation, they will have good impressions and may purchase the products or services of that company again, (Cina et al, 1989).

According to Oliver, customer satisfaction is the gratification feeling, derived by the feedback as the result of consumption. In other definition, Oliver defines satisfaction as "the pleasing result" (Oliver et al, 1999; Usta and Memiş et al, 2009, p. 89). According to another definition, customer satisfaction is the relationship between customers' perceived performance of a product or a service and their expectations. Accordingly, the concept of customer satisfaction is a function of customer expectations. Customer satisfaction depends on their comparisons with what they are provided with and their expectations. If the factors provided are in line with the expectations, the customer will be satisfied; if not, he/she feels disappointed and will not be satisfied. More, if the presented factor is above expectations, the customer will have a high level of satisfaction. Those who have high level of satisfaction, not only change their positions with regards to another presentation, but also bring others with them and hold their ground before moving on to another business. Therefore, high level customer satisfaction is important for businesses and provides many benefits for the business. Among these benefits are; improving brand loyalty, decreasing price flexibility, decreasing marketing and new customer procurement costs, decreasing manufacturing cost depending on mass manufacturing, developing efficient advertisement, enhancing brand image and reputation as suggested above.

Bloemer and Kasper et al, (1995); Bloemer and Ruyter et al, (1998) differentiate between two types of satisfaction: manifest and latent satisfaction. Manifest satisfaction conveys the image of a customer who has made a deliberate choice and has reached the conclusion that he/she is satisfied with the offer, and latent satisfaction pertains to a customer who has not consciously compared the offer to that of other suppliers. These scholars maintain that an increase in manifest satisfaction has a greater impact on the retention of the customer than an increase in latent satisfaction.

2.2.2   Antecedents of customer satisfaction

2.2.2.1 Service quality

Gronroos et al, (2000, p.46) defined service as, "A service is a process consisting of a series of intangible activities that normally, but not necessarily always, take place in interactions

between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems". Fogli et al, (2006, p.4) define service quality as "a global judgement or attitude relating to a particular service; the customer's overall impression of the relative inferiority or superiority of the organization and its services. Service quality is a cognitive judgement".

Definitions of service quality hold that this is the result of the comparison that customers make between their expectations about a service and their perception of the way the service has been performed (Caruana et al, 2002; Gronroos et al, 1984; Lehtinen & Lehtinen et al, 1982; Lewis & Booms et al, 1983; Parasuraman et al., 1985).

Service quality is defined as the degree of discrepancy between customers' normative expectation for service and their perceptions of service performance (Parasuraman et al., 1985). The definition of service quality was further developed as "*the overall evaluation of a specific service firm that results from comparing that firm's performance with the customer's general expectations of how firms in that industry should perform (Parasuraman et al., 1988).*

Chakrabarty et al, (2007) defined service quality as the conformance to customer requirements in the delivery of a service. The service gap model (the PZB model) established by (Parasuraman et al, 1985) defines service quality as the overall evaluation attitude. This is the degree and direction of discrepancy between consumers' perceptions and their expectation of what is delivered. This study adopts the concept of (Cronin and Taylor et al, 1992) and uses the actual customers perceived quality as the service quality index. The concept is simple, easy to measure (Brady et al., 2002; Brown et al., 1993; and van Dyke et al., 1997), and the effect is the same. For the dimensions of service quality, this study adopts Brady and (Cronin et al, 2001 and Rust and Oliver's et al, 1994) assertion that used the overall perception of service quality on the customer's evaluation of three dimensions of the service encounter as the basis for measuring service quality. The dimensions are: (1) interaction quality – the interaction between customers and staffs; (2) service environment quality – the overall atmosphere of the store and the service environment; and (3) outcome quality – the actual service customers receive.

As the time evolve, quality concepts such as total quality management (TQM) and new public management (NPM) have been adopted by many organizations in most countries as early as 1990s. The key objective of NPM, for instance, is to improve the delivery of service quality by taking a customer-oriented approach (Mwita et al, 2000).

The most popular model used for evaluation of service quality is SERVQUAL, a well-known scale developed by (Parasuraman et al. 1985, 1988). The attributes of (Parasuraman et al., 1985), were: tangibles, reliability, responsiveness, competency, courtesy, assurance, credibility, security, access, and understanding. (Parasuraman et al. 1988) later reduced these ten dimensions into five by using a factor analysis.

These five dimensions are:

Tangibles - Physical facilities, equipment and appearance of personnel.

Reliability - Ability to perform the promised service dependably and accurately.

Responsiveness - Willingness to help customers and provide prompt service.

Assurance (including competence, courtesy, credibility and security) - Knowledge and courtesy of employees and their ability to inspire trust, confidence and Empathy (including access, communication, understanding the customer) - Caring and individualized attention that the firm provides to its customers.
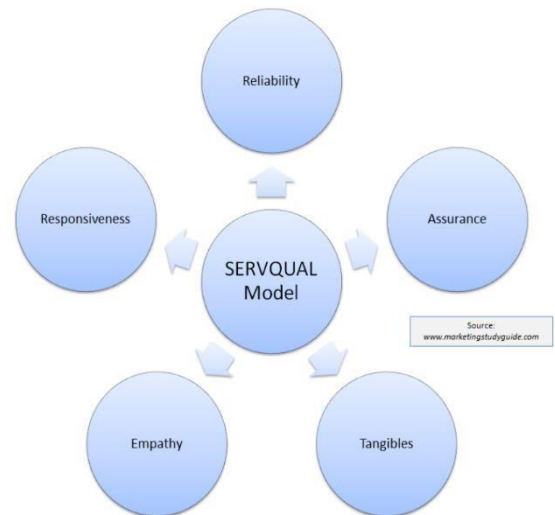
Figure 1: SERVQUAL Model

Mudie and Pirrie et al, (2006) also identified the following features of services:

1.   Intangibility

Intangibility is the main feature of service. Service cannot assure the quality because it cannot be counted, measured, tested, verified and inventoried in advance of sale. Most of the firms find it difficult to understand how customers consider their services and evaluate the quality of their services.

2.   Inseparability (or simultaneous production and consumption)

There is a marked distinction between physical goods and services in terms of the sequence of production and consumption.

3.   Physical goods

Production ------- Storage ------- Sold ------- Consumed

4.   Services

Sold ------- Produced and consumed at the same time

Whereas goods are first produced, then stored and finally sold and consumed, services are first sold, then produced and consumed simultaneously.

5.   Variability (or heterogeneity)

An unavoidable consequence of simultaneous production and consumption is variability in performance of a service. The quality of the service may vary depending on who provides it, as well as when and how it is provided.

6.   Perishability

Services cannot be stored for later sales or use. As services are performances they cannot be stored. If demand far exceeds supply it cannot be met, as in manufacturing, by taking goods from a warehouse. Equally if capacity far exceeds demand, the revenue and/or value of that service is lost.

Service quality is one of the critical success factors that influence the competitiveness of an organization. Moreover, it is also considered as an essential determinant that allows super-stores to differentiate from other super-stores. It helps super-stores to gain sustainable competitive advantage.

2.2.2.2 Price

Price is the monetary cost for a customer to buy products or services. The perception of a price that the customer is likely to find fair is the critical determinant in customer buying decision. Customers usually select their service providers strongly relying on perceived price. How much consumers are willing to pay differs due to their different needs and wants. Thus, the price perceptions to the same service products may differ among individuals. If the perceived price is higher than what the consumers might think is fair, it may negatively influence their purchase choice (Peng and Wang et al, 2006). Consumers are likely to be more attracted by perceived high-quality services at perceived competitive prices during the searching process.

Price perception can be linked with price elasticity, as customer with a relatively inelastic demand curve will most likely not change his/her choice of good (or choice of operator in our case) even if there is an increase in price. Price can be considered as information disguised as a number, exchange ratio or consequence of events, according to (Akamavi et al 2015), while McMullan et al, (2005) views price to be a form of deal-breaker, or a way for customer who are very conscious of price and bargains. When it comes to price fairness,

Varki and Colgate et al, (2001) claim that customers perceive price fairness during a service encounter.

Price competition is an important topic for grocery retailers. Empirical studies show that price is an important factor in choosing a retail food store (Tigert et al, 1983) and price perceptions are an integral part of a retailer's store image (Lindquist et al, 1974/1975; Zimmer and Golden et al, 1988). The importance of price is also underlined by current developments in the food retailing sector. Especially in Europe, traditional retail stores are exposed to the rapid expansion of discounters across the continent (Colla et al, 2003). Customers seem to find discount stores cheaper than traditional retailers (Mitchell and Kiral et al, 1999; Morschett et al., 2006); however, the latter try to hold their ground, for example by introducing budget-price store brands (Moreau et al, 2006c, 2007). In such a situation, it is extremely important for retail managers to measure the price image of their stores. This helps them to identify discrepancies between the aspired price positioning and the customers' subjective perceptions. Price-image measurements are also important to monitor the effects of changes in pricing strategies and tactics (Downs and Haynes et al, 1984), for example the effects of introducing a budget-price store brand product line. However, retailers should not only measure price images. As recent research has underlined the multidimensionality of price images (Zielke et al, 2006) and price satisfaction (Matzler et al., 2006), retailers have to set priorities as to which image dimensions they should attach the most importance to. Some retailers might be better off paying more attention to the price-level image, while other retailers should improve the perceived value for money. While the price-level image refers to how cheap or expensive customers perceive the store, value for money depends on what customers perceive they get in return for the prices they pay (price-performance ratio). Retailers should also be aware how price perceptibility, price possibility and price evaluation certainty influence behavioural intentions to shop in their store.

Nyström et al, (1970) provided one of the first major works on retail price images. He defined price image as "buyer attitude towards price on the assortment level". Similarly, most researchers defined and conceptualised price image one-dimensionally as low prices or price-level image (e.g. Nyström et al, 1970; Nyström et al., 1975; Zeithaml et al, 1984; Büyükkurt et al, 1986; Cox and Cox et al, 1990; Desai and Talukdar et al, 2002, 2003). Recent research, however, deviates from this view, defining price image as a multidimensional latent variable (Zielke et al, 2006). According to this view, price image is a multidimensional latent variable that consists of several perceptual dimensions about a retailer's pricing activities and their consequences. This definition seems to capture the

nature of an image better, which is often seen as an "entire array of associations" related to an object (Blackwell et al., 2001). Different streams in the literature contribute to the understanding of the domain, the antecedents and consequences of retail price images. One stream analyses the impact of different product groups on the overall store price image, defined as the price level of the store (Alba et al., 1994;; Bu¨yu¨kkurt et al, 1986; Nystro¨m et al, 1970; Desai and Talukdar et al, 2002, 2003). A second research stream describes what retailers or service companies do when they set prices for their products (Ailawadi and Keller et al, 2004; Avlonitis and Idounas et al, 2007; Bolton and Shankar et al, 2003; Hardesty et al., 2007). These studies are related to price-image research as they describe the antecedents of store price image. A third research stream analyses price-related constructs other than price-level perception, such as value for money (Zeithaml et al, 1988; Sweeney and Soutar et al, 2001) or price fairness (e.g. Kahneman et al., 1986; Campbell et al, 1999; Homburg et al., 2005). A final research stream integrates research from the third stream by conceptualising price perception in general or price images in particular as multidimensional latent variables (Matzler et al.,2006; Zielke et al, 2006). The present study builds on the multidimensional research stream, in particular on results from (Zielke et al,2006), who identified a number of image dimensions, such as price-level perception, value for money, price perceptibility, price process ability and price evaluation certainty.

