



Academic Research

Modelling Customer Loyalty in Retail Supermarket Industry Context

Analysis of Perceived Value Perspective in Araz Supermarket

By

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EMBA 2018-2019

This paper was submitted in partial fulfillment of the requirements for the Master in Business Administration (MBA) degree at the Maastricht School of Management (MSM), Baku, Azerbaijan, 15 January, 2020. {17 600 words}.

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Abbreviations

AVE – Average Variance Extracted

BL – Brand Loyalty

CFA – Confirmatory Factor Analysis

CPV – Perceived Customer Value

CR - Composite Reliability

CS – Customer Satisfaction

EBRD – European Bank of Reconstruction and Development

ECV – Economic Value

EMV – Emotional Value

FV – Functional Value

GDP – Gross domestic Product

SA – Store Attributes

SEM – Structural Equation Modeling

SV - Social Value

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Chapter 1. Introduction

1.1 Background

Nowadays, customers look for getting more value from shopping; negative customer experience could decrease and destroy revenue, that creates a serious business issue for retail stores. According to Gentry and Kalliny (2012), an increase in the number of loyal customers is an opportunity to increase profitability and enhance business sustainability. Hassan (2012) claims that to gain more competitive advantage and market share heavily depends on loyalty. It has not been proved that which features of value customers consider connected and this impacts their loyalty. Theoretically, understanding of value influenced by several independent factors will help business enterprises to increase customer loyalty to the maximum level. For instance, the balance of the following points could be added into successful value propositions: comfortability (Mittal & Gupta, 2012); and place ambiance (Hassan, 2012). This equilibrium would show that some opportunities, which are essential to build customer trips planned to increase primary shoppers and create loyalty, can be missed by supermarket retailers who only use price-cutting to create value.

This academic research focuses on the empirical investigation and modelling of customer loyalty in a specific retail supermarket industry of Azerbaijan. Commodity and retail market experienced an exponential growth at the turn of the millennium because the post-Soviet Azerbaijan economy was expanding due to the boost from the oil and gas industry. With more money, more revenue flow into the country, also the influx of foreigners, there was a new demand for diverse goods and commodities that were not normally in supply in the market. Moreover, more of the populations started having more money and can afford luxury and imported goods. Before the Azerbaijan production company developed, the country relied heavily on imported good from foreign countries.

Azerbaijan economy is an oil driven and therefore, a lot of the country wealth comes from the oil and gas industry and other supporting industry. Agriculture is ranked second in the country revenue generation (Humbatova, et.al., 2019). In recent years the government through various strategic and policy decisions is making effort to develop other industry with agriculture a huge priority. The government has so far significantly increased state budget towards developing the

agriculture sector from a 3,4% of which it was in 2006 (World Bank, 2011) to a significant growth. The government also provides other forms of assistance to farmers such as the 10 million AZN lending plan (Azernews, 2018). Not only the government, but also other institutions like the World Bank, the EBRD, EU neighborhood development initiatives, and also the USAID (USAID, 2013) have all contributed to the agriculture sector because they all see the huge potential in the industry and agrees with the government strategic policies.

As the current study concentrates on the important sector of retail industry – retail supermarkets, the case study company for this research is Araz Supermarket operating throughout Azerbaijan. Araz is the current market leader and had gained a significant competitive edge against the background of country's recent economic recovery from a recession stemming from a severe national currency devaluation and import-dependency. However, as the economy is diversifying and the transition to so-called free market economy is becoming a top priority, entry of new market players and the entire competition also grows quite fiercely. Hence, marketers in the retail industry, particularly in grocery and food sectors, are occurred to be rather cautious and delicate with creating the extra value to 'fasten the bolts' of brand loyalty to gain a long term growth. Therefore, this academic research takes a deductive look on modelling the loyalty in this specific terrain of business through the lens of perceived customer values and its multiple dimensions.

1.2 Research Problem

Customer value has been a hot topic for researchers in many fields, especially in retailing. Lack of clear definitions of the concepts and well-founded measurement scales in customer value research is the most common criticism, and the main reason behind this is existence of many meanings for the phenomenon itself (Gallarza et al., 2011). The existence of many meanings for customer value demonstrates itself from several perspectives, and the "structural scope", "level of abstraction", and "contextual influence" can be set as examples for these perspectives (Rintamaki, 2016). "Level of abstraction" can be defined as locus of value: is it in the results of purchasing, such as saving of time and effort or is it in the characteristics that are recognized? As can be found in the literature review part of the research, several researchers have concentrated on the points that buyers use when they consider steps of evaluation to understand the value. The systematic problems are related to conceptual modeling: how conceptual components are working with each other and how their connections are stated. The idea of contextual influence recommends that forming concepts

of customer value differs while, for example, comparing researches in the retail sector with studies in the hospitality field. Even though the problems mentioned above are valuable consideration points when a researcher is drafting any research brief with an emphasis on the topic of customer value, analyzing in a detailed way shows some conceptual and methodological challenges that together recommend a gap in the existing research.

Extensive theoretical background is the main reason for the first challenge, conceptual one. A considerable quantity of streams of disciplines and studies that have been utilized to give substance to the concept of customer value. It has already been shown above, different areas, such as economics, sociology, and psychology, are considered as the core of the utilitarian, social, and hedonic perspectives on consumption and it result with differences in the importance of diverse sub-concepts of customer value. For example, according to Woodall (2003), there are 18 classes of the “nature of the derived value for [the] customer and 19 types of “contingent value for [the] customer.” Woodall (2003) also states the situations in which there is possibility that value might appear: expected value, desired value, acquisition value, and so forth. The last covers aspects that describe the intrinsic nature of value, such as emotional value, material value and aesthetic value. In addition to a large number of theoretical aspects, because of potential overlap it is significant to reach the equilibrium point between broad comprehension of the manageable and phenomenon, tough group of notions expressing customer value – for both empirical modeling and theoretical conceptualizations.

Next challenge shows itself when two parts of the same phenomenon – the proposal and understanding of value – are examined. Murray (2013) declares that research about value propositions of retailers is much insufficient than articles about customer value, and most of the research that was done on this sphere tends to highlight solid features of the retail propositions, like differentiation and price point according to quality, the range of merchandise proposals or atmosphere, and breadth. If positioning based on perceived value has a key role for If major position of value propositions for customer is in positioning according to value that is perceived; intuitively it is justifiable to utilize from the same features in order to evaluate the value on both sides. This shows that there is a need for conceptual research as well as empirical one in order to link the perspectives.

The final research gap that this study will address is associated with the scarcity of an academic efforts focusing on a particular retail supermarket industry in a specific context of emerging Azerbaijani economy. There have been very handful studies empirical enquiries striving to model brand loyalty through delving into deep investigation of Azerbaijani customers' behaviours. Therefore, this research takes Araz supermarket as a case study company to collect primary data and validate the conceptual model bringing statistical evidences and analysis purely based on perceptions of case study company's customers. Hence, the outcomes of this research will contribute to offset the existing knowledge gap pertaining to this particular geographic and economic context.

1.3 Aims and Objectives

Departing from above-discussed research gaps, this study seeks to establish the modeling customer loyalty in retail supermarket industry from a perceived customer value perspectives. In rather specific terms, the research will aim to fullfil following objectives:

- ✚ To identify principle aspects and dimensions of customer perceived value in retail supermarket industry
- ✚ To conceptualize the formation of brand loyalty through the investigation of impact generated by multiple value dimensions driven by store attributes and brand image of a supermarket
- ✚ To provide policy recommendations drawn upon the theoretical and managerial implications that will guide marketers and supermarket managers in navigating through building long-term brand loyalty and satisfaction.

1.4 Research Questions

The research will endeavor to address following research questions:

- ✚ What are the primary perceived value aspects for customers in retail supermarket industry?
- ✚ How and to what extent, the different value dimensions and aspects shape supermarkets in modeling the brand loyalty?
- ✚ How and to what extent, the perceived customer value is driven by store attributes and brand image in light of satisfaction and loyalty?

1.5 Research Structure

This academic research is structured upon the five consecutive chapters. The introductory section of the study encompasses the key elements such as aims and objectives, research directions, and the primary research problem is dealt with. This chapter also provides outline of the entire research through the “helicopter view” of an author.

The second chapter is solely dedicated on a review of literature related to value creation and proposition, the fundamental elements and components of customer perceived value and loyalty. This chapter sets forth the theoretical framework of this academic research, hence postulates hypothetical correlations between determinants that predict customer value and the impacts it generates upon the brand loyalty. Drawing on the past scientific and empirical enquiries, respective hypotheses are developed within the analytical context of the research and thus the overall research model is constructed in this chapter.

The third chapter of the current study focuses on the research methodology. It specifically casts lights on the approach and design of the research from the ontological perspectives. This chapter provides details of how the certain measures and instruments were adopted and developed for the quantitative survey. It discusses the techniques of sampling methodology used within the project and the reliability and validity measures taken as part of statistical data analysis processes.

The fourth chapter is the core section that entails results of empirical study. Hence, the findings and statistical evidences gathered through quantitative survey are presented here. The hypotheses postulated in Chapter 2 are statistically tested using the Structural Equation Modelling methodology. Furthermore, the fourth chapter provides critical discussion of findings and implications drawing parallels with the results of past studies.

The final section is a concluding chapter that finalizes the key outcomes of this academic research. In this sense, the conclusion provides theoretical and managerial implications through the presentation of key policy recommendations inferred from the key findings of the study. It also sheds light on the major limitations and future research directions encompassing the perceived value and brand loyalty not only in supermarket retail industry, but also in overall marketing research.

Chapter 2. Literature Review and Analytical Framework

2.1 Value creation in retailing industry

One of the most basic examples of consumer behaviour is represented by shopping with retailers acting as a reflecting surface through which the many desires and needs of the consumer can be reflected back. If seen from the perspective of marketing, these "mirrors" have been placed at such positions that have proven to not only be correct but also the best prepared in gaining advantage amongst competitors. The question that arises is, how can the most appropriate position be determined? In today's day and age, consumers have begun to demand more lucrative experiences in shopping while also looking for the lowest prices available online simultaneously due to which locating the driving factor behind consumer behaviour as well as the competitive advantage confined in the resources available is difficult.

This is why it has become much more vital to understand the driving factor behind decisions made by customers regarding what they must purchase and from where they must buy it. To understand the driving factor behind customer decision at present as well as the things retailers can learn from depending on where they position themselves in the competitive retailing sector, the central concept that explains the linked phenomena in this research is understood to be customer value. Researchers and retailers are both often tasked with dealing with the same gap that occurs when customer value is to be understood and managed: as the insight acquired from the customer, research is rarely received well by the company's management system. Thus, the main issue that arises is how can company propositions of value and customer perceptions be bridged together and is this dissertation's primary focus.

2.2 Phenomenon of customer value

The value co-creation perception and the interplay that exists around customer value should not be mixed as the former deals with interaction amongst market parties and the resource exchange (Vargo et al., 2008; Carù & Cova, 2007). On one hand, scholars, including Andreu et al. (2010) have investigated the ways in which retailers and customers can take up the roles of facilitators and value co-creators, and enhance the co-creation of value through the process of joint interaction, while on the other hand, the focus of this dissertation is how customer value in retail can be managed, keeping in mind the main dimensions of value for both the retailers and the customers;

customers, rarely if ever seek co-creation. Nevertheless, value creation always requires a tool such as co-creation- this requirement will be discussed in the following sections of this research paper, along with other issues related to operations that influence customer value. If we consider the first perspective to be the customer perspective, the primary sources that provide us with the information regarding customer value in the retailing sector are “consumer values” and “consumer perceived value”. Research regarding consumer values and consumer perceived values are heavily based on psychology, most importantly the research regarding personal values of customers (Kahle, 1983; Gutman, 1982; Rokeach, 1973).

The application of this literature in the consumption context has helped to understand the behavior of customers while making decisions and purchasing. In a similar manner, sociological concepts have been of utmost importance in understanding the reasons behind why ideals and norms usually decided by other people accompany personal values (Belk, 1988; Hutcheon, 1972). The conceptualization of consumer value has been further developed by Holbrook (1999) which clearly distinguished the criteria in evaluation related to consumption that are the ideals and personal values known as ‘values’ (plural) from the singular term ‘value’ which refers to the results of the aforementioned evaluations. However, value in the form of an outcome is the main focus of the literature related to customer perceived value which also places an emphasis on the fact that the concept leads to the aspect of business-to-business (B2B) and is not simply restricted to consumers only. When the relationships between sacrifices and benefits are examined, this concept is given a lot of attention (Anderson & Narus, 2004), and includes the examination of means-end chain which are applied in modeling the perception and formation of customers.

