MODELLING RETAIL CUSTOMER SATISFACTION IN KAMPAR DISTRICT USING SEM TECHNIQUE

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A research project submitted in partial fulfillment of the
requirement for the degree of

BACHELOR OF MARKETING (HONS)

UNIVERSITI TUNKU ABDUL RAHMAN

FACULTY OF BUSINESS AND FINANCE

DEPARTMENT OF MARKETING

AUGUST 2011

DECLARATION

We hereby declare that:

(1) This undergraduate research project is the end result of our own work and that due acknowledgement has been given in the references to ALL sources of information be they printed, electronic, or personal.

(2) No portion of this research project has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.

(3) Equal contribution has been made by each group member in completing the research project.

(4) The word count of this research report is <u>14357 words</u>.

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ACKNOWKLEDGEMENT

As the completion of this research, we wish to convey our earnest gratitude and appreciation to various parties who have guided and helped us a great deal.

First and foremost, we would like to express our gratitude to our research project supervisor Mr. WONG LAI SOON who willing to sacrifices his time in guiding us from the very beginning until the completion of the project. His patient and guidance has facilitated the development of the thesis to proceed smoothly. He is willing to provide us with timely, insightful, thoughtful and constructive comments and feedback regarding our dissertation and has lead us to grow and broaden our view towards the right direction. Thank you for bearing with us and giving us valuable advices. Nevertheless, we also like to thanks Miss LOO SIAT CHING who has given us valuable advices and reminders in helping us to accomplish this research.

Furthermore, we would like to express our gratitude to Universiti Tunku Abdul Rahman (UTAR) for giving us this opportunity to be involved in the process of research. The experience and knowledge we gained undoubtly will benefit us in future.

Meanwhile, we would like to thank our parents and family members for helping, encouraging and supporting us along the whole project. Their assistance and support is essential to the success of our project.

Once again, this research project would not be materializing without all the guidance, support and assistance of those people who have contributed effort in helping us to complete this dissertation throughout every stage. Hence, we would like to express our deepest appreciation to them in helping us to success in this dissertation.

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LIST OF ABBREVIATION

A	Agree
D	Disagree
N	Neutral
SA	Strongly Agree
SD	Strongly Disagree
SPSS	Statistical Package for Social Science
SEM	Structural Equation Modelling
DF	Degree of Freedom
CFI	Comparative Fit Index
RMSEA	Root Mean Square of Approximation

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PREFACE

Besides being part of the course structure of Faculty of Business and Finance, University Tunku Abdul Rahman, this thesis is submitted as partial fulfillment of the requirement for the pursuit of the Degree of Bachelor in Marketing (Hons). A time frame of 28 weeks was given to accomplish the current dissertation. We have chosen the topic of "Modelling Retail Customer Satisfaction in Kampar District Using SEM Technique'' for this research project. Thus, this study is conducted to gain a depth understanding regarding the consumer shopping behavior. There are four variables which are convenience orientation, perceived value, trust and service quality that were examined related to customer satisfaction in this study.

Additionally, the accelerate phase of industrialization and urbanization in recent years has inevitably brought changes to the Malaysians' shopping behavior. Thus, this research is timely to investigate significant variables that affected customer satisfaction in shopping environment. We have gained a lot of knowledge regarding customer satisfaction through this research project. It could serve as a guideline to those who are interested on this area and to those who are managing retail store.

ABSTRACT

Meeting customer satisfaction is the most important success factor in any business. It is therefore important for retail stores to meet their customer satisfaction. This scenario is more intense in a town like Kampar where there are only two small size supermarkets in existence before the Tesco store (Malaysia) opens one in year 2008. This study tries to find out the significant factors that influence the customer satisfaction of local residences based on data collected from customers of one local based supermarket and one international hypermarket chain –the Tesco hypermarket. The data collected also used to formulate a customer satisfaction model using Structural Equation Modelling (SEM). Factors like perceived value, service quality, convenience orientation and trust were found significantly affect the choice behaviour of the customers. This research is very important because it can serve as a test case on how a local based supermarket can compete with an international hypermarket chain store by concentrating on the main factors that influencing their customer satisfaction.

CHAPTER 1: RESEARCH OVERVIEW

1.1 Research Background

Kampar is a small town in the state of Perak which was founded in the year 1887 and was known or famous for its "tin reserves". Majlis Daerah Kampar Data (1993) shown that the total population of Kampar district is around 98,534 (www.mdkampar.gov.my) which comprise of Malays, Chinese, Indians, and others. The geographical areas of Kampar District includes Kampar Town, Bandar Baru, Gopeng, Kapisan, Lawan Kuda, Kota Bharu, Jeram, Kuala Dipong, Malim Nawar, Tronoh and Mambang Diawan which has a total land size of $22.975km^2$.

Retailing business has been growing rapidly in the 21st century. Retailing business defines as a set of business activities that provide additional value to the products and services sold to end users. Thus, retailers try to satisfy consumer's needs and wants by offering better quality products at the right place and time.

One of the major retailers - Target Supermarket is located at the old town of Kampar. It is near to the bus station and the residential area. Before Tesco enters into Kampar, Target are normally pack with people because it's the place for the local people to buy their stuff ranging from personal care, snacks, groceries and so on. Additionally, Target supermarkets are located at the main street of old town.

Tesco Kampar had launched its retailing business in September 2008. It is consider a free standing site since it is located at the Eastlake of Kampar and located near to the main road towards the Ipoh high way, which enable them to easily grab customer attention when passing by. Its location is also near to a newly set up university. The broad range of products and good parking facilities provided by Tesco Hypermarket are the main attractions that lure many local and adjacent residents to shop in it.

According to Mr. Yeoh the manager of Target Supermarket, their business has greatly reduced after the inception of Tesco Hypermarket in Kampar. This has caused reduction of the company profit.

1.2   Problem Statement

Increased globalization of retailing business has changed the local retailing scenario and increased competitions have caused many local small retailers being closed. According to Kaliappan et al. (2008) 64.4 % of the retailers were affected by the existence of the hypermarkets. Other than the stiff competitor creates by Tesco Hypermarket, another problem faced by Target Supermarket is their shopping floor. Their shopping floor is located at the second floor, customer especially elderly faced difficulties to climb the stair. Therefore, some customers are unwilling to visit Target supermarket due to this problem. Apart from that, the newly establish hypermarket Tesco makes the market even more competitive. To be able to survive in this competitive market, Target needs to improve their competitiveness and to find ways that can retain their existing customer and bring more new customer to visit their store. In order to make their customer feel that they have made a worthy purchase in Target, they need to increase added value and provide superior customer service to its customer.

To deal with the problem, this research was conducted to investigate the importance of perceived value, trust, service quality and convenience orientation which lead to customer satisfaction.

1.3 Research Objective

1.3.1 General Objective

The purpose of this research is to gain an in depth understanding, in addition to identify factors affecting consumer satisfaction towards two retail stores in Kampar district. At the same time to construct a customer satisfaction model using structural equation modeling technique.

1.3.2 Specific Objective

The specific objectives of this study are listed below:

1.3.2.1 To investigate the relationship between perceived value and convenience orientation.

1.3.2.2 To investigate the relationship between convenience orientation and service quality.

1.3.2.3 To investigate the relationship between convenience orientation and trust.

1.3.2.4 To investigate the relationship between perceived value and trust.

1.3.2.5 To investigate the relationship between service quality and trust.

1.3.2.6 To investigate the relationship between service quality and perceived value.

1.3.2.7 To investigate the relationship between trust and customer satisfaction.

1.3.2.8 To investigate the independent variable that has most influence toward Tesco and Target.

1.4   Research Question

The research questions of the study are:

1. What is the relationship between perceived value and convenience orientation?

2. What is the relationship between convenience orientation and service quality?

3. What is the relationship between convenience orientation and trust?

4. What is the relationship between perceived value and trust?

5. What is the relationship between service quality and trust?

6. What is the relationship between service quality and perceived value?

7. What is the relationship between trust and customer satisfaction?

8. Which of the independent variable that has most influence toward Tesco and Target?

1.5   Significant of the Study

This study is important in explaining the factors that contribute to customer satisfaction towards two major retailing stores in Kampar District and it can serve as a basis for future research on the impact of intrusion of international hypermarket chain store on local small scale retailer. Customer satisfaction is an important key element in the retailing industry. When a retailer can satisfy the customers need and wants, retailer can gain competitive advantage and increase their profit. This advantage encourages customers to revisit and purchase goods in retail store.

Furthermore, this study is important for researcher to study in depth about the factors that affects customer's satisfaction in a retail store. The affecting factors such as perceived value, trust, service quality and convenience orientation can be different for each and every retail store. Apart from that, this study is important to finds out the different factors that fulfil customer's satisfaction for Tesco and Target. To retain customer, retail store need to provide good services to consumer. With good services,

it can help retail store to create competitive strength and at the same time eliminating its weaknesses.

1.6 Chapter Layout

Chapter 1: Introduction

This chapter provides a starting overview of the study context and an understanding of the background framework including the research problem. It also highlights the hypothesis of the study and the significance of the research.

Chapter 2: Literature Review

Literature review touches on a comprehensive review of information from secondary sources of data that are relevant to the field of this research. Related theories were also applied into the study of this chapter.

Chapter 3: Methodology

Methodology explains how research is carried out in terms of research design, data collection methods, sampling design, research instrument and methods of data analysis.

Chapter 4: Data Analysis

This chapter presents the data analysis collected through various methods employed for the study. Data collected are analyzed and display through graphs, charts and tables along with brief explanations.

Chapter 5: Discussion, Conclusion and Implications

This chapter provides a summary that include statistical analyses, discussions of finding, limitations and recommendations for the future research.

1.7 Conclusion

As a conclusion, chapter one provides an overall picture for the whole project. In order to make the project workable, this chapter provides directions, insights, and scope of the study. In the next chapter, each of the variables in the research project will be discuss in detail.

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

Chapter two explains the framework and the relevant variables for the proposed model. The reviews from the previous studies are important to enhance the understanding on the variables in this study. Thus, this chapter is divided into four parts comprising the review of literature, review of relevant theoretical models, proposed theoretical framework and hypotheses development.

2.1 Literature Review

2.1.1 Customer Satisfaction

Okay and Akcay (2010) defines customer satisfaction as evaluation of the different between an expectation and perception toward the service or product that customer received. Ryding (2010) finds customer satisfaction plays a key role for future profit in terms of return of investment and market share of a firm. A service provider can fulfil customer satisfaction by offering differentiated services from the competitors (Deng et al., 2010). G´omez, McLaughlin and Wittink (2004) claim that meeting customer satisfaction is important for a retailer. Retailer should understand the needs and wants of their customer and minimize customer cost as well as enhance customer value in order to increase their satisfaction (Lin, 2007). Satisfaction achieved by customers will directly influence their behavioural intention such as introduce the retailer to others, revisit and have a good word of mouth toward the company (Hyun, Kim & Lee 2011).

According to the Oliver (as cited in Deng et al., 2010) customer satisfaction is the expectation of customer matched with feeling from previous experience. G´omez et al. (2004) mention that loyalty is an important element to the satisfaction. Chambati and Fatoki (2011) claim that customer will satisfy when there are fewer gaps between their expectation and the perception. Thirumalai and Sinha (2005) find that retailer satisfy customers by offering smooth transaction in order to meet their expectation. Akhteri et al. (2011) claim that customer will purchase the product frequently if the retail store can satisfy their needs and want. In contrast, unsatisfied customer will have bad feeling toward the store.

Mazaheri et al. (2010) find that a transaction fail to meet the customer's expectation when the service provided by the firm is less than what customer obtain before. In contrast, transaction succeeds in meeting customer's expectation when service provided by the firm is higher than what customer purchased. Customer who has greater satisfaction will have higher repurchase intention, revisit store and even loyal to the firm (Lewin, 2009). According to Gil, Berenguer and Cervera (2008) customer satisfaction can be explained by two perspectives which are transaction and accumulative. Johnson and Fornell (as cited in Deng et al., 2010) find that transactional-specific satisfaction is an evaluation of the customer for particular buying experience whereas accumulation satisfaction refers to estimation of the overall satisfaction based on the entire experience.

2.1.2 Perceived Value

According to Woodruff (1997), perceived value is customer perception preference and evaluation regarding the product performance in achieving purchase intention in certain places. Perceived value can be measured by price level of goods, quality of product, efficient distribution system and differentiation in product offering. According to Levy et al. (2004), price is one of the important attributes for retail business that relate to usability of the product itself. Besides, consumers enhance their perceived value by frequent visit to the retail store and make purchase in the store. Thus, people observe different prices for the same goods in different retail stores encourage them to become a price sensitive consumer. Therefore, pricing decision is very important for retail store in order to achieve competitiveness in the industry.

According to Grauer (2009) manufacturer produce high quality of merchandise can strengthen consumer's desire demand. Hence, higher quality of product will boost consumers' awareness and makes them willing to pay more for the quality of the product. Therefore it can increase overall retail business performance. Additionally, effective distribution system is very important in the inventory system in order to fulfil end users demand and expectation (Park, Foley & Frazelle, 2006). Moreover, an efficient distribution system can enhance overall performance, maintain flexibility and control distribution system in retailing business.

According to Wingwon and Piriyakul (2010), retailer must have product or services that differentiated from their competitor to enjoy competitive advantage, money worth and higher benefits which competitors could not provide. Matthyssens and Vandenbempt (2008) state that strong store brand encourage people to differentiate product offering compare to competitors. Differentiation in product offering makes customer capable to observe the product and enhance their perceive value. According to Yu and

Wang (2008) return policy becomes a tool that use in the market to affect the product sales. Return policy ties between retailer and customer and allow them to return the product (Bose & Anand, 2007).

2.1.3 Trust

Trust is one of the most relevant predecessors of steady and mutual relationships in business world (Akbar & Parvez, 2009). Trust exists when there is confidence on one party towards another party and when the other party exchange reliably (Morgan & Hunt, 1994). Trust is defined as "an attitude, principle, or an expectation about a customer that result from retailer's knowledge, consistency, and the intention" (Ganesan, 1994). Trust also defined as "the person depending on another person ability to perform the task" (Kini & Choobineh, 1998). When the trustee is trustworthy, it is better if the person place trust on trustee and vice versa (Coleman, 1990). It is also exists in the relationship between retailer and customer. If the retailer can be trusted (trustee), consumer (trustor) will place their trust on retailer when purchasing products or services.

