

CUSTOMER NET VALUE: A SERVICE GAP PERSPECTIVE FROM SAUDI ARABIA

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ABSTRACT

The identification and creation of customer value is regarded as an essential prerequisite for the success, long-term survival and competitive advantage of firms. However, the current customer value construct is too narrow and simplistic. The advice provided to companies also rest on little scientific understanding of what and how customers' derived their desired value as the current customer value construct adopts a received value conceptualization. Therefore, the main aim of this article is to discuss, operationalized and proposed the measurement for a comprehensive customer value construct comprising of customer desired value, received value and customer net value. In the process of validating the measurements, 800 questionnaires were distributed to grocery shoppers in different shopping outlets in Saudi Arabia of which 407 questionnaires were completed. The findings indicated that the proposed constructs were valid and have practical and theoretical significance especially in the customer satisfaction management.

JEL: M31 Marketing

KEYWORDS: Customer Net Value, Perceived Value, Desired Value, Service Quality Gap

INTRODUCTION

Value has always been 'the fundamental basis for all marketing activity' (Holbrook, 1994). Indeed creating superior customer value is a necessary condition for company securing a niche in a competitive environment, not to mention a leadership position in the market (Day, 1990). Sinha and DeSarbo (1998) for instance argued that value was labelled as "the new marketing mania and the way to sell in the 1990s" and value has proven to "be of continuing importance into the twenty-first century" (Sweeney and Soutar, 2001). Meanwhile, the notion of "value creation" reflects upon the increased recognition of value as one of the most important measures in gaining a competitive edge (Parasuraman, 1997) and a key factor in strategic management (LeBlanc and Nguyen, 2001). Consequently, there has been a growing interest in the value construct among both marketing researchers and practitioners (Eggert and Ulaga, 2002). The growing importance of the value construct is evident with the inclusion of 'customer value' in the definition of 'Marketing' that has been modified by the American Marketing Association (2006). The identification and creation of customer value is regarded as an essential prerequisite for the success, long-term survival and competitive advantage of firms. Hence, it is the intention of this paper to discuss the development, operationalization and measurement of customer value.

The importance of understanding customer value is underscored in numerous journal articles, conference presentations, books, and discussions in the business press on the topic. Nevertheless, despite the many articles and the centrality of the value concept in marketing, there is still relatively little knowledge about what value is, what its characteristics are, or how consumers determine it (Huber, and Herrmann, 2000). Though the interest in customer value has been substantial in the last couple of decades (DeSarbo, et al., 2001), authors indicate that research in this area is still in its early stages (Flint, et al., 2002; Jensen, 2001; Parasuraman and Grewal, 2000). With respect to the current literature, despite numerous studies were done concerning the meaning of customer value (e.g., Zeithaml, 1988), how customers perceive value (Gardial, Clemons, Woodruff, Schumann and Burns, 1994), and ways to uncover what customers

currently value (e.g., Woodruff, and Gardial, 1996), we could not find any research that examined how or what customers ‘value’ from their business providers (Flint, and Woodruff, 2001). The advice provided to businesses to date rests on little scientific understanding of what and how customers’ derived their desired value (Woodruff, 1997).

In addition, most discussions of customer value research tend to adopt a received value conceptualization (Flint, and Woodruff, 2001). That is, value is conceptualized as a customer’s perceived net trade-off received from all relevant benefits and costs (sacrifices) delivered by a product/service/supplier and its use (Flint, Woodruff and Gardial, 1997). In addition, there is a tendency to concentrate customer value as “received product quality-price trade-off (Bolton, and Drew, 1991; Zeithaml, 1988). While we acknowledged the contribution that past studies have focused in this perspective, we argue that it is too simplistic and it misses the “true” customer value conceptualizations hold by consumers.

The severity of the issue is aggravated by the relatively little empirical research that is required to develop a comprehensive understanding of the concept (Huber, and Herrmann, 2000). Even fewer researches have focused on specifying its domain or on developing a practical and operational customer value scale. Other authors have also suggested that viewing value as a trade-off between quality and price is too simplistic (e.g. Bolton and Drew, 1991). These views suggest that existing value constructs are too narrow and that dimensions other than price and quality would increase the construct’s usefulness.