Customer value’s secondary perspective is concerned with how customer value is managed by retailers. The concept of “managing customer value” in literature can be used to refer to numerous things such as evaluating the value possessed by the customers from the perspective the companies hold along with improving the perceived value of the customers. Despite the differences that may seem apparent at first between the two aforementioned meanings, it must be noted that the two meanings share common traits amongst them in regards to the role of marketing discipline and its strategic stance, especially when an emphasis is placed on thinking oriented towards the customers as compared to the thinking oriented towards products. Gupta (2004, p.7) along with numerous colleagues has preserved the previous tactic which dealt with values possessed by customers from

the perspective of the companies who “identify customer’s perceived value as the anticipated amount of reduced future revenue.”. Along with this, customer value management has been described by Verhoef et al. (2007, p. 52), “the optimization of the value of a company’s customer base.” Management of customer value has three kinds of challenges recognized by Kumar, Lemon and Parasuraman (2006): metrics and modeling, strategic, and realization of customer relationship management (CRM).

A clear definition of the concept of “value” has yet to be defined even though this subject has a wide range of admirers and even Khalifa (2004) is of the opinion that “value” as an overall concept has become a part of the most misrepresented and hackneyed terms, generally in the literature concerning management and the social sciences.. Literature related to marketing has expressed “perceived value” in distinctive ways. According to various observations, “perceived value” is suggested to be a unidimensional construct that can be evaluated when the value that the respondents received after they purchased items is evaluated. Yet the concept of “value” (a balance created amidst sacrifice and benefit) is thought to be acquired through an approach that is narrow; and the researchers present counter-arguments which state that “perceived value” is embedded with numerous concepts (sacrifice, quality, benefits and perceived price to name a few) and is a multi-dimensional concept in reality (Mathwick et al., 2002 & 2001; Sweeney& Soutar, 2001).

Numerous conceptual samples of types of customer value of dimensions have been provided by Smith and Colgate (2007) and Holbrook (1999) that can be applied to different contexts related to consumption. Hundreds of journal articles currently make up the ever-increasing body of literature that is filled with empirical treatments of how the customer value dimensions were treated and then adopted in the context of consumer services and retailing. Rintamäki (2016) provides the relevant and numerous cases of empirical and conceptual treatments of customer value in the retailing sector through comprehensive summary of extensive body of literature (Table 1).

Table 1. Multidimensional conceptualization of customer value

Context	Customer Value dimensions	Author
<i>Product-related value</i>	Need for production function; Need for pleasure	Aulia et al. (2016)

<i>Social-related value</i>	Divided into two parts: Need for acceptance; need for compliment or appreciation	El-Adly and Eid (2015)
<i>Multi-channel shopping</i>	Social, experiential, monetary, return value	Kim and Lee (2014)
<i>Luxury shopping/retailing</i>	Utilitarian value, which is comprised of functional and excellence values	Jung Choo et al. (2012)
	Hedonic value, which is comprised of aesthetics, pleasure and experiential value	
<i>Online retailing</i>	Symbolic value, which is reflected in self-expressiveness and social values	
	Social, functional, emotional, epistemic value	Cheng et al. (2009)
<i>Shopping</i>	Utilitarian value, which is also referred as Store value, product value as performance, product value for money	Diep and Sweeney (2008)
	Hedonic value or so-called Emotional value, product value as social and hedonic value	
<i>Retailing</i>	Key customer values - economic, emotional, functional and symbolic	Rintamäki et al. (2007)
<i>Product</i>	Both hedonic and utilitarian values are induced by emotional, cognitive, lifestyle and relational constituents	Gentile et al. (2007)
<i>Shopping at department store</i>	Decomposition of shopping value into three parts: Utilitarian value referring to convenience and money saving; social value referring to self-esteem; and hedonic value - related to entertainment and discovery	Rintamäki et al. (2016)

Source: adopted from Rintamäki (2016)

2.3 Customer value propositions

“Customer value proposition” has yet to be defined as a concept that is all-encompassing, yet numerous researchers have settled on a total of two points; it is the customer’s perspective that develops the main strategic role inside an organization which is the customer value proposition taken up in order to pursue advantage amongst competitors (Rintamäki et al. 2007; Anderson et al., 2006; Webster, 1994). It was suggested by Anderson et al. (2007) that a position should be taken for competitive advantage and an emphasis should also be placed on sales strategy and mentions that "resonating focus", "all benefits" and "favourable points of difference" are the three types of customer value propositions. The emphasis of the first category is to list all the outcomes

and features of the offering that are positive in nature. While on the other hand, the number of results that are positive in life is restricted by the "favourable points of difference" by the method of comparison with the following option that is the best. An explanation regarding this is provided as "points of difference are elements that make the supplier's offering either superior or inferior to the next best alternative" by Anderson et al. (2006, p. 94). Those specific outcomes that are the best in enhancing the value for the customers in the coming years are entailed in the "resonating focus".

Companies can also take into consideration factors such as "points of parity" while supplementing and identifying the propositions of customer value. These factors have been expressed by Anderson et al. (2006, p. 94) as "elements with essentially the same performance or functionality as those of the next best alternative". Locating the "justifiers" in non-strategic markets is an essential task as pointed out by Anderson et al. (2014), as they help to express the benefits that aid buyers in succeeding and are more often than not issues that are neglected in spite of being so obvious. Value proposition has been also considered as a tool for better strategic management decision regarding the company belief on what customers value most and what it takes to deliver it to them, which in its turn bring a competitive advantage, by placing a focus on creating an advantage amongst competitors by establishing customer value. Therefore, one can say quality and value appear to be comparable. While on the one hand, the value consumers derive can be enhanced by the meet or exceed expectations of the retail stores, just like in service quality, one the other hand, value perceptions will be undermined by sparse retail outlets. In essence, companies are only able to suggest value propositions according to what the value they feel and think is appropriate, whereas the real value is determined according to the customer's own mindset. Thus it is only natural that this procedure goes on to impact issues like pricing since consumers "buy based on perceived value, not what it costs the seller to produce and have the product available for sale" (Monroe, 2003).

Numerous firms and their marketing actions revolve around establishing brand loyalty for the merchandise they produce, the services they offer and the stores they possess in addition to the cumulative customer value (Vesel & Zabkar, 2009). Yeng and Mat (2013) raise one of the most perplexing but most straightforward questions regarding how a firm can build customer brand loyalty. The past decades have witnessed the rapid growth of hypermarkets in Malaysia (Aghaei,

2012). The hypermarkets have developed Customers' commitment towards the stores through tireless efforts to earn sales revenue over a long-term period, yet a majority of these stores continue to fail when it comes to creating customers' value perception.

There has been a lot of research focusing on the subject of establishing customer brand loyalty and has led to the examination of the chief marketing concepts for instance, trust which assists as loyalty antecedents (Fung et al. 2013; Sparks et al., 2011; Chaudhuri & Ligas, 2009), along with service quality perception (Kandampully et al., 2011) as well as communication conducted through word of mouth (Urška, 2013). Although the findings of the research helped in contributing to the literature of customer brand loyalty, one issue that has yet to be investigated is the mediating part played in creating brand loyalty in the hypermarket context by customer perceived value. Thus, attempts are being made by present study to lessen the gap in the literature and examine the role perceived value has play critically to create customer brand loyalty intended for a hypermarket.

2.4 Theoretical framework and hypothetical propositions

The utilization of social, emotional, conditional, functional and epistemic value, also known as the five markers helps to predetermine customer value (Sheth et al., 1991). Subsequently, this research explains customer value as the value of service that customers declare after they successfully shop at a store. Social value is a form of gain linked to a convenience store's customers' social position, while the emotional cost is connected to the benefits customers receive from a convenience store's atmosphere. According to a few researchers, establishing a marketing strategy centered around a store is amongst some of the ways in which customer value can be increased (Fu et al., 2017), while other methods include; altering the experience of return and delivery that takes place in a delivery of e-commerce (Vakulenko et al., 2018); enhancing the proportions of functional, economic, symbolic and emotional value, that have been associated with the effects and satisfaction that communication done through word of mouth has (Rintamäki & Kirves, 2017); strategically investing in such technologies leading to customers being understood by the retailers thus allowing retailers to answer questions such as who these customers are and what do they require the most, so that services and products could be proposed to the customers

by the retailers according to their needs and requirements both online and in stores in a smooth manner (Blitz, 2016).

2.4.1 Classification of Customer Perceived Value

Functional Value: The superiority of a service or a product is evaluated through the economic and realistic assessment of an individual known as practical value (Sanchez et al., 2006; Woodruff, 1997). Characteristics of functional value such as suppleness (Lapierre, 2000), responsiveness sympathy, dependability (Parasuraman et al., 1988), price (Anderson & Narus, 1998), and convenience (Scmenner, 1986) materialize from an extensive review. Practical value is also projected to be associated with dependability, sympathy, responsiveness, suppleness, and price by Sanchez et al. (2006) and Sweeney and Soutar (2001). Therefore, The compensations derived from the product quality, performance of the product and the value for money of the derived product is replicated by this feature. Thus the second and third dimensions of the SERVQUAL model is connected to functional value; the second dimension of the model is reliability which is also comprised of further two sib-dimensions, specific accessibility of services excellent (Westbrook, 1981) and assurance (Dabholkar et al., 1996).

The consumer perception in regards to the store keeping its promise is evaluated by the guarantee sub-dimension, whereas the opinion of the consumer in regards to whether the accessibility of services/goods can be relied upon is the concern of the accessibility dimension. Personal communication is the third dimension which is comprised of further two sub-measurements, responsiveness followed by politeness. They are closely related and note how well the staff of any firm or establishment takes care of the customer. However, the product's applicability in real-world scenarios and how well it performs its normal functions are displayed by functional value (Smith & Colgate, 2007). Customer satisfaction is impacted by an important feature known as CPV, which in turn is manipulated by these measurements (Gill et al., 2007).

Emotional Value: The certainty arises in a consumer from the experience of purchasing a service, or a product is included in the sentimental value (Sheth et al., 1991). It was disputed by Yu and Dean (2001) that customer satisfaction is mostly determined by emotional factors. Pessimistic emotions affect satisfaction much more strongly than positive emotions, as revealed by numerous scholars. Thus, the influence and outcomes of multiple structural experiences such

as customer satisfaction are dominantly outlined by feelings (Buciuniene et al., 2009). The response received after consumption experience is the perception of consumption emotion, as suggested by Westbrook and Oliver (1991). Happiness, apprehension, and resentment are numerous terms and experiences which clarify consumption emotions briefly.

Social Value: A strong relationship exists between social position and social value. The minds of customers are significantly impacted by the measurements of the welfare and social capital of social citizens. The ability to take part in making decisions can be the influencing factor. The benefits that family and friends provide can be signified by the social element (Tabassum et al., 2013). Thus we can say that the value which is the outcome of the capability of a service or product in regards to enhancing social self-concept is known as social value (Sweeney & Soutar, 2001); in other words, social value can also be defined as the perceived efficacy that results from consumer choice along with establishing relationships among social groups, be they single or multiple (Panda, 2007). Nevertheless, the evaluation of social values is conducted as those variables having multi-dimensional nature that influence customers' intentions in regards to purchasing and which is highly impactful on customer satisfaction and also plays an immense role in inspiring consumers to remain loyal to the firm and keep on utilizing the convenience stores.

Conditional Value: Ehsani and Hashim (2015) define dependent value as evaluating a customer's CPV while purchasing items in convenience stores. However, the perceived benefit that results in a specific condition is known as conditional value. This type of customer value, according to Sheth et al. (1991), duplicates the state wherein a mixture of markets, both large and few in numbers, relies on the customer encountering certain situations for any service or merchandise. The aforementioned point of view, outwardly describes how consumer satisfaction can be suitably evaluated by restrictive value, and this results in loyalty that arises from the situation in which customers deal with necessity in a convenience store.