According to Butler and Cantrell (1984), trust can be measured by five dimensions which are integrity, honesty and trustfulness; competence, technical and interpersonal knowledge and skills required to do one's job; consistency, reliability, predictability, and good judgment in handling situations; loyalty or benevolent motives, willingness to protect and save face for a person; openness or mental accessibility, willingness to share ideas and information freely. Moreover, product quality information can increase customers' confidence and trust in the store (Lee, 2009). Tsai and Yeh (2010) mention that better product information can influence consumer in making decisions on their purchase in the store.

Williams and Karau (1991) find that higher trust level could enhance employee concentration on work. Besides, high level of trust among members in the organization enhances smooth communication. It can improve not only company performance but also made quality decision in a team. In addition, trust refers to honesty of the employees to let the customer trust and believe them (Wang, 2009b). According to Hung, Dennis and Robert (2004) customers are willing to trust the employees based on perceive trustworthiness, ability, integrity and benevolence. Tormala, Brinol and Petty (2006) find that information in advertisements would influence people's point of view. On top of that, validity of the information is very important. Whereas, low credibility and invalid information could diminish the confidence of end users towards the advertisement. Therefore, greater confidence of people will form when the messages came from high credibility sources.

2.1.4 Service quality

Service quality is defined as "the degree and direction of discrepancy between customers' expectations and perceptions" (Parasuraman, Zeithaml, & Berry, 1985). According to Zeithaml (as cited in Caro & Garcia, 2008), service quality is the customer's assessment of the overall excellence of the service provided by service staffs. Lam and Zhang (as cited in Su, 2004) service quality is the customer attitude or global judgment to a company service over time, while customer satisfaction refers to a specific business transaction. Service quality defined as "the consumer's overall appraisal after consumer's comparison between expected and actual performance of products and services or a consumer's subjective perception about the products and services" (Hu et al. 2010).

According to Gronroos (as cited in Soderlund & Rosengren, 2010), there are two main dimensions of a service which are technical service quality and

functional service quality. Technical service quality refers to "what you get" and what the service comprises in a "technical" or outcome sense, such as promptness, accurateness, and the extent to which alternatives and individualized solutions is offer to a customer. Besides that, functional service quality refers to "how you get it" with the interpersonal of the service process, such as friendliness, trustworthiness, courtesy, and display of emotions.

Service quality can be measured by promptness, friendliness, and helpfulness. According to Parasuraman et al. (as cited in Coulter & Coulter, 2003) promptness refers to the delivery of that product in a dependable and timely manner. In addition, responsive employees willing to help and provide prompt service for customers. Butcher and Heffernan (2006) employee friendliness interaction does influence customer's feelings of social regard and subsequently service outcomes. Moreover, these researchers indicated that the friendly behaviour of service staff can improved service outcomes and long-term relationships with customers. According to Lemmink and Mattsson (as cited in Butcher & Heffernan, 2006) the degree of personal warmth displayed by service staffs toward customers relate significantly and positively to service quality perceptions and customer loyalty. Besides, as cited in Butcher and Heffernan (2006) Tidd and Lockard (1978) find that smiling waitresses earned larger tips than unsmiling waitresses.

Retail store need to be more responsive in their handling of deliveries and proving more immediate resolution to customer problems, issues, or complaints (Berry, Seiders, & Grewal, 2002). However, according to Parasuraman, Zeithaml and Berry (1988) responsiveness reflects a company's commitment to provide its service in a timely manner. It is the willingness of employee to help customers and provide prompt service.

2.1.5 Convenience Orientation

Convenience orientation is identified as a multidimensional construct (Scholderer & Grunert, 2005). Hence, convenience orientation can influence person behaviour in shopping manner. Furthermore, positive thoughts of consumers towards a retailer will enhance their favourable shopping experience when they visit the store. The important of convenience is where it creates favourable condition to consumers and increased their shopping satisfaction. Candel (as cited in Scholderer & Grunert, 2005) mention convenience orientation is reduction in time and energy when shopping in the store and then preparing meal to their family. Convenience creates favourable experience and solves customers' problems in short lead time. According to Brunner, Horst and Siegrist (2010) consumers are willing to pay more if the retail store can facilitates their purchasing activities.

Convenience orientation can be measured by good parking facility, time and effort saving related to planning, buying or using products or services. It is location specific and refers to resources allocation according to the individual's own preferences and abilities. A good parking facility is an important factor for a retail shop location because it can direct influence retailers' long run business. For example, retailer would have competitive advantage against its competitors if it can provide better parking facility (Bei & Shang, 2006). Consumers nowadays are facing insufficient of time and they are unwilling to go to a retail shop that makes them suffer in term of shopping effort and time (Reimers & Clulow, 2004). According to Brunner et al. (2010) consumer willing to pay more if the retail store is convening to them.

Location of the store is important to customers to justify weather it is convenience or not. When the cost of shopping for same basket of goods is lower because of shorter travel distance, the location of store is consider convenience for consumers (Karande & Lombard, 2005). Efficient resource

allocation is one of the main factors that determine success of a retailer (Joglekar & Ford, 2005). Retailer that can allocate products according to customer preference would provide more convenience to its customer. Easy access to shopping floor also is a part of functional value for the customers (Camarotto, Lopes & Alves Filho, n.d.). When customers need to spend more time to walk to the shopping floor, they will find other alternative retail store to avoid the inconvenience such as find the retail stores that provide escalator or the retail store built on ground floor.

2.2 Review of Relevant Theoretical Models

Figure 2.1: Consumer loyalty to family vs non-family business : The role of store image, trust and satisfaction.
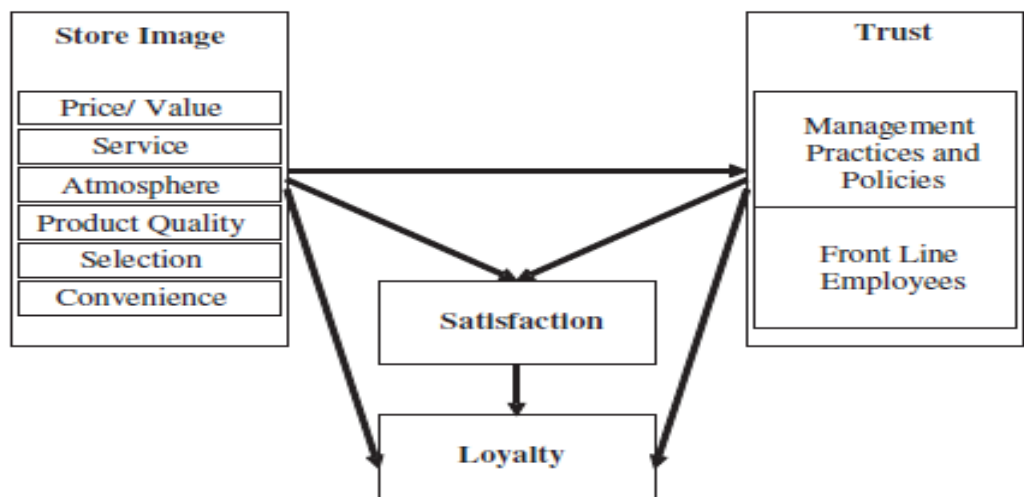
Adapted from: Orth and Green (2009). Consumer loyalty to family versus non-family business: The roles of store image, trust and satisfaction.

Figure 2.1 is the model developed by Orth and Green (2009) and the study is focuses on customer perception toward the family and non-family grocery stores. There are two independent variables which are store image and trust. Store image consists of price or value, service, atmosphere, product quality, selection and convenience whereas trust consists of two dimensions which are management practices and policies. The result shows that there is a positive relationship between the variables. In conclusion, family businesses normally produce better service, frontline employee benevolence, and problem solving orientation. Besides, it also shows higher consumer trust in family business management policies and practices, frontline employee trust, and satisfaction but no different in term of loyalty.

Figure 2.2: A conceptual model of customer satisfaction and loyalty of MIM
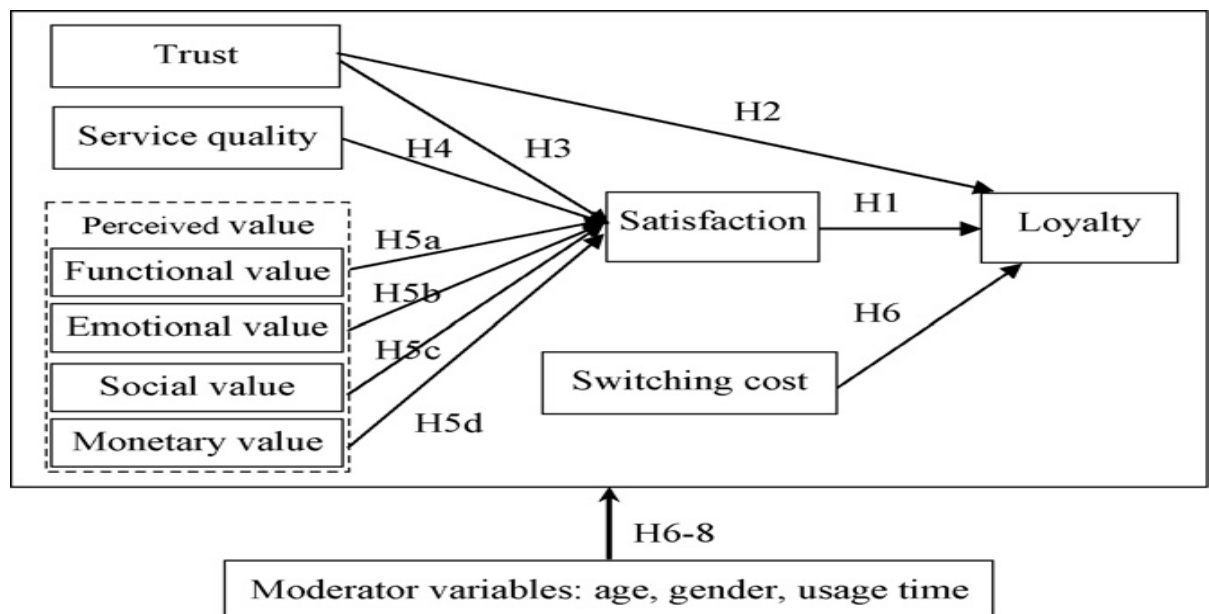
Adapted from: Deng, Lu, Wei and Zhang (2010). Understanding customer satisfaction and loyalty: An empirical study of mobile instant messages in China.

This model is developed by Deng et al. (2010) and the purpose of this study is to examine the effects of service quality, perceived value and trust toward the satisfaction and loyalty in using mobile instant message (MIM) services in China.

There are four independent variables which are trust, service quality, perceived value (functional value, emotional value, social value and monetary value), and switching cost; one mediating variable which is customer satisfaction and finally loyalty conceived as a dependent variable. This conceptual paper shows that trust, perceived service quality, perceived customer value, including functional value and emotional value; contribute to customer satisfaction in MIM business. Besides that, trust, customer satisfaction and switching cost directly affect customer loyalty. Furthermore, this study also finds that age, gender, and usage time are moderating the relationships.

2.3 Proposed Framework

From the literature reviews, we came out with a research framework as shown in figure 2.3.

Figure 2.3: Customer Satisfaction Model of Retail Consumers in Kampar District
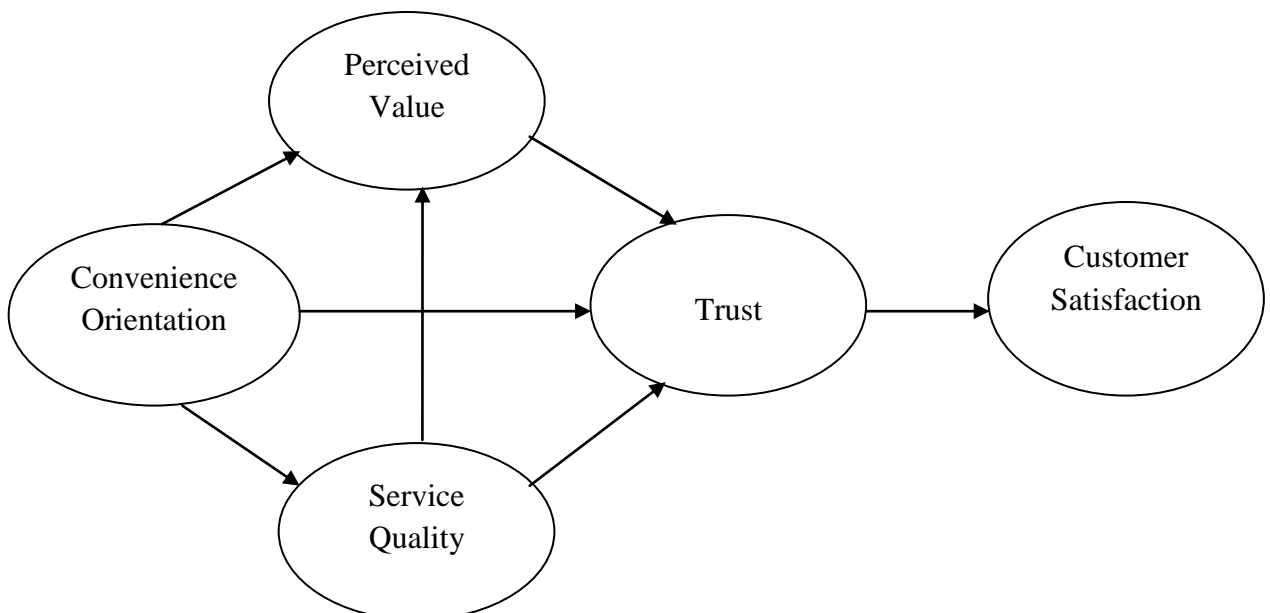
The model developed above show the conceptual framework to serve as the foundation for this research project and it is adapted from the original model proposed by Orth and Green (2009) and Deng et al. (2010). The purpose of this study is to examine the relationship among the five variables.

There are four variables classified as the independent variable which are convenience orientation, perceived value, service quality and trust meanwhile the dependent variable is customer satisfaction. Moreover, one of the independent variables is consider as mediating variables which is trust.

2.4 Hypotheses Development

H1: Convenience orientation has a positive effect toward perceived value.

When the retail store could provide good parking facility and easy access to shopping floor, consumer perceived the store offer good value and worth for money whenever they shop (Frank, 2011). Customers seek for time and money saving from products and services offer by service provider. The location of retail store is strategic and it can create extra value to customers (Delafrooz et al. 2009). In Olsen et al study (as cited in Rortveit & Olsen, 2009) there is a positive relationship between convenience orientation and perceived value.

