

Faculty Research in Practice

**AN EMPIRICAL STUDY OF THE RELATIONSHIP BETWEEN SHOPPING
ENVIRONMENT, CUSTOMER PERCEIVED VALUE, SATISFACTION,
AND LOYALTY IN THE UAE MALLS CONTEXT**

by

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Introduction to the Research in Practitioner Terms

In the United Arab Emirates (UAE), there has been a noticeable movement to establish malls all over the country which creates tough competition among them (El-Adly, 2007). Nowadays, customers have become more value-driven; therefore, they tend to be more selective and are more likely to be loyal to those malls where they perceive high value to be available and they are more satisfied. By knowing the shopping values that customers derive from the mall shopping experience and their satisfaction with the mall environment, developers and managers can identify the attributes that make shoppers return (Jackson et al., 2011).

Most studies of perceived value in the mall context have focused on the dimensions of utilitarian value and hedonic value (e.g., Stoel et al., 2004; Michon et al., 2007, 2008; Allard et al., 2009; Jackson et al., 2011, Rahman et al., 2016) but have ignored other dimensions that could be derived from the complete shopping experience in malls. Utilitarian value is concerned with accomplishing the intended purpose of the shopping trip by getting what is needed or wanted, while hedonic value reflects the fun, enjoyment, and playfulness that shoppers gain during their shopping trip to the mall (Davis and Hodges, 2012). Recently, El-Adly and Eid (2015) proposed a new scale to measure the perceived value of the complete shopping experience in malls (MALLVAL). However, still some important questions need to be answered, such as how does the perception of the mall shopping environment influence the customer perceived value of malls (MALLVAL) and what is the role of MALLVAL in generating mall shopper satisfaction and loyalty?

To answer the previously mentioned questions, we theorized and tested a model that clarifies how the perceived value of a mall, satisfaction, and loyalty are influenced. This study may contribute in several ways to the literature of the customer perceived value of malls, customer satisfaction with them, and customer loyalty to them. First, it operationalizes and empirically validates the perceived value of malls (MALLVAL). Second, it assesses the influence of the shopping environment of the mall on MALLVAL, customer satisfaction, customer loyalty and the mediating role of MALLVAL and satisfaction in the mall environment-loyalty relationship. Third, it adds to the very limited research on malls in the Arab countries in general and the UAE in particular.

Relevant and Short Literature Review on Importance of Research

Developing an attractive environment (atmospherics) is an important retail strategy to induce certain emotional responses and ultimately affect consumer purchase behaviour (Levy and Weitz, 2012; Loureiro and Roschk, 2014). From the mall's point of view, Dennis et al. (2010) predict that atmospherics contribute to building mall traffic and improve sales and consumers spending. However, from the shoppers' point of view, atmospherics is their perception of the quality of their surroundings. Of course, this perception may not be exactly the same as that identified by the mall and may also vary from one shopper to another according to their shopping orientation (task shopping vs. social shopping) and personal differences (i.e., age and gender) (Baker and Wakefield, 2012). This conclusion has been confirmed by Sands et al. (2015) who find that task-oriented consumers derive more value and satisfaction from an education-focused event than from an entertainment-focused event, while recreation-oriented consumers acknowledge both types of events. Turley and Milliman (2000) made an extensive review of the literature on retail environment (atmospherics) and classified 57 atmospheric variables into five categories: those of the mall exterior, general interior, layout and design, point-of-purchase and decoration, and human. In addition, Lam (2001); Baker et al. (2002) classified retail environmental factors into 3 groups: ambient factors (e.g., music, lighting, colours, scents), design factors (e.g., layout, signs, textures, display), and social factors (e.g., staff).

The relationship between retail environment and customer perceived value in the mall context has been investigated in previous research (Stoel et al., 2004; Keng et al., 2007; Michon et al., 2007, 2008). For example, Stoel et al. (2004) showed that consumer beliefs about mall attributes positively influence the hedonic and utilitarian shopping values resulting from the mall visit. In addition, Michon et al. (2007) have explored the impact of shopping mall environment on hedonic and utilitarian shopping experiences of fashion leaders and followers and find that the mall environment directly influences fashion leaders' hedonic shopping experience. Moreover, Michon et al. (2008) have found that a positive perception of the mall atmosphere elicits hedonic shopping experiences but has little or no effect on the utilitarian value of low- or high-fashion oriented shoppers.

One can argue that customer satisfaction has received significant attention in the marketing literature in general and retailing in particular (see for example, Sands et al., 2015; Kwon et al., 2016). Many long-term benefits can be yielded for retailers such as customer loyalty and sustained profitability if their customers became satisfied (Greenwell et al., 2002; Liu and Jang, 2009). Previous research reports that atmospherics influence a customer's expectations,

perception and consequently satisfaction (see, for example, Turley and Milliman, 2000; Lam, 2001; Kwon et al., 2016). Chebat and Michon (2003) have found that perception of the mall environment very strongly affects shoppers' arousal and also has an impact on emotions. This is confirmed by Nuttavuthisit (2014) who concludes that being in a pleasant mall atmosphere is sufficient to create aesthetic experience (i.e., enjoyment) for shoppers. In addition, Wright et al. (2006) demonstrate that shoppers' perception of the mall atmospherics as pleasurable shopping experiences make them spending more time and money in their shopping trip. Thus, the mall atmospherics can be designed in a way that leads to positive emotions and increase satisfaction (Stoel et al., 2004; Wright et al., 2006; Ha and Jang, 2010; Dennis et al. 2010).