Understanding the customer experience both (value) from a customer - supplier perspective is one of the main research priorities that the Marketing Science Institute stated in its report (MSI, 1999). Woodruff (1997) for instance, has called for more research that can help develop a richer customer value theory, as well as better tools with which value can be measured. Examining the meaning of value and explicating the value assessment process could potentially lead to the development of new theory that not only enhances our understanding of consumer value assessment but also provides direction to marketing managers in gaining a competitive advantage through value-oriented strategies.

Therefore, a more sophisticated measure is necessary to understand how consumers value products and services. Coherently, the purpose of this paper is to define, operationalize and measure the customer desired value, perceived value and ultimately customer net value. The remainder of the paper is organized as follows. It begins by reviewing the discussion of customer perceived and desired value which leads to the construct of customer net value. In the next section, the paper explains the research methodology adopted in the research followed by the analysis of data. The findings of the study are incorporated in the results of the analysis. The paper closes with concluding remarks of the study, limitations and suggestions for future research.

LITERATURE REVIEW

Foundations And Definitions Of Customer Perceived Value

An early and widely cited definition of customer value is one by Zeithaml (1988): “*perceived value is the consumer’s overall assessment of the utility of a product based on perceptions of what is received and what is given*” (p. 14). In simple terms, customer value is the trade-off between perceived benefits and perceived sacrifice (i.e. “get” and “give” components) (e.g. Chen and Dubinsky, 2003; Dev and Schultz, 2005). The trade-off definition (“get” and “give” components) of perceived value has its roots in the economic theory. This definition has strongly influences the thinking of previous researchers (Chen and Dubinsky, 2003; Dev and Schultz, 2005; Zeithaml, 1988). Nevertheless, although much literature in the consumer behavior area has focused on value as a price/ quality trade-off, recent developments in the literature suggest that the reality of value to the consumer is far more complex.

According to Woodruff (1997), “consumers think about products as bundles of specific attributes and attribute performances”. Since consumers usually search for benefits and perceive differences between products by looking at product attributes (Datta, 1996), value should be analysed such that the firm gets an understanding of which, and how, features that together produce benefits “to justify the price that reflects the value” (Smith and Nagle, 2002). Such notions seems to be supported by Ravald and Grönroos’s (1996) definition of perceived benefits as “some combination of physical attributes, service attributes and technical support available in relation to the particular use of the product, as well as the purchase price and other indicators of perceived quality”.

Based on these arguments, Woodruff (1997) defined customer value as “a customer’s perceived preference for and evaluation of those products attributes, attribute performances, and consequences arising from use that facilitates (or blocks) achieving the customer’s goals and purposes in use situations.” Woodruff (1997) argues that his definition broadens the customer value concept by incorporating both desired and received value and emphasizing that value stems from consumers’ learned perceptions, preferences, and evaluations. It also “links together products with use situations and related consequences experienced by goal-oriented customers” (Woodruff, 1997).

Based from Woodruff (1997) definition, the value potentially derived by consumers extends beyond financial benefits to include a range of tangible, social, emotional and other advantages. Indeed, a review of the literature (Holbrook, 1999; Jensen and Hansen, 2007; Sparks, Butcher, and Bradley, 2008; Woodall, 2003) supports the notion that value of many types can be derived in many ways. Ironically, although Zeithaml (1988) identified four diverse meanings of value: (1) value is low price, (2) *value is whatever one wants in a product*, (3) value is the *quality* that the consumer receives for the *price* paid, and (4) value is what the consumer gets for what he or she gives; when summarizing all the four definitions of value, Zeithaml (1988, p.14) “*still*” defined perceived value as “the consumer’s overall assessment of the utility of a product based on a *perception* of what is received and what is given.” Although what is received and what is given varies across consumers, value “represents a trade-off of the salient give and get components” (Zeithaml, 1988).

Based from our assessment of all these different definitions, most of the definitions share a common ground in that customer value is considered as a theoretical construct which describes a customer perspective of a provider’s products or services (Huber, Herrmann and Morgan, 2001; Spiteri and Dion, 2004). Table 1 represents various definitions of customer perceived value.

Table 1: Various Definitions of Customer Perceived Value

Zeithaml (1988)	“Perceived value is the customer overall assessment of the utility of the product based on perceptions of what is received and what is given”
Gale (1994)	“Customer value is market perceived quality adjusted for relative price of your product. [It is] your customer’s opinion of your product or services as compared to that of your competitors”
Holbrook (1994)	“Customer value is a relativistic (comparative, personal, situational) preference characterizing a subject’s (consumer’s) experience of interacting with some object i.e. any good, service, person, place, thing, event or idea”
Woodruff (1997)	“A customer’s perceived preference for and evaluation of those products attributes, attribute performances, and consequences arising from use that facilitates (or blocks) achieving the customer’s goals and purposes in use situations.”