H2: convenience orientation has a positive effect toward service quality.

According to Berry et al (2002) there is a positive significant relationship between convenience orientation and service quality. Hence, researchers state that convenience orientation can directly affect service quality, understand each critical

point and improve overall performance. Kim (2010) in the research of the relationship between convenience orientation and service quality finds that convenience orientation significantly influences service quality and it is important to improve retailing success. Tsao and Chang (2010) state that positive value of convenience orientation has a significant positive effect on service quality and it can enhance retailing store competitive advantage. Furthermore, convenience orientation motivates consumer purchasing behaviour by offering time saving and less effort when they purchase in the retailing store. According to Chang and Polonsky (2011) when retailer provide prompt service, consumers spend less time and effort in purchasing activity and they will visit the store frequently.

H3: Convenience orientation has a positive effect towards trust.

According to Berndt (2009) parking and layout of the store is a tangible cue during the service delivery process. Meanwhile, retailer provides timely services can enhance customers' trust. According to Chang and Polonsky (2011) convenience orientation has relationship with trust. When service provider convincing people by offering excellent product or service, it can directly enhance the customers' satisfaction (Delafrooz et al., 2009).

H4: Perceived value has a positive effect toward trust.

Once the retail store meet consumers need and provide good impression to them, customer will trust that particular store (Yeap, Ramayah & Omar, 2010). According to Abdul Hamid (2008) perceived value has significant effect towards trust when consumers perceived the product with maximum value for money, higher trust to retail store and improve the commitment towards the product or service. On the other hand, there is negative effect on trust when customer reluctant to trust the store (Kurt & Hacioglu, 2010).

H5: Service quality has a positive effect toward trust.

Most of the studies indicated that trust has relationship with service quality (Chiou & Droge, 2006; Ouyang, 2010). In addition, trust arises when customer's willing to rely on a service provider's competence and reliability (Moorman, Zaltman & Deshpande, 1992). According to Ouyang (2010) employee that provides superior service to end user can increase their trust towards the retail store. Parasuraman et al. (1988) claim that service quality has a significant positive effect toward trust. Benedicktus (2011) find that retail store that offers high service quality can enhance customers trust towards the store.

H6: Service quality has a positive effect toward perceived value.

Gould-Williams (as cited in Lin, 2007) service quality has a positive influence to the customer's perceived value. Besides, most of the studies mentioned service quality positively influence on perceived value (Bauer, Falk & Hammerschmidt, 2006; Cronin, Brady & Hult, 2000). In addition, Kuo, Wu and Deng (2009) indicate that service quality positively influenced perceived value and customer satisfaction. The store that provides superior service quality will increase consumer's perceived value and satisfaction. According to Lin (2007) diverse company culture can affect service quality toward possible perceived value in the future.

H7: Trust has a positive affect toward customer satisfaction

According to Kurt and Hacioglu (2010) customer trust has a positive effect on customer satisfaction. Consumers continuously make their purchase in the store when they have higher trust toward particular product or service. According to Swan, Bowers and Richardson (1999) trust has an optimistic relationship toward customer action. According to Wang (2009a) customer satisfaction, price value and repeat purchase intention can be used to measure the result of trust. Briggs (2009) mention that trust as offer guarantee for transaction and consumers ultimately increase patronage toward particular store. In Franco study (as cited in Kurt & Hacioglu, 2010) customer satisfaction can be enhance when an organization and employees provide information of the product to customers.

2.5 Conclusion

The overall of chapter two is to study the overview of literature and significant relationship on four independent variables which are convenience orientation, trust, service quality, perceived value towards customer satisfaction. It provides in-depth understanding of all the variables and the relationship among them. By knowing all the variables, it can help marketers to develop better strategy and create satisfaction among consumers. The subsequent chapter provides a further explanation of the research method and how the survey is being conducted.

CHAPTER 3: METHODOLOGY

3.0 Introduction

Research methodology specifies the procedure for researchers to test the hypotheses and research questions when data is collected. Hence, this chapter is organized as follows: the research design, data collection method, sampling design, research instrument, construct measurement, data processing and data analysis.

3.1 Research Design

Research design is defined as a framework or a plan to conduct the marketing research project. The aim of this research is to obtain better understanding on the relationship between customer satisfaction on retailing store with customer purchasing behaviour that includes perceived value, trust, service quality and convenience orientation. This Quantitative research is developed to ensure a greater thoughtful of huge population resulting in better outcome of our research project.

3.1.1 Descriptive Research

Descriptive research is applied because it is suitable to identifying the cause of phenomenon. By using descriptive data, it allows us to measure substantial amount of research problem and clearly define what should be measured on this research. Additionally, descriptive research is use to determine the variables such as perceived value, trust, service quality and convenience orientation.

3.2 Data Collection Method

Data collection method is an activity of collecting information regarding a subject in marketing research study. There are two ways to obtain the information which are through primary data and secondary data.

3.2.1 Primary Data

Data was collected through questionnaire distributed to 600 customers who were shopping in Tesco hypermarket and Target supermarket in Kampar. 600 respondents were chose from Target and Tesco in Kampar with 300 individuals from each place. Survey questionnaires play an important role because this method provides direct feedback when evaluate respondent's perception and responses. Furthermore, close ended question allowed respondents to answers the questions easily. However, collecting primary data is more expensive and time consuming compare to other methods.

3.2.2 Secondary Data

According to Malhotra (2004), secondary data refers to any data that have been collected for the purpose other than the problem at hand. Secondary data consists of information that has existed everywhere. In addition, secondary data help in gather data that has already been summarized and analyzed by other parties. Thus, secondary data can help to define and provide better understanding of problem statement that been made in chapter one.

Most of the information for this research study can be obtained via Internet Online Journal database such as through journal related database like

ProQuest, Science Direct, Ebscohost, Emerald-insight provided by UTAR website as well as internet search engines such as Google scholar. The information we retrieve from databases is useful in developing the literature review and questionnaires in order to enhance the knowledge and information of our respondents.

3.3 Sampling Design

3.3.1 Target Population

Our target populations are female and male group from age above 18 until 65 years old in Kampar district. The younger group refers to students who come from affluent family background with excessive allowance, whereas the mature group consists of housewife with good income, retire, professional and other shoppers. In this research, the majority of respondents are in the age range of 41 to 50 years old.

3.3.2 Sampling Frame and Sampling Location

Data collection was confined to consumer in single geographical area which is Kampar district. In order to get better sample, we chose to focus in Target supermarket and Tesco hypermarket. It is because some of the residences in Kampar district may not be shopping in these two retail stores. Apart from that, students from various colleges and universities with excessive allowance to spend are included in the sampling frame.

3.3.3 Sampling Elements

Looking into a narrow scope of the sampling frame, sampling element includes the consumers of purchasing grocery products for their daily routine. This permits better understanding of customer satisfaction towards the services provided by retailing store.

3.3.4 Sampling Technique

Sampling technique can be divided into two types, which include probability sampling and non-probability sampling. Non-probability sampling technique which is quota sampling was used in this research. For the first stage of quota sampling it involves developing control categories or population elements quota. Questionnaires were distributed according to the three main races which are Malay, Chinese and Indian. Respondents consist of 75.8% Chinese, 12.2% Malay, and another 12% Indian (refer to Appendix 3.1); 71% female and the remaining 29% male. We distribute the questionnaire according to the percentage of race, such as 73 sets of questionnaire for Malay, 455 sets for Chinese and 72 sets for Indian.

In second stage, sample elements are selected based on researchers' judgment as it may produce a more accurate result than what convenience sampling offers. Since our target population are age between 18 to 65 years old, we chose respondents within this range only. Also, it justifies the right target population thus generating significant data compared to rest of the methods.

3.3.5 Sampling Size

Sampling size of this research consists of 600 questionnaires and distributed evenly among two retail store which is Tesco and Target in Kampar. For Tesco, a total of 300 questionnaire were distributed, 250 are deemed usable (valid and completed), and 50 are incomplete. For Target, a total of 300 questionnaires were distributed and 250 of them are usable and 50 are incomplete. In total, 500 sets of questionnaire are completed and used in the analysis.

3.4 Research Instrument

Questionnaires are used in this research as the research instrument. Questionnaires are a formalized set of question for obtaining information from respondents. The purpose of using questionnaire is to study the beliefs, opinion and behaviors of target groups towards the retailing store. Therefore, researchers able to obtain more accurate result though this quantitative research.

3.4.1 Questionnaire Design

Questionnaire is a survey instrument that used to obtain the specific information from target respondents. The purpose of questionnaire is to collect the right data, make data equivalent and agreeable, and less bias when asking the question (BusinessDictionary.com). Our questionnaire is separated into three sections which consisted of twenty-one questions. Part one was used to obtain the general information about the target respondent's perception and behavior while part two was investigating the opinions, beliefs and attitudes

towards the retail stores. Part three was used to obtain the demographic profile of respondents.

3.4.2 Pilot Test

A pilot test was conducted before the survey takes place for the enhancement in quality of this research to identify the weaknesses and potential errors. Though the pilot tests, researcher can know respondents understanding levels towards the questions. 40 sets of questionnaire were distributed on 27 February 2011, the pilot testing stage took one week to be completed. These 40 respondents consist of student, housewife, retiree, professional and others in Kampar.

3.5 Construct Measurement

3.5.1 The Source of Construct

Table 3.1: Measurement of Variables in the Study

Construct	Adopted From	Sample Item
Customer Satisfaction	Butcher & Heffernan (2006)	1. I am likely to revisit this store. 2. I would recommend this store to others. 3. I feel satisfied with my decision to visit this store. 4. I consider this store as my first choice in the next few years.
Perceived Value	Dodds, Monroe & Grewal (1991)	1. The store would offer the products that are good value for the money. 2. The kindness and helpfulness of the employee in the store affect my value perceptions towards the merchandise. 3. I can find the unique product that I want in the store. 4. I prefer to shop in this store because they allow me to return the unfavorable goods.
Trust	Liu & Hung (2010)	1. Employees of the store I visit have enough knowledge in relation to its products or services. 2. I expect that store I often visit will fully exercise its commitment to

		me.
		3. The ad was fair in what was said and show.
		4. The price that I paid is same as the shelf price.
		5. I trust the information provided by the staff.
Service Quality	Kang & James (2004) Butcher & Heffernan (2006)	1. The outlet provides prompt service. 2. The store's staff is friendly. 3. I am confident with the service provided by the store. 4. The attitude of employees demonstrates their willingness to help me.
Convenience Orientation	Oh et al. (2008) Yoo & Chang (2005)	1. It is easy to access to the parking lots. 2. Layout of the store saves my shopping time and reduces shopping effort. 3. Store location is convenience. 4. Easy to access to the shopping floor.

Source: Developed for the research

3.5.2 Scale Measurement and Scaling Techniques

The questionnaire was divided into three (3) sections, which are Section A, Section B and Section C. In Section A, nominal scale is used to obtain general information of respondents. However, in Section B all of the constructs in the model were measured using five-point Likert scale, which required the respondents to specify a degree of agreement or disagreement with each of the statement. In Section C of the questionnaire, nominal scale is used to ask respondents about their gender, age, race, occupation and monthly income.

3.6 Data Processing

The steps in data processing include data checking, editing, coding, transcribing and specifying any special or unusual treatments of data before researcher analyzed. This procedure had been carried out earlier during the pilot testing where certain amount of students do not understand the question very well, adding the fact that the Chinese educated respondents needed translation when answering the questionnaire. Therefore, the questionnaire was revised into simpler vocabulary for the better comprehension of the respondent.

3.6.1 Data Checking

Data checking refers to the process of thoroughly checking the collected data to ensure optimal quality levels. All the accumulated data is double checked in order to ensure they are consistent. The checking process is made during and after field work. Problem were detected early and correction action taken before too many survey form being distributed to respondents.

3.6.2 Data Editing

Data were edited before being presented as information. This action ensures that the information provided is consistent, accurate and complete. Vague question makes respondent unsatisfied and impatient to answer the question and it will further influence the overall result. So editing is important to discard the unsatisfactory responses.

3.6.3 Data Coding

The data coding process is to assign numerical score or other character symbol to previously edited data. The SPSS 18.0 and AMOS statistical software is chosen for data coding and analysis, thus for example gender of respondents will be coded as "1" for female and "2"for male the question in part three.

3.6.4 Data Transcribing

Once checking, editing and coding data was done, transcribing data was the next step. From this process, the coded data from questionnaire will direct transfer to computer by key in the data and analyzed by SSPS 18.0 and AMOS statistical software.

3.6.5 Data Cleaning

Data cleaning stage is run by computer. The consistency checks implemented by SSPS 18.0 and AMOS statistical software identified data that are out of range, inconsistent or have extreme value and those data were being deleted. Finally, data analysis took place.

3.7 Data Analysis

Data analysis consists of summarizing, rearranging, ordering and manipulating data. Data analysis of this research was being conducted by using Statiscal Packaging for the Social Science (SPSS) 18.0 and AMOS statistical software.

3.7.1 Descriptive Analysis

Descriptive Analysis is the transformation of raw data into a form that is easier to interpret and understand. Calculating averages, frequency distributions and percentage distribution are the most common way of summarizing data. In Section A and C of the questionnaire, frequency and percentage are used to express the counts in percentage terms in the measurement of the data. Whereas for Section B, the test of mean, range, standard deviation and variance analysis were used to analyze the data.

3.7.2 Scale Measurement

Under scale measurement, reliability of the measurement was tested. In this research, the reliability test is very important in determining which are the variables that measuring the customer satisfaction towards the retailing stores.

Scale value would be accessed through the coefficient alpha, or Cronbach's alpha. Cronbach's alpha is computed in terms of the average inter-correlations among the items measuring the concept. This coefficient varies from 0 to 1, and a value of 0.6 or less generally indicates unsatisfactory consistency reliability. When the reliability coefficient gets closer to 1.0, the higher will be the internal consistency reliability.

3.7.3 Inferential analysis

Data analysis was generated through the SPSS 18.0 and AMOS statistical software. All data are in the form of interval scale. The inferential analysis of data was being tested by using Structural Equation Modeling (SEM).

3.8 Conclusion

This chapter shows how research is conducted. Hence, research design, data collection methods, sampling design, research instrument, constructs measurement, data processing and data analysis are discussed in this chapter. The following chapter will discuss the outcome from the analyze data in order to draw a conclusion regarding the purpose of this study.