2.2.2.3 Assortment

Within the retail and marketing literature, academic interpretations and definitions of assortment are diverse. An early marketing definition views the "selling assortment" as the "total number of items which can be sold by a firm in given transactions" (Balderston et al, 1956, p. 175). Furthermore, Hollander et al, (1966) interpreted assortment at the aggregate retail level of "number of lines" on offer. Simonson et al, (1999, p. 347) expands the description to include "the total set of items offered by a retailer, reflecting both the breadth and depth of offered product lines".

The economics view interprets the assortment as a 'set' of market goods that may include substitute, complement and independent items of consumption (Betancourt and Gautschi et al, 1990). Thus, according to one stream of literature, assortment may be interpreted holistically and defined as the total merchandise offer or "store assortment".

A second stream of literature defines assortment as the selection (Berman and Evans et al, 2001, p. 466), "range of merchandise offered to customers" (Baron, Davies and Swindley et

al, 1991) or "range of style, size and colour choices offered at a particular time" (Lee and Kunz et al, 2001). Thus, the term assortment is used synonymously with "choice" (Ghosh et al, 1990, p. 10) or "depth" (Samli et al, 1998) of selection in a product group (Ghosh et al, 1990 p. 10, Newman and Cullen et al, 2002 p26). Latterly, product groups have been organised into broader classifications or categories that represent "an assortment of items (SKUs) the customer sees as reasonable substitutes for each other" (Levy and Weitz et al, 2004, p. 365).

A search of the literature reveals that the product assortment assumes a number of roles in retailing. The economics view holds that the assortment provides a link between supply and demand; "Assortments are collections of goods and services that allow consumers to fulfil a wide variety of needs at one point in time through one-stop shopping" (Koelemeijer and Oppewal et al, 1999, p.320). Retailers therefore need to match "changing arrays of products with changing demand for assortments from households" (Cadeaux et al,1997, p.197). This continuous matching or gradual repositioning of assortments with the changing retail environment (Corstjens and Doyle et al, 1989) elevates the product assortment to arguably one of the more "dynamic dimensions of retailing" (Brown et al, 1990, p.146) given to shifts in breadth, depth and consistency.

Retailers need to get the right combination of products or assortment in their stores for a variety of reasons. Firstly, assortment is a key determinant for store choice and retaining customer loyalty (Greenley and Shipley et al, 1992). Various authors have acknowledged that merchandise assortments form a major component of a store's image. For example, Lindquist et al, (1974) concluded that "merchandise assortment" was mentioned most frequently for positive consideration when isolating the components of a retail store's image. Out of the various store image components, merchandise dimensions (in terms of suitability, variety or assortment choice) are rated either second (Fisk et al, 1961, Louviere and Johnson et al, 1990, East et al., 1992) or third (Berry et al, 1969) in importance to locational, convenience, price or quality. Whereas the primary determinant for store choice varies for different studies, merchandise assortment remains constantly important.

Furthermore, Porter et al, (1985) asserted that one of two generic strategies - differentiation or cost leadership - is the best way of achieving competitive advantage. Of the two strategies, differentiation has been suggested as being the more sustainable for retailers (Warnaby and Woodruffe et al, 1993). According to (Cadeaux et al,1992), assortments play a key role in a differentiation strategy, in which retailers can pursue advantages with their selections in order to attract one or more segments and build patronage loyalty. This is further supported

by (Samli et al,1989) who considered a highly desirable merchandise mix as vital for the survival of the retail store. He recommended that the mix must be different to competitors' mixes and congruent to the retail image, to establish differential advantage.

Assortment decisions require both a balance in depth and width across a range of products and congruity with the target market positioning (Walters and White, 1987). This balance should be sufficient to allow for growth, but not too wide to tie up valuable space in unwanted stocks. (McGoldrick et al,1990) suggests there are no simple guidelines in making strategic decisions regarding the width or depth of product assortment, resorting to what (Greenley and Shipley et al,1989) refer to as "management judgement" replacing market research. Findings by Hart et al,(1994) confirm a lack of research in to assortment congruity with the target positioning. Retailers ranked the fit or congruency of a new range with the existing assortment as the most important criterion for selection, but omitted to conduct any image research at this level.

2.2.2.4 Store image

Store image is the perception people have of that business when they hear the company's name. A business's image is composed of an invite variety of facts, events, personal histories, advertising and goals that work together to make an impression on the public. (Doyle and Fenwick et al,1974) define store image as the consumer's evaluation of all salient aspects of the store as individually perceived and weighted. Several functional and psychological attributes of a store lead to make up the store personality (Martineau et al, 1958). Retail store image is represented by a multi-attribute construct by several researchers (Marks et al, 1976; James et al., 1976). Several sets of store attributes lead to forming a construct of store (Doyle and Fenwick et al, 1974; Kim and Jin et al, 2001; Dong-Mo et al, 2003).

(Martineau et al,1958) introduced the concept of store image and defined it as the way in which the shopper's mind pictures the store, partly by its functional qualities and partly by its atmosphere of psychological attributes. (James et al.,1976), on the other hand, defined store image as ''a set of attitudes based upon evaluation of those store attributes deemed important by consumers.'' (Grewal et al, 1998) mentioned that a store's consuming environment, service level, and product quality are so-called store image. In summary, store image is the perception of consumers based on the multi-attributes of a store. This study

defines store image as the overall attitude consumers derive from the intrinsic and extrinsic characteristics of the store.

Defining store image is far from easy (e.g; Sewell et al, 1974). The mixture of tangible and intangible dimensions, and the complexity of meanings and relationships attributed to retailers by customers have long been recognised (e.g., Myers et al, 1960, Arons et al, 1961, Weale et al, 1961, Rich and Portis et al, 1964, Kunkel and Berry et al, 1968, Perry and Norton et al, 1970, May et al, 1974, Marks et al 1976). Martineau et al, (1958) is attributed with being one of the first to discuss "store personality", (Lindquist et al,1974) develops the distinction between "functional qualities" and "psychological attributes", and (Oxenfeld et al,1974) argues that store image is a concept which is "more than the sum of its part, it represents interaction among characteristics and includes extraneous elements…, it has some emotional content… a combination of factual and emotional material". Although originating from an attempt to explain retail identity in an advertising context, (Kapferer's et al,1986) identity prism, comprising physical, personality, cultural, relational, reflection, and customer self-interest facets, similarly combines functional and symbolic elements and stresses the importance of the customers de-coding of these facets. The interplay of these tangible and intangible elements and the customers overall interpretation of them, based upon previous knowledge and experiences, are widely accepted to determine store image (Hirschman et al,1981, Marzursky and Jacoby et al, 1986). Lists of attributes which comprise store image have been devised and in turn criticised by several authors (eg Zimmer and Golden et al, 1988). (Martineau's et al, 1958) paper identified four core attributes: layout and architecture; symbols and colour; advertising; and sales personnel. However, one of the most enduring sources is the nine attributes derived by (Lindquist et al,1974) from a review of nineteen previous studies. These attributes are: merchandise, including factors such as quality, assortment, styling or fashion, guarantees and price; service, encompassing staff service, ease of return, credit and delivery service; clientele, consisting of social class appeal, self-image congruency and store personnel; physical facilities, such as layout and architecture; convenience, primarily location related; promotion, including sales promotions, product displays, advertising programmes, symbols and colours; store atmosphere, defined as "atmosphere congeniality" which represents a customer's feeling of warmth, acceptance or ease; institutional factors, such as the conservative or modern projection of store, reputation and reliability; and post-transaction satisfaction, seen as returns and adjustments. Although regarded as not being totally comprehensive, these

attributes encompass both functional and symbolic elements of store image, and in one form or another have formed the basis for many studies of store image.

Store images in previous studies are closely related to the multi attribute model. (Martineau et al,1958) defines store images as the way in which the store is defined in the consumer's mind, partly by its functional qualities and partly by an aura of psychological attributes. Lindquist et al,(1974) defines store images as a "structure of some sort that is tying together the dimensions that are at work(p. 30)" and conceptualizes store images as nine key attribute categories: merchandise, service, clientele, physical facilities, convenience, promotion, store ambience, institutional factors, and post transaction satisfaction. Bearden et al, (1977) conceptualizes shopping centre images into seven different dimensions. James et al, (1976) define store images as a set of attitudes based on the evaluation of those store attributes deemed important by consumers. They report that quality, price and assortment are the attributes deemed most important respectively by respondents. These streams of retail images base their theoretical foundation on the cognitive structure theory (Lutz and Sway et al, 1977; Olson and Mitchell et al, 1975), which explains that the formation of attitudes of the consumers can be achieved through the formation of cognitive structure(Olson, Toy, and Dover et al, 1978).A well-known theory of the cognitive structure, the multi-attribute model, assumes that attitudes are a function of the associated attributes and benefits that are salient for the brand, or merely the salient beliefs on attributes(Ajzen and Fishbein et al, 1980).

There are different versions of consumer behaviour definition of image, e.g. as 'a set of beliefs, ideas, and impressions held regarding an object' (Lovelock and Wirtz et al, 2007, 628), or as a group of stakeholders' 'summary of the impressions or perceptions of a company' (Chun et al, 2005, 95). Both in a retailing and a consumer behaviour context, image building is seen as being essential in attracting and retaining customers (Bloemer and de Ruyter et al, 1998; Helgesen and Nesset et al, 2007), and images are supposed to have positive direct effects on loyalty (Hildebrandt et al, 1988; Johnson et al. 2001). In models where both image and satisfaction are included, and image is defined according to the retailing definition, image is assumed to be a predictor of satisfaction (e.g. Bloemer and de Ruyter et al, 1998; Helm et al, 2007). However, in models where image is defined according to the consumer behaviour definition, there are strong arguments for image to be an outcome of satisfaction, as e.g. suggested in the new Norwegian Customer Satisfaction Index model (Johnson et al. 2001, Nesset et al, 2007).