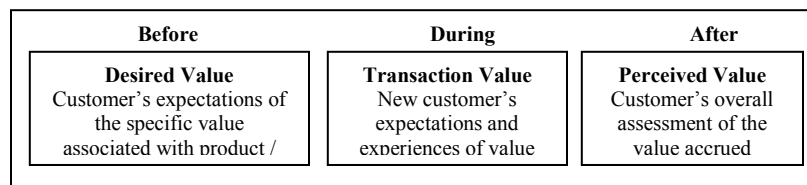
The Dimensions and Construct of Customer Desired Value

Moving from the definition of customer perceived value, we noted that customer value can exist at various temporal stages, i.e. *before*, *during*, or *after* purchase and *use* of a product or service (cf. Flint, et al., 2002; Sweeney and Soutar, 2001; Woodruff, 1997). However, past studies have mainly focus on after purchase and use which is consumer perceived value – “the consumer’s overall assessment of the utility of a product based on a perception of what is received and what is given (Zeithaml, 1988)”. As we have pointed out earlier, the trade-off definition of perceived value has strongly influenced researchers’

thinking when conducting consumer value studies. We believe although studies in this area is important in providing the feedback to business or service providers of their offerings, the abandonment of the consumer “desired” value of the product or service – which basically is the expectations or wants of the consumer of a particular product/service is a grave omission.

To explain in detail the three different temporal customer values, Woodall’s (2003) model is used as a reference based on ownership sequence. In the first stage (before), the product/service is not (yet) owned/used. The value associated with the product/service is based on the expectations or needs anticipated by the consumer. Like quality, it is based on “cognitive” expectations of the consumer rather than “actual” value. Value at this stage is referred to as desired value or sometimes referred as pre-purchase value: it equates to expectations of what might be accrued if the product was purchased. Many of the determinants of desired value come from marketing initiatives such as advertising, sales personnel or word-of-mouth from family, friends and other contacts. This value perception may or may not propel them toward a purchase. Meanwhile, as Vargo and Lusch (2004) observed, actual value is co-created through the purchase and use process. In this transaction process, the product/service is being, or has recently been, purchased. Value in this phase is sometimes referred to as transaction value. It is likely to result from a mix of marketing-influenced expectations and early experiences with the product. It is likely to be quite volatile, as early experiences confirm or refute previously-received promises and initially-held expectations. Finally, in the final stage, longer-term owners of a product/service are likely to perceive value in a more settled ways. In perceived value or sometimes referred to as derived value, the customers usually have multiple experiences and deeper knowledge of the product upon which to make their assessments of value. Figure 1 provides an overview of these stages of ownership and the different types of value assessments associated with each stage.

Figure 1: Types of Value Assessment in the Stages of Ownership



To date however, it appears that few if not any research has sought to differentiate the value that accrues to customers at pre-purchase and purchase stage although this stage tends to be most volatile that “determines” the desired customer value. Similar to the disconfirmation theory in the service quality gap, it is unlikely that the business providers are able to meet “perfectly” the needs and expectations (desired value) of customer through their offerings. As consumers proceed from non-ownership to established ownership, their experiences of the product/services serve to alter their perceptions as to the benefits (values) to be derived from it. For example, products or service that meet or exceed expectations are likely to enhance the value consumers derive, whereas poor products or service will undermine value perceptions. Following our argument, although the value equation depends largely on the value that is expected or desired and perceived by the customer (Khalifa, 2004; Vargo and Lusch, 2004), firms generally provide the value that the business providers “think” consumers want them.