CHAPTER 4: DATA ANALYSIS

4.0   Introduction

In this chapter, data obtained from Target and Tesco respondents was being analyzed, interpret and presented. The data collected from questionnaires is compiled and results are generated using SPSS 18.0 statistical software. Scale measurement provide the reliability tests of the constructs, mean and standard deviation while inferential /AMOS analysis described the most influential factors that influenced customer satisfaction.

4.1   Descriptive Analyses

4.1.1 Respondents   Demographic   Profile   and   General Information

Demographic profiles and general information of the respondents will be asked in Part A and C of the questionnaire. It consists of twelve questions measuring demographic profile and general information of the respondents.

4.1.1.1 Gender

Table 4.1: Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	female	355	71.0	71.0	71.0
	male	145	29.0	29.0	100.0
	Total	500	100.0	100.0	

Source: Developed for the research

Based on the result, out of the total of 500 respondents, it was shown that the majority of the respondents for this research are females in which there were a total of 355 respondents (71%). As for the remaining 29% consists of 145 male respondents.

4.1.1.2 Age

Table 4.2: Age of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 20 years old	37	7.4	7.4	7.4
	20 to 30 years old	65	13.0	13.0	20.4
	31 to 40 years old	104	20.8	20.8	41.2
	41 to 50 years old	198	39.6	39.6	80.8
	51 to 60 years old	66	13.2	13.2	94.0
	61 years old and above	30	6.0	6.0	100.0
	Total	500	100.0	100.0	

Source: Developed for the research.

From the result generated, most of the respondent are in the age of 41 to 50 years old, which consist of 39.6% (198 respondents). This following by age 31 to 40 years old (20.8%), 51 to 60 years old (13.2%), 20 to 30 years old (13%) and below 20 years old (7.4%). The lowest percent come from 61 years old and above (6%).

4.1.1.3 Race

Table 4.3: Race

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	chinese	379	75.8	75.8	75.8
	malay	61	12.2	12.2	88.0
	indian	60	12.0	12.0	100.0
	Total	500	100.0	100.0	

Source: Developed for the research.

According to Table 4.3, majority of the respondents are Chinese, which are 75.8% or 379 respondents in this research. Respondents from other races such as Malay consist of 12.2% or 61 respondents and Indian consist of 12% or 60 respondents.

4.1.1.4 Occupation

Table 4.4: Occupation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	student	70	14.0	14.0	14.0
	housewife	131	26.2	26.2	40.2
	retiree	107	21.4	21.4	61.6
	professional	79	15.8	15.8	77.4
	others	113	22.6	22.6	100.0
	Total	500	100.0	100.0	

Source: Developed for the research.

From the data, we found that most of the respondents are housewife which is 26.2 % while only 14% are students. Furthermore, others group made up 22.6% of all respondents. Moreover, 21.4 % are from retiree respondents' and 15.8 % of respondents are from professional respondents'. Data is derived from 500 respondents and all of them are Target and Tesco shoppers.

4.1.1.5 Income Level

Table 4.5: Income Level

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid below RM 1500	122	24.4	24.4	24.4
RM1501 to RM3000	188	37.6	37.6	62.0
RM3001 to RM4500	103	20.6	20.6	82.6
RM4501 and above	87	17.4	17.4	100.0
Total	500	100.0	100.0	

Source: Developed for the research.

The respondents' income level varies. The chart has showed that there are 188 out of 500 respondents are within the range of RM1501 to RM3000. This group of people is the highest. The second highest is below RM1500 in which 122 respondents are within the range. Then, there are 103 respondents with RM3001 to RM4500. Lastly, there are only 87 respondents are more than RM4501 and above of income.

4.1.1.6 Preferred Store

Table 4.6: Preferred Store

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Target	250	50.0	50.0	50.0
	Tesco	250	50.0	50.0	100.0
	Total	500	100.0	100.0	

Source: Developed for the research.

Table 4.6 shows that the store that respondent prefer to shop. 50% or 250 of respondents prefer Target and 250 respondents (50%) prefer Tesco.

4.1.1.7 Frequency Visit for Target and Tesco

Table 4.7: Frequency Visit for Target and Tesco

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	once a week	92	18.4	18.4	18.4
	once every 2 to 3 weeks	120	24.0	24.0	42.4
	once a month	152	30.4	30.4	72.8
	others	136	27.2	27.2	100.0
	Total	500	100.0	100.0	

Source: Developed for research.

Table 4.7 shown that respondents visit Target and Tesco mostly once a month (30.4% or 152 respondents). The second highest percentage is 27.2% respondents visit both of the retail stores other than those three categories. Next is respondents visit both store once every two to three weeks with 24%. Lastly, just 18.4% of respondents visit Target and Tesco once a week.

4.1.1.8 Frequency Visit for Target

Table 4.8: Frequency Visit for Target

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	once a week	49	9.8	19.6	19.6
	once every 2 to 3 weeks	61	12.2	24.4	44.0
	once a month	74	14.8	29.6	73.6
	others	66	13.2	26.4	100.0
	Total	250	50.0	100.0	
Missing	System	250	50.0		
Total		500	100.0		

Source: Developed for the research

From the pie chart, 14.8% of the respondent visit Target once a month whereas the lowest is once a week with 9.8%. The second highest is others which is 13.2% and third is 12.2% which is once every two to three weeks. For the respondents who come from nearby villages, they usually come once a month to purchase their household item and so on.

4.1.1.9 Frequency Visit for Tesco

Table 4.9: Frequency visit for Tesco

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	once a week	43	8.6	17.2	17.2
	once every 2 to 3 weeks	59	11.8	23.6	40.8
	once a month	78	15.6	31.2	72.0
	others	70	14.0	28.0	100.0
	Total	250	50.0	100.0	
Missing	System	250	50.0		
Total		500	100.0		

Source: Developed for the research.

The pie chart shown that most of the respondent visit Tesco once a month which is 15.6%. The second highest of frequency is others with 14%. This group of respondents are businessman who always buy in large quatity. Thirdly are respondents that shop once every two to three weeks with 11.8% whereas the lowest group shop once a week with 8.6%.

4.1.1.10 Money Spend in Target and Tesco

Table 4.10: Money Spend in Target and Tesco

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below RM50	47	9.4	9.4	9.4
	RM50 to RM100	150	30.0	30.0	39.4
	RM101 to RM150	206	41.2	41.2	80.6
	RM151 and above	97	19.4	19.4	100.0
	Total	500	100.0	100.0	

Source: Developed for the research.

The result shown that respondents mostly spend in between RM101 to RM150 (206 respondents or 41.2%). The second highest spending amount is RM50 to RM100 each time they shop who consist of 30% of total respondents. Besides that, the second lowest spending amount is RM151 and above. It consist of 19.4% of total respondents. Lastly, only 9.4% respondents spent less than RM50.

4.1.1.11 Money Spend in Target

Table 4.11: Money Spend in Target

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below RM50	33	6.6	13.2	13.2
	RM50 to RM 100	102	20.4	40.8	54.0
	RM101 to RM150	86	17.2	34.4	88.4
	RM151 and above	29	5.8	11.6	100.0
	Total	250	50.0	100.0	
Missing	System	250	50.0		
Total		500	100.0		

Source: Developed for the research.

As shown in table 4.11, there are 40.8% of the respondents spent RM50 to RM100 each time at Target then followed by RM101 to RM150 transaction consists of 34.4% (86 respondents). Besides that, the respondents spent RM 50 or below are 13.2% (33 respondents). As for the remaining 11.6% of the respondents are spending from RM151 and above each time they visit the Target.

4.1.1.12 Money Spend in Tesco

Table 4.12: Money Spend in Tesco

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below RM50	14	2.8	5.6	5.6
	RM50 to RM100	48	9.6	19.2	24.8
	RM101 to RM150	120	24.0	48.0	72.8
	RM151 and above	68	13.6	27.2	100.0
	Total	250	50.0	100.0	
Missing	System	250	50.0		
Total		500	100.0		

Source: Developed for the research.

Referring to table 4.12, 48% of the respondents spent between RM101 to RM150 each time at Tesco. This is followed by RM151 and above with 27.2% (68 respondents). 19.2% of the respondents spent between RM50 to RM100 each time. As for the remaining 5.6% of the respondents are spending RM50 or below each time they visit the Tesco.

4.2   Scale Measurement

Cronbach's Alpha use in reliability test is to ensure each variable is reliable and consistent. According to Malhotra and Peterson (2006), if the value is below 0.6 the internal consistency reliability is consider as weak while 0.6- 0.8 is consider as moderate and 0.8 and above is strong.

The coefficient alpha estimates for each of the five constructs are listed as follows: customer satisfaction (α = .861), perceived value (α = .884), trust (α = .762), service quality (α = .780), convenience orientation (α = .764) and purchase intention (α = .885). Based on the suggested cut off points, all measures appeared to be good indicators of each construct with multiple items. The results of reliability tests including Cronbach's Alpha, factor loadings, mean and standard deviation (S.D.) are presented in Table 4.13.

Table 4.13: Factor Loadings, Mean, Standard Deviation and Reliability Test

Construct	Items	Measure	Factor Loadings	Mean	SD	Cronbach's Alpha
Customer Satisfaction	Cs 1	I am likely to revisit this store.	0.72	4.07	0.893	0.861
	Cs2	I would recommend this store to others.	0.80	3.99	0.939	
	Cs3	I feel satisfied with my decision to	0.79	3.94	0.963	

		visit this store.				
	Cs4	I consider this store as my first choice in the next few years.	**0.82**	**3.99**	**1.096**	
Perceived Value	Pv1	The store would offer the products that are good value for the money.	**0.81**	**3.77**	**1.087**	**0.884**
	Pv2	The kindness and helpfulness of the employee in the store affect my value perceptions towards the merchandise.	**0.82**	**3.71**	**0.997**	
	Pv3	I can find unique product that I want in the store.	**0.79**	**3.74**	**1.028**	
	Pv4	I prefer to shop in this store because	**0.82**	**3.82**	**1.029**	

		they allow me to return the unfavorable goods.				
Trust	**Ts1**	Employees of store I visit have enough knowledge in relation to its products or services.	**0.70**	**3.68**	**0.872**	**0.762**
	Ts2	I expect that store I often visit will fully exercise its commitment to me.	**0.70**	**3.60**	**0.913**	
	Ts3	The ad was fair in what was said and shown.	**0.67**	**3.66**	**0.832**	
Service Quality	**Sq1**	The outlet provides prompt service.	**0.79**	**3.77**	**0.844**	**0.780**
	Sq3	I am confident with the service provided by the store.	**0.72**	**3.69**	**0.839**	

	Sq4	The attitude of employees demonstrates their willingness to help me.	**0.70**	**3.71**	**0.804**	
Convenience Orientation	Co1	It is easy to access to the parking lots.	**0.77**	**3.79**	**0.979**	**0.764**
	Co3	Store location is convenience.	**0.65**	**3.64**	**0.886**	
	Co4	Easy access to the shopping floor.	**0.74**	**3.82**	**0.963**	

Source: Developed for research

4.3   Inferential Analysis

4.3.1 Interpretation of Data Analysis Tool -SEM Test

"Structural equation modelling" (SEM) is a statistical technique that takes a confirmatory approach to the analysis of a structural theory bearing on some phenomenon which links regression analysis to factor analysis (Byrne, 2010). According to Hair et al. (2006) SEM is a family of statistical models that seek to explain the relationships among multiple variables. SEM is useful in testing theories that contain multiple equations involving relationship. None of the previous technique enables us to access both measurement properties and test the key theoretical relationship in one technique. SEM can address these types of questions.

4.3.2 Factorial Validity of the Target and Tesco

In order to identify the most relevant factors that influence customer's satisfaction and a well-fitting hypothesized model, CFI, RMSEA, normed chi-square are taking into account. At the mean time, some observed variables will be eliminated based on the value of factor loadings of each variable. In this model, the correlation between the factors will be investigated as well.

Table 4.14: Measurements of Fit Indexes

Fit Index	Descriptions
CFI	Comparative Fit Index. According to Moss (2009), CFI represents the extent to which the proposed model is better than the independence model. Apart from that, value of CFI should be greater than 0.90 (Byrne, 2010).
RMSEA	Root Mean Square of Approximation. According to Hair et. al. (2006) RMSEA represents how well a model fits a population, not just a sample used for estimation. Lower RMSEA values indicate better fit. Besides that, a "good" RMSEA value usually is below 0.10 for most acceptable models. RMSEA is a confidence interval that can be constructed giving the range of RMSEA values for a given level of confidence. Thus, RMSEA is between 0.03 and 0.08, for example, with 95% confidence.
Normed Chi-square	According to Moss (2009) stated that chi-square index is less sensitive to sample size. Normed chi-square is x^2/df to make the x^2 less dependent on sample size. The desired value for normed Chi-square is less than 3.
Factor Loadings	Factor loading refers to the correlation between each of the original variables and the newly developed factors (Hair, Bush & Ortinau, 2002).

Chi-square	According to Hair et. al. (2006) stated that chi-square test can provides a statistical test of the resulting difference. SEM estimation procedures such as maximum likelihood produce parameter estimates that mathematically maximize this difference for a specified model.
Degree of Freedom (df)	Degree of freedom represents the amount of mathematical information available to estimate model parameter (Hair et. al., 2006).

By using AMOS (Analysis Moment of Structures) program, we have successfully identified four factors which have significant relationship with customer satisfaction of Target and Tesco.

The overall fit statistics for the proposed model was acceptable ($\chi 2$ = 464.121, *df* = 336, $\chi 2/df$ = 1.38, Root Mean Square Error of Approximation (RMSEA) = .020, Comparative Fit Index (CFI) = .986. These indices show that the proposed model fits the data at good level.