2.2.2.5 Chain image

Various stakeholders form images about a variety of entities such as products, brands, organizations and chains of organizations (Fombrun and van Riel et al, 1997; Lemmink et al., 2003), even places and countries (Hosany et al., 2006; Passow et al., 2005; Pereira et al., 2005;). Thus, customers may form images of both a Grocery store and the chain of grocery stores to which it belongs. In terms of chains or networks, the ''emerging paradigm of network competition'' seems to be that ''supply chains compete, not companies'' (Christopher and Gaudenzi et al, 2009, p. 191). According to this way of thinking, network partners are increasingly dependent upon the other network members. Consequently, the image of the chain also influences store satisfaction.

2.2.2.6 Location

The location retail strategy decision has a great importance and recognition in the retailing literature (Brown et al, 1994, 1989; Ghosh and McLafferty et al, 1987). The main location of the retail store suggests a unique relationship to its market and a competitive relationship to other retailers (Guy et al, 1998). Although there are many factors which may influence the success or failure of retail store, but location is one of the important factor in store retailing decision, because the poor location decision can never be overcome. Therefore, store retailers need to examine not only market environment but also must consider the store competitors where the store is going to locate (Karandea and Lombardb et al, 2005).

When accessibility and spent time on shopping are important for customer, then firm needs to endeavour with abstain from competition, create a spatial monopoly and minimizing the consumer travel time to be competitive (Schmidt and Lee et al, 1979)

2.3   Hypotheses development

2.3.1 The impact of location on store satisfaction

Store location is critical to any retailer's success (Karande and Lombard et al, 2005; Reinartz and Kumar et al, 2004; Theodoridis and Bennison et al, 2009). Location decisions are important due to their long-term commitment and cost effects as well as their potential impact on customer patronage. Location is typically the first consideration in a choice decision. Most consumers simply shop at the grocery shop closest to them. According to Levy and Weitz et al, (2007, 185), 'location decisions have strategic importance because they can be used to develop a sustainable competitive advantage'. If a retailer has the best

location, that is, the location that is most attractive to customers, competitors must accept the second-best location. Customers' perceptions of store location are supposed to affect satisfaction towards store positively (Levy and Weitz et al, 2007; Pan and Zinkhan et al, 2006). Location has direct impact on customer satisfaction as its more cost effective, fuel saving and time saving. The influence of store location on customer satisfaction varied among different customer demographic groups. Each customer demographic group had different relationships store location and customer satisfaction. The determination of the best location of grocery stores significantly influence the level of customer satisfaction. Furthermore, the determination of location significantly reduces the switching cost which leads to the customer satisfaction. (Miah said et al, 2016), So I hypothesized that:

H1: Location has a positive relationship with customer satisfaction

2.3.2 The impact of price on customer satisfaction

Price is a key element in the profit equation and therefore is directly linked to profitability. Furthermore, the general belief that satisfied customers are willing to pay prices is typically based on anecdotal evidence (e.g., Finkelman et al, 1993; Reichheld and Sasser et al, 1990). Recent research supports the notion that there is a positive relationship between customer satisfaction and financial performance (e.g., Anderson, Fornell, and Rust et al, 1997; Reichheld and Sasser et al, 1990; Rust and Zahorik et al, 1993).

Pricing decisions are becoming increasingly important mainly because today's customers have more alternatives to choose from and are better informed about alternatives available in the marketplace (Levy and Weitz et al, 2007). Shopping channels are different in terms of the general price levels of products sold. Customers' perceptions of store prices are supposed to have a positive impact on customer satisfaction (Ailawadi and Keller et al, 2004; Pan and Zinkhan et al, 2006). Price also had a lot to say regarding customer satisfaction. Price should also be considered in order to obtain increased number of satisfied customers. (McNair et al.,2001; Smith and Wright et al, 2004). Low prices were also very strong as a determinant of customer satisfaction in grocery stores (Bill Merrilees et al, 2001).

H2: Price positively influences customer satisfaction:

2.3.2 The impact of service quality on customer satisfaction

According to the expectancy- disconfirmation paradigm (Oliver et al, 1980), customer's judge satisfaction by comparing previously held expectations with perceived product or service performance. In addition, affect (positive or negative), which arises from the cognitive process of confirmation/disconfirmation, contributes to (dis)satisfaction (Oliver et al, 1993; Oliver, Rust, and Varki et al, 1997). Expectations about the quality of goods and services also should have a positive impact on customer satisfaction. At the aggregate level of analysis here, expectations capture the accumulated knowledge of the market concerning a given supplier's quality. Just as current quality is expected to have a positive influence on overall customer satisfaction, so should all past experiences with quality, as captured by expectations. In addition, expectations contain in- formation based on not actual consumption experience but accumulated information about quality from outside sources, such as advertising, word of mouth, and general media. Like past experience, positive information about past quality should affect customer satisfaction positively. Customer satisfaction is the leading criterion for determining the quality that is actually delivered to customers through the product/ service and by the accompanying servicing (Vavra et al, 1997).

Customers' perceptions of service quality refer to the customers' assessment of the overall excellence or superiority of the service (Zeithaml et al, 1988). (Parasuraman et al, 1985, 1988) conceptualised a customer's evaluation of overall service quality as the gap between expectations and perceptions of service performance levels.

Several researchers examine links between and among service quality, and satisfaction (e.g. Cronin et al., 2000; Garbarino and Johnson et al, 1999; Spreng et al., 1996). Not surprisingly, they find that high service quality correlate with relatively high customer satisfaction (e.g. Cronin et al., 2000). Overall the service quality and satisfaction link receive considerable support and empirical validation (Brady and Robertson, 2001; Gotlieb et al., 1994). Based on above I suggest the following hypothesis:

H3: Service quality has a positive effect on customer satisfaction

2.5.4 The impact of Assortment on customer satisfaction

Assortment is referred to as the depth of merchandise or the number of different items in a merchandise category. According to (Levy and Weitz et al, 2007, 337), 'the breadth and depth of the assortment in a merchandise category can affect the retailer's brand image',

thus the retailer's offer should 'satisfy the customers' needs and maintain their brand image with respect to the merchandise category but not too many so that their image is compromised'. Customers' perceptions of assortment are supposed to affect satisfaction positively (Ailawadi and Keller et al, 2004; Pan and Zinkhan et al, 2006). Product variety influences a customer's perception of a store (van Herpen and Pieters et al, 2002). In turn, perceptions concerning product variety influence satisfaction. (Hoch et al., 1999). Consequently, I suggest the following hypothesis:

H4: Assortment has a positive effect on customer satisfaction

2.5.5 The impact of store image on customer satisfaction

Store image is one of the direct driver of customer satisfaction (Bloemer and de Ruyter et al, 1998). Furthermore, store image is normally based on 'the way in which a store is defined in a shopper's mind. It is based on the store's physical characteristics, retailing mix, and a set of psychological attributes' (Chen, Ching, and Tsou et al, 2009, 1217).

In line with Stanley and Sewall et al, (1976) we expect a direct effect of store image on customer satisfaction. A consumer who perceives a positive image of a store is more likely to be satisfied with a store than a consumer who perceives a less positive store image.

H5: Store image positively influences customer satisfaction

2.5.6 The impact of chain image on customer satisfaction

Image building is an essential tool both with respect to attracting and retaining customers; thus, image building and satisfaction creation are linked processes (Johnson et al., 2001; Helgesen and Nesset, 2007; Gupta and Pirsch, 2008).

Chain image influences customer satisfaction directly and indirectly via store image (Øyvind Helgesen et al, 2010). An increase in chain image of one resulted in an increase in customer satisfaction. In terms of chains, the ''emerging paradigm of network competition'' seems to be that ''supply chains compete, not companies'' (Christopher and Gaudenzi, 2009, p. 191). According to this way of thinking, network partners are increasingly dependent upon the other network members. Consequently, the image of the chain also influences customer satisfaction. In accordance with the suppositions regarding chain image, I propose that chain image influences customer satisfaction.

H6: Chain image positively influences customer satisfaction

2.5.7 The impact of chain image on store image

The inclusion of both chain image and store image requires a two-level approach. In earlier studies that have focused on more than one level, interaction effects and cross-over effects have been found between levels of analysis (Macintosch and Lockshin, 1997; Nguyen and Leblanc, 2001; Chebat et al., 2006). With respect to cross-over effects, the common notion seems to be that ''level two'' entities (aggregated entities) may influence ''level one'' entities, which in this study implies a cross-over effect from the chain image to the store image. However, contextual aspects should also be considered in any evaluation of the direction of a possible cross-over effect between chain image and store image. Thus, it is expected that there will be a crossover effect from the network of grocery stores to the individual store leading to a relationship between chain image and store image.

H7: Chain image has a positive impact on store image.

2.5.8 The impact of price, service quality and assortment on customer satisfaction through chain image and store image

In the product literature there is ample evidence that image significantly affects perceptions of quality (Darden and Schwinghammer et al, 1985; Render and O'Connor et al, 1976; Stafford and Enis et al, 1969). Therefore, we propose that as customer evaluative judgements such as perceived service quality and satisfaction are established in a process of inference making of expectations, image will precede customer evaluations, rather than these evaluations being components of image (Hildebrandt et al, 1988; Mazursky and Jacoby et al, 1986). That is, image determines the nature of consumer expectations which, in turn, are a decisive influence on the formation of quality perceptions.

H8a: Price has a positive relationship with chain image.

H8b: Price has a positive relationship with store image

H9a: Service quality has a positive relationship with chain image

H9b: Service quality has a positive relationship with store image.

H10a: Assortment has a positive relationship with chain image.

H10b: Assortment has a positive relationship with store image.

2.5.9. Control variables

Age, gender and Nationality

When both genders are partaking in activities concerning investments, it was found that investors who were men maintained that, they indulge in further scrutinisation of security in addition to using more money and time than females do, on that activity (Lewellen et al, 1977). Differences between females and males stem partially from biological makeup and partially from socialization experiences (Putrevu et al, 2001).