Essentially, firms can only offer value propositions (i.e. propose what they think the value is), while the customer determines what the value is to him or her (Vargo and Lusch, 2004). Naturally, this has important implications for issues such as pricing, as customers “buy on the basis of perceived value, not what it costs the seller to produce and have the product available for sale”(Monroe, 2003). This proposition do not consider at all what the consumer desires. The consumers are mainly on the receiving end and “value” the product/service that is offered to them. This is obviously against the spirit of customer orientation or market orientation which is deemed as a significant company philosophy of the

decade. Based on our elaborated arguments, the definition and conceptualization of desired or expected value is a consumer’s anticipation about the outcome of purchasing a product or service based on future benefits. To elaborate the definition, perceived benefits are regarded as consisting of “all the characteristics that an individual consumer values in a product/service” (Jelassi and Enders, 2005), and can be derived from tangible or intangible sources. Therefore, for customer value at a pre-purchase level, the benefits are viewed as desired rather than received (cf. Grewal, et al., 2003; Huber, et al., 2001; Monroe, 2003; Sweeney, et al., 1999). The following table describes the differences of customer desired value as opposed to perceived and (personal) value.

Table 2: Three Forms of Customer Value

	(Personal) Value	Desired Value	Perceived Value
Definition	Implicit belief that guide behaviour	What customer wants to happen (benefits sought)	Assessment what has happen (benefits and sacrifices)
Level of Abstraction	Abstract, centrally held, desired end states – higher order goals	Less abstract, less centrally held, lower order goals, benefits sought to achieve higher order achievement	Overall trade-off of view between benefits and sacrifices actually received
Source of Value	Specific to customer	Conceptualized interaction of customer, product/service and anticipated use situation	Interaction of customer product/service and a specific use situation
Relationship to use	Independent use situations	Independent of use specific situations	Dependent of use specific situations
Permanence	Enduring	Moderately enduring	Transient over occasions

Source: Flint, Woodruff and Gardial (1997)

Although previous studies or literatures have shown that there are confusions and overlaps in the definition and operationalization of customer value, Table 2 clearly depicts the contrasting facts of customer desired value (CDV) and customer perceived value (CPV). The ‘personal values’ category was added to serve as an additional contrast. It should be noted that ‘value’ and ‘values’ have different meanings here. ‘Value’ refers to the benefit which is received, perceived, exchanged as a result of acquiring or purchasing goods or services. ‘Personal values’ means the individual beliefs and goals which motivate a person’s behaviour, in particular their desire for certain emotional experiences.

Customer Net Value

Based on the discussions put forth in the previous sections, value is grounded in the customer’s expectation of what should be provided and the perception of what is offered. In accessing the service quality of the service provided, the customer value position is consistent with the position taken by Parasuraman et al. (1991) who argued that perceived service quality is determined by five main factors (reliability, assurance, empathy, responsiveness and tangible evidence) experienced in the course of the personal service encounter. Thus, similar to the argument proposed by Heskett et al. (1997), it imply that the impact of perceived quality, along with results produced, is similar to the customer’s assessment of value expected and received. The view that value offered and received resides in a customer’s assessment is not new and is widely shared (Day, 1990; Eggert and Ulaga, 2002; Gronroos, 1996; Woodruff and Gardial, 1996; Zeithaml, 1988). Zeithaml (1988) for example, has argued that, from the perspective of a customer, “. . . perceived value is the customer’s overall assessment of the utility of a product based on perceptions of what is received and what is given”. Hence, acknowledging related work of others (Gronroos, 1982); Parasuraman et al. (1991) hold that service quality is defined by the customer with reference to how well the service delivered and perceived matches their expectations. In other words, what we have argued here rests on the premise that the quality and value of a service offering may be defined and assessed from at least two perspectives: that of the service provider and that of the customer. It may be argued that the former should reflect an understanding of, and adequate response to, the latter’s needs and expectations so that the two perspectives are congruent. To elaborate on the issue, an elaboration on the definition of service is essential.

Service, as defined by Grönroos (1990) is “an activity or a series of activities of more or less intangible nature that normally, but not necessarily, takes place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems”. As a result of these interactions, the customer will make evaluations based on his emotional judgements and decisions of the service performance received in his service encounter as compared to his initial expectations. According to the disconfirmation theory, a customer’s feeling of satisfaction/dissatisfaction with his service encounter is related to the magnitude and direction of the disconfirmation experience, where disconfirmation is related to the person’s initial expectations (Walker, 1995) formed prior to purchase/consumption. Evaluations yield outcomes along a continuum ranging from positive disconfirmation (i.e. performance better than expected), to negative disconfirmation (i.e. performance worse than expected), with confirmation representing the evaluation that performance is as good as expected. Therefore, in line with the concept of service quality, customer net value is the difference between customer initial expectations of the value expected minus the customer perceived value of the products or services rendered by the business provider.