Economic Value (Price): Yet, the perceived value concept as a multi-layered dimension comprised of reasonable and straightforward yet added evaluation of 'value' is challenged by the present study. Furthermore, it is mentioned that even 'price' is a notion that is vague and uncertain (Woodruff & Gardial, 1996; Dodds et al., 1991). Notwithstanding the fact that whenever a product's financial worth is mentioned, it is frequently understood to be the price, yet admiring

the perception helps to add exploration, endeavor, and deliberation of time that is that contained within the sacrifice or general cost that is formed after a customer experiences the act of purchasing an item. Thus perceived value is considered to be a much better and broader concept in comparison to a trade-off between price and cost (Monroe, 1990; Zeithaml, 1988).

2.4.2 Impact of Store Brand Image

According to Magid et al. (2006), brand image was the response customers gave to the impression, sign or name of a brand and thus was a representation of the product quality as well. It was also an established set of liabilities and assets and was connected to the brand sign and name by providing customers with services and products which helped to enhance or lessen the value (Magid et al., 2006). It was reported by Porter and Claycomb (1997) that measurement of brand image could be done with the help of two dimensions that include function and symbol along with the items that are fixated on the brand utility in regards to the contained symbolic image and purpose. Brand image is defined by Keller (1993) as “a perception about a brand held in consumer memory”. Companies possess intangible assets in the form of corporate brands that cannot be easily imitated and thus a difference can be seen between corporate brands and product brands as the former emphasizes the importance of brand values (De-Chernatony, 1999). The image that is more favourable amongst consumers is perceived to be higher value, quality, loyalty and satisfaction (Johnson et al., 2001). The brand image was measured by Aaker (1996) through three dimensions which were brand associations, brand value, and brand characteristics. It was reported by Wu (2011) that one of the most vital determinants of customer loyalty and satisfaction was a corporate image. While corporate brand image was confirmed by Selnes (1993) to have a significant impact on brand loyalty, on the other hand, it was discovered by Davies and Chun (2002) that brand loyalty was indirectly influenced by corporate brand image. Departing from above theoretical discussion, this study postulates following hypothetical statements:

H1a: *Store Brand Image will positively and significantly affect Customer Perceived Functional value*

H1b: *Store Brand Image will positively and significantly affect Customer Perceived Emotional value*

***H1c:** Store Brand Image will positively and significantly affect Customer Perceived Social value*

***H1d:** Store Brand Image will positively and significantly affect Customer Perceived Conditional value*

***H1e:** Store Brand Image will positively and significantly affect Customer Perceived Economic (Price) value*

***H2:** Store Brand Image will positively and significantly affect Brand Loyalty*

2.4.3 Store Attributes & Customer Perceived Value

Customers' loyalty and satisfaction can be significantly improved with the help of store attributes. Approximately eight store attributes were recognized by Finn (2004) that aided in forming attitudes of consumers in regards to a retail marketing strategy. This research has considered store image, store atmosphere, lifestyle, parking facility, convenience, merchandise, and location to be amongst those elements that are the most relevant. Numerous components present in the retail marketing mix influence store attribute (Chen & Hu, 2010; Jinfeng & Zhilong, 2009), some of which are displayed features, spacious and clean environmental atmosphere, location, parking facility, and many others. Beneke et al. (2013) conducted a study which exhibited the reality that one of store attribute's chief components (store image) impacted the customers' brand loyalty directly and indirectly with the help of customers' perceived value construct that associates customers and their repeated shopping visits to any specific market place and store (Hartman & Spiro, 2005). Hence, the current study hypothetically claims that:

***H3:** Store attributes will positively and significantly affect Customer Perceived Value:*

- ***H3a:** Functional*
- ***H3b:** Emotional*
- ***H3c:** Social*
- ***H3d:** Conditional*
- ***H3e:** Economic (Price)*

2.4.4 Customer Perceived Value & Satisfaction

An argument states that by making customers perceive the value, they might assume, firms can bring about commercial success with the help of customer satisfaction (Zeithaml et al., 1990). Still, if in-depth knowledge regarding customer value as well as the additional issues related to it, is not applied to customer satisfaction management, managers will not be able to receive the voice of the customers and thus will lack the necessary learning material through which they could respond (Woodruff, 1997). Often it can happen that organizational performance and satisfaction data are not able to co-relate in high numbers due to those consumers who state their satisfaction with a brand or retail establishment but continue to purchase merchandise from other establishments. This issue can arise when the management dealing with customer satisfaction fails to recognize that the needs of customers change with time. When additional measures received from the research are observed, it is seen that the apparent relationship between satisfaction and value, especially one that is positive and deals with service (Cronin et al., 2000) is the main focus of numerous studies.

Customer satisfaction and value for multiple services also possess an essential relationship discovered by McDougall and Levesque (2000), and also by Hsu et al. (2006), while in the research of McDougall and Levesque (2000), the relationship's strength was different in the services. Even though both of the abovementioned studies treated loyalty as the result of satisfaction, yet the commitment is driven by (or one can even say the loyalty's primary determinant) is customer value (Yang & Peterson, 2004). Lin et al. (2005) and Tam (2004) tested customer value models in which a positive correlation was seen between customer value and satisfaction along with positive word-of-mouth and behavioural intents in regards to patronizing. Achievement had not developed a strong association in comparison with customer value in both of the above situations with any of these constructs. Furthermore, patronage and (or) WOM had impacted customer value more in the study conducted by Tam (2004) in contrast to satisfaction. Cronin et al. (2000) and Tam (2004) suggest that behaviour intents can also be affected indirectly by value through satisfaction.

Drawn upon the literature support analyzed above, this research sets forth following hypotheses:

H4: *Customer perceived:*

- **H4a:** *Functional*

- *H4b: Emotional*
- *H4c: Social*
- *H4d: Conditional*
- *H4e: Economic (Price) values will positively and significantly affect Customer Satisfaction.*

2.4.5 Customer Perceived Value & Brand Loyalty

The incidence of complaints should thereby be decreased if satisfaction is increased, and this increase in satisfaction should also result in an increase in customer loyalty that is termed as a psychological predisposition of a customer in regards to repeatedly purchasing conducted from a specific service provider or of a particular product. The model is comprised of the ultimate dependent variable known as loyalty as it is valuable for its representation of real customer retention as well as subsequent profitability. Srinivasan et al. (2002) viewed customer loyalty as being vital for businesses to succeed over a long-term period. It has been observed that customers may be prepared to pay more money as well as take part in spreading information through word of mouth in a positive manner if they are loyal to specific brands or loyal and will resist engaging with the competitors of their preferred brand. Customer loyalty is established by such benefits and is considered as the chief goal for any organization. Purchasing items in bulk and variety along with exhibiting a lesser degree of sensitivity in response to increasing prices, spreading information through word of mouth in a positive manner, and distorting or ignoring offers from competing firms are a part of the loyalty behaviours (Srinivasan et al., 2002).

Therefore, it is vital that an examination is made to understand better the concept and dynamics of the attitudinal customer loyalty along with acquiring intuitions in regards to sustaining and creating customer loyalty of such an excellent level. According to numerous researchers, the consumer must possess an attitudinal component, combined with their purchasing behaviour if the existence of strong customer loyalty is to be made a reality (Chaudhuri & Holbrook, 2001). A consumer's purchasing behaviour will become more predictive and consistent towards their preferred brand or productive if their relative attitude in regards to specific merchandise or product is stronger than usual. Moreover, the supplementary benefits mentioned above are linked with attitudinal customer loyalty through the customers discussed above and anticipated by the firms.

The relationships that develop between retail establishments and customer consumers are the primary concern of retail customer loyalty. For the emergence of customer retail loyalty to occur (Reynolds & Arnold, 2000), researchers suggest relationships between the retail establishments and consumers be similar to the connections of brands and consumers, which were strong enough to form customer brand loyalty and thus are vital (Ball & Tasaki, 2001). Customer retail loyalty is thus defined by this study grounded on the subsequent discussions as “A deeply held commitment to patronize a preferred retail establishment consistently in the future, thereby causing repeat purchasing at that retail establishment, despite situational influences and marketing efforts having the potential to cause switching behavior to alternative retail establishments” (Oliver, 1999). Therefore, this study postulates that:

H5: *Customer perceived:*

- **H5a:** *Functional*
- **H5b:** *Emotional*
- **H5c:** *Social*
- **H5d:** *Conditional*
- **H5e:** *Economic (Price) values will positively and significantly affect Brand Loyalty.*

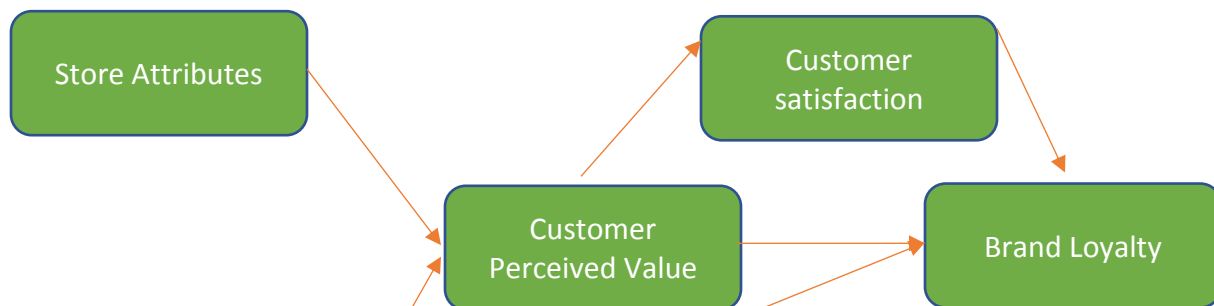
2.4.6 Customer Satisfaction & Brand Loyalty

A customer will only become loyal after they become satisfied and have repeatedly exhibited patronage intention and behaviour (Cronin et al., 2000). Therefore, customer retention is derived from customer satisfaction (Parasuraman et al., 1991). Nevertheless, the relationship that are generally evolved from customer satisfaction towards customer retention has been questioned by Oliver (1999) whose research work deals with the fact that although customer satisfaction is the prerequisite of customer retention, its outcome is essentially not customer retention. Specific devices have been developed that can intercept how the relationship between customer retention and satisfaction is formed. This interception is comprised of the impacts that psychological reasons associated with identifying personally with business activities have along with the effects of the customers' affective obligation and dedication with their store loyalty or specific service employees.

Therefore, it is imperative that the primary desires of customer satisfaction attained from a customer perspective be understood so that the devices that incept between customer retention and customer satisfaction may be influenced. This mode of action can bring clarification to the association that is present between customer retention and customer satisfaction. Therefore, customer satisfaction could be enhanced through the potential of customer value (Cronin et al., 2000) as well as through its contents which consumers can identify. Past research findings have challenged the claim that a satisfied customer always goes on to become a loyal customer (Oliver, 1999). Thus, the connection between customer retention and that of customer satisfaction remains arguable. It is yet to be established where there is any influence of customer perceived value in service providers' market orientation performance on the loyalty of the customers. In this regards, following hypothesis is established by this study:

H6: *Customer satisfaction will positively and significantly affect Brand Loyalty*

Figure 1. Conceptual Model



ought to provide the critical review of literature in line with extant studies customer perceived value and primary factors driving its multiple dimensions and brand loyalty, consequently. As a result of deductive scrutiny of empirical and scientific attempts, the conceptual model of the study was developed (see Figure 1). The proposed model denotes that certain store attributes, such as store cleanness, ambiance, and facilities, drives the multiple dimensions of perceived value of customer. Moreover, the brand image of a store, directly generates impact on value creation and brand loyalty. Modeling the brand loyalty, this academic research conceptualizes that customer, apart from the brand image, perceived customer value and

the satisfaction driven by perceived customer values will be a significant factors in establishing and maintaining the brand loyalty, which is conducive to gaining competitive advantage in a *longue durée*.

The next chapter discusses how the proposed conceptual model is put into an empirical context and validated in the case of Araz supermarket. Hence, the research methods used within this study is further explained and the final results are presented in respective chapters.

Chapter 3: Research Methodology

3.1 Measure formation

The measurement items of the study constructs are employed from former studies. Initially, the items of Customer Perceived Value are taken from Ruiz-Molina and Gil-Saura (2008); Rintamatki and Kuusela (2007), and modified according to the scope of the current research. Zeithaml (1988) operationalized Customer Perceived Value as the overall assessment of a customer regarding the utility of a certain product based on perceptions of what is received. The operational definitions of other constructs are provided in **Appendix 2**. Furthermore, Functional value is measured with items, such as “Araz market is convenient for me”, “Araz market is outstanding.”