When it comes to gender, the female customers are supposed to be more relationship-oriented and loyal than male customers (Ndubisi et al, 2006; Pan and Zinkhan et al, 2006)

2.4   Overview of conceptual research model
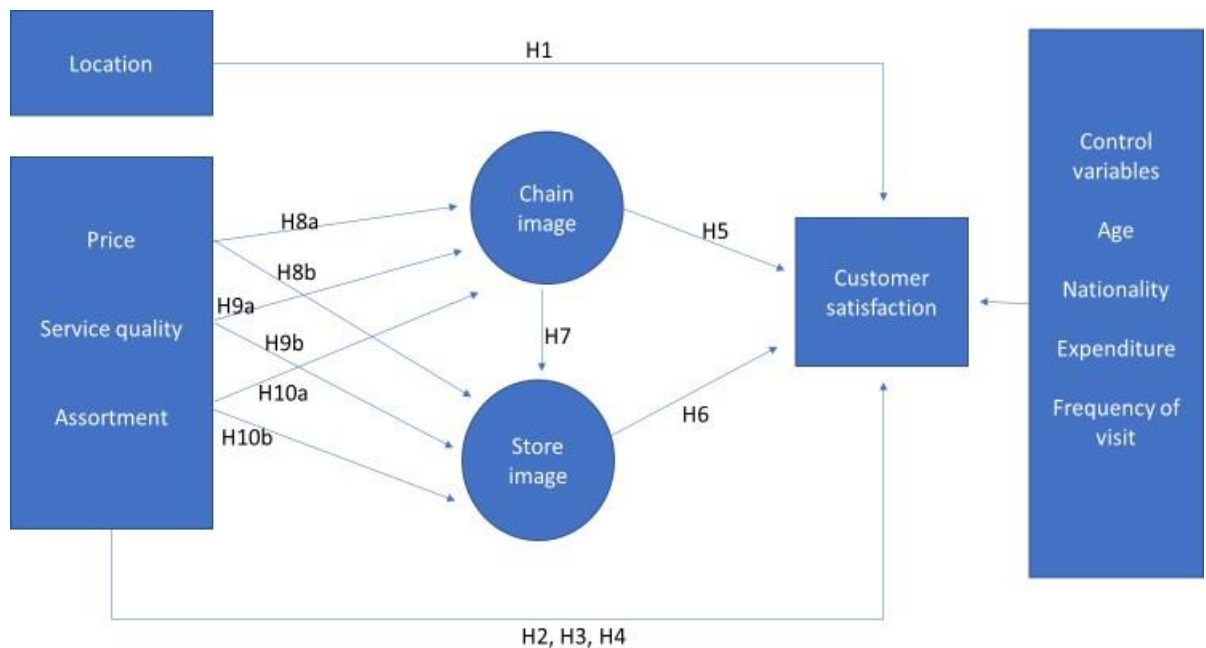
Figure 2: Conceptual Research Model

2.5 Summary of hypotheses

Hypotheses	Relationship between variable	Hypotheses effect
H1	*Store location has a positive relationship with customer satisfaction*	+
H2	*Price has a positive relationship with customer satisfaction*	+
H3	*Service quality has a positive relationship with customer satisfaction*	+
H4	*Assortment has a positive relationship with customer satisfaction*	+
H5	*Store image has a positive relationship with customer satisfaction*	+
H6	*Chain image has a positive relationship with customer satisfaction*	+
H7	*Chain image has a positive relationship with store image.*	+
H8a	*Price has a positive relationship with chain image.*	+
H8b	*Price has a positive relationship with store image*	+
H9a	*Service quality has a positive relationship with chain image*	+
H9b	*Service quality has a positive relationship with store image.*	+
H10a	*Assortment has a positive relationship with chain image.*	+
H10b	*Assortment has a positive relationship with store image.*	+

Table 2.1. Summary of Hypotheses

CHAPTER THREE– RESEARCH METHODOLOGY

3.1 Introduction

This chapter 3 provides a discussion of research method used in this study to examine the drivers of the customer satisfaction on the grocery stores in the Norway. The chapter begins with the discussion of research philosophy, research design, data collection procedure, ethical consideration, and finally an overview of the measurements used for acquiring participants responses in the construct.

3.2 Research philosophy

The two major and most popular forms of research are qualitative methodology and quantitative methodology, which re grounded on interpretivist paradigm and positivist paradigm respectively. Quantitative methodology is concerned with attempts to quantify social phenomena and collect and analyse numerical data, and focus on the links among a smaller number of attributes across many cases. Qualitative methodology, on the other hand, is more concerned with understanding the meaning of social phenomena and focus on links among a larger number of attributes across relatively few cases. It is argued that no one research methodology is better or worse than the other as both are proven to be useful in most research endeavours (Cohen, Manion and Morrison et al, 2000; Silverman et al, 1997); what is critical is the selection of the appropriate research methodology for an inquiry at hand. In the same vein Merriman et al, (1998) argues that getting started on a research project begins with examining your own orientation to basic tenets about the nature of reality, the purpose of doing research, and the type of knowledge that can be produced. Given these description, it can be summed up that the selection of research methodologies depends on "fitness for purpose" as opined by Tuli et al, (2010).

The features of interpretivist, in terms of implementing qualitative systems to approach reality, differs from the positivist pattern (Thanh and Thanh et al, 2015). The two paradigms have been discussed and this paper will be presented from positivist's perspective. This research used the quantitative method, by conducting statistical analyses.

3.3 Research design

A research design specifies the methods and procedures for acquiring the information needed to structure and solve the research problem. A research design might be described as *"A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure"*

(Kothari et al, 2004; p, 31)

Furthermore, the research design is the conceptual structure or model within which research is conducted; it represents the blueprint for the collection, measurement and analysis of data. As such the design includes a layout of what the researcher will do from writing the hypothesis and its operational implications to the final analysis of data. (Kothari et al, 2004; p, 31).

The motive of this study is to assess prior conceptual inference and models in the shape of the hypotheses. This indicate that I am doing a deductive reasoning, or deductive research (Hair et al, 2014).). In the process of deductive reasoning, it explains an abstract conceptualization, proceeding to the application of theory to create new experiences or observations for the researcher (Hair, et al., 2014). According to Wilson et al, (2011), there are three basic designs of quantitative research, namely observation, experimentation and survey. Considering the purpose of this thesis, I follow a categorical research design, using descriptive cross-sectional research i.e. survey. Surveys can be effectual to gather large quantities of data in a restricted timeframe (Wilson et al, 2011). As it's a master's thesis, I used a cross-sectional survey because i had a limited timeframe to collect data, for the purpose of measuring customer satisfaction of the superstores industry in the Norway. My motive is to examine which factors influence the customer satisfaction, and for this i use earlier theoretical assertions and empirical evidence to propose and test the relationships between dependent and independent variables.

3.4 Data collection

For a successful research, there are two types of data collection which is used for the study are as follows, primary and secondary data. The primary data are those which are collected for the first time, and thus happen to be original in character. The secondary data, on the other hand, are those which have already been collected by someone else and which have

already been passed through the statistical process. The researcher would have to decide which sort of data he would be using (thus collecting) for his study and accordingly he will have to select one or the other method of data collection. The methods of collecting primary and secondary data differ since primary data are to be originally collected, while in case of secondary data the nature of data collection work is merely that of compilation (Kothari et al, 2004, pp. 95).

A survey approach is used to obtain a primary data in this study. Shukla et al, (2008) claims that, research procedures are very helpful in most research findings. Which may include a planned survey form circulate to participants and designed to produce detailed information. On various areas the questions were are asked to the participants relating to their moods, attitude, goal, inspirations, performance sentiments, demographic amongst other pertinent variables. By using different platforms or approaches which may include internet, phones, direct contact and the mail box, information can be obtain (Shukla et al, 2008, pp. 47)

3.5 Participants and procedure

As stated earlier, this research is based on grocery stores in Norway. I carried out the survey from the 22nd of the September to 6th of October by sharing the survey both electronically and manually. This survey was conducted via Email, Facebook and and was also administered personally. Generally, most respondents are students in this survey. Most of the questions in the questionnaire were closed-ended questions, which were followed by response options. Thereafter, the questionnaire in the survey was sent out by mail, which contained some information about the survey, objectives and the writer of the thesis. The main page of the survey also contained a brief introduction and guideline for how to complete it correctly. For the purpose of high response rate, reminders were sent out routinely.

After 15-day intensive survey, 57 responses were gathered via internet and 56 responses were gathered from respondents to whom survey questionnaires were personally administered. This brought the total number of respondents who participated in the survey to 113.

3.6 Survey questionnaire

The questionnaire classifies in differènt scales. According to Likert et al, (1932), 5-point Likert Scale were used in the survey questionnaire. (Hair, et al., 2003; Wilson et al, 2011

and Fisher et al, 2010). explain that this is an effective way of measuring attitudes, and it's commonly used in research today. In the survey I used interval scales to measure the customer satisfaction with different attributes. In addition, the respondents were asked to indicate their gender, age, level of income and nationality.

3.7 Measurements of the constructs

According to Kothari et al, (2004), Likert-type scales which are also referred to as summated scales are established or formed by applying the "item analysis approach" whereby a specific item is assessed based on "*how well it discriminates between those persons whose total score is high and those whose score is low*" (Kothari et al, , 2004, pp. 84). After this, the items that are superlative to meeting this kind of discrimination test are involved and/or encompassed in the concluding instrument (Kothari et al, 2004, pp. 84). Consequently, Kothari explains that, summated scales comprise of statements which communicate the favourability or unfavorability of attitudes about the specific or particular item to which the participant is requested to respond. The participant then shows whether he approves of each of the "*statements in the instrument*" or not (Kothari et al, 2004, pp. 84). A numeric score which denotes the favourability or unfavorability of a response is given to every one of the respondent's reactions. The sum of all scores is then used as an evaluation of participant's attitude (Kothari et al, 2004, pp. 84). Kothari concludes that, the complete score characterizes the participants "position on the continuum of favourable favourableness towards an issue" (Kothari et al, 2004, pp. 84).

Based on this concept, one dependent variable (customer satisfaction); and six independent variables, location, price, service quality, assortment, store and chain image, together with the control variables; age, gender, level of income, level of education, and frequency of visit will be discussed.

3.7.1   Dependent Variable

Customer satisfaction

Customer satisfaction depicts consumer experience of an overall global reaction (Stank et al., 1999). The present study uses three items, I am satisfied with my decision to purchase products at this store, I am satisfied with the purchase experience at this store, I am overall satisfied with this store. The items construct indicates 1 for strongly disagree, 3 for neutral

and 5 for strongly agree. The Cronbach alpha for this measure reported us 0.94 (F. Lai et al, 2009)

3.7.2   Independent variable

Location

The measures for location was derived from previous studies (Karande and Lombard et al, 2005; Westbrook et al, 1981)**.** In this study customer satisfaction on store location are measured by three items: The location of the store makes me shop there, the store location is important for me, and the store location is good, which is adopted by (Nesset et al, 2011). The construct indicates 1 for strongly disagree, 3 for neutral and 5 for strongly agree. The construct reliability reported by (Erik Nesset et al, 2011) and the Cronbach alpha for this measure reported us 0.92.