4.3.3 Interpretations of Hypothesized Model

Figure 4.1: Full SEM Model for Target and Tesco

Chi-square \cmin
df \df
CFI \CFI
RMSEA \RMSEA
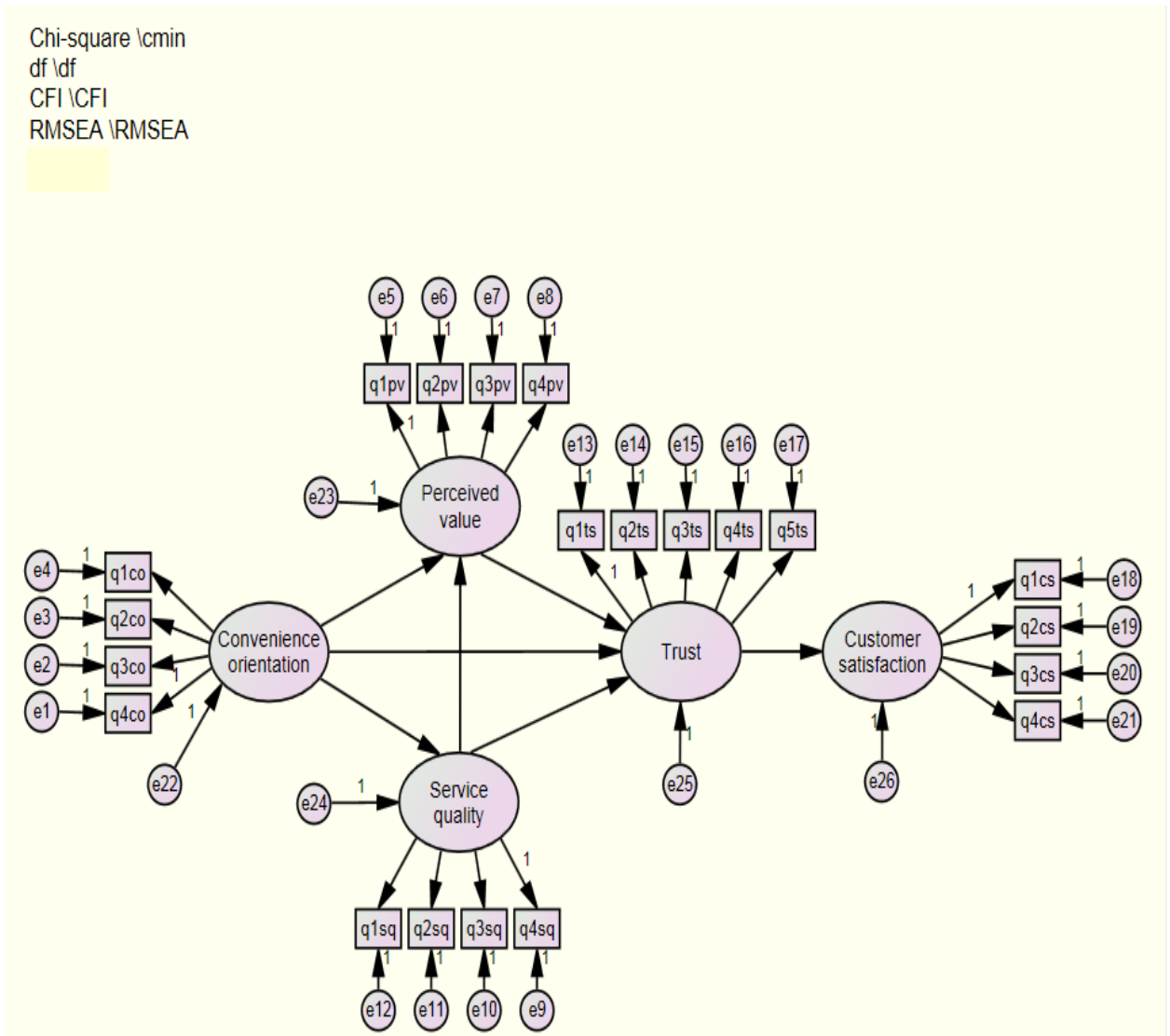
Figure 4.2: Hypothesized Model of Target and Tesco

Chi-square 464.121
df 336
CFI .986
RMSEA .020
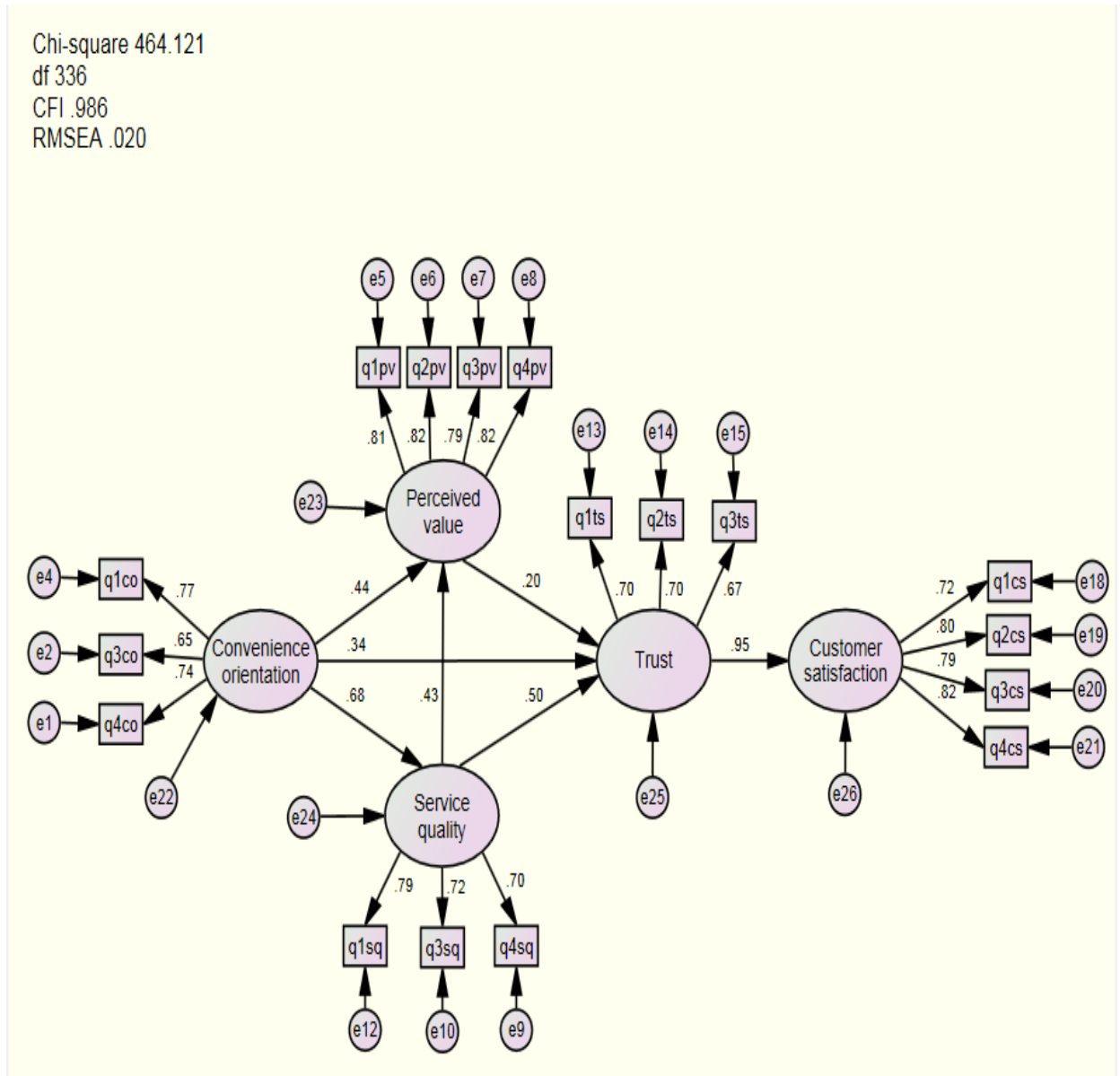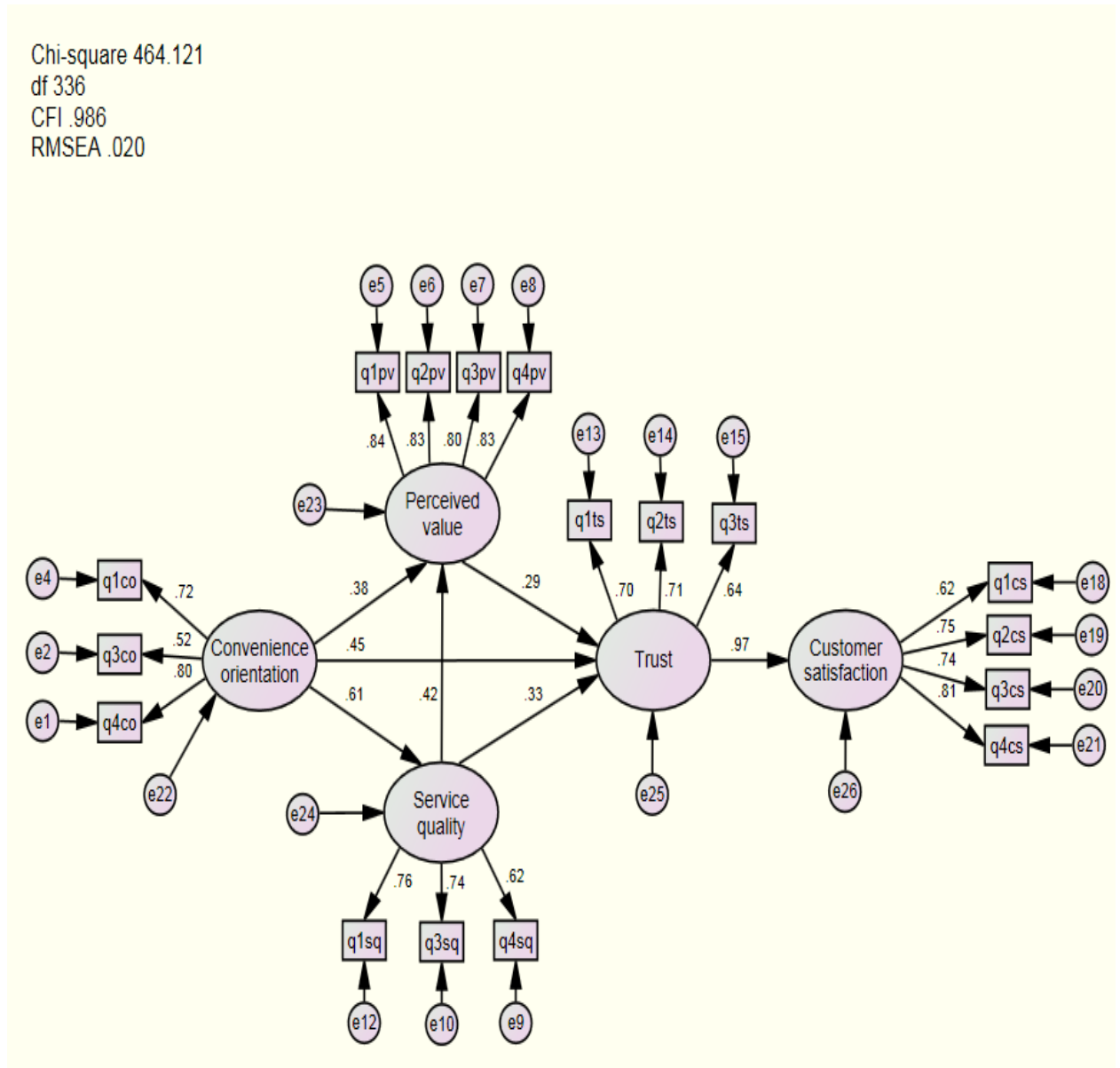
Sources: Developed for the research

The following interpretation focused on the structural portion of the model, which includes the four factors (perceived value, service quality, trust and convenience oriented).

Hypotheses 1 to 7 were examined to determine whether significant relationships existed in the proposed model. Appendix 4.2 and 4.3 shows summary of the seven hypothesized paths and the results of standardized total effects, direct effects and indirect effects.

The positive effects are shown in the verifications among convenience orientation and service quality (β =0.68), perceived value (β = 0.44), trust (β =0.34). This means that service quality, perceived value and trust are expected to improve by 0.68, 0.44 and 0.34 standard deviations, given a change in convenience orientation of one full standard deviation, when other variables are controlled. Thus H1, H2 and H3 were supported. Convenience orientation also shows indirect effect on trust though mediator of perceived value and service quality, with the value of 0.43 (See Appendix 4.2). In addition, the result shows indirect effect of convenience orientation on customer satisfaction via trust with the value of 0.73. H4 shows perceived value positively influence trust with the value of 0.20. Perceived value shows indirect effect on customer satisfaction though mediator of trust with the value of 0.19. This result indicates that there is 19% of the indirect effect of perceived value on customer satisfaction through trust. Thus H4 is supported.

Service quality have a positive effect toward trust (β=0.50) and perceived value (β=0.43). The estimate of the corresponding direct effect of service quality on trust is 0.50 and the indirect effect of service quality on trust via perceived value is .09. Thus H5 and H6 were supported. Lastly, H7 shows positive relationship between trust and customer satisfaction (β =0.95) and it is a largest value among all path coefficients. Thus, H7 is supported.