Social value is measured with items, such as “Patronizing Araz market fits the impression that I want to give to others.” Emotional value is assessed with three items, such as “Araz market gives me something that is personally important or pleasing for me”..., “I feel like a smart shopper in Araz market because I make a successful purchase.” Other variables, namely Conditional value and Economic value are measured with two items, respectively. The measures of Store Brand Image are taken from Beristain and Zorrilla (2011) and measured with three items, such as “Araz market treats ethically and honestly” ..., “Araz market puts efforts to launch new products and services.” The items of Store Attributes are employed from Nikhashemi et al. (2016) and measured with five items, which are mainly characterize Araz market, such as its cleanness and freshness, facilities (car parking), decoration, location and so on. Brand Loyalty measures are taken from Beristain and Zorrilla (2011), and measure with items such as “I consider myself loyal custome to Araz market”..., “When intending to buy a specific product, I would firstly refer to Araz market.” Finally, Customer Satisfaction measures are taken from Mehmood and Shafiq (2015) and assessed with two items, namely “Service provided by Araz market meets my overall expectations” and “I am satisfied with the products and service offered by Araz market.”

The measurement scales have been modified based on the content of the current study, subsequently pre-tested in order to ensure the content validity and reliability by the revision of pre-selected customers of Araz market who took part in the survey. The detailed description of the survey questionnaire is given in **Appendix 1**. The items of the survey questionnaire are measured with 5-point Likert scale. For instance, the item “When intending to buy a specific product, I would firstly refer to Araz market” was assessed with 1 being “Strongly disagree” to 5 “Strongly agree”.

3.2 Data Collection and Sampling

This academic research employs qualitative secondary data collected from secondary sources. These sources include reports, previously conducted scientific studies and articles. Moreover, the empirical study is mainly built upon primary data. The primary data was collected through survey strategy. Above section shed a comprehensive light on the constructs and items entailed in the questionnaire which was the primary tool of the quantitative survey. The questionnaire consists of two parts: demographics and construct measurement (see Appendix 1).

The convenient sampling method was used to reach out to research samples. Within the project, at the final stage, $N = 237$ samples were involved. Two techniques were used whilst soliciting questionnaire to potential respondents. First, Araz supermarket's store managers assisted to distribute the questionnaire at the check out cash desk. Some customers immediately filled out the forms, but some returned later. Second, the CRM department of the company send out mass e-mails attached questionnaire using their over 300 000-people customer. Overall, three weeks were allocated to data collection process. Despite the interest and high respondent turnover in early days, participation gradually deteriorated, and some forms were invalid to use for the analysis as they were either incomplete.

3.3 Data Validity and Reliability

Reliability and validity are two important elements that are used to justify the statistically viable empirical study. Research validity is seen as the far the facts or evidence provided in a study can be used to reinforce the theory used. It can also be described as the applicability of data interpretation in a study (Saunders et al., 2009). Data accuracy can be used to determine the validity of the study. In a recent publication, Saunders et al (2012) points out that the research reliability is ascertained when the outcomes of the study are accurate and sound. The process of confirming the validity of a study, the researcher(s) must come up with a set of questions. Equally, the researcher needs to find answers to these questions from the available literature which will be used to prove that the measurement is accurate.

On the other hand, reliability can be described as the level that a study is solid if it can be repeated many times under consistent conditions. Reliability in a quantitative type of study can be divided into three: (a) Produce equivalent findings when presented to corresponding easement settings, (b)

the uniformity of an easement in relation to the stipulated time frame and (c) the consistency of measurement in respect to a determined time. Saunders et al. (2009), indicates that reliability is attributed to the extent that the study figures remain consistent and can be evaluated by the test-retest modality in several intervals that is perceived as a steady measuring tool. Moreover, a high degree of consistency in a study reveals a high degree of reliability that is proof that the study findings can be repeated with comparative results.

Studies reveal that validity is associated with a lot of threats and limitations (Heale & Twycross, 2015). For example, inaccurate findings or incorrect implementation of the statistical tests that establish the impact of the resulted. Some of these threats are internal, external, statistical findings and an ongoing validity threat. One of the leading factors in the interpretation of a test is to come up with a definite description of the internal validity. The internal validity threats are the main challenges that researcher(s) come across when interacting with participants, which subject the researcher(s) to difficulties in coming up with correct data interpretation. These threats are addressed based on making inadequate steps, for instance, adjusting the instruments when conducting the study or changing the control group that is integrated into the study. On account of these inadequate steps, the study requires to find out whether the study brings about any difference in this case or not. On the other hand, external validity threats occur when the researcher(s) comes up with inaccurate interpretation from a sample data to other individuals (Fallon, 2016). It provides a solution to the aspect of generalizability, which means how the researcher(s) can thermalize the anticipated findings.

In this study, the efforts to boost validity were made at every level of the research. Primarily, the outcomes of the previous empirical findings, scientific activities, and approvals were strategically analyzed, and in this regard, the integrated conceptual framework was achieved. Every feature was adopted and keenly selected and adjusted from literature. The acquired quantitative survey factors and related alterations and tools were evaluated and ratified by academic administrators of this study.

In the survey integrates a quantitative approach where a large percentage of participants and descriptive results are necessitated (Jansen, 2011). This helps increase the level of reliability and validity in the study. Equally, the use of semi-structured qualitative interviews in this study allows

the respondent to provide a detailed discussion controlled by the open-ended questions. In this case, the respondents are not restricted to only the closed-ended questions, which have definite responses. The themes are explored in detail for increased validity and reliability (Edwards & Holland, 2013). The researcher can, therefore, tailor the questions to the immediate settings or context of the participants to come up with rich or observational data. Conducting semi-structured interviews also helped to boost the validity of quantitative data through in-depth qualitative insights.

Statistical analyses were conducted to evaluate the validity and reliability of the data acquired before testing the postulated hypothesis. The findings of the statistical tests affirmed that the present study assures the convergent and discriminant validity. Several data cleaning processes, such as CFA analysis were performed to ensure the validity. Discriminant validity analysis was embedded into the account of the AVE of every variable. To ascertain the internal consistency, Cronbach's alpha for every variable has been checked to ensure reliability. The outcomes of the reliability and validity tests were put forward and articulated in Chapter 4. As founded on the findings, it is clear that this study has acceptable reliability and validity levels.

3.5 Research ethics

The main aspect of research ethics has been cautiously considered throughout the entire research process. Therefore, starting from the literature review whilst critically discussing the outcomes and analytical inputs of the previous studies till the policy recommendations. All the sources were cited with due references to ensure academic integrity and property rights of original authors. Apart from the secondary data, the primary data collection has been also performed in full compliance of research ethics. Hence, all survey participants were verbally and in written (if required) briefed and guaranteed that their opinions were only used for academic purposes. It was also advised that their personal data and opinions were not used for any commercial purposes nor were disclosed to any party. Provided insights (responses) of survey participants have been presented as a composite statistical data processed and analysed through several validity and reliability checks.

Furthermore, it is noteworthy that author of this academic research understands that there are number of subjective opinions and perception when the results and research implications have been analysed. In this regard, the paper outlines number of recommendations based only upon the

subjective opinions and modest amount of evidences collected from Azerbaijani and Araz supermarket case. The generalization of the research outcomes therefore should be carefully considered and cross-validated upon the implementation.

Chapter 4. Empirical Findings and Discussion

4.1 Azerbaijan – Country Profile

The population of Azerbaijan is about 10 million. The biggest city Baku has about 1.1 million of the country population. The other big cities outside of Baku are about 400,000 thousand inhabitant each (World Population Review, 2019). The rest of the country shares the remaining which is about 60% of the population entire population. Azerbaijan is rich in natural resources. Besides oil, the country has good topography and climate conditions that favors good agricultural activities. Azerbaijanis are also good craftsmen, and some are into arts as well. The accumulation of all these characteristics and potentials make Azerbaijan a good place to do business.

Azerbaijan has recently started opening up for business because the government has realized the importance to allow for small business to incentivize the economy. According to the PWC Azerbaijan 2017 report on “Doing Business and Investing in Azerbaijan”, some of the big trading partners of Azerbaijan are Turkey, Russia, Iran, Italy, Georgia, China, UK, Israel, and German which obviously are regions where Azerbaijan export and imports and have trading activities in thousands of US dollars (Nonetheless, the opportunity is still limited to certain industry with most opportunities monopolized for small group of already established business. The government has put in place measure to support the easy establishment of businesses. The Asan Xidmet, one stop shop center makes it easy for people to register and start business within a period of 24 hours. There are also government measures to support single entrepreneurs to run their own business without the obstacles of taxations which has been simplified. There is a huge growth in the tourism sector and also support to incentivize agriculture sector.

Azerbaijan is a democratic republic and its government emphasizes the respect to rule of law. Individuals and business entities have the organs and channels to address legal issues. In addition to the financial institutions such as banks, there are government agencies that provide financial assistance to the population for the purpose of doing business. For example, local entrepreneurs which are traditionally more interested in tertiary sector rather than manufacturing can get concessional loans given by National Fund for Entrepreneurship Support (NFES) under the Ministry of Economy and Industry of Azerbaijan are used mainly by the businessmen in the non-capital regions PWC. Azerbaijan, 2017).

It is public knowledge that the Azerbaijan economy is mostly dependent on the oil sector. The non-oil sector is something that has suffered over the years because of the over dependency on oil sector. For many decades before independence, Baku, the capital city of Azerbaijan was known as one of the locations for huge oil development and exploration. However, this revenue generated prior to independence serviced the entire Soviet Union with decision coming from the government in Moscow. But immediately after independence, Azerbaijan started to find a way to harness its own resource and channel the revenue into the country development.

The need for rapid development of the oil sector did not allow the other sector to develop. Like most countries with large oil and gas, especially developing countries, there is a tendency to neglect the non-oil sector. Although there are activities on going in the non-oil sector, mostly in agriculture, but this did not lead to the growth in manufacturing and producing industries. Most of the pre-existing producing industries on agriculture were left to liquidate or left redundant without proper care which over time were left to ruin.

The commodity and retail industry thrive on manufacturing and producing companies to supply the needed good and products demanded by consumers. With the absence or lack of development in this area, Azerbaijan population started to rely mostly on imported goods. This period between 1992 – 2006 saw a high rise in imported goods, first mostly from Russia and other post-soviet countries still with the capacity to produce such as Ukraine and Belarus. Then the imported good started coming in from China, Iran, and the rest of Europe. Since this period, even to this day Azerbaijan is a net- importing country of agricultural and food products (V. Berkum, Siemen. 2018). So many finished products still come from abroad especially for the fast-moving consumer goods. With the change in fortune in the lives of the population so also is the demand for more imported products especially the luxury commodity items. Like imported canned foods, bakeries and confectionaries. Also, dairy products, meats and conserved food products.

The effect of microeconomics and macroeconomics is significant in the shaping of the commodity and retail industry. As we know microeconomics has to do with individual smaller businesses, or decisions that affects single business and their entities, while on the other hand, macroeconomics has to do with a wider economics, the country decisions, both internal and external that impact the business of the country. The effect of microeconomics and the macroeconomics has on specific

industries are real, also in particular with commodity and retail businesses.

Supermarket business such as Araz supermarket are basically more impacted in the microeconomics. As we know, the macroeconomics of Azerbaijan is highly influenced by the oil sector, while the microeconomics is more influenced by the non-oil-sector. Non-oil sector of Azerbaijan still based on the non-industrial businesses such as services, crediting activity, construction, communication and agribusiness, while the commissioning of manufacturing enterprises with large industrial output is typical mainly for Baku (R. Karimov, 2015).

Until 2014, before the financial crisis in Azerbaijan, according to World Bank and IMF's reports, Azerbaijan has reported a gross national income per capita of \$8,303, meaning that it become part of the upper middle-income country group in a short period (I. A. Tanase, 2016). The stability before the crisis prompt the government move through macroeconomic policy measures, particularly in the government strategic document of called —Azerbaijan 2020: Look into the Future. This document has also led to a lot of microeconomics growth, with the grow in small industries, including a thriving commodity and retails industry.

The macroeconomic environment of Azerbaijan experienced numerous problems in 2017, most of them arising from the previous plunge of oil prices and resulting negative effects associated with the Dutch disease (E. Mukhtarov, 2017). Azerbaijan has always had a positive GDP until 2017 when it experienced a negative decline. This has shown in rise in inflation, and consequently, it affecting the purchasing power of the population with people spending less. There is also effect, spin down from the financial crisis that has still not settled. What that entails are that the banks and finance institutions has not been able to revamp the economy or consumer confidence in expenditures. Due these factors non-oil sector has not experienced the kind of real growth due to the absence of investment, change of domestic demand, and also structural and institutional change that take place in the country (R. Karimov, 2015).