Price

Price may also be measured in different ways (e.g. Bruner and Hensel 1994, 1996; Evanschitzky and Wunderlich 2006). In this study the customer satisfaction on price was adopted by (Nesset et al, 2011), also measured by three items: I'm satisfied with the price level, the store has low prices, and the store's prices are competitive. The construct indicates 1 for strongly disagree, 3 for neutral and 5 for strongly agree. The construct reliability reported by Nesset et al, (2011) and the Cronbach alpha for this measure reported us 0.92.

Service quality

There are many scales for measurements of service quality is available (e.g. Bruner and Hensel et al, 1996; Cronin et al, Brady and Hult et al, 2000). In this study the service quality concept was adopted by (Nesset et al, 2011), and measured by the following two items: Employees are friendly, and Employees respond to customer questions promptly. The measurement construct indicates 1 for strongly disagree, 3 for neutral and 5 for strongly agree. The Cronbach alpha for this measure in the previous literature is 0.90 provided by (Nesset et al, 2011).

Assortment

Assortment (merchandise) has also been measured in many ways (e.g. Bruner and Hensel et al, 1994, 1996; Semeijn, van Riel, and Ambrosini et al, 2004). In this study, customer satisfaction was captured by a 3-item scale previously used by (Nesset et al, 2011), using a five-point response scale from 1 (strongly disagree) to 5 (strongly agree). The items used were as follows: I get all of my daily groceries from the store, the daily grocery selection is good, and the goods selection is satisfying. The scale is of good reliability (alpha, .88) as reported previously (Nesset et al, 2011).

Store image

Image may also be measured in various ways (Dowling 1988; Fombrun 1996; Helm 2005). The measurements for store image in this study was adopted from Nesset et al, (2011), the item include: This store has a positive image in public and My friends have a positive opinion about the reputation of this store are the measured items for this concept. A five-point response scale ranging from1 to 5 were used. The Cronbach alpha for this measure in the previous literature is 0.89.

Chain image

Chain image was operationalized by adapting a scale used in earlier literature (e.g., Nesset et al, 2011) Chain image was measured using two items: The chain of stores to which this store belongs has a good reputation and The chain has better reputation than other chains of groceries stores. The Cronbach alpha for this measure in the previous literature is 0.90 (Helgesen et al, 2010).

Table 3: Summary of all Measures

Serial no.	Variables	Codes	No. of items	scale
1	Store Location	SL	3	1=SD, 5=SA
2	Service quality	SQ	2	1=SD, 5=SA
3	Assortment	ASSORT	3	1=SD, 5=SA
4	Price	P	3	1=SD, 5=SA
5	Overall satisfaction	OS	3	1=SD, 5=SA
6	Store image	ST	2	1=SD, 5=SA
7	Chain image	CI	2	1=SD, 5=SA

3.8 Control Variables

Age, gender and Nationality

In the survey respondents were asked to indicate their age and nationality. gender was measured by choosing one option out of the two, male or female.

Expenditure and store choice

The survey asked respondents that which store they are currently using by giving 6 options respectively, Kiwi, Spar, Coop, Rema1000, Bunnpris, Meny. Also, survey asked their monthly expenditure on the super-store in Norway. This was measured by giving them four options ranged less than 1,000 NOK to more than 10,001 NOK.

Frequency of visit

The survey asked about the frequency of visit of respondents, that how many times they visit superstore in a month. Also, this was measured by giving 4 options from 0 to 2 times to more than 8 times in a month.

3.9 Ethical consideration

In research, there are several ethical considerations to make, according to Bryman and Bell et al, (2011), they explained that ethical issues are mainly concerned with research topic such as how to treat those research and what activities we should and should not involve in our relationship with them. Moreover, Bryman and Bell et al, (2007) explained the following principles of ethical considerations have been compiled as a result of analysing the ethical guidelines, which are as follows:

- Research participants should not be subjected to harm in any ways whatsoever.
- Respect for the dignity of research participants should be prioritized.
- Full consent should be obtained from the participants prior to the study.
- The protection of the privacy of research participants has to be ensured.
- Adequate level of confidentiality of the research data should be ensured.
- Anonymity of individuals and organizations participating in the research has to be ensured.

While conducting the research of present study, I have followed the ethical rules to ensure good research practices. In terms of confidentially, care was also taken, all responses were made anonymous, and it was not possible to recognize any individuals in the sample. My survey respondents were well informed about the subject and intent of the study, with more practical information regarding the survey and how the responses will be used and protected. In terms of invasion of privacy, if respondents were considered some questions invasive, then respondents could easily choose not to answer. The intellectual property of others has also been taken into care consideration, and acknowledgment have been given to all literature used in this thesis. The ethical approval ensures the safety, rights, dignity and well-being of both the participant and the researcher.

3.10. Statistical analysis

This part explains the different statistical analysis used in this study. In order to analyse the quantitative data collected through survey and face to face interview to investigate the customer satisfaction on the super store industry in Norway. The data software program SPSS and Smart PLS was used. The results will be presenting on the next chapter. The quantitative result will be compared up against the result of qualitative data. The analysis of the qualitative data starts with the descriptive statistics, factor analysis, followed by the hypotheses testing, which is conducted through structural equation modelling. Through the analysis of the results accepting and rejection of the hypotheses will also be assessed in the next chapter.

3.11. Descriptive statistics and examination of the data

According to Pallant et al, (2013), Descriptive statistics describes the characteristics of the sample in the method section of the report, also it provides the information about the any violation of the underlying assumption. These descriptive statistics include mean, median, standard deviation, range of scores, skewness and kurtosis, (Pallant et al, 2013).

3.12. Factor analysis

Factor analysis allows the researcher to resolve a bulky set of variables that are measured moderately in small groups, known as factors (Kothari et al, 2004, pp. 322). This method permits the researcher to assemble variables into factors (depending on the relationship between variables) and all derived factors are labelled as different or new variables (frequently characterised as latent variables) and their value is usually obtained by adding "*the values of the original variables which*" were previously assembled into the factor (Kothari et al, 2004, pp. 322). The name and definition of the new variable is generated by the researcher based on observations made during the research. The factors are mostly in a linear form combining data and synchronising each variable, measuring them to get values termed as factor loadings (Kothari et al, 2004, pp. 322). These factor loadings denote the relationship existing between the actual variable and the factor, and are typically "*placed in a matrix of correlations between the variable and the factors*" (Kothari et al, 2004, pp. 322).

3.13. Structural equation modelling (SEM)

Structural equation modelling (SEM) is a tool for analysing multivariate data that has been long known in marketing to be especially appropriate for theory testing (e.g., Bagozzi et al, 1980). Structural equation models go beyond ordinary regression models to incorporate multiple independent and dependent variables as well as hypothetical latent constructs that clusters of observed variables might represent. They also provide a way to test the specified set of relationships among observed and latent variables as a whole, and allow theory testing even when experiments are not possible. As a result, these methods have become ubiquitous in all the social and behavioural sciences (e.g., MacCallum and Austin et al, 2000).

3.14. Reliability

Smith and Albaum explain reliability to relate with the regularity of test and/or analysis results over sets of persons or over the same person at diverse periods (Smith and Albaum et al, 2010, pp. 254). A scale can be dependable but can also be prone to being invalid however, reliability demonstrates a higher assurance or guarantee of validity (Smith and Albaum et al, 2010, pp. 254). A scale that is irregular and undependable cannot be an authentic scale (Smith and Albaum et al, 2010, pp. 254).

An internal consistency as described by Bernstein and Nunnally define approximations of reliability depending on the average relationship that exists between the elements in a test (Bernstein and Nunnally et al, 1994, pp. 251). In addition to that, Shukla explains that internal consistency reliability is employed to measure or evaluate the reliability of a total or summated scale where numerous elements are summed to create a total score (Shukla et al et al, 2008, pp. 84). Pallant adds that an internal consistency indicator that is usually utilized is the Cronbach"s alpha coefficient (Pallant et al, 2016, pp.101). Conclusively, the common use of the coefficient alpha is to compute the coefficient alpha using "statistical analysis packages, report it, and" evaluate to see if the value acquired "exceeds some rule-of-thumb minimum value, typically 0.70" (Smith and Albaum et al, 2010, pp. 256).

3.15. Validity

Smith and Albaum define validity as "*measuring what we believe we are measuring*" (Smith and Albaum et al, 2010, pp. 253). The data must be impartial and appropriate or significant

to the feature being measured. The validity of an evaluating mechanism mirrors or replicates the non-existence of systematic error. A systematic error can occur from either the mechanism or instrument for measurement itself, the operator of the instrument, "*of the instrument, the subject, or the environment in which the scaling*" technique is being managed and/or controlled (Smith and Albaum et al, 2010, pp. 253). The authors also state that, because true or correct scores are seldom used in practice, a scaling technique is typically judged by its association with other pertinent standards (Smith and Albaum et al, 2010, pp. 253). When testing the validity of a scale, Smith and Albaum et al, (2010) advice that the investigator should be conscious of the many methods of validity there are (Smith and Albaum et al, 2010, pp. 253). These comprise of *"(1) Content validity, (2) Criterion validity, and (3) Construct validity*" (Smith and Albaum et al, 2010, pp. 253). In this study, I present the discriminant validity.

3.15.1 Discriminant validity

Discriminant validity quantifies the extent to which varied hidden or latent variables are exclusive (O'Leary-Kelly and Vokurka et al, 1998). According to O'Leary-Kelly and Vokurka et al, (1998) a variable can be termed valid when its variance reflects hidden exclusive variables, ignoring all non-exclusive variables.In order to verify discriminant validity, it requires comparing AVEs to shared variance. We used the table of correlation of the factors, which is part of the multiple regression output,and squared these correlations to calculate shared variance. To demonstrate discriminant validity, the AVEs should be greater than the shared variance.

CHAPTER FOUR- DATA ANALYSIS AND EMPIRICAL FINDINGS

4.1 Introduction

The chapter 4 first presents the analysis of data (sample and descriptive statistics) which is followed by measures validation and findings from hypotheses testing with PLS. Furthermore, the whole data obtained through the analysis of data which was done by cross-sectional survey design. The data cleaning and descriptive analysis was done by SPSS. The measurement and proposed structural model were assessed by using smart PLS data analysis software.

4.2 Data Screening

According to Shukla et al, (2008, pp. 98), the primary stage in the data screening course is to inspect every individual variable for unreasonable data that may a reason for inconsistencies in the data collected. All the errors in the data must be corrected immediately to prevent corruption of the entire screening process. In addition to this, the wrongfully entered data can mess up the analysis, so before starting to analyse the data, it is necessary to check the data set for errors free and correcting potentials errors, (Pallant et al, 2013). During the data screening, firstly I started checking minimum and maximum values as well as the missing values. There were no such errors found for the variables. All answers were within the predetermined range of possible scores. There were 13 missing values, which were not answered by respondents.