Figure 4.3: Hypothesized Model of Target

Sources: Developed for the research

Figure 4.4: Hypothesized Model of Tesco
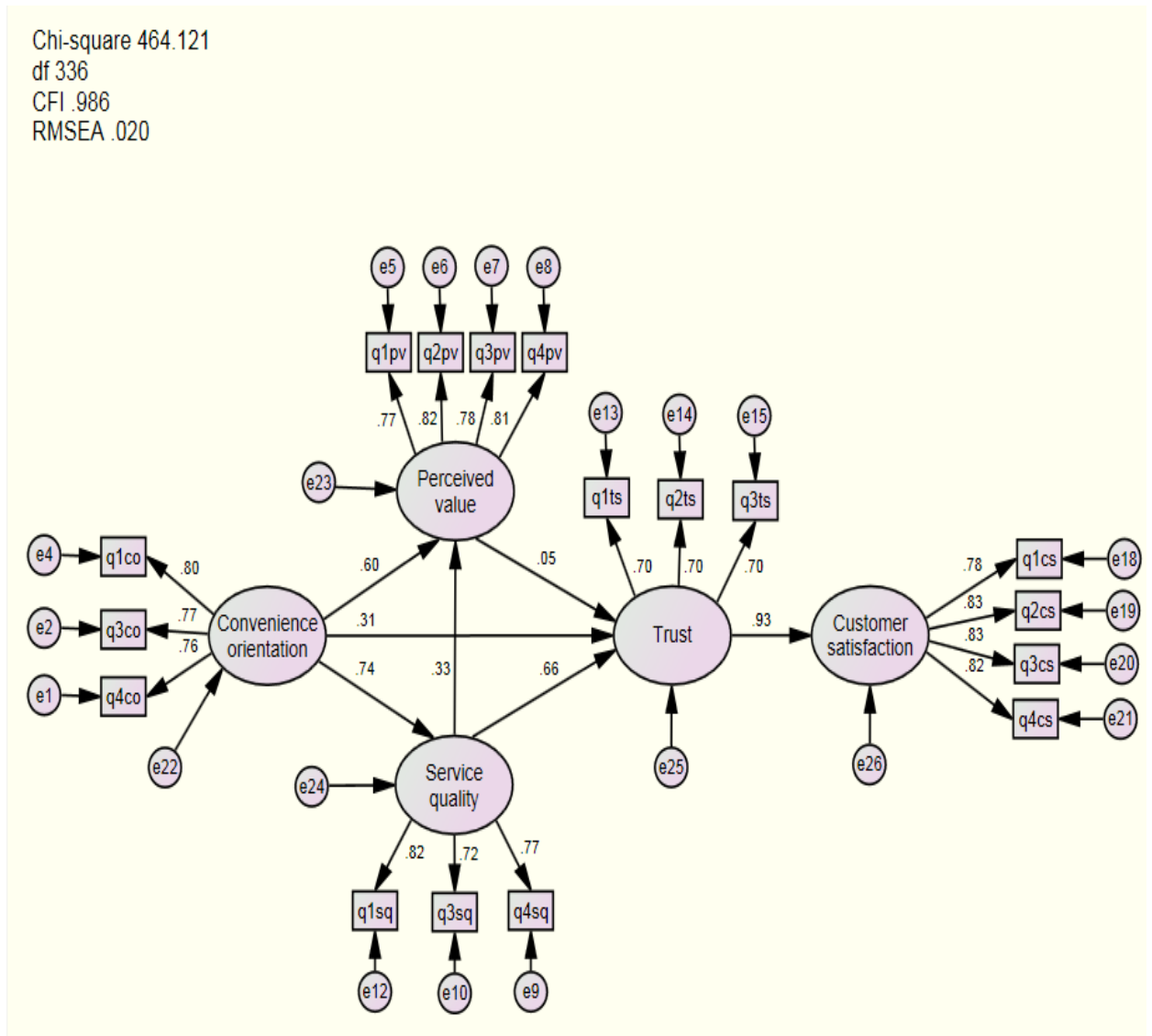
Sources: Developed for the research

Figure 4.3 and Figure 4.4 present the graphical comparisons of the relationship towards each of independent variable and dependent variable of Tesco and Target. Tesco shown stronger effect from convenience orientation to perceive value (0.60 vs. 0.38) and service quality (0.74 vs. 0.61) and much more weaker effect from convenience orientation to trust (0.31 vs. 0.45) than Target, this shows that the location of the store have effect on the perception from customers towards Tesco but it did not contribute to the trust by the customers.

On the other hand, service quality on Target has much more strong effects towards perceive value (0.42 vs. 0.33) but weaker effect towards trust (0.33 vs. 0.66) than Tesco. This indicates that service in Target is bring more value to customer meanwhile service in Tesco lead to trust.

Besides that, perceive value in Target have stronger effect than Tesco towards trust (0.29 vs. 0.05). This shows that Target can maximize the customers' utility and further create trust if compare to Tesco. Finally, from the trust to customer satisfaction, Target has stronger effect than Tesco with the value 0.97 compare to 0.93. This shows that trust in target can bring more customer satisfaction if compare to Tesco.

A graphical representation of the proposed model is presented in Figure 4.2. All hypotheses posited in this research are supported. Figure 4.3 and 4.4 presents the SEM model for both Target and Tesco. There is no significant differentiation between these two groups.

Table 4.15: Path Estimates for the Proposed Model

			Estimate	Std. Estimate	S.E.	C.R.	P
Service_quality	<---	Convenience_orientation	.543	.681	.051	10.544	***
Perceived_value	<---	Service_quality	.658	.426	.105	6.290	***
Perceived_value	<---	Convenience_orientation	.544	.442	.084	6.470	***
Trust	<---	Convenience_orientation	.291	.340	.054	5.387	***
Trust	<---	Perceived_value	.140	.201	.043	3.280	.001
Trust	<---	Service_quality	.535	.498	.072	7.437	***
Customer_satisfaction	<---	Trust	.994	.948	.070	14.283	***

a. ***. Significantly different from zero at the .001 level (two-tailed).

4.4 Conclusion

In this chapter, four parts of analysis were analyzed, interpret, and presented. First is the descriptive analysis which uses frequency analysis to analyze the demographic characteristics of respondents. Second is the central tendencies measurement of construct. Third is the scale measurement where reliability analysis is used to analyze the internal reliability of constructs. Last of all is the inferential analysis which is SEM to explain the relationships among multiple variables.

CHAPTER 5: DISCUSSION, CONCLUSION AND IMPLICATIONS

5.0 Introduction

In chapter 5, results of statistical analysis are discussed and clarified, along with limitations and future recommendation in doing this research. Section 5.1 is the summary of statistical analysis from previous chapter. Descriptive analysis, scale measurement and inferential analysis are discussed accordingly in sub-section. In Section 5.2, major findings to validate research objectives and hypotheses are discussed, along with a summary of the results of hypotheses testing. Implications of the research are discussed in Section 5.3. The drawbacks and recommendations of the studies are discussed in Section 5.4 and Section 5.5 accordingly and finally in Section 5.6, an overall conclusion of the entire research project is provided.

5.1 Summary of Statistical Analysis

5.1.1 Descriptive analysis

A total of 600 set of questionnaires were collected. 500 set of questionnaire has been used. 250 set of questionnaire separately for Target and Tesco retail store. The respondents were residents who stayed in Kampar district who comprised of 145 (21 %) males and 355(79%) females. Most respondents were from the age of 41 to 50 years old (198 respondents, 39.6%). Most of the respondents' income level fall within the range of RM1501 to RM3000 (37.6%). Majority of the respondents were housewife (131 respondents, 26.2 %).

5.1.2 Inferential Analysis

5.1.2.1 SEM

To answer the research questions, Structural Equation Modelling (SEM) was conducted to explore the relationship between convenience orientation, perceived value, service quality, trust and customer satisfaction. The Statistical Package for the Social Science (SPSS) was used for all descriptive analyses including the frequency distributions. Normed chi-square, CFI, RMSEA of inferential analysis shows the model is good-fit with the sample data. All the value of factor loading is above 0.6, it means each item contribute to the construct significantly. The value of coefficient is all positive indicate that a positive linear relationship between the variables.

5.2 Discussions of Major Findings

There are four variables classified as independent variable which are convenience orientation, perceived value, service quality and trust meanwhile the dependent variable is customer satisfaction. Table 5.1 summarizes the results of the hypotheses test.

Results of the study show that, convenience orientation has significant affect on perceived value, service quality and trust with the value of 0.44, 0.68 and 0.34 respectively. According to Frank (2011) when the store able to provide sufficient parking facility and easy access to shopping floor, customer perceived good experience whenever they visit to the store with family. Nowadays, consumers are looking for the product or service that can provided convenience (time and money saving). Convenient, variety of merchandise can provided extra value to the

customers. According to Delafrooz et al. (2009), if the store can provide good value to customers, it will increase customers' satisfaction.

According to Chang and Polonsky (2011) consumers spend less time and effort when employee provides prompt service. Employee help customers by providing prompt service and it is very important and convincing to customers (Berry et al., 2002). According to Berndt (2009) parking and layout of the store is a tangible cue that provided during the service delivery process. Once retailer can provide these tangible cues to customers, it can enhance the customers' trust.

Besides, service quality has significant affect on perceived value and trust with the value of 0.43 and 0.50 respectively. Most of the studies mention service quality positively influence on perceived value (Bauer et al., 2006; Cronin et al., 2000). Kuo et al. (2009) indicate that service quality positively influence perceived value and customer satisfaction. When store provide better service quality, it can increase perceived value and customer satisfaction. According to Ouyang (2010) service quality significantly affect on trust. This verifies that service quality is important in the customer-employee relationship. If employee enables to provide superior service towards customer, customer tends to increase trust on retail store. According to Benedicktus (2011) retail store that provide customize service to customers will increase the customers trust to the retail store.

Perceive value has significant affect on trust with the value of 0.20. According Yeap et al. (2010) it is very important for a retail store to project good image so that customers could perceived the store with good value and enhance trust towards the store. According to Abdul Hamid (2008) the higher customers perceived the product with value for money, the higher level of trust that customer gain from the retail store itself and also the personnel that provide its service.

Lastly, trust significantly affect customer satisfaction with the value of 0.95. According to Swan et al. (1999) trust has positive relationship towards satisfaction.

Customer repeat purchase when they satisfy on the particular sore. According to Kurt and Hacioglu (2010) store must provide trust during purchasing process so that can enhance customer satisfaction.

Table 5.1 Summary of the Hypothesized Findings

Hypothesis	Finding
1. There is significant relationship between convenience orientation and perceived value.	Supported
2. There is significant relationship between convenience orientation and service quality.	Supported
3. There is significant relationship between convenience orientation and trust.	Supported
4. There is significant relationship between perceived value and trust.	Supported
5. There is significant relationship between service quality and trust	Supported
6. There is significant relationship between service quality and perceived value.	Supported
7. There is significant relationship between trust and customer satisfaction.	Supported

From the Structural Equation Model (SEM) in previous chapter, we found that there are 4 factors that have significant influence on customer satisfaction towards retailing store (Tesco and Kampar). The factors are convenience orientation, perceived value, service quality and trust. Hypotheses 1 to 7 were examined to determine the relationships exist in the proposed model. All the proposed paths were supported.

5.3 Managerial Implication

In this study, the concept of customer satisfaction was measured by 4 variables. The relationships between these four variables were also tested. The results obtained from the data regarding customer satisfaction toward retail store provide a valuable implication in helping retailer to identify the factors that influence customer satisfaction.

Perceived value, trust, service quality and convenience orientation are important factors that influences customer satisfaction. The retail store should develop useful plan that increase customer satisfaction by improving perceived value, trust, service quality and convenience orientation. Customers are more satisfy when retailer offer adding value towards product or service that focuses on benefit that attract customer and meet their expectation. It is important to develop a good level of customer satisfaction where it can help the manager in improving business performance and make business decision.

Since Target is conducting their business at the second floor and it is difficult to the customers to access especially for the older people. Apart from that, there is less parking place for customers. From the result (Figure 4.3 and 4.4) Target have a lower value of convenience orientation toward perceived value and service quality compare to Tesco, it shows Target have to improve in this area by providing extra service such as help older people carry goods to the ground floor. Target also can offer small gift to the customers who purchase at a certain amount to increase perceived value to retain customers.

Besides that, Target should provide more parking place for customers in order to make customers more convenience. In addition, Target have a lower value of service quality toward trust so Target should provide training for their employees so that employees have enough knowledge to communicate and solve the customer problem.

Employees will be more motivated when the company provides good environment. When the information provided by the staff is what customer want, customer will feel satisfy and trust the store will provided them better service.

For Tesco, value for convenience orientation toward trust, service quality toward perceived value, perceived value toward trust and trust toward customer satisfaction all are lower than Target. From the result, trust is most important variable that Tesco should take into consideration in order to increase customer's satisfaction. We suggest that Tesco should build a long term relationship with their customers by providing good quality product, good service as well as after sales services.

5.4 Limitations

There are several limitations in this research. First of all, the variables that can affect customer satisfaction maybe more than four independent variables that we discuss in our research. Besides, some respondents' maybe bias in their responses because they are not willing to tell the truth. This might cause researcher hardly get the accurate result.

5.5 Recommendations

We recommend to future researchers to test the same model in other places such as Penang or Kuala Lumpur. This is to test the reliability of the model. Besides that, they can include other variable such as store atmosphere in their research. According to Morrison et al. (2011), store atmosphere such as music has significant influence on customer's emotion and satisfaction. It can affect customer action such as time and money spend on particular retail store. In the study of Baker, Grewal, & Levy (as cited in Grewal et al., 2003) store's environment significant affect customer's responses in the retail store.

5.6 Conclusion

We have accomplished the main objective of investigating the relevant factors that affect choices of retail store in Kampar, Perak in this research. The factors are perceived value, trust, service quality and convenience orientation. The result shown that perceived value, trust, service quality and convenience orientation leads to customer satisfaction. The problem of this research has been solved because the retailer manager may use the result of structural equation modelling analysis to solve problem. Additionally, this model is reliable and strong to prove that there are significant relationships between the four factors. We also investigate the relationship between each variable and how likely they are linked to each other. It is based on a comprehensive literature review corresponding to a proposed theoretical framework. As a conclusion, the research project has fulfilled its objective to examine the relationship between perceived value, trust, service quality, and convenience orientation towards two retail stores in Kampar (Target and Tesco) and a customer satisfaction model was developed.

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Appendix 3.2: Survey Questionnaire

UNIVERSITI TUNKU ABDUL RAHMAN

FACULTY OF BUSINESS AND FINANCE

Dear Sir/Madam,

We are final year students of Bachelor of Marketing (Hons) degree from Universiti Tunku Abdul Rahman (UTAR), Kampar, Perak. The purpose of this research is to examine the "**Modelling Retail Customer Satisfaction in Kampar District Using SEM Technique".**

There are **three** (3) sections in this questionnaire. Please answer **ALL** questions to the best of your knowledge. There are no wrong responses to any of these statements. For your information, all responses will be kept **strictly confidential** and for academic purpose only. We greatly appreciate your effort and time involved in completing this questionnaire.

Thank you for your participation.

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Part 1: General Information of Shopper's Perceptions and Behavior

Instruction: Please read each question carefully and place a "√" on only one answer that best suits you.

Section A: Guest information

1. Out of these 2 retail store which is your most preferred store?
    ☐ Tesco
    ☐ Target

2. How often do you visit the store?

    <u>Target</u>   <u>Tesco</u>
    ☐ Once a week   ☐ Once a week
    ☐ Once every 2 to 3 weeks   ☐ Once every 2 to 3 weeks
    ☐ Once a month   ☐ Once a month
    ☐ Others   ☐ Others
        (Please specify: ____)   (Please specify : ____)

3. How much do you spend each time you visit the store?

    <u>Target</u>   <u>Tesco</u>
    ☐ Below RM 50   ☐ Below RM 50
    ☐ RM 50 to RM 100   ☐ RM 50 to RM 100
    ☐ RM101 to RM150   ☐ RM101 to RM150
    ☐ RM151 above   ☐ RM151 above

4. Which retailing store do you visit most often?
    ☐ Target
    ☐ Tesco

5. What is the main factor of you visiting the store?

    <u>Target</u>   <u>Tesco</u>
    ☐ Convenience   ☐ Convenience
    ☐ Service quality   ☐ Service quality
    ☐ Trust   ☐ Trust
    ☐ Perceived value   ☐ Perceived value

6. What are the major considerations when you visit to the store?

Target   Tesco

☐ Price   ☐ Price

☐ Quality   ☐   ☐ Quality

☐ Promotion   ☐ Promotion

☐ Comment from others   ☐ Comment from others

☐ Others   ☐ Others

(Please specify: ____)   (Please specify: ____)

Part two: Your Perception About Customer Satisfaction

Kindly answer ALL the question below based on your experience. Range from 1 (Strongly Disagree) to 5 (Strongly Agree) based on your experience of your preferred store.