Therefore, in coherence with the gap model developed by Parasuraman et al. (1985) customer net value results from customers comparing their expectations prior to receiving service to the perceptions of the service experience itself. The assessment of the variance resembles our proposition of customer net value where it is operationalized as $Q = P - E$, which means customer net value (Q) equals customers perception of service provision (customer perceived value) (P) minus service expectation (customer desired value) (E). Therefore, following Nam (2008) and Jannadi and Al-Saggaf (2000) operationalization of customer value, this study argued on a similar note that customer net value or customer value gap is measured through Parasuraman, Zeithaml, and Berry (1994).

Measures

Subsequent to our discussions, Parasuraman’s SERVQUAL has been adopted by numerous scholars to measure the customer service quality gap. However, although SERVQUAL has been empirically tested in a number of studies involving ‘pure’ service settings; it has not been successfully adapted to and validated in a retail store environment. The validation of a retail service setting is essential as the basic retailing strategy for creating a competitive advantage is the delivery of a high service quality (Dabholkar et al., 1996). Parasuraman et al. (1991) themselves describe their 22-item SERVQUAL scale as providing ‘a basic skeleton, which when necessary, can be adapted or supplemented to fit the characteristics of specific research needs of a particular organization’. Thus, the scale’s originators themselves adapted the scale, replacing two items and reversing the negative items (Parasuraman, Berry, and Zeithaml, 1991).

Consequently, scholars continue to adapt and validate the “retailing specific” service quality in various geographical contexts (see Finn and Kayande, 2004). Admitting the importance of retailing in a new emerging economy like Saudi Arabia, we have decided to focus on the dimensions of customer net value in a retail environment. Therefore, to measure the quality dimensions and therefore the gap in customer value, this survey adopted the instrument known as “Retail Service Quality” proposed and developed by Dabholkar et al. (1996). The measurement items of the survey were related to each of the five quality dimensions. However, unlike SERVQUAL, this survey adopted the items proposed by Dabholkar (1996) for the retail industry that includes dimensions such as physical aspects, reliability, personal interaction, problem solving and policy. In addition, as recommended by Parasuraman et al. (1991), the 7 point rating scale used in SERVQUAL was reduced to a 5-point scale (1= *Strongly Disagree*, 5=*Strongly Agree*). Parasuraman et al. (1996) administered a two-part questionnaire with separate expectation and perceptions sections in his data collection. We however grouped together the expectation statements and corresponding perception statements with only one list of statement utilizing two portions of measurement. Therefore, the potentially lengthy and confusing impact of having one set of instructions

referring to an industry (or an ideal store) and another set to a particular firm were eliminated by this simpler format (Babakus and Boller, 1992).

For each statement, respondents were instructed to indicate the level of service that they expect from an excellent grocery store and express their perceptions about their choice of grocery store (their favorite or normal store that they usually patronize). The original items of the retail service quality (Dabholkar et al., 1996) instruments were translated into Arabic version with back-to-back translation done to ensure consistency in the measurement. No major differences or variations in terms of meaning were found. Finally, as part of the scale purification process, we administered the list of questions to a convenience sample of 40 respondents gathered from a (single) reputable supermarket in Riyadh. Although we do not report the analyses of our pilot study, we used the pilot study to revise some of the questions that seems confusing to the respondents. Based on the findings of the pilot study, we deleted two items from the original source adopted from Dabholkar et al. (1996) which are *employees of this store treat customers courteously on the telephone* and *this store offers its own credit card* that are not relevant in the Saudi Arabian context. The final questionnaire contained 26 statements representing the five service quality dimensions. We measured the gap by finding the difference between these responses, resulting in a possible range from -4, indicating a massive shortfall, to +4, indicating a great degree of exceeding expectations.

DATA AND METHODOLOGY

Due to the unavailability of an established sampling frame and accessibility (there is no “complete” residential address in Saudi Arabia), the customer survey participants based on convenience sampling was selected. We distributed eight hundred questionnaires to major shopping malls that house Saudi Arabian grocery stores in three major cities which are Riyadh, Dammam and Jeddah. The data collection process consists of enumerators asking questions to respondents face-to-face through a mall intercept. The main advantage of this method was that it helped the researcher to obtain complete and precise information (Zikmund, 2003). Item non response was also less likely to occur. Due to the country cultural influence, male and female enumerators were employed. The data was collected over a period of six (6) weeks on weekdays and weekends and at different times of the day to enable the researcher to obtain both frequent and infrequent patrons. Data collection took place during the months of March and April, 2012.