From the US website Export.gov “Azerbaijan Country Commercial Guide” it states that Azerbaijan's GDP grew 0.1% in 2017, recovering from a 3.8% contraction in 2016 as the price of oil recovered, growth in the non-oil sector increased, and the government raised public investment. According to Asian Development Bank (ADB), IMF, and EBRD forecasts, GDP is expected to grow by 1.7% to 2.5% in 2018, and by 2% to 3.5% in 2019. Exports rose by 34% and imports by

3% in 2017, resulting in a trade surplus of \$5 billion (Export.gov, 2019).

The commodity and retail industry which also includes the fast-moving consumer goods, the supermarkets, the hypermarkets and also all the middle retailers in-between through the corner shops, the pops and moms' shops, and other small outlets like kiosks and shops, these are the engine room of the Azerbaijan economy because it employs a huge percentage of the population both in the rural and urban sectors. Majority of the small businesses created in the country are in small shops that sells retails and commodities and these are means of livelihood support for households.

4.2 Case Study Company – Araz Supermarket

Araz supermarket was established for business in 2011 when it opened its first outlet next to Baku's Azadlig metro station. Within a short period, it was the leading retail chain in Azerbaijan, thanks to its affordable prices, locally sourced products and high levels of service. But quality products and low prices are only half of the story. The company is also an exemplary employer in a region where effective Human Resources practices are still slowly adapting to the needs of market economy (Clatrava, 2019).

Araz supermarket is forward thinking in seeking investment. Actually, due to the peculiarity in the market, and the reputation that the company it has built over the years since it started business, big financial organization like EBRD and DEG Financing have granted Araz supermarket loans to bolster its operations. Through the EBRD's Early Transition Countries Fund, the Bank provided Araz with the knowledge and expertise it needed to capitalize even further on the growth of the booming local retail market, additionally, the Bank provided Araz with the knowledge and expertise it needed to capitalize on the growth of the booming local retail market (Clatrava, 2019).

According to the press release on the DEG website, DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH is providing a long-term loan totaling EUR 5 million to Araz to fund this investment while the European Bank for Reconstruction and Development will be investing a further EUR 5 million as co-investor (DEG, 2019). The fund from DEG is to be used for warehouse capacity expansion. Whereas for Araz, the EBRD-led project focused on designing a more effective marketing strategy to distinguish itself from the competition. The project also

helped them prepare a business plan, building teamwork, improving quality and design of products and services (EBRD, 2019).

From the DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH, the company Araz supermarket LLC now operates more than 120 supermarkets in all parts of the country, both under its own name and as a franchisee under the “SPAR” brand. From the SPAR global site, it is stated that

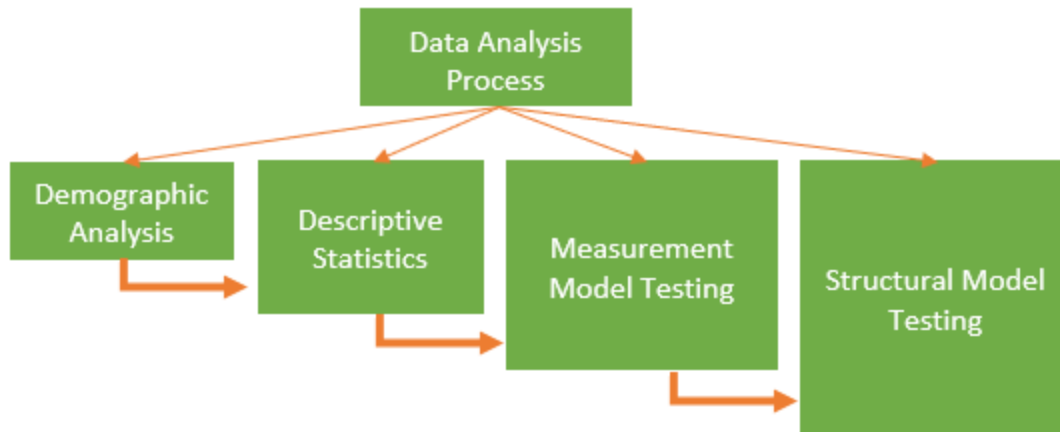
Azerbaijan was the second country in the Caucasus to join SPAR, with the first store opening in the capital city, Baku, in December 2015 after Araz got the franchise to establish the supermarket chain in Azerbaijan. At the end of 2016, three more SPAR stores were launched in different parts of the capital. In addition to daily grocery ranges, the new SPAR stores in Azerbaijan offer a broad fresh produce range and a large selection of household appliances (SPAR, 2017). Additionally, Araz supermarket has bought over the “Favorit” chains and brand as well. “Favorit” supermarket can be seen at strategic locations in Baku. It is not clear how many stores there are, but gradually Araz has started rebranding the “Favorit” supermarket.

With around 4,000 employees, Araz is a significant employer in in the country at the interface between Europe and Central Asia. Additional direct and indirect jobs will be created during the course of the upcoming expansion. With approximately 80,000 m² of retail space nationwide, Araz is an important sales partner for major international brands in Azerbaijan. The supermarkets offer fast moving consumer goods. In a country that is still largely dominated by so-called bazaar economy, consumers will have more choice in future, even in rural areas. Furthermore, they will benefit from price transparency, higher standards of service and quality as well as safety of food and other goods. (DEG, 2019).

4.3 Data Analysis and Results

The data analysis process of the current research mainly covered 4 phases (see. Figure 2).

Figure 2. Stages of the data analysis process



In the first phase, the demographic profile of the research subjects by the loyalty intention to ARAZ Market was presented. The significant indicators were gender, age and education level of the respondents, their supermarket shopping habits, including frequency of supermarket visits and average spending per visit, along with their monthly income to see whether they can cover expenses while visiting supermarket. Next step of the analysis included descriptive statistics, with an emphasis on mean and standard deviations that are mainly used to identify the firms' primary preferences regarding the business success motivators. Once the descriptive statistics done, measurement model was employed for analysis of the reliability and validity of overall study constructs and hypothesized model of relationships.

The measurement model is a crucial segment of data analysis process, which is also be referred as the spine of testing hypothesized model in the context of SEM analysis. In order to accomplish the measurement model testing, main indicators, namely Cronbach's alpha (α), factor loadings, composite reliability (CR), as well as average variance extracted (AVE) were used to validate the measurements in the context of ARAZ Market consumers' behavioral loyalty.

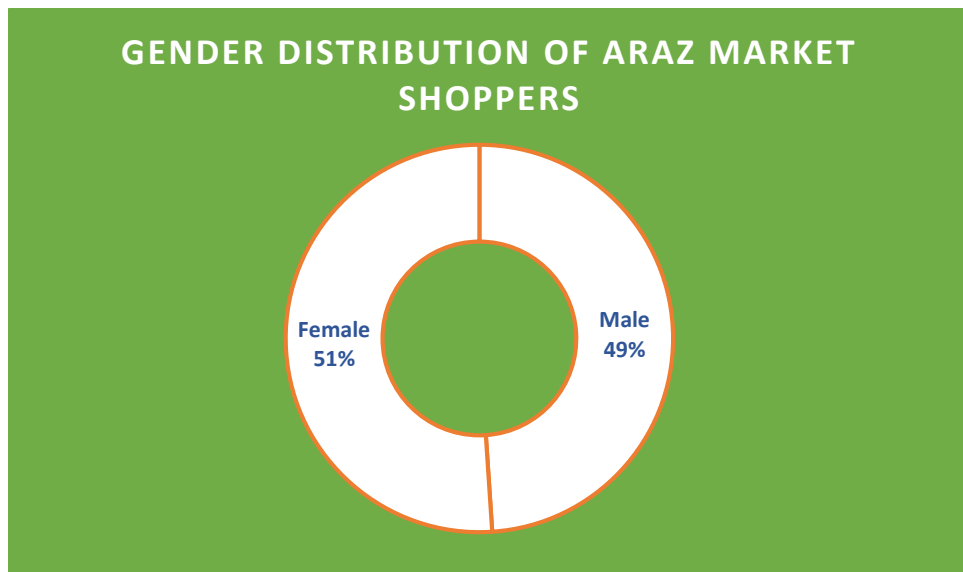
Structural model testing (hypothesis testing) was utilized for testing the hypotheses defined among the study variables. Drawing from the hypothesis testing, outputs were summarized and briefly elaborated in the relative section of the research. The details of the results were presented in the discussion section.

4.3.1 Demographic profile of study participants

From 274 questionnaires, 37 were excluded from the analysis due to being incomplete or duplicated. However, two hundred thirty-seven responses (86.5%) were included in the final analysis of data.

Concurring with the findings, the majority of the subjects who is reported to visit ARAZ Market are females (51.1%), followed by 48.9% of their male counterparts. Also, one-third of the respondents are the middle age group of 30-45 years old, while the second majority is between 18 and 29 years old. Regarding their education level, again, one-third of them have a college degree, followed by elementary school education (27.4%). The details of the demographic analysis are given in Figures 3~7.

Figure 3. Gender distribution of ARAZ Market shoppers



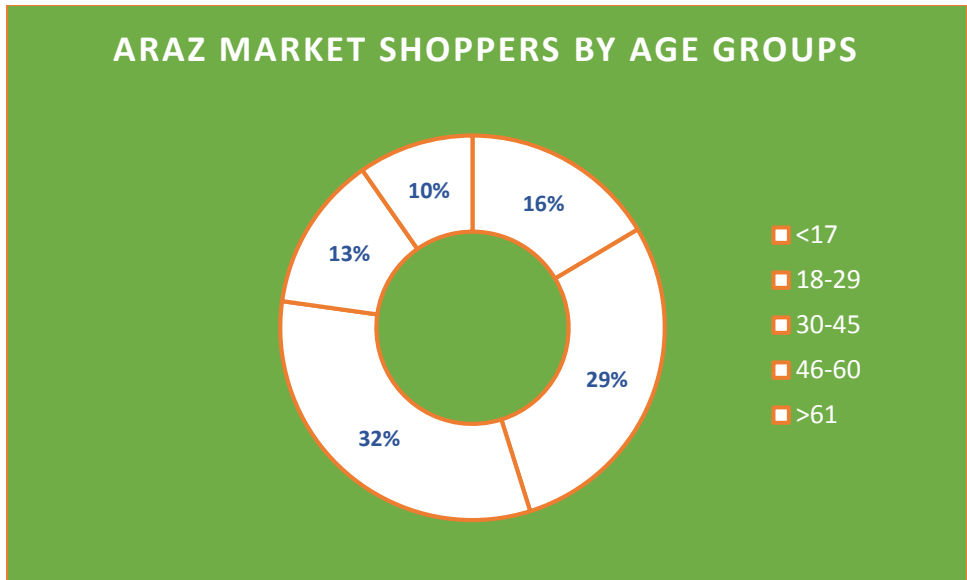


Figure 4. ARAZ Market shoppers by age groups

Finally, their household income and shopping behaviour indicators show that around 27% of respondents earn 501-800 AZN per month, while 25% of them earn 301-500 AZN per month. On the other hand, 37.6% of respondents prefer to visit ARAZ Market 3 times per week, followed by the shoppers who attend 4 times per week (26.6%). And, average spending during shopping constitutes up to 100 AZN per visit of the shoppers (32.5%).