4.3 Descriptive Analysis of the Data

Shukla et al, (2008, pp.99) explains that descriptive statistics includes the mean, standard deviation, range of scores, skewness and kurtosis. Additionally, descriptive statistics analysis can also be useful in developing unambiguous research question. Furthermore, Shukla et al, (2008, pp.99), sustain that a descriptive investigation is very important since new various advance statistical test are elusive to discretions in the information. Conclusively, descriptive statistics in SPSS can be obtained by making use of descriptive, frequencies or the explore commands, Shukla et al, (2008, pp.99).

All the stores are located in Norway, but some have several chains nationally and internationally in Europe. In total, the survey was forwarded to 250 people.

4.3.1 Descriptive analysis for control variables

First in the descriptive analysis, I am going to analyse the control variables. My sample includes 48.7% females and 51.3% males. None of the respondents was below the age of 15. A total of 81.5% was between the age of 20-30 which was the most populated age group, and 9% was between the age group 31-40. -20 years represented 7.6% of the respondents and only 1.3% were above 40 and above 50 years of age.

Furthermore, I observed that 67% of respondents have Norwegian nationality and this is the most populated nationality in this survey analysis. 11.9% respondents have Pakistani nationality. To continue this, 2.8% have Bangladeshi and Indian nationality. While 1.8% respondents have Ghanaian nationality and 0.9% respondents have different nationalities such as Colombian, Iceland, Austria, brazil, Chilean, china, France, German, Greek, Lithuanian, morocco, Non-EU and Thai.

To continue the control variables, the choice of superstore depicts that, there is 46% of the respondents choose Kiwi superstore in Norway which is the most populated store in this survey. And then 15% of the respondents choose spar and coop for their grocery items. In addition to this, 18.6% choose rema100 for retail grocery shopping which is the second populated choice of the respondents in the survey analysis.

The 6.2% of the respondents visit stores 0 to 2 times monthly. 16.8% respondents visit stores 3 to 5 times in a month. And then 19.5% visit stores 6 to 8 times per month. And the most populated frequency of visit is more than 8 time which depict 55.8% of the survey analysis.

Table 4.1: Demographic characteristics of participants

Demographic characteristics	Category	Frequency	Percent
Gender	Male	58	51.3
	Female	55	48.7
Age	-20	6	7.6
	20-30	65	81.5

	31-40	7	9
	41-50	1	1.3
	51-60	1	1.3
	60	0	0
Nationality	Norwegian	73	67
	Pakistani	13	11.9
	Bangladeshi	3	2.8
	Indian	3	2.8
	Ghanaian	2	1.8
	Flippinene	2	1.8
	Colombia	1	0.9
	Iceland	1	0.9
	Austria	1	0.9
	Brazil	1	0.9
	Chilean	1	0.9
	China	1	0.9
	Faroese	1	0.9
	German	1	0.9
	Greek	1	0.9
	Lithuanian	1	0.9
	Morocco	1	0.9
	NON-EU	1	0.9
	Thai	1	0.9
Choice of super-store	Kiwi	52	46
	Spar	17	15
	Coop	17	15
	Rema1000	21	18.6
	Bunnpris	4	3.5
	Meny	2	1.8
Expenditure	Less than 1000 NOK	14	12.4
	1001-5000 NOK	81	71.7

	5001-10000 NOK	13	11.5
	More than 10,001 NOK	5	4.4
Frequency of visit	0 to 2	7	6.2
	3 to 5	19	16.8
	6 to 8	22	19.5
	More than 8 times	63	55.8

4.3.2 Descriptive analysis for study variables

The Skewness value explains the regularity and/or symmetry of the distribution. On the other hand, Kurtosis gives information concerning the 'peakedness' of the distribution (Pallant, 2016, pp. 57). Positive skewness figures or values propose that minimum scores are gathered to the left (Pallant, 2016, pp.57). Positive kurtosis values show that the distribution is peaked or clustered in the center, with lean extension tails (Pallant, 2016, pp.57).

The below table 4.2 shows skewness and kurtosis and some of them values are negative that is the values which are below -1 and 0 accordingly. The values of negative skewness depict the "*scores to the right-hand side of a graph, while the kurtosis values show a distribution that is*" comparatively even (Pallant, 2016, pp.57).

CODE	MEAN STATISTICS	STANDARD DEVIATION STATISTICS	SKEWNESS	KURTOSIS
SL1	4.14	0.99	-1,02	0.470
SL2	4.11	0.79	0.853	1.201
SL3	4.09	0.74	-0.683	0.646
SQ1	3.81	0.79	-0.193	0.172
SQ2	3.81	0.68	-0.112	-0.119
ASSORT1	3.66	0.88	-0.434	-0.413
ASSORT2	3.82	0.88	-0.770	0.853
ASSORT3	3.78	0.72	-0.618	1.328
PR1	3.47	1.00	-0.240	-0.854
PR2	3.40	1.01	-0.189	-0.770
PR3	3.68	0.80	-0.088	-0.471
OS1	3.88	0.75	-0.453	0.210
OS2	3.84	0.70	-0.558	0.651
OS3	3.90	0.64	-0.536	1.083
SI1	3.79	0.73	-0.653	1.433
SI2	3.57	0.79	-0.722	1.595
CI1	3.86	0.69	-0.133	-0.187
CI2	3.71	0.87	-0.866	1.206
SD1	2.72	1.19	0.160	-0.876
SE	2.78	1.44	0.623	-0.656
ST1	2.45	1.17	0.843	0.480
CO	3.08	1.43	0.461	-0.714
SD2	2.15	1.02	1.267	2.407
ST2	2.47	1.22	0.769	-0.037
CON	2.88	1.34	0.868	0.172

Table 4.2: Descriptive of variables

4.3.3. Measures Validation

Psychometric properties of the measures were assessed by first performing an exploratory factor analysis. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was 0.811 and Bartlett's test of Sphericity was significant at the 0.000 level, indicating that the data matrix sufficiently correlated to the factor analysis.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,811
Bartlett's Test of Sphericity	Approx. Chi-Square	637,211
	Df	105
	Sig.	,000

Table 4.3: KMO and Bartlett's Test

Further analysis was performed by the use of Partial Least Square (PLS) (Wold, 1975) using the software application Smart PLS (Ringle, et al., 2015). Smart PLS is a partial least square path modelling technique that simultaneously tests measurement (relationship between indicators and their constructs or latent variables) and structural model (relationship between constructs). According to many researchers (Hair, et al., 2012; Ritcher, et al., 2016), partial least squares structural equation modelling (PLS-SEM) has emerged as an increasingly important multivariate analysis technique in management research. It is very useful for model estimation when sample size is small as it allows less strict assumptions about the distribution of the data (Chin & Newsted, 1999). PLS has the capacity to deal with complex models with a high number of constructs, indicators and relationships (Barclay, et al., 1995; Hair, et al., 2016).

All constructs in this study were operationalized as reflective measures. Thus, we assessed the measurement model with respect to individual item reliability, internal consistency and discriminant validity. Using the rule of thumb of accepting items with loadings of 0.707 or more, though loadings of at least 0.5 are acceptable (Barclay, et al., 1995), three items from

location were deleted for poor factor loading. The rest of the items present loading between 0.701 and 0.912 on their respective factors (see Table 2).

Table 4.4: Factor loadings

Constructs	Items	Loading
Store location	The location of the store makes me shop there.	0.638
	The store location is important for me.	0.743
	The store location is good.	0.702
Service quality	Employees are friendly	0,841
	Employees responds to customer questions promptly.	0,862
Assortment	I get all of my daily groceries from the store.	0,701
	The daily grocery selection is good	0,842
	The goods selection is satisfying	0,860
Price	I am satisfied with the price level	0,891
	The store has low prices.	0,912
	The stores prices are competitive	0,802
Overall satisfaction	I am satisfied with my decision to purchase products at this store.	0,866
	I am satisfied with the purchase experience at this store	0,847
	I am overall satisfied with this store.	0,819
Store image	The store has positive image at public	0,902
	My friends have a positive opinion about the reputation of the store	0,766

| Chain image | The chains of the stores to which this store belongs has a good reputation | **0,810** |
| | The chain has better reputation than other chains of grocery stores. | **0,887** |

4.3.4. Reliability of Measurements

Internal consistency was examined using Cronbach alpha and composite reliability index (Fornell & Larcker, 1981). In my model the composite reliability index for all constructs exceeded the acceptable value of 0.7 (Hair, et al., 2014), with store image construct presenting the lowest (0.823) and service quality construct the highest (0.903). In terms of Cronbach alpha, store image has the lowest value of 0.586, while price has the highest value of .837.

Table 4.5: Cronbach's alpha. composite reliability and average variance extracted:

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Assortment	**0,721**	**0,845**	**0,647**
Chain image	**0,619**	**0,838**	**0,722**
Customer satisfaction	**0,799**	**0,881**	**0,713**
Price	**0,837**	**0,903**	**0,757**
Store image	**0,586**	**0,823**	**0,701**
Service quality	**0,622**	**0,841**	**0,725**

4.3.5. Discriminant validity

Discriminant validity indicates the extent to which a given construct is different from other latent constructs. Fornell & Larcker (1981) suggest the use of Average Variance Extracted (AVE) such that a score of 0.5 for the AVE indicates an acceptable level. Average variance extracted by our measures range from 0.647 to 0.757, all of which are within the acceptable range (see Table 3). Further assessment of discriminant validity of the latent variables in the

PLS path model was performed using Fornell & Larcker's (1981) criterion, which requires that the square root of each latent variable's AVE be greater than the latent variable's correlation with any other construct in the model. Table 4 shows comparison of the square root of the AVE (diagonal values) with the correlations among the constructs. Each variable meets Fornell and Larcker's (1981) criterion in support of discriminant validity. An examination of loadings and cross loadings shows that all constructs were more strongly correlated with their own measures than with any other constructs, suggesting good convergent and discriminant validity.