The respondents were intercepted at the hypermarket immediately after they completed their shopping experience. This technique was used by Boshoff and Terblanché (1997). They argued that respondents are more attentive and responses are more meaningful where the evaluation of the quality of service is done in the environment being evaluated. Thus problems associated with memory loss or relapse was avoided. On the other hand, the incidence of refusal was moderately high since some patrons were in a hurry or reluctant to speak to strangers. The returned questionnaires were carefully examined for completeness. The total number of usable responses resulting from this process was 407 (50.9 per cent).

Customer Net Value Measurement

Following the guidelines of Gerbing and Hamilton (1996), exploratory factor analysis (EFA) was implemented. Adopting the guidelines outlined by Hair et al. (1998) EFA using principal components analysis and varimax rotation was conducted (Greenley, 1995). Variables with low factor loadings (<0.3) were considered for deletion, as were variables loading significantly (>0.3) onto more than one factor. The communalities of the variables, representing the amount of variance accounted for the factor solution of each variable, were also examined. Factors with low communalities (<0.4) were also considered for deletion. Several other complementary methods were employed to obtain the most representative and parsimonious set of components such as eigenvalues more than 1 and scree plot.

The results of the exploratory factor analysis and cronbach coefficient for all the dimensions are presented in Table 3. Table 3 displays the results of the factor analysis for customer value (retail service quality). Based on the analysis, initially two items were dropped due to cross loadings. These items are “customers feel safe in their transactions with this store” representing the “Professionalism” factor and “This store willingly handles returns and exchanges” representing the “problem solving” factor. In general, the results of the factor analysis correlates similarly to the original dimensions and factors of Retail Service Quality proposed and developed by Dabholkar et al. (1996). However, in the sub-factor of “Personal Interaction”, there were minor differences in terms of the composition of “Inspiring confidence” and “Courteous/Helpfulness” based on the original sub-dimension by Dabholkar (1996). Based on these new compositions, we have decided to re-label the sub-dimension of “Inspiring Confidence” to “Professionalism” while retaining the original sub-dimension of Courteous/Helpful. Overall, each item measuring the related dimension exhibits an acceptable level of internal reliability ranging from Cronbach $\alpha=0.753$ to 0.918. Nunnally (1978) suggest that a value of 0.7 be used as the lowest acceptable value of alpha indicating adequate reliability although in exploratory research, the acceptable range for a reliability measure is usually lower (0.50) (Nunnally, 1967).

Table 3: Results of Factor Analysis for Customer Value (Retail Service Quality)

Factor Items	Item Loading
<i>Factor 1 – Physical Aspect (Cronbach a= 0.918)</i>	
This store has modern-looking equipment and fixtures	0.745
The physical features of the facilities at this store are appealing	0.866
Materials associated with this store’s service are appealing	0.885
This store has clean, attractive and convenient public areas	0.841
The store layout makes it easy for customers to find what they need	0.866
The store layout makes it easy for customers to move around	0.885
<i>Factor 2 – Reliability (Cronbach a= 0.904)</i>	
When this store promises to do something by a certain time, it will do	0.833
This store provides its services at the time it promises to do so	0.717
This store performs the service right from the first time	0.903
This store has merchandise available when the customers want it	0.887
The store insists on error-free sales transactions and records	0.900
<i>Factor 3 – Professionalism (Cronbach a= 0.852)</i>	
Employees in this store has knowledge to answer customer’s questions	0.772
The employees behavior instills confidence in customers	0.850
The store gives customers individual attention	0.849
Employees in this store are consistently courteous with customers	0.813
<i>Factor 4 – Helpful (Cronbach a= 0.864)</i>	
Employees in this store give prompt service to customers	0.919
Employees in this store inform customers exactly when services will be performed	0.955
Employees in this store are never too busy to respond to customers’ requests	0.753
<i>Factor 5 – Problem Solving (Cronbach a= 0.753)</i>	
When a customer has a problem this store shows a sincere interest in solving it	0.826
Employees in this store are able to handle customers’ complains directly and immediately	0.950
<i>Factor 6 – Policy (Cronbach a= 0.903)</i>	
This store offers high quality merchandise	0.967
This store provides adequate and convenient parking for customers	0.826
This store has operating hours convenient to their customers	0.747
This store accepts most major credit cards	0.697

This table shows the results of the factor analysis for the above construct. All cross loadings were deleted and factor loadings less than 0.4 are suppressed.