Strongly Disagree (SD)	Disagree (D)	Neutral (N)	Agree (A)	Strongly Agree (SA)
1	2	3	4	5

B. Customer Satisfaction

		Target	Tesco
1	I am likely to revisit this store.		
2	I would recommend this store to others.		
3	I feel satisfied with my decision to visit this store.		
4	I consider this store as my first choice in the next few years.		

C. Perceived Value

		Target	Tesco
1	The store would offer the products that are good value for the money.		

		Target	Tesco
2	The kindness and helpfulness of the employee in the store affect my value perceptions towards the merchandise.		
3	I can find unique product that I want in the store.		
4	I prefer to shop in this store because they allow me to return the unfavorable goods.		

D. Trust

		Target	Tesco
1	Employees of store I visit have enough knowledge in relation to its products or services.		
2	I expect that store I often visit will fully exercise its commitment to me.		
3	The ad was fair in what was said and shown.		
4	The price that I paid is same as the shelf price.		
5	I trust the information provided by the staff.		

E. Service Quality

		Target	Tesco
1	The outlet provides prompt service.		
2	The store's staff is friendly.		
3	I am confident with the service provided by the store.		
4	The attitude of employees demonstrates their willingness to help me.		

F. Convenience Orientation

		Target	Tesco
1	It is easy to access to the parking lots.		
2	Layout of the store saves my shopping time and reduces shopping effort.		
3	Store location is convenience.		
4	Easy access to the shopping floor.		

Part Three: Demographic Information

INSTRUCTION: Please provide the following information about yourself by placing a (√) on one of the blank space to assist us in our research.

1. Please select your gender
    ☐ Female
    ☐ Male

2. Please select your age
    ☐ Below20 years old
    ☐ 20-30 years old
    ☐ 31-40 years old
    ☐ 41-50 years old
    ☐ 51-60 years old
    ☐ 61 years old and above

3. Please select your race
    ☐ Chinese
    ☐ Malay
    ☐ Indian

4. Please select your occupation
    ☐ Student
    ☐ Housewife
    ☐ Retire
    ☐ Professional
    ☐ Others, please specify _____

5. Please select your income level per month
    ☐ Below RM1500
    ☐ RM1501-RM3000
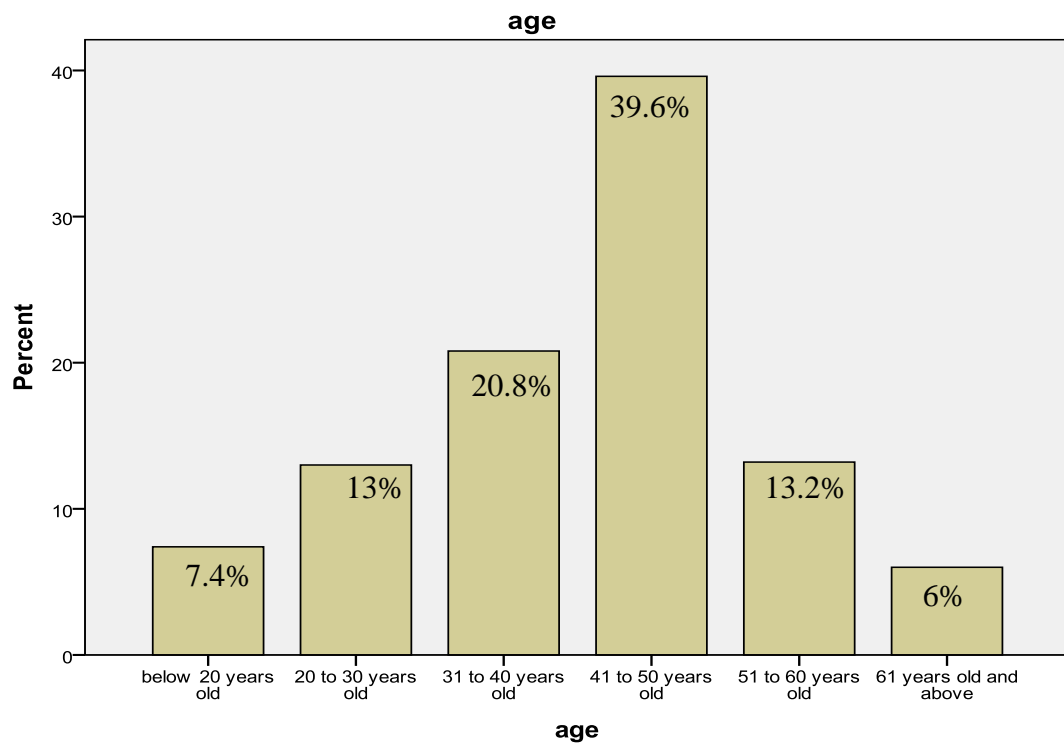   ☐ RM3001-RM4500
    ☐ RM4500 and above

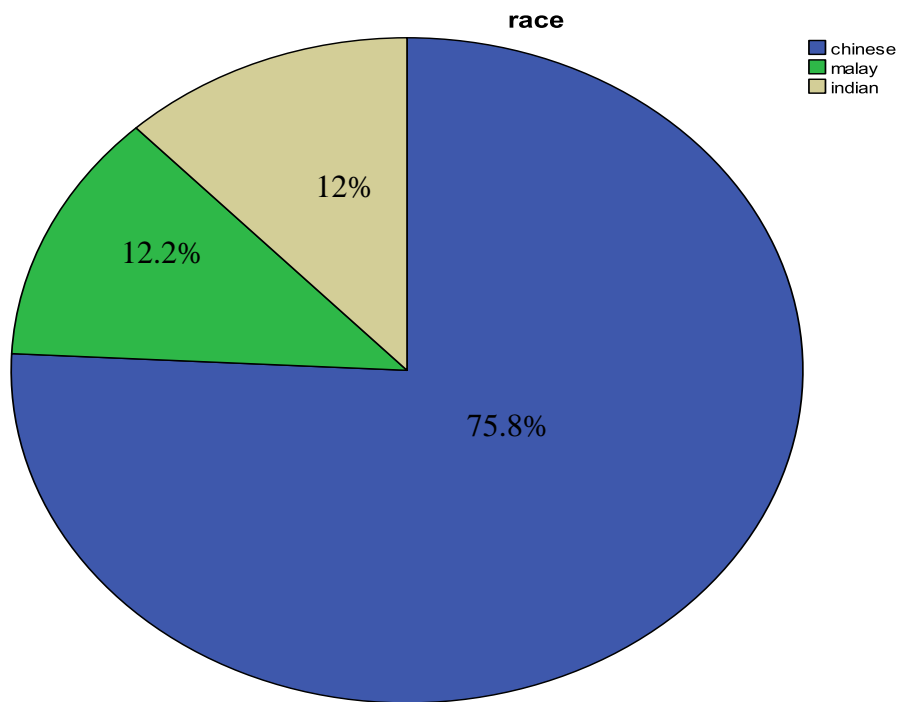6. Where you stay: _____

Appendix 4.1 Frequency Table

Gender

Age of respondents

Race

race

	chinese
	malay
	indian

12%

12.2%

75.8%

Occupation

occupation

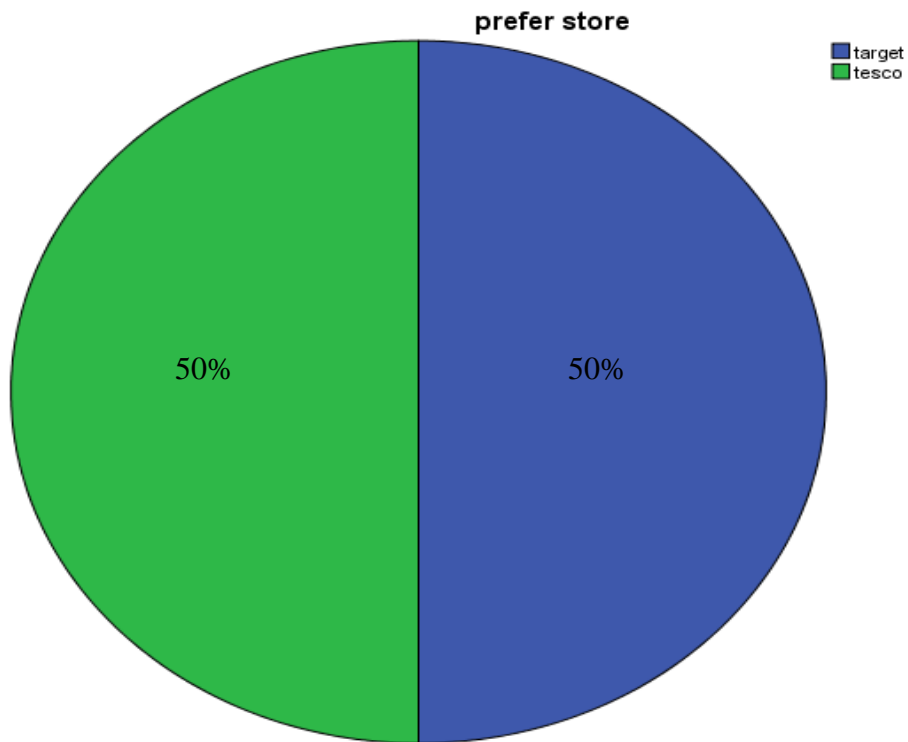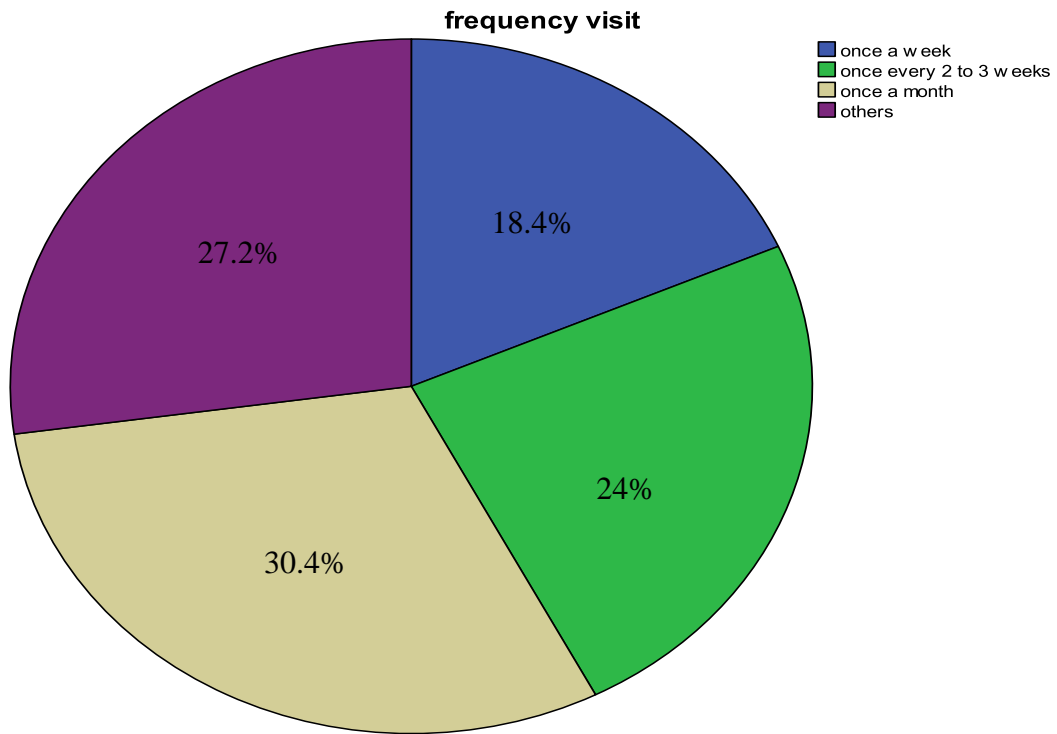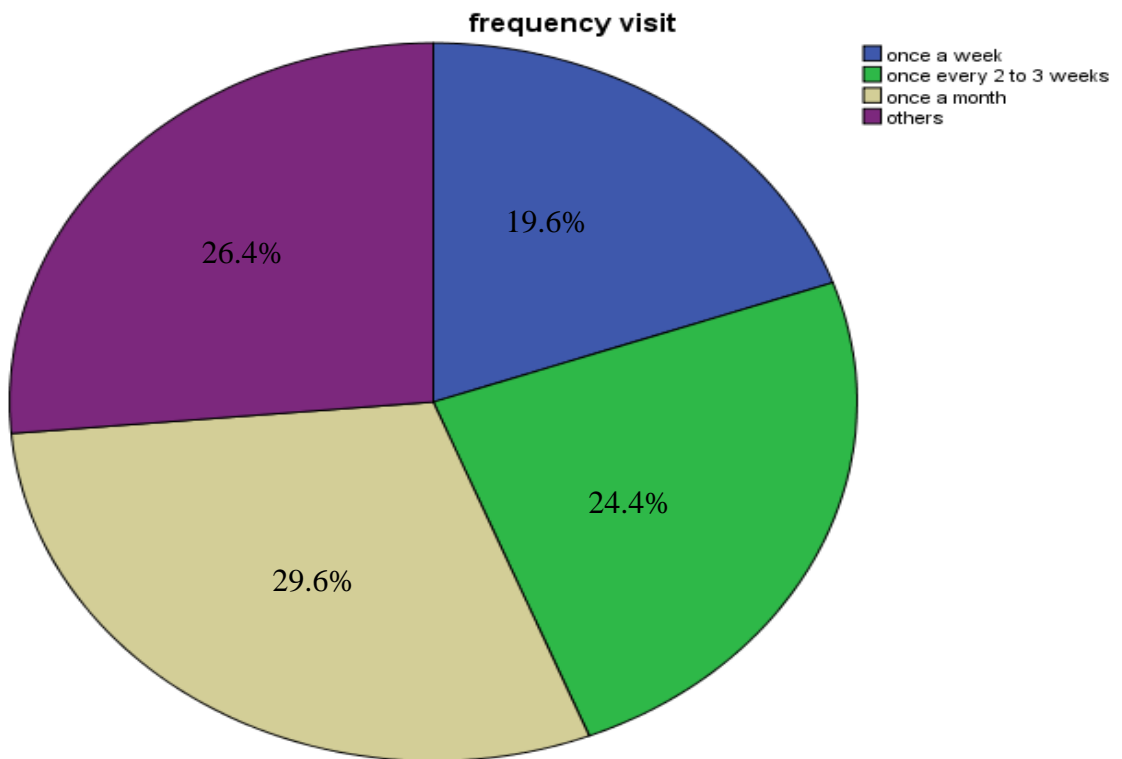|	student
	housewife
	retiree
	professional
	others