Table 4.6: Discriminant validity coefficient

	1	2	3	4	5	6	7
Assortment (1)	0,804						
Chain image (2)	0,370	0,849					
Customer satisfaction (3)	0,466	0,627	0,844				
Location (4)	-0,062	0,202	0,293	1,000			
Price (5)	0,400	0,512	0,608	0,140	0,870		
Store image (6)	0,321	0,527	0,438	0,063	0,293	0,837	
Service quality (7)	0,321	0,246	0,216	0,054	0,333	0,284	0,852

Numbers on the diagonal shows the square root of the AVE
Numbers below the diagonal represent the construct correlations

4.3.6. Common Method Variance

Since the data for all the model's variables came from survey respondents at a point in time, common method variance might influence some of the postulated relationships in the PLS path model. Common method bias (CMV) is variance that is attributable to the measurement method rather than to the constructs. This is because the data for all the model variables came from the same respondents at the same time; CMV might influence some of the hypothesized relationships in the structural model (Chang, et al., 2010; Podsakoff, et al., 2003). To minimize common method biases, we used single-factor test statistical control

test (Harman, 1976). This test was used to test for the potential existence of common method bias. Common method variance is assumed to present if a single factor emerges from the unrotated factor solution or one factor explains the majority of the variance in the variables (Podsakoff & Organ, 1986). A principal component analysis led to the emergence of 4 factors with eigenvalues 1 and above and a one factor solution accounted for only 35% of the overall variance, which indicates that common method variance bias is not likely to affect the findings of the study.

Table 4.7: Total Variance Explained

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5,621	35,131	35,131	5,621	35,131	35,131
2	1,665	10,404	45,535	1,665	10,404	45,535
3	1,327	8,295	53,829	1,327	8,295	53,829
4	1,268	7,926	61,755	1,268	7,926	61,755
5	,959	5,991	67,746			
6	,881	5,504	73,250			
7	,688	4,298	77,548			
8	,618	3,863	81,411			
9	,564	3,528	84,939			
10	,540	3,373	88,312			
11	,413	2,581	90,893			
12	,379	2,367	93,260			
13	,339	2,121	95,380			
14	,303	1,893	97,274			
15	,260	1,623	98,897			
16	,177	1,103	100,000			
Extraction Method: Principal Component Analysis.						

4.4. Structural model estimation

The structural model represents the relationships between constructs or latent variables that were hypothesized in the research model. One of the primary goals of PLS is prediction (Duarte & Raposo, 2010; Hair, et al., 2014). Thus, the goodness of a theoretical model is established by the strength of each structural path and the combined productiveness (R^2) of its exogenous constructs (Chin, 1998).

Assessment of the path coefficients was done by bootstrap analysis in SmartPLS3 to assess the significance of the path coefficients. Table 4 shows the results of the path analysis while Figure 2 shows the results of the structural model.

4.5 Hypotheses testing

The purpose of the study is to find out the effects of price, service quality, location, assortment, store and chain image on customer satisfaction of superstore industry in Norway. The study proposed that the above factors will have direct effects on the dependent variable measured at subjective and objective levels, and they will also have indirect effects through moderation the link between store image and chain image.

4.5.1. Effects of Service Quality, Location, Assortment, Price, Chain, Image and Store image of customer satisfaction

Hypothesis H1 suggests that store location will have a positive relationship with customer satisfaction and the findings support the hypothesized relationship (β=0.196, p<0.05). Hypothesis H2 suggests that price will be positively related to customer satisfaction. Support was found for the relationships proposed in hypothesis 4 (β=0.332, p<0.001). Hypothesis H3 states that service quality will be positively related to customer satisfaction. Results from the analysis show that there is no significant association between service quality and customer satisfaction (β=-0,088, p=0.362). Hypothesis H4 states that assortment will be positively related to customer satisfaction, and the findings show a positive relationship between these constructs (β=0.230, p<0.01). In H5 a positive association between store image and customer satisfaction was proposed, which was not supported by the findings (β=0.138, p=.100). H6 suggests a positive association between chain image and customer satisfaction and the findings offer support for this relationship (β=0.285, p<0.01).

Moreover, the findings show that none of the control variable, i.e. gender, age, nationality and frequency of visit has a significant effect on customer store satisfaction. Together these variables explain 59 percent variance ($R^2 = 0.593$) in customer satisfaction.

Table 4.8: Path coefficients

	β	T Statistics	P Values
Assortment -> Chain image	0,186	2,175	0,030
Assortment -> Customer satisfaction	0,230	2,650	0,008
Assortment -> Store image	0,117	0,866	0,387
Chain image -> Customer satisfaction	0,285	3,135	0,002
Chain image -> Store image	0,470	3,694	0,000
nationality-> Customer satisfaction	-0,061	0,978	0,328
Store visit -> Customer satisfaction	0,046	0,703	0,483
age -> Customer satisfaction	0,035	0,771	0,441
gender -> Customer satisfaction	0,061	0,927	0,354
Location -> Customer satisfaction	0,196	2,589	0,010
Price -> Chain image	0,423	4,369	0,000
Price -> Customer satisfaction	0,332	3,526	0,000
Price -> Store image	-0,043	0,508	0,612
Store image -> Customer satisfaction	0,138	1,647	0,100
Service quality -> Chain image	0,045	0,521	0,602
Service quality -> Customer satisfaction	-0,088	0,912	0,362
Service quality -> Store image	0,145	1,728	0,085

4.5.2. Effects of Chain Image on Store Image

Hypotheses H7 states that the chain image will be positive lt related to store image. The study finds support for the proposed positive association in H10 (β=0.354, p<0.05). this association lends credence to my prediction that at a positive chain image improves the store image.

4.5.3. Effects of Service Quality, Assortment and Price on Chain Image and Store Image

Hypothesis H8 was partly supported. H8a Price has a significant positive relationship with chain image (β=-0.423, p<0.001), but H8b the relationship with the store image did not reach the significance level. Hypothesis H9a and H9b surmises that service quality will have a positive effect on chain and store image. The findings however did not support this proposition. Partial Support was found for hypothesis H10a Assortment was found to have a significant association with chain image (β=-0.186, p<0.05) but H10b was no significantly related to store image.

4.5.4. Mediating effects of chain mage and store image

The indirect relationships of service quality, assortment and price with customer satisfaction via chain and store image were significant for assortment and price. The findings show that chain image partly mediates the influence of assortment (β=-0.081, p< 0.05) and price on customer satisfaction (β=-0.142, p<0.01). This suggests that assortment and price partly influence customer satisfaction by improving the customers' chain image to which the store belongs. Though not part of the theoretical model, the findings show an indirect effect of price on store image via chain image. This mean that price helps customers to have a positive store image first by improving their chain image.

Table 4.9: Path coefficients (Indirect effects)

	β	T Statistics	P Values
Assortment -> Chain image			
Assortment -> Customer satisfaction	0,081	2,184	0,029
Assortment -> Store image	0,087	1,669	0,096
Chain image -> Customer satisfaction	0,065	1,346	0,179
Price -> Customer satisfaction	0,142	2,950	0,003
Price -> Store image	0,199	2,701	0,007
Store image -> Customer satisfaction			

Service quality -> Chain image			
Service quality -> Customer satisfaction	0,036	1,006	0,315
Service quality -> Store image	0,021	0,501	0,617

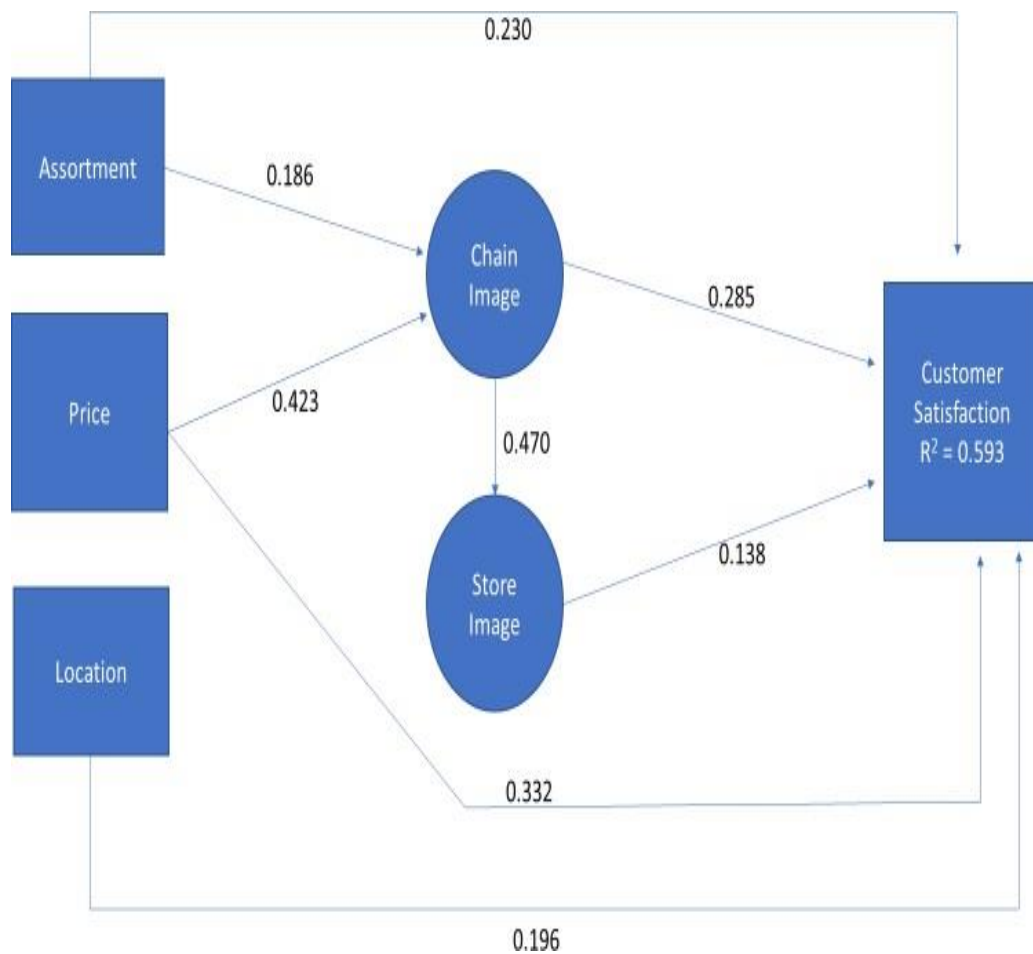## 4.6 Model with correlations and significance

Figure 4.1: Discriminant validity coefficient

4.7. Summary of support /partial support/ no support for the study hypotheses

Table 4.10: Support/partial support/no support of the study hypothesis

H1.	*Supported*

H2.	*Supported*
H3.	*Not supported*
H4.	*Supported*
H5.	*Not supported*
H6.	*Supported*
H7.	*Supported*
H8.	*Supported*
H8b.	*Not supported*
H9a.	*Not supported*
H9b.	*Not supported*
H10a.	*Supported*
H10b.	*Not supported*

CHAPTER FIVE- DISCUSSION, IMPLICATION AND CONCLUSION

5.1 Introduction

This chapter presented a discussion on the empirical findings generated from the data gathered. Hypotheses were also tested and discussed. Chapter 5, the final chapter of this study however presents discussions and conclusions of the entire research. The chapter will include the summary of findings, implications and limitations of the study, and some recommendations for the purposes of future research.