Based on the results of the EFA, subsequently the mean, standard deviation, minimum and maximum values for desired value, received value and the customer net value scores were calculated. The mean item score for the desired value was 2.94 and for perceived value or received value were 2.95 on a five-point

scale. The overall customer value scores based on this retail service quality measurement, which can be ranged from -4 to +4 on which zero implies that consumer perceptions and expectations coincide, negative values imply perceptions fall short of expectations and positive values imply perceptions exceed expectations, has a mean of 0.18. This implies that on average respondents’ perceptions exceed their expectations or their desired value. The low positive gap scores imply high level of perceived service quality, i.e. customer perceptions exceed expectations. Both constructs (desired and perceived) shared a similar mean minimum value of 1.66 and a mean maximum value of 4.02. Surprised by the findings, we analyzed the scores based on each dimensions. Again, the results in Table 4 illustrated the same phenomenon.

Table 4: Customer Net Value: Mean Scores of Customer Desired and Perceived Value

Customer Value Dimensions	Mean Desired Value	Mean Perceived Value	Net Value
Physical Aspect	3.17	3.17	0
Reliability	2.61	2.61	0
Professionalism	3.53	3.53	0
Helpful	2.86	2.87	0.01
Problem Solving	2.97	2.97	0
Policy	2.53	2.53	0

The range of the dimension is between 1 =Strongly Disagree to 5=Strongly Agree

The results showed that there was almost zero (0) value gap which means that the customers favourite grocery store fulfilled almost all the dimensions desired or expected by the customers. This means that the grocery store of their choice has done a very good job in meeting the expectations of their customers. Initially, we were surprised by the outcome of the findings as we believed, they would be variance in some areas or dimensions of the retail service quality. As the scores comprises of a summated scores of the respective sub-dimensions, we decided to ‘magnify’ the differences by looking into the individual differences between the two dimensions namely the customer desired value (service expectations) and customer perceived value (service perception). Table 5 demonstrated the differences between each items of the retail service quality dimensions.

The results showed that there are mixed compositions of positive and negative value gap on the respective items. Generally, the negative figures shown in the table are consistent with Brown, Churchill, and Peter’s (1993) argument that service expectations scores will be almost always higher than actually perceived service scores. However, we are amazed that the grocery stores are actually performing better in some aspects of the service quality dimensions such as “merchandise availability” and “keeping error records free” (meaning they do not make mistakes). These are supported by the positive scores of “the store doing it right for the first time” and “the store carries quality items”. Meanwhile, the retail stores performed marginally poor in “giving individual customer attention” and “courteous with customers”. The grocery stores need to give more attention in the “personal service” while maintaining their good performance in the other dimensions of the service quality.

To investigate the matter in-depth, we conduct a paired sample t-Test. Paired sample t-Test is used when we have one group of sample and we need to compare data on two occasions or two different conditions or asking the same person in terms of his/her response to two different questions. In this case, as both questions (customer desired and perceived value) are measured on the same scale (dimension), this analysis is permissible. The results showed that there is a significant difference (0.03) in the scores of customer perceived and customer desired value. The mean increase was a meagre 0.0019 with a 95% confidence interval stretching from a lower bound of 0.0022 to an upper bound of 0.00353. The customer perceived value is a bit higher than the consumer desired value. As there was a significant difference between the two customer values, we further calculate the effect size of the paired sample t-Test. Based

on the procedure to calculate the eta squared; the results depicted a small effect based on the guidelines suggested by Cohen (1988).

$$\text{Eta squared} = \frac{t^2}{(t^2) + N - 1} = \frac{2.232^2}{(2.232^2) + 407 - 1} = 0.012 \quad (1)$$