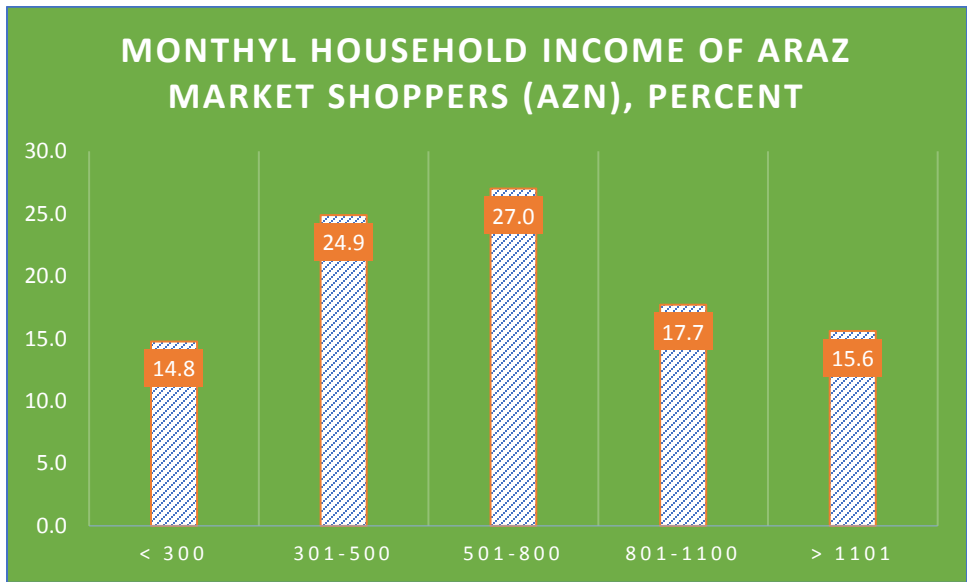


Figure 5. ARAZ Market shoppers by household income

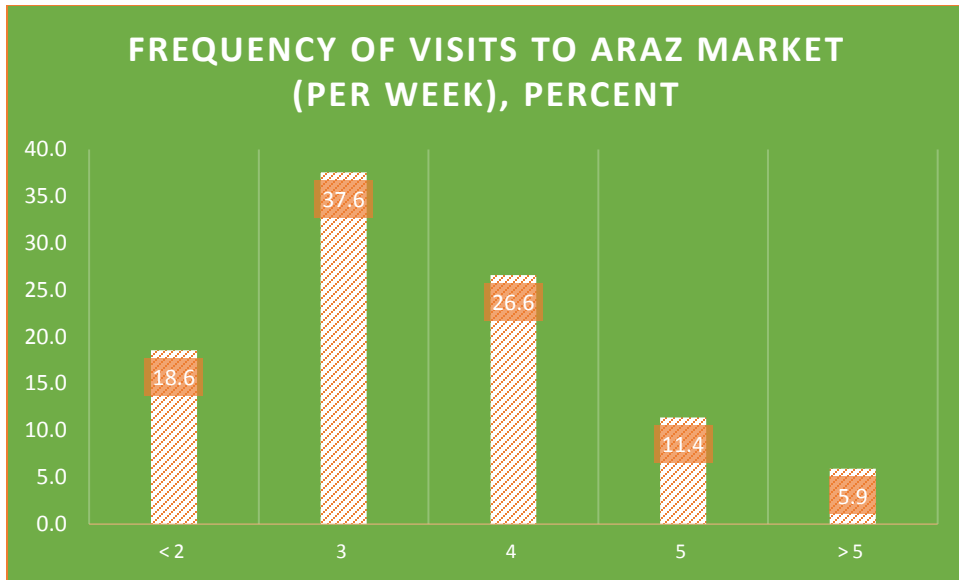


Figure 6. Frequency of visits to ARAZ Market

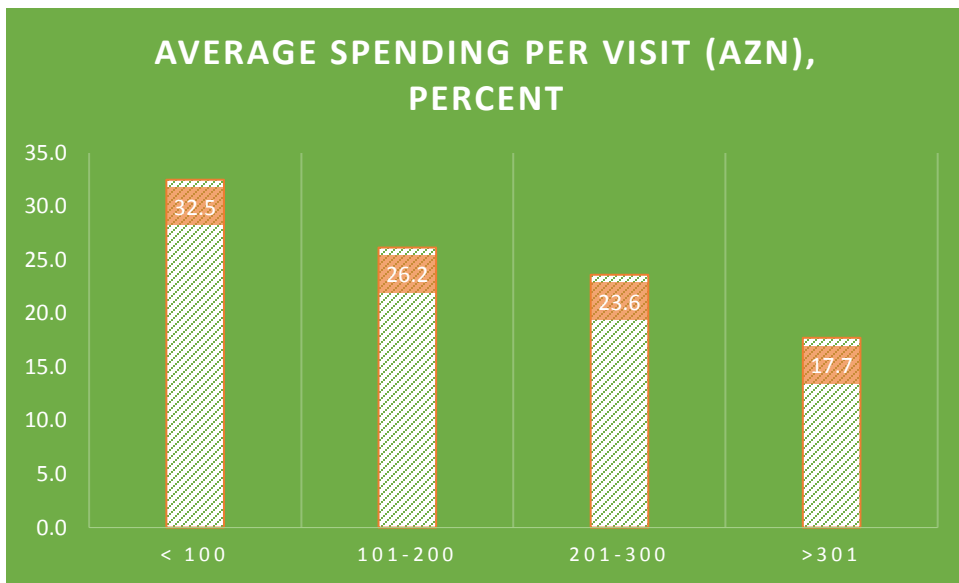


Figure 7. Average spending per visit to ARAZ Market

4.3.2 Measurement model analysis

Before the analysis the structural model for the defined hypotheses, the study constructs and their representing items were measured to ensure that the study achieved reliability and validity. The mean and standard deviation testing shows that Store Attributes (SA) (M=3.21, SD=0.98), Functional Value (FV) (M=3.17, SD=0.83), and Social Value (SV) (M=3.05, SD=0.80) have highest average scores in comparison with other constructs (see. Figure 8).

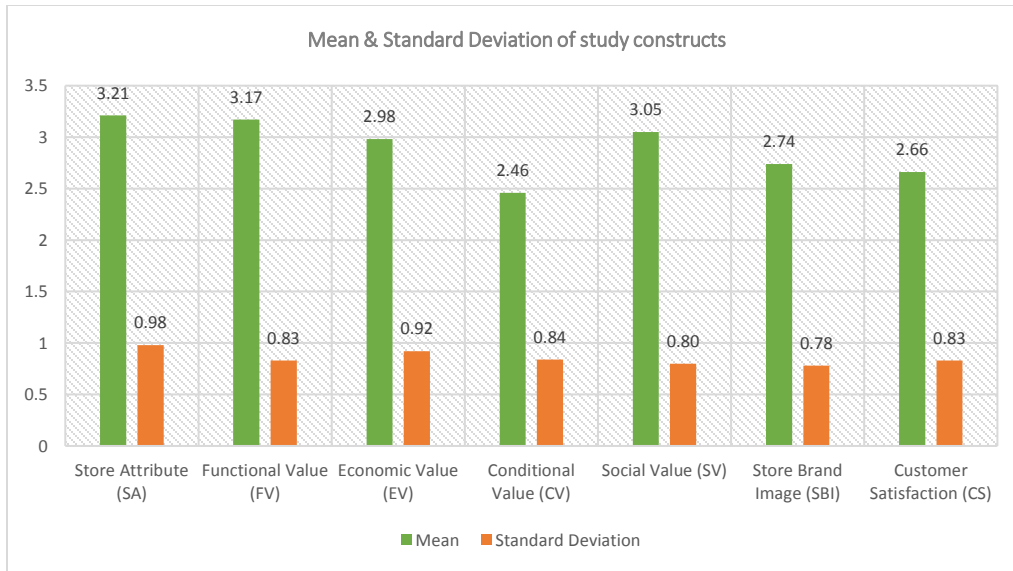


Figure 8. Means and standard deviations of study constructs

Reliability refers to the evaluation of the consistency that exist between the measurements of constructs (Hair et al., 2010), and it is usually employed prior to the validity test. In the current study, reliability test was done with the use of Cronbach's α , which is a broadly used measurement tool (Nunnally, 1978). Four cut-off points define the reliability level of the constructs (see. Table 2), suggested by Hinton et al. (2004):

Table 1. Threshold of reliability levels

Reliability cut-off points	Level
Excellent reliability	> 0.90
High reliability	0.70 ~ 0.90
Moderate reliability	0.50 ~ 0.70
Low reliability	< 0.50

In the recent study, two constructs, namely Conditional Value (CV) (α - 0.67) and Customer Satisfaction (CS) (α - 0.69) showed moderate reliability, while other constructs showed high reliability (see. Table 2).

The next step of the analysis covered convergent validity test. Moreover, three measures, namely (i) Confirmatory factor analysis (CFA), which measures scale validity with indicator loadings (Anderson & Gerbing, 1988) utilize the concurrent validity test. It is proposed that the factor loadings must outnumber 0.50 (Hair et al., 2006); (ii) Composite reliability (CR), which is accepted at higher than 0.60 threshold (Bagozzi & Yi, 1988); and (iii) AVE that should be over 0.50 (Fornell & Larcker, 1981). Table 2 shows that these criteria are met. In the CFA, four items, namely Store Attributes (SA1), Emotional Value (EMV2), Economic Value (EV3), and Brand Loyalty (BL2) were dropped because they failed to load on their constructs. CR values ranged between 0.70 and 0.83, while AVE values varied between 0.52 and 0.60.

Table 2. Measurement model analysis results

Constructs	Items	Factor loadings	α	CR	AVE	
Store Attributes (SA)	SA1	0.74	0.77	0.81	0.52	
	SA2	0.69				
	SA3	0.72				
	SA4	0.73				
Customer Perceived Value (CPV)	FV	FV1	0.74	0.79	0.78	0.55
		FV2	0.76			
		FV3	0.72			
	EMV	EMV1	0.78	0.73	0.73	0.58
		EMV2	0.74			
	CV	CV1	0.74	0.71	0.70	0.54
		CV2	0.73			
	SV	SV1	0.79	0.72	0.71	0.55
		SV2	0.69			
	ECV	ECV1	0.77	0.72	0.71	0.56

		ECV2	0.74			
Store Brand Image (SBI)		SBI1	0.75	0.81	0.82	0.60
		SBI2	0.78			
		SBI3	0.80			
Brand Loyalty (BL)		BL1	0.71	0.70	0.71	0.55
		BL2	0.77			
Customer Satisfaction (CS)		CS1	0.73	0.77	0.73	0.58
		CS2	0.79			
<p>Note: FV=Functional Value; EV=Emotional Value; CV=Conditional Value; SV=Social Value</p> <p>Note: α=Cronbach's Alpha; CR=Composite Reliability; AVE=Average Variance Extracted</p>						

Ultimately, discriminant validity test was employed. Fornell and Larcker (1981) emphasized that square root of AVEs for each construct needs to be higher than correlation coefficients among the study constructs. Table 4 indicates that this criterion is also met.

Table 3. Discriminant validity analysis results

Const.	SA	FV	EMV	CV	SV	ECV	SBI	BL	CS
SA	0.72								
FV	0.43	0.74							
EMV	0.12	0.09	0.76						
CV	0.09	-0.04	0.34	0.74					
SV	-0.11	0.07	0.28	-0.08	0.74				
ECV	0.03	0.27	-0.06	0.09	0.17	0.75			
SBI	0.08	0.25	0.19	0.03	0.56	0.18	0.78		

BL	0.37	0.29	0.22	0.18	0.39	0.29	-0.14	0.74	
CS	0.16	0.31	0.18	0.27	0.24	0.07	0.05	0.26	0.76

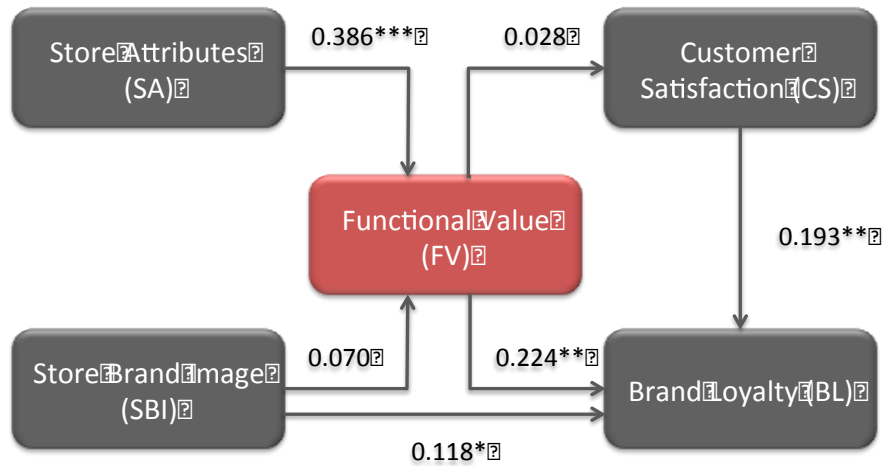
4.3.3 Validating Hypotheses

Structural Equation Modelling (SEM) consists of two parts, namely measurement model that tests each latent variable, and path analysis, which is conducted between latent and observed variables. Latent variable is usually specified as a construct, which is indirectly measured through observed variables. On the contrary, observed variable is measured variable or simply an indicator. In the context of the current research, for instance CPV, BL and others can be explained as latent variables. To be more specific, CPV in this study is considered as exogenous latent variable, while its sub-dimensions – SV, FV, EMV, ECV and EV are endogenous latent variables, and their items are measured as observed variables through questionnaire.