14%

22.6%

26.2%

15.8%

21.4%
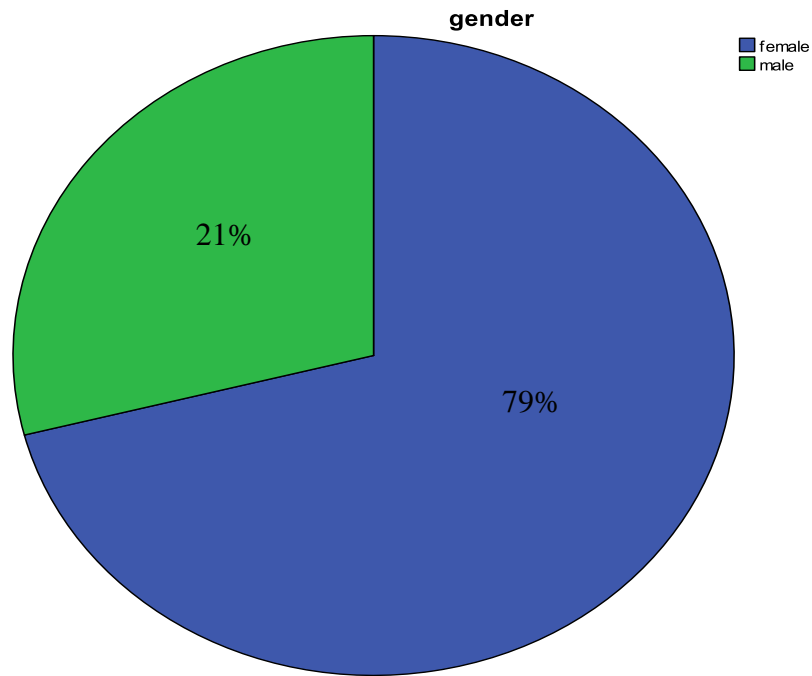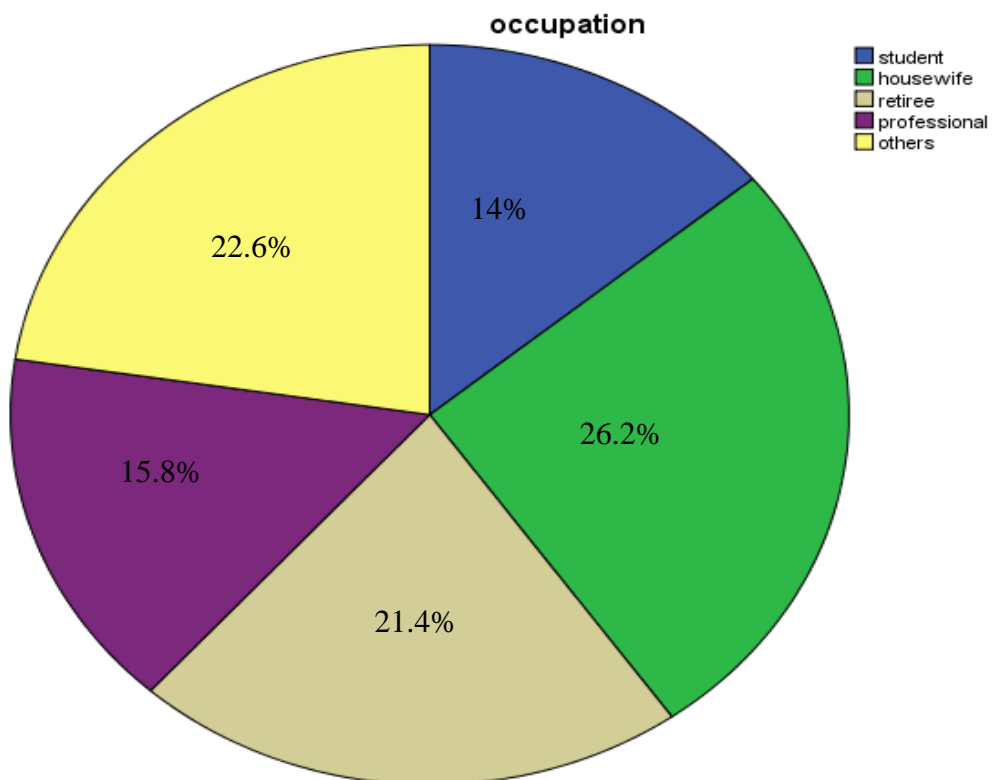
Income Level
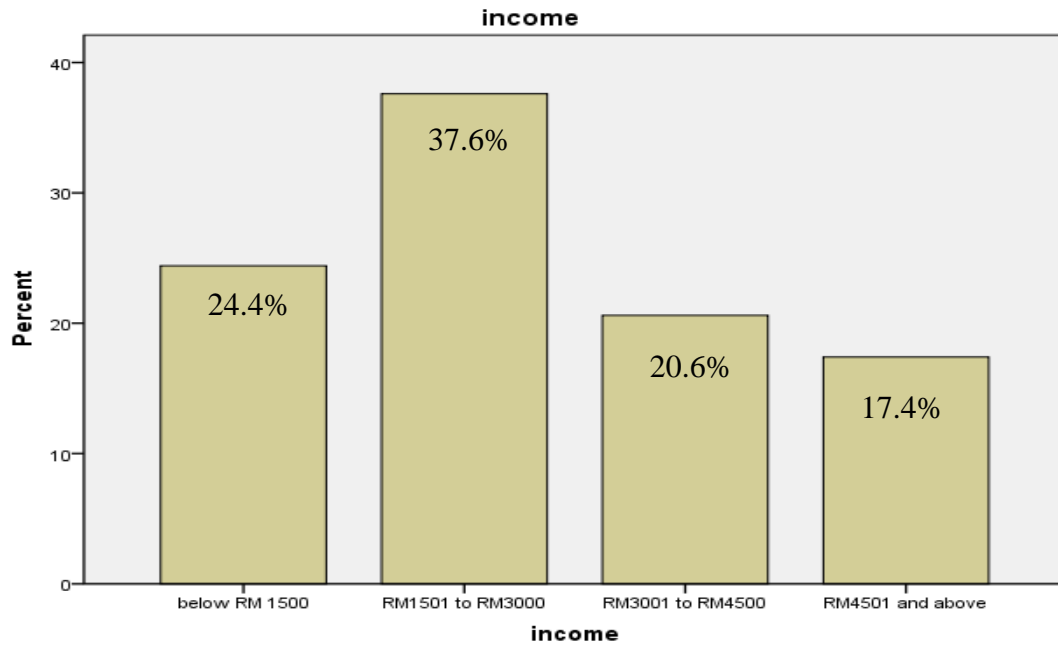
Preferred Store

Frequency Visit for Target and Tesco

frequency visit

Legend:
- once a week
- once every 2 to 3 weeks
- once a month
- others

- 18.4% (once a week)
- 24% (once every 2 to 3 weeks)
- 30.4% (once a month)
- 27.2% (others)

Frequency Visit for Target

frequency visit

Legend:
- once a week
- once every 2 to 3 weeks
- once a month
- others

- 19.6% (once a week)
- 24.4% (once every 2 to 3 weeks)
- 29.6% (once a month)
- 26.4% (others)

Frequency Visit for Tesco

frequency visit

Legend:
- once a w eek
- once every 2 to 3 w eeks
- once a month
- others

17.2%
23.6%
31.2%
28%
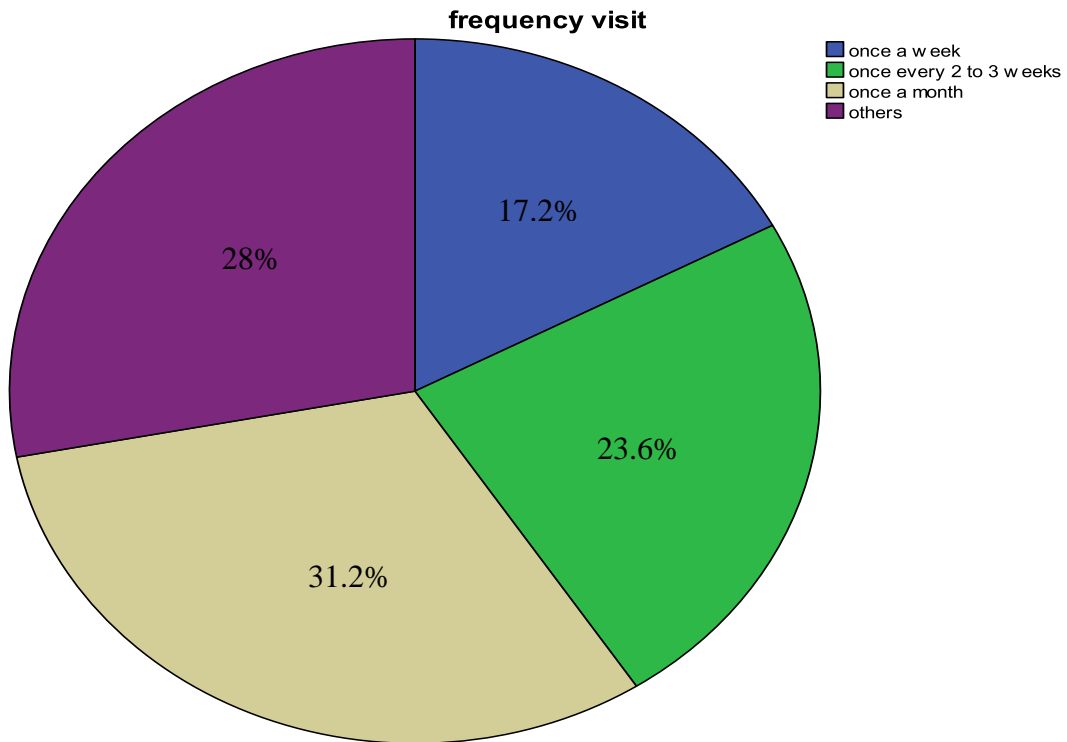
Money Spend in Target and Tesco

money spend

9.4%
30%
41.2%
19.4%

below RM50   RM50 to RM100   RM101 to RM150   RM151 and above

money spend

Percent

money spend

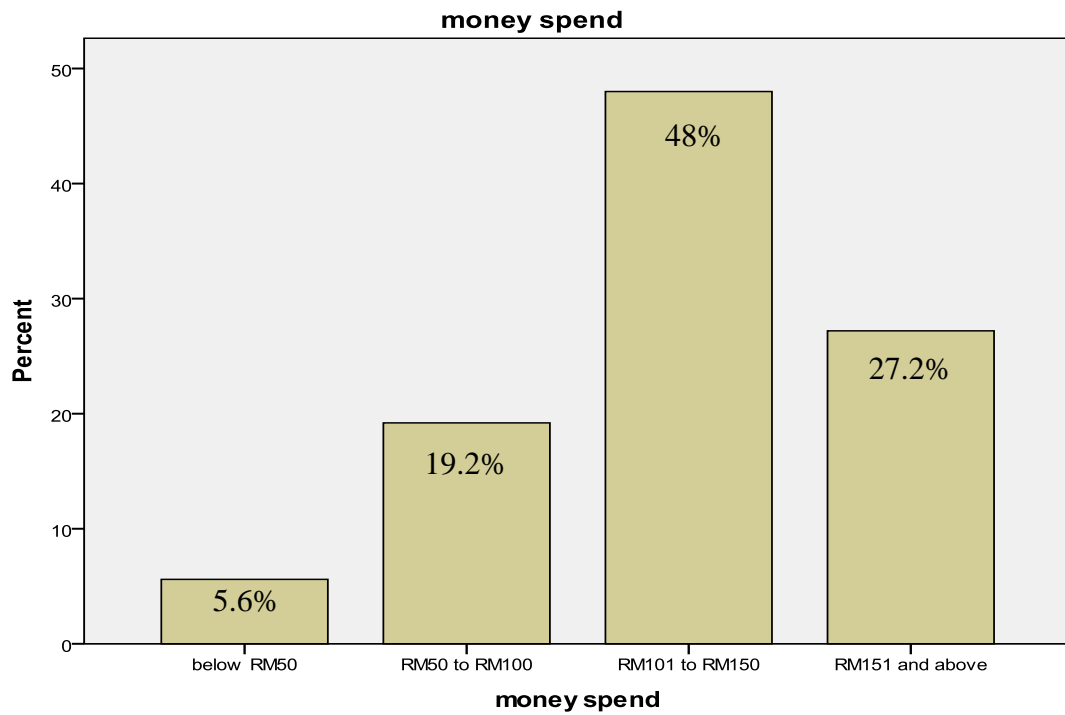**Money Spend in Tesco**

money spend

Appendix 4.2 Standardized Direct and Indirect effect towards Variable

Independent variables	Dependent variables	Total effects	Direct effects	Indirect effects
Convenience Orientation	Perceived Value	.73	.44	.29
	Service Quality	.68	.68	
	Trust	.77	.34	.43
	Customer Satisfaction	.73		.73
Service Quality	Perceived Value	.43	.43	
	Trust	.59	.50	.09
	Customer Satisfaction	.56		.56
Perceived Value	Trust	.20	.20	
	Customer Satisfaction	.19		.19
Trust	Customer Satisfaction	.95	.95	

Appendix 4.3 Summary of Standardized Path Coefficients

	Path	Tesco & Target	Target	Tesco
H1	Convenience orientation → Perceived value	.44	.38	.60
H2	Convenience orientation → Service quality	.68	.61	.74
H3	Convenience orientation → Trust	.34	.45	.31
H4	Perceived value → Trust	.20	.29	.05
H5	Service quality → Trust	.50	.33	.66
H6	Service quality → Perceived value	.43	.42	.33
H7	Trust → Customer satisfaction	.95	.97	.93