Table 5: Customer Net Value: Mean Scores of Customer Desired and Perceived Value

Item No	Description	Mean Desired Value	Mean Perceived Value	Net Value
1.	Modern equipment and fixtures	3.14	3.08	-0.06
2.	Physical Facilities	3.11	3.11	0
3.	Visually Appealing Materials	3.22	3.22	0
4.	Good Public Facilities	3.22	3.22	0
5.	Good Layout for Easy Product Search	3.11	3.11	0
6.	Good layout for Consumer Movement	3.22	3.08	-0.14
7.	Deliver as promise	2.91	3.11	0.2
8.	Provide services at promise time	3.02	3.22	0.2
9.	Perform right the first time	2.32	3.22	0.9
10.	Merchandise availability	2.48	3.11	0.63
11.	Keep error-free records	2.34	3.22	0.88
12.	Knowledgeable employees	3.05	3.08	0.03
13.	Instill confidence in customers	3.36	3.11	-0.25
14.	Provide prompt service	2.79	3.22	0.43
15.	Inform customers when to provide service	2.82	3.11	0.29
16.	Never too busy to respond	2.97	3.22	0.25
17.	Give customers individual attention	3.95	2.91	-1.04
18.	Courteous with customers	3.76	3.08	-0.68
19.	Sincere interest to solve customer's problem	2.91	3.22	0.31
20.	Handle customer complaints immediately	3.02	3.21	0.19
21.	Store offer quality items	2.32	3.11	0.79
22.	Store provide adequate parking	2.48	3.22	0.74
23.	Store has convenient operating hours	3.02	2.91	-0.11
24.	Store accepts major credit cards	2.32	3.02	0.7

SUMMARY AND CONCLUSIONS

Although the customer value literature has identified the importance of customer value in consumer behavior studies, research exploring customer value have been relatively limited. This paper therefore identifies and responds to three gaps in the customer value literature within the context of grocery shopping where there is (1) lack of clarity about the dimensions of customer value; (2) lack of research on customer value and service quality from the consumer perspective and (3) lack of research in determining the customer value gap. This paper attempts to extend the knowledge of customer value by developing the concept and measurement of customer desired value, received value and customer net value. In achieving the intended purpose, we collected data from a sample of respondents that comprises of grocery shoppers in three major cities in Saudi Arabia. Based from the disconfirmation theory or service gap perspective, the paper proposed the measurements of the customer value construct using Retail Service Quality items proposed and developed by Dabholkar et al. (1996). The results depicted that the constructs and measurement of customer desired value, perceived value and customer net value are valid and applicable. The outcome of the findings highlighted that the customer value dimensions should act as a guideline or benchmark for the retail operators to improve their performance. It is imperative that grocery retailers understand what aspects of their determinant attributes of value (quality) that customers consider important when evaluating the grocery shopping or retailers. Retailers must be customer focus or driven to gain intrinsic knowledge of the customers' needs and expectations and actively manage them rather than providing the finest products and services and hope for the best. The study also highlighted the performance of the retail operators in meeting the needs of the customers in the marketplace. This could be a good indicator for the retail industry in determining their service quality standards.

This study, while providing much useful and interesting information, is not without its limitations. Like all research, this study has some weaknesses and the above conclusions and contributions should be considered in light of these limitations. First, due to the skewed gender distribution in the sample, the data analyzed in this study are based on a mostly male sample. This is due to the local patriarchal society where on most daily activities; the male decides or conduct the activities on behalf of the members of the family and that includes “traditionally” female task-related activities such as shopping for groceries. However, studies have shown that women as compared to men are more involved in purchasing activities (Slama and Tashlian, 1985) and have more attentive to the services of sales personnel (Gilbert and Warren, 1995). Therefore, it is interesting and pertinent that future research should consider this element. Second, the surveys were completed by a convenience sample of customers who patron the retail malls and may not represent the larger population. Although the sample of this study represents the pattern of the general population, future studies should take consideration the probability issues.

Given the exploratory nature of this research, there are many opportunities for researchers to extend it. First, future researchers may want to explore demographic issues further, given that this study skewed mainly on male consumers. In comparison to other countries, most of the grocery shoppers comprise of women. Therefore, it would be very important to get a balance respondents or to study female consumers’ shopping behaviors and their value perceptions (desired and perceived) when they shop at their favourite grocery retail outlets. The findings of this exercise may validate the results in our study and it would be beneficial to retailers targeting a broad range of consumers and families.

Second, future research may focus on investigating consumers’ desired value and perception in other retail stores such as specialty stores or online stores which have become more salient for today’s consumers. Third, future research may focus on developing valid scale to identify shopper types according to consumers’ shopping desired value to facilitate relative studies. Finally, this study should be replicate to other parts of the world to validate the findings and improvised the research theoretical model.

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