The SEM technique was employed for testing the proposed hypotheses (see Figures. 8~12). Moreover, AMOS v.24 software package was used for the statistical analysis of the proposed hypothesis. AMOS (Analysis of Moment Structures) is considered easy-to-use software to visualize SEM (Arbuckle, 2014). It is easy to specify, modify and view the structural model with simple drawing tools. In addition, the numeric outcomes in AMOS are more reliable than other softwares. In AMOS, initially data is imported to the software, and then based on the conceptual model, the variables are located (unobserved with circle icon), while their measurement items (observed with rectangle icon) are assigned to each of them. Then, the paths designating the effect of one variable on another one are drawn, which is also characterized as the designation of cause-effect relationship. The double-headed arrows are for measuring covariances between variables. The most important parts of structural model analysis are produced in estimates (weights, standardized factor loadings, correlation, direct and indirect effects), model fit (goodness of model fit indices), modification index and others.

In the current research, the primary aim was to examine the relationships among Store Attributes (SA), Store Brand Image (SBI), Customer Satisfaction (CS), and Brand Loyalty (BL) in lights of four Customer Perceived Values (CPV), namely Functional Value (FV), Social Value (SV), Emotional Value (EMV), and Economic Value (ECV).

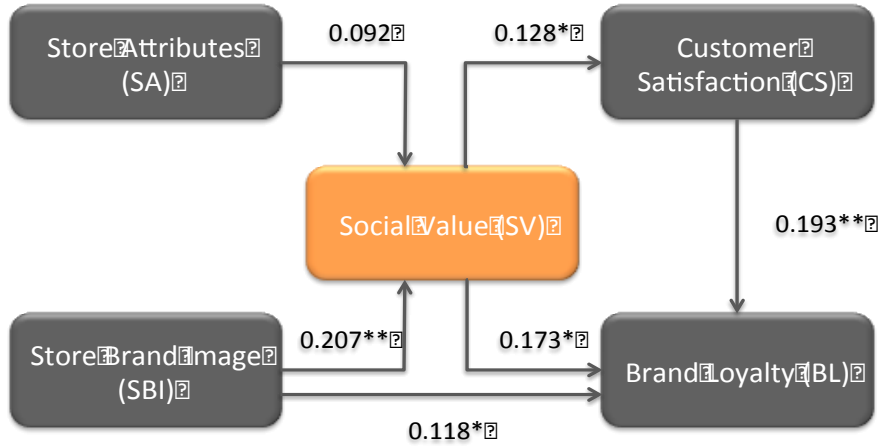
In the context of Functional Value (FV), The results of the hypotheses showed that SA ($\beta = 0.386^{***}$, $p < 0.001$) is positively and significantly related to FV. Conversely, SBI ($\beta = 0.070$, $p = 0.378$) does not have an influence on FV, while it positively and significantly leads to BI ($\beta = 0.118^*$, $p < 0.05$). In addition, it was found that both FV ($\beta = 0.224^{**}$, $p < 0.01$) and CS ($\beta = 0.193^{**}$, $p < 0.01$) are positively related to BL. Finally, FV is believed not to have an impact in elevating CS in the supermarket context ($\beta = 0.028$, $p = 0.401$). The details are depicted in Figure 9 below.



Note: $*** p < 0.001$, $** p < 0.01$, $* p < 0.05$

Figure 9. Hypothesis testing of relationships in the context of Functional Value (FV)

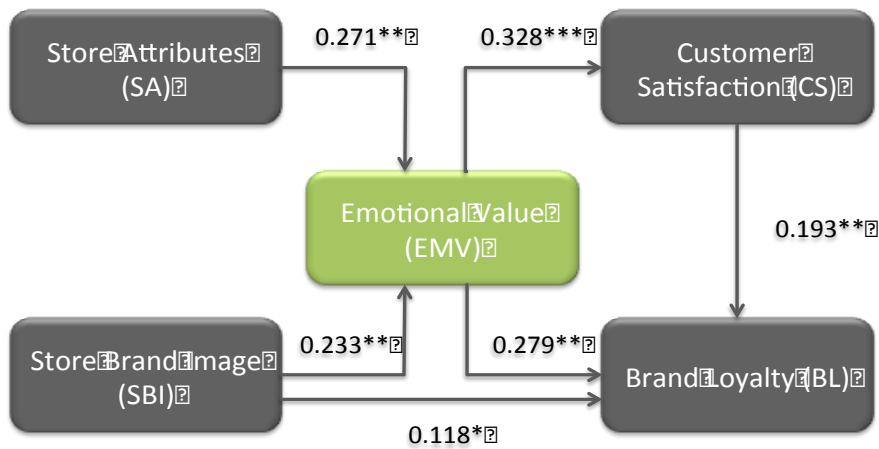
In the context of Social Value (SV), The results of the hypotheses showed that SA ($\beta = 0.092$, $p = 0.314$) is not related to SV. Conversely, SBI ($\beta = 0.207^{**}$, $p < 0.01$) strongly and positively influences SV, while at the same time it positively and significantly leads to BI ($\beta = 0.118^*$, $p < 0.05$). SV was found to have positive impacts on both CS ($\beta = 0.128^*$, $p < 0.05$) and BI ($\beta = 0.173^*$, $p < 0.05$). Finally, CS ($\beta = 0.193^{**}$, $p < 0.01$) strongly and positively impacts BL. The details are depicted in Figure 10 below.



Note: *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Figure 10. Hypothesis testing of relationships in the context of Social Value (SV)

In the context of Emotional Value (EMV), the results revealed that both SA ($\beta = 0.271$ ** $p < 0.01$) and SBI ($\beta = 0.233$ ** $p < 0.01$) strongly and positively influences EMV, while at the same time SBI positively and significantly leads to BI ($\beta = 0.118$ *, $p < 0.05$). In its turn, EMV was found to have positive impacts on both BI ($\beta = 0.279$ ** $p < 0.01$) and CS ($\beta = 0.328$ *** $p < 0.001$). CS ($\beta = 0.193$ ** $p < 0.01$) are positively related to BL. The details are depicted in Figure 11 below.

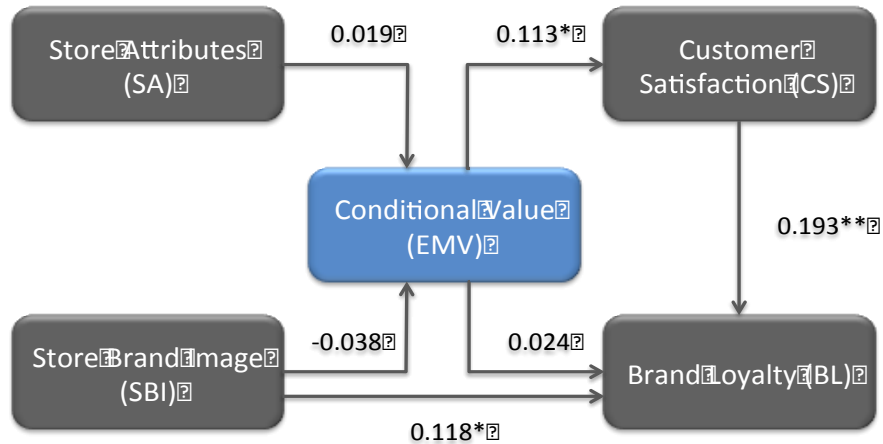


Note: *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Figure 11. Hypothesis testing of relationships in the context of Emotional Value (EMV)

In the context of Conditional Value (CV), the results are a bit different than other values. Hence, CV is not highly effective in driving customer loyalty to ARAZ Market in Azerbaijan. Such that, both SA ($\beta = 0.019$ $p = 0.578$) and SBI ($\beta = -0.038$, $p = 0.356$) do not influences CV, while CV

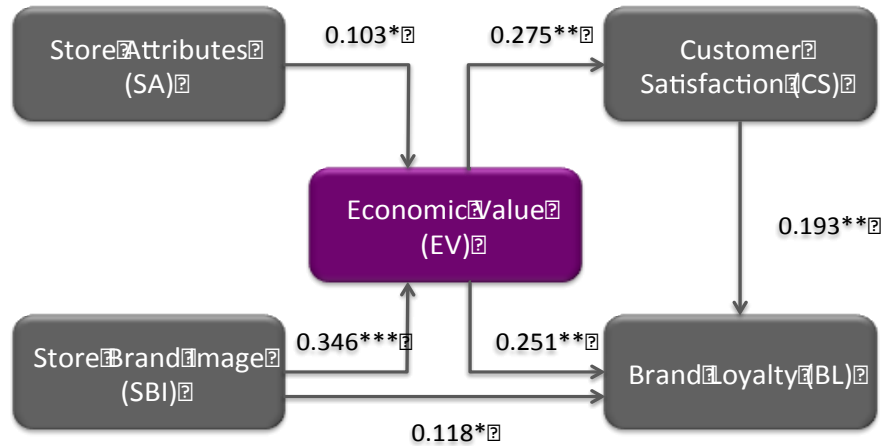
does not lead to BI ($\beta = 0.024$, $p = 0.486$). On the contrary, CV can be slightly effective in increasing customer satisfaction ($\beta = 0.113^*$, $p < 0.05$), which in its turn can create positive BI ($\beta = 0.193^{**}$, $p < 0.01$). The details are depicted in Figure 12 below.



Note: *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Figure 12. Hypothesis testing of relationships in the context of Conditional Value (CV)

Finally, In the context of Economic Value (ECV), there are slightly and highly significant relations between the variables. Moreover, SA ($\beta = 0.103^*$, $p < 0.05$) and SBI ($\beta = 0.346^{***}$, $p < 0.001$) are strongly related o EV, while SBI has also a strong influence on BI ($\beta = 0.118^*$, $p < 0.05$). In addition, EV was found to positively and strongly impact CS ($\beta = 0.275$, $p < 0.01$) and BI ($\beta = 0.251^{**}$, $p < 0.01$). Finally, CS positively and strongly affects BI ($\beta = 0.193^{**}$, $p < 0.01$) in reference to ECV. The details are depicted in Figure 13 below.



Note: *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Figure 13. Hypothesis testing of relationships in the context of Economic Value (ECV)

The results of the hypotheses are summarized in Table 5.

Table 4. Summary of hypotheses results

Hypotheses		Results	
H1	H1a	Store Brand Image → Functional Value	Not Supported
	H1b	Store Brand Image → Emotional Value	Supported
	H1c	Store Brand Image → Social Value	Supported
	H1d	Store Brand Image → Conditional Value	Not Supported
	H1e	Store Brand Image → Economic Value	Supported
H2	Store Brand Image → Brand Loyalty	Supported	
H3	H3a	Store Attributes → Functional Value	Supported
	H3b	Store Attributes → Emotional Value	Supported
	H3c	Store Attributes → Social Value	Not Supported
	H3d	Store Attributes → Conditional Value	Not Supported
	H3e	Store Attributes → Economic Value	Supported
H4	H4a	Functional Value → Customer Satisfaction	Not Supported
	H4b	Emotional Value → Customer Satisfaction	Supported
	H4c	Social Value → Customer Satisfaction	Supported
	H4d	Conditional Value → Customer Satisfaction	Supported
	H4e	Economic Value → Customer Satisfaction	Supported
H5	H5a	Functional Value → Brand Loyalty	Supported
	H5b	Emotional Value → Brand Loyalty	Supported
	H5c	Social Value → Brand Loyalty	Supported
	H5d	Conditional Value → Brand Loyalty	Not Supported
	H5e	Economic Value → Brand Loyalty	Supported
H6	Customer Satisfaction → Brand Loyalty	Supported	

4.4 Discussion and Implications

This research aimed to explore the customer perceived value (CPV) and behavioural loyalty (BL) in the supermarket context. Hence, ARAZ Market was selected as the case in Azerbaijan. The analysis included five types of customer perceived value, namely Functional Value (FV), Emotional Value (EMV), Social Value (SV), Conditional Value (CV), and Economic Value (ECV).