5.2 Discussion

In this study, the focus of this thesis chain image and store image as mediators of customer satisfaction drivers in grocery retailing. Four customer satisfaction drivers (antecedents) were included in the model: store location, service quality, assortment and price for evaluation.

The following research question were addressed: Which factors influence customer satisfaction of grocery stores in Norway? Do chain and store image acts as mediators to transmit the effects of service quality, assortment, price on customer satisfaction? Does store image mediate the impact of chain image on customer satisfaction? And Do age, gender and cultural differences matter in the customer satisfaction of grocery store customers?

Thirteen hypotheses were tested, of which the seven (H1, H2, H4, H6, H7, H8a, H10a) were supported. The five hypotheses (H3, H5, H8b, H9a, H10b) were not supported. The control variables included in the study (age, gender, expenditure and frequency of visit) had no significant direct effect on customer satisfaction. It should have mentioned that earlier findings regarding demographic variables are mixed (Babakus and Yavas 2008; Ndubisi 2006; Pan and Zinkhan 2006). In addition to this. Figure 4.1 shows the restricted preferred model estimated with PLS,

In this study, service quality was not as important as assortment, price and location with respect to customer satisfaction. One interesting finding is that two of the four antecedents, assortment and price, are mediated directly both through chain image to customer satisfaction.

Price has, in addition, a direct effect on customer satisfaction, and this result is consistent with the predication that in some price competitive industries the customer will prefer the importance of price when it comes on satisfaction (Johnson et al 2001). Another interesting

finding is that price also mediated by chain image. Which indicates that customers are confident in their evaluation of the price of the grocery stores by their image.

Moreover, assortment also has a direct effect on customer satisfaction as hypothesis 4 were supported, so an assortment can provide a distinctive edge in the weaponry of competitive advantage to the grocery retailing. (Knee and Walters, 1985). Moreover, assortment also mediated by chain image to customer satisfaction.

By using partial least square (PLS) path modelling was used to model customer satisfaction, where chain image, store image was mediating variables for the included customer satisfaction drivers (location, assortment and price). The findings suggest that chain image and store image are two distinct concepts. It was also depicting that the two image concepts, chain and store image both acted as important mediators of customer satisfaction drivers. Based on the findings, I may conclude that a two-level image building approach to be an important aspect of grocery retailing in Norway. There is an interesting finding, which claim that chain image influence customer satisfaction via store image. As hypothesis 7 were supported which was tested using the regression approach in Smart PLS. Chain and store image are based on the many activities and processes that in turn positively influences customer satisfaction. In this research all the three antecedents (location, price and assortment) were assumed to be positively linked to chain image and store image. Fig. 4.1 shows that assortment significantly impacted chain image, while price also affected chain image, and location positively impacted customer satisfaction.

Store image mediate the impact of chain image positively on customer satisfaction. Based on the findings chain and store image seemed to be an important aspect of grocery stores. The findings imply that grocery store managers should focus on adjustable drivers of pricing policy in order to obtain an even higher level of customer satisfaction. But, they should also carefully consider their assortment and location strategy.

The control variables may affect product preferences vary across different groups of consumers. These preferences relate directly to consumer demographic characteristics, such as income, age, and expenditure Age is an important factor to consider because personal expenditures change as individuals grow older. We've already noted that purchases change throughout a family's life cycle, and that holds true for individuals, as well. One important stage of life, and a category that's growing as baby boomers age, is the 65 and older group. Realizing and catering to the needs of an aging population can be beneficial to any retailer.

5.3 Study limitations and suggestions for future research

The focus of this thesis was on factors effecting customer satisfaction on grocery store industry in Norway, since causal research are often complex, one cannot be sure that there are no other factors influencing the outcome. The factors that are included in this research may therefore not the only factors that could have had effect on customer satisfaction of grocery stores in Norway. Grocery stores is moving towards a customer relations perspective, which makes customer satisfaction a main strategy for market. Therefore, remaining customers is just as important as attracting customers, suggesting that defensive market strategies aimed to customer satisfaction are of growing importance. By conducting surveys and interviews drivers of customer satisfaction and the drivers of mediating variables (chain and store image) can be identified. It's important for managers to allocate the resources to activities which may increase the customer value. By treating those variables as the key success factors regarding customer satisfaction for the coming period of time, customer satisfaction may be increased, thus ensuring customer revenues and profitability both for the coming period and in future.

Even though this research activity was carried only in Norway, it does not cover the remaining continents and regions. Another reason is cultural differences, that's why this study covers only a very small part of grocery stores users across the world, which makes the research setting very limited thus, findings and results cannot be generalized.

For future research I suggest adopting a different way and factors of measuring customer satisfaction of superstore industry in Norway. This may, in my opinion, lead to more insightful results. the above factors can also be used to measure supply chain of superstore industry in Norway, which may also lead to more interesting results.

More research on this topic would add to the understanding further, not just for Norway, but also for the rest of the world. This thesis applies a quantitative method, in the form of web-based survey. These surveys have their limitation, and including a broader sample could give a more in-depth understanding of the customer satisfaction of superstore industry in Norwegian context.

5.4 Practical implications for the Norwegian grocery stores

My findings have a number of practical implications, firstly, management can stimulate customer to make their store choice by motivating them by offering different price discounts. This can be achieved by sending reminders to past customers or emphasising store policies that guarantee customer satisfaction. In addition to this friendly environment and staff, availability of demanding products, by providing customers with personalised services, by building a permanent relationship with the customer, by giving clear and understandable information. These all activities lead to customer retention.

The effect of the image of the store comes via chain image to customer satisfaction, it seems a second order importance. Which signifies that customer satisfaction is built through chain and store image. Truly satisfied customers are manifestly satisfied with store and generally it has a positive image towards the store

5.5 Conclusion

This research was conducted to find out what factors effect customer satisfaction of superstores industry in Norway. Chain and store image were used as mediator. In result after findings we can conclude that price is most important variable which directly affect customer choice and satisfaction. Assortment and price has direct and indirect effects via chain image to customer satisfaction. Location has only a direct effect to the customer satisfaction

The empirical findings from PLS software reveal that location, price, assortment, store and chain image positively influence customer satisfaction in Norway.

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Appendix Questionnaire

Research Project on customer satisfaction on grocery stores in Norway.

please state your age.

Your answer

Gender

○ male

○ female

Nationality

Your answer

Which of the following super-store do you currently use ?

○ Kiwi

○ Coop

○ Rema 1000

○ Bunnpris

○ Meny

Please indicate your approximate monthly expenditure on super-store

○ Less than 1,000 NOK

○ 1001 ---- 5,000 NOK

○ 5001 ---- 10,000 NOK

○ More than 10,001 NOK

Please indicate how many times do you visit super-store in a month?

○ 0 to 2

○ 3 to 5

○ 6 to 8

○ More than 8 times

Part 2: Keeping in view the store from where you purchase groceries/everyday use items, Please indicate the extent to which you agree or disagree with each of the following statements. Use the following scale in answering each item.

Your answer

The location of the store makes me shop there

○ strongly disagree

○ disagree

○ neutral

○ agree

○ strongly agree

○ Other: _____

The store location is important for me

○ Strongly disagree

○ Disagree

○ Neutral

○ Agree

○ Strongly agree

The store location is good

○ strongly disagree

○ disagree

○ neutral

○ agree

○ strongly agree

Employees are friendly

○ strongly disagree

○ disagree

○ neutral

○ agree

○ strongly agree

Employees respond to customer questions promptly

○ Strongly disagree

○ Disagree

○ Neutral

○ Agree

○ Strongly agree

I get all of my daily groceries from the store

○ strongly disagree

○ disagree

○ neutral

○ agree

○ strongly disagree

The daily grocery selection is good

○ strongly disagree

○ disagree

○ agree

○ strongly agree

The goods selection is satisfying

○ Strongly disagree

○ Disagree

○ Neutral

○ Agree

○ Strongly agree

I'm satisfied with the price level

○ Strongly disagree

○ Disagree

○ Neutral

○ Agree

○ Strongly agree

The store has low prices

○ Strongly disagree

○ Disagree

○ Neutral

○ Agree

○ Strongly agree

The store's prices are competitive

○ Strongly disagree

○ Disagree

○ Neutral

○ Agree

○ Strongly agree

I am satisfied to with my decision to purchase products at this store

○ Strongly disagree

○ Disagree

○ Neutral

○ Agree

○ Strongly agree

I am satisfied with the purchase experience at this store

○ Strongly disagree

○ Disagree

○ Neutral

○ Agree

○ Strongly agree

I am overall satisfied with this store

○ Strongly disagree

○ Disagree

○ Agree

○ Strongly agree

This store has a positive image in public

○ Strongly disagree

○ Disagree

○ Neutral

○ Agree

○ Strongly agree

My friends have a positive opinion about the reputation of this store

○ Strongly disagree

○ Disagree

○ Neutral

○ Agree

○ Strongly agree

The chain of stores to which this store belongs has a good reputation

○ Strongly disagree

○ Disagree

○ Neutral

○ Agree

○ Strongly agree

The chain has better reputation than other chains of groceries stores

○ strongly disagree

○ disagree

○ neutral

○ agree

○ strongy agree

i prefer to make my purchases from this store

○ strongly disagree

○ disagree

○ neutral

○ agree

○ strongly agree

part 3: Here we briefly describe some people. Please read each description and think about how much each person is or is not like you. Tick the box to the right that shows how much the person in the description is like you.Very much like me Like me Somewhat like me A little like me Not like me Not like me at all

Your answer

Thinking up new ideas and being creative is important for me. I like to do things in my own original way.

○ very much like me

○ like me

○ somewhat like me

○ a little like me

○ not like me

○ not like me at all

It is important for me to live in secure surroundings. I avoid anything that might endanger for my safety.

○ very much like me

○ like me

○ somewhat like me

○ a little like me

○ not like me

○ not like me at all

I like surprises and i am always looking for new things to do. I think it is important to do lots of different things in life.

○ very much like me

○ like me

○ somewhat like me

○ a little like me

○ not like me

○ not like me at all

I believe that people should do what they're told. I think people should follow rules at all times, even when no one is watching (CO).

○ very much like me

○ like me

○ somewhat like me

○ not like me

○ not like me at all

It is important for me to make my own decisions about what should i do. I like to be free to plan and not depend on others.

○ very much like me

○ like me

○ somewhat like me

○ not like me

○ not like me at all

I look for adventures and like to take risks. I want to have an exciting life.

○ very much like me

○ like me

○ somewhat like me

○ not like me

○ not like me at all

Tradition is important for me. i try to follow the customs handed down by my religion or my family .

○ very much like me

○ like me

○ somewhat like me

○ not like me

○ not like me at all