Having loyal and profitable customers represents an ultimate goal for any retailer to warrant future profits and sustainable business (Grace and O'Cass, 2005). In recent years, there has been an increasing interest in examining the factors influencing customer loyalty (Beerli et al., 2004) which has been measured sometimes by either behavioural (e.g., repeat purchase) or attitudinal (e.g., positive word-of-mouth) evidence (Mandhachitara and Poolthong, 2011). According to the conceptual framework of Dick and Basu (1994), a true loyal customer is one who holds relatively positive attitudes towards the retailer and has high repeat purchase behaviour. Ideally, and consistent with the conceptual framework of Dick and Basu (1994), loyalty research should integrate both attitudinal and behavioural measures, since they complement each other in measuring customer loyalty (Rundle-Thiele and Bennett, 2001). Therefore, in the study reported here, we used combinational measures: behavioural (by asking respondents about their experience with the mall that they patronise most frequently) and attitudinal (by asking them about their commitment, positive word-of-mouth activity, and intention to shop in the same mall in the future).

Creating and delivering superior value and increasing customer satisfaction are crucial practices for retailers who want to achieve sustainable competitive advantage. From the customers' perspective, gaining value and being satisfied are essential consumption outcomes that influence buying behaviour and post purchase behaviour (Keng et al., 2007). From the academic point of view, customer perceived value and satisfaction are antecedents of patronage intentions (Ryu et al., 2008), word-of-mouth (Babin et al., 2005; Lee et al., 2007), loyalty (Lam et al., 2004; Yang and Peterson, 2004; Lai et al., 2009; Eid, 2015), and retention (Eid, 2015).

Major Findings of Study

The study reveals that mall environment has direct positive significant effect on customer perceived value of malls (MALLVAL). In addition, mall environment proved to be an important predictor of MALLVAL, accounting 53.2% of the variance explained. This result supports the findings of Stoel et al. (2004) that mall environment positively affects the hedonic and utilitarian values of malls. Similarly, mall environment has significant positive influence on customer satisfaction. This supports the idea that favourable perception of the mall environment elicits positive emotional states such as pleasantness, excitement, and satisfaction (Kwon et al., 2016).). However, Ha and Jang (2010) argue that if the perception of mall environment is exaggerated, this may lead to overestimation of the shopper's expectations and to lower his/her satisfaction about the mall. This latter argument is not accurate because perception and expectations are two independent notions and no causal relationship seems to exist between them. In general, the

present findings are in agreement with the environmental psychology theory developed by Mehrabian and Russell (1974) in that the mall environment has an effect on shoppers' behavioural responses. However, this study points out that mall environment has insignificant direct influence on customer loyalty. We were surprised to find that the mall environment appears to make only a negligibly insignificant impact on customer loyalty. However, upon closer examination of our findings, this should not have been unexpected. This negligibly insignificant direct effect (0.164) is enhanced by the strong significant indirect positive effect (0.481) of the mall environment on customer loyalty. This result is consistent with the findings of Chebat et al. (2009) that perception of the mall environment has an indirectly significant effect on mall loyalty.

Moreover, the study demonstrates that MALLVAL has direct significant positive effect on both customer satisfaction and customer loyalty. This result supports the findings of Babin et al. (2007); Carpenter (2008) that utilitarian value and hedonic shopping value are both positively related to customer satisfaction. It also supports the findings of Rahman et al. (2016) who found that shopping value significantly influence mall patronage intention. In addition, as expected, customer loyalty is directly and positively influenced by customer satisfaction which is consistent with the findings of Carpenter (2008). This proves the idea that shoppers tend to be loyal to those malls where they perceive high value to be available and they are more satisfied. Together, mall environment, MALLVAL, and customer satisfaction explain 62.3% of mall shopper loyalty which confirms that they are antecedents and powerful predictors of customer loyalty.

Implications of Findings for Practitioners

This study contributes to the retailing literature specifically in the mall context of Arab countries (UAE) in several ways: First, it reveals that the mall environment has three dimensions- mall recreational, mall interior, and mall staff. Second, it operationalises and empirically validates the perceived value of malls (MALLVAL). The study confirms that MALLVAL is a multidimensional scale of seven first-order value dimensions (hedonic, self-gratification, utilitarian, epistemic, social interaction, transaction, and time convenience) and demonstrates that shoppers derive more values from the complete shopping experience than just the hedonic and utilitarian ones. Third, it provides a more thorough model of the influences of the mall environment and MALLVAL constructs in the mall context. This claim is based on the grounds that we found strong support for 5 of the 6 hypotheses in our model. The model findings indicate that: (a) a mall environment is an antecedent of MALLVAL and customer satisfaction; (b) MALLVAL has a significant positive effect on both customer satisfaction and customer loyalty; (c) MALLVAL and customer satisfaction fully and positively mediate the relationship between the mall environment and customer loyalty, (d) MALLVAL partially and positively mediates the relationship between mall environment and customer satisfaction, and (e) customer satisfaction partially and positively mediates the relationship between MALLVAL and customer loyalty. Finally, it adds to the very limited research on malls in the Arab countries in general and the UAE in particular.

Summary on Practical Ways Managers Can Use Findings

From the managerial point of view, this study recognises the importance of the different dimensions constituting the mall environment and MALLVAL in predicting customer satisfaction and customer loyalty of the mall. Thus, mall developers and managers should create an appealing mall environment (atmospherics) that make shoppers perceive high value of the shopping experience with the mall (i.e., the seven dimensions of MALLVAL: hedonic, self-gratification, utilitarian, epistemic, social interaction, transaction, and time convenience) which will positively affect their satisfaction and their willingness to continue shopping in the mall and to recommend the mall to others. To do so, they should consider the three mall environmental dimensions that have been approved in this study, these are, mall recreational, mall interior and mall staff factors.

References

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