As mentioned in the review of literature, FV is mainly related to responsiveness, sympathy, convenience, price and other factors. Moreover, it replicates the value generated from the quality, performance and value for money of a product. In the current research, the supermarket was represented as the "product" so far. The findings of the analysis revealed that Store Attributes (SA) significantly impacts FV, meaning that customers' perceptions of having convenience, ease of facilities in the supermarket increase the functional value of it, which in its turn creates behavioural loyalty directly. On the contrary, Store Brand Image (SBI) is not effective in increasing the customer perceived the functional value of the supermarket in the context of Azerbaijan.

This research evaluated the effect of SA on different types of CPV. SA were found to be related to Emotional Value (EMV), Economic Value (ECV), promoting brand loyalty and boosting customer value perception. Additionally, SA are also used to judge FV. SA affect perceived value in accordance with the belief that regulars of a particular supermarket know what to put the value on. That is, customers are very satisfied when satisfactory service on variety products is provided. Customers are likely to have a assurance that they will have a pleasurable and satisfying shopping experience on each visit and know that the supermarket provides quality service.

Observations support the finding that CPV influences BL (Cronin et al., 2000). In comparison with previous studies referring value for money as FV (Sweeney & Soutar, 2001), this study reveals that EMV determines value perception beyond the FV. According to (Sheth et al., 1991), EMV includes what a customer derives from the entire consumption experience. Therefore, emotions from how the customer is received and how they gain pleasure from a particular store outline the outcome of brand loyalty through customer satisfaction (Buciuniene et al., 2009).

Social value (SV) is the capability of a product or service for improving social self-concept (Sweeney & Soutar, 2001). It is the result of consumer choice and having relations between single or multiple social groups. SV manipulates purchasing intentions of consumers by playing an undeviating role in encouraging individuals to incessantly utilize purchasing decision to be loyal to a brand.

This research attempts to experiment the statement that perceived value is a simple balance of “value” and “price”. “Price” is usually taken as financial weight of a product. However, admiration of a product goes beyond price to include time, endeavor, exploration, cost and sacrifice expended by the customer in the experience of consumption. Therefore, perceived value is more than a trade-off of value and price.

The findings of this study have shown that CS is crucial in forming long-term relationships in businesses. Customers are tended to endorse stores when they have a favorable attitude and feel satisfied. This reinforces positive attitudes which lead to BL through higher purchase volume and purchases of other products and services provided by supermarkets.

This study also provides insight on the linkage between store atmospherics, brand image and behavioral intentions in light of customer perceived value. Specifically, this understanding stimulates appropriate customer reaction through a store atmosphere that elevates emotional, functional, and economic significance in the eyes of customers. This increases CPV, customer satisfaction and, ultimately, increases loyalty. As defined by Ryu and Jang (2008) in layout as a key factor in restaurant contexts, perception of environment affects consumer behavior by arousal of emotions.

With regard to brand associations, supermarkets can attach the store image on the set of brands that make up the store identity. Store image may include marketing dimensions, organizational vision, mission as well as corporate values. These factors allow stores to subordinate themselves with brand culture, and ultimately generate reliability. Positive association increases the quality perception, thus supporting the image of the supermarket as a quality-product provider. In remaining loyal to the brand, the customer thus becomes loyal to the supermarket. In this regard, store image can be seen as a reinforcement for marketing programs launched to stimulate loyalty among consumers to these brands and, ultimately, to the establishment.

5. Conclusion

5.1 Key findings and contributions

The current research aimed to investigate the Customer Perceived Value and Brand Loyalty in the supermarket context, as supermarkets are taking a hype in Azerbaijan market and growing steadily year-by-year. Moreover, consumers switch from small groceries and stores to the big supermarkets that embrace almost all kinds of products and services in one platform. In this way, supermarkets attempt to switch to the customer-oriented strategies to attract more of them with relatively affordable prices and as a one-stop solution. In this regard, it is highly essential to explore what drive consumer behavior to go to the supermarkets, spend time them for comparing products, spend money and purchase products that they need. By considering that the research about supermarkets is scarce in the context of Azerbaijan, this study is highly insightful. ARAZ Market is selected as the case in Azerbaijan.

The analysis included five types of customer perceived value as the sub-dimensions of Customer Perceived Value. It was believed that consumer behavior (e.g., loyalty, satisfaction, perception of supermarket image, perception of store attributes) towards the supermarket may differ in terms of each value context.

The findings attained in the context of Azerbaijan turned out to be fascinating. Store Attributes are related to Emotional Value and Economic Value, which also contributes directly and indirectly to the consumers Brand Loyalty. Furthermore, the study also demonstrates that Store Attributes have an immense role in elevating Customer Value Perception. Such that, Functional Value might be closely linked with store attributes in the minds of customers, which could ultimately add up symbolic value to the stores that are visited by customers. Boradly speaking, customers could assess their value perceptions via these components coupled with store characteristics in the forms of Functional Value, Emotional Value, and Economic Value. In addition, this research also acknowledges that these values mainly predict Brand Loyalty, whereas Conditional Value does not lead to it. Except that, the present study expands existing knowledge about the value perception of customers as they visit supermarkets for shopping, by making comparison on various value perceptions.

Emotional Value is very strong factor in matching store attributes with the customer-perceived store brand image, which in their turn create higher satisfaction and loyalty towards the supermarket. Although Store Attributes did not affect Social Value, Store Brand Image is significant in building positive brand image. Henceforth, the significance of emotional and social factors must be taken into consideration in customer-to-supermarket relationship.

Customer Satisfaction is an vital element in maintaining long-term relationships with customers, where only rare businesses are able to survive without creating close relationships with the clients. Furthermore, the satisfied customers are more likely to let their friends, family and surroundings about their positive experiences of shopping from the supermarkets. It is particularly applicable in Eastern cultures, in which the social life is mainly been molded bu social communication that enhances the societal relations. Therefore, supermarkets are needed to persistently enhance customer satisfaction as it is a strategically important for customer-oriented businesses.

Customers are tended to recommend supermarkets when they have a favorable relative attitude towards them. In addition, positive attitudes could potentially lead to loyalty in line with more frequent and higher-volume purchases of other goods and services sold by the supermarkets.

5.2 Policy recommendations

By combining the findings and implications, this study proposes the following policy recommendations for supermarket managers and decision-makers:

- ✚ Consider creating a value chain in every aspect of the operations of supermarkets, which incorporates five customer perceived values, which are emphasized in this research
- ✚ Considering that each value may cover different aspects of consumer behavior, store activities, operations, marketing and others, define key performance indicators (KPIs) to measure how the store performs, what are the gaps and how to address them (For instance, does ARAZ Market's store attributes lag behind that of others? What indicators can help measure the gaps? If these gaps are solved, how they will affect the value creation in the perceptions of consumers?)

- ✚ Planning tools to collect information from the market and process it that facilitates the creation on value (information that are obtained about local competitors, or global best practices)
- ✚ Help consumers by leading them to the right choice of products and services in accordance with their preferences. In this regard, ARAZ Market and other supermarkets must have pre-assessment tool to know their consumers well, and then lead them to check availability of products, shopping lists, potential locations to extend the business that will deliver services, which will ultimately lead to the function and economic values
- ✚ In addition, purchasing process as well as the transaction system must be highly efficient and simple to give sense of ease to the consumers
- ✚ Communication tools that will likely to lead to the functional and emotional value. Social media can be a good mediator in processing consumers' feedback, self-expressions into the product and service design and co-creation
- ✚ Finally, store ambiance must be well suited to the consumers' tastes and give sense of joy when visiting the supermarkets and doing shopping there. It can be reflected in colors, structure of the divisions (food, drink, butchery, vegetables section and so on). A good music can be a solution to let consumer feel relaxed

5.3 Limitation and future research

Although efforts were made to enhance the current study's insights, there are several limitations that must be considered. One of the principal limitations is the usage of non-probability sampling technique, which led to the results' applicability in limited contexts (e.g., other supermarkets, groceries or shopping malls). Thus, the data was collected only from nominated supermarket (ARAZ Market) customers which reduces the generalizability of the findings across the country, as well as globally. In order for the generalizability, this study would recommend probability sampling with more sample population to be considered for forthcoming research. In addition, future research could use socio-economic factors as controlling variables, such as using gender difference to observe how Customer Value Perception differs for different genders, or for people from different age groups, educational backgrounds, and so on. Research design would also be possibly modified to compare consumer groups in terms of their purchasing and loyalty behaviors.

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Appendices

Appendix 1: Survey Questionnaire

Demographics:

Gender

Male Female

Age

<17 18-29 30-45 46-60 >61

Education

Elementary College University Professional education

Household income (AZN)

<300 301-500 501-800 801-1100 >1101

Frequency of visits to supermarket (per week)

<2 3 4 5 >5

Average spending per visit (AZN)

<100 101-200 201-300 >301

Main part of Survey

Construct	Item	5-Point Likert Scale (1-strongly disagree 5 – strongly agree)	Source
Store Attributes	<i>It is vital to have in Araz market:</i>	1 2 3 4 5	Nikhashemi et al. (2016)
	Cleanness and freshness	1 2 3 4 5	
	Impressive music	1 2 3 4 5	
	Car parking facilities	1 2 3 4 5	
	Nice and catchy decoration	1 2 3 4 5	
	Attractive location, such as in shopping malls	1 2 3 4 5	
Customer Perceived Value - <i>Functional value</i>	Araz market is convenient for me	1 2 3 4 5	Ruiz-Molina and Gil-Saura (2008); Rintamaki
	Araz market is natural to locate	1 2 3 4 5	
	Araz market is outstanding	1 2 3 4 5	

- <i>Social value</i>	Patronizing Araz market fits the impression that I want to give to others	1	2	3	4	5	and Kuusela (2007)
	I am eager to tell my friends about shopping in the Araz market	1	2	3	4	5	
- <i>Emotional value</i>	Araz market gives me something that is personally important or pleasing for me	1	2	3	4	5	
	Shopping in Araz market is a pleasant way to spend leisure time	1	2	3	4	5	
	Araz market I feel like a smart shopper because I make a successful purchase	1	2	3	4		
- <i>Conditional value</i>	Consistency in service can make Araz market attractive	1	2	3	4	5	
	Having an acceptable standard of quality can make Araz market attractive	1	2	3	4	5	
- <i>Economic value</i>	Araz market offers excellent value for money	1	2	3	4	5	
	Araz market provides products at a reasonable price	1	2	3	4	5	
Store Brand Image	Araz market treats ethically and honestly	1	2	3	4	5	Beristain and Zorrilla (2011)
	Araz market is concerned with the welfare and health of its customers	1	2	3	4	5	
	Araz market puts efforts to launch new products and services	1	2	3	4	5	
Brand Loyalty	I consider myself loyal customer to Araz market	1	2	3	4	5	Beristain and Zorrilla (2011)
	I intend to continue purchasing from Araz market	1	2	3	4	5	
	When intending to buy a specific product, I would firstly refer to Araz market	1	2	3	4	5	
Customer Satisfaction	Service provided by Araz market meet my overall expectations	1	2	3	4	5	Mehmood and Shafiq (2015)
	I am satisfied with the products and services offered by Araz market	1	2	3	4	5	

Appendix 2. Instrument Development

Construct	Operationalization	Sources
Store Attributes	Form of the aware area to produce a particular emotional impact on shoppers to enhance their likeliness to purchase	Kotler (1973)
Store Brand Image	A set of assets and liabilities that are linked with brand image and sign and can increase or reduce the value by providing products of services to customers	Magic et al. (2006)

Customer Perceived Value	The customer's overall assessment of the utility of a product based on perceptions of what is received and what is given	Zeithaml (1988)
- <i>Functional value</i>	<i>Perceived utility acquired from an alternative's capacity for practical, practical, or physical performance</i>	
- <i>Social value</i>	<i>Perceived utility obtained from an alternative's association with one or more specific social groups</i>	
- <i>Emotional value</i>	<i>Perceived utility acquired from an alternative's capacity to arouse feelings or affective states</i>	Seth et al. (1991)
- <i>Conditional value</i>	<i>Perceived utility acquired from an alternative as a result of the specific situation facing the decision-maker</i>	
- <i>Economic value</i>	<i>Perceived utility acquired from an alternative's capacity to arouse economic benefits</i>	
Customer Satisfaction	Is from the product and service evaluation based on customer experience as well as the overall measurement on the consuming experience	Joewono and Kubiota (2007)
Customer Loyalty	Deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, in spite of situation influence and marketing efforts having the potential to cause switching behaviour	Oliver (1997)